

Executive Summary

The City of Duluth is seeking community input on goals and funding recommendations for the Community Development Funding Program

What do you want me to give input on?

- The draft **five-year goals** for the 2020-2024 Consolidated Plan on **pages 2 to 3**
- The fiscal year **2020 preliminary funding recommendations** on **pages 4 to 5**
- The draft **impediments to fair housing choice** on **pages 6 to 7**

How can I give input?

- **Attend the CD Committee Public Hearing** at 5:30 p.m. on Tuesday, **November 19, 2019**, in the Council Chambers - 3rd Floor - City Hall, 411 W 1st St Duluth, MN 55802

- **Submit comments by November 25, 2019** to:

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Division
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How will you use my input?

The CD Committee will consider public input on the 2020-2024 Consolidated Plan and its fiscal year 2020 Community Development Program funding recommendations. The Committee may revise its recommendations based on your input. It will help shape the Community Development Funding Program goals and guide how the City prioritizes community needs.

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

To receive these funds, HUD requires the City to create a Consolidated Plan that lays out how the City of Duluth and its partners will use an expected \$15 million in HUD funds over the next five years to meet community needs. To develop this plan, we use a collaborative process to establish a unified vision for community development actions. This process allows the City and community members to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies. View the draft 2020-2024 Consolidated Plan here: <http://bit.ly/2qEBV93>. The City and a volunteer committee made up of community members appointed by the Mayor, the Community Development (CD) Committee, use a community outreach process called a Community Needs Assessment to gather input that informs five-year funding objectives and yearly funding recommendations. View a summary of the most recent Community Needs Assessment here: <http://bit.ly/2W9oB8j>. Annually, local organizations apply to the Community Development Funding Program requesting these HUD funds for their projects. The CD Committee reviews and evaluates the applications and provides funding recommendations to the City Council.

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

Draft Consolidated Plan Goals

These goals are established in order to create guided funding targets for the 2020-2024 Consolidated Plan based on public comment received and reviewed by the CD Committee. The goals are defined on this page. The next page includes the 2020-2024 Consolidated Plan spending goals based on anticipated funding over the next five years.

GOAL	GOAL DESCRIPTION
Infrastructure Improvements	Invest in improvements to infrastructure that serves LMI neighborhoods, including; sidewalks, streets, bicycle infrastructure, ADA improvements, and other infrastructure.
Transportation Access	Provide opportunities that ensure LMI people have access to all modes of transportation to access employment, services, health care, food, recreation, and other basic needs.
Affordable Housing	Increase the number and condition of affordable housing units for LMI people. Project locations should be available throughout the community with convenient access to jobs, amenities, and services. Housing should serve people in need of support services, accessible units, individual units, and those that are seniors. Housing should utilize energy efficient practices. All housing efforts should support the policies and strategies of the Imagine Duluth 2035 Comprehensive Plan.
Neighborhood Revitalization	Improve LMI neighborhoods by addressing vacant, condemned, and deteriorated properties. Provide neighborhood infrastructure/amenities that improve safety and livability. Improve buildings that provide essential services and basic needs to LMI people. Revitalization efforts should include strategies to prevent displacement of LMI people.
Increase Incomes	Provide job training and skill development to assist people who are LMI in accessing living wage jobs. Job training should include collaboration with the CareerForce Center and ensure a focus on needed job sectors. Assist LMI people to grow/start their business and grow their income. All efforts should support the city's Workforce Development Strategic Plan.
Create Living Wage Jobs	Create jobs by providing assistance/incentives to businesses to grow and hire LMI people.
Health Services	Provide health, dental, and mental health services to people who are LMI.
Food Access	Provide easy access to healthy and affordable food to people who are LMI.
Homeless Services	Provide shelter, services, and rental assistance to people who are homeless or at risk of becoming homeless.
Public Services	Provide services to LMI people that fulfill basic needs, prevent evictions, and address other needs.
Childcare Access	Ensure childcare is available in LMI neighborhoods and for LMI people that is safe, affordable, and convenient.

Draft 2020-2024 Five-Year Consolidated Plan Spending Goals

Goal	5 Year Goal Amount	Goal Type	Estimated Per Unit Cost	5 Year Cost	1 Year Goal Amount (Average)	1 Year Cost (Average)
1. Infrastructure Improvements	1,000	people	\$200	\$200,000	200	40,000
2. Transportation Access	50	people	\$1,000	\$50,000	10	10,000
3. Affordable Housing	1,300	households	varies	\$7,050,000	260	1,410,000
<i>Owner occupied rehab</i>	500	<i>households</i>	<i>\$4,000</i>	<i>\$2,000,000</i>	100	400,000
<i>Rental rehab</i>	500	<i>households</i>	<i>\$6,000</i>	<i>\$3,000,000</i>	100	600,000
<i>Single family construction</i>	50	<i>households</i>	<i>\$32,000</i>	<i>\$1,600,000</i>	10	320,000
<i>Multi-family construction</i>	250	<i>households</i>	<i>\$1,800</i>	<i>\$450,000</i>	50	90,000
4. Neighborhood Revitalization	5	projects	\$60,000	\$300,000	1	60,000
5. Increase Incomes	200	people	\$6,500	\$1,300,000	40	260,000
6. Create Living Wage Jobs	64	jobs	\$5,859	\$375,000	13	75,000
7. Health Services	1,000	people	\$150	\$150,000	200	30,000
8. Food Access	3,300	people	\$23	\$75,000	660	15,000
9. Homeless Services	10,000	people	\$200	\$2,000,000	2,000	400,000
10. Public Services	91,650	people	\$9	\$850,000	18,330	170,000
11. Childcare Access	500	people	\$500	\$250,000	100	50,000
Total				\$12,600,000	\$2,520,000	

5-Year Estimated Funds for Programming	
CDBG	\$9,200,000
HOME	\$2,475,000
ESG	\$925,000
Total	\$12,600,000

The above table represents the 2020-2024 Consolidated Plan spending goals. In this table, staff has made recommendations for funding, based on public comment received and reviewed by the CD Committee. The total five-year funding amount shown in this table is based on estimated funds available for programs and services. Program administrative costs have been emitted from this table to more accurately reflect the community impact the funds will have.

CD Committee Recommendations for Fiscal Year 2020 Funding

After reviewing public comments, the CD Committee will review the funding recommendations again at its December 3, 2019 meeting and make its final recommendations to the City Council.

Community Development Block Grant (CDBG) Program (at least 70% of CDBG funds must benefit persons with low or moderate incomes)

Housing (all applications are for housing improvements that will benefit people with low or moderate incomes)

- Decker Dwellings – One Roof Community Housing \$ 275,000
- Superior View & Pine Grove Apt Rehab – Accessible Space, Inc \$ 60,000
- Duluth Energy Efficiency Program – Ecolibrium3 \$ 100,000
- Duluth Property Rehabilitation Program – HRA \$ 450,000
- Community Land Trust Acq-Rehab-Resale – One Roof Community Housing \$ 120,000
- Duluth Lending Rehabilitation – One Roof Community Housing \$ 75,000
- SIA Blight Reduction and Coordination – Ecolibrium 3 \$ 39,763

Economic Development (all applications will create full-time jobs or assist businesses to create jobs to be filled by persons having low or moderate incomes at the time of employment)

- Duluth At Work – SOAR Career Solutions \$ 272,000
- Growing Neighborhood Businesses – Northeast Entrepreneur Fund \$ 78,000

Public Facility Improvements (all applications will provide improvements to neighborhoods having a majority of persons with low and moderate incomes)

- Chester Bowl Chalet Renovation – Chester Bowl Improvement Club \$ 75,000

Public Service (all applications will provide programs or services to persons with low or moderate incomes. Federal regulations stipulate a maximum of 15% of grant funds to public service applications.)

- Duluth Hunger Project – CHUM \$ 80,000
- Seeds of Success Farmers Market – Community Action Duluth \$ 7,000
- Landlord Incentives Program – Salvation Army \$ 20,000
- Tenant Landlord Connection – One Roof Community Housing \$ 25,000
- Free Tax Site – Community Action Duluth \$ 20,000
- JET Food Program – Neighborhood Youth Services \$ 39,000
- Life House Youth Center – Life House \$ 30,000
- Emergency Shelter and Drop-In Center – CHUM \$ 40,000
- Children Services/Steve O'Neil Apartments – CHUM \$ 20,000
- Homeless Veterans Services – MACV-DULUTH \$ 9,150
- Family Transitional Housing – Salvation Army \$ 8,250
- Family Supportive Housing – Center City Housing Corp \$ 30,000
- Safe Haven Shelter Program – Safe Haven \$ 15,000
- Coordinated Entry & Assessment \$ 12,000

HOME Investment Partnerships Program (all applications will provide affordable housing)

- Homeless Rental Assistance Program (TBRA) – HRA \$ 79,495
- Birchwood Apartments – Center City Housing Corporation \$ 200,000
- CHDO CLT Acquisition/Rehabilitation – One Roof Community Housing \$ 200,000

Emergency Solutions Grants Program (all applications will prevent homelessness or assist households experiencing homelessness)

- CHUM Emergency Shelter – CHUM \$ 20,000
- The Loft Teen Emergency Shelter – Life House \$ 30,000
- Prevention and Rapid Rehousing for Veterans – MACV \$ 3,000
- Family Transitional Housing Operations – Salvation Army \$ 8,000
- Supportive Housing Programs – Center City Housing \$ 22,000
- Domestic Violence Shelter – Safe Haven \$ 14,000
- Street Outreach – CHUM \$ 15,000
- Prevention and Rapid Rehousing \$ 69,596
- HMIS Data Entry \$ 4,000

Planning

- Program Administration – Planning & Dev Division \$ 475,041
- HOME Program Administration – Planning & Dev Division \$ 54,111
- ESG Program Administration – Planning & Dev Division \$ 15,048
- HOME TBRA Administration – Duluth HRA \$ 7,500

Draft Impediments to Fair Housing Choice

The City reviewed demographic data, collected input from community members and organizations, and researched trends in housing and real estate in order to develop these impediments for fair housing choice and strategies. The strategies lay out the City's planned actions to affirmatively further fair housing over the next five years.

Impediment 1: Exclusionary rental housing practices and policies directed at Section 8 Housing Choice Voucher holders

Of the 1,309 households using Section 8 HCV in the private rental market in 2018, 24% of householders were Black, 10% of householders were Indigenous, 69% of householders were female, and 50% of householders had a disability. The citywide population of Duluth is 3% Black, 2% Indigenous, 51% female, and 14% people with disabilities. The utilization rate for Section 8 Housing Choice Vouchers issued in 2018 was approximately 54%. This figure is skewed due to the short utilization window and tight rental housing market, however it indicates that there can be significant difficulty in securing housing after receiving a Section 8 voucher. Therefore, private rental market policies that advertise no section 8 or that do not allow section 8 are disproportionately negatively affecting multiple protected classes.

Strategy 1: Conduct outreach to landlords to gather information on what they see as deterrents to renting out to Section 8 Housing Choice Voucher holders and work with the Housing and Redevelopment Authority (HRA) to raise landlord awareness about Section 8 vouchers.

Strategy 2: Collaborate with local partners to create and expand educational programs and incentives for landlords that address Section 8 Housing Choice voucher holder stereotypes, administrative barriers, and advertising practices.

Strategy 3: Produce and endorse model language that can be used by landlords in advertising or leasing documents inclusive to Section 8 Housing Choice Voucher holders.

Strategy 4: Consider the feasibility of a Section 8 protection ordinance that prohibits landlords from advertising “no Section 8” or denying prospective tenants solely on the basis of receiving public assistance through Section 8. Review Minneapolis and Portland, OR ordinances for guidance.

Strategy 1: Create a criminal history rental-housing guide that summarizes best practices in leasing to persons with criminal history and provide landlords with language to use for applications and leases.

Strategy 2: Collaborate with local partners to create and expand educational programs and incentives for landlords. Build upon existing programs that address eviction prevention training and invest in funds that incentivize apprehensive landlords who wouldn't normally lease out to tenants with criminal backgrounds.

Strategy 3: Collaborate with partners, including local landlords, to develop a unified background check that will streamline tenant application processes and eliminate duplicate fees for background checks.

Strategy 4: Create an educational marketing campaign, similar to “ban the box,” that supports best practices in leasing to people with criminal histories.

Impediment 2: Exclusionary rental housing practices and policies directed at persons with criminal histories

HUD guidance suggests that having a blanket criminal history policy could be a violation of the Fair Housing act because “an arrest is not a reliable basis upon which to assess the potential risk to residents or property.” HUD suggests using a policy that evaluates criminal history on a case-by-case basis in addition to justifying tenant denial by assessing the correlation between an individual's criminal history and their risk to residents or property. Additionally, white people are underrepresented and people of color are over represented in prisons and jails in MN compared to the state's population. There is significant research showing that arrest and incarceration rates are disproportionately higher for people of color. This means that people of color disproportionately have criminal histories, so blanket criminal histories policies for tenant selection disproportionately negatively affects protected classes. In short, strategies to address this impediment aim to create fewer housing barriers for people with criminal histories.

Impediment 3: Involuntary displacement and limited housing choice caused by gentrification

The key difference between neighborhood revitalization and gentrification is that gentrification causes involuntary displacement of residents and community-serving small businesses. Investments in neighborhoods that improve communities are a good thing, but these investments should be paired with anti-displacement strategies to ensure that everyone in the community benefits from revitalization. Research regarding involuntary displacement shows that certain demographic characteristics, such as being a renter rather than a homeowner or having a lower income make it more difficult for individuals to resist displacement. In Duluth, vulnerability to displacement disproportionately affects protected classes including people of color and people with disabilities. In Duluth 40% of all households rent, but households of color are disproportionately renters (73%) rather than owners (27%). The most recent American Community Survey in Duluth estimates median annual earnings for people with a disability at \$9,780, compared to \$21,994 for people without a disability. The ACS estimates per capita annual income for Duluth’s white population at \$26,346, \$8,994 for the Black population, and \$10,696 for the Indigenous population. The distribution of affordable housing, including in neighborhoods where historic displacement has occurred or is in its early stages, is crucial in addressing displacement and providing fair housing choice.

Strategy 1: Commit to monitoring and tracking neighborhood changes at regular intervals in order to identify the location of populations who are vulnerable to displacement, neighborhoods that are prone to gentrification, and neighborhoods that are undergoing gentrification.

Strategy 2: Create anti-displacement strategies through public engagement and research addressing displacement of protected classes in Duluth. Codify anti-displacement strategies at the city level, for example by integrating them into the Community Development funding application and other processes.

Strategy 3: Disseminate research and guidance on anti-displacement strategies to local partners.

Strategy 4: Develop a framework that considers housing choice along with the transportation and service needs of the expected/predicted tenants when siting new affordable housing developments including projects funded by the Community Development Funding Program and tax credit projects with affordability components.

Strategy 1: Conduct a feasibility study that investigates ways to incentivize or require some affordable units in new housing developments.

Strategy 2: Continue to make changes to the City’s Unified Development Code that address antiquated land use and zoning policies which in turn affect density and mixed income neighborhoods or developments.

Strategy 3: Explore an alternative rental-licensing program, such as a targeted or tiered system, that addresses rental housing quality and property owner accountability.

Strategy 4: Support new or existing rehabilitation programs that focus on healthy homes and retrofitting for ADA accessibility. Implement these programs in a variety of neighborhoods throughout Duluth.

Impediment 4: Policies and physical limitations in the existing built environment

Conservative land use and zoning policies contribute to the existing built environment by restricting density and availability for new development. This limits the housing supply and options, increasing overall housing costs, disproportionately affecting low-income populations and protected classes. In Duluth 44% of housing units where built before 1939. The older housing stock lends itself to what is called “naturally occurring affordable housing,” essentially housing that is cheaper because it is lower quality. As discussed above, some protected classes are disproportionately lower income, so deferred maintenance and health concerns due to substandard housing, such as lead paint and mold, have the potential to disproportionately affect protected classes. Additionally, access to quality housing in Duluth is largely impacted by lagging zoning and land use policy change, a need for retrofitting units to comply with ADA, and deferred maintenance issues, especially when considering Duluth’s aging housing stock, that contribute to substandard-quality housing units.