

Grantee: Minot, ND Grant: B-13-MS-38-0002

LOCCS Authorized Amount: \$ 74,340,770.00
Grant Award Amount: \$ 74,340,770.00 **Status:** Modified - Resubmit When Ready

Estimated PI/RL Funds:

Total Budget: \$ 74,340,770.00

DRGR Action Plan

Substantial Amendment # 6

Summary:

This amendment does not delete any project or activity but rather reallocates funds among existing activities and changes leverage commitments by replacing all or parts of several leverage commitments with new leverage funding sources including Low Income Housing Tax Credits, Bank of North Dakota Flex Pace Affordable Housing Interest Buy Down Program and a City granted Tax Increment Financing (TIF) abatement as part of the Blu on Broadway CDBG-NDR partially funded LMI apartment rental project. The change in leverage adds the City TIF for Blu on Broadway with a five year value of \$420,000, \$1,223,500 for three CDBG-NDR funded LMI rental housing projects through the Bank of North Dakota Flex Pace Affordable Housing Interest Buy Down Program, and 4,595,000 from Low Income Housing Tax Credits through Beyond Shelter for the Souris Heights Senior Citizen Affordable Rental Housing Project, and reduces the commitment from the State of North Dakota from 132,000,000 to \$126,535,000, Minot Downtown Business and Professional Association from \$25,000 to \$10,000 from Mainstream Boutique from \$2,000 to \$1,500 from Watne Realtors from \$2,500 to \$2,000 and eliminates commitments from Minot Area Community Foundation of \$750,000, and Real Builders of \$7,500. The reallocation of funds is moving \$1 million from Single Family Affordable Housing to acquisition which will use the Urgent Need National Objective and \$3 million from Single Family Affordable Housing to Multi-Family Affordable Rental Housing. The reallocation leaves an estimated \$4 million balance in the Single Family Affordable Housing budget.

Capacity and Soundness of Approach:

The Grantee does not find that this amendment alters in any way its capacity or soundness of approach in carrying out any of the activities and projects funded under this Action Plan nor in addressing the unmet needs result from the 2011 Souris River flood impact. Conditions, not unexpectedly, have changed within the City since the CDBG-NDR Action Plan was first approved especially within the real estate market. Also, expectations and projections with respect to the impact of property acquisitions to support flood control projects and mitigation also have not

unexpectedly resulted in different needs based on actual acquisitions. For instance, it has been discovered with acquisitions of properties that purchase price combined with relocation benefits has accommodated far more homeowners in finding safe, affordable housing outside the flood zone than had been originally projected. Also, the City's original estimate of leverage funding from the State for acquisition in reality has been approximately 45% less resulting in not moving as far forward in acquisitions with need for new housing as had been expected. It should be noted that the leverage match from the state has always been a combination of funds for acquisition and funds for flood control projects with the actual experience being heavier emphasis on funds for flood control projects meaning the leverage commitment is still on track to be met. Trends in the real estate market during the past four years have placed more emphasis on the need for new affordable rental housing for the LMI population than on new single-family homes. The private sector has been filling the need of making available affordable single-family homes in resilient neighborhoods outside the flood zone for LMI homeowners. The City has adapted to these changing trends by creating a Resilient Homebuyer program to help eligible LMI households purchase homes outside the flood zone within the City of Minot, and by placing an emphasis on promoting leveraging to develop needed new construction of rental units affordable to LMI households. The reallocation of funds within this proposed amendment reflects the City's adapting to the changing conditions in the City while staying true to the underlying purpose of the CDBG-NDR Action Plan to promote sustainable resiliency for the community through flood control/mitigation measures while making provision for vulnerable populations impacted from the flood to be able to relocate outside the flood zone in decent, affordable housing.

Benefits and Costs (BCA)

The focus of use of CDBG-NDR funds to address residential rental unit needs for LMI households has been to promote leverage with other sources of funds to maximize availability of resources to meet rental housing needs. The adding of \$3 million to the Multi-Family Affordable Rental Housing budget is a realization of achieving that goal. The \$23 million in CDBG-NDR funds, adding the \$3 million, has generated more than 50% in leveraged funds from multiple sources such as Low Income Housing Tax Credits, State CDBG funds, state affordable housing incentive funds, and private sector investment. Evidence of the need for these LMI rental housing projects can be found in the factor that similar completed projects funded from CDBG-DR and CDBG-NDR run at an average of 95% occupancy based on ongoing quarterly status reports.

Minot Municipal Housing Authority has reported consistently during the past four years a Section 8 Housing Choice Voucher waiting list that has never dipped below 200 households emphasizing the continued need for affordable housing. These consistent trends demonstrate that the cost in not addressing the need for decent affordable rental units for LMI households would be consistent risk of homelessness, creating situations of renting in flood vulnerable older residential areas where rents are more affordable, and similar unreasonable unhealthy living choices. Conversely, the private sector investment in single-family housing as well as the availability of single-family homes outside the flood zone in resilient neighborhoods has been

maintaining a cost during the past four years of an estimate \$80,000 to \$90,000 what is set statewide as the affordability cap for LMI single-family home cost. Placing emphasis on the Resilient Homebuyer Gap financing program has resulted in the City supporting and sustaining the private sector market while addressing the unmet needs of LMI households, especially those homeowners who are part of the flood buyout program. For the City to use CDBG-NDR funds to build new single-family homes or new single-family neighborhoods could result in overwhelming the marketplace resulting in over saturation. However, sufficient funds remain within the Single Family Affordable Housing allocation to undertake an innovative single-family home project such as townhouses or condominiums.

Furthermore, while funding has been reallocated, all key activities remain which ultimately results in no adverse or significant changes to the BCA.

The addition of \$1 million for acquisitions is to sustain the completion of acquisitions currently underway and to contribute leverage for matching an additional \$13.15 million which the State has authorized August 12, 2021 as match funds, and does not affect the current BCA for the activity. The acquisitions continue to be focused on supporting flood control projects and mitigation for known, planned projects being funded from other sources.

The adjustments in leverage associated with the Action plan projects and activities improves benefits directly attributable to addressing needs of low/moderate income residents by utilizing an array of federal, state, and local resources to support providing new affordable housing through increase of rental units resulting from the additional funds attracted using CDBG-NDR as leverage to induce other investments.

Chart reflecting movement of funds among budgets No funds are being moved (Red=delete, Blue=add)

CDBG-NDR Revised Budget Allocation Table		
NDR Project 1 Reduce Flood Risk	-Acquisition related activities	\$20,017,778 \$ 1,000,000+ \$21,017,778
	-Ecological Restoration	\$ 357,525
	-Souris River Decision Tool	\$ 599,697
TOTAL		\$20,975,000

NDR Project 2 Build Resilient Neighborhoods	-Multi-Family Affordable Rental	\$20,897,000 \$ 3,000,000: \$23,897,000
	-Single-Family Affordable Home	\$12,807,750 \$ 4,000,000- \$ 8,807,750
	-Family Homeless Shelter	\$ 3,041,500
	-Affordable Housing Masterplan	\$ 299,250
TOTAL	_____	\$35,045,500
NDR Project 3 Foster Economic Resilience:	-Center for Technical Education	\$ 3,540,000
	-Public Facilities Relocation:	\$ 7,750,000
TOTAL		\$11,290,000
NDR Project 4 Planning	-Housing Supply/Demand Study	\$ 299,025
	-Economic Resilience Plan	\$ 299,025
	-Vulnerable Population Study	\$ 306,675
	-IMPLAN Economic Model	\$ 99,900
	-Funding Strategies Plan	\$ 273,375
TOTAL		\$ 1,278,000
NDR Project 5 Administration		\$ 3,752,270
TOTAL BUDGET		\$74,340,770

Public Comment is now open for CDBG-NDR Action Plan Substantial Amendment #6. The text of the amendment can be found on the City's CDBG-DR/NDR Page under the Action Plan heading for NDR where it will be separately listed as Substantial Amendment #6. The full Action Plan is available at the same site. Public comments should be addressed to Emily Berg Assistant Grant Administrator either through email at Emily.berg@minotnd.org, City of Minot, PO Box 5006, Minot, ND 58702.