

Council Agenda Item 26-0064R



MEETING DATE: January 26, 2026

SUBJECT/TITLE: RESOLUTION 26-0064R AUTHORIZING THE ACCEPTANCE OF A \$225,000 LOCAL HOUSING TRUST FUND GRANT FROM THE MINNESOTA HOUSING FINANCE AGENCY FOR THE DULUTH HOUSING TRUST FUND.

SUBMITTED BY: Tricia Hobbs – Manager, Economic Development and DEDA

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: NA

PREVIOUS COUNCIL ACTION:

10/25/2021 – (21-049-O & 21-0819R) Council approved an ordinance to establish the Duluth Housing Trust Fund and approved a subsequent resolution authorizing the transfer of \$4,000,000 from the Community Investment Trust Fund to the Housing Trust Fund.

4/25/2022 – (22-0313R & 22-0314R) Council passed a resolution adopting program guidelines for the Housing Trust Fund as well as a resolution to enter an agreement for professional services with the Duluth HRA to allow the HRA to administer the funds of the Housing Trust Fund.

11/10/2025 – (25-0855R) Council approved a resolution to adopt updated program guidelines for the Housing Trust Fund. The updated program guidelines were designed to simplify the guidelines to improve clarity and effectiveness of the loan process as well as establish a specific Affordable Housing Fund sub-program that will designate funds for projects that create or rehabilitate affordable housing units in Duluth. The new sub-program will be partially funded by the MHFA Local Housing Trust Fund grant funds.

BACKGROUND:

The Duluth Housing Trust Fund (HTF) was established by City Council in 2021 with an initial investment from the City of \$4,000,000. The HTF is a revolving loan fund that provides short-term construction loans for new, rehabilitation, and conversion housing projects in the City of Duluth. The loan program incentivizes affordable projects by providing low- or no-interest rates to eligible developments. Since 2021, the Duluth HTF has issued 20 loans to local housing developments, 15 of which have supported affordable housing projects. In November 2025, the Housing Trust Fund's program guidelines were revised to simplify and streamline the loan process while also establishing a dedicated Affordable Housing Fund sub-program to reserve funds for affordable projects and incentivize deeper affordability.

The City of Duluth Planning and Economic Development department received approval from the City Grant Approval Committee to apply for the Minnesota Housing Finance Agency's (MHFA) Local Housing Trust Fund Grant in February, 2025. In June, 2025, the City of Duluth was awarded a \$225,000 Local Housing Trust Fund Grant from MHFA to help and establish and support the Duluth Housing Trust Fund's new Affordable Housing Fund sub-program. The Local Housing Trust Fund Grant functions as a reimbursement grant, where the awardee must spend matching local funds on eligible uses to receive the grant funds. In this case, the original \$4,000,000 investment by the City of Duluth to establish the Duluth Housing Trust Fund in 2021 will serve as the local match and the Duluth Housing Trust Fund will be reimbursed for eligible loans that were previously issued by the program. The new grant funds will be used to fund low- and no- interest construction loans for eligible affordable housing projects through the Duluth Housing Trust Fund's Affordable Housing sub-program. The grant funds will support the development and rehabilitation of affordable housing units in Duluth. This resolution serves to officially authorize acceptance of the MHFA grant funds.

BUDGET/FISCAL IMPACT:

Approving this resolution will allow the Duluth Housing Trust Fund to accept the MHFA Local Housing trust Fund Grant and increase the program's balance by \$225,000. All required matching funds have been previously allocated and there will be no impact to Duluth's general fund.

OPTIONS:

Vote to approve the resolution to accept the MHFA Local Housing trust Fund Grant of \$225,000 awarded to the Duluth Housing Trust fund to increase the fund's capacity to support affordable housing development in Duluth.

The alternative is to vote against approving this contract and refuse Minnesota Housing Finance Agency's grant funding.

NECESSARY ACTION: Approve the resolution

ATTACHMENTS: 2025 Local Housing Trust Fund Grant Contract Agreement Draft