

**MEETING SUMMARY OF THE
COMMUNITY DEVELOPMENT COMMITTEE (CD Committee)**

**TUESDAY, OCTOBER 20, 2009 – 6:00 P.M.
ROOM 402 – 4TH FLOOR – CITY HALL**

Present: Jennifer Baumann, Theresa Bobula, Bill Kimbler, Patricia Tyler, Scott Wallschlaeger, DeAnne Westerman

Excused: Ron Boshey

Staff: Keith Hamre

Roll Call: 6 present, 1 excused, 0 absent, 4 vacant

K. Hamre began the meeting at 6:05 p.m.

1. Roll Call

2. Review Applicant Questions

10-ED-04 - Growing Neighborhood Businesses - Northeast Entrepreneur Fund

1. Why is there a difference in year one, two, and three for administration costs?

The salary and benefit expense in the budget is primarily for the NEF business developer who will work one-on-one with GNB participants. GNB is designed so that the majority of the one-on-one technical assistance the business owners receive will occur in the first 12 months. In years two and three, the business owners will continue to meet with their facilitated peer group, supplemented by one-on-one technical assistance from the NEF business developer to support attaining their business and financial goals.

The annual budget matches how the City of Duluth contract disburses the funding. Additional expenses each year will be funded out of matching funds.

2. The application notes contract for specialized services. What is the justification for contracting for specialized services / contracted services?

The specialized/contracted services for GNB are for two positions:

- A trainer for the “Finish the Plan” class (in year one), a business plan refresher course for the GNB participants to write and/or update their business’ strategic plan and finalize their GNB goals.
- A peer group facilitator. Following the class, the GNB participants will meet as a peer group for nearly three years with an experience group facilitator. This individual is not a staff member of the Entrepreneur Fund, but will be working on contract. We recruited someone who has the specific skills—skills we don’t have on staff--to maximize the peer group experience. The facilitator manages the group process and ensures that the business owners learn from each other and support each others goals.

**Meeting Summary of the
Community Development Committee (CDC)
Tuesday, October 20, 2009
Page 2**

2. Review Applicant Questions (cont.)

GNB is lead by our business developer, Jen Young. These two contract positions supplement the skills and experience of our staff members. The first facilitated peer group, launching the 2009 GNB, was held October 13. The feedback was very positive. The 2009 "Finish the Plan" class is scheduled for November.

10-ED-05 - LPBG Business Loan Fund - Lincoln Park Business Group

1. How will the LPBG create partnerships, who are the partners, and what is their role as a partner in the Loan Program?

The LPBG will create partnerships by presenting the benefits of the loan program to the community. We will partner with banks (Western Bank, Park State Bank, Wells Fargo) and they will help us screen the applicants. We will also partner with agencies such as Community Action Duluth and the Northeast Entrepreneur Fund to identify potential applicants. The LPBG will form an official committee that will be comprised of LPBG Board members, representatives from our banking partners, and people from the agencies we partner with. It would also be beneficial to have a representative from DEDA and/or the city of Duluth on that committee to stay informed of the business developments in Lincoln Park.

2. Specify the loan selection process?

The loan selection process will involve an initial application that will be reviewed by the LPBG Business Loan Fund Committee. Then, it will be reviewed by the LPBG Board of Directors. Lastly, we will need to run the necessary credit checks and background checks before moving on to the bank and loan selection process. The final step is working with one of our banking partners in getting the loan closed.

3. Prepare a strategy which outlines how loan failures will be prevented that includes follow-up with the applicant to prevent loan failure.

Start-up businesses are notorious for having a high failure rate. Therefore, selecting the right applicants with the right business plans early in the process will be imperative. Additionally, the LPBG Business Loan Fund Committee will review financial statements from the participants on a semi-annual basis. This will allow us to track the success or failure of these businesses while providing them with the necessary referrals for assistance before they get past the point of no return.

2. Review Applicant Questions (cont.)

10-PS-05 - Lifeline Expressway of Youth Services - Life House Inc.

1. What are the outcome objectives for each service (e.g. basic needs?)

The outcome objectives for each Life House "LIFELINE Expressway" service include:

- Youth Center:** Provide 600 youth with basic needs, and on-site S.O.S. "soft skills," classes designed to ensure independence and self-sufficiency
- Outcome: 60% of youth accessing basic needs and on-site S.O.S. "soft skills" classes will enroll in Life House case management services for achieving goals toward safe and affordable housing, and economic self-sufficiency.
- Housing:** Assist 100 youth in obtaining safe and affordable housing
- Outcome: 70% of young households connected to Life House case management services for housing assistance will obtain safe and affordable housing within six months of program activity, and will remain stable in their housing for at least one year after program entry.
- Employment:** Assist 50 youth in achieving economic self-sufficiency
- Outcome: 70% of youth connected to Life House case management services for employment assistance will increase / stabilize their monthly earned income within six months of program activity.
- Education:** Assist 50 youth in completing their high school education
- Outcome: 70% of youth connected to Life House case management services who have not yet graduated will complete their high school education, gain high school credit and/or enroll into a certified work training curriculum toward achieving economic self-sufficiency within six months of program activity.
- Health:** Assist 100 youth to access basic health care needs on-site, and connection to quality health care resources and services
- Outcome: 70% of youth connected to Life House case management services for health assistance will increase their level of positive / preventive health, and connection to quality health care resources and services within six months of program activity.
- Teen Parent:** Assist 100 at-risk young families to access safe and affordable housing and economic self-sufficiency, while increasing their knowledge of parenting skills

2. Review Applicant Questions (cont.)

Outcome: 70% of young families connected to Life House case management services for parenting support will increase their knowledge of effective parenting skills, and will achieve housing stability and economic self-sufficiency within six months of program activity

2. How will each service ensure a participant's progress towards ending homelessness and are no longer in need of your services?

To best answer this question, we have prepared a brief history of Life House services, to fully illustrate the relevance of our services in ending youth homelessness in the Duluth community:

In 1991, Life House partnered with the University of Minnesota-Duluth Sociology Department to complete the first Needs Assessment of homeless youth in the state of Minnesota. The results of the Needs Assessment showed that along with safe housing options, homeless youth need an access point and adult advocacy to connect with essential services available in the community.

In 1992, the Life House Youth Center first opened its doors in downtown Duluth. In the Youth Center, Life House provides access to basic needs (food, shelter, basic health care) while building trusting relationships with homeless youth, learning from the youth themselves what they need to leave the streets with safety and support. From this relationship building process, Youth Center staff realized several barriers faced by at-risk and homeless youth, and loopholes in adult services were discovered allowing youth to access needed services. Efforts were also made to create services specific to the needs of at-risk, homeless youth in our community.

In 1992, Life House created our Housing Services to help homeless youth get off the streets by providing case management services for youth working toward achieving life goals such as finding a job, and finishing high school. This July, Life House has expanded our Housing Services to include our "Leasing Program" in partnership with local landlords and property managers to provide safe housing opportunities for homeless youth ages 16-20. Youth entering our "Leasing Program" agree to participate in Life House case management services toward accomplishing life goals including finding a job, finishing high school, addressing basic health issues, and developing essential life skills necessary toward achieving housing stability, and self-sufficiency.

2. Review Applicant Questions (cont.)

In 1996, Life House created the Teen Parent Center on-site in the Youth Center to meet the increased needs of at-risk teen parents and their babies. Teen parents who are also homeless are experiencing unique barriers (lack of safe and affordable childcare, fleeing abuse with a child, etc.) toward accomplishing housing stability. The Teen Parent Center provides a safe place for teen parents and their children to access basic needs, and learn about parenting resources and services available on-site and in our community. Our Teen Parent case manager then provides advocacy and follow-up support to assist young families in achieving safe and affordable housing, and economic self-sufficiency.

Many homeless young face multiple challenges including mental health issues (49%) and one-third said they had considered suicide (*Homeless in Minnesota 2006: At a Glance*, Wilder Research). In 2001, Life House partnered with local health agencies to create the KATS (Kids to Adults Transition Services) Health Program, designed to meet the physical, mental, and chemical health needs of homeless youth. The goal of the KATS Health Program at Life House is to provide street youth with the information and support necessary to help homeless kids address and overcome barriers toward accessing basic health needs, and achieving lasting positive health.

In 2005, Life House began our Futures Program, providing case management for at-risk, homeless youth seeking help toward accomplishing employment and educational goals. The Futures Case Manager works jointly with all Life House services, including our Housing Program, providing homeless youth with “one-on-one” employment training (resume building, interviewing skills), and connection to educational programs and job opportunities available in the community. To date, through our Futures Program services over 250 at-risk, homeless youth have received the assistance necessary to achieve lasting housing stability, and economic self-sufficiency.

For homeless youth striving to overcome barriers toward achieving economic self-sufficiency, there remained a need for additional services to assist severely at-risk youth (e.g. homeless; those more seriously lacking credit or academic skills, and/or social-emotional skills deficient; those who are parents with more than one child, and those with chronic chemical and/or mental health concerns). In 2005, Life House began our School Outside of School (S.O.S.) Program, providing “soft skills” (independent living skills) classes taught daily at our Youth Center. A formal partnership with Duluth Public School, S.O.S. Program is designed help *disconnected* homeless kids to *get connected* to case

2. Review Applicant Questions (cont.)

management services necessary to overcome barriers toward achieving lasting housing stability, and economic self-sufficiency.

The Life House Youth Center is the hub of all of these services and activities, as well as the connection point for many community resources, support agencies and organizations designed to help homeless kids advance on the road toward housing stabilization, education and employment goals, family reunification, lasting positive health, and self-sufficiency.

The Life House Youth Center serves approximately 650 youth per year, providing a safe, adult-supervised place for kids to socialize as well as to access basic needs such as food, shelter, and basic health care. The Youth Center staff “meet and greet” each youth daily, engaging high-risk kids in relationship-building and discussions on life goals and issues. As youth needs arise, connection to on-site Life House programming begins quickly, and efficiently.

Upon connection to Life House “LIFELINE Expressway” services, individual youth needs are assessed and discussed, and a youth-based “action plan” is created based on the information gathered from the intake process, referral sources, personal observation, and the individual strengths and needs of each youth. “Action plans” may include attending on-site S.O.S. “soft skills” (independent living skills) classes, securing safe and affordable housing, finding a job, finishing high school, addressing health issues, and expanding youth access to community resources as requested. After three months from intake, a client-based review is performed to assess youth progress toward stated goals, and to re-design a new client-based “action plan” if necessary. After six months from intake, individual youth achievements toward stated goals are acknowledged, and a “certificate of success” signed by Life House case managers is presented to participating youth.

Upon program exit, each youth participates in an exit interview discussing client program experiences (positive and negative), ongoing client goals, and referrals to community resources and services as requested. Life House case managers contact each exited youth after six months to ensure youth progress in achieving lasting housing stability and self-sufficiency, or to assist youth in accessing more appropriate, ongoing supportive services as needed.

To measure youth progress toward the stated “LIFELINE Expressway” goals and outcomes, each Life House case manager maintains proper records (intake

2. Review Applicant Questions (cont.)

surveys, goal plans, referrals, case notes, exit surveys, etc.), and reports program outcomes monthly to the Program Manager, Executive Director, Life House Board of Directors, and our funders as necessary.

Life House case managers are trained in the utilization of various assessment tools such as the Ansell-Casey Life Skills Assessment designed to educate youth workers on how to recognize barriers toward independent living, and to assist at-risk youth to overcome those barriers toward achieving safe and affordable housing, and economic self-sufficiency.

As an ongoing performance objective, Life House consistently educates and trains our staff by attending area training sessions relevant to working with at-risk, homeless youth. By attending such training sessions, often alongside other local youth organizations and partnering agencies, Life House strives to enhance our agency's ability to help homeless kids in our community find the assistance and support they need to connect to Life House services, and leave the streets.

To realize our agency's holistic service approach, imagine the Life House Youth Center as a "highway to services," with the LIFELINE Building itself as the "LIFELINE Expressway." As high-risk kids enter the Youth Center, they are personally greeted by Youth Center staff and immediately enter aboard the "mass transit" fast track toward life's goals and success. Along the way, each youth has the opportunity to take an "exit ramp" into help with housing, jobs and school, teen parent skill development and health services for positive, healthy living. Each "exit ramp" is designed to "refuel" their drive, skill level and determination on the challenging journey toward housing stability, independence, and self-sufficiency.

The Life House "LIFELINE Expressway" of youth services has made achieving housing stability and economic self-sufficiency easier for homeless kids in our community. One standout success story of our "LIFELINE Expressway" is as follows:

One night, a teen mother and her partner entered the Life House Youth Center to find something to eat. She was soon approached by Youth Center program staff who listened as she told them how she, her partner, and their infant daughter were staying at her friend's apartment sharing a couch as a bed, and they had one more week before they would all be forced to leave. She and her

2. Review Applicant Questions (cont.)

family were promptly referred to Life House Housing Services to discuss a safe housing plan.

Fortunately, the young father had secured employment at a local telemarketing company, and the couple was able to receive help in securing the deposit for a one-bedroom apartment. As a family they found safe housing, and the young mother was referred to the Futures Program for help with reconnecting to school and finding a job. The young mother and her infant daughter soon developed a trusting relationship with the Teen Parent Case Manager, and with support the teen mom found find safe and affordable childcare so she could attend school and seek employment.

One month later, the young mother again entered the Youth Center. Distraught, the teen mom stated her partner had left her. She was worried she could not pay the rent, and she and her newborn daughter would become homeless. The Youth Center staff comforted the young mother as best they could, then reconnected her to Life House Housing Services for extra support before inviting her to that night's S.O.S. "soft skills" class for healthy stress release, instructed by the KATS Counselor.

Today, the young mom has secured her own apartment, is employed part-time at a local bakery, has completed her high school education through S.O.S. "soft skills" classes, and is remaining connected to Life House supportive services to assure success for her and her daughter, who just recently celebrated her first birthday.

For 17 years, kids on the streets have developed an enduring, trusting relationship with Life House staff and services. In Duluth, homeless kids know Life House is a safe place they can go to receive support and respect as they travel on their journey along the "LIFELINE Expressway," toward achieving housing stability, independence, and self-sufficiency.

10-PS-10 - Jump Start Vehicle Loan Program - Community Action Duluth

1. Will Community Action guarantee the loans for vehicles with the Credit Union?

Lutheran Social Services, a JumpStart Duluth financial partner, guarantees payment of the remaining principal on JumpStart loans that are defaulted and

2. Review Applicant Questions (cont.)

repossessed. Lutheran Social Services has deposited money into an account at Northern Communities Credit Union to cover any potential defaults. A system has been put in place whereby a spreadsheet indicating the status of all JumpStart loans is passed on to the Transportation Advocate by Northern Communities Credit Union staff on a monthly basis. This allows Community Action Duluth to monitor the timeliness of payments and to address any problems early on.

2. How will you monitor whether the borrower has adequate insurance at time of purchase and keeps insurance on the vehicle?

The Transportation Advocate works with the participant to obtain insurance and verifies that full coverage insurance is in place on the vehicle prior to purchase. The transportation advocate notes the insurance company, agent, if applicable, and monthly insurance payment. The insurance policy number is given to the Credit Union as a part of the loan closing process.

In order to monitor insurance after the purchase of the vehicle, we have inserted language that guarantees access to such information into the Community Action Duluth Jump Start Duluth Program Ownership Agreement that participants need to sign in order to purchase vehicles: *Owner shall identify the Approved Lender and Community Action Duluth as secured parties on the insurance application. Owner's insurance policy with Approved Insurer shall provide for notification to the secured parties of any lapse, cancellation, or termination of the insurance policy.*

As a result Community Action Duluth would be notified if the insurance coverage is lapsed. Loan documents give the credit union the right to obtain insurance at the car owner's expense in the event of a lapse in coverage.

3. How do you propose to meet the objectives of fuel efficiency of 32 mpg and low mileage given changes in the used car market and the cost of used vehicles? Is there enough of a supply of vehicles?

Community Action Duluth is currently partnering with West Central Wisconsin Community Action, Inc. (West CAP) and their nonprofit car dealership, Ideal Auto. An experienced partner, West CAP has been working closely with us to get the right families into the right fuel efficient, low millage vehicles. Although the market has been a factor in limiting the supply of vehicles available for purchase that meet our stringent standards and price guidelines, we are still able to offer a variety of vehicles for our participants to choose from. The only vehicles

2. Review Applicant Questions (cont.)

available to our participants are cars with 32 MPG and better. All vehicles are chosen through the Ideal Auto website. So far, they have been able to meet the demand for vehicles.

4. Can a low income borrower afford a car loan? If they have a low income will purchasing a car, along with upkeep and maintenance, be affordable to them?

The program has been created to insure that the purchased vehicle becomes a financial asset of independence and not a financial hardship. Every program participants' situation is different and as such, certain standards are in place to examine both family budgets and affordability of potential vehicle purchase on a case-by-case basis.

A detailed budget is examined and compared to the applicant's net income and the applicant's income to expenses ratio is taken into account during the approval process. People's entire financial lives are taken into consideration by the Transportation Advocate who makes suggestions for consideration to the approval committee which then reviews each application to determine whether or not it is a fit for the program. Spending and savings habits are taken into account along with credit history or lack thereof. Additionally an applicant's ability to save and make payments is judged based upon their ability to pull together their down-payment contribution which is calculated using a formula that is based upon their income.

Moreover, once an applicant is approved the Transportation Advocate works with each participant to ensure that the vehicles purchased is one that fits within their budget. To further promote financial stability and the ability to budget; all Jump Start Duluth participants are required to take the Common Cents financial education class offered by Community Action. All participants also have the opportunity to work 1:1 with a financial educator/coach to further improve their credit and ability to gain assets into the future.

As to vehicle maintenance and upkeep, all Jump Start Duluth Participants meet with a local mechanic free of charge within one week of obtaining their vehicle. The mechanic tutor's the participant on car maintenance specific to their vehicle and answer any questions they might have.

Also, each participant is also required to put \$20 each month into a car maintenance and repair savings account. This money can be accessed by contacting the Transportation Advocate for any repair or maintenance needs that arise. The transportation advocate will then authorize the Credit Union to

2. Review Applicant Questions (cont.)

cut a vendor paid check for the amount of the repair/maintenance needed. This \$20 is taken into account when we look at the participant's monthly budget and income and expenses ratio. If upon program completion there is money remaining in their savings account it is the participants to do with as they wish.

To further address the issue of car repair, each participant has a \$500 participation fee that is rolled into the car loan. Each fee goes into a car repair pool which Community Action Duluth Monitors. If a large repair is needed that the participant is not able to afford, there is an application process by which they can apply to access the funds in the repair pool.

Thus far, Community Action Duluth has provided 17 loans. The car payments range from \$150 per month to \$230 per month. All monthly payments include \$20 for the repair and maintenance fund. The average monthly net income of the participants is \$1707.17. Because each participant gets a forgivable down payment (money from non CDBG grants) and the loans have a low-interest rate, the payment are affordable.

10-PS-11 - Permanent Supportive Housing Program - Women's Community Development Organization

What are the ultimate goals of the program?

The ultimate goal of the program is to assist homeless families and single individuals in obtaining and maintaining permanent housing. That means that as long as the household follows the lease agreement, they can stay in the program/housing. Supportive Services will be offered to all households. The responsibility lies with the Case Manager to develop relationships with each household and meet with them at least once a week to provide ongoing support services. Case Management services are designed to assist families identifying barriers to maintaining permanent housing and then helping them to overcome those barriers. This is a Housing First program model with maintaining housing as the primary focus of the programming.

Will the program assist households to move to independent living situations?

This type of housing is considered independent living with supportive services. If a family chooses to move to a different living situation, case managers will assist them in whatever way they can.

2. Review Applicant Questions (cont.)

How long you do estimate that families will remain in the program?

It is difficult to predict how long each family will remain in the program. Because these are often the most difficult to house families with long rental histories that make securing other housing almost impossible and who have barriers that make living without supportive services difficult, we anticipate that most families will not move and will stay in the program for an extended period. This is the intent of the program and length of stay is used as a measure of success.

10-AD-09 - Center for Social Justice - Center for Social Justice, Inc.

1. The application notes 15 organizations. The Committee needs a better understanding of these 15 organizations such as who are these organizations and services they provide.

In addition to the Center for Social Justice, Inc. it is anticipated that the following organizations may have direct relationships with the Center. They are: Coalition to Advance Racial Equity [C.A.R.E.] which consists of: City of Duluth American Indian Commission, City of Duluth Human Rights Department, People's Institute North, Community Action Duluth, Peace UCC Dismantling Racism team, St. Louis County Attorney's Office, Clayton Jackson McGhie Memorial, Inc., Anishnabe O'de, Race 4 Center Court, YWCA, ISD 709 Office of Education Equity. Additionally, 3 other partners will be identified later for this project. None of the organizations listed in this reply provide direct services of any kind that deals with cultural identity. The Center for Social Justice, Inc. is not and will not be a social service agency. The Center when built, will be multi-culturally based only and again not service oriented. The Center when built, will be the only one of its kind that focuses specifically on the premise: Cultural Relevance=Cultural Identity. In Duluth, communities of color lack opportunities for cultural relevance and cultural identity. The Center, when built, will provide the mechanisms for this to finally happen in Duluth, Minnesota. The Center, unlike hockey programs such as Heritage Hockey Center, which received \$1 million dollars or more from the city of Duluth provides hockey services generally to one group of people and that group of people is not people of color. Statistically you will find that the majority of individuals using the Heritage Hockey Center are not and will be people of color. The Center on the other hand, will be available to any Duluth individual or organization choosing to learn and understand the premise of cultural relevance and cultural identity in our community. Our community continues to struggle in the area of racial inclusion and and racial understanding.

2. Review Applicant Questions (cont.)

2. Has a site been selected for the Center? If so what is the proposed location?

Several specific sites have been identified throughout Duluth. For proprietary reasons, I am not at liberty to release that information to the CDBG committee. [I am not sure if the committee may legally ask this question as the request is only for architect and legal fees related to architectural designs and not site specific information.] Once the architectural designs have been completed the entire city [including the CDBG committee] will be made aware of sites of interest. We are unable to release the site information based on previous negative responses made by city of Duluth officials toward other organizations attempting to develop projects in Duluth. We have made the decision to not go down that road again.

3. What is the financial feasibility of the proposed Center?

Feasibility studies have not been completed and are not required for this request. Again, the request is for architectural and legal fees related to only one phase of the project. I do not believe feasibility studies have ever been required for other projects in Duluth, such as the Heritage Hockey Center. If such a study has been completed by the Heritage Hockey Center organization - I would like to know when it was completed and who paid for it. Again, they received \$1 million dollars from the city for a "service" that currently only benefits one group of citizens in Duluth. I believe the monies given to the Heritage Hockey Center organization came from city trust funds dedicated by the Fond du Luth casino in downtown Duluth. Those funds were originally for city infrastructure. It is apparent that hockey is now considered city infrastructure as hundreds of millions of dollars go toward the completion of large buildings to accommodate that service in the community and to a specific segment of the population.

5. How many citizens will make use of the Center and for what purposes?

The entire city of Duluth will be invited to be a part of the Center as has always been my goal with any project I have provided leadership for or to. At this time, it would be irresponsible for me to anticipate how many individuals will use or utilize the Center. I think this question does not fit the request at hand. Again, the request is for architectural design and legal fees associated with such.

10-CH-01 - WCDO Properties - Center City Housing

In the narrative, it is stated that financial projections show the buildings "*can cashflow and be operational*" for the next 20 years. Comparing the annual rental income to operating expenses provided on the Housing Budget forms, there appears to be an operating deficit of \$18,863 in the first year, which would increase thereafter. Please explain the seeming contradiction between the narrative and the budgets. You may

2. Review Applicant Questions (cont.)

attach revised "Housing Budget Form 2 - Rents and Income" and/or "Housing Budget Form 3 - Operating Expenses" if there are errors in the forms submitted with your application.

HOME Funds will be applied to the buildings that house the transitional housing program. The rents collected do not meet the operating costs for the program and buildings however, there are other dollars that are not reflected on the budget pages that are used for operating expenses. These additional funds are raised each year from multiple funding sources to meet the gap in the budget. These sources include, the State of Minnesota, United Way, and The City of Duluth. WCDO has successfully raised these funds each year for over twenty years.

10-CH-02 - NCLT Rehabilitation – Resale - Northern Communities Land Trust

The per unit total development cost is down slightly from 2009's application, however, the HOME subsidy per unit increased from approximately \$30,000 per unit to \$40,000. Please explain the increase in HOME subsidy.

According to my records, the original application submitted for funding for FY 2009 showed a TDC of \$171,000 per unit, and a HOME subsidy of \$36,000 per unit (this was submitted as a revised spreadsheet to Keith on 10/3/08).

The application submitted for funding for FY 2010 shows a TDC of \$175,000 per unit, with a HOME subsidy of \$40,000 per unit (please see attached - this also includes corrected totals on the Housing Budget Form 4).

There are slight differences in budget line items between 2009 and 2010:

- decreased acquisition price (NCLT's ability to purchase homes through Fannie Mae's First Look and the National Community Stabilization Trust program helps lower the anticipated acquisition price in 2010)
- increased construction costs due to larger anticipated scope of work, compliance with MN Green Communities standards on all homes, energy efficiency upgrades
- slightly increased developer's fee
- increased construction period utilities

For FY2009, NCLT received a total of \$340,000 for 11 units, equaling an average of \$30,909 per unit. Please keep in mind that these funds are being paired with \$248,000 of NCLT's NSP award, effectively boosting the average federal subsidy per unit for the units developed to \$53,455

2. Review Applicant Questions (cont.)

(this doesn't include the \$25,000 in federal funds for green/solar features that a few of the units have in them as well).

**Supporting spreadsheets were provided by NCLT.*

10-CH-03 - East Side Housing Rehabilitation - Center City Housing

Where are apartments located? Please provide the apartment building(s) address(es).

110-114 North Sixth Ave East – 4 units

607 – 609 East First Street – 5 units

Will Center City Housing be the CHDO owner, or only the developer, of the properties?
Center City Housing will be both the developer and the owner of the properties.

Does CCH have site control?

Yes. SMDC is donating the properties to Center City. The terms of the transfer have been negotiated. Documents for the transfer of ownership are being reviewed by legal counsel for Center City and SMDC. Transfer of ownership will be complete by October 31, 2009.

What is the estimated value of the properties?

\$443,683 – Estimated Market Value

The value has been estimated by averaging the per unit Estimated Market Value from the City Assessor's office and the per unit Actual Value insurance coverage and multiplying the result by the nine units in the two buildings.

The application is unclear if the operating expenses identified for the utilities are the current costs or if those costs project the anticipated 20% savings from the completed rehab work.

The utilities costs in the operating expenses are the actual costs from 2008, less 20%. We anticipate that after we replace 90+ year old windows, inefficient radiators [in some case mounted at ceiling height], install heat controls in the individual units where none exist today, and replace old boilers, the actual cost savings will be greater than 20%. However, to include a higher reduction in the projected operating expenses did not seem prudent.

You may attach a revised "Housing budget Form 3 - Operating Expenses" if those costs should be changed from the form submitted with your application.

The projected operating expenses that we submitted are still our best estimate of what it will cost to operate the units.

**Meeting Summary of the
Community Development Committee (CDC)
Tuesday, October 20, 2009
Page 16**

3. Review of Program Percentages

K. Hamre reviewed program percentages with the committee and discussed funds that would be reprogrammed.

4. Discuss Manager's Recommendations

K. Hamre discussed the rationale from which he is making his recommendations.

The next meeting of the CD Committee will be on Tuesday, October 27, 2009, in the City Council Chambers.

Meeting adjourned at 8:20 p.m.