

**MINNESOTA HOUSING FINANCE AGENCY
GRANT CONTRACT AGREEMENT
LOCAL HOUSING TRUST FUND GRANTS PROGRAM**

This Grant Contract Agreement is between the Minnesota Housing Finance Agency ("MHFA") and City of Duluth, City Hall, Room 160, 411 West First Street, Duluth, MN 55802("GRANTEE").

Recitals

1. Under [Minnesota 2023 Session Law, Chapter 37, Article 1, Section 2, Subd. 21](#), MHFA is empowered to enter into this Grant Contract Agreement.
2. MHFA is in need of local governments to create or fund local housing trust funds as defined under [Minnesota Statute 462C.16](#) for the purposes of:
 - Making grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
 - Matching other funds from federal, state, or private resources for housing projects;
 - Providing down payment assistance, rental assistance, and homebuyer counseling services; and
 - Administrative expenses, up to 10% of the Local Housing Trust Fund grant amount.
3. The Grantee represents that it is duly qualified and agrees to perform all services described in this Grant Contract Agreement to the satisfaction of MHFA. Pursuant to [Minn. Stat. 16B.98, Subd. 1](#), the Grantee agrees to minimize administrative costs as a condition of this Grant Contract Agreement.

Grant Contract Agreement

1. Term of Grant Contract Agreement

- 1.1 ***Effective date:***
December 30, 2025, or the date all required signatures are obtained, whichever is later. Per [Minn. Stat. 16B.98, Subd. 5](#), the Grantee must not begin work until this Grant Contract Agreement is fully executed and MHFA's Authorized Representative has notified the Grantee that work may commence. Per [Minn. Stat. 16B.98 Subd. 7](#), no payments will be made to the Grantee until this Grant Contract Agreement is fully executed.
- 1.2 ***Grant period:***
The Grant Contract Agreement period for the Program begins with the Effective Date of this Grant Contract Agreement and continues through December 30, 2028, (the "Grant Period"). All funds provided through this Grant Contract Agreement must be fully expended in compliance with this Grant Contract Agreement by the end of the Grant Period.
- 1.3 ***Expiration date:***
March 30, 2029, or until all obligations have been satisfactorily fulfilled, whichever occurs first.
- 1.4 ***Survival of Terms.***
The following clauses survive the expiration or cancellation of this Grant Contract Agreement: 8. Liability; 9. State Audits; 10. Government Data Practices and Intellectual Property; 12. Publicity and Endorsement; 13. Governing Law, Jurisdiction, and Venue; and 15 Data Disclosure.

2. Grantee's Duties

The Grantee, who is not a state employee, will:

Comply with required grants management policies and procedures set forth through [Minn. Stat. 16B.97, Subd. 4 \(a\) \(1\)](#), and review the State of Minnesota Office of Grants Management policy [08-01](#) (Conflict of Interest for State Grant-Making). The Grantee is required to have a documented Conflict of Interest policy and must utilize this policy when performing the Grantee duties under the Grant Contract Agreement. If the Grantee has knowledge or becomes aware of any actual, potential, perceived, or organizational conflicts of interest with respect to the Grant Contract Agreement, the Grantee shall immediately disclose the conflict of interest directly to MHFA.

2.1 Work Plan

The Grantee shall perform the duties specified in **Exhibit A** (the “Work Plan”), which is attached and incorporated into this Grant Contract Agreement.

2.2 Program Guide

The Grantee will comply with the Local Housing Trust Fund Grants [Program Guide](#) (the “Program Guide”), located on MHFA’s [website](#), which is incorporated into this Grant Contract Agreement, and may be amended as needed. MHFA will provide notice of any such amendments to the Grantee’s Authorized Representative (defined herein) by email. Unless otherwise indicated in the Program Guide, any such amendments are binding to the Grantee as of the date indicated in the notice, which shall not be earlier than the date that MHFA sends the notice.

2.3 Authorized Expenditures

The Grantee acknowledges that grant funds disbursed by MHFA are provided for the purposes of incentivizing local funding for affordable housing for the authorized expenditures listed in [Minn. Stat. 462C.16, Subd. 3](#). All grant funds must be used by the Grantee to fund the activities described in the Work Plan in accordance with the terms of this Grant Contract Agreement.

2.4 Matching New Public Revenue

Before the execution of this Grant Contract Agreement, the Grantee must provide to MHFA, documentation of their matching New Public Revenue in the amount of \$300,000.00, including the source of revenue.

2.5 Reporting

The Grantee must submit annual reports to MHFA beginning no later than one calendar year after the effective date of this Grant Contract Agreement and continuing until all grant funds have been expended or the expiration date of the Grant Contract Agreement, whichever occurs first. Required annual report information may include: program or project progress reporting, grant and matching New Public Revenue expenditures, communities benefitting from grant funds, and any other information MHFA requests regarding the use of grant funds.

Reporting forms, instructions, and submission dates will be available on the Local Government Housing Programs [webpage](#).

3. Time

The Grantee must comply with all the time requirements described in this Grant Contract Agreement. In the performance of this Grant Contract Agreement, time is of the essence.

4. Consideration and Payment

4.1 Consideration.

MHFA will pay for all services performed by the Grantee under this Grant Contract Agreement as

follows:

(a) ***Compensation***

The Grantee will be paid up to a maximum of \$225,000.00, according to the breakdown of program or project activities for “Grant Funds Budgeted” in **Exhibit B** (the “Budget”), which is attached and incorporated into this Grant Contract Agreement.

(b) ***Matching Funds***

The total grant amount is based on the amount of secured matching New Public Revenue funds committed to the Grantee’s Local Housing Trust Fund, as detailed in the breakdown of costs contained in **Exhibit B**. For the purposes of the Local Housing Trust Fund Grants Program, “New Public Revenue” is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021, from any source other than the state or federal government.

(c) ***Travel Expenses***

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this Grant Contract Agreement will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner’s Plan” promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received MHFA’s prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

(d) ***Total Obligation.***

The total obligation of MHFA for all compensation and reimbursements to the Grantee under this Grant Contract Agreement will not exceed \$225,000.00 (the “Grant Proceeds”).

4.2 ***Payment***

(a) ***Invoices***

MHFA will promptly pay the Grantee after the Grantee presents an itemized invoice for the services actually performed and MHFA's Authorized Representative accepts the invoiced services. Invoices must be submitted timely and according to the following schedule:

Grant funds will be disbursed in a total of up to two payments.

The first disbursement of at least 50% of the total grant award, will be disbursed to the Grantee after submitting documentation to MHFA demonstrating that the Grantee has expended at least 50% of the total matching New Public Revenue funds on authorized expenditures.

A second disbursement of the remaining grant amount will be disbursed to the Grantee after documentation is submitted to MHFA demonstrating that the Grantee has expended the matching New Public Revenue funds on authorized expenditures in the amount of the remaining balance of grant.

(b) ***Unexpended Funds***

The Grantee must promptly return to MHFA any unexpended funds that have not been accounted for annually in a financial report to MHFA due at grant closeout.

4.3 ***Contracting and Bidding Requirements***

(a) Any services and/or materials that are expected to cost \$100,000 or more must undergo a formal

notice and bidding process.

- (b) Services and/or materials that are expected to cost between \$25,000 and \$99,999 must be competitively awarded based on a minimum of three (3) verbal quotes or bids.
- (c) Services and/or materials that are expected to cost between \$10,000 and \$24,999 must be competitively awarded based on a minimum of two (2) verbal quotes or bids or awarded to a targeted vendor.
- (d) The Grantee must take all necessary affirmative steps to assure that targeted vendors from businesses with active certifications through these entities are used when possible:
 - [State Department of Administration's Certified Targeted Group, Economically Disadvantaged and Veteran-Owned Vendor List](#)
 - Metropolitan Council Underutilized Business Program: MCUB: [Metropolitan Council Underutilized Business Program](#)
 - Small Business Certification Program through Hennepin County, Ramsey County, and City of St. Paul: [Central Certification Directory](#)
- (e) The Grantee must maintain written standards of conduct covering conflicts of interest and governing the actions of its employees engaged in the selection, award, and administration of contracts.
- (f) The Grantee must maintain support documentation of the purchasing or bidding process used to contract services in their financial records, including support documentation justifying a single/sole source bid, if applicable.
- (g) Notwithstanding (a) - (d) above, MHFA may waive bidding process requirements when:
 - Vendors included in response to competitive grant request for proposal process were approved and incorporated as an approved work plan for the grant.
 - It is determined there is only one legitimate or practical source for such materials or services and that the Grantee has established a fair and reasonable price.
- (h) For projects that include construction work of \$25,000 or more, prevailing wage rules apply per [Minn. Stat. 177.41](#) through [177.44](#). These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole.
- (i) The Grantee must not contract with vendors who are suspended or debarred in MN: <https://mn.gov/admin/osp/government/suspended-debarred>.

5. Conditions of Payment

All services provided by the Grantee under this Grant Contract Agreement must be performed to MHFA's satisfaction, as determined at the sole discretion of the MHFA's Authorized Representative and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. The Grantee will not receive payment for work found by MHFA to be unsatisfactory or performed in violation of federal, state, or local law.

6. Authorized Representative

MHFA's Authorized Representative is Jennifer Bergman, Director of Local Government Housing Programs, 400 Wabasha Street N. Suite 400, St. Paul, MN 55102, 651-297-5232, jennifer.bergman@state.mn.us, or

her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this Grant Contract Agreement. If the services are satisfactory, the MHFA's Authorized Representative will certify acceptance on each invoice submitted for payment. The Authorized Representative may delegate certain responsibilities to the Program Manager, Colleen Meier, 651-296-9811, colleen.meier@state.mn.us, or her successor.

All Local Government Housing Programs staff may be reached by email at localhousingtrustfund.mhfa@state.mn.us.

The Grantee's Authorized Representative is Lenna Pfankuch, Senior Housing Developer, City Hall, Room 160, 411 West First Street, Duluth, MN 55802, 218-730-5348, lpfankuch@duluthmn.gov. If the Grantee's Authorized Representative changes at any time during this Grant Contract Agreement, the Grantee must immediately notify MHFA.

7. Assignment Amendments, Waiver, and Grant Contract Agreement Complete

7.1 *Assignment*

The Grantee shall neither assign nor transfer any rights or obligations under this Grant Contract Agreement without the prior written consent of MHFA, approved by the same parties who executed and approved this Grant Contract Agreement, or their successors in office.

7.2 *Amendments*

Any amendments to this Grant Contract Agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original Grant Contract Agreement, or their successors in office.

7.3 *Waiver*

If MHFA fails to enforce any provision of this Grant Contract Agreement, that failure does not waive the provision or MHFA's right to enforce it.

7.4 *Grant Contract Agreement Complete*

This Grant Contract Agreement contains all negotiations and agreements between MHFA and the Grantee. No other understanding regarding this Grant Contract Agreement, whether written or oral, may be used to bind either party.

8. Liability

The Grantee must indemnify, save, and hold MHFA, its agents, and employees harmless from any claims or causes of action, including attorney's fees incurred by MHFA, arising from the performance of this Grant Contract Agreement by the Grantee or the Grantee's agents or employees. This clause will not be construed to bar any legal remedies the Grantee may have for the MHFA's failure to fulfill its obligations under this Grant Contract Agreement.

9. State Audits

Under Minn. Stat. § 16B.98, Subd.8, the Grantee's books, records, documents, and accounting procedures and practices of the Grantee or other party relevant to this Grant Contract Agreement or transaction are subject to examination by the Commissioner of Administration, MHFA and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this Grant Contract Agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

10. Government Data Practices and Intellectual Property Rights

10.1 Government Data Practices

The Grantee and MHFA must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by MHFA under this Grant Contract Agreement, and as it applies to all data created, collected, received, stored, used, maintained, or disseminated by the Grantee under this Grant Contract Agreement. The civil remedies of [Minn. Stat. 13.08](#) apply to the release of the data referred to in this clause by either the Grantee or MHFA. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify MHFA. MHFA will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

10.2 Intellectual Property Rights

- (a) MHFA owns all rights, title, and interest in all of the intellectual property rights, including copyrights, patents, trade secrets, trademarks, and service marks in the works and documents created and paid for under this Grant Contract Agreement. The "works" means all inventions, improvements, discoveries (whether or not patentable), databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, and disks conceived, reduced to practice, created or originated by the Grantee, its employees, agents, and subcontractors, either individually or jointly with others in the performance of this Grant Contract Agreement. "Works" includes documents. The "documents" are the originals of any databases, computer programs, reports, notes, studies, photographs, negatives, designs, drawings, specifications, materials, tapes, disks, or other materials, whether in tangible or electronic forms, prepared by the Grantee, its employees, agents, or subcontractors, in the performance of this Grant Contract Agreement. The documents will be the exclusive property of MHFA and all such documents must be immediately returned to MHFA by the Grantee upon completion or cancellation of this Grant Contract Agreement. To the extent possible, those works eligible for copyright protection under the United States Copyright Act will be deemed to be "works made for hire." The Grantee assigns all right, title, and interest it may have in the works and the documents to MHFA. The Grantee must, at the request of MHFA, execute all papers and perform all other acts necessary to transfer or record MHFA's ownership interest in the works and documents.
- (b) *Obligations*
 - (1) Notification. Whenever any invention, improvement, or discovery (whether or not patentable) is made or conceived for the first time or actually or constructively reduced to practice by the Grantee, including its employees and subcontractors, in the performance of this Grant Contract Agreement, the Grantee will immediately give MHFA's Authorized Representative written notice thereof, and must promptly furnish MHFA's Authorized Representative with complete information and/or disclosure thereon.
 - (1) Representation. The Grantee must perform all acts and take all steps necessary to ensure that all intellectual property rights in the works and documents are the sole property of MHFA, and that neither the Grantee nor its employees, agents, or subcontractors retain any interest in and to the works and documents. The Grantee represents and warrants that the works and documents do not and will not infringe upon any intellectual property rights of other persons or entities. The Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless MHFA, at Grantee's expense, from any action or claim brought against MHFA to the extent that it is based on a claim that all or part of the works or documents infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs,

and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or MHFA's opinion is likely to arise, the Grantee must, at the MHFA's discretion, either procure for MHFA the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing works or documents as necessary and appropriate to obviate the infringement claim. This remedy of MHFA will be in addition to and not exclusive of other remedies provided by law.

11. Workers Compensation

The Grantee certifies that it is in compliance with [Minn. Stat. 176.181, Subd. 2](#), pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered MHFA employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way MHFA's obligation or responsibility.

12. Publicity and Endorsement

12.1 *Publicity*

Any publicity regarding the subject matter of this Grant Contract Agreement must identify MHFA as the sponsoring agency and must not be released without prior written approval from MHFA's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs, and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications, or services provided resulting from this Grant Contract Agreement. All projects primarily funded by state grant appropriations must publicly credit MHFA, including on the Grantee's website when practicable.

12.2 *Endorsement*

The Grantee must not claim that MHFA endorses its products or services.

13. Governing Law, Jurisdiction, and Venue

Minnesota law, without regard to its choice-of-law provisions, governs this Grant Contract Agreement. Venue for all legal proceedings out of this Grant Contract Agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

14. Termination

14.1 *Termination by MHFA*

(a) *Without Cause*

MHFA may terminate this Grant Contract Agreement without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed.

(b) *With Cause*

MHFA may immediately terminate this Grant Contract Agreement if MHFA finds that there has been a failure to comply with the provisions of this Grant Contract Agreement, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. MHFA may take action to protect the interests of MHFA, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

14.2 Termination by The Commissioner of Administration

The Commissioner of Administration may immediately and unilaterally cancel this Grant Contract Agreement if further performance under the Agreement would not serve agency purposes or is not in the best interest of State.

14.3 Termination for Insufficient Funding

MHFA may immediately terminate this Grant Contract Agreement if:

- (a) It does not obtain funding from the Minnesota Legislature;
- (b) Or, if funding cannot be continued at a level sufficient to allow for the payment of the services covered here. Termination must be by written notice to the Grantee. MHFA is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. MHFA will not be assessed any penalty if this Grant Contract Agreement is terminated because of the decision of the Minnesota Legislature, or other funding source, not to appropriate funds. MHFA must provide the Grantee notice of the lack of funding within a reasonable time of MHFA's receiving that notice.

15. Data Disclosure

Under [Minn. Stat. 270C.65, Subd. 3](#), and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to MHFA, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

16. Fraud Disclosure

Fraud is any intentionally deceptive action made for personal gain or to damage another. Any person or entity (including its employees and affiliates) that enters into an agreement with MHFA and witnesses, discovers evidence of, receives a report from another source, or has other reasonable basis to suspect that fraud or embezzlement has occurred must immediately make a report to:

- MHFA's Chief Risk Officer at 651.296.7608 or 800.657.3769 or by email at MHFA.ReportWrongdoing@state.mn.us;
- Any member of MHFA's [Servant Leadership Team](#) as denoted on MHFA's current organizational chart (Go to mnhousing.gov, scroll to the bottom of the screen and select About Us, select Servant Leadership Team); or
- [Report Wrongdoing or Concerns \(mnhousing.gov\)](#) (Go to mnhousing.gov, scroll to the bottom of the screen and select Report Wrongdoing).

17. Suspension

By entering into any agreement with MHFA, a contracting party represents that the contracting party (including its employees or affiliates that will have direct control over the subject of the agreement) has not been suspended from doing business with MHFA. Please refer to MHFA's website for a list of [suspended individuals and organizations](#).

18. Conflicts

In the event of a conflict between the terms of this Grant Contract Agreement, its exhibits, and the Program Guide, or between exhibits, the order of precedence is first the Grant Contract Agreement, and then in the following order:

Award Number: LHTF2025010

- Program Guide
- Exhibit A – Work Plan
- Exhibit B – Budget

Award Number: LHTF2025010

1. GRANTEE

The Grantee certifies that the appropriate person(s) have executed the Grant Contract Agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____

2. MINNESOTA HOUSING FINANCE AGENCY

By: _____
(with delegated authority)

Title: _____

Date: _____

Distribution:
Agency
Grantee
MHFA's Authorized Representative

2025 Local Housing Trust Fund Grants Program Work Plan

Please use this Work Plan to describe your organization's primary program outcomes, the assigned staff, how outcomes will be monitored and assessed, and the proposed timeline for each activity. Be as specific as possible and add additional outcomes as needed to reflect your entity's goals. The Local Housing Trust Fund Grants Program Work Plan must be submitted and approved by Minnesota Housing prior to the execution of the Grant Contract Agreement.

Grantees must follow the statutory requirements as outlined in [Minn. Stat. 462C.16](#) and [Minnesota 2023 Session Law, Chapter 37, Article 1, Section 2, Subd. 21.](#)

Per [statute](#), authorized expenditures include:

- Making grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
- Matching other funds from federal, state, or private resources for housing projects;
- Providing downpayment assistance, rental assistance, and homebuyer counseling services; and
- Administrative expenses, up to 10% of the Local Housing Trust Fund program grant.

Program or Project Outcome #1: Grant Funds	
Program Requirement	Grantee Response
Activity: Describe the primary program or project activity for which grant funds will be utilized. This Activity is for (check one): ☒ Grants, loans, or loan guarantees ☐ Matching other funds ☐ Down payment assistance, rental assistance, or homebuyer counseling services	The entirety of the grant funds will be used to establish a revolving Affordable Housing Loan Fund sub-program within the City of Duluth's existing Housing Trust Fund program. The current Housing Trust Fund serves as a revolving construction loan program for rehab, infill, and multifamily housing projects. While there are incentives and priority for affordable projects, there are no affordability requirements in the current program. The creation of the Affordable Housing Loan program will set aside construction loan funds that are exclusively available for housing projects that meet the program's affordability requirements. Establishing a designated affordable fund will also allow us to leverage other local, state, and federal funding sources that require affordability thresholds. The grant funds used to establish the new program will go on to support one to five construction loans of \$50,000 to \$225,000 each. The use of the grant funds will be complete when the all grant funds have been expended on loans within the new program.

Households Served: How will you demonstrate that this program or project is serving households at or below 115% State Median Income? <i>Please note the governing statute refers to State Median Income, not Area Median Income.</i>	The Affordable Housing Loan Fund program will be using the Area Median Income thresholds for St. Louis County to determine household eligibility. The AMI levels for St. Louis County are below the State Median Income levels (100% AMI = \$100,600, 100% SMI = \$116,900), so it is insured that when we speak of our guidelines in terms of AMI, the households served will be within the SMI threshold requirement. To ensure that the program is serving households at or below 115% SMI, we will require that all units funded by the loan are sold at a price affordable to households earning at or below 100% of AMI or rented at a rate affordable to households earning at or below 80% of AMI. It will be required that the loan recipient provides income verification of the households they sell or rent to.
Responsible Personnel: Who are the primary staff responsible for completing this activity and working on this project? Please describe their role(s) and responsibilities.	City of Duluth housing staff, led by the Senior Housing Developer and the Housing Planner, are responsible for reviewing and pre-approving applications for program eligibility and program reporting. Duluth HRA staff, led by the Director of Real Estate and Rehabilitation and the Loan Officer, are responsible for reviewing the pre-approved applicants for financial feasibility and administering the loan. This includes facilitating the loan agreement, draws, and repayment. The Housing Trust Fund Review Committee is responsible for reviewing and pre-approving loans that are above \$500,000 or unique projects that are beyond the program's standard guidelines.

Program Deliverables: How will the program or project activities be measured to determine if program outcomes are being met? <i>Required annual reporting information may include program or project progress reporting, grant and matching New Public Revenue expenditures, and communities benefitting from grant funds, and any other information Minnesota Housing requests regarding use of grant funds.</i> <i>Reporting documents and submittal instructions will be available on Minnesota Housing's website.</i>	The formal establishment of the Affordable Housing Loan Fund program by Duluth city council, along with the adoption of detailed program guidelines will ensure that the intended program outcomes are being met. The program guidelines define eligibility requirements, affordability standards, and allowable uses of funds, guaranteeing that the program funds are exclusively used to finance the construction of affordable housing. Duluth city council approved the establishment of the new fund and the addition of the associated program guidelines on November 10th, 2025. We will provide the program guidelines and the city resolution that approved the program creation. Once the MHFA Local Housing Trust Fund Grant dollars are available within the newly created Affordable Housing Loan Fund, we will monitor the implementation of the program by tracking executed construction loans, documenting project progress, and recording the number and type of units supported. The City of Duluth will provide a report of these findings annually along with executed loan documentation for any loans made using the grant funds.
Timeline: What is the timeline for completing the activity/activities outlined above? <i>Project activities must be completed within the 3-year grant contract period.</i>	The Duluth city council approved the establishment of the Affordable Housing Loan Fund as a sub-program of the existing Duluth Housing Trust Fund on November 10th, 2025. The Affordable Housing Loan Fund will be active immediately upon receiving the grant fund disbursement. The program is designed to be in operation for as long as the Duluth Housing Trust Fund is active. We estimate that the grant funds will be used to fund construction loans starting in the first quarter of 2026 and will be expended by the fourth quarter of 2028.

Program or Project Outcome #2: Grant Funds (Additional program or projects)	
Program Requirement	Grantee Response
Activity: Describe the primary program or project activity for which grant funds will be utilized. This Activity is for (check one): ☐ Grants, loans, or loan guarantees ☐ Matching other funds ☐ Down payment assistance, rental assistance, or homebuyer counseling services	N/A
Households Served: How will you demonstrate that this program or project is serving households at or below 115% State Median Income? <i>Please note the governing statute refers to State Median Income, not Area Median Income.</i>	N/A
Responsible Personnel: Who are the primary staff responsible for completing this activity and working on this project? Please describe their role(s) and responsibilities.	N/A

Program Deliverables: How will the program or project activities be measured to determine if program outcomes are being met? <i>Required annual reporting information may include program or project progress reporting, grant and matching New Public Revenue expenditures, and communities benefitting from grant funds, and any other information Minnesota Housing requests regarding use of grant funds.</i> <i>Reporting documents and submittal instructions will be available on Minnesota Housing's website.</i>	N/A
Timeline: What is the timeline for completing the activity/activities outlined above? <i>Project activities must be completed within the 3-year grant contract period.</i>	N/A

Program or Project Outcome #3: Matching New Public Revenue Funds:

Program Requirement	Grantee Response
Activity: Describe the primary activity for which matching New Public Revenue funds will be utilized or have been utilized. <i>For the purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021, from any source other than the state or federal government.</i> This Activity is for (check one): ☒ Grants, loans, or loan guarantees ☐ Matching other funds ☐ Down payment assistance, rental assistance, or homebuyer counseling services	The matching New Public Revenue funds of \$300,000 originated from the initial \$4,000,000 city investment in the Duluth Housing Trust Fund (HTF) in October 2021. Since it was established, the HTF has made 17 construction loans supporting local housing projects, 12 of which have helped finance the development or rehabilitation of affordable units. Specifically, in 2024, the Duluth HTF made two separate loans of \$260,000 each, for a total of \$520,000, to One Roof Community Housing, a local nonprofit developer working to provide affordable housing in the Duluth community. Each loan helped finance the construction of a new affordable single-family Community Land Trust home, a program run by One Roof Community housing. One Roof Community Housing sold the homes at a price affordable to households making 80% of Area Median Income and requires that homebuyers meet this affordability threshold.
Responsible Staff: Who are the primary staff responsible for completing this activity and working on this project? Please describe their role(s) and responsibilities.	City of Duluth housing staff were responsible for reviewing and pre-approving the applications for program eligibility and program reporting. Duluth HRA staff were responsible for reviewing the pre-approved applicants for financial feasibility and administering the loan. This included facilitating the loan agreement, draws, and repayment.

Deliverables: How will the program or project activities be measured to determine if program outcomes are being met? <i>Required annual reporting information may include program or project progress reporting, grant and matching New Public Revenue expenditures, and communities benefitting from grant funds, and any other information Minnesota Housing requests regarding use of grant funds.</i> <i>Reporting documents and submittal instructions will be available on Minnesota Housing's website.</i>	The loan agreement documentation for the two Housing Trust Fund loans to One Roof Community Housing will be provided to prove the use of matching New Public Revenue funds.
Timeline: What is the timeline for completing the activity/activities outlined above? <i>Project activities must be completed within the 3-year grant contract period.</i>	The two loans to One Roof Community Housing were executed in August, 2024. Both loans have been repaid in 2025, one in August and one in September. Both single family homes received certificates of occupancy in July, 2025 and have been sold to low-income households.

EXHIBIT B: 2025 Local Housing Trust Fund Grants Program Budget

Instructions: Please provide Program or Project Activity information for which grant funds and matching New Public Revenue funds will be used and on which line items grant funds are being spent. New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29, 2021, from any source other than the state or federal government. Per Minn.Stat.§462C.16, Subd. 3, authorized expenditures for this grant program include:

- Making grants, loans and loan guarantees for the development, rehabilitation or financing of housing;
- Matching other funds from federal, state or private resources for housing projects;
- Providing downpayment assistance, rental assistance and homebuyer counseling services; and
- Allowing administrative expenses, up to 10% of the Local Housing Trust Fund Program grant.

If part of a larger project, such as a housing development, you do not need to include the entire project budget. Provide one funding source per line item. You may have a Program or Project Activity listed more than once. If matching funds have already been expended, please provide that information in Column E.

Grantee: City of Duluth

Adminstrating Entity: City of Duluth

Budget

Program or Project Activity	Grant Funds Budgeted	Notes	Matching New Public Revenue Funds Budgeted	Funding Source and Notes
Affordable Housing Loan Fund	\$ 225,000.00	Establishing a new Affordable Housing Loan Fund sub-program within the existing Housing Trust Fund program; 1-5 loans of \$50,000-\$225,000.	\$ -	
Housing Trust Fund Loans	\$ -		\$ 300,000.00	Two revolving loans for the construction of two One Roof Community Land Trust homes (each loan of \$260,000, \$520,000 in total). Souce: \$4,000,000 one time funding from the City of Duluth's Community Investment Trust Fund.
Subtotal Program or Project Activities	\$ 225,000.00		\$ 300,000.00	

Administrative Expenses*	Grant Funds Budgeted	Notes	Matching New Public Revenue Funds Budgeted	Funding Source and Notes
N/A	\$ -		\$ -	
Subtotal Administrative Expenses	\$ -		\$ -	

*Cannot exceed 10% of the total budget. Administrative Expenses include, but are not limited to, staffing expenses, office expenses, travel expenses, insurance and legal fees.

Budget Summary

	Grant Funds Total	Percent of Total Grant Funds	Matching New Public Revenue Funds Total	Percent of Total Matching Funds
Program or Project Activities	\$ 225,000.00	100%	\$ 300,000.00	100%
Administrative Expenses	\$ -	0%	\$ -	0%
TOTAL	\$ 225,000.00		\$ 300,000.00	