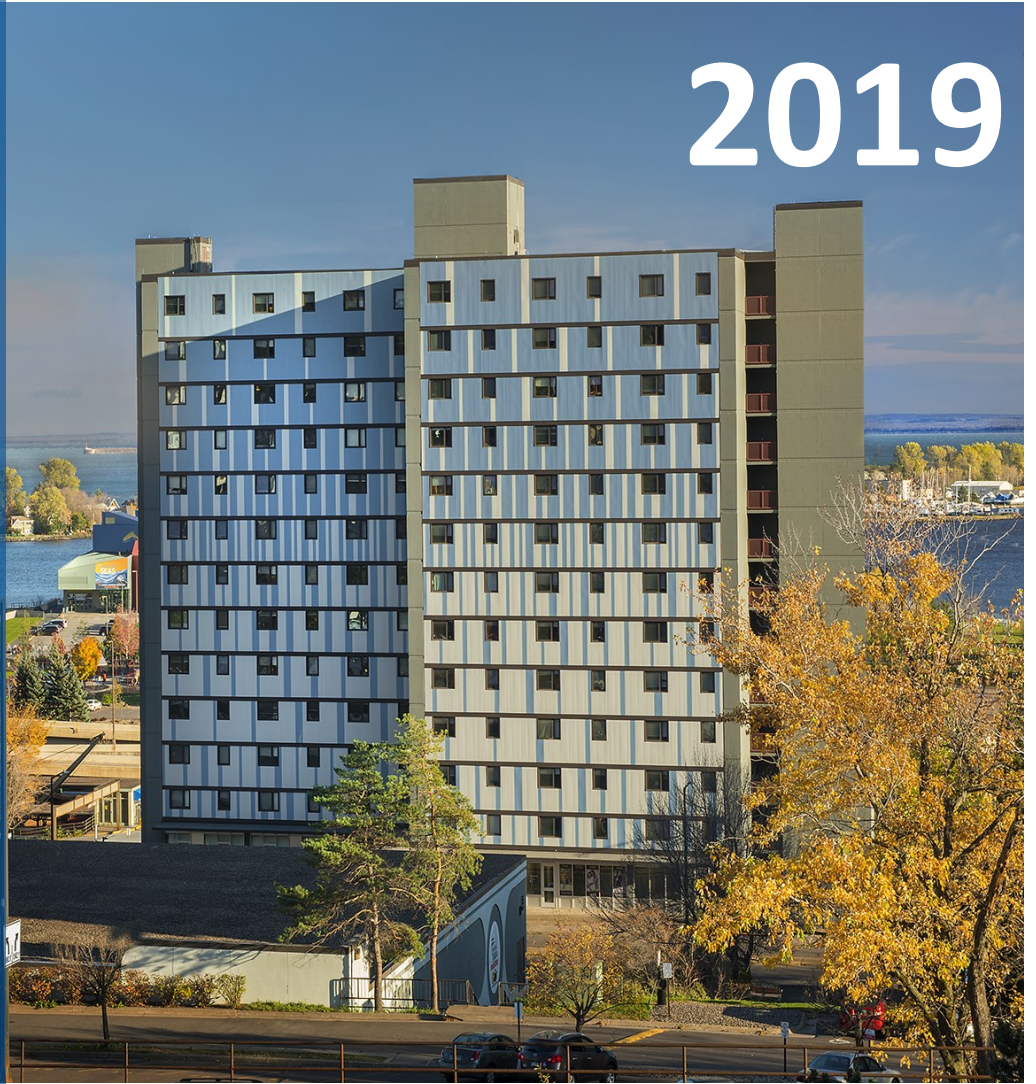


City of Duluth Housing Indicator Report

2019



<<photo credit: Mark Vanleave, Duluth News Tribune



Executive Summary

The Housing Indicator Report, released annually by the City of Duluth, highlights area statistics and trends as they relate to the city's housing market. Contents of this report include area demographics, workforce data, and housing information. Utilizing previous years' reports, staff analyze different subsets of data to determine trends and change over time. The need for additional housing in Duluth, particularly affordable, is of high demand. A 2019 Maxfield Research, Inc. study found the City could absorb up to 3,509 additional units of affordable housing from 2019 to 2024, not including the demand for 126 new single-family homes. While great strides have been made with approximately 844 new units built as of the end of 2019, the contents of this report demonstrate the continued demand for housing in Duluth.

2019 Report Highlights

- Household size and the number of households in Duluth remained relatively unchanged in 2019.
- Rental vacancy rate was 2.6% in 2019; down from 3.0% in 2018.
- The average cost of rent citywide for studio, 2-bedroom, and 4+ bedroom units increased in 2019, whereas rent for 1, 3, and 4-bedroom units decreased.
- Net gain of 493 housing units in 2019.
- 14% of Housing Choice Vouchers administered by the Housing and Redevelopment Authority of Duluth (HRA) remained unused in 2019, a 8.26% increase since 2018.
- Duluth's Median Annual Income was \$49,441 in 2019, compared to \$47,227 in 2018
- Median price of single-family home in Duluth was \$195,000 in 2019, compared to \$185,000 in 2018.



★ Designed by TownMapsUSA.com

Acknowledgements

- U.S. Census Bureau
- American Community Survey
- Minnesota Department of Employment & Economic Development
- St. Louis County
- Housing and Redevelopment Authority Duluth, MN
- Lake Superior Area Realtors
- University of Minnesota—Duluth
- College of St. Scholastica
- Lake Superior College
- Rental Property Owners/Managers in Duluth
- Duluth Public Schools—ISD 709

Table of Contents

I. Demographic Trends.....	4
II. Employment Trends.....	9
III. Homeownership Trends.....	12
IV. Rental Housing Indicators.....	14
V. Housing Production.....	18
VI. Housing Affordability Analysis.....	20
VII. Appendix.....	22



<<photo credit: Brett Groehler, Courtesy of UMD Duluth

I. Demographic Trends



**Duluth Population—
86,004**



**Number of Households—
36,039**



Males—49.3% Females—50.7%



Median Age—34.2

Table 1: Historical Population

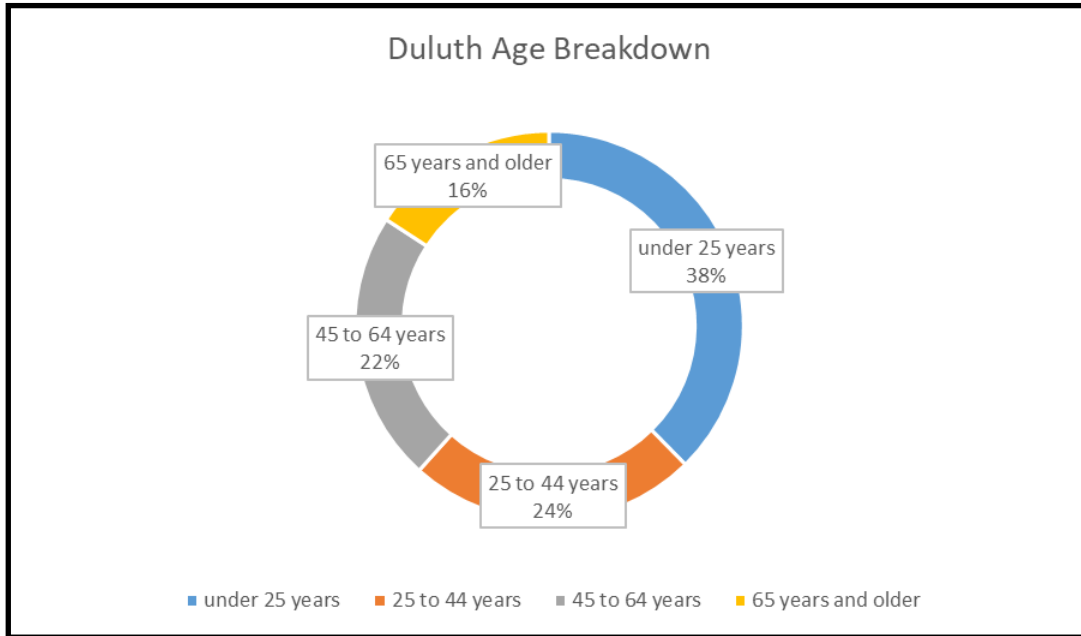
	1960	1970	1980	1990	2000	2010	2017	2018	2019
Population	106,884	100,578	92,811	85,493	86,319	86,265	86,174	86,066	86,004
Households	34,491	33,384	35,363	34,646	35,500	35,705	35,729	36,003	36,039

Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

The estimated population in Duluth decreased by 62 individuals from 2018 to 2019, while the number of households increased by 36. The median age in Duluth is 34.2, lower than both Minnesota and the United States (37.9). According to the American Community Survey, 24% of Duluth’s population are between 25 to 44 years of age. Home to three higher education facilities, Duluth supports a large population of college students, with 38% of the population being individuals under the age of 25. Individuals age 45 to 64 years make up 22% of the population, whereas those 65 years or older make up 16% of Duluth’s population.

I. Demographic Trends



Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

Table 2: Demographic Shifts in the City of Duluth

	1980	1990	2000	2010	2017	2018	2019
Population	92,811	85,493	86,319	86,265	86,174	86,066	86,004
People >65	14,367	18,504	13,147	11,866	12,638	12,978	13,655
Number of households	35,363	34,646	35,500	35,705	35,729	36,003	36,039
Average Household Size	2.51	2.36	2.26	2.19	2.23	2.21	2.21
Number of Housing Units	37,090	36,022	36,994	38,208	38,262	38,461	38,485
Owner Occupied Units	22,816	22,275	22,773	21,569	21,540	21,484	21,727
Renter Occupied Units	12,547	12,228	12,727	14,136	14,463	14,245	14,312
Occupied Housing Units	35,636	34,563	35,500	35,705	35,729	36,003	36,039

Source: U.S. Census Bureau Decennial Census, 2013-2019 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

I. Demographic Trends

Poverty and Homelessness in Duluth

In 2019 the median household income in Duluth was \$49,441, an increase of \$2,214 (4.7%) since 2018.

Approximately 49% of Duluth households made \$50,000 or more in 2019 according to the American Community Survey.

Duluth Public Schools reported that 39.9% of students in pre-kindergarten to 12th grade were eligible for free or reduced lunches in 2019. The free and reduced lunch program provides students in qualifying households free lunches. To be eligible, households must earn less than 30% of the annual median income; for reduced price lunch, households can make up to 200% of the poverty level.

Table 3: 2019 Duluth Household Income

Income	Total Households: 36,039	Percentage 100%
Less than \$35,000	12,758	35.4%
\$35,000 - \$49,999	5,442	15.1%
\$50,000 - \$74,999	6,451	17.9%
\$75,000 - \$99,999	4,000	11.1%
\$100,000 or More	7,388	20.5%

Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

Federal funds from the U.S Department of Housing and Urban Development (HUD) are awarded yearly to local organizations to assist people experiencing homelessness in Duluth. The Emergency Solutions Grant program for example, provides funding for local shelter operation and emergency assistance for individuals and families facing eviction or in need of rental deposit assistance. In 2019 the City strived to assist 1,926 individuals or families; 2,231 were served.

Duluth's three emergency shelters receiving federal funding provided over 1,546 individuals with a bed in 2018. In 2019, 1,821 individuals were served, which exceeded the yearly goal of 1,520. Duluth's street outreach program managed by Churches United In Ministry (CHUM) identified and assisted 200 homeless adults in 2019, engaging them with services and local resources.

In 2010, Duluth Public Schools began tracking homeless students per Minnesota Department of Education's requirements. In 2019, 193 students were reported homeless, which is a decrease of 127 reported in 2018.

Table 4: Homeless Sheltered in Duluth

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Emergency Shelters	1,788	2,137	2,137	1,551	1,482	1,856	1,829	1,546	1,821
Transitional Housing	299	338	355	473	420	379	330	255	210
TOTALS	2,087	2,475	2,492	2,024	1,902	2,235	2,159	1,801	2,031

Source: City of Duluth Consolidated Annual Performance and Evaluation Report

I. Demographic Trends

Role of Coordinated Entry

The Coordinated Entry System (CES) is a statewide system used to assess individuals experiencing a housing crisis and connect them to local resources. Communities, including Duluth, who receive Continuum of Care (CoC) grants through the U.S. Department of Housing and Urban Development are required to use CES. St. Louis County receives, on average, \$3.2 million annually from this federal grant to assist individuals, families, and youth. To utilize the system, clients call 2-1-1 to begin the assessment process. Clients are then added to a prioritized waiting list for future housing unit referral as units become available. In 2019, St. Louis County completed 825 prescreen calls for housing assistance. Additionally, 765 calls related to the Vulnerability Index-Service Prioritization Decision Assistance Tool (VI-SPADT) were received from homeless households in St. Louis County needing assistance. VI-SPADT is a survey administered to both individuals and families to determine risk and prioritization when providing assistance to homeless and at-risk of homeless persons.

Table 5: Continuum of Care Housing Inventory—Duluth/St. Louis County

	Family Units	Family Beds	Adult-Only Beds	Total Yr-Round Beds
Emergency, Safe Haven & Transitional Housing	74	231	144	375
Emergency Shelter	28	95	104	199
Transitional Housing	46	136	40	176
Permanent Housing	192	608	502	1,110
Permanent Supportive Housing	76	232	284	516
Rapid Re-Housing	30	83	31	114
Other Permanent Housing	86	293	187	480
Grand Total	266	839	646	1,485

Source: U.S. Department of Housing and Urban Development; *2019 Housing Inventory Count Report*



<<photo credit: Wagner Zaun Architecture



<<photo credit: Steve Kuchera, Duluth News Tribune

I. Demographic Trends

Public Housing and Housing Choice Vouchers

Households added to the Coordinated Entry System (CES) waiting list may also be on two additional local housing waiting lists: Public Housing or the Housing Choice Voucher. The Housing and Redevelopment Authority of Duluth (HRA) maintains these two waiting lists, with an estimated wait time of 12 months before families and individuals are placed in housing. The Housing Choice Voucher program, commonly referred to as “Section 8”, allows tenants to choose their rental unit if the landlord agrees to participate. Public Housing units are available for rent at or below the market rate based on ones income and typically managed by local Housing Authorities like the Duluth HRA.

Table 6: Public Housing Waiting Lists & Vacancy Rates

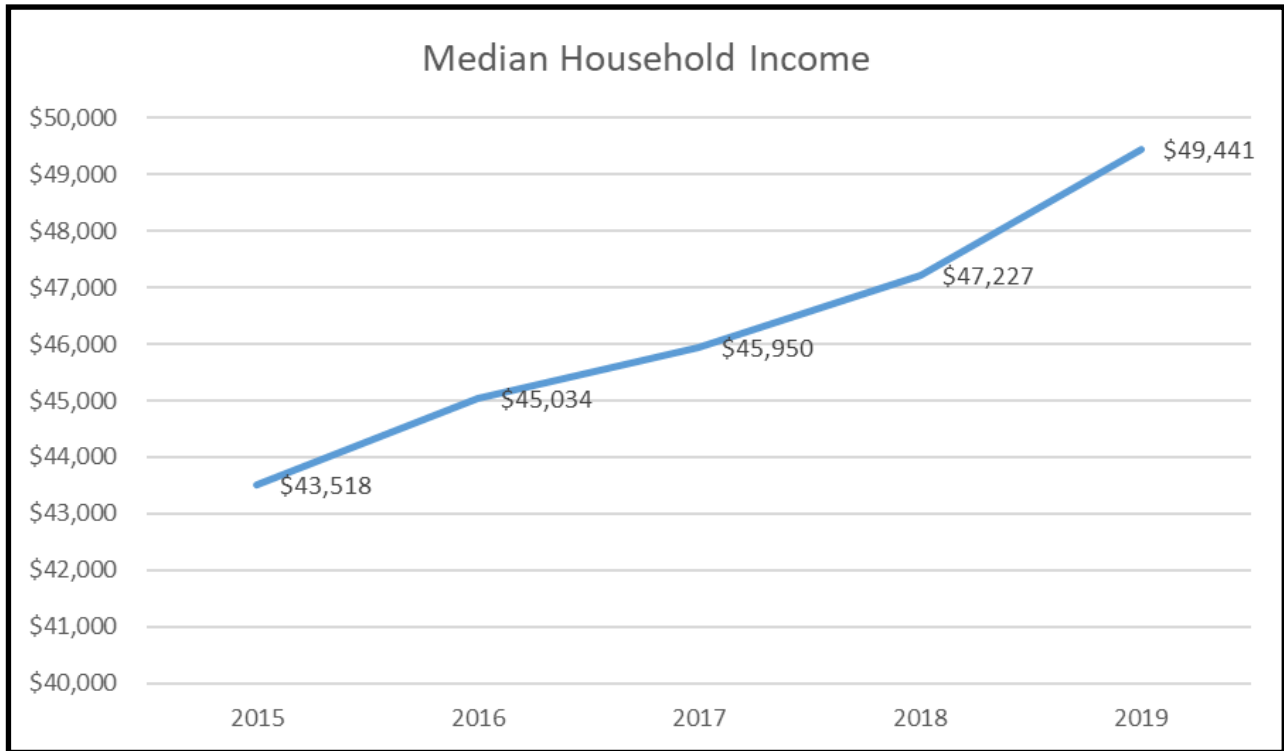
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Housing Vacancy %	1.0%	3.0	2.0%	2.0%	1.6%	2.2%	3.1%	4.4%	3.4%
Public Housing Avg. Waiting List	974	1,014	802	635	995	1,155	1,646	2,213	1,938
Housing Choice Voucher (Unused)	1.0%	1.0%	2.0%	7.0%	0%	1.9%	2.4%	5.8%	14.06%
Housing Voucher Avg. Waiting List	1,800	2,376	1,477	1,464	1,320	1,820	2,705	3,460	3,006



II. Employment Trends

Median Household Income

Duluth’s annual median household income has remained relatively stable in the last decade, with an incremental increase from \$47,227 in 2018 to \$49,441 in 2019. While lower than the median income for St. Louis County and the State of Minnesota, Duluth’s median income is comparative to smaller cities such as St. Cloud and Mankato. Duluth has experienced an increase of approximately 20% in median income since 2010



Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

Table 7: Median Income for Other Locations

	2010	2019	Change
City of Duluth	\$41,092	\$49,441	20.3%
City of Minneapolis	\$46,075	\$58,993	28.04%
City of St. Paul	\$45,439	\$55,085	21.23%
City of St. Cloud	\$39,149	\$46,854	19.7%
City of Mankato	\$40,190	\$45,621	13.51%
St. Louis County	\$44,941	\$53,344	18.7%
State of Minnesota	\$57,243	\$68,411	19.5%
United States	\$51,941	\$60,293	16.08%

Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

II. Employment Trends

Labor Force and Unemployment

Table 8: Average Yearly Income by Industry Duluth

Industry	2015	2016	2017	2018	2019
Construction	\$63,249	\$60,537	\$60,172	\$64,865	\$62,868
Manufacturing	\$56,053	\$57,826	\$58,191	\$60,694	\$62,486
Trade, Transportation, and Utilities	\$38,012	\$38,846	\$38,846	\$40,827	\$43,853
Financial Activities	\$50,682	\$50,422	\$54,176	\$57,722	\$57,078
Information	\$49,587	\$49,952	\$51,621	\$51,256	\$51,982
Professional and Business Services	\$55,636	\$55,323	\$56,940	\$58,660	\$57,286
Education and Health Services	\$53,446	\$52,403	\$53,133	\$55,688	\$56,333
Natural Resources and Mining	\$43,226	\$44,251	\$49,066	\$45,746	\$50,804
Leisure and Hospitality	\$16,372	\$17,572	\$17,780	\$18,093	\$18,529
Other Services	\$22,525	\$22,577	\$24,715	\$25,706	\$27,542
Public Administration	\$61,007	\$61,632	\$62,467	\$63,979	\$64,289

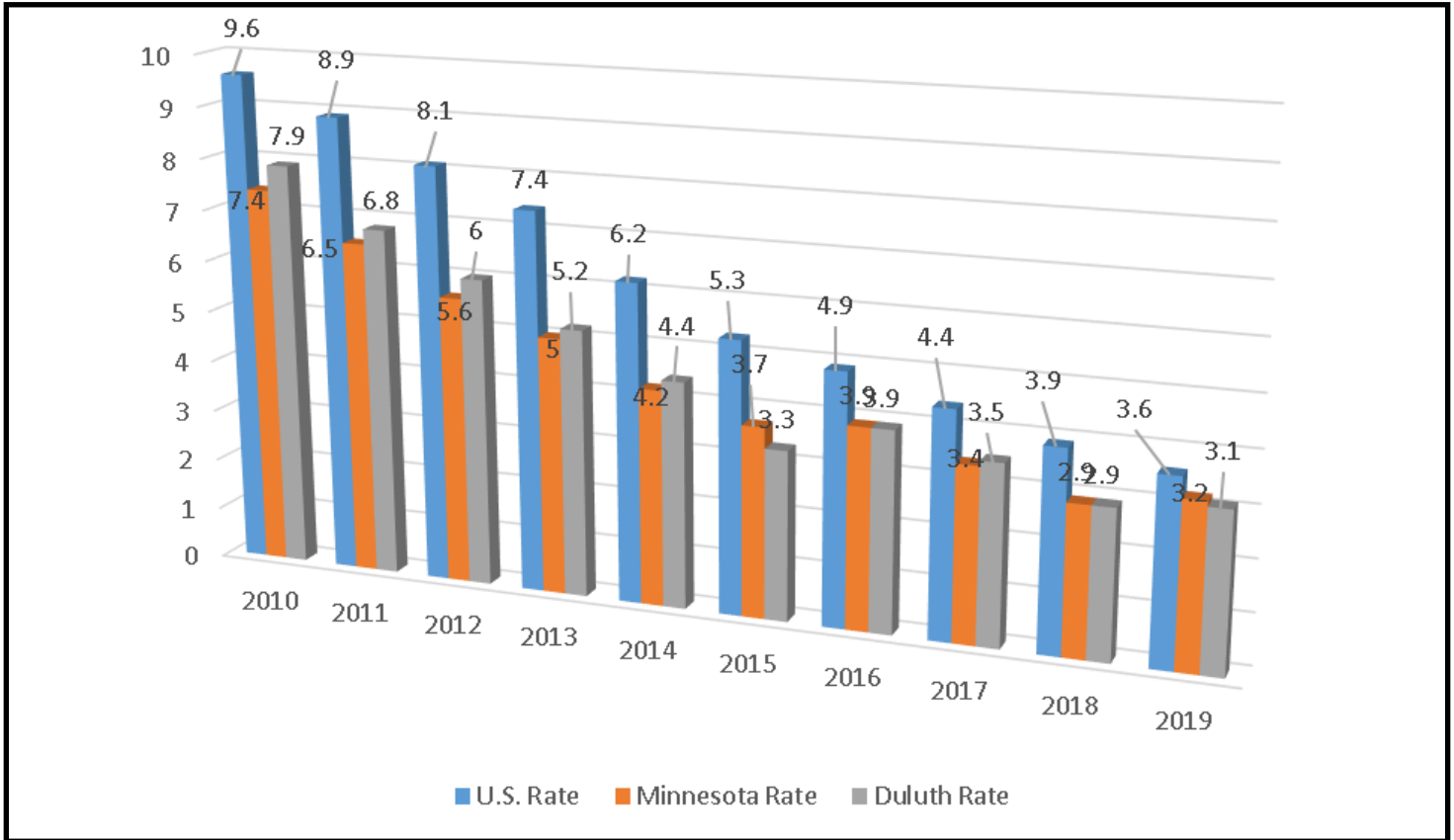
Source: Minnesota Department of Employment and Economic Development, Labor Market Information

Table 9: Major Employers in Duluth

Name of Employer	Function	Number of Employees
Essentia Health	Health Care and Social Services	6,569
St. Luke's	Health Care and Social Services	2,348
St. Louis County	Public Administration	1,847
University of Minnesota – Duluth	Educational Services	1,635
Duluth Public Schools	Educational Services	1,426
ALLETE	Utilities	1,314
Duluth Air National Guard Base	Public Administration	1,068
Cirrus Aircraft	Manufacturing	1,000
United HealthCare	Finance and Insurance	999
City of Duluth	Public Administration	850

Source: Northland Connection

II. Employment Trends



Unemployment Rates in Duluth, Minnesota, & the United States

Source: Minnesota Department of Employment and Economic Development, *Unemployment Statistics Data*

Table 10: Duluth Labor Force & Unemployment 2010—2019 Comparisons

Year	Duluth Labor Force	Duluth Unemployment	Duluth Rate	Duluth Superior MSA Unemployment Rate	Twin Cities Metro Unemployment Rate	Minnesota Rate	U.S. Rate
2019	46,815	1,332	3.1	3.9	2.7	2.9	3.3
2018	45,799	1,337	2.9	3.8	2.7	2.9	3.9
2017	45,885	1,585	3.5	4.8	3.3	3.4	4.4
2016	45,850	1,803	3.9	5.7	3.6	3.9	4.9
2015	45,301	1,516	3.3	5.0	3.5	3.7	5.3
2014	45,867	2,036	4.4	5.2	4.0	4.2	6.2
2013	45,791	2,399	5.2	6.1	4.8	5	7.4
2012	45,721	2,734	6	6.6	5.5	5.6	8.1
2011	46,057	3,141	6.8	7.4	6.3	6.5	8.9
2010	46,607	3,563	7.9	8.2	7.3	7.4	9.6

Source: Minnesota Department of Employment and Economic Development, *Unemployment Statistics Data*

III. Homeownership Trends

Table 11: Number of Owner Occupied vs. Renter Occupied Duluth

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Owner Occupied	21,569	22,029	21,502	21,380	21,324	21,255	21,320	21,484	21,540	21,727
Total Renter Occupied	14,136	14,453	14,823	14,482	14,163	14,293	14,090	14,245	14,463	14,312
Total Owner & Rental Occupied	35,705	36,482	36,325	35,862	35,487	35,548	35,410	35,729	36,003	36,039

Source: U.S. Census Bureau Decennial Census, 2014-2018 American Community Survey

Note: 2019 numbers are a projection from the American Community Survey

Table 12: Foreclosures in Duluth & St. Louis County

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Duluth Foreclosures	270	208	190	156	116	111	122	78	57	33
St. Louis County Foreclosures	620	488	464	360	318	270	188	195	177	140

Source: St. Louis County Assessor's Office

Table 13: Duluth Average Home Market Value

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Average Home Market Values	\$154,200	\$154,300	\$148,497	\$153,504	\$153,680	\$158,500	\$158,000	\$171,958	\$174,807	\$181,026

Source: Lake Superior Realtors Association

III. Homeownership Trends

Table 14: Single Family Home Sales & Days on the Market

YTD	2013	2014	2015	2016	2017	2018	2019
Median Price	\$145,000	\$149,000	\$154,500	\$162,700	\$169,900	\$185,000	\$195,000
# of Home Sales	1,255	1,253	1,377	1,404	1,333	1,312	1,341
Average Days on the Market	65	68	55	47	38	34	31

Source: Multiple Listing Service (MLS); market statistics report



<<photo credit: Counselorrealty.com

IV. Rental Housing Indicators

Market Rate Rental Survey

The City of Duluth conducts an annual market rate rental survey to gather information from property managers and owners regarding rental properties within Duluth. Survey information includes: number of rental units, vacancies, and high and low rent amounts by unit type (studio, 1-bedroom, etc.). There were 3,990 rental units surveyed in 2019, covering all ten of Duluth’s neighborhood districts, from Lakeside to Fond du Lac. The average monthly rent in 2019 was \$1,083, a \$28 decrease from 2018. Rental units receiving financial assistance through Public Housing or the Housing Choice Voucher program were not included in this survey’s data set as rents are reduced to maintain affordability and do not reflect market rate rents.

Rental Vacancy Rate Duluth

The overall rental vacancy rate in 2019 was 2.6%; a 0.4% decrease from 2018. According to the U.S. Census Bureau, the rental vacancy rate for the United States was approximately 6.8% in 2019. While the general perception may be that rental vacancies are negative, vacancy on some level is necessary for a healthy housing market and economy that work for both potential tenants and property owners.

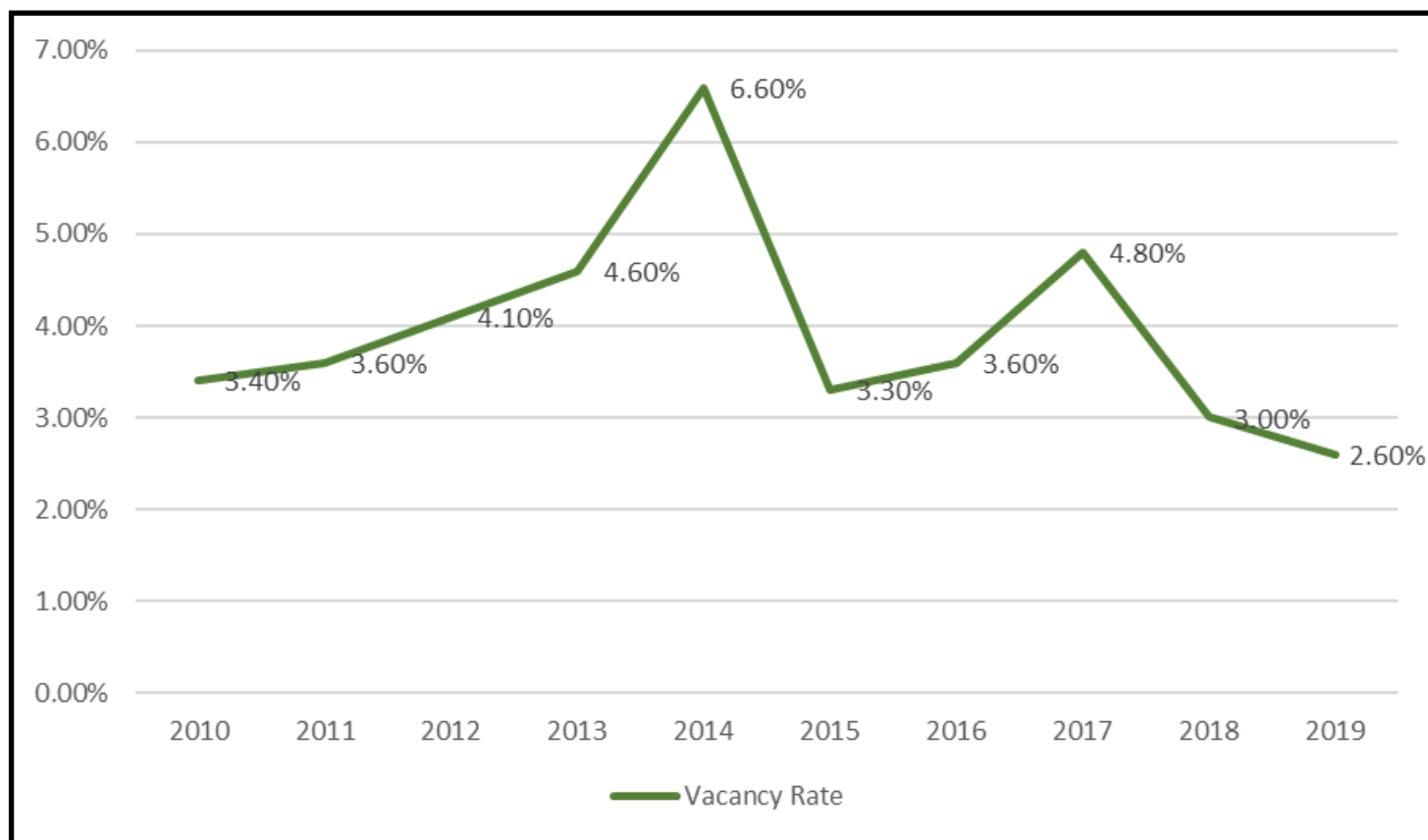


Table 15: Duluth Market Rate Rental Vacancy Rate

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
3.40%	3.60%	4.10%	4.60%	6.60%	3.30%	3.60%	4.80%	3.0%	2.6%

IV. Rental Housing Indicators

The average rent cost for 1-bedroom, 3-bedroom, and 4-bedroom units decreased in 2019. Studio, 2-bedroom, and other units experienced a slight increase in average rent. The largest increase was studio units, which experienced a \$54 average rent increase from 2018 to 2019. According to data from the U.S. Department of Housing and Urban Development (HUD), a household should pay no more than 30% of its gross income on housing. Comparing Duluth’s median household income for 2019 to the average cost of rental housing in 2019, both 4-bedroom and other units would be a cost burden to renters.

Table 16: Average Duluth Rents by Bedroom Size

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Studio	\$471	\$461	\$484	\$476	\$511	\$535	\$568	\$566	\$576	\$630
1 Bed	\$660	\$651	\$675	\$690	\$661	\$758	\$776	\$856	\$961	\$937
2 Bed	\$756	\$751	\$774	\$778	\$751	\$955	\$1,103	\$1,062	\$1,176	\$1,200
3 Bed	\$851	\$836	\$882	\$906	\$911	\$1,057	\$1,001	\$1,124	\$1,256	\$1,212
4 Bed	\$1,097	\$1,019	\$1,003	\$1,003	\$948	\$1,115	\$1,334	\$1,384	\$1,594	\$1,439
Other	\$1,426	\$1,474	\$1,462	\$1,552	\$1,731	\$1,930	\$2,066	\$1,943	\$2,120	\$2,158

Source: 2019 City of Duluth Rental Survey

Table 17: Cost of Housing 2019

	Studio Apartment	1 Bedroom	2 Bedroom	3 Bedroom
Average Monthly Rent	\$630	\$937	\$1,200	\$1,212
Yearly Income to Afford	\$25,200	\$37,480	\$48,000	\$48,480
Hourly Wage to Afford (40hr/week)	\$12.12	\$18.02	\$23.08	\$23.31
Hours/Week at Minimum Wage \$9.86	50	74	94	95
Hours/Week at Minimum Wage \$7.87	62	92	118	119

Source: City of Duluth Rental Survey; 52 weeks per year assumed in above calculations



<<photo credit: Thiestalle.com; Mesaba Villas

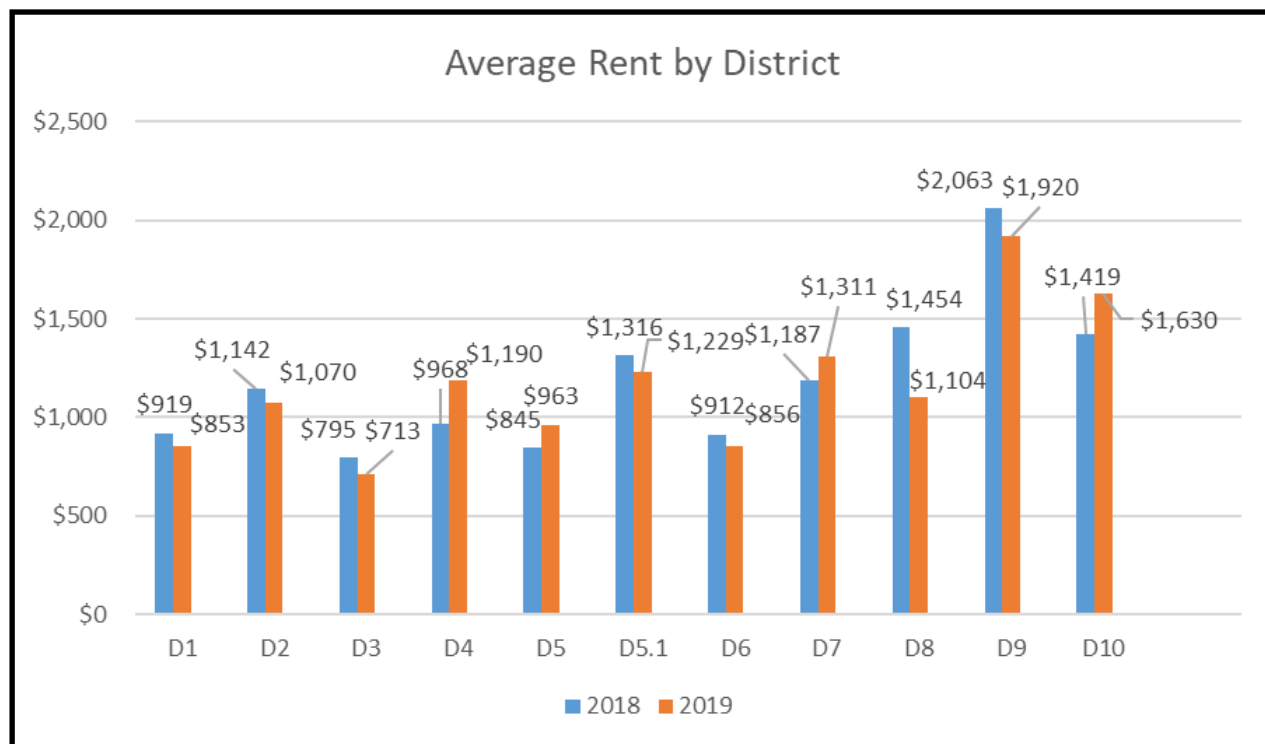


<<photo credit: Derek Montgomery Photography

IV. Rental Housing Indicators

Neighborhood Analysis

Citywide the average rental rate in 2019 was \$1,083 a month, with a 2.6% vacancy rate; however, this varies across neighborhood districts. According to 2019 rental survey data, the lowest rent paid was in District 3 (Lincoln Park) with an average monthly rent of \$713. The highest average monthly rent was District 9 (Lakeside, Lester Park, & North Shore) at \$1,920. A map of the neighborhood districts in Duluth is included in the appendix of this document.



Source: City of Duluth Rental Survey *see neighborhood districts map in appendix

Student Enrollment Trends

Duluth had 20,236 undergraduate college students studying at the University of Minnesota– Duluth, The College of St. Scholastics, and Lake Superior College in 2019, a decrease of 1,157 students since 2018. Of the 20,236 students, only 18.6% live on campus in student housing.

Table 18: Student Enrollment in Duluth

Name of School	Student Enrollment Undergraduate	Number of Students Living on Campus	Students Living Off Campus
University of MN Duluth	9,847	2,964	6,883
College of St. Scholastica	2,481	813	1,668
Lake Superior College	7,908	0	7,908
TOTAL:	20,236	3,777	16,459

Source: University of Minnesota –Duluth, College of St. Scholastica, Lake Superior College Admission’s Office. Note: Lake Superior College does not currently offer student housing on campus.

IV. Rental Housing Indicators

Public Housing and Housing Choice Voucher Trends

The Housing and Redevelopment Authority of Duluth (HRA) owns and manages over 1,100 public housing units within the City of Duluth, including scattered site single family homes, townhomes, and six high-rise apartment buildings. Additionally, the HRA administers over 1,700 Housing Choice Vouchers (section 8 vouchers), which keeps rents more affordable for qualified tenants. Waitlists for tenants to be placed in housing under both programs can be lengthy, sometimes a year or longer.

Table 19: Public Housing Waiting Lists & Vacancy Rates

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Housing Vacancy %	1.0%	3.0	2.0%	2.0%	1.6%	2.2%	3.1%	4.4%	3.4%
Public Housing Avg. Waiting List	974	1,014	802	635	995	1,155	1,646	2,213	1,938
Housing Choice Voucher (Unused)	1.0%	1.0%	2.0%	7.0%	0%	1.9%	2.4%	5.8%	14.06%
Housing Voucher Avg. Waiting List	1,800	2,376	1,477	1,464	1,320	1,820	2,705	3,460	3,006

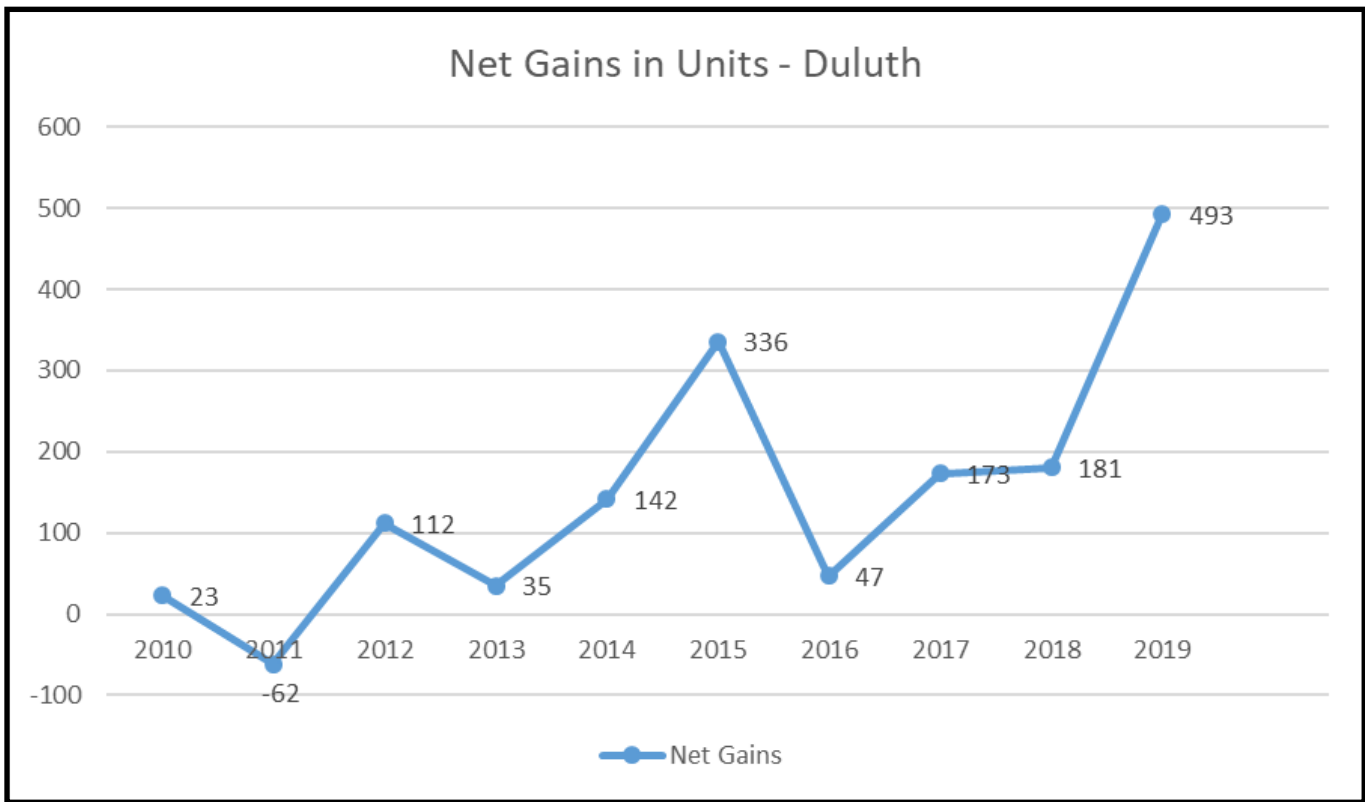
Source: Housing & Redevelopment Authority of Duluth, Minnesota

Table 20: HUD's Housing Choice Voucher Program Unit Thresholds

By Bedroom Size	2011	2012	2013	2014	2015	2016	2017	2018	2019
Studio/Efficiency	\$433	\$504	\$481	\$481	\$536	\$543	\$543	\$600	\$650
1 Bedrooms	\$528	\$607	\$579	\$579	\$627	\$627	\$627	\$650	\$735
2 Bedrooms	\$666	\$725	\$725	\$725	\$755	\$792	\$792	\$835	\$950
3 Bedrooms	\$836	\$945	\$945	\$945	\$945	\$984	\$1,020	\$1,065	\$1,200
4 Bedrooms	\$1,064	\$1,099	\$1,099	\$1,099	\$1,099	\$1,180	\$1,180	\$1,325	\$1,325
5 Bedrooms	\$1,224	\$1,264	\$1,264	\$1,254	\$1,264	\$1,356	\$1,413	\$1,525	\$1,525

Source: Housing & Redevelopment Authority of Duluth

V. Housing Production



Source: City of Duluth Construction Services Division

Age of Housing Stock

According to the U.S. Department of Housing and Urban Development (HUD), the average lifespan of a single-family home is 40-50 years without significant annual maintenance. The American Community Survey for 2019 indicated that of the 38,485 housing units in Duluth, 44% were built before 1940, compared to 16.1% of Minnesota's total housing stock and 12.8% nationally.

A large percentage of Duluth's housing stock is over 50 years old, many lacking significant annual maintenance. In 2019, 527 new housing units were applied for while 34 units were demolished. This resulted in a net gain of 493 units, which is a 312 unit increase since 2018.

Alteration and Addition Permits

The City of Duluth requires alteration permits when constructing or changing the use of a building. Most permits are obtained when renovating an old home or creating an addition to the original structure. In 2019, 280 alteration permits were issued, a decrease of 73 issued permits since 2018. The total addition permits issued in 2019 was 30, a decrease of 5 permits since 2018.

V. Housing Production

Table 21: Residential Housing Permits

	2011	2012	2013	2014	2015	2016	2017	2018	2019
New Residential permits									
New Permits Residential	25	35	41	58	32	44	49	59	72
Units of 1 family dwellings	21	33	39	44	29	40	46	40	57
Units of 2 family dwellings	4	2	2	4	0	1	0	16	15
Units of 3 or 4 family dwellings	0	0	0	16	0	1	0	4	1
Units of 5 or more family dwellings	16	106	60	126	381	2	3	154	454
Number of Units Created	74	141	101	190	410	104	199	214	527
Alterations and Additions									
Alteration Permit (residential)	471	1,794	1,514	1,436	1,037	248	258	353	280
Addition Permits (residential)	55	54	38	40	48	30	51	35	30
Demolitions									
Single Family Demolitions	32	31	52	44	45	39	24	31	28
Multi-Family units Demolished	71	0	11	4	29	0	8	2	6
Number of Units Demolished	103	31	63	48	74	39	32	33	34
Net Gain									
Net Gain Single Family	-11	2	-13	0	-17	5	22	9	44
Net Production Multi-family Units	-51	106	49	142	352	4	145	172	449
Net Gain Units (total)	-62	108	36	142	335	9	167	181	493

Source: City of Duluth Construction Services Division

VI. Housing Affordability Analysis

Rent and Homeownership Analysis

The area median income in Duluth is calculated and updated yearly by HUD for the City of Duluth. The area median income in Duluth for a family of four in 2019 was \$71,900. According to HUD, an income that is 80% of the median income is considered low income, 50% is considered very low income, and 30% is considered extremely low income.

In 2019, the median selling price for a single-family home in Duluth was \$195,000, which equates to a monthly payment of approximately \$1,250. The mortgage payment in this example is based on a 30-year mortgage with a 5% down payment, a 4% interest rate, taxes, and estimated insurance. Using this example, only a family with an income of at least \$50,000 could comfortably afford to buy a home at this price.

The rental market in Duluth requires a household earn \$48,000 to afford the average two-bedroom apartment at \$1,200 per month. To afford an average three-bedroom apartment at \$1,212, a household would need to earn \$48,480. Comparing median incomes guidelines in Duluth with average rent and homeownership costs, we know that a large portion of Duluth's households are unable to afford market rate housing.

Family Size	Extremely Low-Income (30% of the Median)	Very Low-Income (50% of the Median)	Low Income (80% of the Median)
1	\$15,200	\$25,350	\$40,550
2	\$17,380	\$29,000	\$46,350
3	\$19,560	\$32,600	\$52,150
4	\$21,710	\$36,200	\$57,900
5	\$23,460	\$39,100	\$62,550
6	\$25,200	\$42,000	\$67,200
7	\$26,930	\$44,900	\$71,800
8	\$28,670	\$47,800	\$76,450

Source: HUD Income Guidelines, effective June 28, 2019

VI. Housing Affordability Analysis

Table 22: Affordability Based on Duluth's 2019 Median Income

2019 HUD Income Definitions	Maximum Affordable Housing Payment	Average Rent 2/ Bedroom	Average Rent 3/ Bedroom	Payment for Median Income Cost of Home	Affordability Gap
Extremely Low 30% of Median Income \$21,710	\$542.75	\$1,200	\$1,212	\$1,332	At least \$657.25
Very Low 50% of Median Income \$36,200	\$905.00	\$1,200	\$1,212	\$1,332	At least \$295
Low 80% of Median Income \$57,900	\$1,447.50	\$1,200	\$1,212	\$1,332	No gap

Source: City of Duluth Median Income based on family of four, HUD Guidelines



<<photo credit: Apartmentguide.com; Ramsey Village

VII. Appendix

A. Map—Duluth Neighborhood Districts

page 23

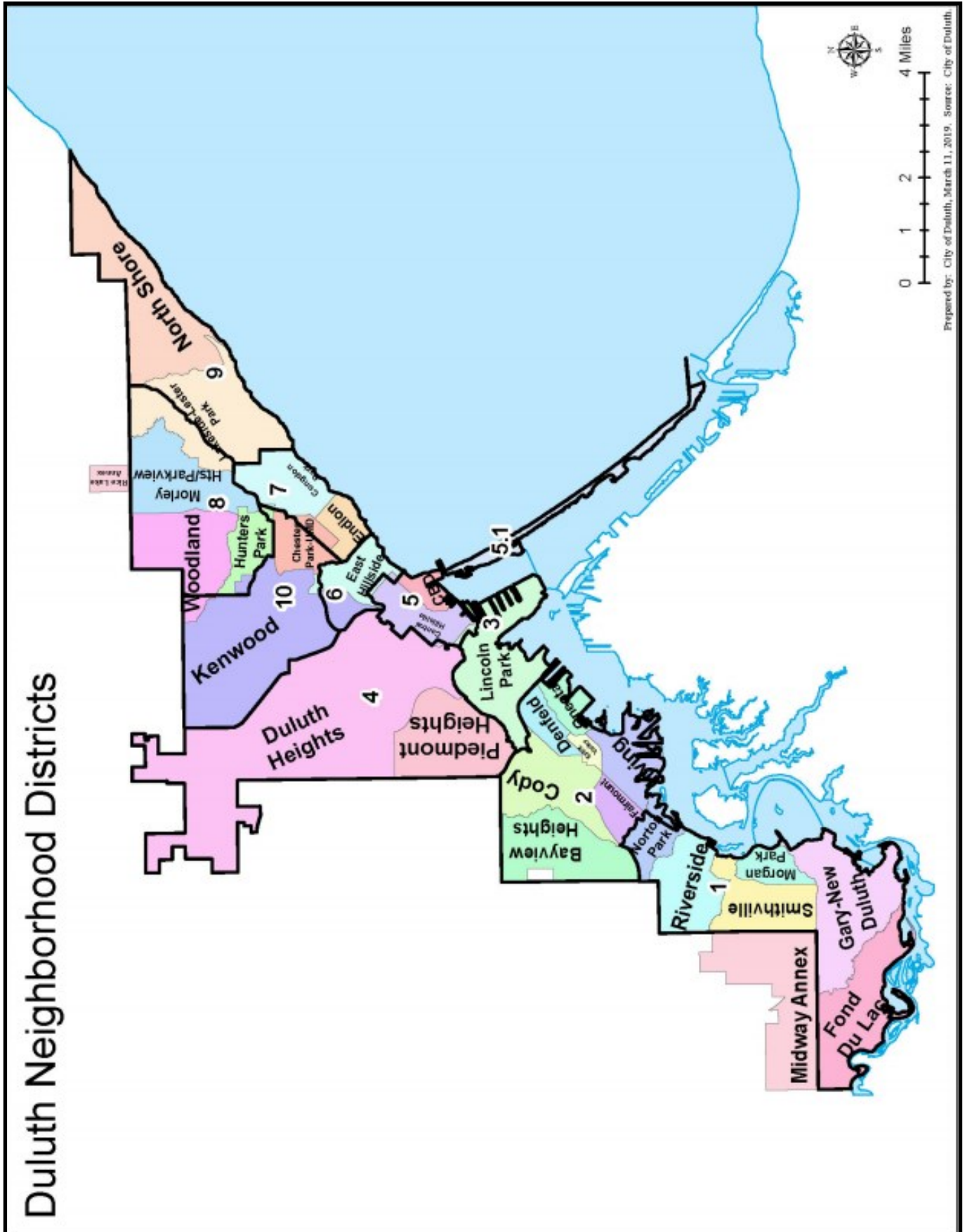
B. 2019 Rental Survey Results

page 24



<<photo credit: Duluth News Tribune

VII. Appendix



VII. Appendix

2019 City of Duluth Rental Survey Results—Citywide

Unit Type	Units Survey	Vacancy Rate	Average Rent	Average Square Feet	Average Rent/ Square Foot
Studio/Efficiency	314		\$630	271	\$2.32
Owner Paid	267		\$597	264	\$2.26
Renter Paid	47		*	*	*
1 Bedroom	1,486		\$937	475	\$1.97
Owner Paid	1,090		\$899	516	\$1.74
Renter Paid	396		\$1,043	361	\$2.89
2 Bedroom	1,562		\$1,200	637	\$1.88
Owner Paid	909		\$1,199	734	\$1.63
Renter Paid	653		\$1,202	503	\$2.39
3 Bedroom	421		\$1,212	630	\$1.92
Owner Paid	84		\$1,160	433	\$2.68
Renter Paid	337		\$1,225	679	\$1.80
4 Bedroom	141		\$1,439	679	\$2.12
Owner Paid	27		*	*	*
Renter Paid	114		\$1,459	576	\$2.53
Other	66		\$2,158	671	\$3.22
Owner Paid	10		*	*	*
Renter Paid	56		\$2,138	495	\$4.32
Total	3,990	2.6%	\$1,083	549	\$1.97

Source: 2019 City of Duluth Rental Survey; * indicates too low of a response rate to include data