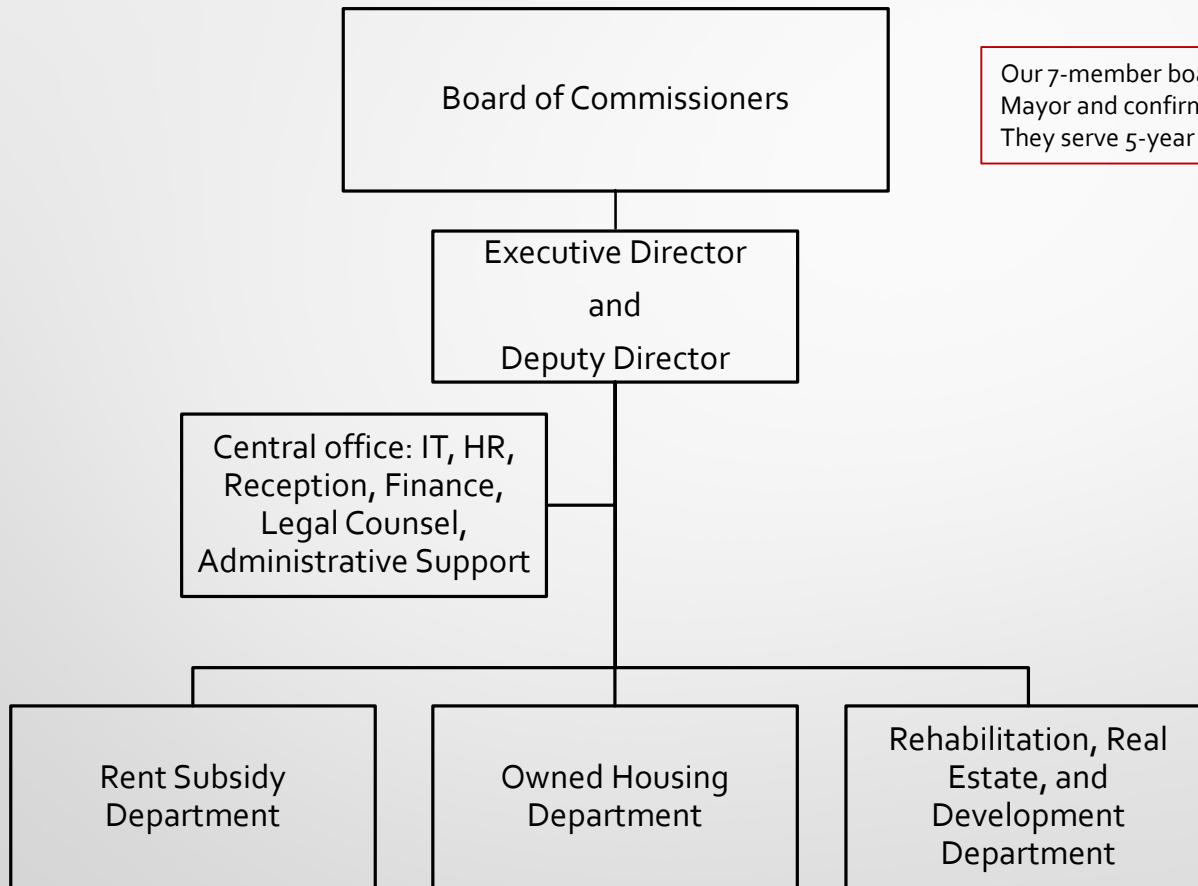


# Housing and Redevelopment Authority of Duluth, Minnesota

FY 2024 Budget and Tax Levy  
Presentation to City Council



# Our Organization



Our 7-member board is appointed by the Mayor and confirmed by the City Council. They serve 5-year terms.

# Core Programs Supporting Households in the City of Duluth

- HRA Owned Housing:
  - 1,170 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)
  - 49 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
- 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

# OVERALL

**We house approximately 2,500 households and families every day and bring in over \$10 million in rental assistance that goes into the hands of local landlords, over \$2 million in capital fund money that is used in public 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 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 and assisting financially with the federal environmental review mandates

# Development, Redevelopment, and Community Initiatives

- Fairmount Cottages – 18 units in the Fairmount neighborhood, rental housing, NOW LEASING!!
- Skyridge Flats (70-unit, 55+, 50% and 30% AMI housing development) – \$18 million development, UNDER CONSTRUCTION!!
- Harbor Highlands Phase VI Townhomes – 40 units of affordable family townhomes – currently working to fill the funding gap.
- Harbor Highlands – Tract B, home ownership phase partnership with One Roof
- Homeless Warming Center – permanent site, substantial rehab, opened in February 2022
- Construction Training Program

# CY2024 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.

# CY2024 Tax Levy Request

## **\$426,522 – Owned Housing and Rent Subsidy Program Support**

- \$166,522 HUD shortfalls in the Section 8, Small Rental Assistance Programs, and Harborview Phase I
- \$200,000 High Rise Security Contract
- \$60,000 HUD Housing Preservation Programs

## **\$179,848 – Warming Center and Other Community Center Operations and Maintenance**

- \$48,297 Lincoln Park Center (including the Homeless Warming Center facility utilities and repairs)
- \$71,551 North Pointe Resource Operations
- \$60,000 Harbor Highlands Community Center

## **\$891,397 – Affordable Housing Programs and Development**

- \$200,000 Construction Training Program – Year 4
- \$100,000 Funding for the City and HRA Senior Housing Developer position as well as support of the Planning and Economic Development Department for required environmental review services
- \$158,397 Other Programs (Emergency Repair, Healthy Home Repair, Housing Trust Fund Management, Landlord Incentives, etc.)
- \$433,000 New Affordable Housing Development Activity

## **\$208,500 – Community Housing Support Services**

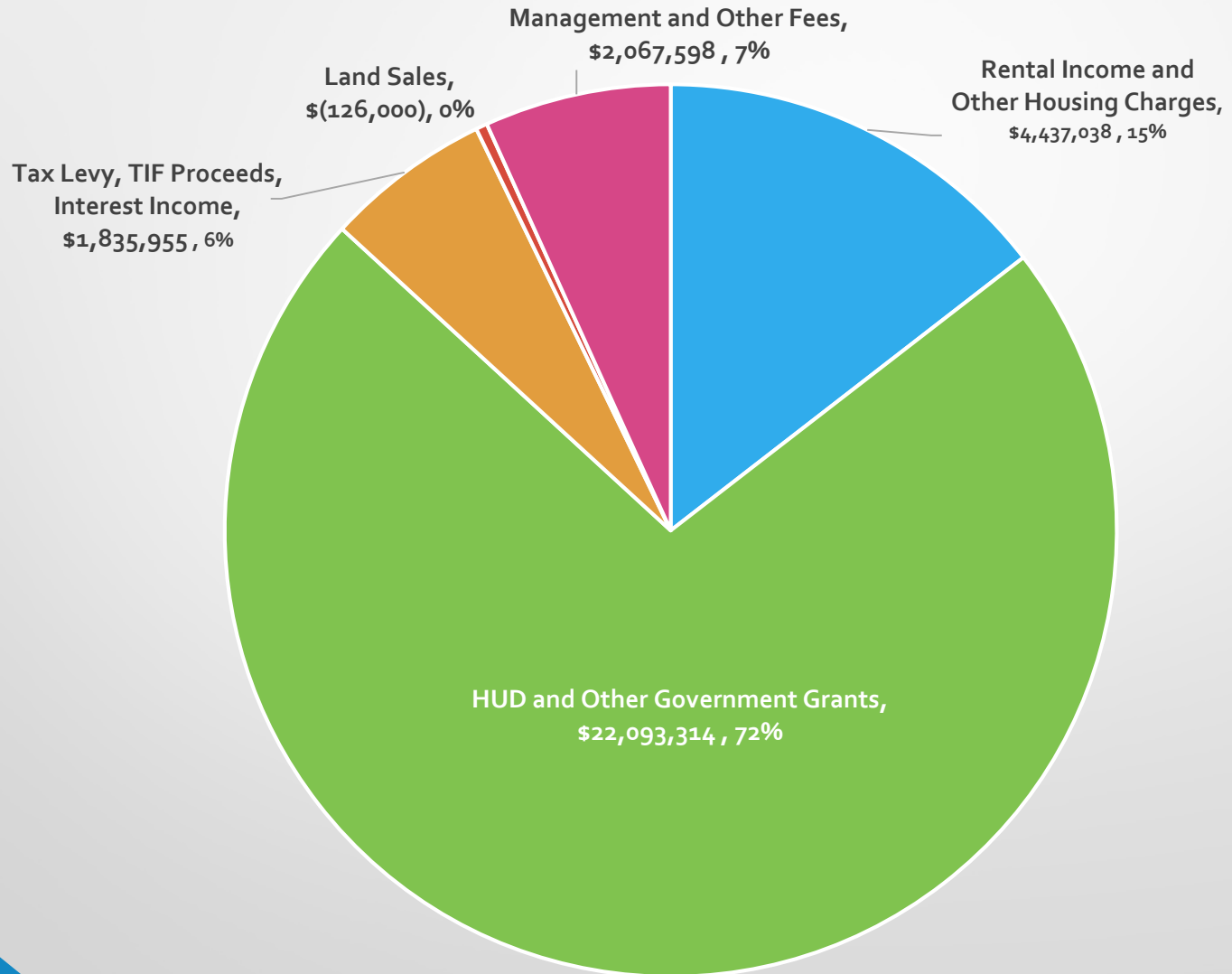
- \$166,000 Two full-time Community Police Officers (in addition to the tax levy, \$30,000 of HRA owned housing funds are also used to support the police officers)
- \$42,500 Homeless Prevention Program Support (partnership with One Roof and the City)

**Total Tax Levy for CY 2024: \$1,706,267**



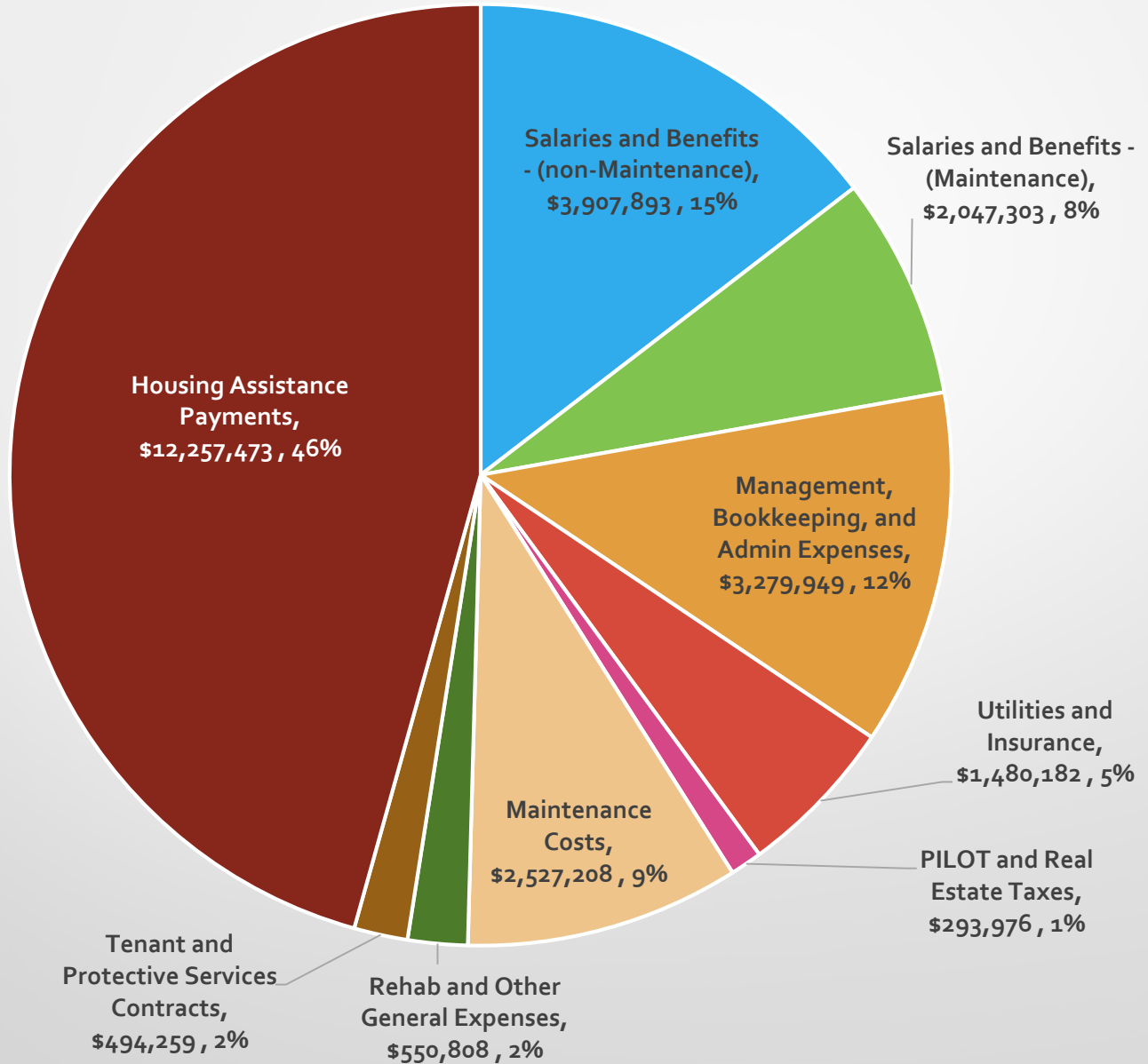
# FY 2024 Estimated Revenues

**TOTAL: \$30,307,905**



# FY 2024 Proposed Expenses

TOTAL: \$26,839,051



# FY 2024 Net Cash Flow

- Excess revenue over expenses: \$3,468,854
  - Operating Transfer to Harbor Highlands Phase I: (\$100,002)
  - Replacement Reserve Contributions: (\$749,750)
  - Debt Principal Payments: (\$190,935)
  - Debt Interest Payments: (\$293,468)
  - **Net Cash Flow: \$2,134,699**
- Because of repositioning (RAD): Not budgeting the use of reserves – public housing operating reserves and non-obligated capital funds will be used to:
  - Fund the Initial Deposit to Replacement Reserves (IDRR) for the RAD conversion of the high rises, and
  - Complete any required initial (immediately required) repairs identified during the RAD needs assessment process.

# Looking Ahead

- Four Housing Developments in Process
  - Fairmount Cottages (18 units)
  - Skyridge Flats (70 units)
  - Phase VI (40 units)
  - Home Ownership at Harbor Highlands – partnership with One Roof
- Asset Repositioning (RAD)
- City Programs
  - Housing Trust Fund
  - Revolving Loan Fund
- Support of Local Developers
  - Conduit for Land Acquisition
  - Project Based Vouchers
  - Housing TIF Projects
- Other – State Resources
  - New “Bring It Home MN” Vouchers
  - Other New State Housing Programs

# WAIT! What about the Construction Training Program?

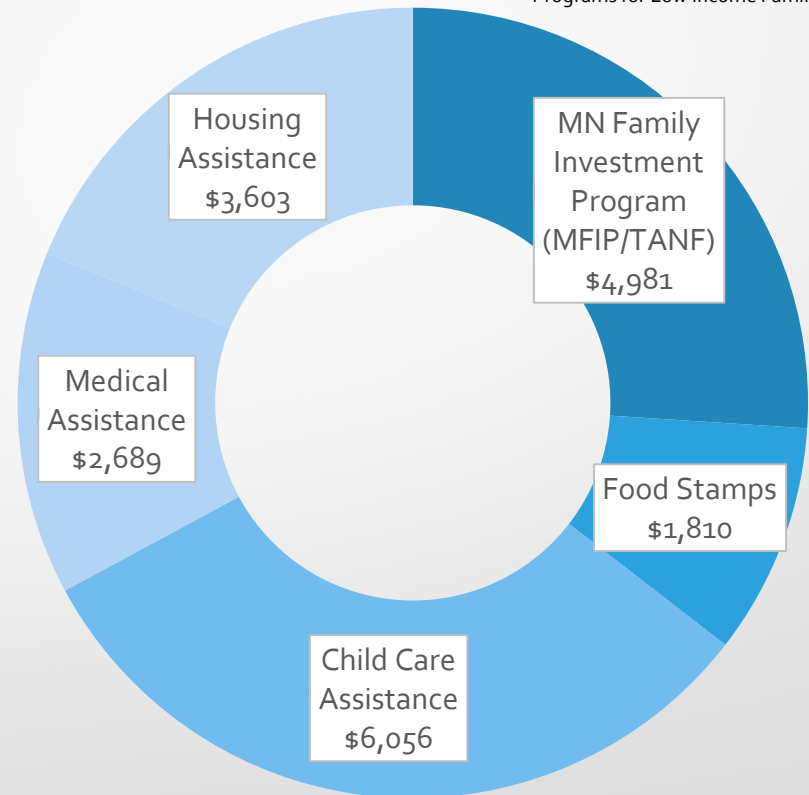
- Partnership with Community Action Duluth.
- Continues to be successful
  - Lift people out of poverty who have barriers to employment
  - Teach skills in the construction trades
  - Rehab blighted houses for affordable home ownership
  - Provide wrap around services such as financial management, driver's license, GED, home ownership preparation, employment coaching, etc.
- We are on our 5<sup>th</sup> cohort of students and our 6<sup>th</sup> house with a 7<sup>th</sup> house already identified and ready for rehab.
- Please invite us back for a presentation on this program – it is changing lives!
- See next slide for a taste!

# CONSTRUCTION TRAINING PROGRAM RETURN ON INVESTMENT

Source: Minnesota Office of Management and Budget; Government Assistance Programs for Low Income Families, 2000

## **TOTAL BENEFIT COST PER YEAR PER RECIPIENT: \$19,139**

- If you lift one person out of poverty at age 30, there is a savings of **\$669,865** from age 30 to 65.
- We are in our fifth cohort. If one person from each cohort is lifted out of poverty through a living wage trade, it will save **\$3,349,325** in benefits.
- If the cycle of poverty is broken and each of those participants have one child, you save an additional **\$3,827,800** (assuming 40 years of benefits per person).



*The \$200,000 per year investment in this project is paid back many times over and is priceless for the person who is now self-sufficient. This doesn't include savings to the healthcare system, the influx of revenue and tax payments to the economy, or the blight reduction and affordable home ownership developed through this program.*

# Summary

- The HRA touches the lives of approximately 2,500 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 2024, a 0.0169% tax rate will generate enough funding for the HRA to continue its current and planned initiatives.
- The tax levy represents just under 6% of the HRA overall revenue – but it is an important 6% 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?

