



Legislation Text

File #: 19-0508R, **Version:** 1

RESOLUTION AUTHORIZING AN INTERFUND TRANSFER OF \$250,000 FROM THE COMMUNITY INVESTMENT TRUST FUND TO THE HOUSING INVESTMENT FUND AND EXPENDITURES FROM THE HOUSING INVESTMENT FUND AND COMMUNITY DEVELOPMENT HOUSING REHAB REVOLVING LOAN FUND TO SUPPORT HOUSING REHABILITATION IN THE STRATEGIC IMPROVEMENT AREAS IN THE LINCOLN PARK AND HILLSIDE NEIGHBORHOODS.

CITY PROPOSAL:

WHEREAS, the Housing Action Framework, adopted in 2017, and the updated comprehensive plan, adopted in 2018, identify strategic improvement and reinvestment areas in the Lincoln Park and Hillside neighborhoods; and

WHEREAS, 43.5% of the housing stock in the city was constructed before 1940, and the housing stock in these neighborhoods is some of the oldest in the city and is in need of reinvestment and rehabilitation; and

WHEREAS, the Imagine Duluth 2035 comprehensive plan, Housing Policy 2, Strategy 3 calls for development of a 'cost-effective strategy for housing replacement and reinvestment that includes a variety of housing types and encourages homeownership'; and

WHEREAS, new programs causing rehabilitation, modernization, and reinvestment in the strategic improvement and redevelopment areas will create in new opportunities for homeownership and improvements to the health, safety, and welfare of the neighborhoods; and

WHEREAS, the Community Investment Trust Funds are intended to be matched at a ratio of 2:1 by Community Development Housing Rehab Revolving Loan Funds in the housing rehabilitation program, and to spur new reinvestment in neighborhoods outside of these programs by other private parties.

RESOLVED, that a transfer of \$250,000 is approved from fund 256-020-5700 (Community Investment Trust Fund - Interfund Transfers Out) to fund 266-020-4730 (Housing Investment Fund - Interfund Transfers In); and

FURTHER RESOLVED, that proper city officials are authorized to establish program guidelines for a housing rehabilitation program and enter into contracts for expenditure of funds from fund 266-020-5434 (Housing Investment Fund - Grants & Awards) in an amount not to exceed \$250,000, and from fund 261-020-5435 (Community Development Housing Rehab Revolving Loan Fund - Grants & Awards) in an amount not to exceed \$500,000, such programs to be effective in the identified neighborhoods and available as follows: two-thirds of the funds for low and moderate income-eligible property owners, and one-third of the funds for all property owners; and

FURTHER RESOLVED, that the city council authorizes the director of planning and economic development to enter into agreements in such form as approved by the city attorney for individual houses or units to be rehabilitated as part of the approved program from the specified funding sources in an amount not to exceed \$750,000.

STATEMENT OF PURPOSE: This resolution authorizes a new program for housing rehabilitation and the transfer of \$250,000 from the Community Investment Trust Fund to the Housing Investment Fund.

The program is for detached housing rehabilitation in the Strategic Investment Areas, Lincoln Park and Hillside. \$250,000 from the Housing Investment Fund will be matched by \$500,000 from the Community Development Revolving Loan Fund dedicated to rehabilitation of owner-occupied and rental properties. With investment expected between \$35,000 and \$45,000 per housing unit, it is intended that these funds will be sufficient to modernize or rehabilitate approximately fifteen to twenty housing units. Two-thirds of the eligible properties will be owned or occupied by low or moderate income residents (below 80% AMI); the Community Development Revolving Loan funds, which originated with the US Department of Housing and Urban Development, are only available on the basis of income eligibility. This program will be conducted by existing housing service providers in the community, including but not limited to Duluth HRA or One Roof Community Housing. Program eligibility will require a commitment of affordability or owner-occupancy prior to funds being committed.

Draft program guidelines are attached and will be finalized following program authorization. For properties entered into the new program, a funding agreement will be required following funding commitment. The housing service providers will be required to complete a scope of work for the housing rehabilitation prior to final approval. Funds will be provided based on the criteria of the agreement, and shall be disbursed on a reimbursement basis following completion of work.