

COUNCIL COPY

TABLED
12/29/2010

PLANNING & ECONOMIC DEVELOPMENT COMMITTEE

10-0646R

RESOLUTION OF INTENT TO SUPPORT THE USE OF TAX INCREMENT FINANCING FOR THE WESTWOOD HEIGHTS TOWNHOMES HOUSING DEVELOPMENT INITIATIVE.

CITY PROPOSAL:

RESOLVED, that subject to approval of low income housing tax credit financing, verification of the need for gap financing that substantiates that the Westwood Heights Townhomes of Duluth Limited Partnership would not be able to proceed without the use of tax increment financing and the submittal of additional documentation which would support the statutory findings required to be made for approval of a tax increment financing plan, the Duluth City Council hereby expresses its non-binding intent to support the use of tax increment financing for the Westwood Heights Townhomes housing development initiative as described in Public Document No. _____ on file in the office of the city clerk, to the extent necessary to meet the financial requirements of the development in compliance with state statutes.

Approved:


Department Director

Approved for presentation to council:


Chief Administrative Officer

Approved as to form:


Attorney

Approved:


Auditor

CD KAH/KO:jle 12/9/2010

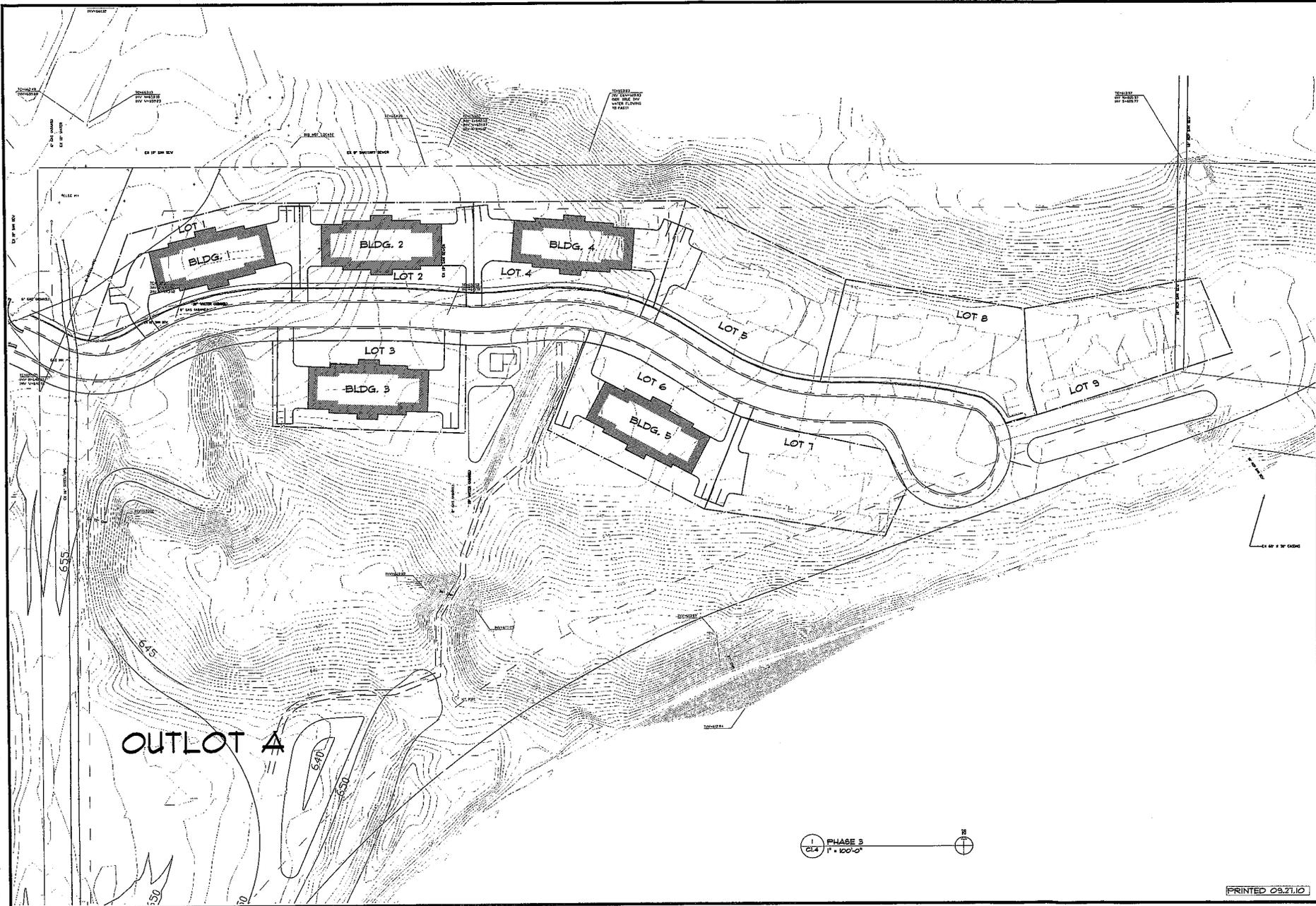
STATEMENT OF PURPOSE: This resolution expresses the city council's intent to approve the creation by the HRA of a housing tax increment finance (TIF) district to provide gap financing for the development of 40 units of housing on a site between the Riverside and Morgan Park neighborhoods. The HRA and developer have

requested this resolution to show city support for the developer's application for low income housing tax credit financing. This resolution is non-binding, and final approval of the creation of a TIF district requires a public hearing, certain statutory findings being made, and city council approval. The developer is asking for TIF financing in the minimum amount necessary in order to complete the development. Also, this resolution of support is intended for Minnesota Housing Finance Agency's Supplemental 2011 LIHTC round of funding.

Westwood Estates Townhomes

Duluth, MN

L:\Projects\2009\Westwood Heights Duluth\Architecture\FD 052610\Site Plan.dwg Dec 11, 2010 04:23:07PM



REVISIONS	DATE

I hereby certify that this plan, specification, or report was prepared by me or under my direct supervision and that I am a duly Licensed Architect under the laws of the State of Minnesota.
 Name: _____
 Signed: _____
 Date: _____ License #: _____

**WESTWOOD HEIGHTS
 8-UNIT APARTMENTS**
 DULUTH, MN
 copyright kuipers, 2010

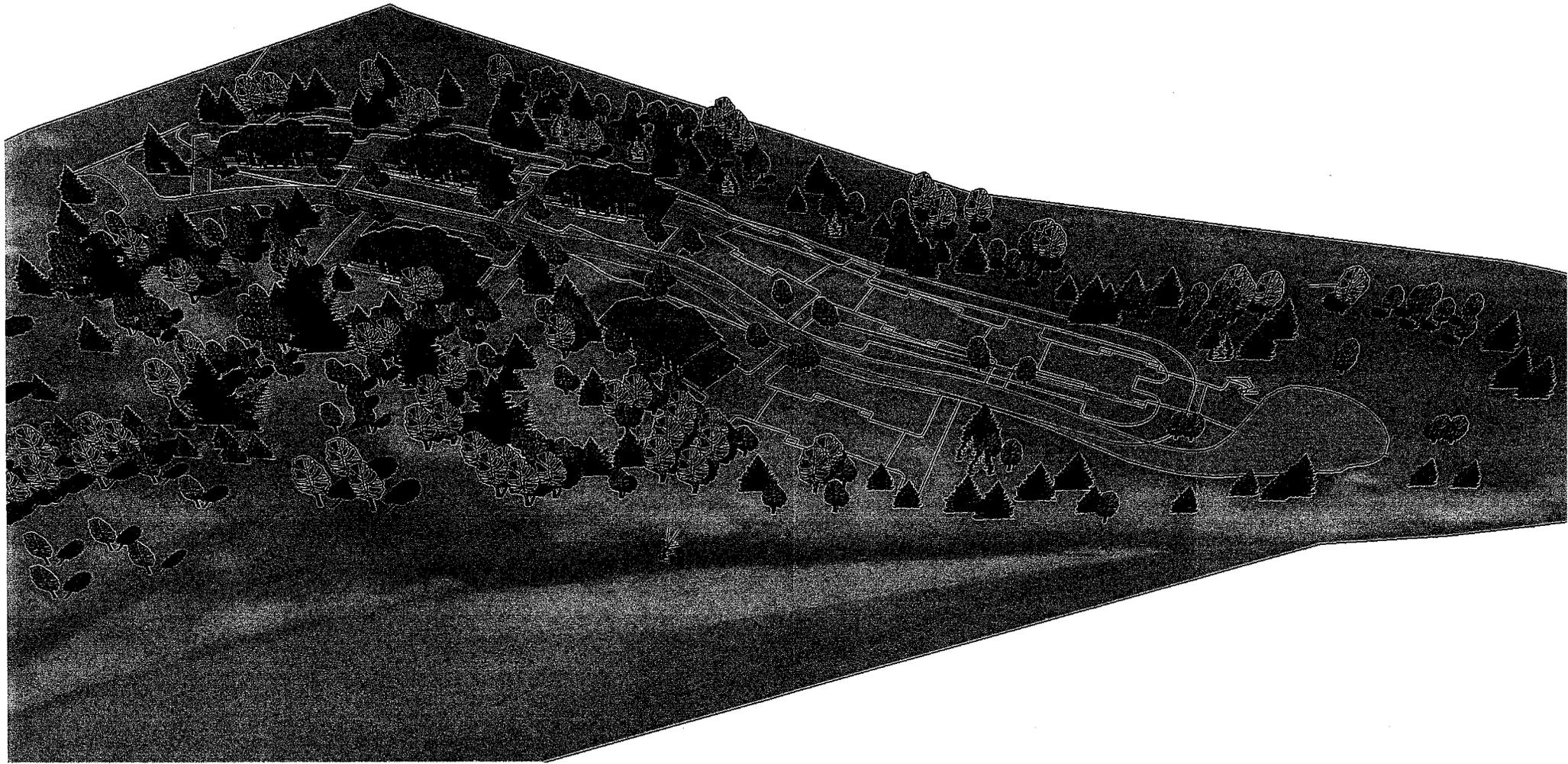
KUEPERS
 ARCHITECTS & BUILDERS
 BRAINERD/BAXTER, MN 218-829-0707



JOB	01-07-171
DRAWN	CHECKED
EA	
DATE	SCALE
5-26-10	AS SHOWN

C1.4
 DWS. •

PRINTED 03.21.10





 **KUEPERS**
ARCHITECTS & BUILDERS
CONCEPTUAL DESIGN

Project History

- Land was previously used for Industrial purposes.
- Rapid River Development purchased the land and was approved to replat into 47 single-family lots at the minimum size requirements.
- In 2007, Rapid River applied for a Support Resolution for a 47-unit Townhome project financed by MHFA and tax credits, which was supported by the City.
- In 2008-2009, the property was reconfigured into its current proposed layout of nine 8-plex buildings using approximately 2/3's of the land originally needed for the 47 single family lots.
- Care was taken for aesthetics, drive width, and off-street parking.
- Meetings were conducted with the neighborhood association, which had concerns with the street/parking layouts and with the rental rates.
- The current proposed development addressed the drive and parking issues.
- Two market studies and an appraisal indicated that market rate rents need to be between \$1,100 to \$1,400/month.

Current Proposed Project Summary

- 40 Townhouse Style Units
- 2 and 3 Bedroom Units with attached garages
- Custom cabinetry, attached garages, modern appliances, playground, and private patios or decks.

New Proposed Rents

- \$630/month for 2-Bedroom Units
- \$730/month for 3-Bedroom Units
- Rents include in-unit washer and dryers, attached garage stall, storage, landlord paid water, sewer, and heat.
- Tenant is responsible for electric, telephone, and cable TV.
- These new rates address the neighborhood concerns about rent levels and opens the project up to more potential renters.

Project Financing

- 9% Tax Credit Program administered by Minnesota Finance Agency (MHFA)
- Total Cost of the Project - \$6,343,375
- Approximately \$4,611,200 from Tax Credits
- Approximately \$800,000 from 1st Mortgage, which is partially supported by the pay-as-you-go Tax Increment Financing.
- Approximately \$137,175 from Developer Equity
- Approximately \$545,000 from MHFA in Gap Financing.
- \$250,000 in land donation from Rapid River Development to the new ownership entity.

Proposed Tenant Profile

- Work Force Housing – Open to all Households making 60% or less of the County's Median Income.
- \$25,200 for 1 Person Household
- \$28,800 for 2 Person Household
- \$32,400 for 3 Person Household
- \$36,000 for 4 Person Household
- \$38,880 for 5 Person Household

Resolutions Needed

- Actions requested:
 - Support for the Housing Application for the Housing Tax Credits and Gap Funding.
 - Support for the Tax Increment Financing