



**TO:** Mayor Shaun Sipma  
Members of the City Council

**FROM:** John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

**DATE:** January 14, 2019

**SUBJECT:** **City Council Approve Minot Area Community Land Trust Sub-Recipient Agreement**

**I. RECOMMENDED ACTION**

City Council approve Minot Area Community Land Trust Sub-Recipient Agreement for LMI Single Family Homes for an amount up to \$2,069,845 in CDBG-NDR funds

**II. DEPARTMENT CONTACT PERSONS**

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

**III. DESCRIPTION**

A. Background

The Minot Area Community Land Trust (MACLT) is a 501(c)3 non-profit corporation established in 2014 as an offshoot of the already established Grand Forks Community Land Trust. In conjunction with city staff at the time and the Minot Housing Authority, MACLT was envisioned as a means to launch in 2014/15 initiatives related to affordable housing for residents impacted by the flood. While there was an initial modest effort in 2014/15 to construct or rehabilitate 10 properties all of which are occupied, the loss of the MACLT's Executive Director during this period and resulting disarray, MACLT sought the administrative support and management from the Grand Forks Community Land Trust which is also 501(c)(3) non-profit services. This resulted in no new initiatives occurring in the past three years. Currently, the staff of MACLT is the staff of Grand Forks Community Land Trust but built into the sub-recipient agreement are requirements that there be a sufficient physical presence in Minot to assure successful undertaking of the construction and/or rehabilitation of 10 single family homes for LMI homeownership. This agreement maintains the city's overall goal to not roil or adversely affect the private marketplace for single family homes by modestly re-entering the market through infill in mature, resilient neighborhoods. This agreement does carry out the CDBG-NDR Action Plan commitment to balance investment in multi-family rental and single home ownership for low and moderate income residents

B. Proposed Project

Among the key elements of the agreement:

- Cost of new home or rehab home cannot exceed statewide limits on Low/Moderate Income eligibility (established annually by federal guidelines)
- Payments of CDBG-NDR funds will be on a reimbursement basis and no advance
- As each sale is consummated, a determination will be made if any program income is generated after all expenses are covered, and if so, then any such program income shall be first used before applying CDBG-NDR funds for next house project

- Both new home construction and home rehabilitation must be on sites outside the FEMA flood zone
- The existing LMI Gap Financing program can be used as part of the financing package for homeownership
- New construction and/or rehabilitation must abide by all city requirements including codes, laws, and ordinances
- New construction homes will have the option of using the various architectural cost effective designs in the completed CDBG-NDR Design Book
- MACLT will be responsible for identifying and qualifying eligible LMI homeowners based on the federal income guidelines
- To commence more than one house at a time, MACLT will have to demonstrate to the city through the DR Grant Program Manager the capacity and capability to undertake simultaneous home projects as well as the LMI market demand for such multiple projects

**IV. IMPACT:**

A. Strategic Impact:

This agreement with MACLT advances on a reasoned and reasonable basis the CDBG-NDR Action Plan goal of creating new single family homeownership for LMI residents outside the flood inundation area without harming the private sector marketplace.

B. Service/Delivery Impact:

This agreement carries out one of the primary goals of the CDBG-NDR Action Plan.

C. Fiscal Impact:

Funds for this sub-recipient agreement will come from the CDBG-NDR budget allocation for single family homeownership and reserving the \$2,380,000 will leave an unencumbered remaining balance of an estimated \$6,100,000

**V. ALTERNATIVES**

N/A

**VI. TIME CONSTRAINTS**

N/A

**VII. LIST OF ATTACHMENTS**

- i. Draft Agreement with MACLT