

Executive Summary

HUD Funding Requirements

Each year the City of Duluth receives roughly \$3 million from the Department of Housing and Urban Development (HUD) in the form of Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), and Emergency Solutions Grant (ESG) funds. CDBG funds support community development projects including affordable housing, public services, public facilities, and economic development. HOME funds support programs that create affordable housing for low-income households. ESG funds support projects that offer basic needs and housing stabilization services to community members experiencing or at risk of experiencing homelessness.

To receive these funds, HUD requires the City to create a Consolidated Plan that lays out how the City of Duluth and its partners will use an expected \$15 million in HUD funds over the next five years to meet community needs. To develop this plan, we use a collaborative process to establish a unified vision for community development actions. This process allows the City and community members to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies.

HUD also requires that the City affirmatively furthers fair housing choice. In short, HUD wants the City to ensure that we don't spend these funds in ways that increase segregation and concentrations of poverty or reduce people's ability to live in the neighborhood they want to. In conjunction with each five-year Consolidated Plan, we develop an Analysis of Impediments to Fair Housing Choice (AI). The AI lays out the City's planned actions to affirmatively further fair housing for the next five years. We look at the following federally defined protected classes when we analyze fair housing issues: race, color, religion, sexual orientation, gender identity, disability, family status, and national origin. Anything that limits housing availability or choice on the basis of these protected classes is an impediment to fair housing choice.

Recent Trends

The economic recession of 2008 proved to be a turning point for the city from a predominantly resource-based economy to a more diversified job base. As the housing market has recovered from the recession, rents and home sale prices are rising, but increases in income are not keeping up resulting in higher poverty rates and more cost-burdened households. The total number of housing units in Duluth is increasing, but there are still not enough units resulting in a "seller's market" with competitive and quick home sales, low rental vacancy rates, and increasing rents. Recently and in the coming years baby boomers are retiring in record numbers, leaving positions that have been filled for decades. Employers across the state, including in Duluth, have had to be creative in attracting and retaining employees with competitive benefits packages and flexibility within the workplace.

In recent years the Lincoln Park neighborhood, one of the lowest income neighborhoods in the city, has started to see much needed reinvestment, but appears to have undergone some significant demographic changes since 2015, signifying that this neighborhood has a high displacement risk. Necessary reinvestment in neighborhoods, such as what is occurring in Lincoln Park, has the potential to displace or limit the ability to stay in place for some residents and businesses.

Impediments to Fair Housing Choice

The City reviewed demographic data, collected input from community members and organizations, and researched trends in housing and real estate in order to develop these impediments to fair housing choice.

What impediments does the City of Duluth face in 2020?

- 1) Exclusionary rental housing practices and policies directed at Section 8 Housing Choice Voucher holders
- 2) Exclusionary rental housing practices and policies directed at persons with criminal histories
- 3) Involuntary displacement and limited housing choice caused by gentrification
- 4) Policies and physical limitations in the built environment

The Planning and Development Division will incorporate priorities and objectives in the 2020 to 2024 Consolidated Plan with these identified impediments to fair housing choice. They will work with other departments and organizations to develop strategies to address the impediments. Strategies are included at the end of this report in Chapter 6, Fair Housing Plan.