



## City of Duluth HOME-ARP Allocation Plan

### Consultation

***Describe the consultation process including methods used and dates of consultation:***

To develop this Allocation Plan, the City of Duluth (“the City”) sought input from community members as well as agencies and non-profit organizations that serve members of HOME-ARP’s Qualifying Populations. First, the City distributed a Community Needs Assessment Survey that was open to all members of the public for three weeks beginning on April 29, 2022. The survey closed on May 23, 2022. Respondents were asked to identify the eligible HOME-ARP activities that meet the most pressing needs of the City’s Qualifying Populations.

Next, the City’s Community Development Committee held a public hearing on June 21<sup>st</sup> where agencies funded by HUD entitlement money offered testimony regarding their program performance, future plans, and recent trends among the Qualifying Populations they serve.

Finally, on June 29<sup>th</sup> the City hosted a virtual HOME-ARP consultation meeting with the local Continuum of Care and other agencies serving Qualifying Populations. This meeting focused specifically on the needs of each specific Qualifying Population in our community.

***List the organizations consulted:***

Agency/Org Consulted	Type of Agency/Org	Method of Consultation	Feedback
<b>The Salvation Army</b>	Non-Profit	Survey & Meeting	There is not enough family shelter space, or space in shelters
<b>YWCA Duluth</b>	Non-Profit	Survey & Meeting	We don’t have enough units for the need.
<b>St. Louis County</b>	Government	Survey & Meeting	People need holistic support and culturally-specific services.
<b>SOAR Career Solutions</b>	Non-Profit	Survey & Meeting	Need support even beyond housing in order to make housing stable
<b>AICHO</b>	Non-Profit	Survey & Meeting	People are struggling to maintain a home once they do get housing.
<b>Duluth HRA</b>	Housing Authority	Survey & Meeting	Existing units need upkeep & requests for rental assistance are growing more expensive.



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<b>LISC-Duluth</b>	Non-Profit	Survey & Meeting	It is critical that housing units are added.
<b>Safe Haven</b>	Non-Profit	Survey & Meeting	We're noticing longer stays because it's very rare to find housing in 30 days.
<b>Accessible Space</b>	Non-Profit	Survey & Meeting	More accessible units!
<b>Lutheran Social Services</b>	Non-Profit	Survey & Meeting	Youth exiting foster care often face homelessness when they turn 18.
<b>Churches United in Ministry</b>	Non-Profit	Survey & Meeting	Seeing a lot more mental health and chemical health needs.
<b>One Roof Community Housing</b>	Non-Profit	Survey & Meeting	There are not enough affordable units.
<b>Center City Housing Corporation</b>	Non-Profit	Survey & Meeting	More funding for maintenance of existing units.
<b>Life House</b>	Non-Profit	Survey & Meeting	LGBTQ+2S youth may be kicked out of their house when they come out.

***Summarize feedback received and results of upfront consultation with these entities:***

The most succinct summary came from a service provider during the consultation phase: “There are not enough units to meet the need.” That basic problem was echoed in other forms by many other organizations, all of whom emphasized the fact that both shelter beds and affordable homes are very scarce in this city. At the same time, housing vouchers are proving difficult to use in Duluth’s rental market. Under these conditions, it is no surprise that the number of people experiencing homelessness continues to rise even as more units are added each year.

Several other themes emerged from the consultation phase. First, existing units and shelter spaces have ongoing, significant need for maintenance and rehabilitation projects. Even costs for routine work have increased because of recent inflation. The COVID-19 pandemic has also meant that many shelters have experienced particularly heavy use, or longer-term stays, creating significantly more wear on these properties while affording fewer opportunities to make repairs.

Another consistent theme during the City’s consultation phase was the need for mental health services. Many agencies noted an increase in mental health and chemical dependency issues over the past two years. Several referenced the need for holistic, culturally-appropriate models of support for these individuals and many agreed with the broader need for them to find safe living spaces.



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Agencies who work with young people observed that smaller shelters often work better for that age group. They also noted that many teenagers prefer to enter shelter spaces with a friend or a sibling, and there is a need for more spaces intended to accommodate the unique needs of this population.

Finally, several agencies cited a need for follow-up services for people who do find permanent housing. Several shared examples of clients who either struggled to navigate the bureaucracy needed to live independently (one did not know how to secure a money order to pay rent), or did not understand more functional aspects of independent living, such as basic house cleaning or utility management.

Duluth's community of caregivers and service providers is accustomed to the creative collaboration that serving these populations always requires. They agreed that the most pressing need was also the most basic: there are not enough housing units for these populations.

## **Public Participation**

***Describe the public participation process, including information about and the dates of the public comment period and public hearing(s) held during the development of the plan:***

- ***Date(s) of public notice: 7/30/2022***
- ***Public comment period: start date - 8/1/2022 end date - 8/16/2022***
- ***Date(s) of public hearing: 8/16/2022***

***Describe the public participation process:***

The City of Duluth's Allocation Plan will be published on the City's website on July 30, 2022 and notice of a public comment period and public hearing will be published in the Duluth News Tribune on July 30, 2022. Notice will also be published on social media. A 15-day public comment period will run from August 1<sup>st</sup> through August 16<sup>th</sup>, 2022, with a public hearing scheduled before the Community Development Committee on August 16<sup>th</sup>, 2022.

***Describe efforts to broaden public participation:***

In addition to publishing notice in the Duluth News Tribune, the City will also link to the Allocation Plan and solicit public comments via social media. The Affordable Housing Coalition and the Heading Home Advisory Council (Duluth's local Continuum of Care) have each been consulted during the development of this Plan and both groups are aware of the public comment period and public hearing. In an effort to reach community members without internet access, the City of Duluth will also make copies of the Allocation Plan available at all three branches of the



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public library. Feedback forms will also be available at each library branch and city staff will collect them prior to the public hearing.

***Summarize the comments and recommendations received through the public participation process either in writing, or orally at a public hearing:***

*To be drafted after public comment period.*

***Summarize any comments or recommendations not accepted and state the reasons why:***

*To be drafted after public comment period.*

## **Needs Assessment and Gaps Analysis**

***Describe the size and demographic composition of qualifying populations within the PJ's boundaries:***

According to official data collected by service providers and street outreach teams, the City of Duluth is home to at least 2,413 individuals who meet the criteria for one or more Qualifying Population under HOME-ARP. This includes approximately 1,237 individuals experiencing homelessness as defined in 24 CFR 91.5, 700 individuals at risk of experiencing homelessness as defined in 24 CFR 91.5, 532 individuals fleeing domestic violence, and more than 120 individuals requiring services or housing assistance to prevent homelessness, or otherwise at greatest risk of housing instability. These numbers have been increasing over the past five years and are continuing to rise.

Because there is some overlap among Qualifying Populations, city staff determined that the best way to present accurate demographic information would be to consider the four Qualifying Populations together. That information is detailed below.

Most of Duluth's Qualifying Populations are comprised of adults, but they also include at least 370 children, approximately 83 of whom are living in emergency shelters, Safe Haven, or places not meant for habitation.

In a city where 84% of the total population is white, white people comprise only 48% of Duluth's Qualifying Populations. Indigenous persons, on the other hand, only represent 2.4% of Duluth's total population but they make up 25% of the City's Qualifying Populations. Similarly, Black, African American or African individuals represent 3.5% of the City's total population but 15% of Duluth's Qualifying Populations. Mixed-race individuals are also over-represented within the City's Qualifying Populations, comprising 5.6% of the City's total population and 11.5% of the Qualifying Populations.



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Finally, many members of Duluth’s Qualifying Populations struggle with physical or mental health conditions. Mental Health Disorders were reported among 55% of the City’s Qualifying Populations and 35% are experiencing Alcohol Use Disorder, Drug Use Disorder, or both. Physical Disabilities were reported among 24% of Duluth’s Qualifying Populations and Developmental Disabilities were reported among 8%. And 18% of Duluth’s Qualifying Populations are experiencing Chronic Health Conditions.

***Identify and consider the current resources available to assist qualifying populations, including congregate and non-congregate shelter units, supportive services, TBRA, and affordable and permanent supportive rental housing (Optional):***

Duluth’s most recent Housing Indicator Report shows that the City has 222 emergency shelter beds and 180 transitional housing beds. The City also has 537 permanent supportive housing beds, 70 rapid rehousing beds, and 486 other permanent housing beds.

A strong network of service providers relies heavily on annual entitlement funding to provide counseling, skills training, outreach, food, and other support to Duluth’s qualifying populations. Duluth’s Housing and Redevelopment Authority administers the city’s Tenant Based Rental Assistance program.

***Describe the unmet housing and service needs of qualifying populations:***

***Homeless as defined in 24 CFR 91.5***

The City’s data review and consultation process offered a clear picture of the greatest unmet need among people experiencing homelessness: there are simply not enough units to meet the demand. Approximately 1,237 individuals experience some form of homelessness in Duluth each year. The City only has 402 beds in emergency shelters and transitional housing. There are 110 emergency shelter beds for families, a number that several service providers described as much too low. Of the units and shelters that do exist, many are in need of significant maintenance or repair after especially heavy use and prolonged stays during the pandemic.

Service providers also noted that family emergency shelter space and shelter for young people ages 18-24 was particularly difficult to find. Others noted that very few shelters allow animals, which can deter people unwilling to leave their pet from seeking shelter space.



There is also an ongoing need for holistic, culturally-appropriate services to support people experiencing homelessness. This is particularly true as service providers have seen increased mental health and chemical dependency issues among this population during the pandemic.

***At Risk of Homelessness as defined in 24 CFR 91.5***

People at risk of experiencing homelessness are struggling with the same fundamental challenge as the homeless population: there are not enough affordable units to house everyone. There are at least 700 individuals at risk of homelessness in Duluth and only 537 beds in permanent supportive housing. Many of these units are also in need of maintenance and repair. Service providers noted that rental assistance requests are becoming more expensive and harder to cover with existing funding streams.

Some members of this population are people who have found housing but need supportive services to maintain it; sometimes the stressors created by having to pay rent and bills and keep an apartment clean are greater than the stress of being unhoused.

Youth exiting foster care often face the reality of homelessness when they turn 18. More space and support is needed for them. The same is true for LGBTQ+2S youth who may be kicked out of their home after coming out. Often they are struggling with behavioral health or chemical dependency in addition to housing needs.

***Fleeing, or Attempting to Flee, Domestic Violence, Dating Violence, Sexual Assault, Stalking, or Human Trafficking, as defined by HUD in the Notice***

In Duluth, at least 532 individuals fled or attempted to flee domestic violence during the past year. Here again, safe shelter space is at a premium. There are 39 beds currently available and there will soon be close to 70 after two shelter renovation projects are complete. This is still unlikely to meet the need for beds because most operate as 30 day shelters and it is very rare to find permanent housing in 30 days.

Service providers emphasized the need for more spaces that allow pets among this population as well. Others mentioned a need for more private space within shelters and more flexibility in terms of how shelters operate. People need storage units, money for travel and car repair in addition to shelter space.

***Other populations requiring services or housing assistance to prevent homelessness and other populations at greatest risk of housing instability as defined by HUD in the Notice***

There are at least 120 individuals in Duluth who belong to populations requiring services or housing assistance to prevent homelessness or who are at great risk of housing instability. In addition to greater access to affordable homes, these people are often in need of wrap-around or follow-up services to ensure that they are properly maintaining their home and receiving the care they need.



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***Identify any gaps within the current shelter and housing inventory as well as the service delivery system:***

In Duluth, approximately 1,237 people experience some form of homelessness each year. Right now, only 402 emergency shelter or transitional housing beds are available. Zooming out to consider members of all four HOME-ARP Qualifying Populations, approximately 2,413 individuals are at risk for homelessness or housing instability each year. Yet the City has only 70 beds available for rapid re-housing. There are only 75 permanent supportive family housing units. Altogether, Duluth has only 1,477 beds to serve a Qualifying Population almost 40% larger.

***Under Section IV.4.2.ii.G of the HOME-ARP Notice, a PJ may provide additional characteristics associated with instability and increased risk of homelessness in their HOME-ARP allocation plan. These characteristics will further refine the definition of “other populations” that are “At Greatest Risk of Housing Instability,” as established in the HOME-ARP Notice. If including these characteristics, identify them here:***

N/A

***Identify priority needs for qualifying populations:***

Duluth’s Qualifying Populations need more affordable units, more shelter units, more transitional units, and better upkeep for all existing units. Both city data and agency testimony show these as key priorities.

Other needs include follow-up services after members of Qualifying Populations move to permanent housing, and more mental health and chemical dependency care as the prevalence of these conditions continue to rise.

Requests for rental assistance are rising as rents rise, and service providers are bracing for additional requests now that the eviction moratorium has expired.

***Explain how the PJ determined the level of need and gaps in the PJ’s shelter and housing inventory and service delivery systems based on the data presented in the plan:***

Based on city data, community input and consultation with agencies, and collaboration with the St. Louis County Continuum of Care, the Community Development Committee identified more affordable housing units and more non-congregate shelter spaces as the most pressing needs for the City’s Qualifying Populations. The Community Development Committee also recognized a need to support service providers as they work to provide ongoing support and rental assistance for members of Qualifying Populations.



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## HOME-ARP Activities

***Describe the method(s) that will be used for soliciting applications for funding and/or selecting developers, service providers, subrecipients and/or contractors:***

The City of Duluth will request proposals from organizations to complete eligible HOME-ARP activities. The Request for Proposals will be processed through the City’s purchasing office. City staff will prepare the applications for review by Duluth’s Community Development Committee. The Community Development Committee will review and score each application and make funding recommendations aligned with the funding priorities described in this Plan.

The Community Development Committee will take public comments on the HOME-ARP funding proposals for 15-days and hold a public hearing, after which they will vote to recommend the funding proposal to Duluth’s City Council. If the City Council votes to adopt the funding proposal and the Mayor approves, city staff will notify funding recipients and work with the purchasing and finance offices to distribute the award.

***Describe whether the PJ will administer eligible activities directly:***

The City of Duluth will award HOME-ARP funding to sub-recipients who will carry out eligible activities.

***If any portion of the PJ’s HOME-ARP administrative funds are provided to a subrecipient or contractor prior to HUD’s acceptance of the HOME-ARP allocation plan because the subrecipient or contractor is responsible for the administration of the PJ’s entire HOME-ARP grant, identify the subrecipient or contractor and describe its role and responsibilities in administering all of the PJ’s HOME-ARP program:***

The City of Duluth will administer its own HOME-ARP program.

### Use of HOME-ARP Funding

	Funding Amount	Percent of the Grant	Statutory Limit
Supportive Services	\$ 198,665.80	10%	
Acquisition and Development of Non-Congregate Shelters	\$ 496,664.50	25%	
Tenant Based Rental Assistance (TBRA)	\$ 99,332.90	5%	
Development of Affordable Rental Housing	\$ 695,330.30	35%	
Non-Profit Operating	\$ 99,332.90	5 %	5%
Non-Profit Capacity Building	\$ 99,332.90	5%	5%
Administration and Planning	\$ 297,998.70	15 %	15%





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<b>Total HOME ARP Allocation</b>	\$ 1,986,658.00		
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***Describe how the PJ will distribute HOME-ARP funds in accordance with its priority needs identified in its needs assessment and gap analysis:***

The greatest portion of Duluth’s HOME-ARP award will be distributed to projects developing affordable rental housing and developing non-congregate shelters. The City’s greatest needs are affordable housing units and shelter space, so the Community Development Committee recommends that 60% of the City’s award be allocated to these programs, with 35% going towards affordable housing and 25% going towards non-congregate shelters. The Community Development Committee recognized the ongoing need for supportive services, particularly follow-up services, new mental health services, and new chemical dependency services and recommends allocating 10% of the City’s award for these projects. Staff of the City’s TBRA program has stated more units are needed to help fully utilize their funding, so the Community Development Committee recommends a smaller 5% allocation for this program. Opportunities to fund non-profit capacity building and operations are rare so the Community Development Committee recommends taking advantage with the hope of funding some creative new organizations serving Duluth’s Qualifying Populations.

***Describe how the characteristics of the shelter and housing inventory, service delivery system, and the needs identified in the gap analysis provided a rationale for the plan to fund eligible activities:***

The City of Duluth has insufficient affordable housing units and shelter beds to serve Qualified Populations in the community. The City’s data clearly shows this shortfall and the consequences for community members and service providers were consistent themes during consultation. Resources to maintain the existing stock of affordable units and emergency shelters is also badly needed. As a result, the Community Development Committee determined that allocating the most significant percentages of Duluth’s HOME-ARP award to affordable rental housing projects and non-congregate shelter projects would be the best way to address unmet need.

Qualifying Populations are experiencing greater need for mental health and chemical dependency services, and service providers note that permanent housing placements would be more stable with additional follow-up services. The Community Development Committee decided to award \$198,665 to support organizations providing services like this, which is more than 50% of Duluth’s 2022 entitlement allocation for Public Services.

Duluth’s rental assistance program has been slow to spend some of its existing funds, but the Community Development Committee anticipates more spending now that the eviction moratorium has been lifted. The Committee determined that an additional \$99,332 will give the program some greater cushion when that happens.



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The Community Development Committee also recognized the opportunity to fund non-profit capacity building and operating expenses could be particularly beneficial to several creative new organizations. Allocating \$99,332 towards each of these efforts will help make service delivery more sustainable, particularly for younger non-profits.

## **HOME-ARP Production Housing Goals**

***Estimate the number of affordable rental housing units for qualifying populations that the PJ will produce or support with its HOME-ARP allocation:***

The Community Development Committee has recommended putting \$695,330.30 from Duluth's HOME-ARP award towards producing or supporting affordable rental housing units as part of an ongoing effort to create the approximately 400 new units the City needs in order to adequately serve the community. The number of affordable rental housing units the City will actually produce or support will depend on what proposals are submitted during the application process. Based on past experience, this allocation could produce or support between 20 and 50 units.

***Describe the specific affordable rental housing production goal that the PJ hopes to achieve and describe how the production goal will address the PJ's priority needs:***

The number of affordable rental housing units the City will produce will depend on what proposals are submitted during the application process. Based on past experience, this allocation could produce between 10 and 40 units.



## Preferences

***Identify whether the PJ intends to give preference to one or more qualifying populations or a subpopulation within one or more qualifying populations for any eligible activity or project:***

The CD Committee has determined that need is great enough among all Qualifying Populations that it would be too limiting to establish preferences. Therefore, no preference will be given among Qualifying Populations or within individual Qualifying Populations.

***If a preference was identified, explain how the use of a preference or method of prioritization will address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ's needs assessment and gap analysis:***

N/A

## Referral Methods

***Identify the referral methods that the PJ intends to use for its HOME-ARP projects and activities. PJ's may use multiple referral methods in its HOME-ARP program. (Optional):***

The City of Duluth works closely with the St. Louis County Continuum of Care and will use the established coordinated entry process to manage referrals.

***If the PJ intends to use the coordinated entry (CE) process established by the CoC, describe whether all qualifying populations eligible for a project or activity will be included in the CE process, or the method by which all qualifying populations eligible for the project or activity will be covered. (Optional):***

All members of all qualifying populations are included in the CE process.

***If the PJ intends to use the CE process established by the CoC, describe the method of prioritization to be used by the CE. (Optional):***

There is no prioritization in the established CE process.

***If the PJ intends to use both a CE process established by the CoC and another referral method for a project or activity, describe any method of prioritization between the two referral methods, if any. (Optional):***

N/A

## Limitations in a HOME-ARP rental housing or NCS project

### Template



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***Describe whether the PJ intends to limit eligibility for a HOME-ARP rental housing or NCS project to a particular qualifying population or specific subpopulation of a qualifying population identified in section IV.A of the Notice:***

The Community Development Committee determined that preserving broad eligibility for HOME-ARP rental housing and NCS projects would elicit the strongest proposals. Therefore, no limitations on eligibility will be established.

***If a PJ intends to implement a limitation, explain why the use of a limitation is necessary to address the unmet need or gap in benefits and services received by individuals and families in the qualifying population or subpopulation of qualifying population, consistent with the PJ's needs assessment and gap analysis:***

N/A

***If a limitation was identified, describe how the PJ will address the unmet needs or gaps in benefits and services of the other qualifying populations that are not included in the limitation through the use of HOME-ARP funds (i.e., through another of the PJ's HOME-ARP projects or activities):***

N/A

## **HOME-ARP Refinancing Guidelines**

If the PJ intends to use HOME-ARP funds to refinance existing debt secured by multifamily rental housing that is being rehabilitated with HOME-ARP funds, the PJ must state its HOME-ARP refinancing guidelines in accordance with [24 CFR 92.206\(b\)](#). The guidelines must describe the conditions under which the PJ will refinance existing debt for a HOME-ARP rental project, including:

- ***Establish a minimum level of rehabilitation per unit or a required ratio between rehabilitation and refinancing to demonstrate that rehabilitation of HOME-ARP rental housing is the primary eligible activity***

N/A

- ***Require a review of management practices to demonstrate that disinvestment in the property has not occurred; that the long-term needs of the project can be met; and that the feasibility of serving qualified populations for the minimum compliance period can be demonstrated.***

N/A



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- *State whether the new investment is being made to maintain current affordable units, create additional affordable units, or both.*

N/A

- *Specify the required compliance period, whether it is the minimum 15 years or longer.*

N/A

- *State that HOME-ARP funds cannot be used to refinance multifamily loans made or insured by any federal program, including CDBG.*

N/A

- *Other requirements in the PJ's guidelines, if applicable:*

N/A