

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

Date: January 13, 2009

To: Council Member Lisa Goodman, Chair, Community Development Committee

Subject: 2008 Emergency Shelter Grant Funding Recommendations

Recommendation: Approve up to \$566,010 of 2008 Emergency Shelter Grant (ESG) funds for the following projects:

- a) Up to \$302,500 for Exodus Hotel at 8xx Second Avenue South by Catholic Charities or an affiliate;
- b) Up to \$120,000 for Cabrini Transitional Housing at 1XXX South East 6th Street by Cabrini Partnership and Project for Pride in Living or an affiliate;
- c) Up to \$81,510 for Harbor Light at 1xxx Currie Avenue North by The Salvation Army or an affiliate contingent upon certain actions described herein completed by 5/31/09; and
- d) Up to \$62,000 for Simpson Housing at 2xxx First Avenue South by Simpson Housing Services or an affiliate contingent upon certain actions described herein completed by 5/31/09.

Previous Directives:

- 1) In January 2008, the Council approved up to \$118,000 of 2007 ESG funds for Exodus Hotel.
- 2) In July 2002, the Council approved up to \$75,000 of 2002 ESG funds for Cabrini Transitional Housing.
- 3) In July 2002, the Council approved up to \$199,077 of 2002 ESG funds for Harbor Light.
- 4) In December 2004, the Council approved up to \$46,000 of 2004 ESG funds for Simpson Housing and in November 2005, approved up to \$20,000 of 2005 ESG funds.

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Approved by: Thomas Streitz, Director, Housing Policy and Development _____

Presenter in Committee: Donna Wiemann

Financial Impact

No financial impact

Action requires an appropriation increase to the Capital Budget _____ or

- Operating Budget _____
_____ Action provides increased revenue for appropriation increase
_____ Action requires use of contingency or reserves
_____ Action is within the Business Plan
_____ Action requires a change to the Business Plan
_____ Other financial impact
_____ Request provided to the Finance Department when provided to the Committee Coordinator

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.

Sustainability Targets: Special Needs Housing - Rehabilitation

Comprehensive Plan: 4.10 – Minneapolis will increase its housing that is affordable to low and moderate income households.

Zoning Code: Each project complies or will comply to the zoning code prior to the funds being provided.

Supporting Information

The federal Emergency Shelter Grant (ESG) Program provides funds that may be used for a variety of purposes including the major rehabilitation or renovation of emergency shelters or transitional housing facilities for persons experiencing homelessness. The City was awarded \$595,800 of Fiscal Year 2008 ESG funds. Five percent (5%) in the amount of \$29,790 will be for City staff administrative costs and the balance in the amount of \$566,010 will be used for project activities.

In June, 2008, CPED issued a Request for Proposals (RFP) for the 2008 ESG funds. Four funding applications were received. The examination of these proposals involved coordination with an external review committee to evaluate how closely each proposal meets the priority considerations of the ESG RFP. The external review membership included staff from Minnesota Housing, the Family Housing Fund, Hennepin County HRA and Hennepin County social services. Review of the proposals included the following elements:

- 1) Conduct a property inspection to determine whether the work is needed and realistic.
- 2) Coordination with CPED Planning regarding conformance with zoning, conditional use permits, variances, and so forth.
- 3) Determination of project eligibility under the ESG program rules.
- 4) Consideration of applicant's proposal to provide leverage/match funds.
- 5) Review of the organization's long-term operating capacity.
- 6) Readiness of project to close and start the construction in a timely manner and to spend the 2008 ESG money by 5/31/10.

All four of the 2008 ESG applications are being recommended for funding...two fully and two partially. The specific project addresses are not provided in this report for security of the persons and families who reside at these properties. Attached are the Project Data Worksheets providing detailed information about the projects including development sources and uses. A general overview of each project proposal is provided below:

1. Cabrini Transitional Housing: The \$120,000 ESG application is for the rehabilitation of Cabrini Transitional Housing which provides housing and 24 hour front desk coverage with support services for up to 23 single persons experiencing homelessness and having mental health and/or chemical dependency diagnosis. The proposed rehabilitation work includes water conservation additions, energy efficiency improvements, bathroom and kitchen updates and site improvements. With the approval of the 2008 ESG funds, all the funds have been secured for the work to occur because Minnesota Housing has approved an equivalent amount (\$120,000) through their 2008 RFP.
2. Exodus Hotel: The \$302,500 ESG application is for the second phase of rehabilitating Exodus Hotel which provides transitional housing for 92 single adults who are homeless. The proposed rehabilitation is a continuation of the extensive work that was partially funded with 2007 ESG funds. The 2008 ESG funds are needed for the replacement of two sections of the roof, completion of masonry repairs, and performing HVAC and electrical work to facilitate the masonry and roof work. Catholic Charities is providing \$31,000 of their funds for the 2008 ESG rehabilitation work.
3. Harbor Light: The \$285,000 ESG application is for the replacement of 211 windows. This project provides emergency shelter, medical respite, and transitional supportive housing for up to 250 single adults a night. In 2006 and 2007 the Salvation Army invested \$646,012 in a state-of-the-art Honeywell Energy Revitalization project covering heating, cooling, water consumption and light systems upgrades replacing obsolete and inefficient systems. The remaining energy efficiency work is dealing with the windows.

Although the Salvation Army proposes to replace all the windows, CPED staff and the external review committee recommend that further review of the window replacement work be examined. Staff will work with The Salvation Army to determine the actual needs for dealing with the windows including, but not limited to, examination of refurbishing versus replacement, conducting an energy audit, and so forth. Staff is recommending partial funding in the amount of \$81,510 and the award is contingent upon the analysis work being completed by The Salvation Army, CPED, and any other appropriate third parties (architect, Center for Energy and Environment) and a decision by about the most cost effective and energy efficient approach being made by 5/31/09; if not, the 2008 ESG commitment will end and the funds will be added to the 2009 ESG RFP.

4. Simpson Housing: The \$210,253 ESG application is for improving its emergency shelter for men by adapting space, adding an additional bathroom with showers and creating additional sleeping areas for up to eleven (11) people. These improvements will allow for the possibility of expanding the shelter to include its

use by single adult women who are experiencing homelessness. Specific work would include asbestos testing and removal, ventilation work, a new bathroom, new laundry room, new sleeping area, new lockers, and relocating the food shelf and office computer station to adapt the space for the adaptation to add sleeping area.

The project will require a conditional use permit from the City for creating additional sleeping beds. Staff recommends partial funding in the amount of \$62,000. The ESG funds will be contingent upon Simpson Housing obtaining the necessary conditional use permit and any other zoning and regulatory approvals by 5/31/09; if not, 2008 ESG fund commitment will end and the money will be added to the 2009 ESG RFP.