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DATE: 05/06/2014

SUBJECT: Duluth Workforce Housing Study Indicates More Housing Needed as Workforce Grows

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Duluth Workforce Housing Study Indicates More Housing Needed as Workforce Grows

[Duluth, MN] – The current Duluth job market is growing at a rate that outpaces the availability of quality housing stock for the prospective workforce moving here to fill job vacancies according to the “Workforce Housing Needs in Duluth” study completed by Maxfield Research Inc. Duluth has the potential to support the development of 4400 housing units to meet the needs of a growing and diverse community in the form of single or multi-family new construction, rehabilitation of existing housing, income based rentals or higher end market rate rentals.

The recent housing shortage has a direct correlation to the significant economic growth in the healthcare services, aviation, technology, retail, and education sectors. Over the next seven years, employment in the Arrowhead region, including Duluth, is projected to grow by 13.1%[\[1\]](#). Companies like AAR Aircraft Maintenance Services are expanding and in need of attracting more mechanics; Lake Superior Consulting and Enbridge are seeking skilled engineers; and the city will be experiencing a construction boom over the next several years with about \$200 million in economic development projects in downtown alone one of which is the \$70 million maurices Headquarters that will house 600 employees, 175 of which are new positions. All of this activity equates to increased jobs and recruitment for employees who will likely relocate from other cities or states.

The Workforce Housing study indicates that the current housing stock does not meet the needs of our workforce population. Duluth has a large supply of older homes, many of which may not appeal to younger home buyers. The city’s general rental market is sitting tight with a vacancy rate of 4.1% according to the City of Duluth’s Community Development 2012 Housing Indicator Study (the 2013 study will be released soon). So, with 4400 units projected, much work lies ahead.

What the study shows:

- Industry sectors exhibiting the greatest job increases are natural resources and mining, construction, education, healthcare services, and accommodation and food service; Duluth added over 1300 jobs in 2013 [\[2\]](#);
- The average household income in Duluth is estimated at \$39,878 as of 2014 and is expected to increase to \$44,901 by 2019; more income opens the door to more housing options for households;

- Duluth's housing stock is aging and in need of rehabilitation; newer construction units are also needed;
- - A survey of larger rental units and upscale rentals showed a vacancy rate of under 2.0%; renters are seeking amenities such as covered parking and more square footage; and
- - Financing tools and incentives in the form of tax credits, grants or tax increment financing could help the development of additional housing stock in Duluth.

Housing is a priority for Duluth officials. The City of Duluth, the Duluth Housing Redevelopment Authority, and many community partners held the first Duluth Housing Summit back in February with 250 people in attendance lending their voice and recommendations on how to improve the housing situation.

“We are taking decisive steps based on the feedback from partners to address this growing housing shortage. Duluth is fortunate to have a booming economy. As our community grows and changes, we want to make sure that residents have access to quality housing that meets their needs and enhances their quality of life. We can't sit idly by and miss out on key opportunities that keep Duluth on an upward trajectory,” stated Chris Eng, Executive Director of the Duluth Economic Development Authority.

“We are looking at all of our housing development opportunities and asking for partners to come to the table. We have incredible real estate and have another reason why developers should make investments in Duluth: build it because they're coming,” said Rick Ball, Executive Director of the Duluth Housing Redevelopment Authority.

Some developers have heard the call as evidenced by the momentum taking shape in the form of a proposed 400 multi-unit project on Arrowhead Road. Networking events are being held with prospective developers to market prime real estate including several vacant school sites. Housing advocates continue to work on funding housing for the homeless and to amend tax laws to accommodate more workforce housing development using tax increment financing.

The Duluth Economic Development Authority and the Duluth Housing Redevelopment Authority commissioned the “Workforce Housing Needs” study and are developing a housing plan to ensure the right tools and partners are in place to advance projects.

A copy of the study is available on the City's website,
<http://www.duluthmn.gov/business-development/housing-summit/>

Anyone interested in issues or projects on workforce housing development should contact Chris Eng, Executive Director of the Duluth Economic Development Authority at ceng@duluthmn.gov or Rick Ball with the Duluth Housing Redevelopment Authority at rball@duluthhousing.com

[1] Minnesota Department of Employment and Economic Development

[2] Minnesota Department of Employment and Economic Development

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