

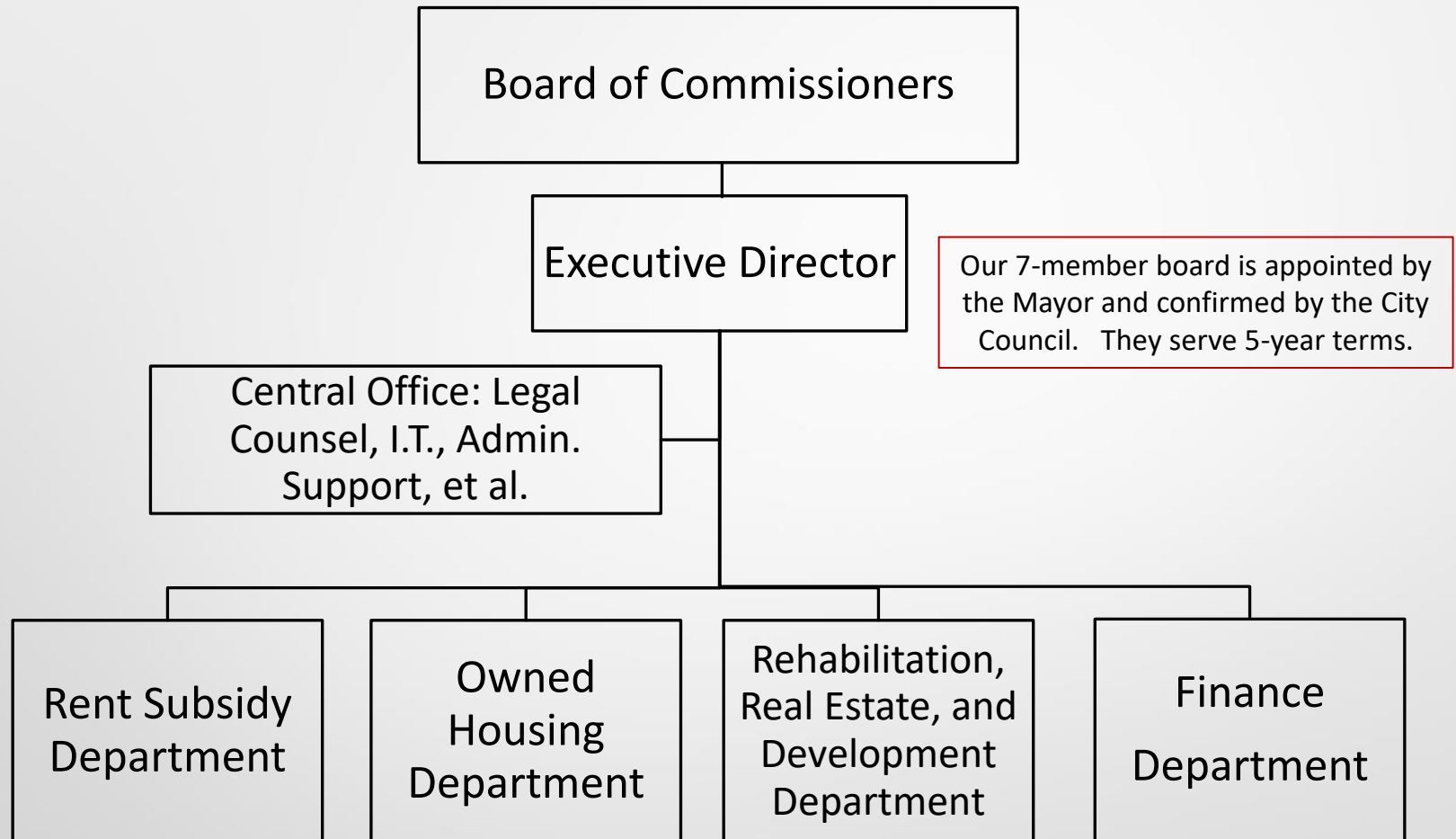


Housing and Redevelopment Authority of Duluth, Minnesota

FY 2026 Budget and Tax Levy Presentation to City Council



Our Organization



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

- HRA Owned Housing:
 - 1,220 units of rental housing
 - Varied subsidies – Public Housing, Project Based Rental Assistance, Project Based Vouchers, Workforce Unsubsidized, Tax Credit
- Rental Assistance Through Housing Choice Vouchers and Other Rent Subsidy Programs:
 - 2,137 Housing Choice Vouchers (35 of these set aside for non-elderly/disabled households)
 - Assistance to help homeless veterans through 22 Veteran's Administration Supportive Housing Vouchers
 - Assistance to end homelessness through Coordinated Entry, 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 3,300 households and families every day and bring in over \$16 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 over \$200,000 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, 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, Leasing!!
- Harbor Highlands Phase VI Townhomes – 40 units of affordable family townhomes – Leasing!!
- 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 an Engagement Center to address assistance for those experiencing homelessness along with 40 units of supportive housing – applied for MHFA funding and state bonding

CY2026 Tax Levy Request

\$490,000 – Owned Housing and Rent Subsidy Program Support

- \$150,000 Funding shortfalls in HUD programs and at Harborview Phase I
- \$300,000 High Rise Security Contract
- \$40,000 HUD Housing Preservation Programs

\$132,633 – Warming Center and Other Community Center Operations and Maintenance

- \$35,348 Lincoln Park Center Operations (including the Homeless Warming Center and AEOA meals on wheels support)
- \$37,285 North Pointe Resource Center Operations
- \$60,000 Harbor Highlands Community Center Operations

\$1,140,688 – Affordable Housing Programs and Development

- \$50,000 Multi-family due diligence, refinancing, and acquisition
- \$350,000 Workforce home ownership programs
- \$173,000 Construction Training Program
- \$344,000 Single Family Home improvement Programs
- \$75,000 Funding for the City and HRA Senior Housing Developer position
- \$148,688 Other Programs including Single Family Housing Rehab, Housing Trust Fund Management, Section 8 Landlord Initiatives, etc.

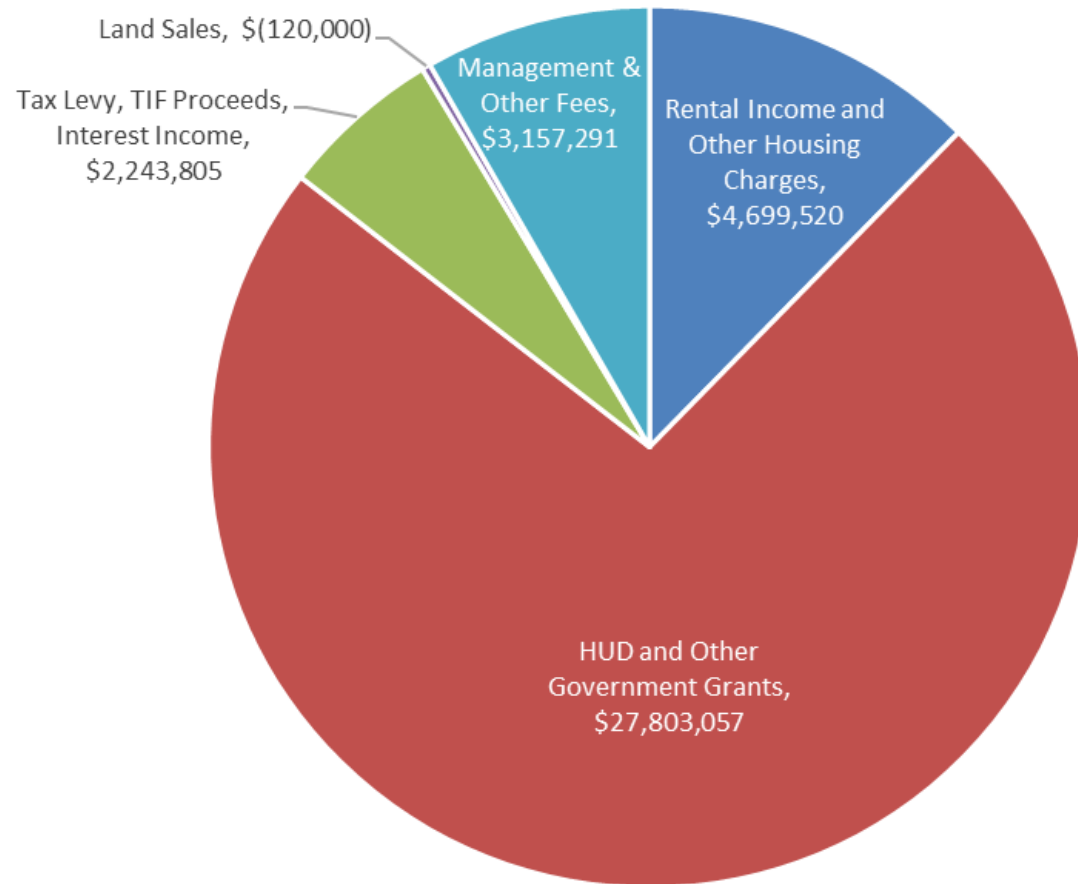
\$305,568 – Community Development, Homelessness Programming, and Housing Support Services

- \$172,103 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 Tenant Landlord Connection Support (partnership with One Roof, the City of Duluth, and St. Louis County)
- \$85,965 Mission Heights Development

Total Tax Levy for CY 2026: \$2,068,889

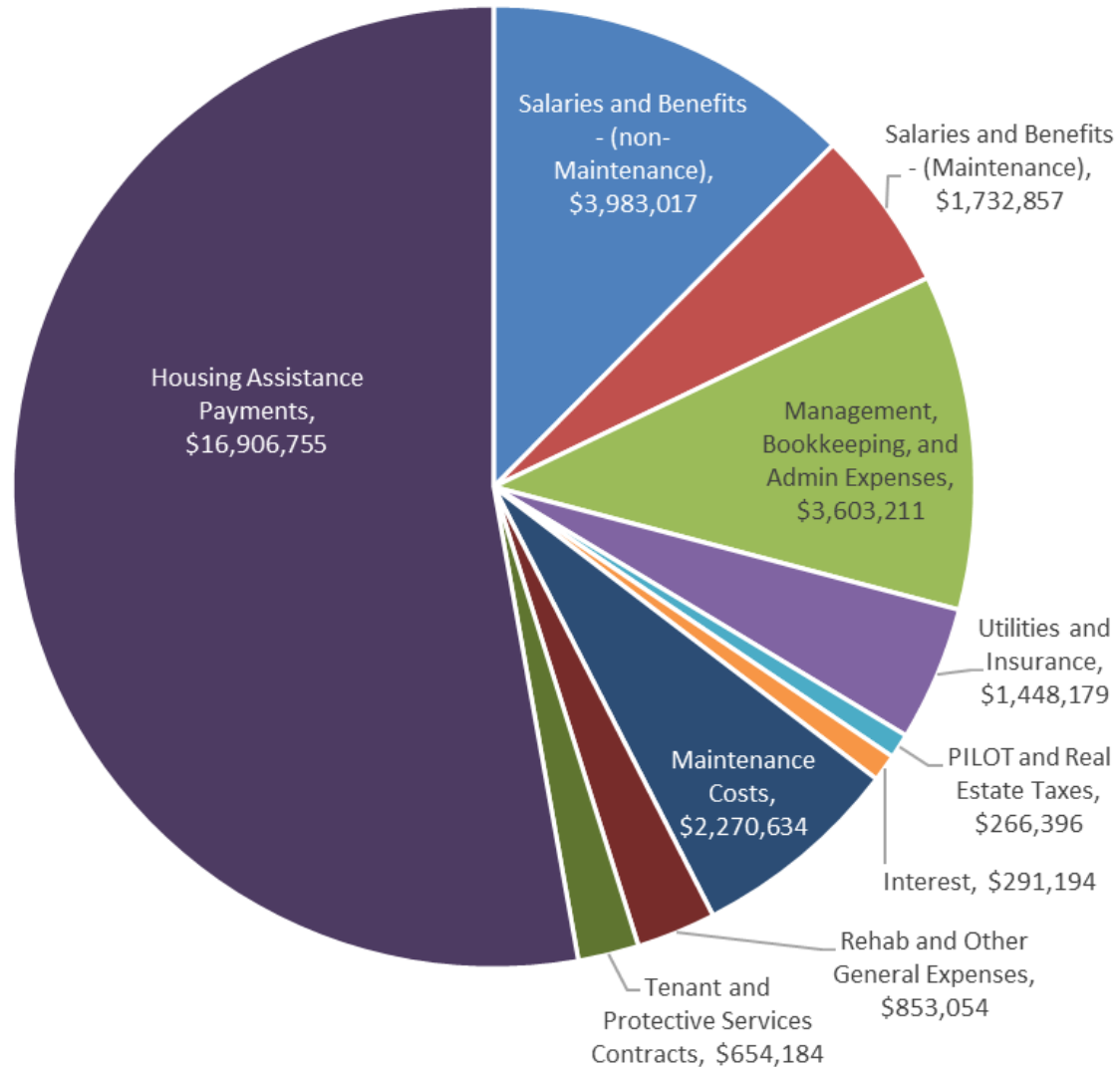
FY 2026 Estimated Revenues

TOTAL: \$37,783,673



FY 2026 Proposed Expenses

TOTAL: \$32,009,481



FY 2026 Net Cash Flow

- Excess revenue over expenses: \$5,774,192
 - Operating Transfer to Harbor Highlands Phase I and the Harbor Highlands Community Center: (\$210,000)
 - Replacement Reserve Contributions: (\$754,424)
 - Operating Reserve Contributions: (\$1,145,215)
 - Debt Principal Payments: (\$192,934)
 - Capital Projects: (\$1,978,954)
 - Operating Projects: (\$254,590)
 - Funding committed by Board Resolution for the Orchards of Morgan Park home ownership project: (\$1,300,000)
 - Transfer in from replacement reserves: +\$1,213,997
 - **Net Cash Flow: \$1,152,072**
- Because of repositioning to Section 8 and out of Public Housing:
 - 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.

HRA Levy - Impact on Home Owners

Impact on a \$275,000 home:

2025 HRA levy amount of \$1,982,923: \$40.10

2026 HRA levy amount of \$2,068,889: \$41.84

\$1.74 per year increase to maintain the rate of .0185% of EMV

- Keeping the rate the same would capture an additional \$85,966.
- These funds are earmarked to be used for the Mission Heights housing development.

Looking Ahead

- New Housing Developments
 - Phase VI (40 units) – Now Leasing!
 - Home Ownership at Harbor Highlands – partnership with One Roof – planned construction start in Spring 2026
 - Central Hillside workforce home ownership – construction start Fall 2025
 - Orchards of Morgan Park workforce home ownership – construction start Spring 2026
 - Mission Heights – funding applications submitted
- Asset Repositioning – final phase in fiscal year 2026
- City Programs
 - Housing Trust Fund Management
 - Revolving Loan Fund Management/Disbursement
 - Blight Committee Work
- New “Bring It Home MN” Vouchers – awarded!! Program anticipated to start by January 2026

Summary

- The HRA touches the lives of approximately 3,300 families 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 2026, a 0.0185% tax rate will generate enough funding for the HRA to continue its current and planned initiatives.
- The tax levy represents approximately 5.5% of the HRA overall revenue – but it is an important 5.5% as it is not restricted by HUD regulations.
- Additionally, the HRA is not applying for CDBG funds for 2026 for the rehab department. This will free up approximately \$300,000 for other non-profit organizations to do their mission-based work.

The HRA continues to be 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?

