



Request for City Council Committee Action from the Department of Community Planning & Economic Development

Date: September 26, 2006

To: Council Member Lisa Goodman, Community Development Committee

Subject: Funding Recommendations for Use of 2006 Emergency Shelter Grant (ESG) Funds

Recommendation: Approve up to \$564,253 of 2006 Emergency Shelter Grant (ESG) funds to the following three projects:

1. Up to \$65,000 for Our Savior's Housing at 2XXX Chicago by Our Savior's Housing;
2. Up to \$60,000 for St. Anne's Place at 2XXX Russell Avenue North by Ascension Place for a total of \$230,000 from 2005 and 2006 ESG funds;
3. Up to \$439,253 for Bridge Center for Youth at 2XXX Emerson Avenue South by The Bridge for Runaway Youth, Inc. for a total of \$816,076 from 2005 and 2006 ESG funds.

Previous Directives: In November, 2005 the City Council approved the following: Up to \$170,000 of 2005 ESG funds for St. Anne's Place and up to \$376,823 for the Bridge Center for Youth. In November, 2005, the Council approved up to \$523,177 Affordable Housing Trust Funds for the Bridge Center for Youth and \$29,000 of Non Profit admin for The Bridge for Runaway Youth, Inc. In August, 2005, the Council approved up to \$500,000 NRP Affordable Housing Reserve Fund money for the Bridge Center for Youth.

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 Approved by: Elizabeth Ryan, Director Housing Policy & Development _____
 Presenters in Committee: Donna Wiemann

Reviews

- Permanent Review Committee (PRC): Approval ___ Date _____
- Policy Review Group (PRG): Approval ___ Date _____

Financial Impact

- No financial impact

Community Impact

- Neighborhood Notification: Each project proposal has been reviewed by its respective neighborhood organization.
- City Goals: In five years, all Minneapolis residents will have a better quality of life and access to housing and services; residents will live in a healthy environment and benefit from healthy lifestyles; the city's infrastructure will be well maintained and people will feel safe in the city.
- Comprehensive Plan: 4.10 Minneapolis will increase its housing that is affordable to low and moderate income households.
- Zoning Code: Each project will comply.

Supporting Information

The Emergency Shelter Grant (ESG) Program provides federal funds that may be used for a variety of purposes including the major rehabilitation or renovation of existing buildings for either emergency shelters or transitional housing facilities for homeless persons. The federal ESG Program has strict deadlines for obligating and expending funds, specifically, the funds must be obligated within 180 days of grant award and spent within two years of grant award.

The City of Minneapolis was awarded \$593,950 of ESG funds for FY 2006 which runs from June 1, 2006 to May 31, 2007. Five (5) percent of this amount is \$29,697, and this amount will be used for City staff administrative costs and the balance of the funds, \$564,253, will be used for program activities.

In early June, 2006, CPED Housing staff issued a Request for Proposals (RFP) for the 2006 ESG program funds. Three funding proposals were received. Staff review of the proposals included the following elements:

1. A property inspection to determine whether the proposed work is needed and whether or not additional rehab work is needed;
2. Coordination with CPED Planning for conformance with zoning, conditional use permits, variances, and so forth;
3. Determination of project eligibility and adherence to federal requirements; and
4. Coordination with an external review to evaluate how closely each proposal meets the priority considerations of the ESG RFP. The external review committee members include representatives from Minnesota Housing, the Family Housing Fund, Hennepin County HRA, and Hennepin County social services. The priority considerations are as follows:
 - a) project eligibility according to the federal ESG rules;
 - b) proposals showing potential for providing leverage/match funds;
 - c) project closing and start the construction work readiness and ability to spend the 2006 ESG money by 5/31/08;
 - d) proposals with a detailed scope of work and realistic cost estimates; and
 - e) The organization's long-term operating capacity.

All three ESG proposals are being recommended for funding. Attached are Project Data Worksheets providing detailed information about the proposed projects including development cost sources and uses.

Two of the three projects were awarded 2005 ESG funds by the City Council in November, 2005 and additional ESG funds are being requested; a summary of each project proposal follows:

1. Our Savior's Housing – Our Savior's Housing operates an emergency shelter providing beds for up to 40 people (34 men and 6 women) every night. Every shelter guest is offered the following services: two meals a day, lockers, showers, access to laundry equipment, telephones, computers, a place to receive their mail, and phone messages and storage. In addition, each guest has a case manager who is available to work with them to provide any necessary resources or assistance in accessing these resources. The organization requests \$56,027 for the following items: replace five water heaters, replace all interior lights, upgrade the security system, and replace two heating systems and three air conditioning units.

CPED staff recommends up to \$65,000, approximately \$9,000 more than requested. CPED staff supports providing a higher amount to cover adding a construction contingency, to cover anticipated soft costs, and, if feasible, adding additional landscaping.

2. St. Anne's Place - Since opening in 1990, St. Anne's Place has provided shelter and support services to homeless women and their children. Sixteen families live at St. Anne's Place each day and they stay in small, individual bedrooms. Families share bathrooms and common spaces. There is a communal kitchen and all meals are provided on site.

In November, 2005 the Council approved up to \$170,000 of 2005 ESG funds to this project for the following work.

- a) Addition of an ADA bathroom on the first floor.
- b) Addition of a tutoring lab, support group meeting area, and an outdoor deck.
- c) Addition of a large walk-in pantry for food storage and industrial size refrigerator.
- d) Addition of a storage room to more safely store household items based on compliance direction by the Minneapolis Health Department.

When the competitive bids were tallied, the total project cost increased \$85,200. The cost estimate was due to rising costs of materials and labor and the addition of unanticipated lead abatement work. Therefore, St. Anne's is requesting an additional ESG in the amount of \$60,000 bringing the total 2005 and 2006 ESG funding to \$230,000. St. Anne's increased their equity contribution by \$25,220 from \$45,000 to \$70,220.

3. Bridge Center for Youth – The Bridge for Runaway Youth, Inc. proposes to develop a 10 bedroom (18 person capacity) transitional housing project for youth ages 16 to 21 years. The proposal also includes the rehabilitation of an existing building which will be used for administrative office space and space for social services and programs for the youth. The rehabilitation of the 27,000 square foot, two story, existing building is an eligible ESG expenditure.

Founded in 1970, The Bridge provides a full continuum of care to meet the varied needs of runaway, throwaway, and homeless youth (ages 10 to 21) and their families, as well as youth at risk of running or violence, and parents and adolescents experiencing conflict. The proposed Bridge Center for Youth forwards their mission by constructing a transitional living facility owned by The Bridge which can house homeless and runaway youth for at least the next 30 years.

The housing portion of the project, new construction adjoining the rehab building, is eligible for AHTF monies. The new construction portion of the project will be a total of 13,000 square feet for living and program purposes plus approximately 2,500 square feet for the atrium.

The total development costs for the entire project is \$6,970,756 an increase from \$5.5 million in 2005. This is due primarily to the following reasons: an engineer's report recommended the replacement of the roof on the existing building; the general contractor uncovered additional needed HVAC work, actual cost of labor and materials based on actual bids, and increased environmental work e.g. removal of asbestos.

The fundraising for this project has been underway for a couple of years. The City's financial approvals to date are as follows:

1. The City Council has approved \$523,177 Affordable Housing Trust Fund monies, \$29,000 Non Profit Admin money and \$500,000 of NRP funds. These sources will be used for the construction of the housing portion of the project.
2. The Council has approved \$376,823 of 2005 ESG funds. All of the ESG funds will be used for the rehabilitation of the existing building.

Other funding sources include Minnesota Housing Finance Agency, Family Housing Fund, Met Council, Hennepin County, and HUD. The Bridge has committed \$300,000 of their funds. The Bridge is working to raise approximately \$3.5 million of private funds and, at this time, more than \$1.5 million has been permanently raised to date.

The Bridge requested \$500,000 of 2006 ESG funds and CPED staff is recommending \$439,253 which is the balance of the 2006 ESG funds after funding Our Savior's Housing and St. Anne's Place.

The Bridge is planning to close on all of the financing in December, 2006 and start the development; they anticipate completion in late summer/early fall 2007.