LISC Duluth Housing Trust Fund
Programmatic Outline

There are two discrete Housing Trust Funds (HTF) accounts and Program implementation: One held and operated by the City of Duluth (“City”), and one held and operated by Local Initiatives Support Corporation (“LISC”).

Below, is LISC’s Housing Trust Fund (HTF) Programmatic Outline:

LISC HTF Programs

The LISC HTF is outlined below. This program is designed to fill existing gaps in the housing financing market, and to achieve the following goals:

- Increase housing stock in Duluth, especially 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.

The purpose of this program is to provide low interest construction loans for new construction and projects needing substantial rehabilitation.

Properties would include multifamily properties 6 to 20 units, and any conversion project that would create up to 20 new units of housing.

- Maximum loan amount = $100,000/unit ($150,000/unit if property deemed uninhabitable)
- $750,000 = Maximum total loan amount.
- Consideration given for higher loan amount based on project.
- LISC Lending can supplement additional capital needs.
- Loan would be for pre-development and hard construction costs and would be repaid at time of permanent refinance. Acquisition costs not eligible.
- The loan refinance (takeout mortgage) must be preapproved by a lender prior to the HTF closing. The closing must occur within three months of issuance of the certificate of occupancy.

- Loan terms:
  - Interest rates:
    - Mixed income project: 3-5%
    - Market rate project: 4-6%
  - Interest only payments until closing.
  - Maximum term is 18 months.
    - Term may be extended with LISC approval.

Notes

*For the purposes of the HTF, “affordable” means unit rents or home sale prices that cost no more than 30% of the income of households earning 80% or less of the area median income, as published annually by Minnesota Housing Finance Agency