

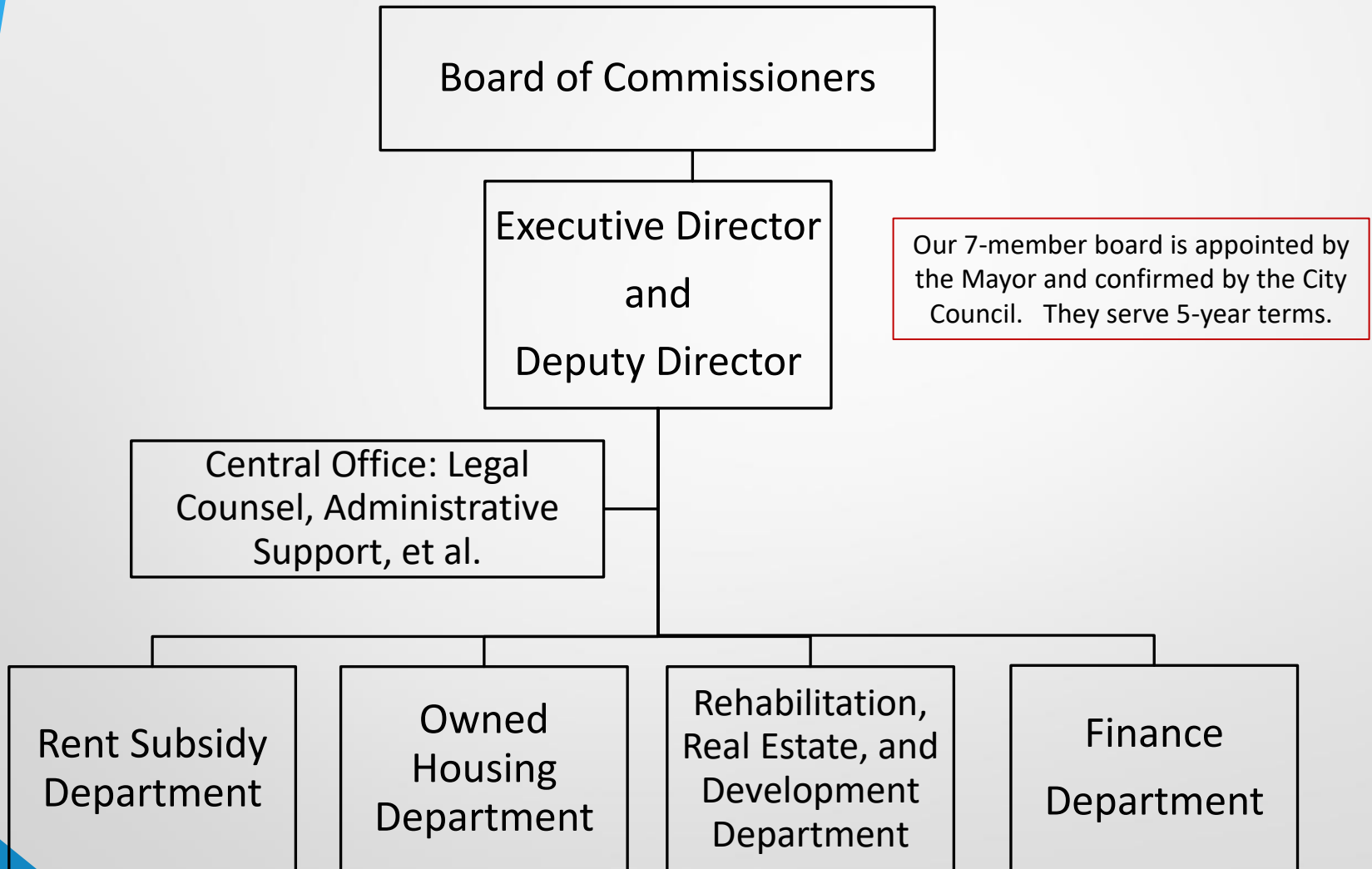


Housing and Redevelopment Authority of Duluth, Minnesota

FY 2025 Budget and Tax Levy
Presentation to City Council



Our Organization



Core Programs Supporting Households in the City of Duluth (1)

- HRA Owned Housing:
 - 1,110 units of rental housing
 - Varied subsidies – Public Housing, Project Based Rental Assistance, Project Based Vouchers, Rent-restricted Unsubsidized
- Rental Assistance Through Housing Choice Vouchers and Other Rent Subsidy Programs:
 - 1,750 Housing Choice Vouchers (35 of these set aside for non-elderly/disabled households)
 - 37 Emergency Housing Vouchers for people experiencing homelessness
 - Assistance to help homeless veterans through 15 Veteran's Administration Supportive Housing Vouchers
 - Assistance to end homelessness through Coordinated Entry, Bridges, Tenant Based Rental Assistance, and Emergency Solutions Grant funding

Core Programs Supporting Households in the City of Duluth (2)

- Neighborhood Stabilization and Revitalization through our Rehab and Real Estate Department
 - Emergency repair program for low and moderate-income (LMI) homeowners
 - Exterior repair and fuel oil conversion programs for LMI single-family homeowners and small multi-family rental units
 - Manage and disburse the City's Revolving Loan Fund program for both income qualified homeowners and small multi-family rental units who rent to income-qualified tenants
 - Manage the City's Housing Trust Fund
 - Development

OVERALL

We house approximately 2,800 households and families every day and bring in over \$13 million in rental assistance that goes into the hands of local landlords, over \$2 million in funding for capital improvement projects that is used in publicly owned housing projects using local labor and products, and up to \$100,000 in state resources for rehab projects providing local construction work.

Authority Support provided to the City of Duluth

- Funding for up to two full-time Police Officers
- North Pointe Resource Center (formerly the Rainbow Center), Lincoln Park Center, and Harbor Highlands Community Center operations
- Support of city staff through co-funding the Senior Housing Developer position

Development, Redevelopment, and Community Initiatives

- Fairmount Cottages – 18 units in the Fairmount neighborhood, mixed income, rental housing
- Skyridge Flats (70-unit, 55+, 50% and 30% AMI housing units) – \$19 million development, UNDER CONSTRUCTION!!
- Harbor Highlands Phase VI Townhomes – 40 units of affordable family townhomes – UNDER CONSTRUCTION!!
- Harbor Highlands – Tract B, home ownership phase in partnership with One Roof Community Housing
- Homeless Warming Center – permanent site, substantial rehab, opened in February 2022
- Construction Training Program
- New Partnership with Union Gospel Mission for a potential Triage Center or Engagement Center to address assistance for those experiencing homelessness

CY2025 Tax Levy Request

- Starting back in 2021, the HRA decreased its levy request from 0.0179% to 0.0169% of the estimated market value.
- The HRA requests to keep the rate at the lowered percentage rate of 0.0169%.
- The statutory maximum is 0.0185% of estimated market value.

CY2025 Tax Levy Request

\$458,026 – Owned Housing and Rent Subsidy Program Support

- \$188,026 Funding shortfalls in the Section 8, Small Rental Assistance Programs, Harborview Phase I
- \$250,000 High Rise Security Contract
- \$20,000 HUD Housing Preservation Programs

\$121,748 – Warming Center and Other Community Center Operations and Maintenance

- \$25,587 Lincoln Park Center Operations (including the Homeless Warming Center and AEOA meals on wheels support)
- \$36,161 North Pointe Resource Center Operations
- \$60,000 Harbor Highlands Community Center Operations

\$1,011,563 – Affordable Housing Programs and Development

- \$258,000 Construction Training Program
- \$200,000 Sustainability initiatives for low and moderate income housing to reduce the utility burden for renters
- \$75,000 Funding for the City and HRA Senior Housing Developer position
- \$132,184 Other Programs including Single Family Housing Rehab, Housing Trust Fund Management, Landlord Initiatives, etc.
- \$346,379 New Affordable Housing Development Activity

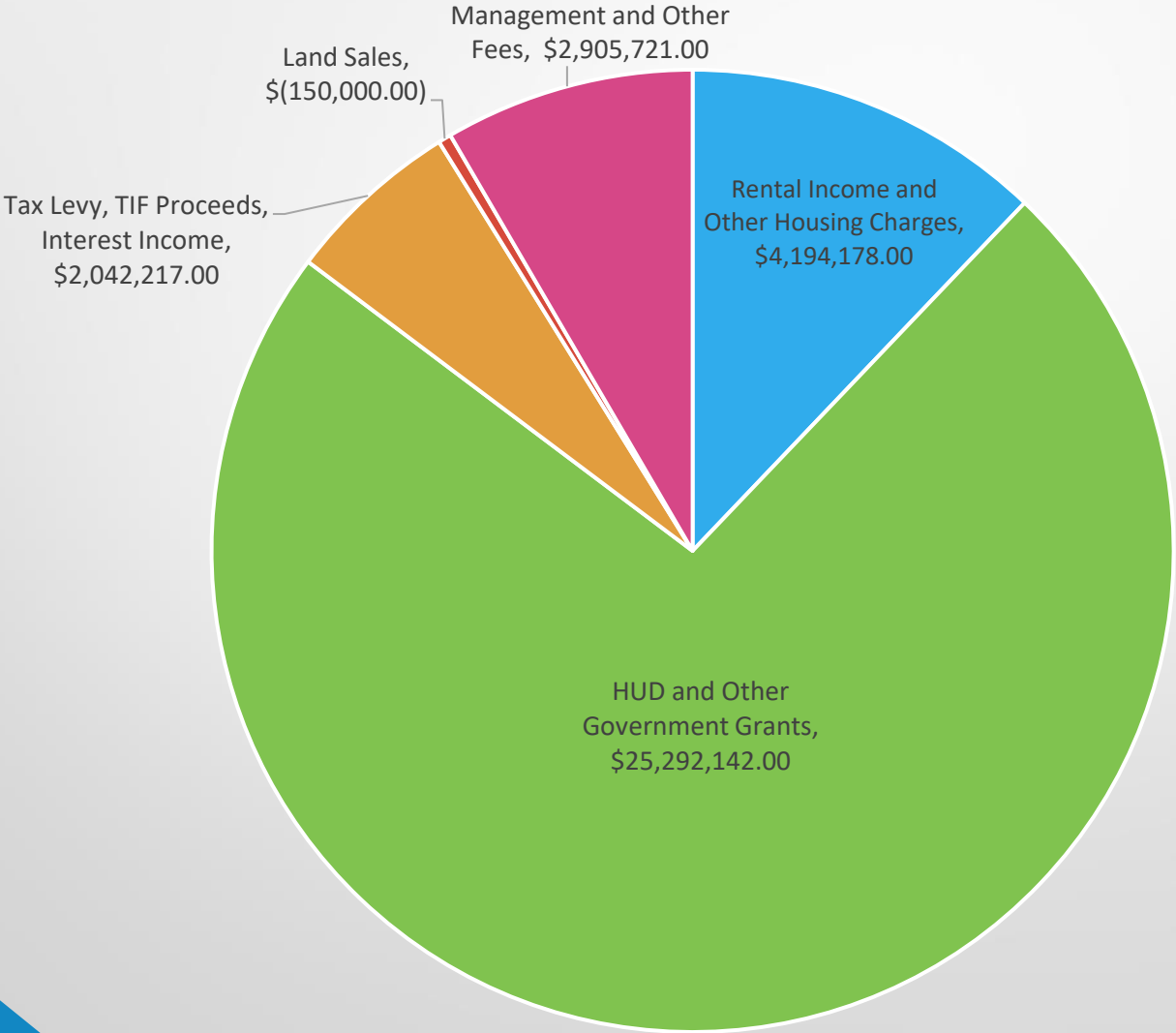
\$220,090 – Community Housing Support Services

- \$172,590 Two full-time Community Police Officers (in addition to the tax levy, \$30,000 of HRA owned housing funds are also used to support the police officers)
- \$47,500 Homeless Prevention Program Support (partnership with One Roof, the City of Duluth, and St. Louis County)

Total Tax Levy for CY 2025: \$1,811,427

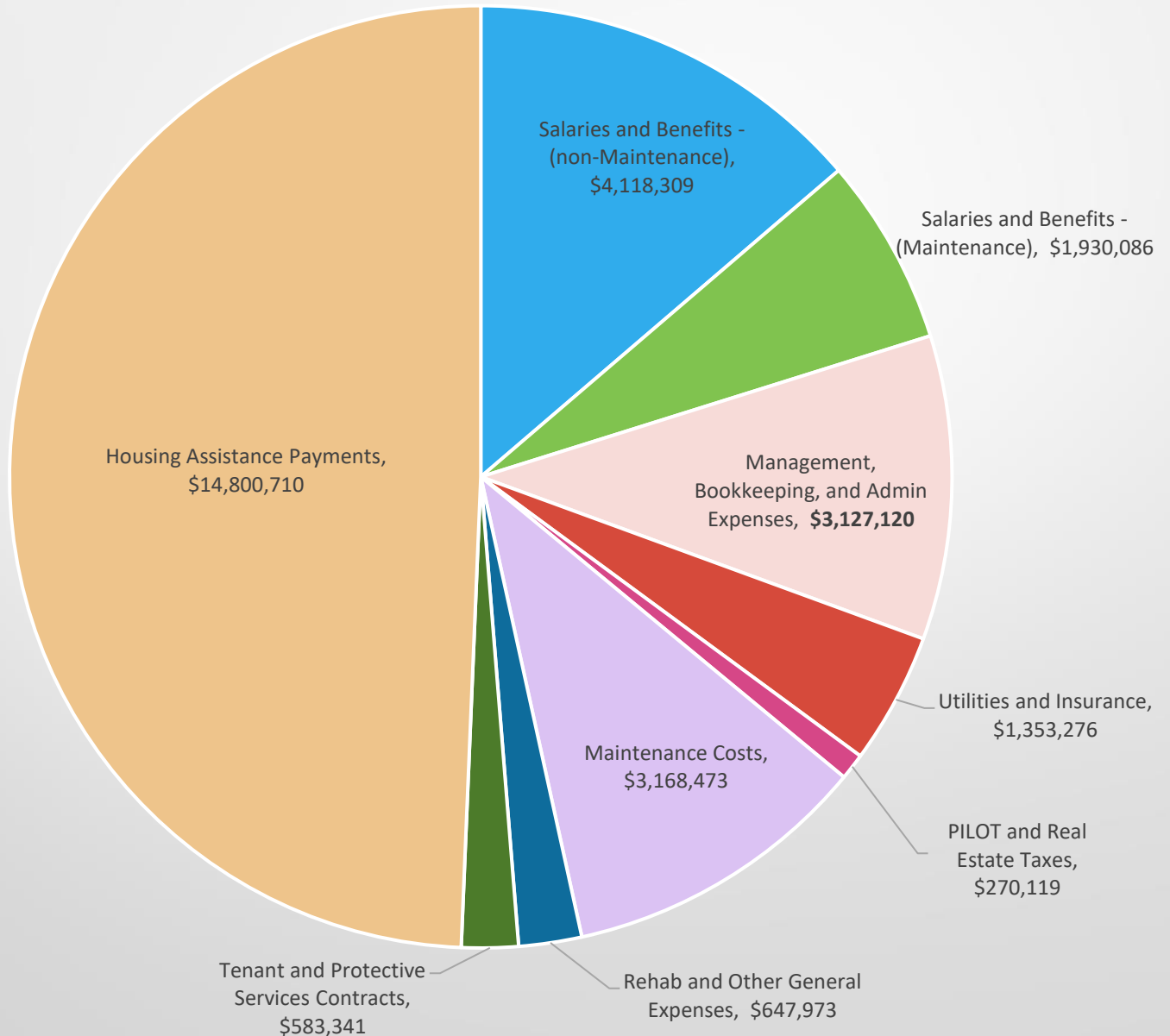
FY 2025 Estimated Revenues

TOTAL: \$34,284,258



FY 2025 Proposed Expenses

TOTAL: \$29,999,407



FY 2025 Net Cash Flow

- Excess revenue over expenses: \$4,284,851
 - Operating Transfer to Harbor Highlands Phase I: (\$100,000)
 - Replacement Reserve Contributions: (\$756,806)
 - Operating Reserve Contributions: (\$1,117,669)
 - Debt Principal Payments: (\$189,935)
 - Debt Interest Payments: (\$293,468)
 - **Net Cash Flow: \$1,826,973**
- Because of repositioning (RAD – Rental Assistance Demonstration):
 - No longer budgeting the use of reserves as we were under the public housing model.
 - We have a strong bottom line and are able to respond to unexpected issues.
 - It is functioning as intended to preserve our affordable housing assets into the future as well as create operating and replacement reserves for these properties.

What Happens if the HRA Goes to its Maximum Tax Levy?

Impact on a \$240,000 home:

2024: \$34.34

2025: \$34.39 (as currently proposed)

2025: \$37.65 (if increase to maximum tax levy of .0185% of EMV)

- This increase would capture an additional \$171,496 that could be to fulfill the HRA's mission as defined by statute.
- Currently, emerging needs are funding for *Stepping-On-Up* initiatives to address encampments and homelessness.

Looking Ahead

- Housing Developments in Process
 - Skyridge Flats (70 units) – planned opening in December 2024
 - Phase VI (40 units) – planned opening in June 2025
 - Home Ownership at Harbor Highlands – partnership with One Roof – planned construction start in Spring 2025
- New Housing Developments
 - Funds applied for to build workforce home ownership units in Morgan Park and the Hillside – should find out in December 2024
 - New Partnership with Union Gospel Mission to apply for funding for a new Triage/Engagement Center
- Asset Repositioning – final phase in fiscal year 2025
- City Programs
 - Housing Trust Fund Management
 - Revolving Loan Fund Management/Disbursement
- Support of Local Developers
 - Conduit for Land Acquisition
 - Project Based Vouchers
 - Housing TIF Projects
- New “Bring It Home MN” Vouchers – anticipated July 2025

Summary

- The HRA touches the lives of approximately 2,800 families per month through housing assistance of varying forms.
- The tax levy request allows the HRA to continue supporting its mission of creating housing opportunities and strengthening neighborhoods to sustainably achieve a quality living environment for all.
- In 2025, a 0.0169% tax rate will generate enough funding for the HRA to continue its current and planned initiatives.
- The tax levy represents approximately 5% of the HRA overall revenue – but it is an important 5% as it is not restricted by HUD regulations.
- The HRA is committed to working with our partners and supporting development initiatives that not only create housing opportunities, but also stimulate the local economy.

Thank You!



Any Questions?

