

ORDINANCE NO. 2025-01

**AN ORDINANCE ESTABLISHING A LOCAL HOUSING TRUST FUND  
IN THE CITY OF FAIRMONT, MINNESOTA**

**THE CITY OF FAIRMONT DOES ORDAIN THAT:**

SECTION 1. Fairmont City Code, Chapter, Chapter Title and Article to be determined per current recodification project - Local Housing Trust Fund, as follows:

**Section 1: GENERAL PROVISIONS**

1.1. Authority. This Ordinance is adopted pursuant to Minnesota Statutes, Section 462C.16 (the "Statute").

1.2. Establishment and Purpose. Pursuant to the Minnesota Statute, there is hereby created and established for the City of Fairmont, Minnesota (the "City"), a "local housing trust fund", as defined by the Statute, to be known as the City of Fairmont, Minnesota, Local Housing Trust Fund (the "Trust Fund"), for the purpose of providing financial assistance to meet the housing needs of the City as outlined in Section 4, Trust Fund Distributions. The Trust Fund shall have one or more dedicated sources of funding outlined in 3.2, Sources.

1.3. Administration. The Trust Fund, and the Trust Fund Account established therefore by Section 3.1 of this Ordinance, shall be administered and maintained by the City Community Development Director. The City reserves the right to designate a nonprofit organization as a successor administrator, as permitted by subdivision 2(b) of the Statute.

**Section 2: DEFINITIONS**

- 2.1. "Administration" means the City of Fairmont Community Development Director or his or her designee, and any successor of the City of Fairmont will administer this Trust Fund.
- 2.2. "Assisted Unit" means any Unit that has received assistance from the Trust Fund;
- 2.3. "City" means the City of Fairmont, Minnesota;
- 2.4. "Project" means any development or rehabilitation of one or more Units;
- 2.5. "Recipient" means any residential property owner, whether an individual, non-profit or for-profit developer, or local unit of government, that receives financial assistance from the Trust Fund;

- 2.6 "Trust Fund" means the City of Fairmont, Minnesota, Local Housing Trust Fund; and
- 2.7 "Unit" means any single residential housing unit, whether rented or owned.

### **Section 3: TRUST FUND ACCOUNT; SOURCE OF TRUST FUNDS**

3.1 Account. There is also hereby established a Trust Fund Account, to be maintained and administered by the City Finance Director. All funds received on behalf of the Trust Fund shall be deposited into the Trust Fund Account.

3.2 Sources. A local government may finance its Trust Fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

- (a) donations;
- (b) bond proceeds;
- (c) grants and loans from a state, federal, or private source;
- (d) appropriations by a local government to the Trust Fund;
- (e) investment earnings of the Trust Fund; and
- (f) City and housing and redevelopment authority levies.

The Trust Fund Account shall also be funded with fees, and principal and interest payments due and payable under loans for Projects originating from the Trust Fund and provided to Recipients.

The City Finance Director may also invest and reinvest any monies held in the Trust Fund, subject to state law, and all earnings thereof shall be deposited in the Trust Fund Account to be used as provided herein.

### **Section 4: TRUST FUND DISTRIBUTIONS**

- 4.1 Expenditures. The Administrator shall only expend money in the Trust Fund Account to:
- (a) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
  - (b) match other funds from federal, state, or private resources for housing projects;
  - (c) provide down payment assistance, rental assistance, and home buyer counseling services; and
  - (d) pay for administrative expenses but not more than 10 percent of the balance of the fund may be spent on administration.

4.2 Approvals. No disbursements over \$10,000 may be made from the Trust Fund Account without the prior approval of the City Council. For any Project requesting an amount over \$10,000, the City Community Development Director shall prepare a report and present recommendations to the City Council at the next City Council.

4.3 Agreements. Each Recipient shall enter into one or more agreements, which shall provide the terms and conditions of such assistance, whether in the form of a loan or grant, and provide for any collateral or security as such assistance may require. The City Community Development Director shall develop forms of such agreements to be approved by City Council. The City Community Development Director shall enforce the terms and conditions of any agreements entered with Recipients.

4.4 Eligible Costs. Recipients may use the funds received to pay for: capital costs, including but not limited to the actual costs of rehabilitating or constructing Assisted Units; converting existing non-residential buildings to create new Assisted Units; real property acquisition costs; and professional service costs, including but not limited to, those costs incurred for architectural, engineering, planning and legal services which are attributable to the creation of Assisted Units.

## Section 5: REPORTING

5.1. Annual Reports. By January 31<sup>st</sup> of every year, the City Finance Director shall prepare and submit an annual report to the City of all activities of the Trust Fund occurring during the most recent period from January 1 to December 31, which shall include at a minimum:

- (a) the income and expenditures of the Trust Fund Account;
- (b) the beginning and ending balance of the Trust Fund Account;
- (c) all assets, obligations, and liabilities of the Trust Fund;
- (d) loans and grants made to Recipients, and the description of the Projects benefited, including the number of Assisted Units; and
- (e) any other information required by the Statute or other state law, or requested by the City.

5.2. Posting of Report. The City shall post the report prepared by the City Finance Director on its public website as required by the Statute.

## Section 6: MISCELLANEOUS

6.1 Severability. If any provision of this Ordinance or the application thereof is held invalid, said invalidity does not affect the other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and for this purpose, the provisions of the Ordinance are severable.

SECTION 2: This Ordinance shall take effect immediately after its publication.

Passed by the City Council of the City of Fairmont, Minnesota, this \_\_\_\_ day of \_\_\_\_\_ 2025.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

*First Reading:*

Date: \_\_\_\_\_

Ayes: \_\_\_\_\_  
Nays: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Abstain \_\_\_\_\_

*Second Reading:*

Date: \_\_\_\_\_

Ayes: \_\_\_\_\_  
Nays: \_\_\_\_\_  
Absent: \_\_\_\_\_  
Abstain \_\_\_\_\_

*Published:*

Date: \_\_\_\_\_