



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

Date: February 1, 2005

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Jerry LePage, Phone 612-673-5240

Presenter in

Committee: Jerry LePage, Project Coordinator

Approved by: Elizabeth Ryan, Director of Housing Policy & Development _____

Subject: Amendment to Emergency Shelter Grant (ESG) Funding Approval for the Kateri Residence (2XXX – 4th Avenue South)

RECOMMENDATION: Approval of an increase in the ESG funding for the Kateri Residence from \$50,000 to a grant of up to \$197,958.

Previous Directives: On December 26, 2003, the City Council approved an Emergency Shelter Grant of up to \$50,000 for the Kateri Residence project

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: Sixth.

Neighborhood Notification: The Whittier Alliance reviewed this proposal when it was originally recommended for funding and has also been notified that this report is being presented to the City Council.

City Goals: Complies with Goal 2, Strategy A, to preserve and expand the number of affordable housing units throughout the City.

Comprehensive Plan: Project complies.

Zoning Code: Project complies.

Living Wage/Job Linkage: Not applicable.

Affirmative Action Compliance: Project will comply.

Other:

Background/Supporting Information

In December 2003, the City Council approved up to \$50,000 in ESG funding for the Kateri Residence. According HUD guidelines, ESG funds can be used for the conversion, major rehabilitation, or renovation of an existing building for either emergency shelters or transitional housing facilities serving homeless people. The Kateri Residence is operated by St. Stephens Human Services, which is a non-profit organization founded by St. Stephens Catholic Church.

The stated mission of St. Stephens is to end homelessness through effective programs, partnerships, and advocacy, and it has a 33-year history of providing emergency aid and empowerment services for poor and homeless people. In 1972, in response to changing neighborhood needs, St. Stephens opened Kateri Residence as a safe house for homeless and chemically dependent American Indian women. Kateri has a capacity for 15 women, and some children, and annually serves approximately 65-70 women and 30-40 children. According to its management plan, it is staffed on a 24-hour basis by on-site Advocates, who work directly with the residents. Kateri's Program Director is also on call on a 24-hour basis. Custodial maintenance is provided by a part-time custodial staff person who performs routine maintenance and also cleaning activities at least once a week, but often more frequently.

The Kateri Residence is only one of several programs that are operated by St. Stephens Human Services. In 1972, the same year that Kateri opened, St. Stephens also opened a free store to provide clothing and small household goods to low income members of the community. In 1981, St. Stephen's further expanded its social ministry and opened one of the first church-based emergency shelters, which today is the longest running church-based shelter in the Twin Cities. The need for shelter guests to secure housing and employment inspired the inception of St. Stephen's Housing Services in 1993 and St. Stephen's Employment and Family Services in 1997. Alliance of the Streets, a program of and for the homeless, originated in 1986 and works primarily with people living on the streets.

The original scope of work for the Kateri Residence that was submitted by St. Stephens Human Services in fall of 2003 called for the replacement of the roof, replacement of some old storm windows, the installation of an egress window in the basement, and the replacement the carpeting in each bedroom. The estimated cost of this rehabilitation work was \$57,500, with \$50,000 funded with ESG funds and \$7,500 contributed by St. Stephens Human Services.

Since that time, the project has been bid out and St. Stephen's officials and CPED staff have also encountered additional work items that should be addressed, including lead paint abatement, stucco repair, installation/replacement of additional storm windows, installation of smoke detectors in all bedrooms, additional carpeting/floor re-finishing, and exterior painting. These additional items have increased the total cost of the project but are necessary to preserve the building and ensure safety and livability for its residents. In addition, since the project borders the Washburn-Fair Oaks Historic District, there is also

a need to upgrade the type of replacement windows in order to maintain the building's historic appearance.

Based on these revisions in the scope of work, it now appears that it will cost approximately \$215,958 to properly treat and preserve this property. St. Stephens is able to increase its contribution from \$7,500 to \$10,000, but an additional \$147,958 in ESG funds (an increase from \$50,000 to \$197,958) is needed to fund the necessary work. At this time, the City has sufficient uncommitted ESG funds to cover this increase for the Kateri project. In fact, these currently uncommitted funds may be forfeited, according to HUD rules, if not spent by the end of May of this year. St. Stephens has already indicated that is ready to proceed with the work as soon as the additional ESG funds are approved and will be able to meet this HUD deadline. St. Stephens has also applied for \$8,000 from Hennepin County for lead abatement assistance.

In order to assure the continued stability of this project, staff is also pursuing further evaluation of the owner's organizational capacity and their future asset and property management needs. In the past, the Family Housing Fund has contracted with Hart-Shegos to do organizational and asset management work with transitional housing providers. Staff may recommend that St. Stephens contract with an outside asset manager and/or work with a consultant like Hart-Shegos to develop a plan for capacity-building.

A Project Data Worksheet is attached that provides additional information on the project.