



**10.05 LOCAL HOUSING TRUST FUND**  
**HOUSING & REDEVELOPMENT AUTHORITY**  
**Enabling Legislation:** Ordinance No. 1034  
**Date Adopted:** 04/21/2026  
**Revised:**

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**1. PURPOSE**

The City of Northfield has established a Local Housing Trust Fund to provide a source of funds to facilitate the housing needs of extremely low-, low- and moderate-income individuals and families of the City. The Local Housing Trust Fund shall be a permanent endowment and continually renewable source of revenue to provide loans, loan guarantees and grants to non-profit and for profit (as a City partner) housing developers for capital and soft costs necessary for 1) rental assistance and homeownership assistance to extremely low-, low- and moderate-income individuals and families; 2) for the rehabilitation and preservation of existing multi-family residential rental housing including Naturally Occurring Affordable Housing (NOAH); and 3) the creation of new affordable rental and owner-occupied housing.

This policy is intended to set forth the general requirements and guidelines regarding the use of the Local Housing Trust Fund. The Housing and Redevelopment Authority (HRA) may modify the terms at any time.

**2. FUNDING THE LOCAL HOUSING TRUST FUND**

The primary source of funding for the Local Housing Trust Fund is an annual budgeted allocation of funds from the City's HRA Tax Levy as approved by the City Council. Other sources for funding for the Local Housing Trust Fund may include, but are not limited to the funding sources listed in Sec. 2-52. of ordinance No. 1034 – Establishing a Local Housing Trust Fund.

HRA staff is directed to take all actions necessary to capitalize and maintain the fund balance in the Local Housing Trust Fund to the extent that funds are subject to restrictions as to their use by virtue of the source of such funds. The Local Housing Trust Fund will contain sub accounts to ensure that such restrictions as to the reuse of the funds are met.

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**3. OBJECTIVES**

The objective of the Local Housing Trust Fund is to assist in funding programs and projects that create new affordable rental and homeownership housing opportunities and to rehabilitate and preserve existing affordable housing units in the City of Northfield.

Initiatives will strive to provide balanced and sustainable affordable housing options responsive to the present and future diversified needs in the community for extremely low-, low- and moderate-income households.

The Local Housing Trust Fund will promote community revitalization and reinvestment by creating and preserving viable, safe and well-maintained affordable housing developments and expanding options for affordable homeownership for extremely low-, low- and moderate-income households.

**4. USE OF THE LOCAL HOUSING TRUST FUND**

As a matter of policy, the Local Housing Trust Fund will only be used to assist proposed projects or programs to develop or preserve affordable housing opportunities for individuals and families at or below 115% Area Median Income.

The following general guidelines will be followed in connection with the use of funds from the Local Housing Trust Fund:

- a) The types of uses of the Local Housing Trust Fund will include, but not be limited to the following: i) the making of loans at interest rates below or at market rates, including no-interest, deferred, and forgivable loans, in order to strengthen the financial feasibility of proposed projects; (ii) the guaranteeing of loans; (iii) the provision of gap financing for affordable housing developments; (iv) the financing of acquisition, demolition, and disposition; (v) the financing of the construction of public improvements and utilities to aid proposed affordable residential developments; (vi) the financing of rehabilitation, remodeling, or new construction of affordable housing; (vii) tenant and project based rental assistance; (viii) administrative costs associated with affordable housing programs (not to

exceed 10 percent of the fund's balance); and (ix) any other uses as permitted by applicable law and approved by the Council.

- b) The Local Housing Trust Fund may be used to provide interim/temporary financing of public cost for affordable housing projects in anticipation of a permanent financing source (i.e. construction financing, bond sale, etc.)
- c) To the extent possible the Local Housing Trust Fund will be secured by liens, letters of credit, tax increment, or other forms of reasonable security.
- d) Consideration regarding the establishment of applicable terms on loans from the Local Housing Trust Fund, including interest rates and deferral provisions, will be established by the City at the time of approval of a specific project or program.

## **5. PROCESS**

In establishing projects and programs to be financed using the Local Housing Trust Fund, the HRA shall to the extent possible:

- a) Establish guidelines and criteria for each project or program to be assisted.
- b) Establish a timeframe for completing the project or program and the repayment terms to the Local Housing Trust Fund, if applicable.
- c) Prepare a financing plan for the project or program for review and approval by the HRA and by other entities as may be required by state law.