



## **Housing Action Framework**

*Interim to adoption of the Imagine Duluth 2035 Comprehensive Plan Update*

June, 2017

Adopted by the Duluth City Council

June 12, 2017

Resolution No. 17-0435R

## Executive Summary

Demand for new housing options in the City of Duluth has resulted in construction of 1,400 new units in the past several years. This construction has resulted in many construction jobs and will enhance the vibrant neighborhoods where the new housing is located. However, much of the new housing has been developed at market-rate prices, making it out of reach for many Duluth residents. Duluth's Mayor Emily Larson has made development of new housing a priority, with a focus on housing for people earning \$50,000 or less. This *2017 Housing Action Framework* outlines interim steps the City will take, and policies the City will prioritize, until adoption of the Imagine Duluth 2035 Comprehensive Plan update, expected in late 2017. The of the Housing Action Framework includes strategies for two primary areas: *Reinvestment Areas*, and *New Investment Areas*. The Imagine Duluth process has generated substantial data points and analysis which provides the basis for establishing the Reinvestment and New Investment areas, and the strategies for these two areas within the City.

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*Including new Heath & Fairness Principles*

## Introduction:

Duluth Mayor Emily Larson:

*“Since my State of the City address in March, in which I highlighted three key priorities for the upcoming year and beyond, we have already been working hard to address and move forward these issues:*

1. *Opioids*
2. *Housing*
3. *Energy*

*On housing, CAO Dave Montgomery and Keith Hamre, Director of Planning and Construction Services, are bringing our various housing partners together to align efforts and provide more housing for people who earn \$50,000 or less – this represents 54% of Duluth – and the reality is that we simply do not have enough housing opportunities affordable for people within this income set.... Our goal is to stabilize neighborhoods, spread housing options city-wide and activate more property within city limits.”* (April 27, 2017, memo to City staff)

Progress made in collaboration with housing partners includes the creation of over 1,400 new housing units over the past several years. However, further housing investment is needed to meet the community’s basic needs. This document outlines progress on this issue since the beginning of the Imagine Duluth 2035 *Forward Together* comprehensive plan update in June, 2016. It establishes interim strategies for the City to use in focusing housing resources, focused on the need for new housing and housing rehabilitation. Through creation of housing for all income levels, but particularly for very low income, entry level, and low-to-moderate income workforce individuals and families, Duluth will thrive as it progresses toward 2035.

## Background:

In 2013, the City of Duluth and Duluth Economic Development Authority contracted with Maxfield Research to quantify what type of housing should be developed in Duluth to meet current and future housing needs. The study showed total housing demand for owned and rental housing was estimated at 4,470 units over the next six years. It was quickly recognized that in order to develop this magnitude of housing develop, it would take a joint effort by the broad spectrum of housing interests to achieve this goal.

On February 13, 2014, over 250 people came together to participate in the Duluth Housing Summit. Keynote speakers and working groups discussed strategic actions needed to address

the diverse housing challenges for residents and for those considering moving to the community. The four specific areas of housing needs were single family construction, multi-family construction, rehabilitation and infill, and supportive housing. A major priority coming out of the Summit was to *“Develop a ‘Housing Plan’ and lay out the vision for housing developments in Duluth including sites, types of developments, cost structure, financial tools and others.”*

At this same time, City staff were working with the Duluth Planning Commission to outline a process to update the Comprehensive Land Use Plan adopted in 2006. It had become obvious major elements critical for decision-making in Duluth were not fully addressed in the 2006 Plan, including *“Housing (workforce housing, housing options for individuals at all income levels, choices in housing options for all ages)”*.

On September 21, 2016, the Imagine Duluth 2035 Kick-off Celebration was held at the Denfeld High School, with over 300 community members attending and sharing their vision for the future of Duluth. Key take-away points from the input received included that 40% of residents stated they liked where they live and want to continue living at that location; a main concern was the cost to rehabilitate existing housing; and a majority of people said “proximity to services” was a higher priority than the type of housing.

A two-year timeline for Imagine Duluth was developed to ensure input and engagement from residents, business owners, and other stakeholders to help shape the plan. In addition to the Vision Committee, which is providing guidance throughout the process, focus groups were formed on five overarching topic areas, one of which is housing. These groups consist of invited technical and community experts, as well as interested members of public that wish to attend the meetings.

The Housing Focus Group’s initial meeting in October, 2016, to review recent housing studies, determine what areas still needed research, and talk about emerging housing issues. Their mission is to look at the entire housing continuum. By March, 2017, four overarching concepts had been identified related to housing polices. They are:

1. Accessibility to Places to Work, Shop and Play
2. Inclusiveness of Diverse Populations: Provide Housing for Different Needs
3. Maintain Unique Neighborhood Character While Improving Housing Options
4. Promote Affordable, Attainable Housing Opportunities

Because of the importance and complexity of addressing affordable housing issues, Mayor Emily Larson asked the City’s Chief Administrative Officer Dave Montgomery and the Director of the Planning and Construction Services Department Keith Hamre to develop a specific plan on affordable housing opportunities. An invitational Housing Round Table was held in November, 2016, that brought together the major affordable housing and homeless service organizations in Duluth. Agencies and organizations willing to partner with the City on housing planning sent

representatives to participate in the Round Table. They include the Duluth Housing & Redevelopment Authority, Local Initiatives Support Corporation, One Roof Community Housing, Center City Housing Corporation, Churches United In Ministry, Loaves & Fishes, American Indian Community Housing Organization, St. Louis County, and Community Action Duluth.

In March, 2017 the Housing Round Table reconvened in a strategy session to map out the best locations for rental and ownership housing development, and to define those neighborhoods where rehabilitation and infill housing was the highest priority. Taking into account the extensive input secured during the Comprehensive Planning effort, the resulting map and strategies were formed into the following Housing Action Framework.

While the work specific to housing has progressed, the City of Duluth's City Council moved forward in April, 2017 to officially adopt two new Governing Principles to guide the progression of work on the Comprehensive Plan. These new principles, focused on the issues of health and of fairness, will be used as new goals and policies are established across the City in the Imagine Duluth plan. Each new goal, policy, and strategy will be evaluated to ensure it fits within the guise of the Governing Principles. The complete set of Governing Principles is attached as an appendix to this document.

***Principle #13 - Develop a healthy community.***

Supporting health and well-being is a priority. The City will actively promote access for all to health resources, quality food, recreation, social and economic opportunities, and a clean and secure environment. Investments and policies will advance and maximize health and healthy equity in the city.

***Principle #14 - Integrate fairness into the fabric of the community.***

All people will have equitable access to resources and opportunities that stabilize and enhance their lives. The City recognizes historical and current disparities and will actively promote inclusive and participatory decision-making that addresses systemic barriers to success. Investments and policies will advance and maximize equity in the City.

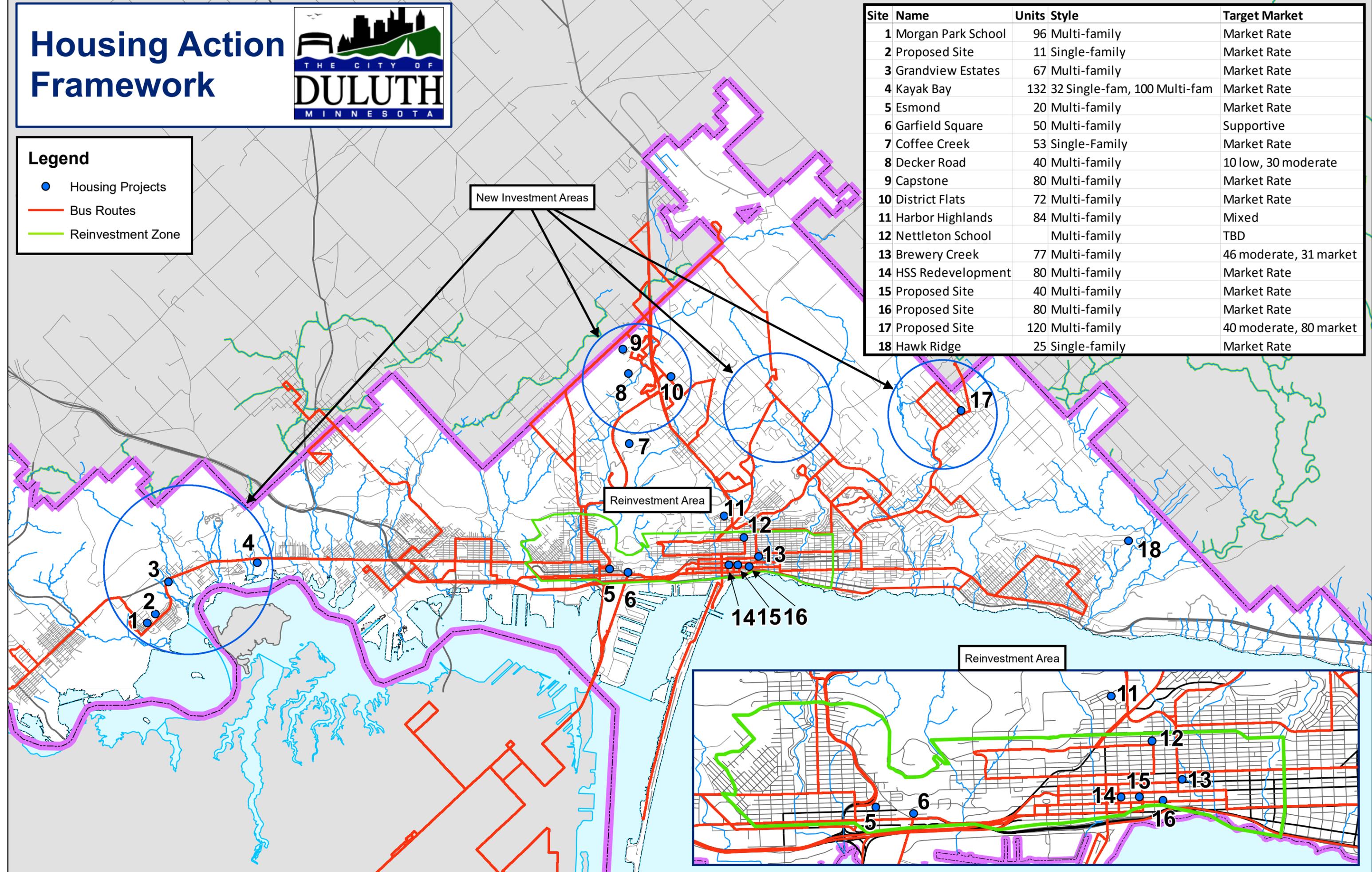
# Housing Action Framework



**Legend**

- Housing Projects
- Bus Routes
- Reinvestment Zone

Site	Name	Units	Style	Target Market
1	Morgan Park School	96	Multi-family	Market Rate
2	Proposed Site	11	Single-family	Market Rate
3	Grandview Estates	67	Multi-family	Market Rate
4	Kayak Bay	132	32 Single-fam, 100 Multi-fam	Market Rate
5	Esmond	20	Multi-family	Market Rate
6	Garfield Square	50	Multi-family	Supportive
7	Coffee Creek	53	Single-Family	Market Rate
8	Decker Road	40	Multi-family	10 low, 30 moderate
9	Capstone	80	Multi-family	Market Rate
10	District Flats	72	Multi-family	Market Rate
11	Harbor Highlands	84	Multi-family	Mixed
12	Nettleton School		Multi-family	TBD
13	Brewery Creek	77	Multi-family	46 moderate, 31 market
14	HSS Redevelopment	80	Multi-family	Market Rate
15	Proposed Site	40	Multi-family	Market Rate
16	Proposed Site	80	Multi-family	Market Rate
17	Proposed Site	120	Multi-family	40 moderate, 80 market
18	Hawk Ridge	25	Single-family	Market Rate



## Framework of Targeted Housing Strategies

The preceding map delineates two different, primary approaches to housing development. The first addresses the core neighborhoods of Lincoln Park, Central and East Hillside. As the geographic area first settled in Duluth, these neighborhoods have the oldest housing stock, with many properties built over a hundred years ago. It is also home to some of the most affordable housing options in the City, however, much of this stock is in need of repair. Historically, these neighborhoods have the most diverse population and highest concentration of low-income households. Input received during the public engagement phase of the Comprehensive Plan found many younger families would like to move into these neighborhoods, with the new Lincoln Park Middle School as a major draw. But the need for renovation of the existing housing is perceived as a barrier.

### Reinvestment Zone:

The areas outlined in green on the map, encompassing the Lincoln Park and Hillside neighborhoods, has been designated as Duluth's "Reinvestment Area". The housing strategies for this area are:

- Concentrate current income eligible rental and homeowner housing rehabilitation programs in this area.
- Encourage private developers and contractors to renovate houses that have been vacant or become tax forfeit through the use of profit sharing incentives.
- Generate additional funds to promote owner occupied stabilization for reinvestment in the units with no income guidelines
- Stimulate mixed income and market rate housing development on infill sites.
- Reinvestment in neighborhood amenities using City resources creating visible impact, such as improvements to sidewalks and streets, parks, lighting, etc.
- Encourage mixed use housing options in the commercial district in Lincoln Park, in Downtown Duluth, and in the East Hillside's 4<sup>th</sup> Street and Plaza business districts.
- Support the continued effort to acquire and rehabilitate tax forfeit and abandoned single family properties, bringing them back into the housing stock.
- Locate new supportive housing in areas that provide access to health, social services, other goods and services, public transportation and employment opportunities.

### Specialized Improvement Areas

Within the Reinvestment Zone, two Specialized Improvement Areas (SIAs) have been identified for targeted neighborhood reinvestment. Beginning in July 2017, this programmatic approach will include:

- Acquisition of tax-forfeit and condemned properties, and disposition of these and vacant lots in coordination with neighborhood partners.
- Targeted single and multi-family rehabilitation funding, including exterior rehabilitation.
- Livability factors such as enhanced rental license and blight enforcement, traffic calming, pedestrian safety, and tree planting.
- Enhanced collaboration with the Duluth Police and Fire Departments.
- Establishment of SIA metrics to evaluate progress and efficacy of program components.

### **New Investment Area:**

Affordable housing opportunities have historically been concentrated in the core areas of the City, distant from many job opportunities created over the past 20-30 years closer to the Duluth Heights neighborhood at the top of the City's bluff. Dispersing a variety of new housing developments to Duluth Heights and other neighborhoods will greatly increase living options for more low and moderate income families and individuals. A clear message received during the Comprehensive Plan public outreach was the expressed desire to live within walking distance to neighborhood business districts, near job centers, and in close proximity to transit lines (depicted in red on the map). The neighborhood centers that will provide the amenities desired by homeowners and tenants alike are within the blue circles on the map. By concentrating the expansion of new housing in these areas, it will also help to provide a wider choice of options throughout the City.

This expansion of housing is not intended to encourage "sprawl" to undeveloped areas within City boundaries. A main goal of the Comprehensive Plan is to maximize existing underutilized infrastructure by creating more density. The blue New Investment Areas on the map are all well below infrastructure capacity, so new housing development in these areas will serve to increase the City's resiliency and improve utilization to assist in funding long-term infrastructure maintenance.

Strategies to promote housing development in the New Investment Areas include:

- Ensure the housing portion of the updated Comprehensive Land Use Plan encourages the construction of workforce housing in areas outside the core neighborhoods, but conveniently located near transit, commercial nodes, and employment opportunities.
- Use City resources, such as tax increment financing and tax abatement, to assist only those housing developments that aligned with Comprehensive Plan principles and regulations and create more affordable units.
- Promote inclusive neighborhoods with diverse populations, by dispersing additional affordable housing options throughout Duluth.
- Implement City policies that limit any extension of City utilities and infrastructure beyond what is currently in place for new housing development.
- Prioritize new Supportive Housing options in areas that will provide easy, efficient access to health, social services, other goods and services, public transportation and employment opportunities.

### **Identified Housing Gaps:**

The Maxfield Research study showed total housing demand for was estimated at 4,470 units in 2013. Since then, approximately 1,400 of the 4,470 additional rental units and owner-occupied homes have been built. The attached Housing Needs Chart breaks out by income level those units that have come on the market, and details what remains to be accomplished.

Much of the recent housing development has been targeted to market-rate rental (675 units) and single family homes with values over \$250,000 (110 newly built homes). What is lagging behind is development of subsidized rental housing (290 units needed); entry level rental and ownership opportunities for households up to 50% area median income (772 rental and 165 owner units); and low-to-moderate workforce or “move up” housing for those up to 80% area median income (835 rental and 450 owner units).

Opportunities for development of new housing at the lower ends of the income scale must be prioritized. The planning effort included analysis of the need for entry level and low-to-moderate workforce housing and the deficiencies caused because of a lack of new housing development at this scale. The planning effort has also highlighted challenges in serving the very low income population of the City. New developments such as the proposed 50-unit Garfield Square apartments will help to serve this population, but further new project development is needed related to housing for very low income individuals and families, with appropriate support serves as a key project component.

As the Comprehensive Plan process moves into policy development and strategy identification, specific actions will be detailed to tackle the gaps remaining in Duluth’s housing market. Additional social engagement sessions and Focus Group meetings have been scheduled during this summer. The final document will be drafted and refined in the Fall. It is clear it will take commitment by the community as a whole, as well as incentives and policies by the public sector, to address these housing challenges.

### **Framework Implementation:**

By adopting the Housing Action Framework, the Duluth City Council and City of Duluth Administration are committed to using this document to guide housing development during the interim until the Comprehensive Land Use Plan update is adopted. It is anticipated the updated Comprehensive Plan will be before the City Council for approval in December, 2017. During this period, housing related policies, funding decisions, and support for housing development applications for assistance to other entities will be evaluated in how well they align with the strategies and concepts delineated in the City’s Housing Action Framework.

# Duluth Housing Units Charts

Identified Housing Needs: 4471

Units Built: 1400

Units Remaining: 3000 approx.

Income Levels	Area Median Income	Monthly Rent	Rental			Homeowner			
			Rental Units	Units Built	Needs to Build	Home Price	Units	Units Built	Need to Build
<b>Subsidized/Low-Income</b>	Below 30% AMI	\$0 to \$486	500	210	290	NA	0	0	0
<b>Entry Level</b>	30%-50% AMI	\$300 to \$700	772	0	772	up to \$150,000	180	15	165
<b>Moderate/Move-Up</b>	50%-80% AMI	\$700 to \$1300	1207	372	835	up to \$250,000	470	20	450
<b>Market Rate/Executive</b>	80% + AMI	\$1300 and above	1092	675	417	over \$250,000	250	110	140

Income Levels	Income Examples	Job Types
<b>Subsidized/Low-Income</b>	\$13,000 or below	Food Service, Janitor, Part-time Employment
<b>Entry Level</b>	\$22,350 to \$31,900	Office/Admin, Food Service, Sales, Beautician, Health care support, Construction, Hospitality, Dental Assistant, Bank Clerk
<b>Moderate/Move-Up</b>	\$35,750 to \$51,050	Teacher, Healthcare Practitioners/Technician, Skilled laborer, Management, Business person, Government worker, Police, Carpenter
<b>Market Rate/Executive</b>	\$70,000 and above	Engineer, Lawyer, Architect



Legislation Details (With Text)

**File #:** 17-0435R      **Name:**

**Type:** Resolution      **Status:** Agenda Ready

**File created:** 6/2/2017      **In control:** Planning and Economic Development

**On agenda:** 6/12/2017      **Final action:**

**Title:** RESOLUTION ADOPTING A HOUSING ACTION FRAMEWORK, ESTABLISHING INTERIM PRIORITIES FOR HOUSING POLICIES IN ADVANCE OF IMAGINE DULUTH 2035 COMPLETION.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Chart 1 - Housing Units Chart, 2. Map 1 - Housing Action Framework

Date	Ver.	Action By	Action	Result
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RESOLUTION ADOPTING A HOUSING ACTION FRAMEWORK, ESTABLISHING INTERIM PRIORITIES FOR HOUSING POLICIES IN ADVANCE OF IMAGINE DULUTH 2035 COMPLETION.

CITY PROPOSAL:

RESOLVED, that:

- a) Citizens from across the city have participated in the Imagine Duluth 2035 process, establishing a basis for the prioritization of new development, preservation, and rehabilitation of housing throughout Duluth; and
- b) Development of new housing, and especially housing that will be affordable to lower income households, is critically needed within the city of Duluth, based on analysis by community planning staff, the work of community partners including Duluth HRA, Duluth LISC, One Roof Community Housing, Center City Housing, and others, and consultants; and
- c) The community planning division has prepared and recommends approval of the Housing Action Framework, an interim policy framework to allow for more rapid development of new housing options than would otherwise be possible through the Imagine Duluth 2035 plan; and
- d) The purpose of the Housing Action Framework is to provide guidance and clarity regarding city priority areas for housing rehabilitation and new development; it includes a map to designate specific areas within the city for particular development types.

STATEMENT OF PURPOSE: This resolution adopts the Housing Action Framework, an interim action in advance of completion of the final Housing Chapter of the Imagine Duluth 2035 Comprehensive Plan. The Comprehensive Plan is expected to be finalized near the end of 2017. The accelerated timing for adoption of the Housing Action Framework will align opportunities for housing rehabilitation actions by the city in partnership with the Duluth HRA, and will provide certainty regarding the city's policy direction for non-profit partners seeking project funding assistance from partners such

as the Minnesota Housing Finance Agency (MHFA). This includes potential actions in the near term, where One Roof Community Housing intends to request Low Income Housing Tax Credit assistance from MHFA for the Decker Dwellings. The proposed Decker Dwellings apartment development will help achieve several goals of the Housing Action Framework, including creation of new housing near employment opportunities and creation of affordable housing outside existing concentrations of poverty in the city of Duluth.



# Comprehensive Plan 2035 Timeline



2016		2017			
June - Oct	Nov - May		Jun - Sept		Oct - Dec
<b>Data Analysis &amp; Public Input</b> The entire community will be invited to share their vision for Duluth over the next 20 years.	<b>Policy Development &amp; Engagement</b> Through community engagement sessions and focus groups, we will frame the issues that need to be addressed.		<b>Plan Comes Together</b> Policy language will be drafted and reviewed by the community.		<b>Finalization &amp; Implementation</b> Plan will be finalized and adopted and implementation will begin.
● Vision Committee Meeting  	● Vision Committee Meeting  	● Vision Committee Meeting  	● Vision Committee Meeting  	● Vision Committee Meeting 	
					
● Vision Committee Meeting The Vision Committee is a Mayoral appointed committee that oversees the Comprehensive Plan Process and ensures that the process is inclusive and thorough.	 There will be four focus groups developed to focus on transportation, housing, economic development, and open space. Representatives with knowledge of these disciplines will meet to provide insight into various issues and opportunities.		 Social Engagement Sessions are public input meetings to be held in all parts of Duluth to ensure everyone interested can be part of the conversations and to provide their input and perspective.		



Duluth's sense of place.

**Principle #3 - Support existing economic base.**

Supporting Duluth's existing economic foundation maintains jobs, tax base, and opportunity. Economic activity with specific location requirements may be subject to displacement or site competition with changes in real estate values. This traditional economic activity faces change as result of global economic patterns, changing markets, new regulation and aging of extensive infrastructure. Nevertheless, fundamentals remain and the economic contribution, sometimes taken for granted, is significant.

**Principle #4 - Support economic growth sectors.**

Emerging and growing economic sectors add economic, cultural and social diversity. These include higher education, medical, value-added manufacturing, commercial outdoor recreation, historic resources interpretation, arts and music, information technology and visitor services. Encourage and foster locally owned and entrepreneurial ventures to enhance economic base.

**Principle #5 - Promote reinvestment in neighborhoods.**

Duluth is strongly defined by its neighborhoods. This system should be supported through land use and transportation that fosters neighborhood reinvestment. New development or redevelopment should maximize public investment that strengthens neighborhood commercial centers or diversifies residential opportunities that fit the character.

**Principle #6 - Reinforce the place-specific.**

Public and private actions should reinforce cultural, physical and economic features which have traditionally defined Duluth, its open space and its neighborhoods. This includes commercial areas providing neighborhood goods and services, ravine parks and other natural features that define neighborhood edges and view corridors to the Lake or River which serve to provide location and context.

**Principle #7 - Create and maintain connectivity.**

Connectivity is established through our network of streets and highways, transit system, sidewalks, greenways, bikeways, and trails (local and regional). Non-vehicular transportation should be considered as an important component of the overall transportation network. Winter maintenance of sidewalks and other public ways is critical to creation of usable pedestrian systems.

**Principle #8 - Encourage mix of activities, uses and densities.**

Cities have evolved as a mix of land uses, building types, housing types, and activities. Accommodating choice while protecting investment is a balance to strike in land use regulation. Mixed uses provide opportunity for a diversity of activity that segregated, uniform uses do not provide.

**Principle #9 - Support private actions that contribute to the public realm.**

Private building construction and site design influences activity in adjacent public areas. Building form, height, setbacks and detailing affect the adjacent areas. The uses and activity contained in the buildings directly impacts the surroundings. Public areas should benefit from adjacent private investment.

**Principle #10 - Take actions that enhance the environment, economic and social well-being of the community.**

Initiate land use, site design, transportation, building design and materials policies which reduce consumption of finite resources, generation of solid waste and introduction of toxic materials to land, air or waters. Also implement resiliency in design and operation with City systems and infrastructure that serves both public and private land uses.

Principle #11 - Consider education systems in land use actions.

There is a connection between land use patterns and all level of educational facilities. School locations and housing opportunities for students and families require consideration of impacts on transportation and infrastructure systems, housing densities, parking and non-student uses.

Principle #12 - Create efficiencies in delivery of public services.

The costs of public service must be considered in land use decisions. Street construction and maintenance, utilities, libraries, fire, police, snowplowing and recreation facilities are services directly related to the physical location of development. Infrastructure should help prescribe development location rather than react to it. The integration of public services to maximize efficiencies with all related use decisions should be evaluated.

Principle #13 - Develop a healthy community.

Supporting health and well-being is a priority. The City will actively promote access for all to health resources, quality food, recreation, social and economic opportunities, and a clean and secure environment. Investments and polices will advance and maximize health and healthy equity in the city.

Principle #14 - Integrate fairness into the fabric of the community.

All people will have equitable access to resources and opportunities that stabilize and enhance their lives. The City recognizes historical and current disparities and will actively promote inclusive and participatory decision-making that addresses systemic barriers to success. Investments and policies will advance and maximize equity in the City.

RESOLVED, the 14 governing principles set forth in this document are adopted for the purpose of guiding the city as it proceeds with the development of the imagine Duluth 2035 comprehensive plan.

STATEMENT OF PURPOSE: This resolution adopts planning principles prepared by the comprehensive planning committee, consultant and staff. The principles were presented to the planning commission at its April 11, 2017, meeting. The planning commission recommends approval.