

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 # 8

Summary:

This amendment relocates fund balances in two Planning Activities which are the Housing Supply & Demand Study (\$20) as well as the IMPLAN Economic Model (\$315) to Multi-Family Affordable Rental Housing; both of which accomplished the intended goals set forth in the Action Plan using less than all the funds allocated. Additionally, this amendment relocates excess funds from Admin (\$786,820) & Single Family Housing (\$2,511,772.50) to Multi-Family Affordable Rental Housing. Lastly, this amendment relocates the remaining balance of \$150,072.50 under the Affordable Housing Neighborhood Master Plan to Multi-Family Affordable Rental Housing.

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 resulting from the 2011 Souris River flood impact. The tools resulting from the completed planning activities have been presented and accepted by the City Council, have been distributed to the applicable organizations serving the City, and have been made available to the general public on the City website.

The Affordable Housing Neighborhood Master Plan went through the process of developing desired parameters for the plan and went out to RFP, but upon review of the proposals, City Council denied moving forward with the project. Additionally under this project resilience areas were identified for investments in affordable housing which is used for our Resilient Homebuyer Program with maps updated in 2021. At this point, the City considers this project completed having established the resiliency areas and updated maps.

One of the foremost critical needs identified as an outcome of community assessment post 2011 flood was lack of housing. Due to the 2011 flood, 4,100 properties were flooded leaving

11,000 residents displaced. This calculates out to approximately 26% of the City's population at that time. Under the multi-family affordable rental budget, 140 new units of LMI housing are being created and as well as rehabilitation of 256 pre-existing LMI units of housing. Unfortunately, due to the Covid-19 pandemic, there have been supply chain issues and construction prices have increased significantly. Sub-recipients have made up for a large portion of these overages leveraging outside sources of funding such as City granted Tax Increment Financing (TIF), Bank of ND Flex Pace Program, private sector investment, and Low Income Housing Tax Credits; however additional support is needed to ensure successful completion of all 396 units.

The Resilient Homebuyer Program that is funded under the single family budget is currently the only program still utilizing these funds. The housing market has increased considerably in the past year which makes finding housing within budget for LMI households incredibly difficult. According to the City Assessor's office, the median residential assessment increased approximately 8.02% from \$187,000 to \$202,000 as compared to the 2.75% increase from \$182,000 to \$187,000 from 2020 to 2021. The average days on the market for a home was 83 days for 2021, which is 17% less time than in 2020 of 100 days. While this has been a successful program overall, due to the status of the housing market interest has decreased in this program with an increased interest in LMI rental housing. Additionally, this program advertised in March 2022 that it will be terminating July 2022.

Benefits and Costs (BCA)

The redeployment of funds allocated for various planning activities to existing projects further enhances rather than adversely affects the overall cost benefit of use of the CDBG-NDR funds since the primary focus of an Action Plan should be project and activity delivery. Furthermore, the ability to address the intent of the various planning activities without needing all the funds originally allocated in the Action Plan results in the ability to use the balance of funds more effectively in tangible projects of benefit to all residents in the City.

LMI rental housing continues to be a primary focus for the City of Minot. In October of 2021 Blu on Broadway, a mixed use property containing 42 LMI units on floors 2-5 with commercial space on the first floor, was fully leased prior to the grand opening reinforcing the continued need for completion of additional LMI rental housing. Minot Housing Authority continues to report the Section 8 Housing Choice Voucher waiting list consistently remains above 200 households additionally reiterating the need of LMI rental housing in our community. Continuing at this trend demonstrates 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.

Relocating funds from admin still ensures there will be appropriate funding to cover staff expenses through the duration of the grant period. Relocating \$786,820 ensures timely expenditure of the grant funds and is in line with current admin rates, taking into consideration appropriate annual salary increases moving forward.

With the intended goals met for the planning activities without need for use of all the funds and the redeployment of the available funds in admin and single family to multi-family rental housing in the CDBG-NDR Action Plan, no significant changes are occurring in the cost benefit analysis from the original Action Plan and subsequent Substantial Amendments.

| CDBG-NDR Amendment #8 Budget Table | | | | |
|---|--------------------------------|------------------------|------------------------------|--------------------------|
| Project | Activity | Existing Budget | Proposed Reallocation | New Budget Amount |
| Project 1 – Reduce Flood Risk | Acquisition related activities | \$21,017,778.00 | \$0 | \$21,017,778.00 |
| | Ecological Restoration | \$357,525.00 | \$0 | \$357,525.00 |
| | Souris River Decision Tool | \$503,627.50 | \$0 | \$503,627.50 |
| | TOTAL | \$21,878,930.50 | \$0.00 | \$21,878,930.50 |

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|---|--------------------------------|------------------------|---------------------|------------------------|
| Project 2 – Build Resilient Neighborhoods | Multi-Family Affordable Rental | \$23,897,000.00 | \$3,449,000 | \$27,346,000.00 |
| | Single Family Affordable Home | \$8,807,750.00 | (\$2,511,772.50) | \$6,295,977.50 |
| | Family Homeless Shelter | \$3,348,175.00 | \$0 | \$3,348,175.00 |
| | Affordable Housing Master Plan | \$299,250.00 | (\$150,072.50) | \$149,177.50 |
| | TOTAL | \$36,352,175.00 | \$787,155.00 | \$37,139,330.00 |

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|--|--------------------------------------|------------------------|---------------|------------------------|
| Project 3 – Foster Economic Resilience | Center for Technical Education | \$3,540,000.00 | \$0 | \$3,540,000.00 |
| | Public Facilities Relocation | \$8,222,593.49 | \$0 | \$8,222,593.49 |
| | TOTAL | \$11,762,593.49 | \$0.00 | \$11,762,593.49 |

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|-------------------------|-----------------------------------|---------------------|-------------------|---------------------|
| Project 4 – Planning | Housing Supply/Demand Study | \$299,025.00 | (\$20) | \$299,005.00 |
| | Economic Resilience Plan | \$179,578.01 | \$0 | \$179,578.01 |
| | IMPLAN Economic Model | \$99,900.00 | (\$315) | \$99,585.00 |
| | Funding Strategies Plan | \$16,298.00 | \$0 | \$16,298.00 |
| | TOTAL | \$594,801.01 | (\$335.00) | \$594,466.01 |

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|-------------------------------|--|------------------------|--------------------|------------------------|
| Project 5 – Administration | | \$3,752,270.00 | (\$786,820) | \$2,965,450.00 |
| TOTAL GRANT BUDGET | | \$74,340,770.00 | \$0 | \$74,340,770.00 |

Public Comment is now open for CDBG-NDR Action Plan Substantial Amendment #8. 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 #8. The full Action Plan is available at the same site. Public comments should be addressed to Emily Berg, Interim NDR Program Manager either through email at emily.berg@minotnd.org, City of Minot, PO Box 5006, Minot, ND 58702.