



# MEETING AGENDA

**Housing Trust Fund Review Committee Meeting**  
City Hall – Room 430 (Lakeside Conference Room)  
June 14<sup>th</sup>, 2023 – 2:00pm

**I. Call to Order**

**II. Approval of May 5<sup>th</sup> Meeting Minutes**

**VOTE TO APPROVE THE MAY 5<sup>th</sup>, 2023 ANNUAL MEETING MINUTES:**

**III. Summary of Loan Activity**

**IV. Loan #1 – 2122 Woodland Ave, Divine Konnections – Comprehensive Rehab & Conversion Program**  
a. Staff Report and recommendation

**VOTE:**

**V. Program Update #1 – HTF Review Committee Membership**  
a. Staff memo and recommendation

**VOTE:**

**VI. Program Update #2 – Energy Efficiency Programs**  
a. Staff memo and recommendation

**VOTE:**

**VII. Old Business**  
a. Changes to loan forgiveness policy

**VIII. LISC Program Updates**

**IX. New Business by Committee Members**

**X. Adjourn**



# MEETING AGENDA

## **Housing Trust Fund Review Committee Meeting**

City Hall – Hillside Conference Room

May 5, 2023 – 10:30am

**Present:** Jacob Morgan (HRA), Sumair Sheikh (LISC), Frank Jewell (former SLC Commissioner), Tony Sertich (Northland Foundation), Noah Schuchman (City of Duluth), Laura Birnbaum (St. Louis County),

**Absent:** Chris Johnson (Duluth Chamber)

**Others Present:** Tom Church, Theresa Bajda, Chris Fleege

### **I. Call to Order**

The May 5, 2023 meeting of the Housing Trust Fund Review Committee was called to order by Chair Morgan at 10:37am.

### **II. Approval of February 13<sup>th</sup> Meeting Minutes**

No discussion.

**VOTE TO APPROVE THE FEBRUARY 13, 2023 ANNUAL MEETING MINUTES:** (Sertich/Jewell) Vote: Passed (5-0).

### **III. Summary of Loan Activity**

Tom Church: Provides summary of loans approved and in progress for the city's Housing Trust Fund program. Gives overview of applications presently before committee, notes that if all are approved the fund balance would be \$310,000—just above the floor established at the annual meeting in February. Also notes that committee will make a recommendation about whether to approve \$112,000 of loan forgiveness.

Laura Birnbaum: Suggests adding requirement that applicants have exhausted other options before they can seek HTF loan forgiveness.

Noah Schuchman: Asked if we should use forgiveness primarily to incentivize bigger development.

Frank Jewell: Offered a reminder to consider where we build affordable housing.

Jake Morgan: Suggests imposing a lifetime maximum forgiveness amount on organizations applying for HTF loans.

### **IV. Loan #1 – Plover Place, One Roof Housing – Flexible Multifamily Program**

#### **a. Staff Report and recommendation**

Tom Church: Shared staff report and details of \$250,000 loan request with \$50,000 in loan forgiveness for One Roof Community Housing's Plover Place project.



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**VOTE TO APPROVE LOAN AND \$50,000 IN LOAN FORGIVENESS WITH ONE ROOF COMMUNITY HOUSING FOR PLOVER PLACE:** (Schuchman/Sertich) Vote: Passed (5-0)

- V. Loan #2 – 311 East 7<sup>th</sup> Street (CLT #1), One Roof Housing – Infill Development Program**
  - a. Staff report and recommendation

Tom Church: Shared staff report and details of \$260,000 loan request with \$10,000 in loan forgiveness for One Roof Community Housing's Community Land Trust New Construction project at 311 East 7<sup>th</sup> Street (CLT #1).

**VOTE TO APPROVE LOAN AND \$10,000 IN LOAN FORGIVENESS WITH ONE ROOF COMMUNITY HOUSING FOR CLT #1:** (Jewell/Sheikh) Vote: Passed (5-0)

- VI. Loan #3 – 21 South 67<sup>th</sup> Avenue West (CLT #2, One Roof Housing) – Infill Development Program**
  - a. Staff Report and recommendation

Tom Church: Shared staff report and details of \$260,000 loan request with \$10,000 in loan forgiveness for One Roof Community Housing's Community Land Trust New Construction project at 21 South 67<sup>th</sup> Avenue (CLT #2).

**VOTE TO APPROVE LOAN AND \$10,000 IN LOAN FORGIVENESS WITH ONE ROOF COMMUNITY HOUSING FOR CLT #2:** (Sertich/Schuchman) Vote: Passed (5-0)

- VII. Loan #4 – 2309 West 8<sup>th</sup> Street, Benjamin Grams – Infill Development Program**
  - a. Staff Report and recommendation

Tom Church: Shared staff report and details of \$350,000 loan request with \$42,000 in loan forgiveness for Benjamin Grams infill project at 2309 West 8<sup>th</sup> Street.

Tony Sertich: Questioned if we are incentivizing rentals too much.

Theresa Bajda: Answered that the 10-15 year affordability requirement makes affordable development for homeownership difficult unless part of an established program like Community Land Trust where the gap funding is largely grant to reduce costs to the homeowner long-term.

**VOTE TO APPROVE LOAN AND \$42,000 IN LOAN FORGIVENESS WITH BENJAMIN GRAMS FOR INFILL PROJECT:** (Schuchman/Sertich) Vote: Passed (5-0)

- VIII. Energy Efficiency Programs and Housing Trust Fund**
  - a. Staff summary and discussion.

Tom Church: Shared summary of plans to use the Housing Trust Fund application process to incentivize participation in Minnesota Power's Energy Efficiency Programs. No formal proposal yet, but considering two measures: (1) requiring



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consultation with Minnesota Power as part of the HTF preapplication process; (2) offering reduced interest rates for developers who ultimately implement some of Minnesota Power's recommendations.

Frank Jewell: Expressed general support for the project and suggested placing the emphasis on incentives without many requirements.

## **IX. LISC Program Updates**

Sumair Sheikh: Shared that LISC is preparing to close on a \$1 million loan to Merge for their Urbane project and that LISC National is preparing to make an even larger loan. Also shared that they are currently discussing funding options for a 6-unit project and a 20-unit project.

## **X. New Business by Committee Members**

Jake Morgan: Asked how the HTF program should proceed now that fund balance is at \$310,000.

Theresa Bajda: Answered that new applications would receive committee review because they would draw the account below \$300,000 and that loans would be made on a first-come, first-served basis, and that loans would only be made as money is available.

## **XI. Adjourn**

**VOTE TO ADJOURN MEETING:** (Schuchman/Morgan) Vote: Passed (4-0 with Sertich absent).

Meeting adjourned by Chair Morgan at 11:28am.



**Planning & Development Division**  
*Planning & Economic Development Department*

Room 160  
 411 West First Street  
 Duluth, Minnesota 55802

218-730-5580  
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## Duluth Housing Trust Fund Pre-Application Staff Report

### 2122 Woodland Avenue

<b>Applicant/Developer</b>	Deyona Kirk / Divine Konnections Inc.
<b>HTF Program</b>	Comprehensive Rehab & Conversion Program
<b>Amount Requested</b>	\$100,000 & \$12,000 in loan forgiveness
<b>Loan Terms</b>	Eligible for 18 months at 0-3% interest and up to \$12,000 in loan forgiveness
<b>Project Details</b>	This application is for renovation and expansion of an existing home to provide long-term affordable housing to young BIPOC mothers and their children experiencing homelessness.
<b>Project Location</b>	2122 Woodland Avenue
<b>Total Development Costs</b>	\$7,211,157
<b>Other Financing</b>	\$104,136 (2023 CDBG), \$50,000 (HRA Exterior Rehab), \$50,000 (Greater Minnesota Housing Fund Grant), \$417,021 (GMHF Financing)
<b>Project History</b>	Divine Konnections Inc is the non-profit operator of Annie’s House of Refuge and Restoration (AHRR). AHRR opened in May, 2022, and serves five families who have their own unit but shared kitchen and bathrooms. The majority of mothers served by AHRR are from the Coordinated Entry list and the rest have come from emergency shelters or directly from unsheltered living situations. Families are allowed to stay as long as needed. AHRR provides food (until SNAP benefits are in place), household and cleaning supplies, laundry equipment, and personal hygiene items.
<b>Staff Recommendation</b>	This application requires committee review because the loan would draw the HTF balance down to \$210,000. The project meets eligibility requirements for the HTF’s CRCP Program and is aligned with key principles identified in the City’s comprehensive plan, including reusing previously developed lands (Principle #1) and reinvesting in neighborhoods (Principle #5). The proposal would support a new shelter targeting an underserved community of BIPOC mothers and their children. Staff recommend loan approval and seek a recommendation on the level of loan forgiveness for the HRA to consider.



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June 9, 2023

To: The Housing Trust Fund Review Committee  
From: Tom Church, Planner II  
Subject: HTF Review Committee Membership  
Date: June 9, 2023

City staff propose amending the Housing Trust Fund's governing Ordinance No. 21-049-O ("the Ordinance") to change the size and composition of the HTF Review Committee. These changes would make the committee a seven-member body comprised of three at-large members, one representative from the City of Duluth, one representative from the Duluth HRA, one representative from LISC, and one representative from St. Louis County. The proposed changes to the Ordinance are shown in redlines below.

**Sec. 2-171. Programs; review committee.**

There is hereby established a HTF Review Committee ("committee") to advise the division, implementing agencies if any, and the city council concerning programs of the HTF and the making of loans thereunder. Said committee shall consist of ~~five~~seven members who shall be residents of the city of Duluth or employed in the city of Duluth. Members shall serve a term of three years. Members shall be appointed by the mayor with approval of the city council. One member shall be a City official, one shall be a representative of the Local Initiative Support Corporation Duluth, one shall be a representative of the Duluth HRA official, one shall be a St. Louis County official, and ~~two~~three shall be members at large. The committee shall adopt reasonable bylaws to establish its annual meeting calendar, and to provide for meeting rules and regulations to conduct its business.

City staff believe an expanded committee will make it easier to administer the Housing Trust Fund by creating a greater chance of reaching quorum, particularly in cases where members need to abstain because of conflicts. The expanded committee will also give voting power to a greater diversity of perspectives. We look forward to the committee's discussion.



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June 9, 2023

To: The Housing Trust Fund Review Committee  
From: Tom Church, Planner II  
Subject: Incentivizing Energy Efficiency Programs  
Date: June 9, 2023

At the May 2023 meeting of Duluth's Housing Trust Fund Review Committee, staff introduced a proposal from Duluth's Sustainability Office to incentivize participation in Minnesota Power's Energy Efficiency Programs. Committee members indicated general support for the proposal but cautioned against imposing any new requirements that could create barriers to affordable development. With this guidance in mind, staff propose updating both our HTF Program Guidelines and our pre-application form.

HTF loan applicants that utilize Minnesota Power's Energy Efficiency Programs will be eligible for a reduced interest rate on their HTF loan. Setting interest rates for HTF loans falls under the authority granted by Ordinance No. 21-049-O to the City's Planning and Economic Development Division and to the HRA as an implementing agency. HTF Program Guidelines will be updated to include the following language under General HTF Program Notes:

*\*\*\*\*\*Loan recipients who earn a rebate through their participation in one of Minnesota Power's Energy Efficiency Programs will be eligible for a reduced interest rate retroactively applied to their loan at the time of repayment.*

The HTF pre-application form will also be updated to include the following language:

*"Will you consult with Minnesota Power through one of their free Energy Efficiency Programs as part of this project?*

Yes

No

*Loan recipients who participate in these programs through Minnesota Power may be eligible for a reduced interest rate on their HTF loan."*

City staff believe these changes will promote energy efficient affordable development while imposing no significant burden on loan applicants. We look forward to the Committee's discussion.