

City of Duluth 2025-2029 Consolidated Plan

Executive Summary

Description of the Consolidated Plan

The Consolidated Plan is a five-year planning document that describes the goals for the City of Duluth's Community Development program. The City uses a collaborative process to establish the goals and priorities for community development actions. This process allows the City and Citizens to shape the various housing and community development programs into effective, coordinated neighborhood and community development strategies. It also creates the opportunity for strategic planning and citizen participation to take place in a comprehensive context, and to reduce duplication of efforts at all levels. This document outlines the community's outcomes and objectives for 2025 through 2029.

The Consolidated Plan approach is also the means to meet the submission requirements for the Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME), Emergency Solutions Grant (ESG) formula programs. The City of Duluth is considered an entitlement community by the Department of Housing and Urban Development (HUD), therefore receives these funds on an annual basis. Eligibility for participation as an entitlement community is based on population data provided by the U.S. Census Bureau and metropolitan area delineations published by the Office of Management and Budget. HUD determines the amount of each entitlement grantee's annual funding allocation formula using several objective measures of community needs, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas.

The Consolidated Plan goals are required to be addressed during the five-year period, therefore the City of Duluth prepares an annual action plan (AAP) stating how it will pursue these goals for community development programs, as well as all housing programs. The AAP includes the City's applications for 2025 CDBG funding, which the City uses to invest in housing, public improvements, economic development, public services, and job creation activities. Duluth also receives HOME funds to assist in the provision of long-term, safe and affordable housing, as well as ESG funding, which supports programs that assist individuals and families to quickly regain stability in permanent housing after experiencing a housing crisis or homelessness.

Consolidated Plan Goals

Through the needs assessment and market analysis, citizen participation process, and agency consultation, the City of Duluth Community Development Committee (CDC), a citizen lead group

established the following Consolidated Plan Goals that are to be met during the next five years. Each goal is associated with an expected achievement number and expected total funding allocation for the entire five years. The City of Duluth expects to receive \$14,000,000 in CDBG funds, \$2,250,000 in HOME Funds, and 1,050,000 in ESG funds during the next 5 years.

- **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.
 - 300 homeowner housing units rehabilitated
 - 250 rental units rehabilitated
 - 50 homeowner housing units added
 - 250 rental units added
 - \$8,675,000
- **Neighborhood Revitalization:** Improve LMI neighborhoods by addressing vacant, condemned, blighted, and/or deteriorated properties. Provide green infrastructure and/or neighborhood infrastructure/amenities that improve safety, accessibility, livability and equity. Improve buildings that provide essential services and basic needs to LMI people. Create and/or improve community gathering areas that focus on social interaction. Revitalization efforts should include strategies to prevent displacement of LMI people.
 - 4000 people assisted
 - \$600,000
- **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.
 - 200 people will have their incomes increased
 - \$1,300,000
- **Create Living Wage Jobs**
 - 60 businesses will be assisted
 - \$400,000
- **Health Services-** Provide health, dental, and mental health services to people who are low moderate income.
 - 1000 people will be assisted
 - \$100,000
- **Food Access-** Provide easy access to healthy and affordable food to people who are low moderate income.
 - 40,000 people will be assisted

- \$350,000
- **Homeless Services**-Provide shelter, services, and rental assistance to people who are homeless or at risk of becoming homeless.
 - 23,000 people will be assisted
 - \$2,000,000
- **Public Services**- Provide services to LMI people that fulfill basic needs, prevent evictions, and address other needs.
 - 17,000 people will be assisted
 - \$300,000
- **Childcare and Children’s Programming**-Ensure childcare and children programming is available in LMI neighborhoods and for LMI people that is safe, affordable, and convenient. Focus on programs that promote healthy living with education and recreation emphasis
 - 500 people will be assisted
 - \$300,000
- **Community Development Facilities**- Community Development Facilities are buildings or structures that meet a priority need, are open to the public and benefit low moderate-income people, example of these facilities include Homeless Facilities, Transportation Facilities, Food facility or Recreation Facilities.
 - 3000 people will benefit
 - \$600,000

Impediments to Fair Housing Choice

As part of the Consolidated Planning process, the City conducts an analysis of impediments to fair housing choice. Fair Housing laws protect against discrimination based on race, color, national origin, religion, sex (including gender identity and sexual orientation), familial status, and disability. Through community outreach and data analysis, the City has identified four fair housing choice concerns that we will address during the 2025-2029 Consolidated Plan.

Exclusionary Section 8 Policies

Section 8 or Housing Choice Vouchers (HCV) subsidize market-rate rents so that low-income households can find affordable market-rate rental units. In Duluth HCV holders are disproportionately BIPOC, female, and people with disabilities. Voucher utilization rates are low, indicating that households have significant difficulty in securing housing after receiving a Section 8 voucher. It is common to see rental advertisements in Duluth stating that they do not allow Section 8/HCVs. Private rental market policies that do not allow Section 8/HCVs have a disproportionately negative effect on multiple federally protected classes and limit housing choice for low-income households.

Exclusionary Criminal Background Policies

White people are underrepresented and BIPOC are overrepresented 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 BIPOC. This means that BIPOC disproportionately have criminal histories, so blanket criminal histories policies for tenant selection have a disproportionately negative effect on protected classes. 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.

Involuntary Displacement

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 BIPOC and people with disabilities.

Built Environment

Conservative land use and zoning policies contribute to the built environment by creating a tradition of exclusionary development patterns while restricting density, location, and availability for new residential development. This limits housing supply and options, increasing overall housing costs, disproportionately affecting low-income populations and protected classes. In Duluth 44% of housing units were 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. Some federally protected classes are disproportionately lower income, so deferred maintenance and health concerns created by substandard housing, such as lead paint and mold, have the potential to disproportionately affect protected classes. Some older and now substandard homes also have the potential to affect those with disabilities because they were not built for accessibility and pose high costs to retrofit for ADA compliance.

Evaluation of past performance

Each program that is funded with CDBG, HOME and ESG funding is monitored annually to make sure that the number of people who were going to be served for a specific need were met. If not, then that program is evaluated to determine if the need for that the program is still a priority or if that need is being met elsewhere due to other new funding sources or if the community dynamics have changed and the demand for a specific need has decreased. This information is presented in a document described as the Consolidated Annual Performance and Evaluation Report (CAPER).

The most recent CAPER was submitted for the 2023 program year, which contained accomplishment from the 2020, 2021, 2022, and 2023 program years (currently we are in the 2024 program year and those accomplishments will be not available until the spring of 2025). During 2019/2020 the City of Duluth, along with the rest of the United States were impacted by COVID-19, a direct impact was a reduction in construction. Recently the housing agencies have been focusing on construction and rehab projects to address the construction slow down during these years.

The chart below shows the accomplishments and expected accomplishments for the 2020-2024 Consolidated Plan.

5 year goal in Consolidated Plan (2020-2024)		5 Year total goal number	Expected Accomplishment
	Dollar Allocation		
Affordable Housing	\$7,803,990		
Homeowner Housing Added		50	17
Build Rental Units		250	34
Home Owner Rehab		500	165
Rental Rehab		500	70
Transportation Access	\$50,000	1	1
Neighborhood Revitalization	\$300,000	6	11
Increase Incomes	\$1,300,000	200	586
Create Living Wage Jobs	\$375,000	70	63
Health Services	\$150,000	1,000	5,836
Food Access	\$75,000	85,250	86,884
Childcare Access	\$100,000	500	378
Public Service- basic needs, prevent evictions, other	\$325,000	17,500	10,224
Infrastructure Improvements	\$200,000	1,000	2,850
Homelessness	\$2,011,030		
Overnight shelter		8,150	8,179
Rental Assistance		270	86
Support Services		15,000	15,662
Prevention		26	76

Summary of citizen participation process and consultation process

The citizen participation process is outlined in the 2020 Citizen Participation Plan and was integral in goal-setting and developing strategies in the plan. The City used a combination of public hearing, newspaper outreach, and surveys (both online and in person) to identify needs in Duluth. The Citizen Participation Plan lists out the public process that the Planning & Development Division utilizes throughout the year. The plan includes the process for the development of the Consolidated Plan. The Citizen Participation Plan can be found online at: <https://duluthmn.gov/planning-development>

As part of the 2025-2029 Consolidated Planning process community outreach, the City Planning & Development Division staff have used multiple outreach strategies to engage community members and the organizations that serve our community. A Community Needs survey was available for about 3 weeks from May 10 to May 31, 2024. The survey was available online and City staff tabled at community events with the survey. Division staff conducted one-on-one interviews, both in-person and over email, with nonprofit and service providers who work on issues of healthcare, housing, homelessness, education, and other community issues. The Community Development Committee held a Public Hearing on June 25, 2024 to hear about community needs.

Key Needs From All Outreach Methods

- A competitive housing market, including a limited availability of affordable housing units, is pushing people with moderate and lower incomes into lower quality housing and riskier home purchases. Many renters and potential homebuyers feel they are forced to choose unhealthy and unsafe housing because they can't find affordable alternatives. Potential homebuyers reported having to offer over asking prices and sometimes waive inspections in order to make competitive bids.
- A lack of affordable childcare options, including outside typical business hours of 8am-4pm, is preventing community members from getting and maintaining employment.
- There are not enough landlords who accept Section 8 housing vouchers, resulting in very limited housing choices for renters with low incomes. Some survey respondents reported that once they mentioned their housing voucher, they had difficulty finding property managers who would even talk to them about rental units.

Community Needs Survey

Planning & Development Division staff emailed information about the survey, and a printable flyer with the link and QR code to the survey, to community partners asking them to share the survey on social media. The City shared the survey on its Facebook page. City partners such as the library and CareerForce were asked to display the information about the survey near computers that members of the public have access to at their locations.

City staff tabled at three events held by various community entities. The Lincoln Park Farmer's Market Kick-Off Party was held at the Harrison Community Center in Lincoln Park on May 16th from 3-6 pm. The weather was gray and a chill filled the air but the market goers still had energy to partake in a survey.

Many chose to take a flyer with a QR code that would lead them to the survey at their convenience, and several people completed the paper version of the survey.

Union Gospel Mission invited Planning staff to attend the lunch hour on May 29th from 12-1:00 pm. The guests there expressed a lot of interest in the survey. Many took flyers with the QR code and several people completed the paper version of the survey. City staff heard directly from some of the population in Duluth that experiences financial hardship, sometimes to the point of houselessness. Our final outreach event was Freedom Fridays at the Family Freedom Center in Central Hillside on May 31st, from 4-6:00 pm. This particular Freedom Friday happened to have primarily children in attendance. The kids did not disappoint however, because they had a lot of enthusiasm for filling out the paper surveys, and some took flyers home for their families.

Neighborhood	% of Respondents
East Hillside	14%
Lincoln Park	14%
Bayview Heights	0.5%
Central Hillside	12%
Chester Park/UMD	5%
Cody	1%
Congdon Park	1%
Denfeld	4%
Downtown/Canal Park	4%
Duluth Heights	2%
Endion	2%
Fairmount	1%
Gary-New Duluth	2%
Hunters Park	1%
I live in Duluth but I'm not sure which neighborhood I live in	2%
I live in Duluth but my neighborhood isn't listed	2%

The Community Needs Assessment survey received 231 responses. The survey asked for four demographic identifiers: neighborhood, gender, age, and race. About 53% of respondents live in neighborhoods that include CDBG eligible low-to-moderate income census tracts.

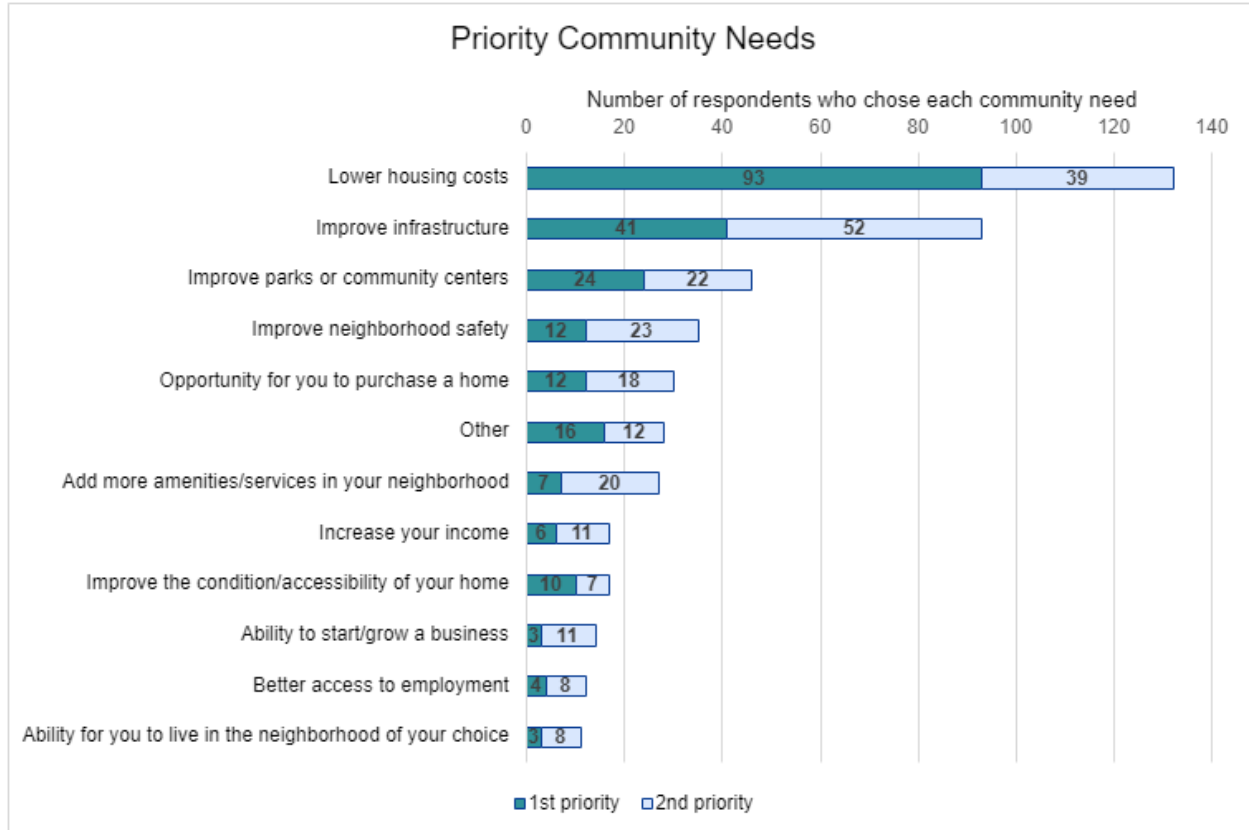
About 81% of the respondents identified their race as white, which is about 7% lower than the total white population in Duluth. About 19% of survey respondents identified as Black, Indigenous, and People of Color (BIPOC), which is about 7% higher than the BIPOC population in Duluth, according to the most recent U.S. Census. The survey also received the majority of responses from people who identify as female, at 72%. Four percent of survey respondents identify as nonbinary, and 24% of survey respondents identify as male. The age dispersal of respondents was 24% of respondents were ages 18-34, 50% were ages 35-54, 14% were ages 55-64, and 11% were 65+. Two percent

I live outside Duluth	4%
Kenwood	2%
Lakeside/Lester Park	13%
Morgan Park	0.5%
Morley Hieghts/Parkview	2%
North Shore	1%
Norton Park	0.5%
Oneota	0.3%
Park Point	1%
Piedmont Heights	1%
Riverside	1%
Smithville	0.2%
Spirit Valley	2%
Woodland	4%
Qualified Census Tract	53%

of responses were from people age 17 or under.

Race	# of Respondents	% of Respondents
Asian	2	1%
Black	5	3%
Mixed Race	21	11%
Native American/Indigenous	8	4%
White	161	81%
Total	198	100%

Survey respondents were asked to choose a first and second-priority community need. When first and second choices are totaled, the overwhelming top choice is “lower housing costs.” The second and third priorities are “improve infrastructure” and “improve parks or community centers.” Many survey respondents also chose “improve neighborhood safety” as a top priority.



Respondents were then asked to answer a follow-up question about their top priorities. Most of the 132 respondents who chose lower housing costs reported that rent payments are too high (86%). Half of these respondents (51%) reported utility payments are too high and nearly half (48%) reported that mortgage payments are too high. Several respondents added that property taxes are too high. Ninety-three respondents chose “improve infrastructure” as a top priority. Responses to the follow-up question has minimal differences. The options to “improve streets”, “add/improve pedestrian safety and accessibility”, and “improve sidewalks” were within 2 percentage points of one another at a response rate of 68%, 67%, and 66% respectively. The 20% of respondents who chose “other” identified

“Anything that can be done to make it easier to travel without a car!”

multi-modal transportation, listing pedestrian, bicycle, and bus infrastructure as a priority at 11%. As one respondent put it, “Anything that can be done to make it easier to travel without a car!” Also of note is the 2% of “other” responses that identify water and sewer infrastructure, including lead pipe mediation, as a priority.

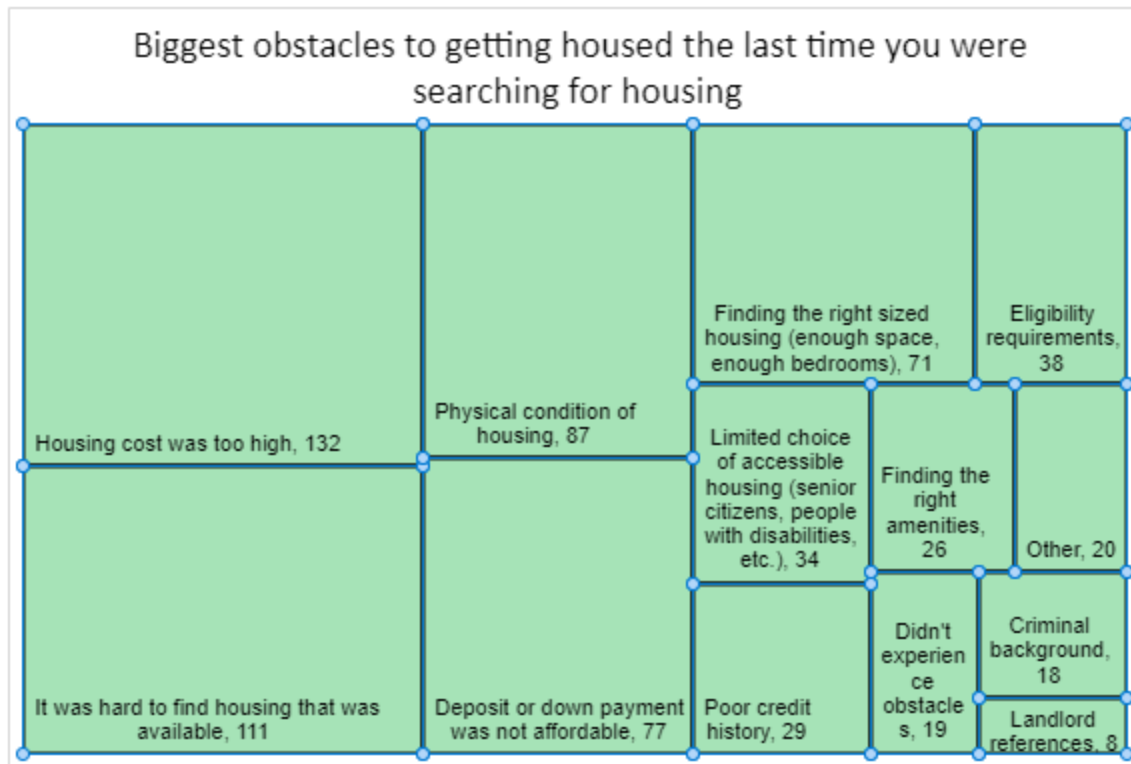
The third-highest ranked priority, “improve parks or community centers”, received a total of 47 responses. The follow-up question revealed “improvements to playground facilities” and “community center improvements” are of nearly equal concern at rates of 57% and 55% respectively. Following closely is the preference to “improve access for people of all abilities, at 40%. Thirty-two percent of respondents identified “other” as a priority, with major themes ranging from the need for more restrooms, garbage receptacles and sharps containers, to tree maintenance and invasive species mediation with native plantings.

“Supply was so limited, you were bidding against 10s of other people on every home. Had to waive common sense things like inspections. Competing against cash offers.”

Survey respondents shared many insights about the obstacles they experienced looking for housing. Overall respondents reported struggling to find available housing at all, and the housing they could find was frequently too expensive or not in good condition. Some respondents reported having to agree to risky deals, and having to settle for unhealthy or unaffordable housing because of a such competitive housing market. Some respondents reported that their needs have changed since purchasing a home and that they are stuck in housing they can’t age in or housing their family has outgrown because they can’t find affordable housing that meets their new needs.

Many renters with housing vouchers reported not being able to find enough landlords who will accept Section 8 vouchers and that they often had to settle for unhealthy, run-down housing. Some renters struggled with very high move-in costs, up to three times the monthly rent amount. Families, particularly single parents with only one household income, expressed difficulty being able to afford enough bedrooms for the size of their family. One respondent wrote, “Competition with college students renting single family homes by the bedroom. I’m a single mom and have to put 3 kids in a two bedroom because that’s all I can afford.”

“Getting ignored by landlords when looking for section 8 rentals. Why are landlords so hesitant in allowing section 8?”



Consultation with Community Partners

Planning staff also consulted with community organizations and partners to identify needs, issues, and priorities that should be reflected in the Consolidated Plan. The top three identified existing needs include:

- Affordable housing
- Childcare
- Rehabilitation and repairs to existing housing stock

Every agency that responded to the questionnaire mentioned the dire need for affordable housing at least once, if not a few times. Making matters worse, even when affordable housing is available for rent, it is in too poor of condition for Section 8 voucher holders to use their federal funding for subsidized housing. The more affordable rental properties in Duluth tend to be in poor condition due to their old age and the increasing cost of labor and materials for making repairs. Affordable childcare, including outside typical business hours of 8am-4pm, has been identified by area agencies as a necessity for acquiring and maintaining employment. Public transportation was also mentioned several times, for improving the rate of employment for their clients.

Over the next five-years, the agencies intend to work toward:

- Affordable housing, including in higher-income neighborhoods
- Continuing to provide the basics, such as food, clothing and shelter
- Assisting clients in navigating employment and available social services

- Down-payment assistance for homeownership and BIPOC homeownership
- Providing or helping to supplement childcare

During these in-person interviews, agencies would often mention the right of individuals to live in their preferred neighborhood. They observe the current housing market in Duluth not offering enough affordable options, or housing that accepts Section 8 vouchers, in neighborhoods with higher average household incomes. Clients have noticed this as well, as they have struggled to find housing in neighborhoods that feel safer to them. One respondent, when asked if they are living in their preferred neighborhood said, “No, I have section 8 so I am limited on where I can live... I have witnessed more violence here in this public and section 8 housing than I have in my entire 30 years. My heart aches for the conditions and locations that families have to live in because they are low income. You can only expect people to be as healthy as the people they are surrounded by.”

Planning Division staff will continue to consult the area agencies throughout the Consolidated Plan process.

Public Hearing

Approximately 20 people attended the Community Needs Public Hearing on June 25, 2024. In small groups, attendees participated in a funding activity. Each group was provided with 20 cards valuing \$50,000 each, for a total of \$1 million. In their groups, they decided how to allocate that funding among about 30 different eligible funding activities. The highest funded programs by all the groups combined were 1) multi-family new construction, 2) single-family new construction, and tied for 3) multi-family rehab and childcare.

The activity limited funding public service programs because of HUD’s 15% cap on public service spending. The highest funded public service programs by all the groups combined were 1) childcare, tied for 2) mental health and housing for people with needs, and 3) housing for single parents with children.

After their initial funding decisions, the groups were told that the funding had been reduced and they needed to remove \$150,000. The categories that were most frequently cut or removed were sidewalks, infrastructure improvements, and multimodal transportation improvements. Participants commented that these were important community needs, but that other entities or funding sources would be more appropriate to address these needs (for example: the Duluth Transit Authority, and funding specifically for transportation, infrastructure, and street maintenance).

2025 Funding Recommendations

At the July 16, 2024 public meeting of the Community Development Committee, the Committee discussed the 5-year goals and priorities for the Consolidated Plan based on the input gathered during the Community Needs Assessment process. The Committee also discussed the funding priorities for FY2025 HUD program funds. At the September 22, 2024 public meeting the Committee approved the draft funding recommendations for the 2025 HUD program. The Committee will have a public hearing on the Consolidated Plan, and the FY2025 funding recommendations at its November 19, 2024

meetings. All public comment received during the comment period and at the meeting will be presented to the CD Committee and will be referenced in the minutes.

CD Committee Recommendations for 2025 Funding:

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)

Duluth Property Rehabilitation Program – HRA	\$ 325,000
CLT Acquisition Rehab Resale-One Roof Cmty Housing	\$ 350,000
DKI Duplexes: Comfort & Joy- Divine Konnections Inc.	\$ 120,000
Decker Dwelling New Construction – One Roof Community Housing	\$ FY 2026
Westside Market – Family Rise Together	\$ 30,000

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)

High-Demand, Living-wage Job Training (HLJT)	\$ 130,000
CM Solutions Accelerator- Family Rise Together	\$ 30,000
Future Program- Life House, Inc	\$ 90,000
Growing Neighborhood Businesses- Entrepreneur Fund	\$ 48,000
Skilled Trades, Art, Robotics & Technology (START)- FFC	\$ 40,000
Jump into Child Care- Northland Foundation	\$ 20,000
Green Construction Training- Green New Deal Housing	\$ 10,000

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

Equipment Upgrades to Improve Dental Care–LSHC	\$ 10,000
Windows for Spirit Valley Childcare-YWCA Duluth	\$ 0
Nourish the Northland Capital Campaign- Second Harvest Northland	\$ 100,000
Yellow Leaf Crisis Center Roof Proposal- Center City Housing	\$ 90,000
6 th Ave E Corridor Revitalization- Zeitgeist	\$ 20,000
Child Care Rehab- Lincoln Park Children and Families Collaborative	\$ 20,000

Chalet Renovation and Expansion Project- Chester Bowl	\$ 96,000
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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.)

Basic Needs Drop-in Youth Center- Life House	\$ 25,000
Spirit Valley Young Mother’s Program-YWCA	\$ 7,000
Steve O’Neal Early Childhood Education-CHUM	\$ 15,000
Duluth Hunger Project-CHUM	\$ 81,000
UGM Food Programming- Union Gospel Mission	\$ 10,000
Tenant Landlord Connection – One Roof	\$ 30,000
Expanding Equitable & Dignified Food Access– Second Harvest	\$ 20,000
Free Tax Site – Community Action Duluth	\$ 15,000
Food Access Through Markets-Community Action Duluth	\$ 15,000
Expanded Homelessness Prevention- Justice North	\$ 0
Comprehensive Services for Veterans-MACV	\$ 20,000
Safe Haven Shelter Program– Safe Haven	\$ 25,000
Homeless Services-CHUM	\$ 35,000
Family Transitional Housing- Salvation Army	\$ 5,000
Family Supportive Housing-Center City Housing	\$ 25,000
Coordinated Entry-HRA	\$ 24,000

Planning

Program Administration – CD Division	\$ 470,000
HOME Program Administration – CD Division	\$ 40,000
ESGP Program Administration – CD Division	\$ 15,525
HOME TBRA Administration – Duluth HRA	\$ 10,000

HOME Investment Partnerships Program - Year 2025 Funding Recommendations

Homeless Rental Assistance Program (TBRA) – Duluth HRA	\$ 100,000
CLT New Construction-One Roof Cmty Housing	\$ 350,000

Emergency Solutions Grants Program - Year 2025 Funding Recommendations

Expanded Homelessness Prevention- Justice North	\$ 0
Safe Haven Shelter Program– Safe Haven	\$ 25,000

Homeless Services-CHUM	\$ 20,000
Family Transitional Housing- Salvation Army	\$ 5,000
Family Supportive Housing-Center City Housing	\$ 25,000
Street Outreach-CHUM	\$ 15,000
Annie's House of Refuge & Restoration-Divine Konnections	\$ 15,000
Street Outreach for Under-Resourced-Life House	\$ 19,200
HMIS Data Entry	\$ 4,200
ESG Prevention and Rapid rehousing	\$ 63,075