



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: November 6, 2007
To: Council Member Lisa Goodman, Chair, Community Development Committee
Subject: **Funding Proposal for Use of 2007 Emergency Shelter Grant (ESG)**

Recommendation: Approve up to \$150,000 of 2007 Emergency Shelter Grant (ESG) funds for Our Savior's Housing located at 2XXX Chicago by Our Savior's Housing bringing the total amount of 2006 and 2007 ESG funds approved for this project to \$215,000.

Previous Directives: In October, 2006, the City Council approved up to \$65,000 of 2006 ESG funds for Our Savior's Housing.

Prepared by: Donna Wiemann, Principal Project Coordinator, 673-5257
Approved by: Elizabeth Ryan, Director, Housing Policy and Development _____
Presenter in Committee: Donna Wiemann

Reviews

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

Financial Impact

X No financial impact

Community Impact

Neighborhood Notification: Our Savior's Housing ESG funding proposal has been reviewed and is supported by Ventura Village Neighborhood Association.
City Goals: In five years all Minneapolis residents will have a better quality of life and have access to housing and services.
Sustainability Targets: Special Needs Housing – Rehabilitation
Comprehensive Plan: Minneapolis will reasonably accommodate the housing needs of all its citizens.
Zoning Code: The recommended project is in conformance with the zoning code.

Supporting Information

The City of Minneapolis receives annual federal Emergency Shelter Grant (ESG) Program funds that may be used for variety of purposes including the major rehabilitation or renovation of existing buildings for either emergency shelters or transitional housing facilities for homeless people. The Fiscal Year (FY) 2007 ESG Program year is from June 1, 2007 to May 31, 2008. The ESG Program deadlines require that the funds must be obligated within 180 days of grant award and spent within two years of grant award.

The City was awarded \$597,347 of FY 2007 ESG funds. Five (5) percent of this amount is \$29,867 and will be used for City staff administrative costs and the balance of funds, \$567,480, will be used for program activities.

In June 2007, staff issued a Request for Proposals (RFP) for the FY 2007 ESG funds. Three applications were received as follows:

1. \$35,000 for Harbor Light located at 1XXX Currie by The Salvation Army for building tuck pointing. The Salvation Army withdrew their request, however, to give them more time to prepare a thorough scope of work and obtain a more certain cost estimate.
2. \$534,250 for YouthLink located at 4X North 12th Street by YouthLink to develop a 16 to 20 bed emergency shelter for homeless youth ages 16 to 21.
3. \$175,739 for Our Savior's located at 2xxx Chicago by Our Savior's Housing.

Staff's review of the proposals from YouthLink and Our Savior's Housing included the following elements:

1. An inspection of the property to determine the need for the proposed work and assess if additional capital work is needed. Staff evaluates if the proposed cost estimates are realistic.
2. Coordination with CPED Planning about zoning compliance and information about conditional use permits needs, variance needs, and other applicable land use regulatory issues.
3. Determination of project eligibility and adherence to ESG requirements.
4. Assessment of potential to raise matching funds.
5. The organization's long-term operating capacity.
6. Analyze the project readiness in terms of closing, securing the bids, raising the balance of the funds, starting and completing the construction work, among other measures for the ESG money to be spent by May 31, 2009.

7. Involvement of an external review committee to evaluate how closely each proposal meets the priority considerations of the ESG RFP. The review committee membership includes representatives from Minnesota Housing, the Family Housing Fund, Hennepin County HRA, Hennepin County social services, and the City's Grants Office.

Staff is recommending that up to \$150,000 of 2007 ESG funds be approved for Our Savior's Housing (OSH). This is in addition to the \$65,000 of 2006 ESG funds approved for this project by the City Council in October, 2006. Attached is the Project Data Worksheet for OSH.

OSH operates an emergency shelter providing beds for up to 40 people (34 men and 6 women) every night. An array of social services, two meals a day, and case managers are part of the support provided. In 2006 this project was approved \$65,000 of ESG funds to replace five water heaters, replace all interior lights, upgrade the security system and replace two heating systems and three air conditioning units.

OSH's general contractor has determined that the cost of the scope of work was underestimated and additional rehab work is needed. The proposed additional work includes repair of water damaged walls, addition of bathroom fan and restroom repairs, additional security measures (e.g. more cameras and higher resolution monitor), installation of dishwasher, and other repairs. The additional work will benefit the safety of the residents and improve the condition of the property.

OSH is in the process of having an energy audit done to help them start on the right path for improvements relating to HVAC, water use, and lighting. The primary green/sustainable element of the proposed work is changing the interior lights to energy efficient fixtures.

Staff is recommending up to \$150,000 of 2007 ESG funds for OSH. OSH will be pursuing raising private funds and has identified potential sources including Ventura Village Neighborhood Association, Open Your Heart, and the Rotary Club. It is estimated that a minimum of \$7,000 will be raised from these sources.

Staff is not recommending 2007 ESG funding for YouthLink due to the zoning of the property. The proposal meets the ESG Program eligibility requirements, however, the current zoning (I1 – Light Industrial District) does not permit the proposed use at the proposed location.

Approval of \$150,000 of 2007 ESG funds for OSH will leave a 2007 ESG balance of \$417,480. The City must obligate the FY 2007 ESG funds within 180 days of grant award. To meet this requirement, staff will issue a second FY 2007 ESG RFP immediately with a proposed time frame as follows:

Issue RFP – Late November, 2007

Application Deadline – Three week time period

Staff and external committee review – Three week time period

Funding recommendation to the Council – January, 2008