

**City Council  
Agenda Item 11.B  
Meeting of December 8, 2025**



**Title:** Regarding Grant Award and Funding Agreement for Minnesota Housing Local Housing Trust Grant Program

**Report from:** Kendyl Larson, Housing Coordinator

**Submitted Through:** Alisha Gray, EDPF, Economic Development and Housing Manager  
Julie Wischnack, FAICP, Community Development Director  
Darin Nelson, Finance Director  
Erik Nilsson, City Attorney  
Moranda Dammann, Assistant City Manager

**Presenter:** Julie Wischnack, FAICP, Community Development Director

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**Action Requested:** Motion

**Form of Action:** Resolution

**Votes needed:** 5 votes

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**Summary Statement**

The city was awarded a \$150,000 grant for rental assistance through Minnesota Housing's Local Housing Trust Fund Grant Program. The grant will support the city's first homeless transitional unit by providing rent and utility assistance to each homeless individual living in the unit.

**Recommended Action**

Motion to adopt the resolution accepting the grant from Minnesota Housing's Local Housing Trust Fund Grant Program and authorizing the signing of the grant agreement.

**Strategic Plan Relatability**

N/A

**Financial Consideration**

Yes

\$150,000.00 - the city received a \$150,000 grant from Minnesota Housing.

**Background**

The Minnesota Legislature allocated \$1 million in 2021 to create the Local Housing Trust Fund Grants Program, with a supplemental \$4.8 million allocated in 2023. The goal of the program is to encourage local governments to create or fund local housing trust funds around the state. The program provides matching state funds to promote local investment in affordable housing. The program requires that grant funds be used for households at or below 115% of the state median income (\$116,900). The one-time grant can be used to fund a variety of housing-related efforts, but must be expended within 5 years.

To be eligible for the state matching grant, local governments must use funds from their local housing trust fund for eligible projects, which may come from any source other than state or federal funds. It must be New Public Revenue, defined as local income that is committed to the local housing trust fund after June 29, 2021.

In March 2025, staff applied for rental assistance funding through the Local Housing Trust Fund Grants Program RFP issued by Minnesota Housing and were awarded \$150,000 in May 2025.

The city will use this grant to support the city's first homeless transitional unit at Vale Apartments, in partnership with His House Foundation. The grant will provide rental assistance, including rent and utilities, for the apartment His House uses for those in transition. His House Foundation will provide casework, food, clothing, furnishings, and any other support required to assist those living in the unit.

To use the LHTF grant funds, the city was required to provide a matching portion and to demonstrate that matching funds from the Affordable Housing Trust Fund will be used or have been used for eligible projects. The city's matching funds were drawn from pooled TIF dollars transferred to the Affordable Housing Trust Fund on Sept. 13, 2021. The city has verified the match requirement by funding for the Amira Minnetonka project, which received \$400,000 from the AHTF to provide 10 units at 50% AMI and 9 units at 60% AMI. The project was completed in 2023, and there are no further matching requirements.

Staff have been working with Minnesota Housing to develop a work plan for the funding and gather the necessary due diligence items to proceed with execution of the contract. Minnesota Housing accepted all the due diligence items from staff, and the agreement has been finalized and is attached to the report.

Once the agreement is executed, staff can access the grant funds at the beginning of 2026.

Staff recommends that the city council adopt the resolution accepting the grant funds and authorizing execution of the grant agreement with Minnesota Housing.

**ATTACHMENTS:**

[Resolution](#)  
[Agreement](#)