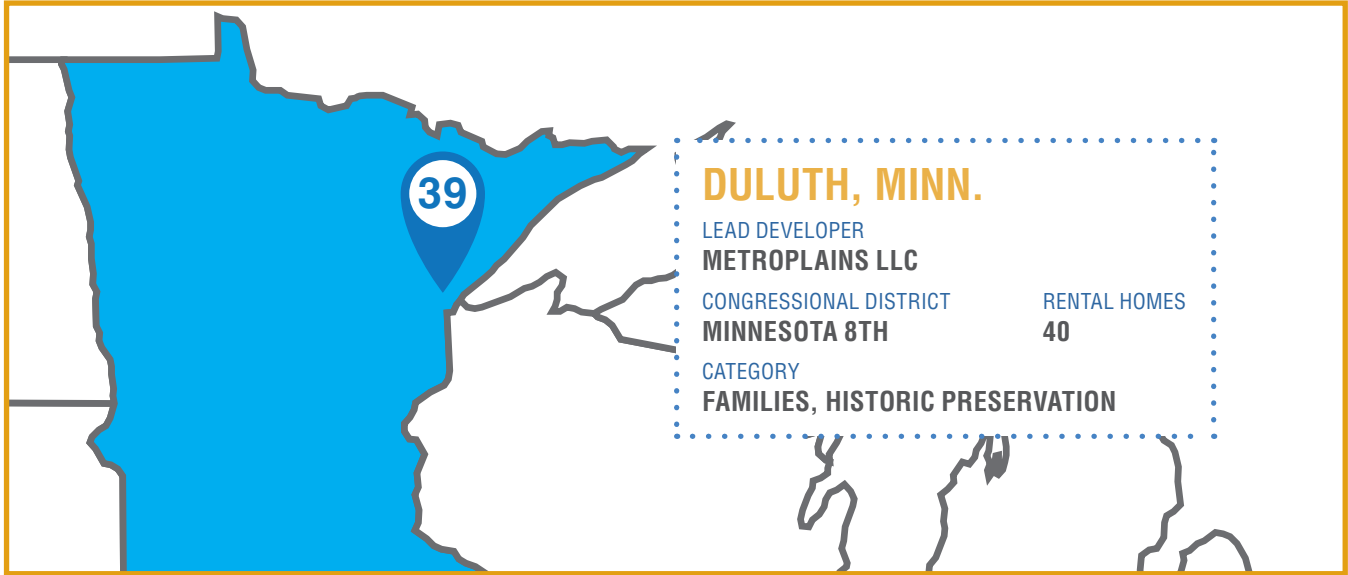


Former Duluth, Minn., Firehouse Becomes Affordable Housing



Photos: Courtesy of Derek Montgomery

Former Duluth, Minn., Firehouse Becomes Affordable Housing

A neighborhood in Duluth, Minn., that had double the citywide unemployment rate got 40 new multifamily rental homes thanks to a resident-inspired plan to create more low-income housing tax (LIHTC) housing.

Firehouse and Firehouse Flats is a \$9.3 million property in Duluth’s Hillside neighborhood that opened in 2013. Hillside’s unemployment rate was 11.2 percent, compared to the citywide rate of 5.2 percent, and a stakeholder group drafted a revitalization plan to spur reinvestment in the area. Part of that was Firehouse and Firehouse Flats, built in and adjacent to Duluth’s historic Fire House No. 1, a three-story building with underground parking.

“This was definitely a neighborhood-generated idea,” said JeriLynn Young, vice president for U.S. Bancorp Community Development Corporation, the subsidiary of U.S. Bank that arranged the LIHTC financing for the development in partnership with United Healthcare.

And it was one that was needed. “There’s a clear demand and shortage of affordable housing

percent or less of the area median income (AMI) and 27 are set aside for households earning 60 percent of the AMI or less. The remaining four rental homes are set aside for formerly homeless residents. A local social services group, Churches United In Ministry, provides case management services, such as helping tenants maintain housing and find sources of income to pay rent.

In addition to the LIHTCs,

“There’s a clear demand and shortage of affordable housing in Duluth.”

in Duluth,” said Pam Kramer, executive director of the Duluth office of the Local Initiatives Support Coalition (Duluth LISC).

Firehouse and Firehouse Flats feature eight one-bedroom, 28 two-bedroom and four three-bedroom apartments, all with high ceilings, washer and dryer units and quality cabinets. Several rental homes have a view of Lake Superior. Amenities include a courtyard, rooftop deck, community room, underground parking, storage and a fitness center.

Nine rental homes are set aside for households earning 30

developers were able to arrange historic tax credit (HTC) financing, which meant they took great care to preserve historic features of the old fire house. This was particularly an important development after flooding caused more than \$100 million in damage to Duluth and the surrounding communities in 2012. “It puts even more focus on having suitable housing available to all income levels,” said Young. “Rebuilding in already-established neighborhoods is the best thing we can do.” ❖

LEAD DEVELOPER
METROPLAINS LLC

CATEGORY
FAMILIES, HISTORIC PRESERVATION

FINANCING

- \$7.6 million tax credit equity by United Healthcare in partnership with U.S. Bank for state LIHTCs, federal HTCs and state HTCs.
- \$1.4 million from Minnesota Housing in form of 30-year deferred loan
- \$220,000 from Greater Minnesota Housing Fund in form of 30-year deferred loan

CONGRESSIONAL DISTRICT
MINNESOTA 8TH

RENTAL HOMES
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