

City of Duluth Housing Indicator Report 2020



>>photo credit: Steve Forslund



Acknowledgements

St. Louis County, MN

Housing & Redevelopment
Authority Duluth, MN

ISD 709—Duluth Public Schools

University of MN—Duluth

College of St. Scholastica

Northland Connection

Lake Superior College

U.S. Department of Housing &
Urban Development

U.S. Census Bureau

MN Department of Employment
& Economic Development

Rental Property Owners/
Managers—Duluth

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 reports, each year staff analyze different subsets of data to determine trends and change over time. The need for additional housing in Duluth, particularly affordable units, is high. A 2019 Maxfield Research, Inc. study projected that 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 1,831 new units built between 2014 and 2020, the contents of this report demonstrate the continued demand for both market rate and affordable housing in Duluth.

2020 Report Highlights

- Household size and population in Duluth remained relatively unchanged in 2020.
- Rental vacancy rate was 5.2% in 2020; up from 2.6% in 2019.
- The average cost of rent citywide in 2020 was \$1,125 a \$42 increase since 2019.
- Net gain of 150 housing units in 2020.
- 11.22% of Housing Choice Vouchers administered by the Housing and Redevelopment Authority of Duluth (HRA) remained unused in 2020, a 2.78% decrease from 2019.
- Duluth's Median Annual income was \$52,463 in 2020, compared to \$55,819 in 2019.
- Median price of single-family home in Duluth was \$205,000 in 2020, compared to \$195,000 in 2019.
- Unemployment rate in Duluth was 6.4 in 2020, compared to 3.1 in 2019.

COVID-19 Pandemic

On February 3, 2020, the U.S declared a public health emergency in response to the coronavirus outbreak and by March the World Health Organization declared COVID-19 a pandemic. This National public health emergency created much uncertainty and financial instability, as stay at home orders and business closures affected employment rates and economic stability. While approval and distribution of the largest economic recover package in history (CARES act) followed, long term impacts of the pandemic to Duluth's housing market are remain unclear.

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I. Demographic Trends

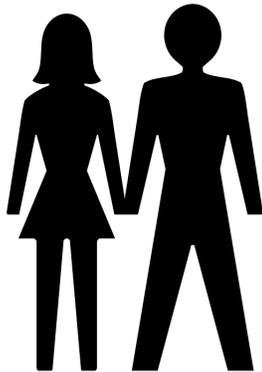
The estimated population in Duluth decreased by 422 individuals from 2019 to 2020, while the number of households decreased by 1,192. The median age in Duluth is 34.1, lower than both Minnesota (38.0) and the United States (38.1). According to the American Community Survey, 24% of Duluth’s population 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.



Duluth Population—85,915



Number of Households—36,182



Females—51.3% Males—48.7%



Median Age Duluth—34.1

The City of Duluth acknowledges that some individuals may not identify with either of the above genders. The Census Bureau currently only provides data for those identifying as male and female; the City will update these categories as soon as new data is available.

Table 1: Historical Population Duluth

| | 1970 | 1980 | 1990 | 2000 | 2010 | 2017 | 2018 | 2019 | 2020 |
|------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Population | 100,578 | 92,811 | 85,493 | 86,319 | 86,230 | 86,048 | 85,884 | 85,617 | 85,195 |
| Households | 33,384 | 35,363 | 34,646 | 35,500 | 36,814 | 34,939 | 36,198 | 37,374 | 36,182 |

Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year’s final data

I. Demographic Trends

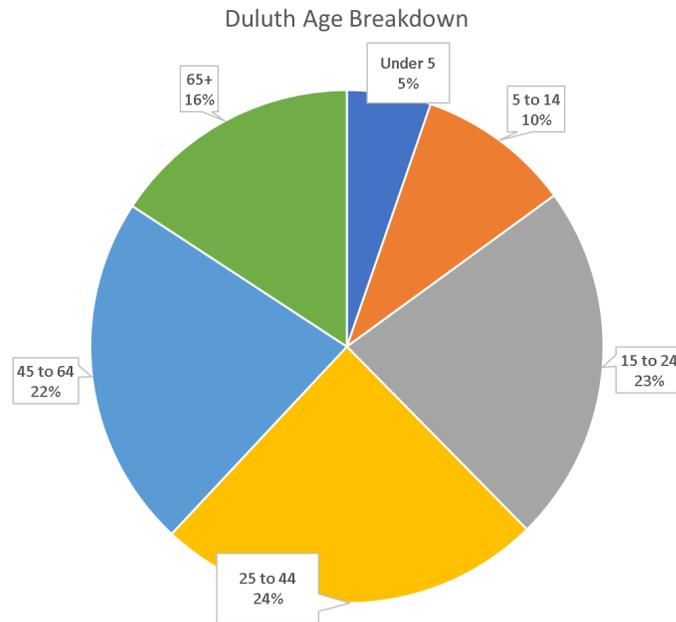


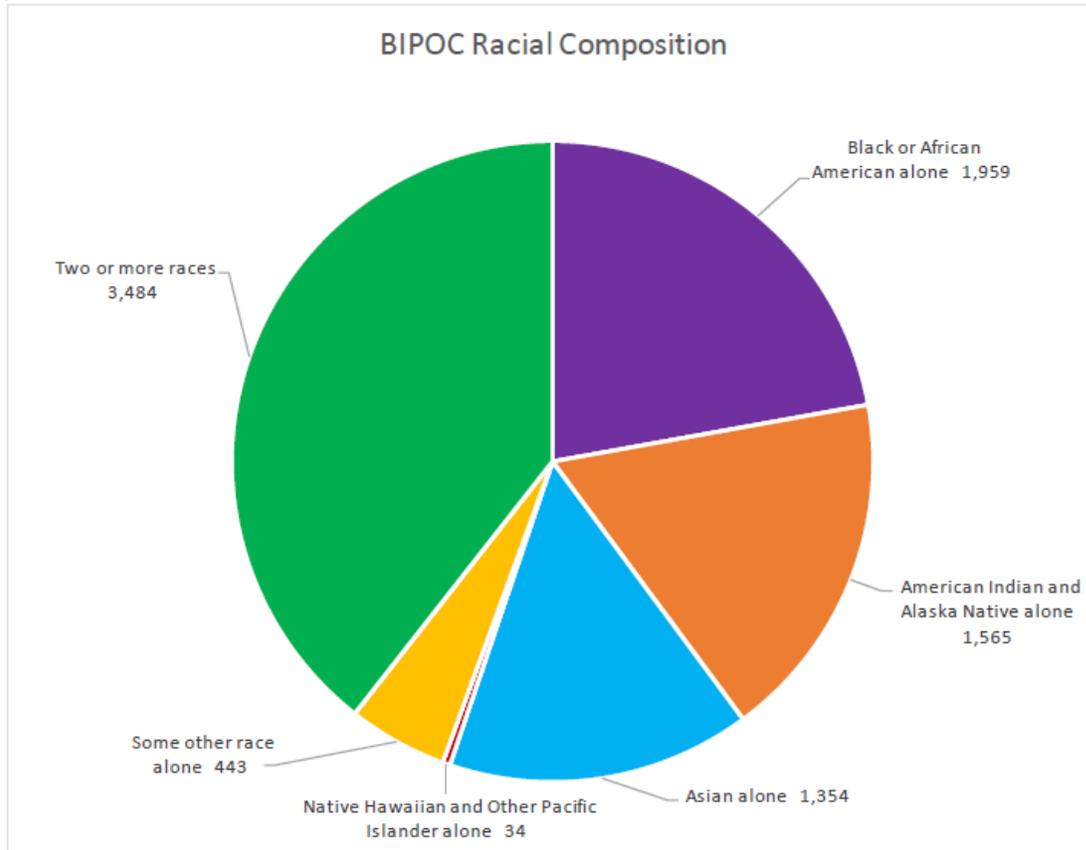
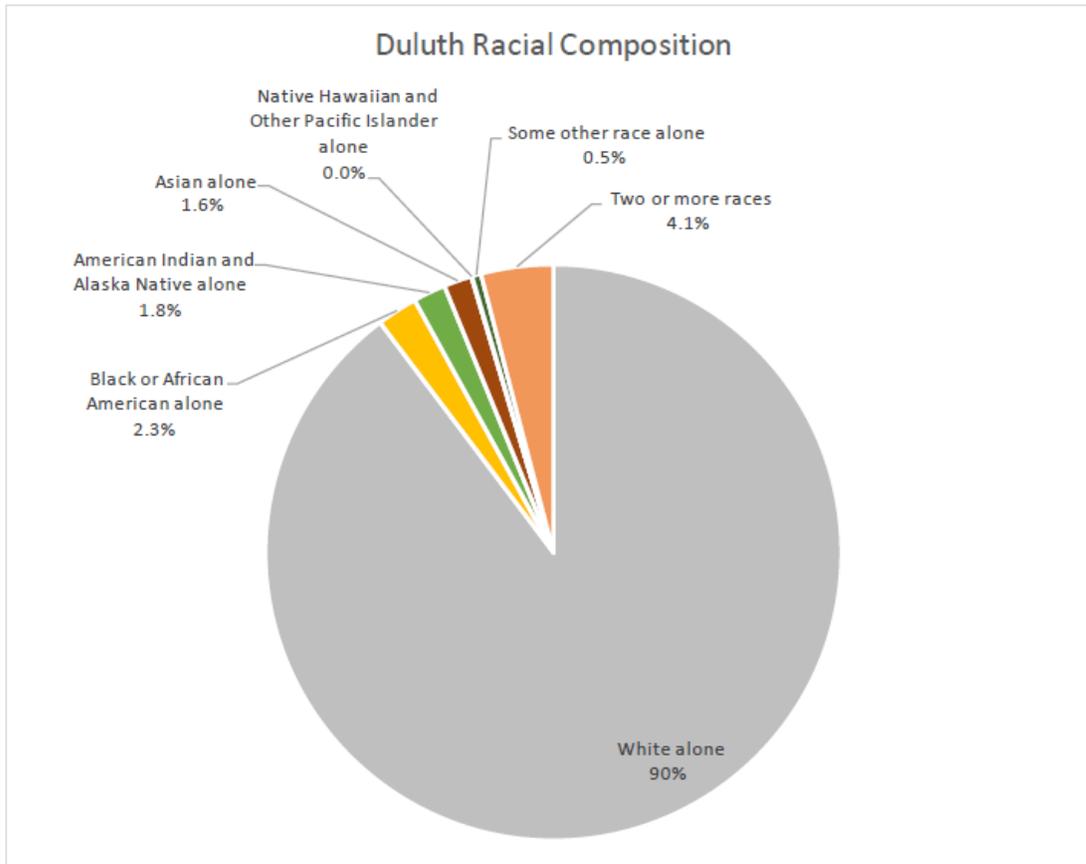
Table 2: Demographic Shifts in the City of Duluth

| | 1990 | 2000 | 2010 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|
| Population | 85,493 | 86,319 | 86,230 | 86,048 | 85,884 | 85,617 | 85,915 |
| People >65 | 18,504 | 13,147 | 12,565 | 13,146 | 15,453 | 13,345 | 13,505 |
| Number of Households | 34,646 | 35,500 | 36,814 | 34,939 | 36,198 | 37,374 | 36,182 |
| Average Household | 2.36 | 2.26 | 2.17 | 2.29 | 2.21 | 2.13 | 2.20 |
| Number of Housing | 36,022 | 36,994 | 38,990 | 37,100 | 39,092 | 39,535 | 38,496 |
| Vacant Housing | 1,519 | 1,494 | 2,508 | 2,161 | 2,894 | 2,161 | 2,314 |
| Owner Occupied Units | 22,275 | 22,773 | 22,029 | 20,671 | 22,075 | 22,278 | 21,845 |
| Renter Occupied Units | 12,228 | 12,727 | 14,453 | 14,268 | 14,123 | 15,096 | 14,377 |

Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year's final data

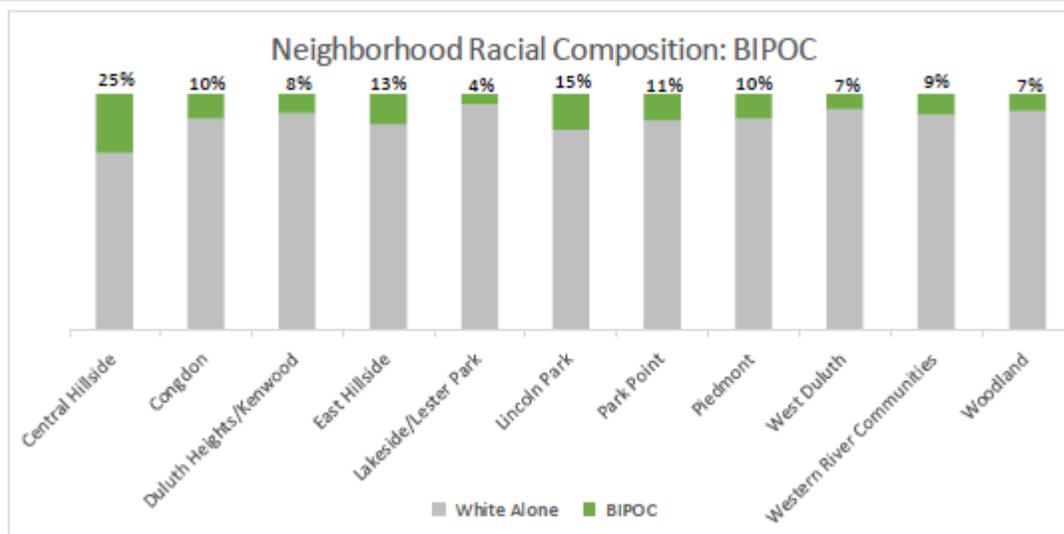
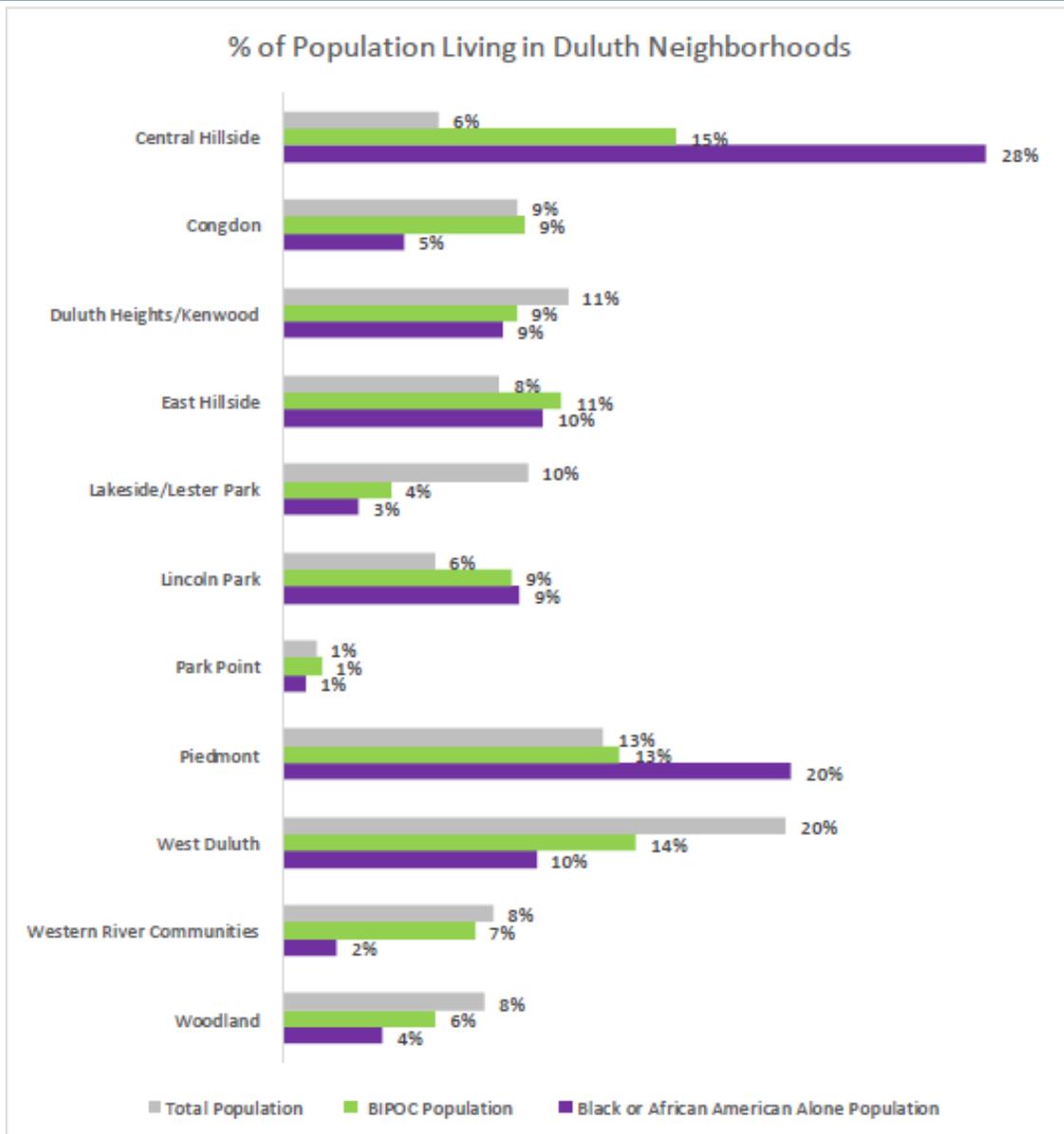
I. Demographic Trends



Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year's final data

I. Demographic Trends



Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year's final data

I. Demographic Trends

Poverty and Homelessness in Duluth

In 2020 the median household income in Duluth was \$52,463, a decrease of \$3,356 (6.01%) since 2019. Approximately 51% of Duluth households made \$50,000 or more in 2020 according to the American Community Survey. Duluth Public Schools reported that 35.8% of students in pre-kindergarten to 12th grade were eligible for free or reduced lunches in 2020. 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: 2020 Duluth Household Income

| Income | Percentage of Total Households |
|---------------------|--------------------------------|
| Less than \$35,000 | 33.8% |
| \$35,000 - \$49,999 | 14.1% |
| \$50,000 - \$74,999 | 18.5% |
| \$75,000 - \$99,999 | 11.5% |
| \$100,000 or More | 21.9% |

Data Source: U.S Census Bureau American Community Survey

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; margin of error ± 1.4 to ± 4.7

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 2020 the City strived to assist 2,000 individuals or families; 2,400 were served. Duluth's three emergency shelters receiving federal funding provided 1,821 individuals with a bed in 2019. In 2020, 2,034 individuals were served, which exceeded the yearly goal of 1,620. Duluth's street outreach program managed by Churches United In Ministry (CHUM) identified and assisted 200 homeless adults in 2020, engaging them with services and local resources. During the 2020, the Federal Government allocated additional ESG funds to the City to assist with the pandemic. These funds are currently being distributed and used by agencies to provide additional shelter opportunities, such as hotel vouchers and provide rental assistance to people who have lost income due to the pandemic. Since these contracts are active, final numbers are unknown, but as of April 30, 2021; an additional 870 people have been assisted with these fund. In 2010, Duluth Public Schools began tracking homeless students per Minnesota Department of Education's requirements. In 2020, 114 students were reported homeless, which is a decrease of 79 from that reported in 2019.

Table 4: Homeless Sheltered in Duluth

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Emergency Shelters | 2,137 | 2,137 | 1,551 | 1,482 | 1,856 | 1,829 | 1,546 | 1,821 | 2,034 |
| Transitional Housing | 338 | 355 | 473 | 420 | 379 | 330 | 255 | 210 | 176 |
| TOTALS | 2,475 | 2,492 | 2,024 | 1,902 | 2,235 | 2,159 | 1,801 | 2,031 | 2,210 |

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 2020, St. Louis County completed 903 prescreen calls for housing assistance. Of these prescreen calls, 712 were related to the Vulnerability Index-Service Prioritization Decision Assistance Tool (VI-SPADT), and 191 to community homeless prevention assistance. The VI-SPADT is a survey administered to both individuals and families to determine risk and prioritization when aiding homeless and at-risk of homeless persons.

Table 5: Continuum of Care Housing Inventory 2020—Duluth/St. Louis County

| | Family Units | Family Beds | Adult-Only Beds | Total Yr-Round Beds |
|---|--------------|-------------|-----------------|---------------------|
| Emergency & Transitional Housing | 68 | 223 | 145 | 368 |
| Emergency Shelter | 28 | 95 | 104 | 199 |
| Transitional Housing | 40 | 128 | 41 | 169 |
| Permanent Housing | 196 | 559 | 531 | 1,090 |
| Permanent Supportive Housing | 96 | 245 | 304 | 549 |
| Rapid Re-Housing | 24 | 50 | 51 | 101 |
| Other Permanent Housing | 76 | 264 | 176 | 440 |
| Grand Total | 264 | 782 | 676 | 1,458 |

Source: U.S. Department of Housing and Urban Development; *2020 Housing Inventory Count Report*

Summary of Housing Inventory Terms

Emergency Shelter: Facility that provides a temporary shelter for the homeless or for specific populations of the homeless and which does not require occupants to sign leases or occupancy agreements.

Transitional Housing: Designed to provide homeless individuals and families with the interim stability and support to move to and maintain permanent housing. Program participants will have a lease or occupancy agreement when residing in transitional housing.

Permanent Housing: Community-based housing without a designated length of stay for formerly homeless individuals and families. Program participants will have a lease for an initial term that is renewable.

Permanent Supportive Housing: Housing with indefinite leasing or rental assistance paired with supportive services to assist homeless persons with a disability or families with an adult or child member with a disability facing housing instability.

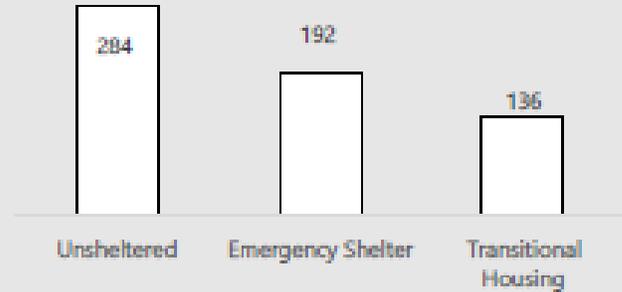
Rapid Re-Housing: Permanent housing that is short-term and/or medium-term tenant-based rental assistance for homeless individuals or families, with or without disabilities.

Other Permanent Housing: Permanent housing with services (no disability required for entry) and housing only.

I. Demographic Trends

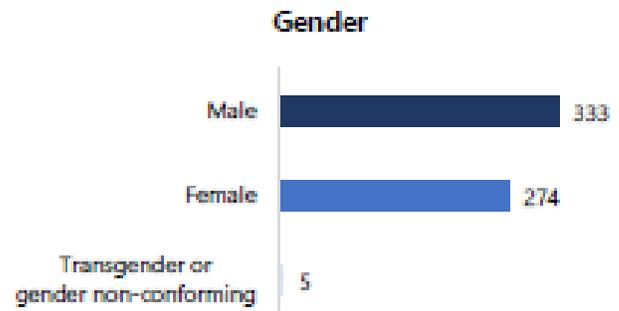
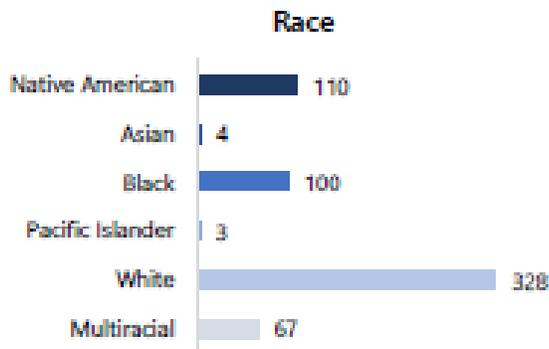
St. Louis County/Duluth Profile: Shelters and Transitional Housing

| | |
|----------------------|------------|
| Total Count | 612 |
| Unsheltered | 284 |
| Emergency Shelter | 192 |
| Transitional Housing | 136 |

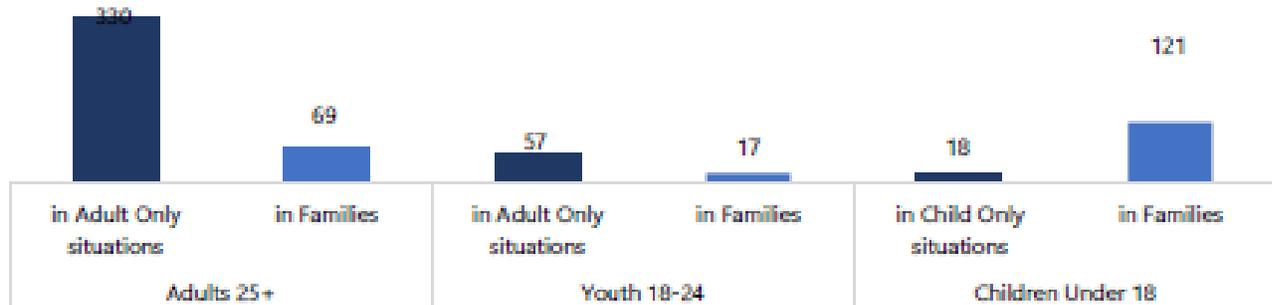


Source: 2020 Point in Time Count.

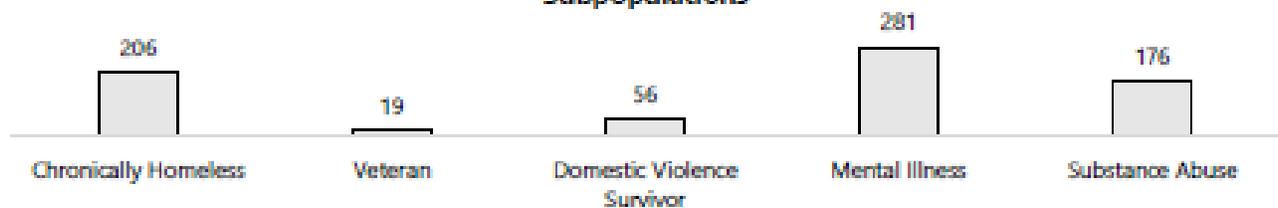
For more information: hmlsrm.org/point-in-time-count



Age and Household Type



Subpopulations



Developed by Institute for Community Alliances

See Appendix for 2020 Point In Time Count Data Table

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 one’s income and typically managed by local Housing Authorities like the Duluth HRA.

Table 6: Public Housing Waiting Lists & Vacancy Rates

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Public Housing Vacancy % | 3.0 | 2.0% | 2.0% | 1.6% | 2.2% | 3.1% | 4.4% | 3.4% | 6.3% |
| Public Housing Avg. Waiting List | 1,014 | 802 | 635 | 995 | 1,155 | 1,646 | 2,213 | 1,938 | 1,087 |
| Housing Choice Voucher (Unused) | 1.0% | 2.0% | 7.0% | 0% | 1.9% | 2.4% | 5.8% | 14.06% | 11.22% |
| Housing Voucher Avg. Waiting List | 2,376 | 1,477 | 1,464 | 1,320 | 1,820 | 2,705 | 3,460 | 3,006 | 2,792 |

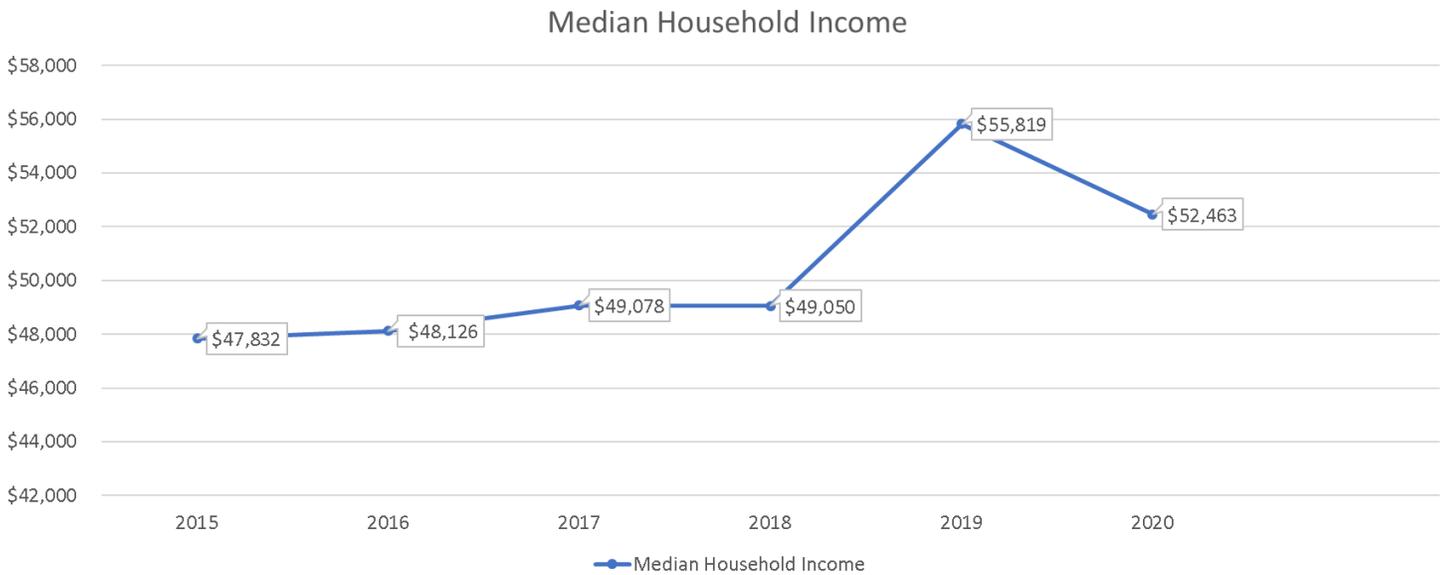
Source: Housing and Redevelopment Authority of Duluth, MN



II. Employment Trends

Median Household Income

Duluth’s annual median household income has remained relatively stable in the last decade, with an incremental decrease from \$55,819 in 2019 to \$52,463 in 2020. 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.



Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year’s final data

Table 7: Median Income for Other Locations

| | 2010 | 2020 | Increase |
|----------------------------|----------|----------|----------|
| City of Duluth | \$37,646 | \$52,463 | 39.3% |
| City of Minneapolis | \$46,508 | \$62,583 | 34.5% |
| City of St. Paul | \$44,057 | \$57,876 | 31.3% |
| City of St. Cloud | \$39,782 | \$49,135 | 23.5% |
| City of Rochester | \$56,826 | \$73,106 | 28.6% |
| City of Mankato | \$40,190 | \$47,924 | 19.2% |
| St. Louis County | \$41,801 | \$55,646 | 33.1% |
| State of Minnesota | \$55,459 | \$71,306 | 28.5% |
| United States | \$50,046 | \$62,843 | 25.5% |

Data Source: U.S Census Bureau American Community Survey; 1-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year’s final data

II. Employment Trends

Labor Force and Unemployment

Table 8: Average Yearly Income by Industry Duluth

| Industry | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--------------------------------------|----------|----------|----------|----------|----------|----------|
| Construction | \$63,249 | \$60,537 | \$60,172 | \$64,865 | \$62,868 | \$64,430 |
| Manufacturing | \$56,053 | \$57,826 | \$58,191 | \$60,694 | \$62,486 | \$65,985 |
| Trade, Transportation, and Utilities | \$38,012 | \$38,846 | \$38,846 | \$40,827 | \$43,853 | \$46,534 |
| Financial Activities | \$50,682 | \$50,422 | \$54,176 | \$57,722 | \$57,078 | \$60,197 |
| Information | \$49,587 | \$49,952 | \$51,621 | \$51,256 | \$51,982 | \$56,477 |
| Professional and Business Services | \$55,636 | \$55,323 | \$56,940 | \$58,660 | \$57,286 | \$61,222 |
| Education and Health Services | \$53,446 | \$52,403 | \$53,133 | \$55,688 | \$56,333 | \$57,781 |
| Natural Resources and Mining | \$43,226 | \$44,251 | \$49,066 | \$45,746 | \$50,804 | \$42,710 |
| Leisure and Hospitality | \$16,372 | \$17,572 | \$17,780 | \$18,093 | \$18,529 | \$18,791 |
| Other Services | \$22,525 | \$22,577 | \$24,715 | \$25,706 | \$27,542 | \$29,481 |
| Public Administration | \$61,007 | \$61,632 | \$62,467 | \$63,979 | \$64,289 | \$65,881 |

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

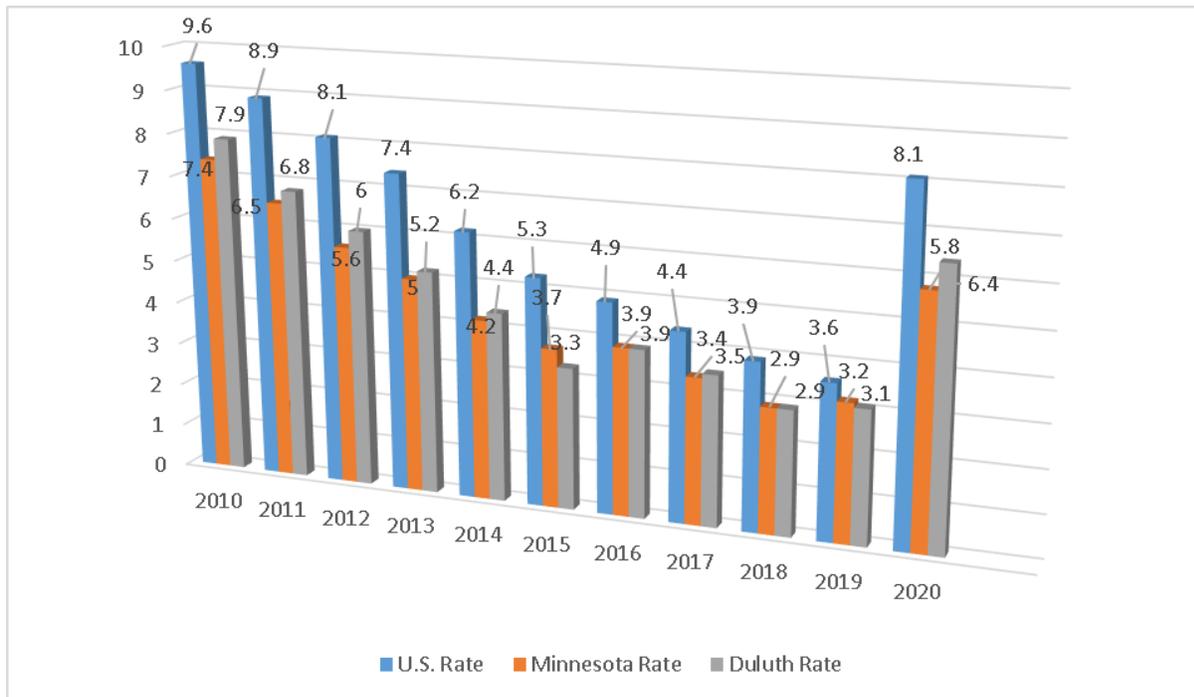
Table 9: Major Employers in Duluth

| Name of Employer | Function | Number of Employees |
|--------------------------------|---------------------------------|---------------------|
| Essentia Health | Health Care and Social Services | 6,513 |
| St. Luke's | Health Care and Social Services | 2,249 |
| St. Louis County | Public Administration | 1,990 |
| Duluth Public Schools | Educational Services | 1,450 |
| ALLETE | Utilities | 1,314 |
| Duluth Air National Guard Base | Public Administration | 1,068 |
| Cirrus Aircraft | Manufacturing | 1,000 |
| United Health Care | Finance and Insurance | 999 |
| University of MN- Duluth | Educational Services | 953 |
| City of Duluth | Public Administration | 850 |

Source: Northland Connection; *Top Employers*

II. Employment Trends

Unemployment Rates in Duluth, Minnesota, & the United States



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

Table 10: Duluth Labor Force & Unemployment 2010—2020 Comparisons

| Year | Duluth Labor Force | Duluth Unemployment | Duluth Rate | Duluth Superior MSA Unemployment Rate | Twin Cities Metro Unemployment Rate | Minnesota Rate | U.S. Rate |
|------|--------------------|---------------------|-------------|---------------------------------------|-------------------------------------|----------------|-----------|
| 2020 | 44,956 | 2,905 | 6.4 | 7.4 | 6.2 | 5.8 | 8.1 |
| 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 | 5.0 | 7.4 |
| 2012 | 45,721 | 2,734 | 6.0 | 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, *Minnesota Unemployment Statistics Data; Yearly Average*

The 2020 pandemic had significant impacts to the labor market. It is important to make this disclaimer as unemployment data from 2020 may not be representative of future trends and we do not yet completely understand the long term impact.

III. Homeownership Trends

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

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Total Owner Occupied | 20,375 | 20,947 | 21,714 | 21,210 | 22,205 | 21,225 | 20,671 | 22,075 | 22,278 | 21,845 |
| Total Renter Occupied | 13,251 | 14,078 | 14,296 | 15,097 | 13,202 | 13,912 | 14,268 | 14,123 | 15,096 | 14,337 |

Data Source: U.S Census Bureau American Community Survey; 5-Year Estimates Data Profiles

Note: 2020 data is a projection from the American Community Survey 5-year Estimates Data Profile; data updated yearly to reflect previous year's final data

Table 12: Foreclosures in Duluth & St. Louis County

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------|------|------|------|------|------|------|------|------|------|------|
| Duluth Foreclosures | 208 | 190 | 156 | 116 | 111 | 122 | 78 | 57 | 33 | 16 |
| St. Louis County Foreclosures | 488 | 464 | 360 | 318 | 270 | 188 | 195 | 177 | 140 | 48 |

Source: St. Louis County Assessor's Office

Table 13: Single Family Home Sales & Days on the Market

| Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Median Price | \$145,000 | \$149,000 | \$154,500 | \$162,700 | \$169,900 | \$185,000 | \$195,000 | \$205,000 |
| # of Home Sales | 1,255 | 1,253 | 1,377 | 1,404 | 1,333 | 1,312 | 1,341 | 1,266 |
| Average Days on the Market | 65 | 68 | 55 | 47 | 38 | 34 | 31 | 24 |

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



Photo credit: VA.org

IV. Rental Housing Indicator

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 3,180 rental units surveyed in 2020, covering all ten of Duluth's neighborhood districts, from Lakeside to Fond du Lac. The average monthly rent in 2020 was \$1,125, a \$42 increase from 2019. 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 2020 was 5.2%; a 2.6% increase since 2019. According to the U.S. Census Bureau, the rental vacancy rate for the United States was approximately 6.0% in 2020. 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; a vacancy of 5% is often considered healthy.

Note: the Duluth rental data in this report is based on surveys received regarding 3,180 (approximately 22%) of total Duluth rental units; we do not have data for 78% of units. Additionally, the 2020 pandemic had significant impacts to the housing market: the eviction moratorium, lock-down and general disruption of normal life had and will continue to have impacts that we have not fully realized. For example, post secondary enrollment was down by 1,162 students, resulting in unusual vacancies in student housing; this is likely to stabilize in 2021. It is important to make this disclaimer as market data from 2020 may not be representative of future trends and we do not yet completely understand the impact on housing, particularly rental housing.

Table 14: Duluth Market Rate Rental Vacancy Rate

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|------|------|------|------|------|------|------|-------|------|------|------|
| 3.4% | 3.6% | 4.1% | 4.6% | 6.6% | 3.3% | 3.6% | 4.80% | 3.0% | 2.6% | 5.2% |

Source: City of Duluth 2020 Rental Survey

The average rent cost for one and two bedroom units decreased in 2020. Studio, three, four, and other bedroom units experienced a slight increase in average rent. The largest increase was four bedroom units, which experienced a \$153 average rent increase from 2019 to 2020. 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 2020 (\$52,463) to the average cost of rental housing in 2020, both four bedroom and other units would be a cost burden to renters.

IV. Rental Housing Indicator

Table 15: Average Duluth Rents by Bedroom Size

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Studio | \$461 | \$484 | \$476 | \$511 | \$535 | \$568 | \$566 | \$576 | \$630 | \$722 |
| 1 Bed | \$651 | \$675 | \$690 | \$661 | \$758 | \$776 | \$856 | \$961 | \$937 | \$779 |
| 2 Bed | \$751 | \$774 | \$778 | \$751 | \$955 | \$1,103 | \$1,062 | \$1,176 | \$1,200 | \$954 |
| 3 Bed | \$836 | \$882 | \$906 | \$911 | \$1,057 | \$1,001 | \$1,124 | \$1,256 | \$1,212 | \$1,250 |
| 4 Bed | \$1,019 | \$1,003 | \$1,003 | \$948 | \$1,115 | \$1,334 | \$1,384 | \$1,594 | \$1,439 | \$1,592 |
| Other | \$1,474 | \$1,462 | \$1,552 | \$1,731 | \$1,930 | \$2,066 | \$1,943 | \$2,120 | \$2,158 | \$2,163 |

Source: 2020 City of Duluth Rental Survey

Table 16: Cost of Housing 2020

| | Studio Apartment | 1 Bedroom | 2 Bedroom | 3 Bedroom | 4 Bedroom | Other |
|---|------------------|-----------|-----------|-----------|-----------|----------|
| Average Monthly Rent | \$722 | \$779 | \$954 | \$1,250 | \$1,592 | \$2,163 |
| Yearly Income to Afford | \$28,880 | \$31,160 | \$38,160 | \$50,000 | \$63,680 | \$86,520 |
| Hourly Wage to Afford (40hr/week) | \$13.88 | \$14.98 | \$18.34 | \$24.03 | \$30.61 | \$41.46 |
| Hours/Week at Minimum Wage \$10.00 | 56 | 60 | 74 | 97 | 123 | 167 |

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

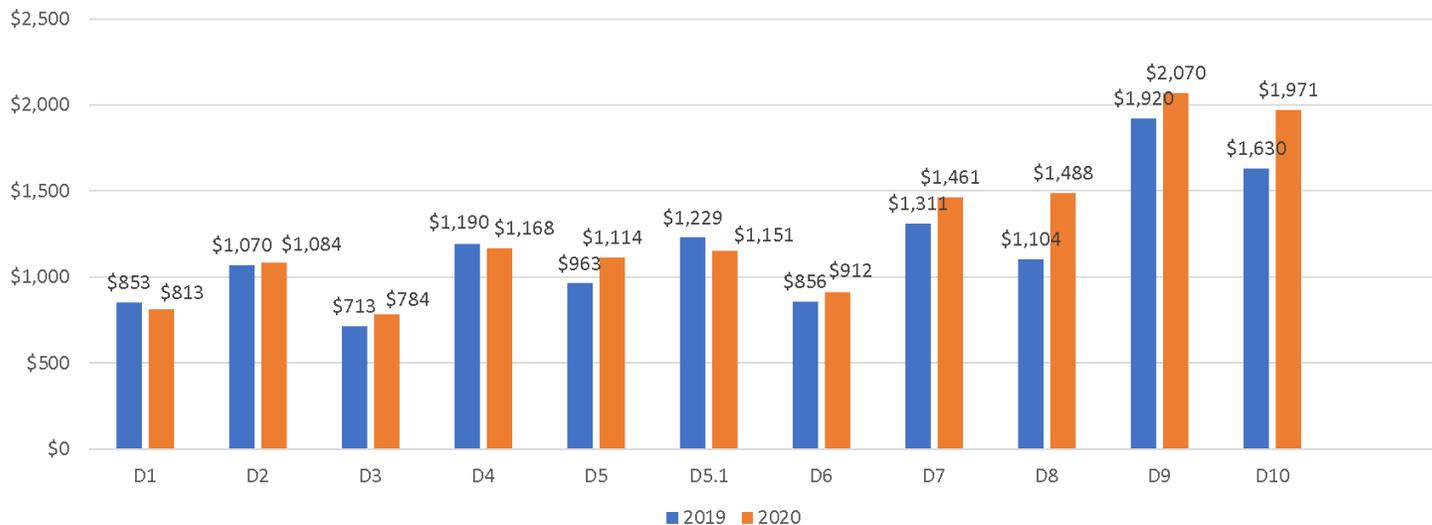


IV. Rental Housing Indicator

Neighborhood Analysis

Citywide the average rental rate in 2020 was \$1,125 a month, with a 5.2% vacancy rate; however, this varies across neighborhood districts. According to 2020 rental survey data, the lowest rent paid was in District 3 (Lincoln Park) with an average monthly rent of \$784. The highest average monthly rent was District 9 (Lakeside, Lester Park, & North Shore) at \$2,070. A map of the neighborhood districts in Duluth is included in the appendix of this document.

Average Rent by Planning District



Source:: City of Duluth Rental Survey 2020

Student Enrollment Trends

Duluth had 19,074 undergraduate college students studying at the University of Minnesota– Duluth, The College of St. Scholastica, and Lake Superior College in 2020, a decrease of 1,162 students since 2019. Of the 19,074 students, only 14.2% lived on campus in student housing in 2020. Due to the COVID-19 pandemic, a high percentage of students were enrolled in remote courses in 2020 with a larger number of students living at home this semester and not necessarily in the Duluth region.

Table 17: Student Enrollment in Duluth

| Name of School | Student Enrollment Undergraduate | Number of Students Living on Campus | Number of Students Living Off Campus |
|----------------------------------|----------------------------------|-------------------------------------|--------------------------------------|
| University of Minnesota – Duluth | 9,301 | 2,033 | 7,268 |
| College of St. Scholastica | 2,244 | 684 | 1,560 |
| Lake Superior College | 7,529 | 0 | 7,529 |
| Total | 19,074 | 2,717 | 16,357 |

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 Indicator

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 18: Public Housing Waiting Lists & Vacancy Rates

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|--|-------|-------|-------|-------|-------|-------|-------|--------|--------|
| Public Housing Vacancy % | 3.0 | 2.0% | 2.0% | 1.6% | 2.2% | 3.1% | 4.4% | 3.4% | 6.3% |
| Public Housing Avg. Waiting List | 1,014 | 802 | 635 | 995 | 1,155 | 1,646 | 2,213 | 1,938 | 1,087 |
| Housing Choice Voucher (Unused) | 1.0% | 2.0% | 7.0% | 0% | 1.9% | 2.4% | 5.8% | 14.06% | 11.22% |
| Housing Voucher Avg. Waiting List | 2,376 | 1,477 | 1,464 | 1,320 | 1,820 | 2,705 | 3,460 | 3,006 | 2,792 |

Source: Housing & Redevelopment Authority of Duluth, Minnesota

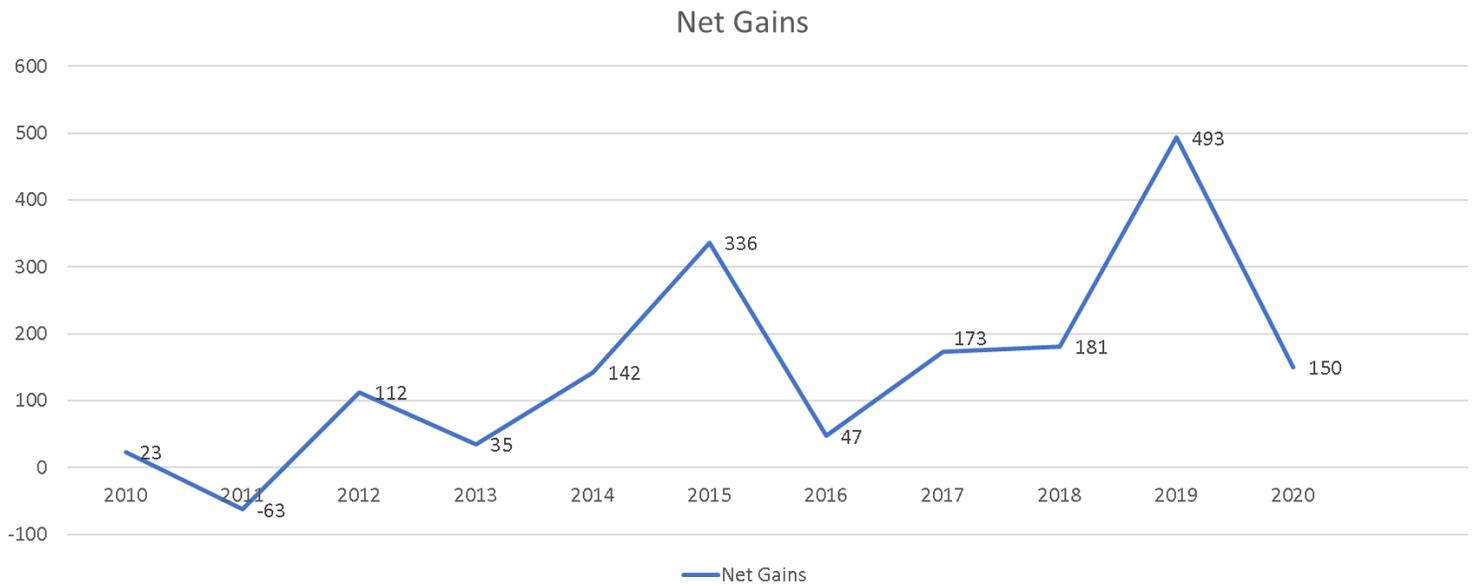
Table 19: HUD's Housing Choice Voucher Program Unit Thresholds

| By Bedroom Size | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 11/1/2020 |
|-----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Studio | \$433 | \$504 | \$481 | \$481 | \$536 | \$543 | \$543 | \$600 | \$650 | \$675 |
| 1 Bed | \$528 | \$607 | \$579 | \$579 | \$627 | \$627 | \$627 | \$650 | \$735 | \$735 |
| 2 Bed | \$666 | \$725 | \$725 | \$725 | \$755 | \$792 | \$792 | \$835 | \$950 | \$950 |
| 3 Bed | \$836 | \$945 | \$945 | \$945 | \$945 | \$984 | \$1,020 | \$1,065 | \$1,200 | \$1,200 |
| 4 Bed | \$1,064 | \$1,099 | \$1,099 | \$1,099 | \$1,099 | \$1,180 | \$1,180 | \$1,325 | \$1,325 | \$1,394 |
| 5 Bed | \$1,224 | \$1,264 | \$1,264 | \$1,254 | \$1,264 | \$1,356 | \$1,413 | \$1,525 | \$1,525 | \$1,525 |

Source: Housing & Redevelopment Authority of Duluth

V. Housing Production

City of Duluth Net Gains in Housing Units



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 2020 indicated that of the 38,496 housing units in Duluth, 43.2% were built before 1940, compared to 16.2% of Minnesota's total housing stock and 12.6% nationally.

A large percentage of Duluth's housing stock is over 50 years old, many evidencing significant deferred maintenance. In 2020, 195 new housing units were applied for while 45 units were demolished. This resulted in a net gain of 150 units. Approximately 1,831 new housing units were built between 2014 and 2020. Accounting for units demolished during this time, Duluth has seen a net gain of 1,522 units since 2014.

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 2020, 313 alteration permits were issued, a increase of 33 issued permits since 2019. The total addition permits issued in 2020 was 40, a increase of 10 permits since 2019.

V. Housing Production

Table 20: Residential Housing Permits

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------------------------|------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|------------|
| New permits (residential) | 146 | 151 | 132 | 105 | 87 | 45 | 31 | 55 | 25 | 35 | 41 | 58 | 32 | 43 | 49 | 59 | 72 | 37 |
| Units of 1 family dwellings | 138 | 121 | 113 | 87 | 70 | 36 | 31 | 36 | 21 | 33 | 39 | 44 | 29 | 42 | 46 | 40 | 57 | 31 |
| Units of 2 family dwellings | 10 | 30 | 17 | 2 | 26 | 8 | 0 | 34 | 4 | 4 | 4 | 4 | 0 | 0 | 0 | 16 | 15 | 4 |
| Units of 3 or 4 family dwellings | 8 | 28 | 16 | 19 | 0 | 0 | 0 | 6 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 4 | 1 | |
| Units of 5 or more family dwellings | 6 | 206 | 103 | 494 | 18 | 104 | 0 | 0 | 16 | 106 | 60 | 126 | 381 | 54 | 153 | 154 | 454 | 160 |
| Number of Units Created | 162 | 385 | 249 | 602 | 114 | 148 | 31 | 76 | 41 | 143 | 103 | 190 | 410 | 96 | 199 | 214 | 527 | 195 |
| Alteration permits (residential) | 883 | 904 | 865 | 810 | 819 | 808 | 821 | 855 | 471 | 1794 | 1514 | 1436 | 1037 | 244 | 268 | 353 | 280 | 313 |
| Addition permits (residential) | 134 | 120 | 109 | 113 | 89 | 82 | 59 | 65 | 55 | 54 | 38 | 40 | 48 | 30 | 51 | 35 | 30 | 40 |
| Single family demolitions | 20 | 22 | 47 | 19 | 32 | 38 | 44 | 45 | 32 | 31 | 52 | 44 | 45 | 39 | 18 | 31 | 28 | 36 |
| Multi-family units demolished | 16 | 166 | 93 | 18 | 4 | 10 | 0 | 8 | 71 | 0 | 16 | 4 | 29 | 10 | 8 | 2 | 6 | 9 |
| Number of Units Demolished | 36 | 188 | 140 | 37 | 36 | 48 | 44 | 53 | 103 | 31 | 68 | 48 | 74 | 49 | 26 | 33 | 34 | 45 |
| Net Gain Single Family | 118 | 99 | 66 | 68 | 38 | -2 | -12 | -9 | -11 | 2 | -13 | 0 | -16 | 3 | 28 | 9 | 44 | -1 |
| Net Production Multi-family Units | 8 | 98 | 43 | 497 | 40 | 102 | 0 | 32 | -51 | 108 | 48 | 142 | 352 | 44 | 145 | 172 | 449 | 151 |
| Net Gain Units (Total) | 126 | 197 | 109 | 565 | 78 | 100 | -13 | 23 | -62 | 112 | 35 | 142 | 336 | 47 | 173 | 181 | 493 | 150 |

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 for Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) assisted housing projects. The area median income in Duluth for a family of four in 2020 was \$76,800. 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 2020, the median selling price for a single-family home in Duluth was \$205,000, 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 3% interest rate, taxes, and estimated home owner's and private mortgage 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 \$38,160 to afford the average two-bedroom apartment at \$954 per month. To afford an average three-bedroom apartment at \$1,250, a household would need to earn \$50,000. 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 | \$16,150 | \$26,900 | \$43,050 |
| 2 | \$18,450 | \$30,750 | \$49,200 |
| 3 | \$20,750 | \$34,600 | \$55,350 |
| 4 | \$23,050 | \$38,400 | \$61,450 |
| 5 | \$24,900 | \$41,500 | \$66,400 |
| 6 | \$26,750 | \$44,550 | \$71,300 |
| 7 | \$28,600 | \$47,650 | \$76,200 |
| 8 | \$30,450 | \$50,700 | \$81,150 |

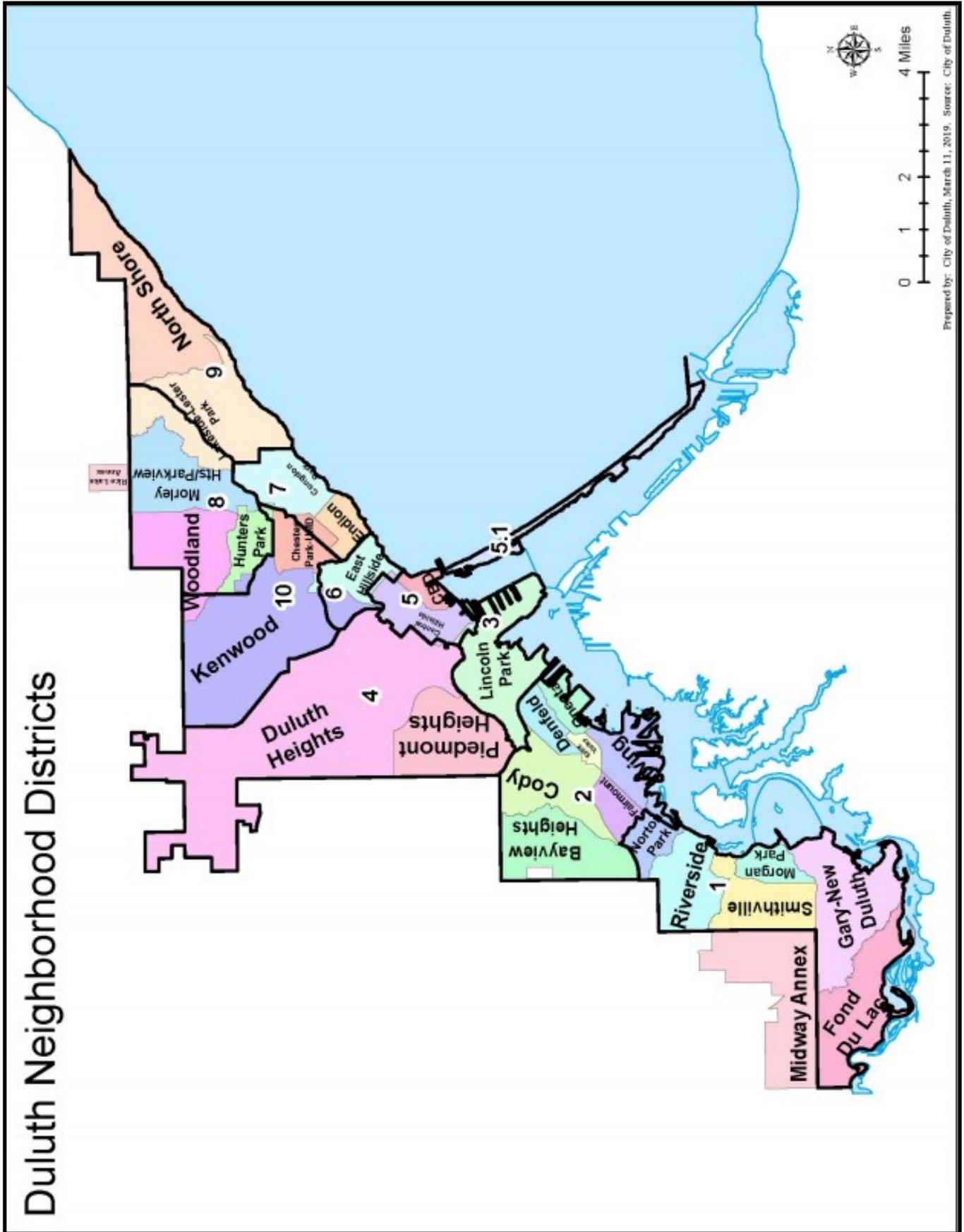
Source: HUD Income Guidelines, effective July 1, 2020

VII. Appendix

2020 St. Louis County Point in Time Count of Sheltered/Unsheltered Homeless

| Total Households and Persons | Sheltered | | Unsheltered | Total |
|---|-----------|--------------|-------------|-------|
| | Emergency | Transitional | | |
| Total Number Of Households | 155 | 67 | 223 | 445 |
| Total Number of Persons | 192 | 136 | 284 | 612 |
| Number of Children (under age 18) | 37 | 64 | 38 | 139 |
| Number of Persons (18 to 24) | 20 | 25 | 29 | 74 |
| Number of Persons (over age 24) | 135 | 47 | 217 | 399 |
| | | | | |
| Gender | Sheltered | | Unsheltered | Total |
| | Emergency | Transitional | | |
| Female | 99 | 74 | 101 | 274 |
| Male | 92 | 59 | 182 | 333 |
| Transgender | 0 | 1 | 1 | 2 |
| Gender Non-Conforming (i.e. not exclusively male or female) | 1 | 2 | 0 | 3 |
| Ethnicity | Sheltered | | Unsheltered | Total |
| | Emergency | Transitional | | |
| Non-Hispanic/Non-Latino | 179 | 134 | 278 | 591 |
| Hispanic/Latino | 13 | 2 | 6 | 21 |
| Race | Sheltered | | Unsheltered | Total |
| | Emergency | Transitional | | |
| White | 108 | 48 | 172 | 328 |
| Black or African-American | 31 | 45 | 24 | 100 |
| Asian | 3 | 1 | 0 | 4 |
| American Indian or Alaska Native | 30 | 15 | 65 | 110 |
| Native Hawaiian or Other Pacific Islander | 2 | 0 | 1 | 3 |
| Multiple Races | 18 | 27 | 22 | 67 |
| Chronically Homeless | Sheltered | | Unsheltered | Total |
| | Emergency | Transitional | | |
| Total number of persons | 54 | | 152 | 206 |

VII. Appendix



VII. Appendix

2020 City of Duluth Rental Survey Results—Citywide

| Unit Type | Units Surveyed | Vacancy Rate | Average Rent | Average Square Feet | Average Rent/ Square Foot |
|------------------|-----------------------|---------------------|---------------------|----------------------------|--------------------------------------|
| Studio | 230 | 7.3% | \$722.53 | 482 | \$1.49 |
| 1 Bedroom | 1152 | 4.6% | \$779.10 | 663 | \$1.17 |
| 2 Bedroom | 1242 | 4.8% | \$954.90 | 950 | \$1.00 |
| 3 Bedroom | 276 | 5.7% | \$1,250.29 | 1226 | \$1.01 |
| 4 Bedroom | 136 | 9.5% | \$1,592.93 | 1482 | \$1.07 |
| Other | 144 | 5.5% | \$2,163.06 | 2286 | \$0.94 |
| Total | 3180 | 5.2% | \$1,125.60 | 1020 | \$1.20 |

Source: City of Duluth Rental Survey 2020