

CD Program FY 2024 Application Review November 6, 2023	Housing CDBG/HOME	Staff Contact: Suzanne Kelley
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Summary of Housing Applications

Eight (8) applications were received for HUD funding for the 2024 (FY) Fiscal Year, funding requests are for the Community Development Block Grant or for the HOME Investment Partnership Program grant fund. The requests total \$2,768,750 for 301 units, or \$9,198.50 per unit. For the 2023 program year, \$1,936,603 was requested for 257 units, or \$7,535.42 per unit, therefore the unit cost was lower in 2023. In FY 2023 the Committee awarded in \$848,850 in CDBG and \$495,628 in HOME dollars for housing rehab and construction, totaling \$1,344,478.

The CD Committee has recommended a target of 35% of CDBG funds to be allocated towards the Affordable Housing category for FY 2024. Although 2024 funding amounts have not been finalized by HUD, the City received \$2,385,901 of CDBG for the 2023 program year; 35% of that amount would equate to \$835,065. HOME allocation and awards have been consistent for the past couple of years, an expectant amount for housing projects would be \$475,000. It is estimated the total CDBG and HOME amounts for housing projects in 2024 would be \$1,310,065.

Approach to Application Review

Applications were reviewed for funding eligibility, consistency with the Consolidated Plan Goals, CD Committee’s Mission, Anti-Poverty Strategy, Equity and Accessibility, Section 3 Requirements, and Imagine Duluth 2035. The proposals were reviewed based on the need for the proposed projects, benefits to the community, budget, and project readiness.

Code	Proposal Name	Organization	Eligible Activity	Amount
2024-01-HS	Duluth Property Rehabilitation Program- 50 rehab units- 30 owner and 20 rental	Duluth HRA	Yes	\$325,000
2024-02-HS	Energy Efficiency, Electrification and Renewable Navigators & Energy Corps- 100 units-60 owner and 40 rental	Ecolibrium3	YES	\$198,750
2024-03-HS	CLT Acquisition Rehab-Resale- 12 units	One Roof Community Housing	Yes	\$720,000
2024-04-HS	CLT New Construction-10 units	One Roof Community Housing	Yes	\$800,000
2024-05-HS	One Roof Duluth Rehabilitation Lending-15 units	One Roof Community Housing	Yes	\$75,000
2024-06-HS	Welch Place Apartments New Construction -30 units Pre-commitment	Center City House Corp	Yes	\$300,000
2024-07-HS	New San Marco Apartments Redevelopment – 80 units Pre-commitment	Center City House Corp	Yes	\$200,000
2024-08-HS	Annie’s House of Refuge & Restoration Expansion -4 units	Divine Konnections, Inc.	Yes	\$150,000

Total: \$2,768,750

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APPLICATION #2024-01-HS Duluth Property Rehabilitation Program –Duluth HRA

Brief Description of Application (including activities and target clientele):

The HRA is proposing to use funds to provide rehabilitation assistance through their various loan and grant programs on 50 units including 30 single family and 20 rental-rehab multifamily units. The rehab activities will improve living conditions for low-income people, lower energy costs, eliminate blight and environmental hazards, increase property values, and revitalize core neighborhoods.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: low/moderate income benefit. HRA targets its activities toward low- and moderate-income households.
- Eligible activity: rehabilitation of housing occupied by low-and-moderate income households and homeowner development.

Application goals/outcomes related to Community Goals:

- 2020-2024 Consolidated Community Development Plan
 - Affordable Housing
 - Neighborhood Revitalization
- Anti-Poverty Strategy Plan
 - Policy 3: Reduce Housing and Utility Costs
 - Policy 4: Increase Affordable Housing Units
- Imagine Duluth 2035
 - Governing Principle #1: Reuse previously developed lands
 - Governing Principle #5: Promote reinvestment in neighborhoods.
 - Housing Polices:
 - Policy 3-Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - S4-Prioritize opportunities for permanent affordability, including affordable ownership programs, in neighborhoods throughout the City
 - Policy 4-Improve the quality of the city’s housing stock and neighborhoods
 - S2-Promote curb appeal of neighborhoods, with consideration of elements such as lighting, trees and boulevards, streets and sidewalks, and well-maintained structures
 - S5-Encourage healthy and safe housing that provides high indoor air quality, noise protection, and that is free of hazardous materials and conditions.

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- S6-Consider programs to support contractors, including contractor capacity-building programs to encourage business growth that will be supportive of new housing options
 - Energy and Conservation Policies:
 - Policy 1-Incentivize households and landlords to reduce energy use and increase residential energy efficiency
 - S2-Prioritize residential energy efficiency retrofit programs and projects using housing rehabilitation funds for low to moderate –income residents

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Increase lifespan of aging homes and bring them to Healthy Homes Standards
 - Improves energy efficiency of single-family homes
 - Assists families to secure affordable homeownership
 - Serves homeowners with incomes below 80% AMI
 - Reduces energy costs for residents.

Budget and Project Readiness:

- The proposed budget of \$325,000 would be utilized for Program Services for HRA Staff to administer the Rehab program.
- HRA proposes a goal of 50 housing units; resulting in an average of \$6,500 assistance per household. If the additional leverage is secured, it would result in an investment of \$21,800 per household.
- The application states that the HRA would leverage \$765,000 in other public funds. Not all of these funds have not been secured, but have been requested. There are at least \$1 of secured funding for every \$1 requested.
- The cost per unit rehab ranges \$10,000 to \$30,000 for single-family units depending on the work. The cost for multifamily rehabilitation rehab work ranges from \$10,000 to \$15,000 per unit.
- HRA currently operates this program so there are policies and practices in place to continue service if FY2024 funds are awarded.

APPLICATION #2024-02: Ecolibrium3- Energy Efficiency, Electrification, and Renewable Navigator & Energy Corps

Brief Description of Application (including activities and target clientele):

Ecolibrium3 will use the grant funds to provide third-party project management to 100 low income households receiving home energy and healthy homes evaluation to completed energy retrofits.

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Eligible Activity (Identify eligible activity, national objective, and explain):

- National Objective: low and moderate (L/M) income persons – this program focuses on those at 80% or less of AMI who struggle with energy poverty.
- Eligible Activity: Rehabilitation - This program works directly with LMI homeowners to assist with conservation and energy improvements in their homes.

Application goals/outcomes and relation to Community Goals:

- 2020-2024 Consolidated Plan
 - Affordable Housing
 - Neighborhood Revitalization
- Anti-Poverty Strategy
 - Reduce Housing and Utility Costs
- Imagine Duluth 2035
 - Governing Principle #1: Reuse previously developed lands.
 - Governing Principle #5: Promote Reinvestment in neighborhoods.
 - Housing Policy:
 - Policy 3: Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - S4-Prioritize opportunities for permanent affordability, including affordable ownership programs, in neighborhoods throughout the city.
 - Energy & Conservation Policy:
 - Policy 4 – Incentivize households and landlords to reduce energy use and increase residential energy efficiency
 - S2 - Prioritize residential energy efficiency retrofit programs and projects using housing rehabilitation funds for low- to moderate-income

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Increase lifespan of aging homes and bring them to Healthy Homes Standards
 - Improves energy efficiency of single-family homes
 - Assists families to secure affordable homeownership
 - Serves homeowners with incomes below 80% AMI
 - Reduces energy costs to households residents.

Budget and Project Readiness:

- Budget request: \$198,750 for staff, administration, materials, and supplies.
- Total budget: \$1,399,250; secured: \$168,000, they have almost \$1 secured for every \$1 dollar request.
- CDBG funds would provide \$1,987.50 in assistance per household. The total funding would provide \$13,992.50 per a household in assistance.

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- Equilibrium3 currently operates similar programs so there are policies and practices in place to continue service if FY2024 funds are awarded.

APPLICATION #2024-03: CLT Acquisition-Rehab-Resale One Roof Community Housing

Brief Description of Application (including activities and target clientele):

One Roof requests \$720,000 to acquire and renovate twelve (12) properties in various neighborhoods throughout the city of Duluth. The properties will be enrolled into their Community Land Trust (CLT) program to maintain long-term affordability, which is achieved through long term land least covenants. The proposal focuses on serving solely LMI participants.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: Activity benefits low-and-moderate income persons. One Roof targets its activities toward low- and moderate-income households and provides opportunity for homeownership for residents earning 80% of AMI or less.
- Eligible activity: Rehabilitation of housing occupied by low-and-moderate income households and homeowner development.

Application goals/outcomes and relation to Community Goals:

- 2020-2024 Consolidated Plan
 - Affordable Housing – increase the number of affordable units for LMI people
 - Neighborhood Revitalization – renovating older homes with deferred maintenance
- Anti-Poverty Strategy
 - Policy 3: Reduce Housing and Utility Costs – homes sold at approximately 25% below market value and greater energy efficiency through specific renovation activities
 - Policy 4: Increase Affordable Housing Units – homes developed will be sold through Community Land Trust Program which places 999 years of affordability restrictions on the property
- Imagine Duluth 2035
 - Governing Principle #1: Reuse previously developed lands – acquisition and rehabilitation of existing residential properties in Duluth
 - Governing Principle #5: Promote Reinvestment in neighborhoods – diversifying residential opportunities that fit the neighborhood’s character
 - Housing Policies:
 - Policy #2: Provide affordable, attainable housing opportunities – homeownership for LMI participants
 - Policy #3: Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - Strategy #4-Prioritize opportunities for permanent affordability, including affordable ownership programs, in neighborhoods throughout the city.

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- Policy #4: Improve the quality of the city’s housing stock – rehabilitation of residential properties with deferred maintenance for resale to LMI participants
- Policy #5: Expand a variety of housing opportunities throughout the city – provide Community Land Trust homeownership opportunities across city in Core Investment Areas and New Investment Areas

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Increase lifespan of aging homes and bring them to Healthy Homes Standards
 - Improves energy efficiency of single-family homes
 - Assists families to secure affordable homeownership
 - Serves homeowners with incomes below 80% AMI
 - Reduces energy costs to households

Budget and Project Readiness:

- The proposed budget of \$4,200,000 for FY 2024 would be for the acquisition and rehabilitation of properties, which equates to \$350,000 per unit in total funds. The \$720,000 in funds being requested would equate to \$60,000 per unit
- The application states that One Roof funding would leverage \$2,300,000 in other public funds, the sources for the leverage including Minnesota Housing Finance Agency, Northshore Bank of Commerce, and Fond du Lac Band. These funds have been secured, therefore there is more than \$1 per \$1 request that has been secured.
- One Roof is up-to-date in its Community Housing Development Organization (CHDO) status.
- This application would be eligible for HOME funding.
- One Roof currently operates this program so there are policies and practices in place to continue service if FY2024 funds are awarded.

APPLICATION #2024-04: CLT New Construction- One Roof Community Housing

Brief Description of Application (including activities and target clientele):

One Roof requests \$800,000 to construct ten (10) homes. The properties will be enrolled into their Community Land Trust (CLT) program to maintain long-term affordability, which is achieved through long term land least covenants. The proposal focuses on serving solely LMI participants.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: Activity benefits low-and-moderate income persons. One Roof targets its activities toward low- and moderate-income households and provides opportunity for homeownership for residents earning 80% of AMI or less
- Eligible activity: Construction of housing occupied by low-and-moderate income households

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Application goals/outcomes and relation to Community Goals:

- 2020-2024 Consolidated Plan
 - Affordable Housing – increase the number of affordable units for LMI people
 - Neighborhood Revitalization – construction of infill housing within neighborhoods throughout city
- Anti-Poverty Strategy
 - Policy 3: Reduce Housing and Utility Costs – homes sold at approximately 25% below market value and greater energy efficiency through specific renovation activities
 - Policy 4: Increase Affordable Housing Units – homes developed will be sold through Community Land Trust Program which places 99 years of affordability restrictions on the property
- Imagine Duluth 2035
 - Governing Principle #5: Promote Reinvestment in neighborhoods – diversifying residential opportunities that fit the neighborhood’s character
 - Housing Policies:
 - Policy #1: Increase density in and around the Core Investment Areas
 - Policy #2: Provide affordable, attainable housing opportunities – homeownership for LMI participants
 - Policy #3: Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - Strategy #4-Prioritize opportunities for permanent affordability, including affordable ownership programs, in neighborhoods throughout the city.
 - Policy #4: Improve the quality of the city’s housing stock – construction of residential properties for resale to LMI participants
 - Policy #5: Expand a variety of housing opportunities throughout the city – provide Community Land Trust homeownership opportunities across city in Core Investment Areas and New Investment Areas

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Create 4 new homes
 - Assist families to secure affordable homeownership
 - Serves homeowners with incomes below 80% AMI
 - Reduces the energy costs in households

Budget and Project Readiness:

- The proposed budget of \$4,500,000 for FY 2024 would be for the construction of ten (10) properties, which equates to \$450,000 per unit in total funds. The \$800,000 in funds being requested would equate to \$80,000 per unit.

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- The application states that One Roof funding would leverage \$3,700,000 in other assistance including Minnesota Housing Finance Agency and private lending. There is over \$1 secured for every \$1 request.
- One Roof is up-to-date in its Community Housing Development Organization (CHDO) and Community Based Development Organization (CBDO) status.
- This application would be eligible for HOME and/or CDBG funding.
- One Roof currently operates this program so there are policies and practices in place to continue service if FY2024 funds are awarded.

APPLICATION #2024-05: One Roof Community Lending– One Roof Community Housing

Brief Description of Application (including activities and target clientele):

One Roof requests \$75,000 to provide low interest loans, forgivable loans, and deferred loans for housing rehab to 15 LMI households in owner occupied single-family homes.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: LMI housing
- Eligible activity: rehabilitation of housing occupied by low-and-moderate income households and homeowner development.

Application goals/outcomes related to Community Goals:

- 2020-2024 Consolidated Plan
 - Affordable Housing
 - Neighborhood Revitalization
- Anti-Poverty Strategy Plan
 - Policy 3: Reduce housing and utility costs
- Imagine Duluth 2035
 - Governing Principle #1: Reuse previously developed lands
 - Governing Principle #5: Promote reinvestment in neighborhoods
 - Housing Policies:
 - Policy 3-Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - S4-Prioritize opportunities for permanent affordability, including affordable ownership programs, in neighborhoods throughout the City
 - Policy 4-Improve the quality of the city’s housing stock and neighborhoods
 - S5-Encourage healthy and safe housing that provides high indoor air quality, noise protection, and that is free of hazardous materials and conditions.
 - Energy & Conservation Policies:
 - Policy 4 – Incentivize households and landlords to reduce energy use and increase residential energy efficiency
 - S2 - Prioritize residential energy efficiency retrofit programs and projects using housing rehabilitation funds for low- to moderate-income residents.

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CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Increase lifespan of aging homes and bring them to Healthy Homes Standards
 - Improves energy efficiency of single-family homes
 - Assists families to secure affordable homeownership
 - Serves homeowners with incomes below 80% AMI
 - Reduces energy costs to households

Budget and Project Readiness:

- The proposed budget of \$1,142,500 for FY 2024 would be for 15 loans, which equates to \$76,166 per unit and the CDBG request of \$75,000 equates to \$5,000 per unit.
- The application states that One Roof funding would leverage \$1,067,500 in other public funds, the sources for the leverage including Minnesota Housing Finance Agency and One Roof Lending Loan Fund dollars. \$855,000 funds have been secured; therefore more than \$1 of funding request has been secured.
- One Roof currently operates this program so there are policies and practices in place to continue service if FY2024 funds are awarded.

APPLICATION #2024-06-HS: Welch Place Apartments - Center City Housing Corp.

Brief Description of Application (including activities and target clientele):

Wadena West Apartments is a new construction supportive housing development that will include 30 affordable units for homeless and at-risk of homelessness single adults with significant barriers to long term housing. Units will include 12 efficiencies and 18 one bedrooms. On March 31, 2023 the CD Committee pre-committed \$300,000 for this application as match for the Low Income Housing Tax Credit application.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: low/moderate income benefit – 30 units of housing for residents at or below 60% AMI, including 8 units for residents at or below 30% of AMI.
- Eligible activity: Construction of Rental Housing

Application goals/outcomes related to Community Goals:

- 2020-2024 Consolidated Plan
 - Homeless Services
 - Affordable Housing
- Anti-Poverty Strategy Plan
 - Policy 4: Increase Affordable Housing Units
- Imagine Duluth 2035
 - Governing Principle #5: Promote reinvestment in neighborhoods.
 - Governing Principle #14: Integrate fairness into the fabric of the community
 - Housing Policies:

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- Policy 2-Provide affordable, attainable housing opportunities
- Policy 3-Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - S1-Plan for a mix of housing types in all neighborhoods, available to a variety of income levels, including a prioritization for housing with ADA accessible design.
- Policy 4- Improve the quality of the city’s housing stock and neighborhoods

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Construct 60 new affordable units with on-site supportive services
 - Housing is a critical component for achieving self-sufficiency

Budget and Project Readiness:

- Budget request: \$300,000 HOME funds to assist with new construction
- Total budget \$13,467,050. Minnesota Housing will announce the funding awards in December, at this time the applicant has been provided positive feedback about this application.
- Per capita for HOME funds is \$5,000 per unit; per capita for the total budget is \$259,232 per unit
- Center City Housing Corporation has successfully managed other construction CDBG/HOME contracts and is up-to-date in its Community Housing Development Organization (CHDO) status.
- Completion of construction is estimated to start September 2024 and be completed by September 2025.

APPLICATION #2024-07-HS: San Marco Apartments Rehab - Center City Housing Corp.

Brief Description of Application (including activities and target clientele):

Rehabilitation of the New San Marco Apartments, which provide 70 units of supportive housing serving extremely low-income homeless single adults with chemical dependency and significant barriers to housing success. On March 31, 2023 the CD Committee pre-committed \$200,000 for this application as match for the Low Income Housing Tax Credit application.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: low/moderate income benefit – 70 units of housing for residents at or below 60% AMI, including 40 units for residents at or below 30% of AMI.
- Eligible activity: Rehabilitation of a facility that provides housing to people who experience homelessness.

Application goals/outcomes related to Community Goals:

- 2020-2024 Consolidated Plan
 - Affordable Housing
 - Neighborhood Revitalization
- Anti-Poverty Strategy Plan

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- Policy 3: Reduce housing and utility costs
- Imagine Duluth 2035
 - Governing Principle #1: Reuse previously developed lands
 - Governing Principle #5: Promote reinvestment in neighborhoods
 - Housing Policies:
 - Policy 3-Prioritize inclusive housing policies to reflect the city’s social, cultural, economic, and historic diversity and development patterns
 - Energy & Conservation Policies:
 - Policy 4 – Incentivize households and landlords to reduce energy use and increase residential energy efficiency
 - S2 - Prioritize residential energy efficiency retrofit programs and projects using housing rehabilitation funds for low- to moderate-income residents.

CD Committee’s Mission:

- “Invest in community programs that help low- and moderate-income people by addressing basic needs, providing affordable housing, and increasing economic self-sufficiency”
 - Maintaining existing affordable units that provide on-site supportive services

Budget and Project Readiness:

- Budget request: \$200,000 HOME funds to assist with new construction
- Total budget \$10,288,699. Minnesota Housing will announce the funding awards in December, at this time the applicant has been provided positive feedback about this application.
- Per capita for CDBG/HOME funds is \$2857 per unit; per capita for the total budget is \$146,981 per unit
- Center City Housing Corporation has successfully managed other construction CDBG/HOME contracts and is up-to-date in its Community Housing Development Organization (CHDO) status.
- Completion of construction is estimated to start September 2024 and be completed by September 2025.

APPLICATION #2024-08-HS: Annie’s House of Refuge & Restoration –Divine Konnections, INC

Brief Description of Application (including activities and target clientele):

- Divine Konnections, Inc. (DKI) operates Annie’s House, which will provides shelter and wraparound case management services to homeless BIPOC young mothers with children 0-4 years old. This application seeks funding to purchase and renovate a residential building for the program in the Hunter’s Park neighborhood.

Eligible Activity (Identify eligible activity, national objective, and explain):

- National objective: Limited clientele activities - Benefit a clientele who are generally presumed to be principally low and moderate income persons
- HOME/CDBG: Housing acquisition

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Application goals/outcomes and relation to Consolidated Plan:

- Purchase a residential building to affordably house young mothers with children
- Consolidated Plan 2020-2024 goals:
 - Affordable Housing
 - Homeless Services
- Anti-poverty strategy:
 - Policy 2: Remove Barriers to Obtaining Employment
 - Policy 4: Increase Affordable Housing Units
- Imagine Duluth 2035:
 - Governing Principle #13 Develop a healthy community
 - Governing Principle #14 Integrate fairness into the fabric of the community
 - Housing Policy #2: Provide affordable, attainable housing opportunities
 - Housing Policy #4: Improve the quality of the city’s housing stock and neighborhoods

Budget and Project Readiness:

- Budget request: \$150,000 total to assist with acquisition
- Total budget \$625,000; at this time no additional dollars have been secured.
- This project would result in \$37,500 per unit being assisted with CDBG funds and a total of \$156,250 per unit in total funds.
- Divine Konnections received CDBG and ESG funds in 2023, and are in compliance with spending the funds.