



Legislation Text

File #: 22-0368R, **Version:** 1

RESOLUTION OF SUPPORT FOR ONE ROOF COMMUNITY HOUSING ORGANIZATION'S REQUEST FOR LOW INCOME HOUSING TAX CREDITS, CONDITIONAL COMMITMENT OF UP TO \$4,500,000 OF AMERICAN RESCUE PLAN ACT FUNDING AND INTENT TO APPROVE A TAX INCREMENT FINANCE PLAN BY THE DULUTH HRA TO PROVIDE UP TO \$975,000 FOR CONSTRUCTION OF THE 70 - 84 UNIT BRAE VIEW SENIOR HOUSING DEVELOPMENT.

CITY PROPOSAL:

RESOLVED, that the City of Duluth hereby expresses its support for One Roof Community Housing Organization's request to the Minnesota Housing Finance Agency (MHFA) for the allocation of low-income housing tax credits and/or for other funding provided by MHFA, to construct a 70-84 unit affordable multifamily housing development in the Central Hillside neighborhood of Duluth (the "Project").

BE IT FURTHER RESOLVED the City Council of the City of Duluth does hereby conditionally commit up to \$4,500,000 of American Rescue Plan Act (ARPA) funding to fund a portion of the cost of the Project, subject to the Developer, One Roof Community Housing Organization, successfully securing the necessary funding from MHFA and other funding sources to ensure project completion by 2024 and to the approval of a development agreement between the City and the Developer.

BE IT FURTHER RESOLVED that the Duluth City Council hereby states its intent to approve a tax increment financing ("TIF") plan creating a housing TIF district for the Development if and when brought forward by the Housing and Redevelopment Authority of Duluth, MN to support up to \$975,000 over a term of up to 26 years in connection with construction of the Project.

STATEMENT OF PURPOSE: This resolution expresses the City Council's support of an application to be submitted to MHFA by One Roof Community Housing Organization for low-income housing tax credit and other Super RFP funding that may be awarded by MHFA for the construction of a 70- 84 unit affordable multifamily housing development. The deadline for submission of the application to MHFA is July 15, 2022. MHFA intends to finalize funding decisions at their December 15, 2022 board meeting. Additionally, this resolution expresses support of a commitment of up to \$4,500,000 of the City's ARPA funding. One Roof Community Housing Organization was one of six proposals selected through the City's Multi-family RFP process to receive ARPA funds. The City and Developer will negotiate a formal development agreement and solicit Council approval for use of ARPA funds, subject to the Developer successfully securing the necessary funding from MHFA and other sources to ensure construction completion by 2024. This resolution also approves support of creation of a tax increment financing (TIF) district to support TIF funds of up to \$975,000 over a term of up to 26 years to support construction of Project.

The Brae View project will be located at 404 E 5th Street in the Central Hillside neighborhood. The Project includes construction of a 70-84 unit apartment building for seniors 55+ making 30 to 80% of Area Median Income, with at least nine (9) units reserved as supportive housing units serving high priority homeless adults. In addition to the housing in the building, the property anticipates, eight (8) units as respite housing as well as community services space to be utilized for childcare for 60-120 children in partnership with Essentia Health.

MHFA requires tax credit applicants for housing developments in Duluth to receive the support of the City

Council. The support is required to assure that a given proposal is a priority for the City of Duluth and that it meets locally identified housing needs. A 2019 Maxfield Research Inc. housing analysis reported that Duluth could absorb up to 3,509 additional units of affordable housing by 2024. The demand for this type of housing has been further substantiated through staff research and analysis during both the Image Duluth 2035 comprehensive plan update and annual Housing Indicator Reports.