



**ECONOMIC DEVELOPMENT AUTHORITY**

<b>AGENDA SECTION</b>	<b>BUSINESS ITEMS</b>
<b>MEETING DATE</b>	<b>10/06/2025</b>

<b>ITEM:</b>	<b>NOAH Program Proposal Review.</b>		
<b>DEPARTMENT:</b>	Community Development	<b>BY/DATE:</b>	CD Coordinator, 10/03/2025
<b>CORE CITY STRATEGIES:</b> <i>(please indicate areas that apply by adding an "X" in front of the selected text below)</i>			
<input type="checkbox"/> Community that Grows with Purpose and Equity		<input type="checkbox"/> Engaged, Effective and Forward-Thinking	
<input type="checkbox"/> High Quality Public Spaces		<input type="checkbox"/> Resilient and Prosperous Economy	
<input checked="" type="checkbox"/> Safe, Accessible and Built for Everyone		<input type="checkbox"/> Inclusive and Connected Community	

**BACKGROUND:**

Following EDA discussions in February and June, staff are bringing forward a proposal for the creation of the Columbia Heights Naturally Occurring Affordable Housing (NOAH) Loan Program.

As explained during the June EDA meeting, staff consulted with the Minnesota Center for Energy and Environment (CEE) for the program’s development. CEE is a nonprofit organization that partners with many Minnesota cities on housing grant and loan programs. Given its years of experience and its ongoing government partnerships across the Twin Cities metro area, CEE has both the capacity and the expertise necessary to act as loan originator, loan servicer, and, as applicable for any projects not subject to City permitting, inspector.

The EDA provided specific and substantial direction to staff for the program’s design during its June meeting. The Commission’s guidance included details about program form and function, loan amounts and terms, types of eligible properties, income and rental restrictions, and types of eligible project activities, amongst other items. Staff subsequently worked closely with the EDA’s legal counsel and CEE to develop a program that would incorporate the EDA’s guidance and respond to its intent. The attached draft program documents reflect the EDA’s direction and have already been reviewed, revised, and approved by the EDA’s legal counsel and CEE. During tonight’s meeting, it is staff’s goal to gain EDA approval of the substantive details of the NOAH Loan Program, as laid out in these documents, and to obtain the EDA’s authorization to move forward with implementation in order to launch the program on January 1, 2026.

Program Administration:

Staff and CEE have discussed program administration and established clear roles for the proposed partnership. Both the City and CEE will market the NOAH Loan Program. Both parties will also be involved at different points of each loan and project. To begin, when a property owner is interested in the program, they will apply directly with CEE and be guided through the application by one of CEE’s loan officers. The loan officer will answer any applicant questions concerning eligibility and will liaise with City staff for approval items such as the conforming/legal nonconforming use and “in good standing” requirements. Once a loan application has been approved, CEE will underwrite the loan and complete the closing process. Project work may begin

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following the closing. As soon as the project work is complete, CEE will again liaise with the City to arrange for final inspections as required by the types of activities completed using project funds. Following final inspections, the loan funds will be disbursed. CEE will invoice the City monthly for loan disbursements and administrative costs.

These partnership roles and processes are typical for local government loan programs administered by CEE. As described, they expedite timelines for applicants while ensuring that City staff remain involved in each application and project. This gives staff the opportunity to closely track implementation and provide regular updates to the EDA.

Program Budget:

For the initial launch, staff propose to fund the NOAH Loan Program through two sources: EDA Fund 408 for administrative costs and the City's Local Housing Trust Fund for loans. At its September meeting, the EDA resolved to include \$10,000 in Fund 408's 2026 budget for NOAH Loan Program administrative costs. The City's Local Housing Trust Fund currently holds the City's Local Affordable Housing Aid (LAHA) dollars, which have specific expenditure requirements that are well-suited to use for NOAH preservation but are not eligible for use for administrative costs.

Concerning the funding of the loans themselves, staff recommend using LAHA funds from 2024-2025 to fund Program Year (PY) 2026. Staff then recommend that in each subsequent year the EDA dedicate a portion of – or all of – the City's annual LAHA funds to support the loans in the following PY. For example, 2026 LAHA funds would fund PY 2027 loans, then 2027 LAHA funds would fund PY 2028 loans. The current draft program documents establish an initial contract period through December 31, 2028.

At the close of the 2025 calendar year, the City's Local Housing Trust Fund will contain approximately \$533,126.67. This amount is comprised of the City's 2024 and 2025 LAHA disbursements. For PY 2026, staff recommend budgeting \$350,000.00 from the Trust Fund toward loans granted through the NOAH Loan Program. This would leave \$183,126.67 of 2024-2025 LAHA funds undedicated, for use in other housing programs or projects. Barring shifts in legislative priorities, staff expect that the City will continue to receive LAHA funds annually, with an additional \$390,000 (approx.) anticipated to be received in 2026. In the event that the State were to discontinue distribution of LAHA funds, the EDA would need to consider flexing funds from other strategies or programs.

By granting approval at tonight's meeting, the EDA is agreeing to a budget with CEE; specifically, it is confirming that it will dedicate \$360,000 in funds (loan and admin costs) for the program. Since the City is in the middle of its annual budget process, staff do not recommend that the EDA amend the proposed 2026 Local Housing Trust Fund (Fund 205) expenditures in order to reflect the new program. At a later date, staff will bring forth an amendment to Fund 205 solidifying the decision by the EDA to dedicate \$350,000 to the NOAH Loan Program. This is similar to 2025, in which the EDA established a budget amendment mid-year in order to better align its expenditures with the goals it defined at the beginning of the year.

**STAFF RECOMMENDATION:**

Community Development staff recommend that the EDA review the attached draft program documents and Resolution 2025-27, then move to authorize creation and implementation of the Columbia Heights Naturally Occurring Affordable Housing (NOAH) Loan Program.

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**RECOMMENDED MOTION(S):**

MOTION: Move to waive the reading of Resolution 2025-27, there being ample copies available to the public.

MOTION: Move to approve Resolution 2025-27, a resolution of the Economic Development Authority of Columbia Heights, Minnesota, approving the creation and implementation of the Columbia Heights Naturally Occurring Affordable Housing (NOAH) Loan Program.

**ATTACHMENT(S)**

1. Resolution 2025-27
2. Draft NOAH Loan Program Contract
3. Draft NOAH Loan Program Guidelines (Exhibit A)
4. Draft NOAH Loan Program Budget (Exhibit B)