

Duluth Housing Trust Fund Program Guidelines

What is the Housing Trust Fund?

The Duluth Housing Trust Fund (the “HTF”) is a program developed by the City of Duluth (the “City”) to support Duluth’s existing and future housing stock by addressing gaps in local housing financing. The HTF program aims to achieve the following goals:

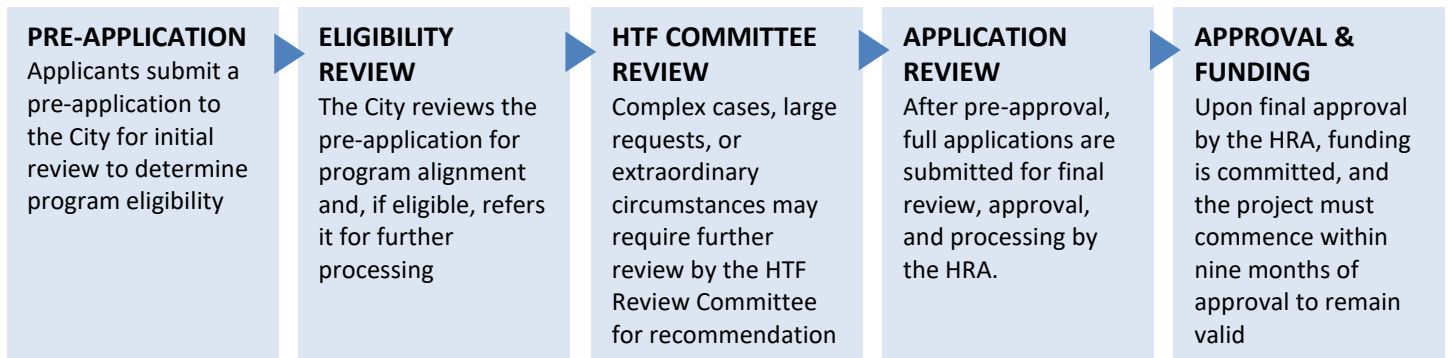
- Increase housing stock in Duluth, particularly affordable units.
- Invest in Duluth neighborhoods, making affordable units available citywide.
- Remove blight, improve safety, and encourage pride in our neighborhoods.
- Leverage existing municipal infrastructure.
- Promote density wherever possible

How does the Program work?

The HTF is designed to offer gap financing through low- or no-interest loans to developers who are working on eligible housing projects. Projects must be approved by the Housing and Redevelopment Authority (HRA) before funding is allocated. Applications are reviewed and funds are disbursed on a first-come, first-served basis.

Restrictions: 1) No entity may hold more than \$1M in HTF loans at one time and no entity may hold more than two open HTF loans in any amount at one time; 2) Borrowers agree to enter a development agreement that will be recorded against the property for a fifteen-year term.

Program Process



HTF Review Committee

The HTF Review Committee, created pursuant to Section 2-171 of the City Code, will provide review and recommendation of applications in the following cases:

- Requests that do not clearly fall under the City Program
- Requests of \$500,000 or more
- Requests that would draw the HTF balance below \$300,000
- Requests that present extraordinary circumstances not addressed in the Program Guidelines but are recommended by staff

Ineligible Expenses

HTF funds are to be used for hard construction costs, utility infrastructure costs, and blight removal costs only. The following are uses that are NOT eligible for payment of HTF funds:

- Expenses for pre-development activities, studies, promotions, evaluations;
- General operating costs of projects such as salaries, benefits, supplies, utilities, insurance;
- Administrative or other overhead costs of projects;
- Furnishings, fixtures, and equipment and non-architectural decorations;
- Soft costs related to or incidental to projects, including legal, architectural, engineering, market assessment, appraisal or other services;
- Public infrastructure costs such as streets, sidewalks, lights, sewers, utilities that do not directly serve the project property;
- Property acquisition costs

Duluth Housing Trust Fund Loan Programs

	Affordable Housing Fund	General Fund
Purpose	Provide low or no-interest construction loans for eligible affordable housing projects.	Provide low or no-interest construction loans for eligible housing projects.
Eligible Projects	- New construction or redevelopment of affordable housing projects. - Utility infrastructure, blight removal, and environmental costs necessary to complete new housing construction or redevelopment.	- New construction or redevelopment of housing projects. - Utility infrastructure, blight removal, and environmental costs necessary to complete new housing construction or redevelopment.
Loan Amount	-Up to \$1,000,000 for qualifying projects -Up to \$300,000 for single family detached homes	-Up to \$1,000,000 for qualifying projects -Up to \$300,000 for single family detached homes
Eligible Expenses	Hard construction costs, utility infrastructure, and/or blight removal costs	Hard construction costs, utility infrastructure, and/or blight removal costs
Interest Rates	0%-3% interest	0%-5% interest
Term Length	Max Term: 18 months (24 months for projects that include demolition) (*staff may approve extensions up to 6 additional months)	Max Term: 18 months (24 months for projects that include demolition) (*staff may approve extensions up to 6 additional months)
Forgivable Component	-up to \$10K with Review Committee recommendation (for sale) -up to \$50K with Review Committee recommendation (rentals)	-up to \$10K with Review Committee recommendation (affordable for sale) -up to \$50K with Review Committee recommendation (affordable rentals)
Affordability Requirement	- All rental units funded must be affordable for tenants earning $\leq 80\%$ AMI (priority to projects affordable $< 50\%$ AMI) - All for-sale units funded must be affordable for buyers earning $\leq 100\%$ AMI (priority to projects affordable $< 80\%$ AMI) - Borrowers will be required to submit annual reports documenting affordability	No affordability requirement. Projects that incorporate affordable units will be eligible for reduced interest rates. Borrowers will be required to submit annual reports documenting affordability. Average rent = 100% AMI+ = 5% Average rent = 81-99% AMI = 4% Average rent = 71-80% AMI = 3% Average rent = 61-70% AMI = 2% Average rent = 51-60% AMI = 1% Average rent $\leq 50\%$ AMI = 0% Affordable for-sale $< 80\%$ AMI = 0-2%