

Council Agenda Item 25-0502R



MEETING DATE: June 16, 2025

SUBJECT/TITLE: RESOLUTION AUTHORIZING THE CONDITIONAL PRE-COMMITMENT OF \$228,000 IN STATEWIDE AFFORDABLE HOUSING AID FISCAL YEAR 2026 FUNDS TO THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH FOR THE CONSTRUCTION OF THE MISSION HEIGHTS HOUSING PROJECT.

SUBMITTED BY: *Ben VanTassel – Director, Planning and Economic Development*

RECOMMENDATION: Approve Resolution

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION:

None.

On 6/16, Council is also being asked to approve the \$400,000 precommitment of HUD funds recommended by the Community Development Committee for the same Mission Heights Housing Project.

BACKGROUND:

The proposed Mission Heights Housing project is located at 313 W 2nd Street, on the corner of West 2nd Street and North 3rd Ave West. Mission Heights Housing will be constructed on the second and third floors of the future UGM Mission Engagement Center building, where the first floor will house a dining hall, a warming center, and other services for people experiencing homelessness. Mission Heights Housing will consist of 40 efficiency apartments offering permanent supportive housing to homeless single adults with high barriers to long term housing stability. All tenants will be at or below 50% of Area Median Income. UGM will take applicants from multiple referral sources including the coordinated entry system and homeless shelters/programs.

BUDGET/FISCAL IMPACT:

This funding is Duluth's FY26 allocation of Statewide Affordable Housing Aid, meaning this is state money administered by the Minnesota Housing Finance Agency and distributed to Duluth for purposes of supporting affordable housing projects. This award is also contingent on the Project receiving full financing, so the city



would not be obligated to execute a funding agreement unless the HRA & Union Gospel Mission secure the rest of their funding. Regardless, there will be no impact to the city's general fund.

OPTIONS:

Approve or Deny the Resolution.

If the resolution is approved, the HRA and UGM will have more local matching funds and a stronger application to MHFA for full project funding.

If the resolution is denied, the HRA and UGM will have a weaker application to MHFA for full project funding.

NECESSARY ACTION:

Approve the Resolution.

ATTACHMENTS: None. If the Mission Heights Housing project is funded, the city will enter a funding agreement at that time.