



Council Agenda Item 26-0164R

MEETING DATE: March 9, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING A GRANT AGREEMENT WITH THE DULUTH ECONOMIC DEVELOPMENT AUTHORITY (DEDA) FOR THE HOUSING TRUST FUND AND APPROVING DEDA RESOLUTION 26D-03 AUTHORIZING DEDA EXPEND AN AMOUNT OF UP TO \$1,250,000 TO SUPPORT THE HOUSING TRUST FUND

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

RECOMMENDATION: Approve Resolution

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: DEDA has previously approved resolution 26D-03 authorizing this grant agreement.

PREVIOUS COUNCIL ACTION:

City Council established the Housing Trust Fund by ordinance 2021. In 2025, City Council approved updated Program Guidelines to establish a dedicated Affordable Housing Fund within the Housing Trust Fund. In January, 2026 City Council approved a resolution accepting a grant from the Minnesota Housing Finance Agency in the amount of \$225,000 to support the dedicated Affordable Housing Fund. City Council has also approved the Community Development Committee's recommendation to allocate approximately \$202,000 in 2026 CDBG funding to the dedicated Affordable Housing Fund.

BACKGROUND:

This resolution approves DEDA's resolution 26D-03 authorizing a grant agreement with the City of Duluth to support the Housing Trust Fund. The resolution also authorizes a grant agreement authorizing DEDA to support the Housing Trust Fund in an amount not to exceed \$1,250,000.

The Housing Trust Fund was established by ordinance in 2021 and began making construction loans to support housing projects in 2022. Since the program launched, the Housing Trust Fund has issued 17 loans totaling more than \$5,500,000 and supported the creation of 135 housing units, 106 of which are considered affordable. In 2025, City Council approved updates to the Housing Trust Fund Program Guidelines that established a dedicated fund to support affordable housing projects and clarified that Housing Trust Fund loans may be used for site preparation. Approximately \$775,000 of DEDA's grant will support the Affordable Housing Fund and the balance will support the General Fund.

The Housing Trust Fund was initially seeded with \$4,000,000 from the City's general fund. The Housing Trust Fund earns a small amount of interest on its loans, has received past levy contributions, and was awarded a



state grant in 2025, but has no regular source of income. This Grant Agreement will ensure that the Housing Trust Fund continues to serve as a meaningful resource for housing developers in Duluth.

BUDGET/FISCAL IMPACT:

This resolution approves DEDA's action granting funds to the City of Duluth to support the Housing Trust Fund. There will be no impact to the city's general fund.

OPTIONS:

Approve or Deny the Resolution.

If the resolution is approved, DEDA will be able to honor its funding commitment reflected in resolution 26D-03 and the City's Housing Trust Fund will receive its most significant capital contribution since it was established. The DEDA grant will also make the newly-established Affordable Housing Fund substantially more viable as a source for local affordable housing projects.

If the resolution is denied, the City will continue to seek other sources to support the Housing Trust Fund and replace its annual levy allocation, which was recently eliminated.

NECESSARY ACTION:

Approve the Resolution.

ATTACHMENTS: Grant agreement between DEDA and the City of Duluth