



## Legislation Text

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**File #:** 21-0332R, **Version:** 1

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RESOLUTION APPROVING A PRE-COMMITMENT OF \$400,000 FISCAL YEAR 2022 FUNDING ALLOCATION TO THE CITY OF DULUTH FROM THE HOUSING AND URBAN DEVELOPMENT (HUD) DEPARTMENT TO ONE ROOF COMMUNITY HOUSING FOR THE CONSTRUCTION OF THE DECKER DWELLINGS PHASE II APARTMENTS.

### CITY PROPOSAL:

RESOLVED, that the proper city officials hereby approve a pre-commitment of Fiscal Year (FY) 2022 funds to be received by the City of Duluth as allocated by the federal Housing and Urban Development Department (HUD) for construction of the Decker Dwellings Phase II Apartments. The award of \$400,000 will be contingent upon the developer, One Roof Community Housing, successfully securing major funding support from the Minnesota Housing Finance Agency (MHFA) and other funding sources to enable construction to begin next year. The \$400,000 will be a grant issued from the City of Duluth's 2022 CDBG and/or HOME allocation to One Roof Community Housing for construction of the Decker Dwellings Phase II project. The \$400,000 in HUD funds will be a grant that will not need to be paid back to the City unless the City of Duluth finds that the Decker Dwellings Phase II project does not fully meet HUD income and rental requirement. One Roof Community Housing may lend the granted HUD funds to the ownership entity of the proposed Decker Dwellings Phase II to be coexisting with the first mortgage and at an interest rate that does not exceed the Applicable Federal Rate. The City of Duluth, at a minimum, will monitor the Decker Dwellings project for 20 years to insure all applicable requirements are met. The \$400,000 will be available for Decker Dwellings Phase II when the 2022 HUD Funds have been allocated to the City of Duluth. The development of the Decker Dwellings Phase II Apartments will contribute to achieving housing goals in the City of Duluth Consolidated Plan and the Continuum of Care's 10 Year Plan to End Homelessness.

STATEMENT OF PURPOSE: This resolution provides for a pre-commitment of a portion of the City's FY 2022 HUD allocation for the construction of the Decker Dwellings Phase II apartments. One Roof Community housing is the developer and will be the General Partner in the ownership entity. The building will be located off Decker Road, adjacent to the Schneiderman's Furniture store and Decker Dwellings Phase I. This project will be composed of 42-unit mixed income apartment building that will be rented to households making 30 to 60% of area media income. The project will reserve four (4) units as permanent supportive housing units for homeless individuals and five units to serve households with disabilities. The pre-commitment of City funds is evidence of the City Council's support for the project. The Community Development Committee considered the request by One Roof Community Housing for pre-commitment of funds at its April 27, 2021 meeting. The Committee voted to recommend City Council approval of the proposed resolution.