

# The 2014 Consolidated Annual Performance and Evaluation Report (CAPER)

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June 12, 2015 DRAFT



Prepared for  
United States Department of Housing and Urban Development

by  
Community Development Division, City of Duluth, Minnesota

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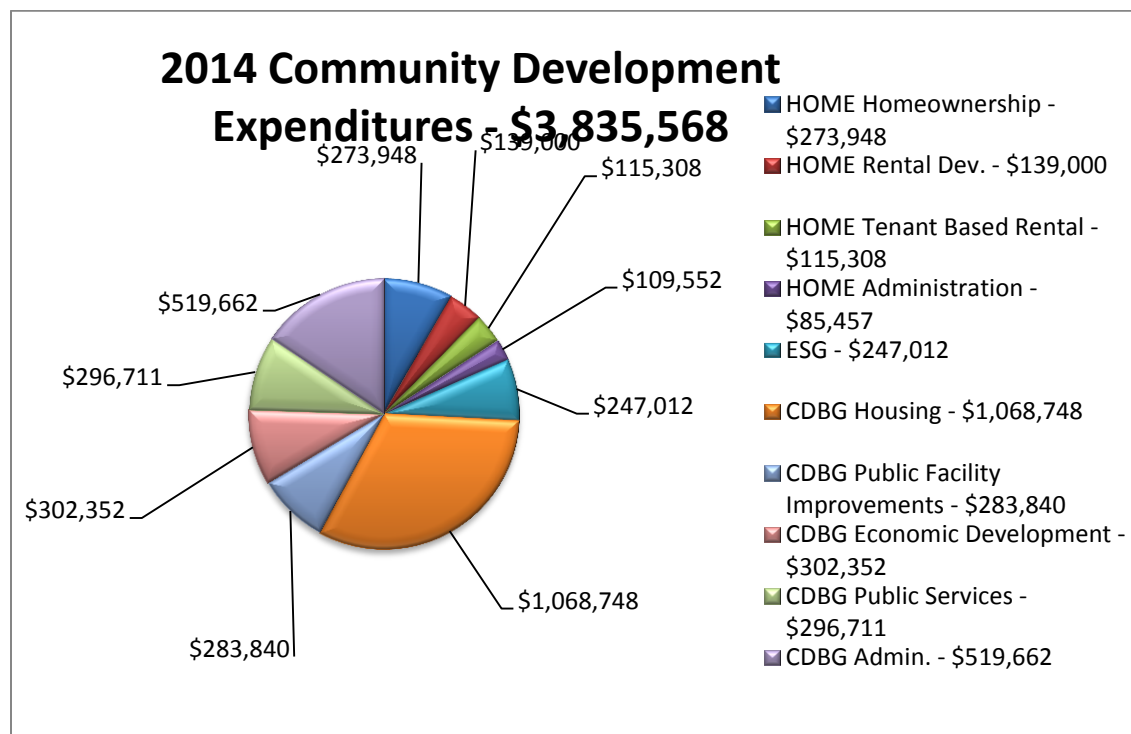
## Executive Summary

The purpose of this report, the Consolidated Annual Performance and Evaluation Report (CAPER), is to outline 2014 accomplishments in community development and housing. This work was undertaken in large part through three major funding programs provided by the U.S. Department of Housing and Urban Development (HUD):

- \* Community Development Block Grant (CDBG) Program
- \* HOME Investment Partnerships Program (HOME)
- \* Emergency Solutions Grant Program (ESGP)

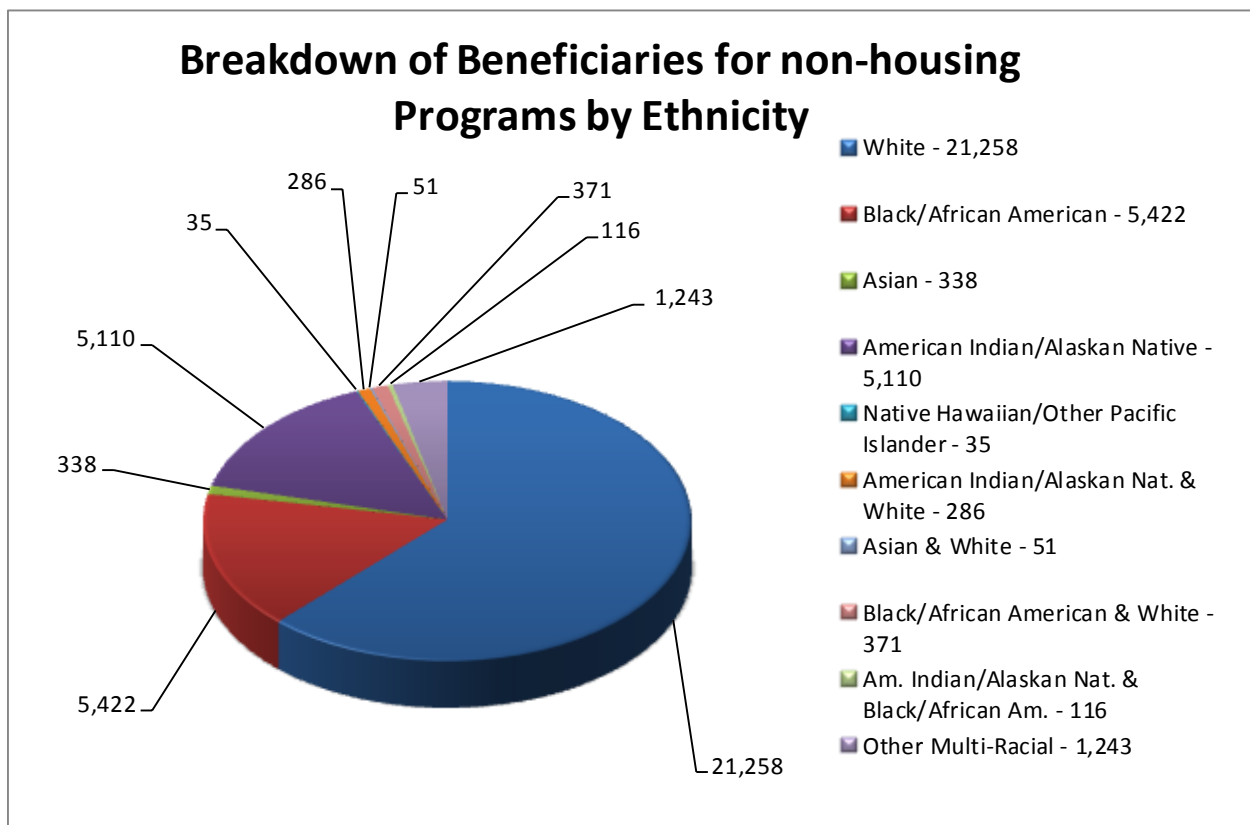
This report is organized according to these three funding sources, including information on fair housing and equal opportunity initiatives. A summary of other resources leveraged by these community development resources and citizen comments concludes the report. These comments were submitted to the City during the 15-day public comment period from June 15th to June 29th.

The following pie chart is a summary of the year's community development expenditures by program and category:



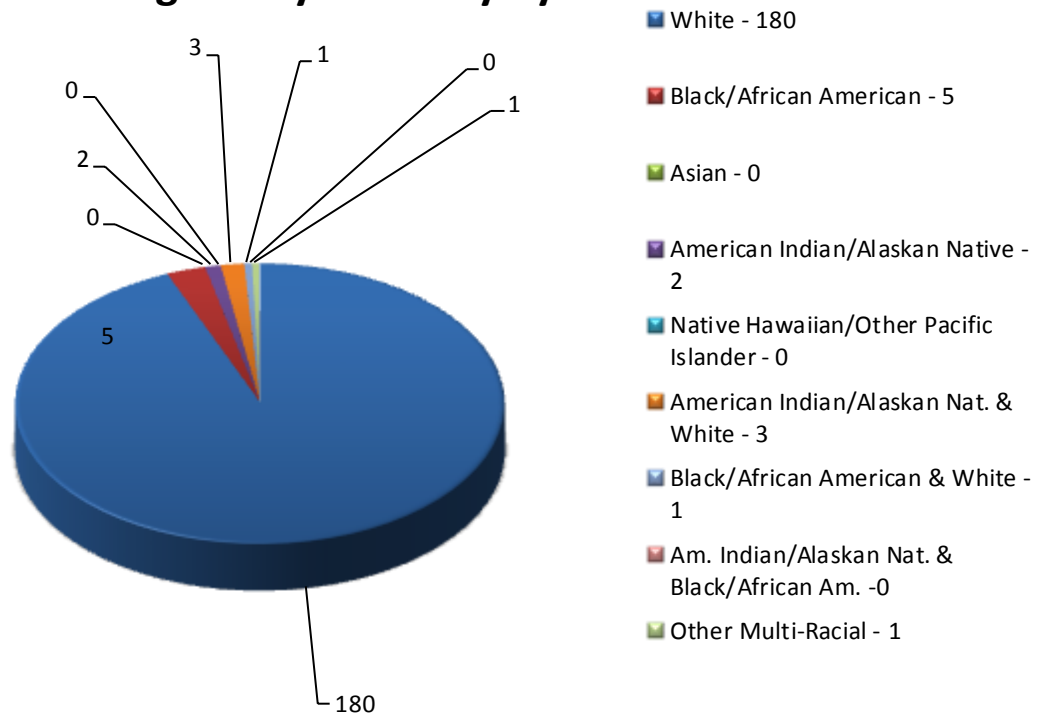
Demonstrating the impact of these community development resources on the lives of persons with low and moderate incomes is a main objective of this evaluation report. Thus, it is the City's objective that this report present to Duluth citizens and HUD a clear, complete statement of activity, as well as comply with federal statutory regulations.

The below is a chart of beneficiaries by ethnicity:



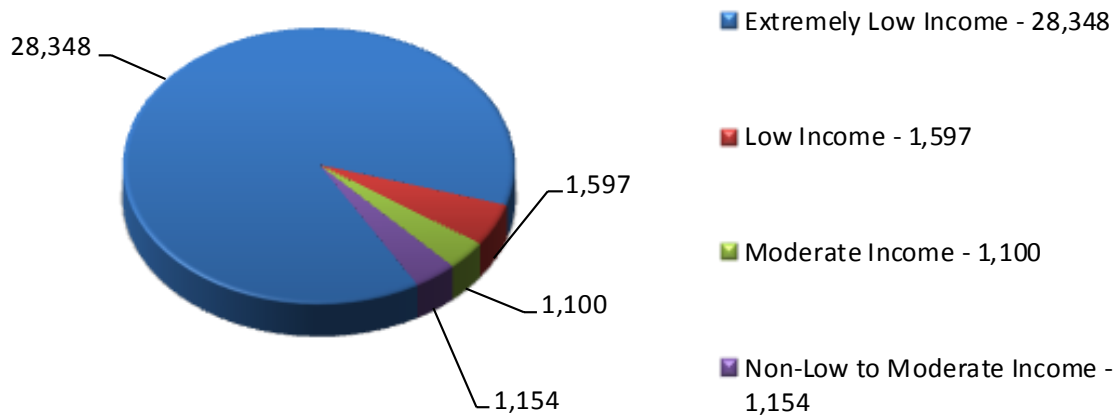
\*Of the total persons 34,230 served, 391 were of Hispanic Ethnicity

## Breakdown of Household Beneficiaries of CD Program by Ethnicity by Household



The following is a breakdown of the income of the beneficiary population in comparison to categories of "Extremely Low Income" (less than 30% of the area median income), "Low Income" (more than 30% but less than 50% of the area median income), "Moderate Income" (more than 50% but less than 80% of the area median income) and "Non-Low to Moderate Income" (higher than 80% of the area median income).

## Breakdown of 32,199 CD Recipients by Income



The subsequent sections of the 2014 performance report provide an evaluation of activities measured against the goals and priorities of the City of Duluth's 2014 Action Plan. This Action Plan is an annual investment plan - a component of the 2010-2014 Consolidated Plan for Housing and Community Development. The evaluation of activities in this report serves as a tool for bench marking the impact of the five-year Consolidated Plan.

The five-year Consolidated Plan contains the principal goals and strategies against which annual progress is measured. Reporting on 2014 activities - the final year of the five-year plan period - provides a sense of the City of Duluth's progress toward achieving its community development and housing goals.

Reaching the goals and meeting the needs of our community would not be possible without the commitment of the City's community development and housing partners, and to them we offer our gratitude. Additional financial information from the HUD computer system is available for review in the City of Duluth's Community Development Division.

For additional information or to submit comments on this 2014 report, please contact:

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## **The Community Development Block Grant (CDBG) Program**

The CDBG program is a significant community development resource for the City of Duluth, bringing approximately \$2.3 million to the City annually. The U.S. Department of Housing and Urban Development (HUD) manages the CDBG, and the principal objective of the program is providing assistance to persons and households with low and moderate incomes (LMI). At least 70% of the CDBG funds must be allocated to activities that assist LMI persons, and during 2014 the City of Duluth utilized 100% of the CDBG resources for that purpose.

The City of Duluth is a Participating Jurisdiction (PJ) or grantee for the CDBG program, according to a formula based on Duluth's population, age of housing, percentage of persons living in poverty and other socio-economic factors, which is updated when new census data is available. Through Duluth's citizen participation process, the City administration drafts the City's Consolidated Plan for Housing and Community Development, outlining community needs and priorities for CDBG fund expenditure. Each year, the Duluth City Council receives a recommendation from the Community Development Committee (CD Committee) on priorities for CDBG funding. The City Council then determines community development policy and corresponding fund allocation. The Duluth Mayor has final review and approval authority of the Consolidated Plan.

While federal regulations govern many aspects of the CDBG Program, the PJ has a great deal of latitude in determining local priorities to be funded under the Program. Each community completes a five-year Consolidated Plan that outlines the goals and priorities to be accomplished with CDBG funds and through assistance with other partnerships. Communities identify the CDBG goals and priorities to be accomplished each year in an Annual Action Plan, which works toward accomplishing the goals and strategies outlined in the City's Five-Year Consolidated Plan. Eligible applicants for CDBG funding include for-profit institutions, nonprofit organizations, public agencies and neighborhood districts. CDBG assistance may not be used for direct assistance to individuals (for example, a grant to a family for its transportation expenses) or for political or religious purposes.

All CDBG funding allocations must meet one of three national objectives:

1. Benefiting low- and moderate-income persons. "Moderate income" is 80% of the area median income; "Low income" is 50% of the area median income; "Very-low income" is 30% of the area median income. The 2013 Duluth median income is \$60,900.
2. Prevention or elimination of slum or blight conditions.
3. Meeting an urgent community development need (such as a natural disaster).

### CDBG Program Areas

The CDBG program allows a community to implement programs and activities in four major categories: Affordable Housing, Economic Development, Public Facilities and Public Services. Each of the program areas allows the City to achieve locally designated community development goals. Each of the following program areas will provide a more detailed description of: 1) an assessment of the Five Year goals and the accomplishments completed this year; 2) what was accomplished from the Consolidated Plan objectives; 3) Activities to meet underserved needs.

## **Economic Development**

In the Consolidated Plan for Housing and Community Development FY 2010-2014, the Economic Development category includes two economic development objectives as high priority needs and three objectives as medium priority needs. The City's FY 2014 Action Plan funded five economic development projects. The goal for four of those activities was to create jobs for low-moderate income (LMI) individuals (Duluth At Work), while the other was to provide technical assistance to small business owners.

The category of economic development may in its broadest sense include any and all efforts aimed at sustaining or increasing business activity within a community. However, the use of CDBG funds in the program category of economic development is restricted to what HUD regulations label "special economic development activities."

This category includes:

1. Commercial and industrial improvements i.e., acquisition, construction, rehabilitation or demolition.
2. Financial and technical assistance supporting the development of micro-enterprises, job creation, or job retention that benefit low-moderate income (LMI) persons.

3. Workforce development programs to provide LMI persons with the skills to qualify for jobs created by CDBG-assisted economic development activities or lead to job placement.

The Duluth At Work Initiative focuses primarily on assistance to micro-enterprises and job creation efforts that benefit LMI persons.

Table 3A illustrates how the 2014 economic development funding was allocated, what accomplishments were attained, and what progress has been made toward meeting the goals identified in the five-year Consolidated Plan.

### **Five-Year Goal Assessment**

The economic development performance goals identified in the five-year Consolidated Plan are to create 200 job opportunities for LMI residents and assist 40 micro-enterprises. In 2014, the Community Development Committee allocated \$272,000 to create job opportunities for LMI residents over three years and \$64,000 to assist micro-enterprises over two years, for a total of \$336,000 toward economic development programs.

This brings the total amount of CDBG funds that have been allocated to economic development projects to meet the five-year Consolidated Plan's Economic Development priority needs to \$1,863,707.

This is the fifth year of the five year plan. When pairing the 155 jobs that were created in the first four years of the Consolidated Plan (2010-2013) and the 34 jobs created in 2014, approximately 95% of the goal of creating 200 jobs over the five-year term of the Consolidated Plan term. However, each Duluth At Work program is a 42-month contract, meaning money allocated to the Duluth At Work initiative projects in 2012, 2013, and 2014 will still be used to gain more jobs or training through the completion of those projects. Also, Duluth's Consolidated Plan Goal to serve 40 micro-enterprises in five years is progressing at a good rate. Through the first four years of the Consolidated Plan, 35 businesses were assisted, with an additional nine more businesses assisted in 2014 for a total of 44 (110%) of the five-year goal.

### **Consolidated Plan Objectives**

In 2014, five projects were awarded a total of \$336,000 in CDBG funds to assist the City in meeting the economic development goals and objectives outlined in the Consolidated and Action Plans.

**Objective 22** - Invest in skill training of Duluth At Work participants to fill jobs for local businesses.

SOAR Career Solutions, a Community Based Development Organization (CBDO), was funded under the Duluth At Work program to assist for-profit businesses by training LMI

people, assisting in securing employment and then increasing their income by 25% over three years. Their goal was to serve 16 individuals and in FY 2014 they helped 17 people secure employment.

CHUM Employment Services was funded under the Duluth At Work program to assist for-profit businesses by training LMI people, assisting in securing employment and then increasing their income by 25% over three years. Their goal was to serve nine individuals and in FY 2014 they helped nine people secure employment.

Life House Futures Program was funded under the Duluth At Work program to assist for-profit businesses by training LMI people, assisting in securing employment and then increasing their income by 25% over three years. Their goal was to serve five youth and in FY 2014 they helped five youth secure employment.

Community Action Duluth Circles of Support was funded under the Duluth At Work program to assist for-profit businesses by training LMI people, assisting in securing employment and then increasing their income by 25% over three years. Their goal was to serve four people and in FY 2014 they helped three people secure employment.

**Objective 23** - Provide training and technical assistance to businesses to increase assets and create jobs.

Entrepreneur Fund's Growing Neighborhood Businesses was funded under the Duluth At Work program to assist businesses with technical assistance to expand and hire LMI persons trained in the Duluth At Work programs. Their goal was to serve eight businesses and in FY 2014, nine were assisted.

### **Duluth's Anti-Poverty Strategy**

According to the Anti-Poverty Strategy, the principal overarching goal of CDBG economic development funds is to reduce the number of Duluth's families and individuals currently living in poverty. Historically, the City has addressed this objective by investing CDBG funds in our community development partners' programs that create living-wage employment and/or provide LMI persons with workforce readiness skills.

These initiatives have been designed to reduce the number of Duluth households experiencing economic hardship. Job training, education opportunities, and the creation of permanent jobs to be filled by persons who are LMI at the time of hire represent some of the long-term efforts of the City of Duluth to provide benefits for the community's financially-disadvantaged households.

In 1998, the City of Duluth adopted a policy which exceeds the minimum HUD requirements governing the use of CDBG funds for economic development and continues to adhere to that policy. Although CDBG guidelines only require that the majority of jobs created through the use of CDBG funds be offered to LMI persons at

the time of hire, Duluth's CDBG economic development policy stipulates that such jobs must be filled by, not simply offered to, LMI qualified persons at the time of hire.

The following policies form the basis of the funding evaluation process that will be utilized for determining how the annual investment of Community Development resources will implement the goal of reducing the number of Duluth's families and individuals currently living in poverty:

Policy #1: Provide occupational training programs coupled with career development and job placement in partnership with the City's Workforce Development Division to enable people to obtain employment.

Policy #2: Assist families with removing barriers to obtaining employment through long term or sustainable solutions that reduce the cost of essentials or burdens to household incomes (e.g., child care, health care, transportation).

### **Goals and policies for reducing the number of families in poverty, a new approach - *Duluth At Work*.**

Duluth's 2010-2014 Consolidated Plan articulated the overarching goal of the Anti-Poverty Strategy: to reduce the number of Duluth's families and individuals currently living in poverty. One essential method for reducing poverty for all of these groups is increasing household income.

In order to meet the objective of increasing household income for those persons living in poverty, the City of Duluth has forged partnerships between private businesses, employers and nonprofit groups to develop a new approach to workforce development and poverty reduction.

This approach, implemented in FY 2008 in conjunction with Duluth Local Initiative Support Corporation, was called "Duluth At Work". The Duluth At Work program is a holistic approach addressing the many challenges people in poverty face as they work toward becoming economically self-sufficient.

Duluth At Work is based on the Economic Opportunity Initiative (EOI) model from the City of Portland, Oregon, that was funded with various funding sources which included CDBG and the Northwest Area Foundation, and utilized a series of well researched best practices. The research used to develop the EOI also demonstrated there is no one-size-fits-all approach to assisting low-income people in attaining higher wage jobs and small businesses in securing financial stability and long-term success.

Through the implementation of this set of best practices, the Duluth At Work program is creating a system designed to remove barriers that people commonly experience when programs and services are provided in isolation from one another. This model allows

for the tailoring of program elements to support program participants' strengths and is also designed to address individual and common needs.

These "Best Practices for Poverty Reduction" are based upon the Portland EOI model and include the following:

1. Serve a relatively small number of participants, so that the program can build on their individual strengths and be tailored to their individual and common needs.
2. Projects should serve groups with a common business/career track or similarity in ethnicity, housing or personal challenges or situations. Structured opportunities for peer support should be incorporated into all projects.
3. Offer comprehensive support services to remove personal barriers to success such as transportation, limited English, child care, housing status, lack of financial education and problem work behaviors. This requires some supported referrals and purchase of goods and services.
4. Emphasize development of strong long-term mentoring/coaching relationships between project staff and participants.
5. Involve employers early in program and curriculum design and by obtaining their commitment to employ graduates of workforce programs. Use active, workplace-based training approaches when possible.
6. Use individualized, comprehensive business planning and assessment with hands-on/ on-site business coaching in addition to structured business education and training activities.

The performance measurement for projects funded through the Duluth At Work initiative is employment training that leads to job placement and an increase in the individual's income of 25% from the time they enter the program through placement and after three years, or assistance to small businesses that leads to overall business growth of 25% in three years that may have an ancillary benefit of job creation.

### **Activities to Meet Underserved Needs**

Because persons with multiple barriers lacking self-sufficient employment constitute a disproportionate number of our community's low-income households, all of the CDBG funded economic development programs focus on traditionally under-served/hard-to-employ populations. A primary focus of the Duluth At Work program is to assist persons with barriers to employment, primarily working through the Duluth Workforce

Center, to assist with gaining employment and then increasing their incomes by 25% over a three-year period.

The outcome of these efforts is reported to the CD staff on a quarterly and annual basis. The Duluth Human Rights Office, Human Rights Commission, and Duluth American Indian Commission are efforts by the City to address discrimination in all forms, including those factors creating employment discrimination.

In 2014, CDBG funds were allocated to the Duluth At Work program, which is geared to persons with multiple barriers to employment. These barriers include: lack of training, poor work history, child care, transportation, etc. Many of the participants have an income at or well below 50% of the median income and a large percentage of them are on MFIP (Minnesota Family Investment Program) or Temporary Assistance to Needy Families (TANF) rolls or are homeless. So, the Duluth At Work initiative is really assisting persons within the community who are the under-served and hard-to-employ populations.

In addition to the required demographic reporting on their projects, all CDBG funded projects are required to track reasonable accommodations requested by persons with disabilities. This information is intended to ensure that all sub-grantees are aware of their obligations to provide reasonable accommodations for access to their programs.

## **Public Facility Improvements**

The CDBG Target Areas are identified by Census Tracts and Block Groups that have a majority of income-eligible residents. Duluth has seven CDBG Target Areas that span several neighborhoods within the city. Grass-roots citizen groups in each of the CDBG Target Areas developed multi-year community improvement strategic plans in 2012. These "At Home In Duluth" plans and the additional input gathered at Community Development Neighborhood Forums, and at CD Committee Public Hearings, both held as part of the City's public participation efforts, were used to help decide which public facility improvement projects were to be ranked high, medium and low priorities. Information gathered at the forums and the public hearings was also considered during the CD Committee's deliberations regarding the selection of individual Public Facility projects to be funded.

The City's 2010 – 2014 Consolidated Plan for Housing and Community Development listed four public facility activities as "high" priority and ten as "medium" priority.

## **Five-Year Goal Assessment**

The 2010-2014 Consolidated Plan included the following goals as public facility needs to be accomplished by 2014: one homeless facility, six neighborhood facilities, 200 households for street improvements, and 110 sidewalk facilities.

Five neighborhood facilities were completed by March 31, 2015. The Damiano Center's elevator was completed, the Memorial Park Community Center was completed, and the American Indian Center, which was awarded FY 2007 CDBG Public Facility for an elevator, is now completed. In FY 2013 two more neighborhood facility projects were completed; the Damiano Soup Kitchen Renovation and the Central Hillside Community Center Window replacement. The Damiano Center received Public Facility funds (2012) to improve their soup kitchen and dining facilities where they provide daily hot meals to low-income and homeless individuals and families. In 2014, another neighborhood facility project was funded to complete accessibility improvements to the Udac building. This project is underway.

Another project that received funding in 2012 was the Lincoln Park School Redevelopment project that will result in the reuse of a neighborhood school building that will house youth services provided by the Boys & Girls Club. This project will not be completed and will be removed from the 2012 Action Plan, due to the inability to meet the CDBG requirements. The funds will be reprogrammed in 2015.

Twenty-eight low-moderate income households received assistance for street improvements, eighteen of these homeowners received assistance in FY 2013 with the completion of the Riverside project. In previous years, the other ten households were assisted during the reconstruction of Ivanhoe Street (7) and Anderson Road (3). The Street Assessment Assistance project funded in 2011 is now complete. Sidewalk upgrades completed in 2011 include one block of Superior Street between 19<sup>th</sup> Avenue West and 20<sup>th</sup> Avenue West with ten handicap accessible ramps.

In the 2010-2014 Consolidated Plan the city identified the goal of completing one homeless facility project. In 2013, two homeless facility projects were funded; Hillside Apartments (Steve O'neil Apartments) and Life House Building Rehabilitation. Hillside Apartments was nearly complete at the end of 2014 and the Life House Building project was completed in 2014. To date, one homeless facility is complete and the other is 95% complete.

The City will continue examining neighborhood and public facility improvement needs and base funding decisions on the greatest need, funding those projects that benefit our Target Neighborhoods.

### **Consolidated Plan Objectives**

There are three Consolidated Plan Objectives that fall under Public Facilities.

**Objective 9** - Assist LMI Homeowners with assessments for street improvements.

Our goal for 2010-2014 is to assist 200 homeowners with the payment of street assessments for street improvements. In 2011, seven homeowners were assisted, in 2012, three homeowners were assisted, and in 2013, 18 homeowners were assisted.



**Objective 10** - Improve sidewalk surfaces to be accessible with mid-block and corner pedestrian ramps.

The 2010-2014 Consolidated Plan has a goal of 110 facility improvements to sidewalks. In 2011, the City improved one block of sidewalks which included ten ramps.

**Objective 12** - Provide improvements to Neighborhood facilities for accessibility and delivery of vital services.

The 2010-2014 Consolidated Plan has a goal of six neighborhood facilities to be improved. At the end of Fiscal Year 2014, five neighborhood facilities were completed, two of the projects were completed in 2013 including "Damiano Soup Kitchen Renovations" and "Central Hillside Community Center Windows and Door Replacement".

### **Activities to Meet Underserved Needs**

The Damiano Center will improve and expand its operations of the Soup Kitchen through the renovations, and will be able to expand services to homeless and LMI individuals. The Udac Building improvements will assist in providing services to LMI individuals with disabilities.

## **Public Services**

In the 2010-2014 Consolidated Plan, the City identifies a number of public services as high priorities. In 2014, the City allocated a total of \$316,410 for eleven projects under the public service category, which is just under the 15% of the total CDBG allocation, the maximum amount allowed by HUD for Public service programming. The public service funding was used to provide a variety of services, such as food, shelter, and health care that benefited LMI individuals and families. Table 3A illustrates how CDBG Public Service funds were allocated in 2014, the accomplishments that were completed and progress toward meeting the five-year Public Service goals identified in the Consolidated Plan.

### **Five-Year Goal Assessment**

The performance goal identified in the five-year Consolidated Plan is to provide public services to 86,850 people between 2010 and 2014. In the first year of the Consolidated Plan (2010), a total of 27,810 people received assistance under the Public Service categories, which is 32% of the total five-year goal. In the second year (2011), a total of 22,603 people received services, which is 26% of the total five year goal. In the third year (2012), 23,590 people received services, which is 26% of the total five year goal. In the fourth year (2013), 21,897 people were assisted; which is 25% of the total five year goal. In the fifth and final year (2014), 23,970 people were assisted; which is 28% of the total five year goal. To date, a total of 115,889 people have received services,

which exceeds the Consolidated Plan five-year Public Service goal. One explanation as to why so many more people have accessed public service than anticipated is likely attributed to the economic downturn that impacted many people in the past five year.

**2014 Action Plan Goal:** The performance goal identified in the 2014 Action Plan is to provide public services to 22,857 people. The public service projects served a total of 23,970 persons, exceeding the action plan goal by 5%.

### **Consolidated Plan Objectives**

In 2014, eleven projects were awarded a total of \$333,710 in CDBG funds to assist the City in meeting the Public Service goals and objectives outlined in the Action Plan. The majority of Public Service funding, \$132,725 (40%), was allocated toward programs for the homeless, including emergency shelters and transitional housing. In addition to homeless services were programs that offered access to essential services such as food, which received 31% of the 2014 allocation; 18% was used to provide access to health care and dental services for low-income uninsured and underinsured residents of Duluth; 11% was used to provide safe access to emergency shelter for women and their children fleeing domestic violence and for day shelter and support services to homeless and at-risk youth.

**Objective 13** - Support programs that fulfill basic needs for persons who are homeless or in poverty - food, clothing, and shelter.

Three agencies collaborate to operate the Duluth Hunger Project; they include CHUM, the Damiano Center and the Salvation Army. Each agency is located in a different part of Duluth, and while each are not open every day, they coordinate efforts so that low-income and homeless individuals and families of Duluth can access on-site, hot meals and emergency food packages every day. In 2014 approximately 12,526 people/meals were served, which exceeded their 2014 service goal (12,000).

In 2014, CHUM Emergency Shelter provided 1,380 homeless persons (individuals and families) access to safe, overnight shelter, exceeding their goal of 1000 people by 38%.

**Objective 14** - Provide transitional housing and services for persons who are homeless to become stabilized.

Three transitional housing programs, including Center City Housing and Life House, MN Assistance Council for Veterans (MACV), and Salvation Army provided access to long-term transitional housing and support services to 308 homeless individuals and families, which exceeded their collective goal of 297 by 4%.

The American Indian Community Housing Organization (AICHO) provided Permanent Supportive Housing to 165 people; their goal was to serve 20 people.

**Objective 15** - Provide shelter and services for battered and abused spouses to leave the violence and become stabilized.

Safe Haven Shelter for Battered Women provided temporary emergency shelter to 542 women and their children during 2014 year, their goal was to serve 500 people.

**Objective 18** - Support the provision of primary health care and dental care for uninsured and under-insured in the community.

The Lake Superior Community Health Center served 6,364 people in 2014, which was more than their goal of 6,300 persons.

**Objective 19** - Provide tenant/landlord mediation services to avoid or prevent evictions.

The project that provided tenant/landlord services no longer operated after 2011, and no further CDBG funds were used for these activities. However, other agencies in Duluth provide similar homeless prevention and landlord/tenant services to Duluth residents under the State funded, Family Homeless Prevention and Assistance Program (FHPAP). They include the American Indian Community Housing Organization (AICHO), Legal Aid Services of Northeast Minnesota, Salvation Army and Life House.

In 2013, the City began providing prevention (and rapid re-housing) assistance under the HEARTH Act Emergency Solutions Grant (HESG). Agencies that provide ESG prevention assistance include AICHO, Life House and Salvation Army.

Lastly, the Minnesota Assistance Council for Veterans (MACV) provides prevention (and rapid re-housing) services through the Support Services for Veteran Families (SSVF) Program, funded by the Veterans Administration.

**Objective 21** - Support programs that help abused and neglected youth who are homeless or at-risk of being homeless to become stabilized.

Life House Youth Center provided access to an array of supportive services and referral to 648 homeless and at-risk teens to help stabilize their lives; which exceeded their 2014 goal of 600 by 8%.

### **Activities to Meet Underserved Needs**

In 2014, the City continued to fund numerous public service agencies that are working with people with "worst-case" needs. The City, in partnership with St. Louis County, completed a Ten-Year Plan to End Homelessness named Heading Home St. Louis County. Many of the agencies supported by the City through the CDBG and ESG Programs participate in efforts to implement the Plan, as do agencies throughout the

County. The Plan calls for an increase in the development and support of many new and converted rental properties to permanent supportive housing, additional Shelter + Care units, greater focus on rapid re-housing and discharge planning and a greater access to long-term support networks.

Lastly, all agencies funded through the CDBG, HOME and ESG Programs are required to track all reasonable accommodations requested by persons with disabilities. While required, this information is intended to ensure that all sub-grantees are aware of their obligations to grant reasonable accommodations when economically feasible. Agencies maintain a log of persons requesting reasonable accommodations, which includes the nature of the request and how the request was accommodated. Agencies submit these logs to the Community Development office at the end of the program year.

## **Housing**

### **Five-Year Goal Assessment**

In 2014, the HOME funded Tenant-Based Rental Assistance (TBRA) program, operated by the HRA, far exceeded its goal of providing housing vouchers. Forty-one hard to house, homeless families and singles accessed stable housing through the TBRA program. The TBRA program has more than doubled its five-year Consolidated Plan goal of 50. To date the program has housed 132 homeless families and singles.

As a cold climate city, improving energy efficiency is a priority for Duluth's housing stock. In 2014, the Arrowhead Economic Opportunity Agency (AEOA) and Ecolibrium3 (Eco3) continued to provide energy efficiency improvements, but as part of the overall Housing Resource Connection (HRC) rehab projects. Therefore, the units are no longer classified separately as 14F Energy Efficiency Improvement units. The cumulative number remains the same as last year, just over 52% of the five year goal. However, energy improvements are now part of all HRC rehab projects, actually resulting in more homes becoming energy efficient.

Single family residential rehab projects consisted of HRC homeowner rehabs and repair of lateral sewer lines. There were 17 HOME funded rehabs; 15 homes that were funded by, or met, CDBG eligibility; and 14 emergency sewer and water line projects utilizing CDBG funding. Cumulatively, CDBG and HOME funded single family rehabs are now at 55% of the five-year goal. There were an additional 15 units funded by other sources that meet CDBG eligibility, and if included in the count, single family rehabs would be at 60% of the five year goal.

The "Housing Resource Connection", a collaboration between the Duluth HRA, One Roof Community Housing, Ecolibrium3, AEOA and the City's Community Development

Division, completed the second year of operation in 2014. The benefits of this collaboration include a common application available online or at any of the partner agencies; eligibility determination and underwriting by shared staff who tailor financing of improvements based on the needs of the household; inspection services and rehab oversight provided by HRA staff; a single waiting list and prioritize of projects; a shared data base; common rehab standards; and joint applications for funding requests. The rehab standards have been enhanced to require that a rehab projects include all code issues, lead-paint hazards, and significantly increased energy efficiency. The goal is to move to a comprehensive "Healthy Homes" approach. The increased scope of work has meant increased costs per house, and therefore, fewer homes can be rehabbed.

The Individual Development Account savings program, funded under Direct Homeownership Assistance, operates as a three-year grant because it takes participants several years before they save enough money for a down payment to purchase a home. In the 2014 program year, five (5) program participants purchased homes. To date, twenty program participants have purchased homes, which is 71% of the five-year Consolidated Plan goal. The achievement is low for this project, primarily because of the down-turn, and tightening of the housing market over the past years. However, as the economy and the housing market began to recover, program performance did improve. This project was not funded for the 2014 program year, but will continue to remain open for another two to four years to allow current program participants who are saving money to continue to have to opportunity to purchase a home.

The Rental Rehab Program, operated by the HRA, completed rehab on three properties (total of 8 units) using Revolving Loan Funds, and worked on an additional 18 rental rehab projects (43 units) funded by the State of Minnesota's RRDL program. At this time, 57% of the goal has been accomplished without the State funded units. With the RRDL units, 74% of the goal has been achieved.

One Roof Community Housing (One Roof) completed one (1) acquisition, rehab and resale units utilizing 2012 CDBG program funding, nine (9) with 2013 CDBG dollars and four (4) with 2014 HOME funds, for a total of fourteen (14) units. Table 3A shows 37% of the five year goal achieved. Overall production in this category is less than predicted. The major flood in June, 2012, switched the focus of housing agencies to disaster recovery for the next two years. The 14 units in 2014 shows a recovery in production, but not enough to make up for 2012 and 2013. This brings the actual production to 37% of the five year goal. There are another three units funded under the 2014 HOME contract that will complete in the coming year. Although not reflected in Table 3A, there were an additional 27 NSP acquisition resale units completed. Including NSP units in the count, we are at 67% of the five year goal.

See Table 3A for a breakdown of grant funds spent to achieve housing goals and objectives.

### **Consolidated Plan Objectives**

The Consolidated Plan for FY 2010-2014 includes goals that meet the City's housing needs and assist households in accessing safe, affordable housing. Goals and objectives fall under two categories, rental and owner-occupied housing, and can be found in Table 2C in the Plan, Objectives 1 through 8.

#### Rental Housing

**Objective 1** - Assist families to secure affordable rental housing.

One Roof Community Housing was awarded CDBG and HOME Program funds for acquisition of property and new construction of a supportive housing multi-family development to serve 44 homeless families. Construction started in early 2013, and completed in May, 2014. This project was initially named "Hillside Apartments", but has been renamed the "Steve O'Neil Apartments" in honor of the long time homeless and housing advocate and St. Louis County Commissioner.

**Objective 2** - Improve energy efficiency of multi-family units.

The eight units of rental rehab completed by the HRC's Rental Rehab Program included energy efficiency improvements, which resulted in a 10% increase in energy efficiency.

**Objective 3** - Provide Tenant Based Rental Assistance (TBRA) to homeless individuals.

The Duluth HRA administers a HOME funded TBRA program, which provides vouchers to homeless individuals and families. During the 2014 program year, 47 households were assisted. This number has substantially increased each year since 2010, as the need for housing assistance increased with the economic recession.

**Objective 4** - Rehab multi-family units to be compliant with Duluth Housing Code.

The HRC Rental Rehab program completed three projects, with 8 units, during the 2014 program year. The HRC secured a \$1 million rental rehab loan pool (RRDL) from Minnesota Housing, and rehab projects began in 2013. Eighteen projects are utilizing these funds, with a total of 43 units.

#### Owner Housing

**Objective 5** - Assist families to secure affordable homeownership.

Community Action Duluth administers a CDBG funded Individual Development Account (IDA) program to match the savings of LMI households so they are able to purchase a home. In order to accomplish this, program participants regularly deposit funds in a savings account for a few years before accumulating enough funds for the down payment and closing costs. In 2014, five program participants (from 2010, 2011, 2012 and 2013 cohorts) had saved sufficient funds, along with the matched savings from the CDBG program, to purchase homes.

In 2014, One Roof Community Housing sold fourteen totally renovated properties to new homebuyers at an affordable price.

**Objective 6** - Improve energy efficiency of single family units.

This year, the Consolidated Plan goal of improving energy efficiency by 10% was accomplished through the following CDBG and HOME funded activities: AEOA's Weatherization and Ecolibrium's Duluth Energy Efficiency Program (DEEP) worked together with their HRC partners to coordinate energy efficiency improvement activities; One Roof completed 14 rehab for resale homes; and the HRC completed 21 HOME funded single family rehabs and 29 CDBG funded rehabs. The combined total number of homes that increased their energy efficiency was 64.

**Objective 7** - Address vacant, substandard properties that may or may not be suitable for rehab.

The City of Duluth received funding from the Minnesota Department of Natural Resources and the Federal Emergency Management Agency to acquire and demolish flood damaged properties from the June 2012 flood. Through the end of FY 2014, the City had acquired 19 properties and demolished 15 of those properties. The City will continue to acquire and demolish up to 5 blighted properties that were substantially damaged as a result of the flood. Also in 2014, the HRA used local funds provided by the Duluth Economic Development Authority to demolish 3 vacant and blighted properties.

**Objective 8** - Rehab single family units to be compliant with Duluth Housing Code.

The HRC completed rehab on a total of 44 properties for income eligible homeowners during the 2014 program year, of which 21 were HOME funded units. Of those 44 units, 14 were assistance to homeowners with emergency repair of lateral sewer lines.

## **Activities to Meet Underserved Needs**

### Extremely Low, Low and Moderate Income Households Assisted

The five-year goals for extremely low income renters are 183, for low income 114, and moderate income 103. In 2014, there were 49 extremely low income served (27% of the goal), 2 low income (2%), and 6 moderate income (6%). Since the downturn in the economy, more emphasis has been placed on housing the increased number of homeless families and individuals.

The five-year goals for extremely low income homeowners are 303, for low income 305, and for moderate income 391. In 2014, 11 extremely low income households were assisted (4% of the goal), 59 low income households (19%), and 7 moderate income households (2%).

### Section 215 Households

In 2014, there were ten homes bought by income eligible buyers that qualified as Section 215 units. All 44 units in the Steve O'Neil Apartments are occupied by tenants meeting the Section 215 definition.

### Worst Case Housing Needs

The HOME funded tenant-based rental assistance provided housing rental vouchers for 41 households. These households did not qualify for the HRA's Housing Voucher program or public housing, and were homeless or at risk of homelessness. Because this program is targeted to "hard to house" families, all of the TBRA vouchers address worst case housing needs.

There were 11 homeowners with incomes between 0% and 30% median, and 8 with incomes between 31% and 50% median. Homeowners at these income levels are very likely to be cost burdened.

### Accessibility Needs of Persons with Disabilities

One single family unit was made accessible this year, utilizing Rehab Loan Program funds provided by Minnesota Housing.

### Removing Barriers to Affordable Housing

The following are strategies from the Consolidated Plan to address affordable housing barriers, and the actions taken in 2014.



**Strategy:** Co-locating permitting and planning services within City Hall to streamline the housing development process by forming a “One Stop Shop.”

In 2010, the “One Stop Shop” was formed on the second floor of City Hall. Plans are being made to also co-locate Community Development offices to this floor.

**Strategy:** Adoption of a new zoning code to implement the Comprehensive Plan for land use, to provide more affordable housing options, for example, mixed-use, that lead to more investment.

The Uniform Development Code has been adopted. Work continues to rezone those areas of the City where the underlying Comprehensive Land Use Plan conflicts with the new zoning.

**Strategy:** Provide funding to assist in the repair or replacement of lateral sewer and water lines by LMI homeowners.

The Duluth HRA assisted 14 households to repair their lateral sewer lines as required by the Environmental Protection Agency (EPA). Overflows into Lake Superior have been greatly diminished. The assistance for sewer line repair is now part of the general HRA rehab contract, as the original specific contract expired late in the program year.

**Strategy:** Support selected demolition of blighted properties in LMI neighborhoods. If directly funded through Community Development, demolition requirements will include leaving a “clean” site for redevelopment.

The City, using funds from the Minnesota Department of Natural Resources and Federal Emergency Management Agency received funding to acquire and demolish flood damaged properties from the June 2012 flood. Through the end of FY 2014, the City had acquired 19 properties and demolished 15 of those properties. The HRA acquired and demolished three blighted single family structures, and provided clean sites on buildable lots. The “Blight Team” with members from several City departments, the HRA, non-profits, and St. Louis County continue to meet and coordinate efforts.

**Strategy:** Provide funding for affordability and value gaps for L/MI homebuyers.

Funds were provided for IDA savings accounts, and for affordability and value gaps for acquisition, rehab and resale homes.

**Strategy:** Increase per unit rehab funding to address all needed repairs and updates, including code, energy efficiency, major systems, sewer and water lines.

The Healthy Homes project funded by grants from HUD's Office of Healthy Homes and Lead Hazard Control have provided inspection protocol training held locally. Certified inspectors include staff from the Duluth HRA, Ecolibrium3, One Roof and AEOA. All HRC rehab projects are being assessed using healthy home protocols.

**Strategy:** Implement new gate keeper approach to housing rehab programs, for better service, coordination of available assistance, and increase efficient operation of housing agencies.

The Housing Resource Connection was implemented in 2013, a collaboration between the Duluth HRA, One Roof, Ecolibrium3, AEOA and the City's Community Development Division. The benefits of this collaboration include a common application available online or at any of the partner agencies; eligibility determination and underwriting by shared staff who tailor financing of improvements based on the needs of the household; inspection services and rehab oversight provided by HRA staff; a single waiting list and prioritize of projects; a shared data base; common rehab standards; and joint applications for funding requests.

**Strategy:** Apply for HUD lead-based paint funds for rehab of rental units, targeted to tenant-based rental assistance and housing voucher programs.

The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds, for a three year project. The project began in 2011, with 70 units completed. City, HRA and American Lung Association staff submitted a new HUD Lead-Based Paint application in January, 2013, and were awarded \$2,418,395 to continue this work for an additional three years.

**Strategy:** Implement acquisition/rehab/resale programs to address vacant foreclosed properties in L/MI neighborhoods.

One Roof and the HRA used federal NSP1 funding provided through the State of Minnesota to acquire, renovate and sell to income eligible buyers foreclosed homes. The initial 25 properties were completed in 2011, and no new units have been completed. However, the HRA continues to build an NSP revolving loan fund with the payments from their units. Once enough funds have been collected, additional NSP units will be created. One Roof used HOME and CDBG funds to acquire, rehab and resell fourteen homes.

**Strategy:** Conduct a housing market survey to determine the actual median value of homes in Duluth.

The Community Development office once again published the annual Housing Indicator Report, which includes home values and sales statistics for Duluth. It continues to show a slow recovery from the recession in the single family housing market. With the elimination of the 201(3)(b) standard of after-rehab value, a market study based on Housing Indicator sales statistics maybe conducted if the new published standard is significantly less than that shown in the Housing Indicator Report.

**Strategy:** Require rehab programs that receive City funding to increase energy efficiency in existing homes by 10%, and require funded new construction to meet Energy Star standards.

All rehab programs met the 10% energy efficiency requirement. The newly constructed Steve O’Neil Apartments meet Energy Star standards.

**Strategy:** Provide funding for tenant-based rental assistance to help the “hard-to-house” population secure adequate housing.

Funding for Tenant-Based Rental Assistance remains as a significantly increased amount, in order to serve a higher number of homeless families and individuals.

**Strategy:** Modify Special Assessment policies to eliminate the “re-instatement” of special assessments on tax forfeit lots that have the potential for redevelopment.

City staff successfully eliminated garbage assessments on tax forfeit lots and homes.

Reduction of Lead Paint Hazards

The HRA tested 94 and cleared 68 housing units during the year, which included CDBG, HOME, State and federal lead hazard demonstration funded rehab projects. The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds. 2014 was the last year of the project. The term of this initial grant had been extended to February, 2014. A new Lead-Based Paint application was submitted to HUD in January, 2013, and was awarded \$2,418,395, that will allow the continuation of this work until 2016.

CDBG \$				ELIGIBLE ACTIVITY	NATIONAL OBJECTIVE	JOBS					HOUSING			LMA	LMC	SBA	SBS		
108 Loan Amount	EDI AMT	BEDI AMT	Other CDBG \$	Total CDBG \$ Assistance	HUD Matrix Code for Eligible Activity	HUD N.O. Matrix Code	Indicate if N.O. Has Been Met Y=Yes N=No	FTE Jobs Proposed in 108 Appl.	Total Actual FTE Jobs Created	Number Held by/ Made Available to Low/Mod	Percent Held by/ Made Available to Low/Mod	Presumed Low-Mod Benefit (P) or Rev. Strategy Area (RSA)	Total Housing Units Assisted	Number of Units Occupied by Low/ Mod Households	Percent of Units Occupied by Low/Mod Households	Percent Low/ Mod in Service Area	Limited Clientele Y=Yes	Slum/ Blight Area Y=Yes	Slum/ Blight Spot Y=Yes
\$7,857,860				\$7,857,860	12	LMH	Y						55	42	76%				

## **The HOME Investment Partnerships Program (HOME)**

### **Assessment of Relationship of HOME funds to Goals and Objectives**

The HOME Program provides grants and loans to implement the City of Duluth's affordable housing strategies. Combined with CDBG and local resources, the HOME funds contribute to achieving the goals and objectives of the Consolidated Plan listed in Table 2C, and are included in Priority Needs Summary Table 3A. An analysis of the relationship of the housing activities carried out with the HOME funds expended during the reporting period to the objectives and priorities of the Consolidated Plan and Action Plan is included under "Housing" in the CDBG Program report of the CAPER.

One Roof Community Housing, a Community Housing Development Organization (CHDO), received operating funds that strengthen their organization and allowed them to explore new housing development opportunities.

During the program year, seven homes were acquired, four rehabbed and sold to homebuyers (two prior to 3/31/15 and two additional to date) utilizing HOME funds (an additional 10 were CDBG funded) by One Roof Community Housing. The Duluth HRA/HRC collaborative completed seventeen HOME funded single-family rehabs. The HRC also completed CDBG eligible single family units utilizing other funding, that are reported in the "Housing" section of the CAPER.

A HOME-funded project that addresses initiatives outlined in the Duluth/St. Louis County Ten-Year Plan to End Homelessness is the Duluth HRA's Tenant-Based Rental Assistance (TBRA) Program. The number of vouchers has increased each year of the Consolidated Plan, with 47 households being assisted in 2014. HRA is on target to provide double the goal in the Consolidated Plan by the end of five years.

The Steve O'Neil Apartments were completed in May, 2015. This permanent supportive housing project is serving homeless families with children. One Roof and Center City Housing were co-developers, with CHUM operating a six unit family onsite shelter and providing supportive services to all residents. Of the 50 units in the building, eight are designated as HOME units.

### **HOME Match Report**

Matching funds were documented this year from the Steve O'Neil Apartments. The total match amount is \$66,265, provided by Minnesota Power and City of Duluth's

Comfort Systems. The Fiscal Year 2014 HOME Match Report form (HUD form 40107-A) is included with this annual report.

### **MBE and WBE Report**

The Minority Owned Business and Woman Owned Business reports are now filed on the federal fiscal year, rather than the City's program year. The most recent report covered the period from October 1, 2013, through September 30, 2014. There were three woman owned businesses that received HOME funded contracts, for a total amount awarded of \$48,993. There was one minority owned business that received a \$10,300 contract.

### **Assessments**

Community Development staff monitors rental properties that received HOME funds in the past and are still within the affordability period. The monitoring ensures tenants are income eligible, rents are within program limits, there are no prohibited lease terms, and prospective renters are treated fairly in the selection process. HRA staff conducted on-site physical inspections to ensure properties are safe and well maintained. In 2014, six rental properties were monitored, with four receiving on-site physical inspections and another two file reviews only. They are:

<u>IDIS #</u>	<u>Project Name</u>	<u>Address</u>	<u>Owner</u>	<u>Inspection(s)</u>
956	Young Mothers	411 N 57 <sup>th</sup> Ave W	YWCA	Physical & File
1064	Sheila's Place	1323 E 2 <sup>nd</sup> Str	CCHC	Physical & File
100	5 Plex	218 N 14 <sup>th</sup> Ave E	CCHC	Physical & File
1435	Burke Apts	720 Maple Grove	ASI	Physical & File
1714	Upper Trans Bldg	216 N 14 <sup>th</sup> Ave E	CCHC	File Only
1749	Lower Trans Bldg	1401 E 2 <sup>nd</sup> St	CCHC	File Only

City staff visited the above projects and conducted file reviews. Overall, the files were in good order and there were no "findings" or "concerns". The Duluth HRA performed the physical inspections of the four properties listed, as they are certified to conduct Housing Quality Standard, Housing Code, and Lead-Based Paint inspections. All of the units and buildings passed the required inspection standards, and were found to be well maintained. During the year, the HOME affordability period expired on two of these rental projects, Young Mothers Supportive Housing and Sheila's Place.

City staff also monitored the HRC rehab and TBRA programs, and the One Roof rehab and resale program. Both One Roof and HRC files were found by City staff to be in

compliance with HOME Program regulations. There was one concern regarding a missing lead-based paint form used to calculate the level of intervention needed. However, the highest level (abatement) was used on the rehab of the HOME unit, so no correction is necessary other than completing this form for the file.

### **Assessment of Affirmative Marketing Actions**

The homeowner focused programs showed a 9.5% rate of non-white participants, which reflects the overall percentage of non-white residents. Of the rental and TBRA HOME units, 40% were occupied by families of color, with one Hispanic household or 2% of units. Looking at the total of HOME funded projects and programs, 30% of households benefiting from HOME assistance were non-white. In summary, it appears affirmative marketing has been successful in reaching out to Duluth's households of color, which make up approximately 9-10% of the population.

### **Outreach to Minority and Women Owned Businesses**

City agreements with housing agencies that rehab or develop new housing require outreach to minority and women owned businesses. One Roof and the HRA/HRC maintain lists of qualified bidders for rehab and construction projects that include MBE and WBE contacts for notification. The bid process allows the agencies to contract with MBE and WBE businesses if they are within 10% of the lowest bid.

### **Emergency Solutions Grant Program**

Since 1988, Duluth has annually funded the operation of emergency shelter and transitional housing facilities through HUD's Emergency Solutions Grant (ESG) Program. The HEARTH Act, enacted in 2009, reauthorized and amended the McKinney-Vento Homeless Assistance Act with significant changes to many of its programs, including ESG. Among those changes is a greater focus on prevention and rapid re-housing. In 2011 and 2012, the city received the regular ESG formula funding allocation in the amount of \$125,000. In addition, the City received an additional allocation of HEARTH Act ESG (HESG) funds in the amount of \$142,855, which became available in September 2012. Through a collaborative process under the Continuum of Care, it was determined that the additional HESG funds (both in Duluth and St. Louis County) would be used for a 'flex' fund that would provide cash assistance for rents, deposits, utilities and rent/utility arrears in association with ESG rapid re-housing and prevention activities. After a lengthy process to determine an agency to carry out the program services for the ESG Flex Fund (payments to landlord and utility companies, inspections, etc.) the Housing and Redevelopment Authority of Duluth was selected in 2013. In addition, protocols and procedures for operating the Flex Fund, such as targeting, maximum rents, length of assistance, and other program operations, were developed in 2013 by the ESG service providers and Community Development staff. Agencies that

access flex funds to help homeless and at-risk households gain and maintain housing and housing stability include Duluth’s three emergency shelters CHUM, Safe Haven and AICHO, Life House—Duluth’s primary system entry point for homeless and at-risk youth and Salvation Army who is also a system entry point for homeless families and singles.

MACV has not, and does not intend to access the ESG Flex Fund because they receive rapid rehousing and prevention assistance funds through the Veteran’s Administration Support Services for Veteran Families.

The following is the allocation of 2014 ESG funds, which included 60% of the hold harmless amount for shelter operations:

<b>2014 ESG Projects</b>	<b>Allocation</b>
CHUM Emergency Shelter and Safe Haven Shelter	\$37,640
Center City Housing Supportive Housing Program	\$28,000
Salvation Army Family Transitional Housing	\$16,710
AICHO Shelter & Transitional Housing for Native Americans	\$ 7,200
MN Assistance Council for Veterans Transitional Housing	\$15,000
Housing & Redevelopment Authority (Flex Fund)	\$61,513
Wilder Foundation (HMIS Administration & Reporting)	\$4,000

During the 2014 program year, CHUM family shelter expanded their family shelter units when the Steve O’Neil Permanent Supportive Housing project was completed. Six of the fifty-four units are designated family shelter units. CHUM provides the supportive services for all the PSH units in addition to the family shelter units. Both Safe Haven and the American Indian Community Housing Organization (AICHO) provide emergency shelter for single women and women with children experiencing domestic violence. AICHO’s Dabinool’gan shelter targets a population that is primarily Native American. Salvation Army targets their transitional housing units to families with four of them targeted to women with children exiting treatment facilities. Thirteen of the Center City Housing units are targeted for youth with supportive services provided by Life House. Life House’s programming is targeted to homeless and at-risk youth. The Minnesota Assistance Council for Veterans provides veteran targeted transitional housing.

In addition to shelter and transitional housing, ESG subrecipients have been providing prevention and rapid re-housing assistance. In 2014, homeless service providers, city and county planning staff and the CoC coordinator began working together to design a rapid re-housing (RRH) program that integrates RRH activities funded through ESG, CoC and state Family Homeless Prevention and Assistance Programs (FHPAP). City and county staff meet weekly with rapid re-housing provider staff to review requests for rental assistance and allocate funds based on need and move in readiness. The city is also using this process to allocate the HOME funded Tenant Based Rental Assistance vouchers. Once the RRH coordinated efforts are operating smoothly, the group will

begin to focus coordination efforts on prevention activities as currently, the agencies that provide RRH also provide prevention assistance.

In 2014, 170 homeless families and singles were housed using ESG RRH assistance. In addition, 55 households at-risk of homelessness received ESG prevention assistance.

### **ESG Matching Funds**

<b>2014 Projects:</b>	<b>Funding Sources</b>	<b>Amount</b>
CHUM Shelter	Federal/State & Local/Other	349,932
Safe Haven Shelter for Battered Women	Federal/State & Local/Other	1,068,000
Center City Transitional Housing Program	Federal/State & Local/Other	189,080
Veterans Transitional Housing	Federal/State & Local/Other	378,000
Salvation Army Family Transitional Housing	Federal/State & Local/Other	200,788
<b>Total Resources</b>		<b>\$1,808,178</b>

### **Continuum of Care**

The City of Duluth has long partnered with St. Louis County (SLC), in producing a business plan to end homelessness, *Heading Home St. Louis County, A Ten Year Plan to End Homelessness*, and establishing annual goals and objectives under the *Continuum of Care (CoC) Plan* for St. Louis County. Both the *Ten Year Plan to End Homelessness* and the *Annual CoC Plan* are incorporated into the City's Consolidated Plan and Annual Action Plans and used in the development of the city's annual and five-year goals and strategies. While the SLC Health and Human Services Department is the lead entity for both the *Ten-Year Plan to End Homelessness* and the St. Louis County CoC, activities associated with the planning and provision of housing and services for homeless and at-risk individuals, families and youth are coordinated through a network of homeless service providers, the Affordable Housing Coalition (AHC) in Duluth, the Rural Housing Council (RHC) in Northern St. Louis County, the Heading Home St. Louis County Governing Board and its working committees, including the Prevention and Rapid Re-housing Committee, the HMIS/Data and Performance/Evaluation Committee and the Coordinated Entry Planning Task Group.

The goal of the *Ten-Year Plan to End Homelessness* and the *Continuum of Care*, through a countywide perspective and distribution of resources, is to help homeless individuals, families and youth to be rapidly re-housed in the most permanent housing possible, increase their housing stability and the housing security that goes along with stability, and to prevent new occurrences of homelessness. With the understanding that homelessness is not caused merely by lack of shelter, but rather involves underlying, unmet physical, economic and/or social needs, the supportive services provided for the homeless are designed to meet those needs. Support services include shelter stabilization services, housing search and placement assistance and referrals to



other community resources such as mental health treatment, drug and alcohol treatment, employment training, family support, life skills training, and providing for basic needs such as food and clothing. The SLC Health and Human Services Department and the City of Duluth Community Development Division are collectively responsible for managing the *Continuum of Care* process (since 1995), the *Ten-Year Plan to End Homelessness, coordinating ESG and CoC activities, and beginning in 2014, the development of Coordinated Entry for the St. Louis County CoC*.

The City of Duluth has a long history of collaborating with St. Louis County (SLC) in the delivery of funding and programming for the homeless. Community Development staff have established a strong partnership with SLC staff and have worked closely with them in developing the Heading Home St. Louis County 10-Year Plan to End Homelessness, establishing a governing board to oversee the 10-Year Plan, the Continuum of Care (CoC) process, and distribution and oversight of federal and state homeless funding that comes to the City and County, through HUD's CoC and ESG programming and through the state of Minnesota's Family Homeless Prevention and Assistance Program (FHPAP). City and County staff work closely with emergency shelters, transitional housing and other housing and homeless service provider agencies under the SLC CoC process.

In 2014, City and County collaboration is stronger than ever with focus on new CoC and ESG regulations under the HEARTH Act, including activities to develop a coordinated entry and overall coordination within the homeless response system that incorporates the prevention, rapid housing and coordinated assessment activities outlined under new Emergency Solutions Grant and Continuum of Care regulations. The current foundation for the SLC Continuum of Care is its Governing Board—the governing and advisory entity for the SLC Continuum of Care—and its working committees, the Prevention and Rapid Re-housing Committee, the HMIS/Data and Performance/Evaluation Committee, the Advocacy Committee and the Coordinated Entry Task Group. The committees are made up of the homeless housing and service providers that work to address the needs of homeless and at-risk families, youth and singles in Duluth and Northern St. Louis County, address governance issues, carry out HMIS data collection and reporting activities, and work to design a homeless response system that is coordinated, efficient and effective and integrates the various funding sources, including CoC, ESG and FHPAP.

In 2014, as in past years, Community Development staff participated in the project performance evaluation, review and ranking process for both the CoC and FHPAP programs. Under the CoC program, a total of \$830,164 was allocated to support 10 permanent supportive housing projects in Duluth, with an additional \$268,745 allocated to two rapid re-housing projects for Duluth homeless families. Six transitional housing projects received a total of \$400,315 and two supportive service only projects in Duluth received \$83,186. The St. Louis County CoC was also awarded \$85,610 for Coordinated Entry planning and \$37,350 for a CoC Planning grant.

## **Outreach**

Outreach activities in Duluth are primarily funded through a grant from the Department of Justice to the CHUM Emergency Shelter in partnership with the Duluth police department. CHUM's street outreach activities are targeted primarily to single men living on the streets and places not meant for human habitation and persons who are identified as chronically homeless. The Human Development Center in Duluth provides outreach assistance targeted at mentally ill and chronic homeless. Outreach activities that target homeless youth are carried out by Life House and Lutheran Social Services.

## **Chronic**

Homeless activities specific to chronically homeless are carried out by a number of housing and homeless service providers in Duluth and are funded primarily through the CoC program and the state funded Long Term Homeless program. Permanent supportive housing providers who receive CoC funding have established a policy whereby when any non-chronic designated beds become available, they will be filled by households identified as chronic first. In addition, all new housing developments for homeless persons in Duluth include a number of units targeted specifically for the chronically homeless.

## **Prevention**

In 2014, City staff, along with ESG homeless service providers developed protocols and procedures for operation of an ESG Flex Fund to provide cash assistance to eligible low-income households (at or below 30% AMI) in Duluth identified as being at-risk of homelessness. In designing prevention assistance programming under the ESG program, it was determined that 35% of the Flex Fund would be targeted for prevention (65% for rapid rehousing) and that families would be targeted above youth and singles and youth would have priority over singles. In addition to the ESG eligibility criteria established by HUD, additional criteria were used to target households that were identified as having greater need based on a variety of risk factors associated with households experiencing homelessness.

Homeless service providers use funds from the ESG Flex Fund to pay (in most cases) rent and utility arrears to help stabilize at-risk households. Along with cash management assistance, households receive referral to mainstream and community resources and additional case management follow-up for up to six months. Agencies that provide ESG prevention assistance include AICHO, Life House, Safe Haven and Salvation Army. The City contracts with the Housing and Redevelopment Authority (HRA) to conduct associated prevention program services activities such as making payments to landlords and utility companies and also to conduct inspections of ESG prevention and rapid re-housing units. During the 2014 program year, April 2014 through March 2015, a total of 55 received ESG prevention assistance.

In addition to the ESG Program, the State of Minnesota also allocates funding for

prevention and rapid rehousing assistance through the Family Homeless Prevention and Assistance Program (FHPAP). Funds are awarded through the Performance and Evaluation/Review and Ranking process similar to that established for CoC funding process. St. Louis County's Continuum of Care (CoC) process, using protocols and procedures established by the CoC's Homeless Response Committees and the St. Louis County Leadership Council and administered by St. Louis County Health and Human Services. Six agencies in Duluth received a total of \$461,289 in FHPAP funds to provide prevention and rapid rehousing assistance to homeless families, youth and singles. They include the American Indian Community Housing Organization (AICHO) who serves primarily Native American families and singles, Life House who serves youth between the ages of 16 and 23, Legal Aide of Northeast Minnesota, Safe Haven Shelter who serves women and their children who are fleeing domestic violence, and Salvation Army who serves families and singles. At the end of the 2014 program year, the county was just starting its 2015-2016 FHPAP allocation process.

### **Discharge Planning**

One of the goals outlined in the *SLC Ten-Year Plan to End Homelessness* was to establish uniform discharge protocols and procedures that prevent people who are being released from county institutions from being discharged into homelessness. An Adult Protocol Business Plan was completed in 2008. The discharge plan outlines transition process steps, based on an evidence-based model called Critical Time Intervention, a standardized assessment tool that is used by all discharging entities upon client admission to identify those at risk of homelessness, specific services to be offered to all clients and additional services offered to at-risk clients. The Discharge Plan also outlines the roles and responsibilities of the collaborative partner agencies, including coordination, information sharing, staffing patterns for institutional-based and community-based staff, and training. In 2010, St. Louis County received funding to conduct a pilot project with County correctional facilities to implement the discharge plan. Implementation of the project went well, but no new funds were allocated toward discharge planning activities once the pilot project ended. However, many of the established protocols implemented under the pilot continue to be used. No additional work has been done regarding discharge planning, however, discharge activities will be reviewed as the city and county work toward transitioning the Duluth's homeless response system under the CoC's Coordinated Entry initiatives.

### **HOME Program Homeless Projects**

The City of Duluth has funded a Tenant Based Rental Assistance (TBRA) Program with the Housing and Redevelopment Authority (HRA) since 2004. In the last several years, in conjunction with the St. Louis County Ten-Year Plan to End Homelessness, the City has targeted homeless populations identified as 'hardest to house' to receive the TBRA housing vouchers. This allows families with higher barriers, who have greater difficulty accessing housing to be rapidly re-housed, gives these families greater housing stability

by being housed in the TBRA program for up to two years while they remain on the waiting list for a Housing Choice voucher, allows participants the opportunity to improve their chances of accessing the Housing Choice (Section 8) Voucher Program, and to move on to the HCV program once they complete their probation period or come to the top of the waiting list. During the 2014 program year, the city provided \$125,000 in HOME funds to the HRA for their TBRA program, which resulted in 41 households, 13 of which were identified as chronic homeless, to be stably housed through the provision of rental assistance vouchers. All of the 41 households were transitioned from the TBRA program to the Housing Choice Voucher program. All the households remain stably housed.

## American Recovery Reinvestment Act

### CDBG-R

The Community Development Office received \$760,123 in American Recovery and Reinvestment Act (CDBG-R) funds and these projects have been expended in previous years except for sidewalk accessibility and sidewalk improvements.

#### Curb Ramp Accessibility

The remaining funds were awarded for sidewalks on East Superior Street between 19<sup>th</sup> Avenue West and 20<sup>th</sup> Avenue West in November, 2011. This project was completed on June 30, 2012. Construction of 16 curb ramp accessibility improvements at intersections created a smooth surface for persons with mobility disabilities. This project is expanded from the original FY 2009 Annual Action Plan.

#### Americorps

No activity to report for 2014.

The CDBG-R grant was officially closed out with HUD on March 8, 2013.

American Recovery Reinvestment Act Expenditure Activity				
HUD Code	Project	Priority	Allocated	Expended
03L	Sidewalks Accessibility & Sidewalk Improvements	High	\$427,876	\$427,876

### Homeless Prevention and Rapid Re-housing Program

In 2008, the City of Duluth was awarded \$1.2 million dollars to assist homeless families, youth and singles to obtain housing and maintain housing stability, and to assist youth, families and singles who are imminently at risk of losing their housing to maintain and improve their housing stability.

In 2009, the City contracted with four agencies to provide Homeless Prevention and Rapid Re-housing Program (HPRP) assistance. The agencies providing HPRP services included: Churches United in Ministry (CHUM)—provided homeless case management and housing assistance to families and individuals staying in the congregate emergency shelter and the four family emergency shelter units; The Center for Alcohol and Drug Treatment—provided homeless case management, housing and financial assistance to homeless individuals exiting treatment facilities; Life House Youth Center—provided prevention case management and rapid re-housing assistance to homeless teens; and The Salvation Army—provided prevention case management assistance to homeless families and to provide housing specialist assistance and financial assistance to all HPRP participants needing such assistance.

The City of Duluth expended all HPRP funds and closed out the HPRP program on 6/3/13. During the time that HPRP assistance was available in Duluth, a total of \$1,162,800 was expended. This included \$692,404 in direct cash assistance (\$498,343.42 for homeless prevention and \$194,060.58 for homeless assistance) and \$389,000 in housing relocation and stabilization services (\$221,730 for homeless prevention and \$167,270 for homeless assistance), \$58,140 for program administration and \$23,256 for HMIS administration and reporting.

From October 2009, when the HPRP program was implemented in Duluth, until activities were completed in March 2012, the HPRP Program served 1,148 persons (584 households); 962 persons (482 households) were assisted through prevention and stabilization services and 186 (102 households) were assisted through rapid re-housing and stabilization services. Of the persons assisted through HPRP, 82% were reported to be stabilized in their housing after receiving housing assistance and follow-up services.

## **Leveraged Community Development Resources**

HUD requests that the City of Duluth outline other federal and non-federal funding sources accessed in 2014 which assisted the City and its partners to accomplish the community development and housing goals.

Community Development sub-recipients reported a total of \$11,957,837 in leveraged community development resources for 2014. The amount of expenditures in 2014 was \$3,434,499, which include \$2,573,775 in CDBG funds, \$613,712 in HOME Funds, and \$247,012 in ESG funds. This represents a nearly 1:3.5 leveraging of community development resources with other funding. Below is a breakdown of that funding by source:

Other federal funds (non-CDBG)	\$ 2,393,535
State/Local funds	\$2,778,969

Private funds (foundations/United Way, fundraising)	\$2,891,489
Other funds (fees/reimbursement)	<u>\$3,893,834</u>
TOTAL LEVERAGED FUNDS	\$11,957,837
TOTAL COMMUNITY DEVELOPMENT FUNDS (CDBG, HOME, ESGP)	<b><u>\$3,434,499</u></b>

The 2014 Action Plan estimated a potential leveraging of \$2,953,068 in Community Development funds with \$31,988,531 in other resources. This estimate translated into a 1:10.8 leveraging of Community Development funds.

## **Loans and Other Receivables**

For FY 2014, year-ending March 31, 2015

1. Float-funded activities outstanding as of the end of the reporting period:  
There were no "float-funded" activities in the FY 2014 program.
2. Total number of loans outstanding and principal balance owed as of the end of the reporting period:

Single-unit Housing rehab Revolving fund

Loans outstanding: 67  
Principal balance: \$2,679,985  
Program Income: \$23,163  
Interest Earned: \$171

Single-unit housing rehab Deferred loans

Loans outstanding: \$507  
Principal Balance: \$8,402,052  
Program Income: \$34,545  
Interest Earned: \$ 0

Multi-unit housing rehab Revolving fund

Loans outstanding: 62  
Principal Balance: \$1,791,827  
Program Income: \$0  
Interest Earned: \$96.98

Multi-Unit Housing rehab Deferred loans

Loans outstanding: 6  
Principal Balance: \$991,920

## Economic Development Revolving loans

Loans outstanding: 14

Principal Balance: \$174,889

Program Income: \$400

Interest Earned: \$68

3. Parcels acquired or improved with CDBG funds that are available for sale as of the end of the reporting period:

There was no property sold during the program year

4. Number and amount of loans in default and for which the balance was forgiven or written off during the reporting period: There were no loan write-offs in program year FY 2014.

5. Lump sum drawdown agreement: There were no lump sum drawdowns during the FY 2014 program year.

## **Fair Housing**

Six years ago (2009), the Community Development staff reviewed and updated the 2004 Fair Housing Plan. The Analysis of Impediments to Fair Housing and Fair Housing Plan was formally adopted by Duluth City Council on January 25, 2010 and incorporated into the 2010 to 2014 Consolidated Plan. In 2014, Community Development staff updated the 2010 Fair Housing Plan. It was adopted along with the 2015 to 2019 Consolidated Plan and will be used to evaluate the 2015 program year.

Outlined below are the goals and actions from the Fair Housing Plan addressed in Program Year 2014. The full Analysis of Impediments to Fair Housing and Fair Housing Plan for Duluth is contained in the 2005-2009 Consolidated Plan as Appendix D.

During 2014, it became apparent that dissemination of fair housing information, as well as the education of the public, housing agencies, and rental property managers and owners is happening in new ways. Hard copies of booklets are distributed and training sessions still occur, but new methods, such as postings on web pages, broadcasts on public stations and the internet, and using mobile apps to file "real time" fair housing complaints are creating new opportunities to increase awareness and ensure compliance with fair housing laws.

## **IMPEDIMENT 1: LACK OF INFORMATION AND EDUCATION**

Housing providers and consumers must have a greater understanding of fair housing laws and regulations; in particular, a better understanding of the fair housing rights and responsibilities as they pertain to the rental housing market.

**Goal A: The City will actively market fair housing through a variety of marketing strategies and mediums to increase the level of knowledge and understanding about fair housing issues**

**2014 Actions Taken:**

1. The City of Duluth's Human Rights Office distributed brochures and posters at the meetings of the Human Rights and Disabilities Commissions; The Salvation Army; One Roof Community Housing; and throughout public buildings. Community Action Duluth hosted 12 "Common Cents: Money and Homebuyer Classes", where fair housing is a topic in each class and fair housing resources are distributed as part of the course curriculum. The HRA, Legal Aid, Indian Legal Aid, United Way's 2-1-1 Information line, Home Line, and The Salvation Army continued their efforts to provide fair housing information to tenants and landlords.

**Goal B: Disseminate general fair housing information to 1,000 tenants and landlords**

**2014 Actions Taken:**

1. The Housing Access Program (HAP) was a major player in Fair Housing activities within the City. On March 31, 2010, due to funding issues, they went out of business. As such, 2011 through 2013 are seen as re-building years in terms of a single agency providing fair housing information. Given current availability of resources it does not seem likely that a single agency will be possible. It seems more likely that existing agencies will need to coordinate and cooperate in fair housing education and enforcement. However, in 2014 the City has work closely with 1Roof Community Housing in identifying funding for a Housing Access Center. It will primarily focus on landlord/tenant relations.

2. The Housing and Redevelopment Authority will continue to provide fair housing information in its packets to prospective tenants in public housing and persons who secure housing vouchers.

3. Activities by a variety of agencies in Duluth have worked to fill the gap created by the closing of the Housing Access Program. The Salvation Army continues to provide their "Rent Wise" classes. Community Action Duluth hosts financial and homebuyer classes, and informs attendees of their rights. Legal Aid provided training on "Legal



Rights and Responsibilities and Community Resources for Landlords” in March 2014. They also held three trainings for tenants and addressed fair housing at each of these events.

4. The Community Development Office attends regularly the Affordable Housing Coalition meeting. The purpose of these meeting is to increase knowledge of programs, improve communication between agencies, and reduce duplication where possible. This collaboration of various housing providers has been working to restart the Housing Access Program to address issues related to fair housing.

**Goal E: Increase knowledge of fair housing regulations, in regard to accessibility and reasonable accommodations and visitability. For City Attorneys, public and private architects, buildings and contractors associated with CDBG and HOME housing projects.**

**2014 Actions Taken:**

1. The Human Rights Office is a point of contact for persons with disabilities who have conflict with their landlord. Often times a call from the Human Rights Office can be enough to educate landlords about ADA regulations that they are deficient in.

2. Community Development staff during annual monitoring reminds subrecipients of reasonable accommodation requirements. For public facilities projects, during planning meetings Community Development staff will provide reminders of ADA requirements. Many of the physical projects in recent years have had an accessibility component. For example, the UDAC building renovation will have an additional ramp access to accommodate individuals with mobile impairment.

**IMPEDIMENT 2: HOUSING DISCRIMINATION AGAINST PROTECTED CLASSES**

When asked about housing discrimination, key informants and focus group participants agreed that illegal housing discrimination occurs in Duluth. Discrimination may occur unknowingly at times, or without knowledge of the legal ramifications that may result, or because enforcement through the state or federal process is difficult and time consuming, and therefore, not often pursued, or because it commonly occurs in one’s life experience and becomes accepted behavior. Regardless of why, how or where discrimination occurs, activities that discriminate against the more vulnerable of our population, against people protected under the Fair Housing Act, is an impediment to fair and equal housing choice. It is illegal and acting in accordance with the fair housing law is the responsibility of all citizens.

**Goal A: Initiate and disseminate procedures for processing Fair Housing discrimination complaints through the City's Human Rights Office.**

**2014 Actions Taken:**

1. There is a standard procedure for intake which the Human Rights Office prescribes to. A form, available online and in city hall, is completed which explains and documents the possible infraction. The Human Rights Officer then conducts a preliminary investigation to determine if the complaint is sufficient to send to the Department of Housing and Urban Development. During the program year, the Office received five fair housing complaints from HUD that were investigated by the Human Rights Officer. The office regularly provides referrals to the HUD's Region 5 Fair Housing complaint line at 1-800-765-9372, and/or to Legal Aid at 218-623-8100. Community Action Duluth's housing counselors and advocates provide assistance with housing discrimination issues on a case-by-case basis. Legal Aid seeks reasonable accommodations for individuals and families at-risk of losing their housing or being denied housing for reasons related to disabilities. They handled at least 100 cases during the past year.

**IMPEDIMENT 4: HOUSING CODE ENFORCEMENT**

Poor quality, substandard housing, a number of absentee or other landlords who do not properly maintain property, and the inability of tenants to hold landlords accountable for maintenance of rental properties were identified as impediments to fair housing by a number of focus group participants.

**Goal A: Expand the capacity and effectiveness of the Building Safety and Inspection office through the development or purchase of permitting/licensing/inspection computer program. The new system will be used to improve the Department's ability to collect, store and retrieve information relating to rental property licensing, permitting and inspection, to include the number and nature of code violation complaints, citations, corrective actions and successful completion of repairs.**

**2014 Actions Taken:**

1. The inspectors are back on a three year inspection cycle for all rental properties. The department is close to moving their permitting system to a more comprehensive city wide system of permitting within the year. The system will provide better access and usability for Building Safety and Inspections and other City departments.

**Goal C: Reduce the number of rental properties being condemned due to lack of repair and maintenance of the building, which will result in reducing the**

**number of tenants being displaced due to condemnation of substandard rental properties.**

**2014 Actions Taken:**

1. In 2014 the Community Development Division funded the Housing and Redevelopment Authority to administer a Multifamily rehab program. This program was designed to provide landlords the means to update rental properties providing more affordable and decent rental housing options for Duluth’s citizens.

**Consistency of Consolidated Plan Priorities with Investment of CDBG Funds**

This section of the report focuses on consistency of the City’s funding allocation with the priorities of the Consolidated Plan, meaning whether we have funded the community’s “High” priority areas and whether we have been able to fund any “Medium” priority areas after working on the High priority activities. Also, this section addresses how well the program is doing to access all other possible resources that are consistent with the Consolidated Plan.

Consistency of Consolidated Plan Priorities with Investment of CDBG Funds

In the 2014 allocation process, the CD Committee established funding priorities that included distribution goals. These percentage ranges, or goals, were employed to guide investment decisions and further the overall Consolidated Plan goals and priorities.

Those funding goals were:

	<u>Goal Percentage</u>	<u>Allocation Percentage</u>
Affordable Housing	30	32.1
Economic Development	15	15.1
Public Facility Improvements	20	18.3
Public Services	15	14.4

Affordable Housing was the highest priority in the 2010-2014 Consolidated Plan. The Committee has concern about the lack of housing units that are affordable for low and moderate income households, and about Duluth’s old housing stock in comparison to other communities and wants to address these issues. This was the rationale for continuing to allocate a highest percentage of CDBG funds to the housing category. With the implementation, and the CD Committee’s continued support for the Duluth at Work Program, the Economic Development category was again funded near the amount allocated last year. The amount allocated for the Public Facilities category decreased slightly from the goal because fewer projects were deemed to be ‘ready’ and high priorities. Three projects were funded including two improvements to neighborhood

facilities and one for blight reduction/neighborhood facility. Finally, the committee continued funding for high priority public services projects near the maximum percentage allowed.

Assessment of accomplishments from the four years completed under the 2010-2014 Consolidated Plan shows that all the High Priority Needs identified in the Plan have been funded.

A list of Duluth organizations that submitted applications to the 2014 HUD SuperNOFA that were certified as consistent with Duluth’s Consolidated Plan include American Indian Community Housing Organization, Center City Housing Corporation, CHUM, Human Development Center, Duluth Housing and Redevelopment Authority, Life House, Lutheran Social Services, Minnesota Assistance Council for Veterans- Duluth, Salvation Army, and the YWCA.

In addition, two applications for other Federal Programs were certified as consistent with the Consolidated Plan.

<b><u>Priority Community Development Need</u></b>	<b><u>Priority Need Level</u></b>	<b><u>Accomplished By</u></b>	<b><u>Project/Program</u></b>
Public Housing	High	Duluth HRA	PHA – Plan
Permanent Supportive Housing	High	Benedictine Health Center	Supportive Housing for Homeless Families

### **One-for-One Replacement/Displacement**

The City of Duluth has a policy of minimizing displacement if at all possible. The requirements of the Uniform Relocation Act and Section 104(d) are included in all City contracts that may result in the need for relocation assistance. City staff evaluates all funded projects to determine if occupied properties will be covered, approves any needed relocation plans, and monitors grantees to ensure compliance.

Relocation was triggered by the HRC’s rental housing rehab and lead remediation program. A rental project, located at 15-21 South 17<sup>th</sup> Avenue East, required relocation of a family of six due to lead-based paint activities. The family’s hotel and meal expenses were covered, at a total cost of \$1,328.19. No other rehab related relocations were necessary.

The supportive housing project for chronically homeless families, Steve O'Neil Apartments, was completed this year. As reported in the 2012 CAPER, this project did result in the demolition of occupied properties in the Central Hillside neighborhood in the summer of 2013. On March 8, 2011, the Duluth HRA provided General Information Notices to tenants of rental units and businesses that they may be displaced by the project. During 2012, the Duluth HRA provided relocation assistance to 11 households made up of 19 individuals; and one business was relocated, Twin Ports Upholstery.

A one-for-one replacement plan for the O'Neil Apartments was made public on March 15, 2013, related to the scheduled demolition of five properties that include 22 rental units. Of these units, five had rents above the HUD determined Fair Market Rent (FMR), and are therefore not considered affordable. The remaining 17 affordable units were to be replaced. The affordable units consist of nine 1-bedroom units; two 2-bedroom units; and six 3-bedroom units. The completed Steve O'Neil Apartments have provided the required replacement units of six 1-bedroom units; five 2-bedroom units; and six 3-bedroom units. The additional 27 new units are available as replacement units for any loss of affordable housing in the coming year. The replacement plan has been approved by the Minneapolis HUD office.

## Program Assessment

FY 2014 Performance Outcomes

	Accessible		Affordable		Sustainable	
	Projected	Actual	Projected	Actual	Projected	Actual
Decent Housing	4,065	5,048	120	113	-	-
Sustainable Living Environment	20,300	21,350	-	-	1	600
Economic Opportunity	42	38	-	-	-	-

This table shows the City's performance outcomes in the three areas of Decent Housing, Economic Opportunity and Sustainable Living Environment with the outcomes of improving accessibility, increasing affordability and creating sustainability. The 2014 performance results show that in the area of Decent Housing improving accessibility was above the projected amount due to demand in housing, which includes transitional and shelter housing. In the area of increasing affordability the actual output lags

behind the projections due to the length of time that housing rehabilitation takes in our community. Under the performance category of Economic Opportunity improving accessibility was slightly below the projected amount due to the project design of 3-year contracts, but showing signs of success and a recovering economy. The performance category of Sustainable Living Environment, improving accessibility, was well above the projected numbers due to the completion of renovations to a neighborhood facility that was funded in a previous year.

## **Strategy Adjustment or Program Retooling**

### Affordable Housing

Plans to create the Housing Resource Connection, with co-located offices, shared resources, common intake and eligibility determination were implemented. The Duluth Housing Authority, Arrowhead Economic Opportunity Agency, One Roof Community Housing, Community Development have invested time and resources in to this collaboration. Interested homeowners and buyers will be able to start the process online or at any of the housing agencies. Outreach to property owners and homebuyers will occur using joint marketing under a unified identity for the new Housing Resource Connection. The collaboration has been incorporating other funding sources to meet the community's needs. This effort has been very successful in securing additional funds for the community.

### Economic Development

The Community Development Division participated in the RFQ/RFP process for developing an Economic Development Plan for the City of Duluth. The plan will identify the business needs for new companies as well as current employers. From this plan the City will work with our economic development to develop and implement solutions. Those needs include sites, business tools and a trained workforce. The Community Development program continues to implement the Duluth At Work initiative in cooperation with the Local Initiatives Support Corporation (LISC) and the Duluth Workforce Center. This program focuses on investing in people through employment training and skill development, not business incentives. The initiative has a simple goal of increasing household or business incomes and assets by 25% over a three-year period. The objective is to assist for-profit businesses by providing employment opportunities and skill development, to access jobs that will assist LMI individuals with a way out of poverty and toward economic stabilization. A current trend and need for employers is in the construction and trade industry. The City will be working through their partners and the Workforce Center to further initiatives that will assist with getting low to moderate income persons into training and apprenticeship programs. The program also provides business owners with technical assistance to increase business viability that will lead to job creation and growth with the Community Development Target Areas over a two year period.

### Public Facilities

The City is re-examining our street investment strategies in light of recent funding reductions, the flood event and continuing deterioration of aging infrastructure. It is anticipated that CDBG funds will be a part of the solution and strategies. We continue to focus investments on ensuring that "Neighborhood Facilities," which deliver much needed public services, i.e., meals programs or food shelves, are handicapped accessible and up to date. Also, the Community Development program will focus some efforts on providing improvements that increase energy efficiency in those facilities.

### Public Services

These programs and agencies have been dramatically affected by both state and federal reductions which are directly impacting the operation of vital services for the lowest income individuals within the community. This upcoming program year will again require the City to refocus the priorities to meet the most crucial needs of low income individuals. A key strategy for implementing program efficiency will be to promote collaborations among homeless service providers. The City will be working with the Continuum of Care and St. Louis County to begin initiating a "Coordinated Assessment and Intake" process to further collaboration and achieve program efficiencies. The City of Duluth is not focusing CDBG funds towards youth programming, primarily because the City has other funding that it is now contributing towards youth programming.

Overall, the services in the Community Development program are achieving good outcomes, and have now been doing so by seeking ways to achieve greater efficiencies; however, more collaboration could lead to more efficiency. The community has had to make undesirable choices in order to preserve the vital services that are essential to persons with low and moderate incomes in Duluth. The public services program continues to be retooled in order to prioritize services that are efficient and achieve the best results.

### **Monitoring**

Each community development project is monitored annually, either through an on-site inspection and review of client records or through a program desk-monitoring. In 2013, Community Development staff conducted on-site monitoring visits for twelve community development projects and conducted fourteen desk monitorings. Annually, a financial monitoring is conducted on programs that administer revolving loan funds on behalf of the City. At the onsite visits, staff verified that program activities are meeting a national objective and that funds are being expended appropriately on eligible activities. All CDBG, HOME and ESG funded programs receive this type of monitoring based upon a risk assessment.

The following is a summary of any program findings, or concerns which may lead to findings, for the FY 2014 program year activities. Those activities/projects not listed have met both the required national objective and eligible activity expenditure tests.

## **HOUSING DEVELOPMENT**

### **Housing Resource Connection – Housing Rehab**

#### **14-HS-01**

Housing Resource Connection (HRC) is a collaborative effort of the Duluth HRA, AEOA, One Roof and Ecolibrium3 to provide housing rehab and other services in the Central Hillside Center.

Concern #1.

The 2014 contract was the first to include all of the HRC partners under one contract. Within the HRC, the Duluth HRA has responsibility to conduct lead-based paint assessments of any federally funded housing units, which includes One Roof's acquisition, rehab and resale to eligible homebuyers program. The One Roof file review showed the lead-based paint inspections were done, any areas needing to be addressed were abated of lead paint, and the units were re-inspected to ensure no hazards remained and cleared. As part of the assessment process, a calculation is made to determine the level of lead paint remediation needed on a unit based on the cost of the overall rehab project. At the monitoring review, the one page calculation form was missing from the files. One Roof staff was unaware this was their responsibility to complete. City staff provided the form to One Roof, to complete and retain in the files.

### **CDBG Target Areas**

The City continued to locally designate CDBG-eligible "Target Areas" citywide (See maps following pages). Each Target Area was comprised of groups of census tracts or census block groups in which at least 51% of the residents had low to moderate incomes by HUD's Annual Income Guidelines. All CDBG Target Areas were eligible for "area-benefit" projects and were priority areas for "citywide" programs.

The CDBG Target Areas include the following areas:

Census Tracts 37 & 38-3 - Morgan Park, Gary, Fond du Lac

Census Tracts 30-1, 31-4, 32, 33, 34-1 - West Duluth



Census Tracts 24, 25, 26, 27 & 28 - Lincoln Park

Census Tract 3-4 - Duluth Heights

Census Tracts 9-4, 16, 18, 19, & 20 - Central Hillside

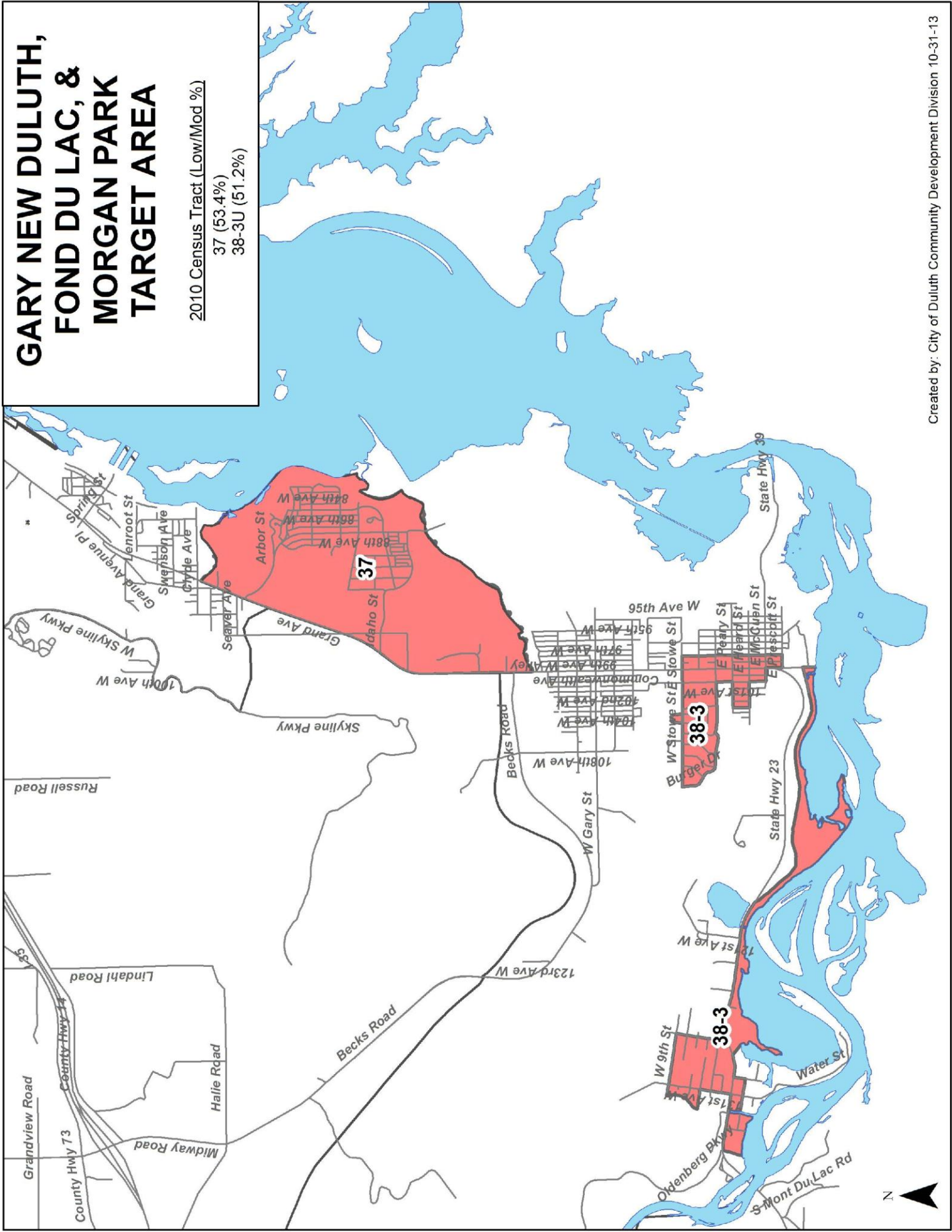
Census Tracts 12, 13 & 17 - East Hillside

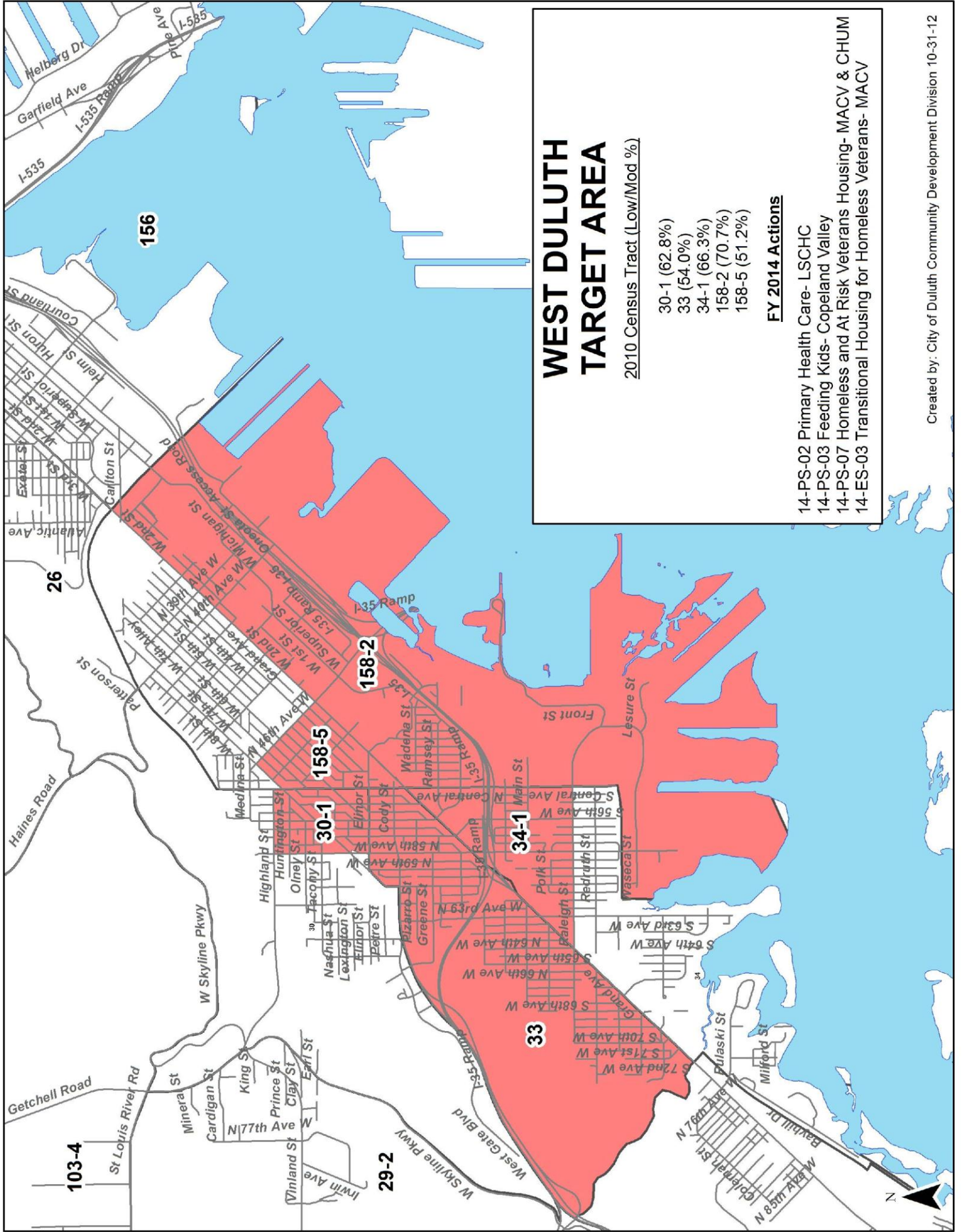
Census Tract 14 – Endion

While these target areas have been the primary focus of the City's physical improvement projects and housing activities in past years, the Community Development office has partnered with the At Home in Duluth collaborative to engage neighborhoods to re-examine revitalization focus areas. As a result of that process, each of the City's Core Neighborhoods have defined smaller geographic target areas to develop a more focused approach to targeting resources.

# GARY NEW DULUTH, FOND DU LAC, & MORGAN PARK TARGET AREA

2010 Census Tract (Low/Mod %)  
 37 (53.4%)  
 38-3U (51.2%)







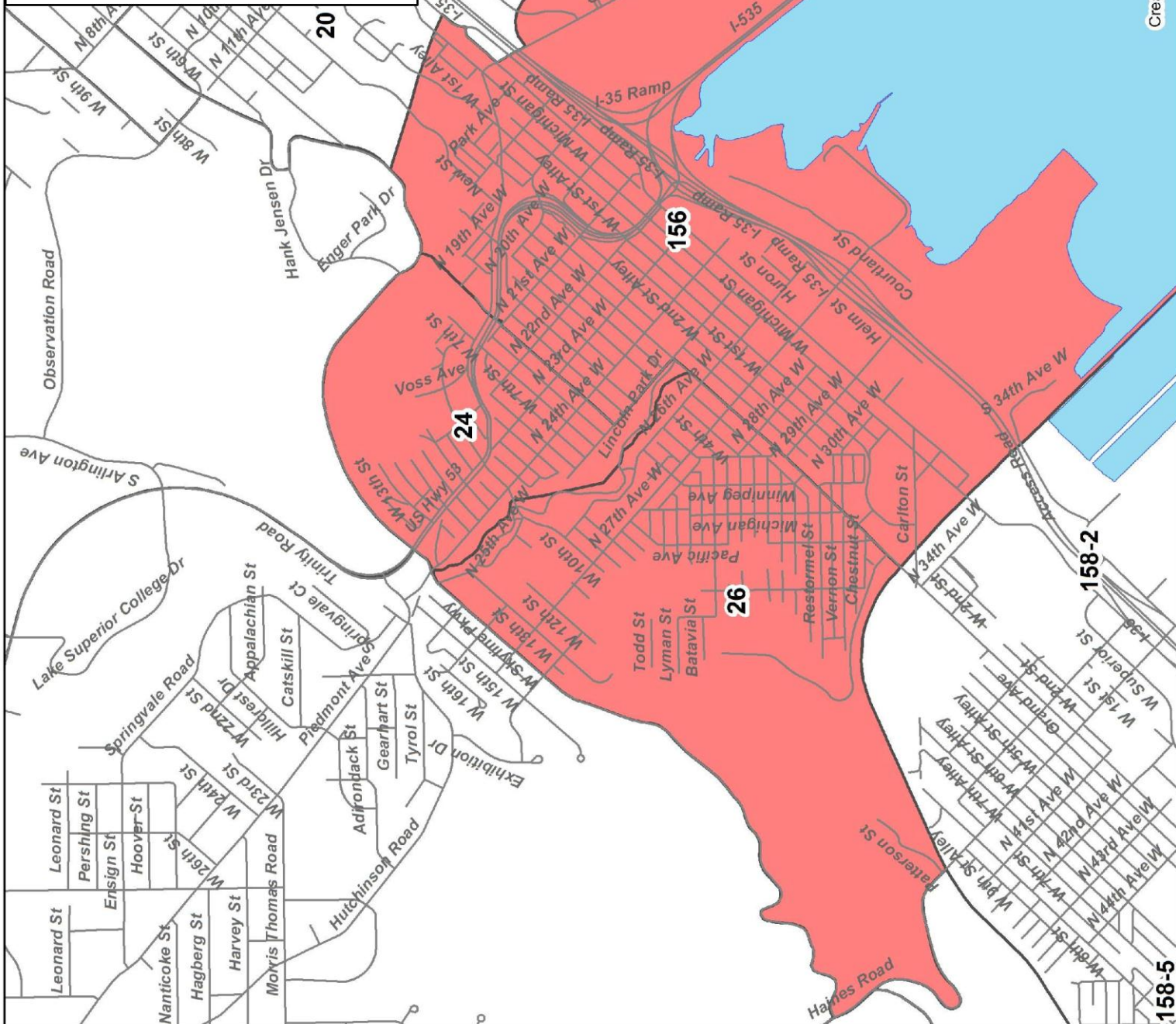
# LINCOLN PARK TARGET AREA

## 2010 Census Tract (Low/Mod %)

- 24 (52.4%)
- 26 (55.7%)
- 156 (69.9%)

## FY 2014 Actions

- 14-ED-05 Circles of Support- Community Action
- 14-PS-01 Hunger Project- Salvation Army
- 14-PS-03 Feeding Kids- Boys & Girls Club
- 14-PS-08 Family Transitional Hsg- Salvation Army
- 14-ES-04 Family Transitional Hsg Op- Salvation Army













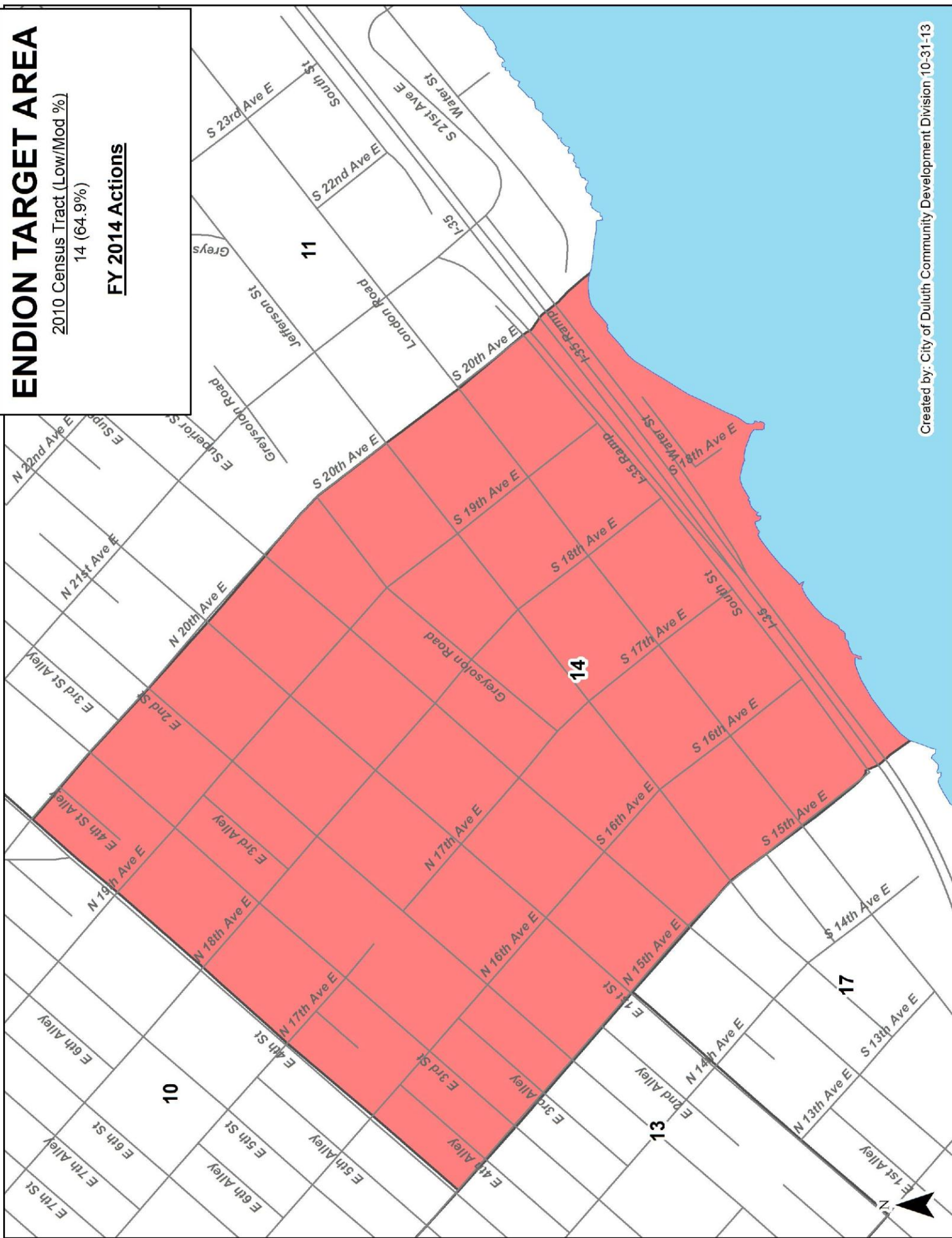


# ENDION TARGET AREA

2010 Census Tract (Low/Mod %)

14 (64.9%)

## FY 2014 Actions





## **Outreach Initiatives to Include Underserved Populations in Target Areas**

During 2014, the Community Development Division worked to increase participation of under-served populations through outreach. Listed below is a summary of the activities.

1. The Community Development program public hearing dates, comment periods, and important steps in the Consolidated Plan development process were advertised in the Duluth News-Tribune and on the City website. Under-served populations have access to the website through free computer use at the Duluth Public Library and its two branch locations and at the Community Action Duluth facility.
2. Held a public hearing on Community Development and Housing needs on May 27.
3. Held an online survey from May 12 to 23. During this time, different questions about housing, economic development, public facilities and services were asked. The responses from this on-line forum and responses from the neighborhood forums were posted on the website. City staff also made efforts to offer this survey in person at several facilities and locations that provide basic services throughout the city.
4. The Duluth Community Development Division is a core group partner of the "Creating Neighborhoods That Work At Home in Duluth." This partnership has provided several venues for outreach to under-served populations in target areas. The city continues to work to implement these plans that were created for each neighborhood.

## **Summary of Citizen Comments**

Consistent with federal regulations, the City of Duluth conducted a 15-day public comment period on the 2014 Consolidated Annual Performance and Evaluation Report. The comment period was June 15 - 19, 2015. This was advertised in the Duluth News-Tribune, and announced at community meetings and on the city's webpage. Copies of the document were available to the public at the Community Development office, the City Clerk's office, the Duluth Public Library and all branch libraries and on the City's website. The Community Development Committee also held a public hearing on the CAPER and activity performance towards Consolidated Plan goals on June 23, 2015.

The following correspondence was received during the 15-day public comment period:

- *THIS WILL BE COMPLETED AT COMPLETION OF 15-DAY PUBLIC COMMENT PERIOD.*

### **Response:**

The following is the public hearing and comment period advertisement and meeting summary of the Community Development Committee.

Addendum of Reports Available to the Public

**2014 CONSOLIDATED ANNUAL PERFORMANCE &  
EVALUATION REPORT (CAPER)  
ADDENDUM**

1. 2014 Summary of Activities Report (GPR) - C04PR03
2. Summary of Accomplishments Report – CO4PR08, CO4PR10 and CO4PR23
3. Financial Summary (4949.3) C04PR26
4. 2014 Status of HOME Activities Report - C04PR 22
5. Status of 2014 HOME Grants Report - C04PR27
6. Status of 2014 Community Housing Development Organization Funds by Fiscal Year Report - C04PR25
7. HUD 40107-A Match Report on HOME Funds – CO4PR33
8. Consolidated Annual Performance and Evaluation Report (CAPER) - C04PR06
9. Program Income (WKS) C04PR09
10. CDBG Performance Measurement Report – CO4PR83
11. HOME Housing Performance Report – CO4PR85
12. HRA Onsite Inspection Report
13. ESG Financial Summary Report-CO4PR91

*Copies of these reports are available for viewing at the Community Development office*