RESOLUTION APPROVING A PRE-COMMITMENT OF $400,000 FY 2027 FUNDING ALLOCATION TO THE CITY OF DULUTH FROM THE HOUSING & URBAN DEVELOPMENT (HUD) DEPARTMENT FOR THE CONSTRUCTION OF MISSION HEIGHTS HOUSING

RESOLVED, that the CD Committee hereby approves a pre-commitment of Fiscal Year 2027 funds to be received by the City of Duluth as allocated by the federal Housing and Urban Development Department for the construction of Mission Heights Housing. The award of the $400,000 will be contingent upon Union Gospel Mission (UGM) successfully securing major funding support from the State of Minnesota's Housing Finance Agency and other funding sources to enable construction to begin next year. The development of Mission Heights Housing will contribute to achieving the housing goals in the 2025-2029 City of Duluth Consolidated Plan and the Continuum of Care's 10 Year Plan to End Homeless.

Approved at the April 21, 2026 Meeting:

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Chair of the Community Development Committee
City of Duluth

STATEMENT OF PURPOSE:

This resolution provides for a pre-commitment of the City's FY 2027 HUD allocation for the construction of Mission Heights Housing. The building will be located at 313 W 2nd Street in Downtown Duluth, adjacent to the Government Services Center. Mission Heights Housing will be constructed above the future Mission Engagement Center and will consist of 40 efficiency apartments offering permanent supportive housing to single adult who are homeless and/or at risk of homelessness 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 and programs.

The total estimated cost of the project is $ 20,466,468. In July 2026, Union Gospel Mission will be submitting an application to Minnesota Housing for the majority of the funds needed to construct the building. This pre-commitment of funds is evidence of the Community Development Committee's support for the project. The program source of the actual award of $400,000 will be dependent on the FY 2027 HUD allocation.