

# The 2010 Consolidated Annual Performance and Evaluation Report (CAPER)

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June 30, 2011



Prepared for  
United States Department of Housing and Urban Development

by  
Community Development Division, City of Duluth, Minnesota

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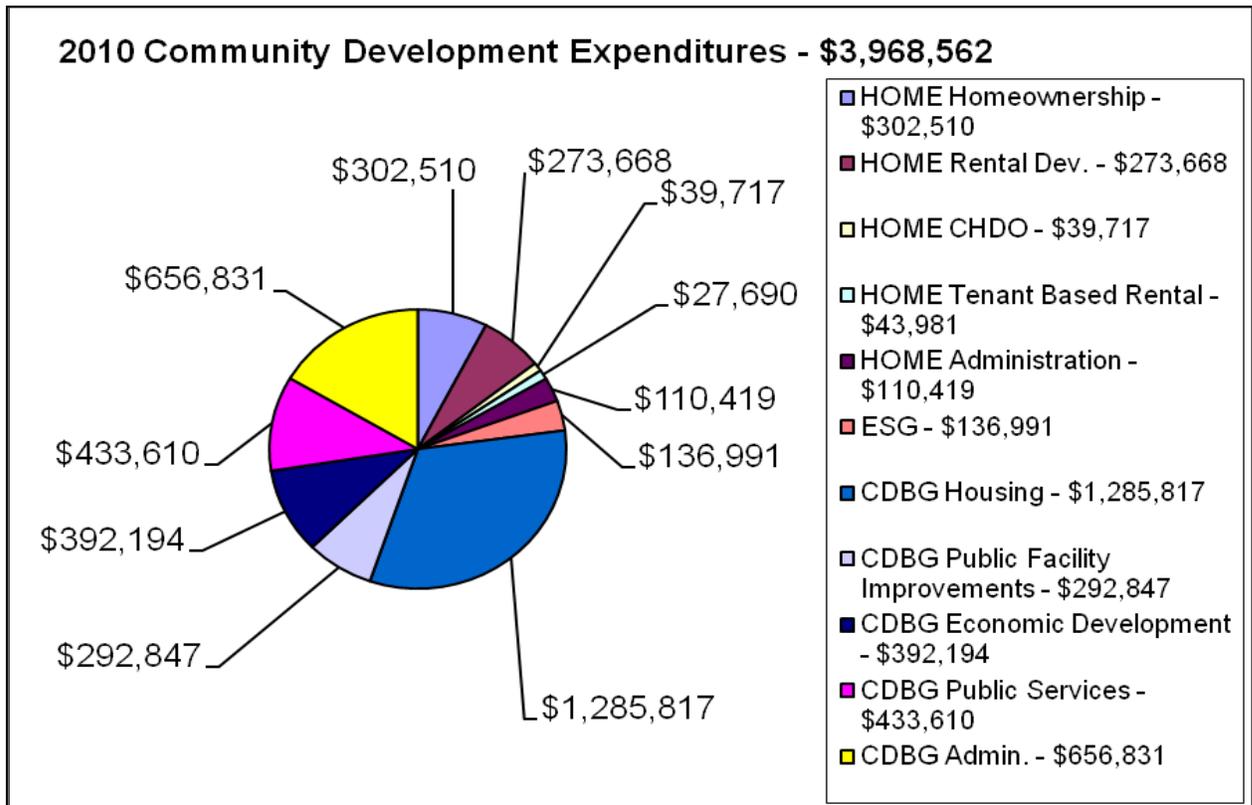
## **Executive Summary**

The purpose of this report, the Consolidated Annual Performance and Evaluation Report (CAPER), is to outline 2010 accomplishments in community development and housing. This work was undertaken in large part through three major funding programs provided by the U.S. Department of Housing and Urban Development (HUD):

- \* Community Development Block Grant (CDBG) Program
- \* HOME Investment Partnerships Program (HOME)
- \* Emergency Shelter Grant Program (ESGP)

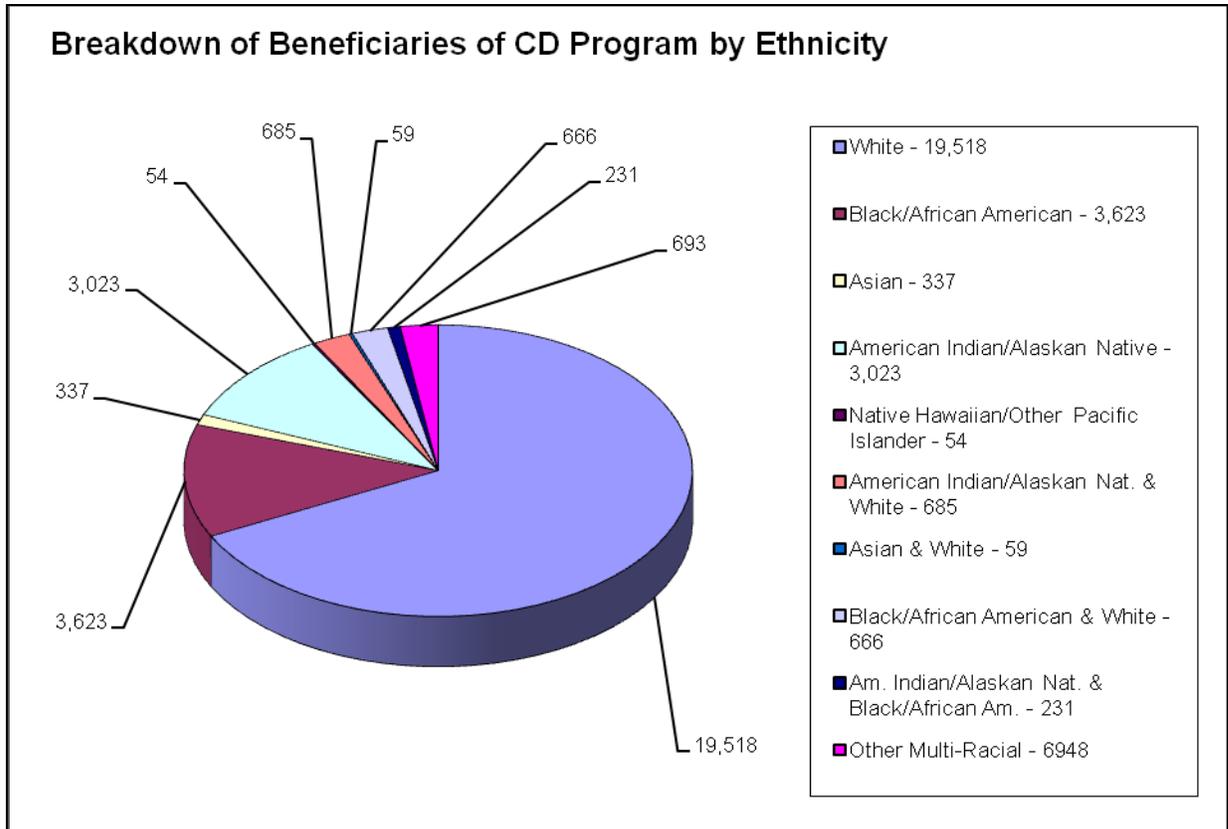
This report is organized according to these three funding sources, including information on fair housing and equal opportunity initiatives. A summary of other resources leveraged by these community development resources and citizen comments concludes the report. These comments were submitted to the City during the 15-day public comment period from June 15th to June 29th.

The following pie chart is a summary of the year's community development expenditures by program and category:



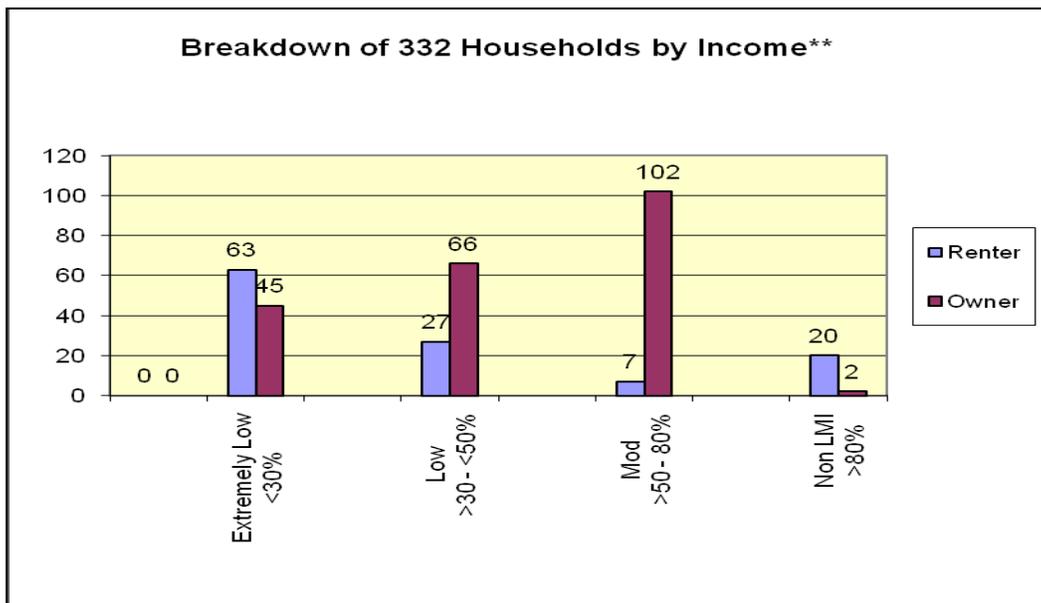
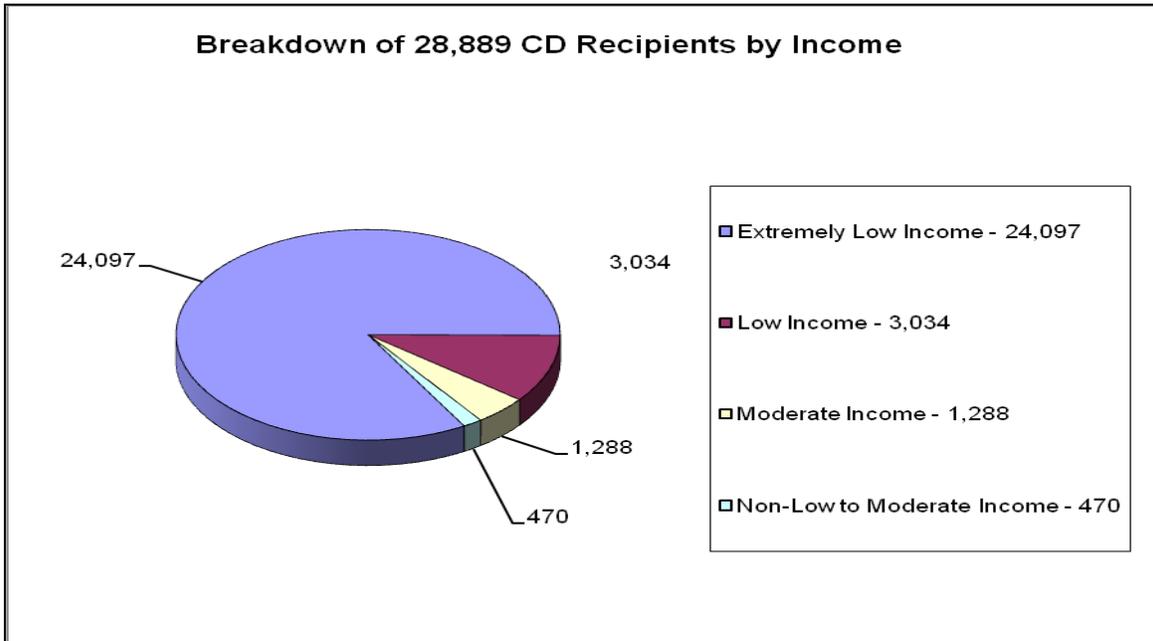
Demonstrating the impact of these community development resources on the lives of persons with low and moderate incomes is a main objective of this evaluation report. Thus, it is the City's objective that this report present to Duluth citizens and HUD a clear, complete statement of activity, as well as comply with federal statutory regulations.

Below is a chart that illustrates the beneficiaries of the program:



\*Of the total 28,889 recipients, 362 were of Hispanic ethnicity.

The following is a breakdown of the income of the beneficiary population in comparison to categories of "Extremely Low Income" (less than 30% of the area median income), "Low Income" (more than 30% but less than 50% of the area median income), "Moderate Income" (more than 50% but less than 80% of the area median income) and "Non-Low to Moderate Income" (higher than 80% of the area median income).



\*\*Housing total does not equal the sum of owner and rental due to the combination of data by income category captured with old and new requirements.

The subsequent sections of the 2010 performance report provide an evaluation of activities measured against the goals and priorities of the City of Duluth's 2010 Action Plan. This Action Plan is an annual investment plan - a component of the 2010-2014 Consolidated Plan for Housing and Community Development. The evaluation of activities in this report serves as a tool for bench marking the impact of the five-year Consolidated Plan.

The five-year Consolidated Plan contains the principal goals and strategies against which annual progress is measured. Reporting on 2010 activities - the first year of the five-year plan period - provides a sense of the City of Duluth's progress toward achieving its community development and housing goals.

Reaching the goals and meeting the needs of our community would not be possible without the commitment of the City's community development and housing partners, and to them we offer our gratitude. Additional financial information from the HUD computer system is available for review in the City of Duluth's Community Development Division.

For additional information or to submit comments on this 2010 report, please contact:

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**Table 3A Summary of Specific Annual Objectives**

Table 3A Summary of Specific Annual Objectives														
IDIS Code	Housing Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
<b>05S</b>	<b>Rental Housing Subsidies</b>		<b>Households</b>	<b>8</b>	<b>11</b>		<b>17</b>	<b>0</b>		<b>50%</b>	<b>50</b>	<b>11</b>	<b>22%</b>	
	Tenant Based Rental Assistance - HRA	HOME	Households	8	11	\$ 37,000	17	0	\$ 104,500					DH-1
<b>13</b>	<b>Direct Homeownership Assistance</b>		<b>Households</b>	<b>13</b>	<b>1</b>		<b>12</b>	<b>0</b>		<b>36%</b>	<b>70</b>	<b>1</b>	<b>1%</b>	
	FAIM IDA's & Down Payment Asst.- Comm. Action	CDBG	Households	13	1	\$ 66,654	12	0	\$ 60,000					DH-1
<b>14A</b>	<b>Single Unit Residential Rehab.</b>		<b>Housing Units</b>	<b>40</b>	<b>18</b>		<b>9</b>	<b>0</b>		<b>14%</b>	<b>350</b>	<b>18</b>	<b>5%</b>	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	40	7	\$ 250,000								DH-2
	Duluth Property Rehab. Program - HRA	HOME	Housing Units				9		\$ 180,000					DH-2
	Duluth Lateral Lines RLF - HRA	CDBG	Housing Units		11									
<b>14B</b>	<b>Multi-Unit Residential Rehab.</b>		<b>Housing Units</b>	<b>76</b>	<b>0</b>		<b>60</b>	<b>0</b>		<b>54%</b>	<b>250</b>	<b>0</b>	<b>0%</b>	
	Duluth Property Rehab. Program - HRA	CDBG	Housing Units	55	0	\$ 342,500	60	0	\$ 219,000					DH-2
	Upper Transitional Rehab - Center City Housing	HOME	Housing Units	12		\$ 255,868								DH-2
	Lower Transitional Rehab - Center City Housing	HOME	Housing Units	9		\$ 99,240								DH-2
<b>14F</b>	<b>Energy Efficiency Improvements</b>		<b>Housing Units</b>	<b>147</b>	<b>62</b>		<b>87</b>	<b>0</b>		<b>43%</b>	<b>550</b>	<b>62</b>	<b>11%</b>	
	Duluth Weatherization Program - AEOA	CDBG	Housing Units	55	62	\$ 208,376	30	0	\$ 180,000					DH-2
	Duluth Energy Efficiency Program - Common Ground	CDBG	Housing Units	92	0	\$ 187,200	57	0	\$ 116,500					DH-2
<b>14G</b>	<b>Acquisition for Rehabilitation</b>		<b>Housing Units</b>	<b>11</b>	<b>0</b>		<b>40</b>	<b>0</b>		<b>46%</b>	<b>110</b>	<b>0</b>	<b>0%</b>	
	Rehabilitation & Resale - NCLT	HOME	Housing Units	11	0	\$ 450,000	8	0	\$ 327,467					DH-2
	Multi-Family Development - NCLT	CDBG	Housing Units				32		\$ 200,000					DH-2
<b>14H</b>	<b>Rehabilitation Administration</b>		<b>Organization</b>	<b>1</b>	<b>1</b>		<b>1</b>	<b>0</b>		<b>40%</b>	<b>5</b>	<b>1</b>	<b>20%</b>	
	Duluth Property Rehab. Program - HRA	CDBG	Organization	1	1	\$ 461,000	1	0	\$ 436,253					DH-2
<b>21I</b>	<b>CHDO Pre-development</b>		<b>Organization</b>	<b>2</b>	<b>2</b>		<b>2</b>	<b>0</b>		<b>40%</b>	<b>10</b>	<b>2</b>	<b>20%</b>	
	Predevelopment - NCLT	HOME	Organization	1	1	\$ 22,000	1	0	\$ 17,999					DH-2
	Predevelopment - Center City Housing	HOME	Organization	1	1	\$ 15,000	1	0	\$ 17,999					DH-2
	<b>Total of Housing Objective</b>					<b>\$ 2,394,838</b>			<b>\$ 1,859,718</b>					
IDIS Code	Economic Development Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
<b>18A</b>	<b>ED Direct Financial Assistance</b>		<b>Jobs</b>	<b>40</b>	<b>41</b>		<b>57</b>	<b>0</b>		<b>49%</b>	<b>200</b>	<b>41</b>	<b>21%</b>	
	SOAR Duluth At Work - Project SOAR	CDBG	Jobs	20	20	\$ 160,000	20	0	\$ 160,000					EO-1
	Employment & Training - CHUMWorks	CDBG	Jobs	15	19	\$ 112,500	15	0	\$ 120,000					EO-1
	NYS JET (Jobs, Education & Training) - NYS	CDBG	Jobs	5	2	\$ 40,000	5	0	\$ 40,000					EO-1
	Futures Program - Life House	CDBG	Jobs				6		\$ 48,000					EO-1
	Circles of Support - Community Action Duluth	CDBG	Jobs				11		\$ 90,500					EO-1
<b>18B</b>	<b>Economic Development Technical Assistance</b>		<b>Businesses</b>	<b>6</b>	<b>10</b>		<b>8</b>	<b>0</b>		<b>35%</b>	<b>40</b>	<b>10</b>	<b>25%</b>	
	Growing Neighborhood Businesses- NE Entrepreneur	CDBG	Businesses	6	10	\$ 18,207	8	0	\$ 66,500					EO-1
	<b>Total of Economic Development Objective</b>					<b>\$ 330,707</b>			<b>\$ 525,000</b>					
IDIS Code	Public Facilities Objective Priority Need	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/ Objective
<b>03C</b>	<b>Homeless Facilities</b>		<b>Facilities</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0%</b>	<b>1</b>	<b>0</b>	<b>0%</b>	
<b>03E</b>	<b>Neighborhood Facilities</b>		<b>Facilities</b>	<b>2</b>	<b>0</b>					<b>33%</b>	<b>6</b>	<b>0</b>	<b>0%</b>	
	Memorial Park Community Center	CDBG	Facilities	1	0	\$ 250,000								SL-3
	Damiano Accessibility Project	CDBG	Facilities	1	0	\$ 279,450								SL-3
<b>03K</b>	<b>Street Improvements</b>		<b>Households</b>	<b>0</b>	<b>0</b>		<b>20</b>	<b>0</b>		<b>10%</b>	<b>200</b>	<b>0</b>	<b>0%</b>	
	Street Assessment Assistance	CDBG	Households				20	0	\$ 84,000					SL-2
<b>03L</b>	<b>Sidewalks</b>		<b>Facilities</b>	<b>22</b>	<b>0</b>		<b>20</b>	<b>0</b>		<b>38%</b>	<b>110</b>	<b>0</b>	<b>0%</b>	
	Curb Ramp Accessibility & Sidewalk Improvement VII	CDBG	Facilities	22	0	\$ 42,020	20	0	\$ 61,495					SL-3
	<b>Total of Public Facilities Objective</b>					<b>\$ 571,470</b>			<b>\$ 145,495</b>					

IDIS Code	Public Services Objective	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/Objective
<b>03T</b>	<b>Transitional Housing Services</b>		<b>People</b>	<b>212</b>	<b>282</b>		<b>245</b>	<b>0</b>		<b>51%</b>	<b>900</b>	<b>282</b>	<b>31%</b>	
	Transitional Housing Program - S. Army/WCDO	CDBG	People	180	203	\$ 54,000	180		\$ 52,272					DH-1
	Permanent Support Housing - WCDO	CDBG	People	32	79	\$ 20,000	65		\$ 19,360					DH-1
<b>05</b>	<b>Essential Services</b>		<b>People</b>	<b>9100</b>	<b>16910</b>		<b>9100</b>	<b>0</b>		<b>42%</b>	<b>43000</b>	<b>16910</b>	<b>39%</b>	
	Duluth Hunger Project - CHUM	CDBG	People	8000	13923	\$ 75,000	8000		\$ 72,600					SL-1
	Clothes that Work - Damiano Center	CDBG	People	1100	2987	\$ 20,000	1100		\$ 19,360					SL-1
<b>05D</b>	<b>Youth Services</b>		<b>People</b>	<b>800</b>	<b>1638</b>		<b>950</b>	<b>0</b>		<b>44%</b>	<b>4000</b>	<b>1638</b>	<b>41%</b>	
	Youth Development Collaborative - YMCA	CDBG	People	800	1638	\$ 87,213	950		\$ 84,422					SL-1
<b>05E</b>	<b>Transportation Services</b>		<b>People</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0%</b>	<b>100</b>	<b>0</b>	<b>0%</b>	
														EO-2
<b>05G</b>	<b>Services for Battered/Abused Spouses</b>		<b>People</b>	<b>500</b>	<b>686</b>		<b>550</b>	<b>0</b>		<b>53%</b>	<b>2000</b>	<b>686</b>	<b>34%</b>	
	Battered Women's Shelter Programs	CDBG	People	500	686	\$ 32,000	550		\$ 30,976					DH-1
<b>05I</b>	<b>Crime Awareness</b>		<b>People</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>0%</b>	<b>20000</b>	<b>0</b>	<b>0%</b>	
<b>05K</b>	<b>Tenant/Landlord Counseling</b>		<b>People</b>	<b>208</b>	<b>0</b>		<b>0</b>	<b>0</b>		<b>17%</b>	<b>1250</b>	<b>0</b>	<b>0%</b>	
	Housing Access Center - Damiano	CDBG	People	208	0	\$ 34,000								DH-1
														DH-1
<b>05M</b>	<b>Health Services</b>		<b>People</b>	<b>2700</b>	<b>7480</b>		<b>2700</b>	<b>0</b>		<b>45%</b>	<b>12000</b>	<b>7480</b>	<b>62%</b>	
	Primary Health Care for Low-Income People	CDBG	People	2700	7480	\$ 77,000	2700		\$ 74,536					SL-1
<b>05N</b>	<b>Abused and Neglected Youth</b>		<b>People</b>	<b>600</b>	<b>649</b>		<b>600</b>	<b>0</b>		<b>33%</b>	<b>3600</b>	<b>649</b>	<b>18%</b>	
	LIFELINE Expressway of Youth Services	CDBG	People	600	649	\$ 35,000	600		\$ 33,880					SL-1
<b>05Q</b>	<b>Substance Payments</b>		<b>People</b>	<b>165</b>	<b>165</b>		<b>165</b>	<b>0</b>		<b>38%</b>	<b>875</b>	<b>165</b>	<b>19%</b>	
	Emergency Heating Assistance - Salvation Army	CDBG	People	165	165	\$ 25,000	165		\$ 24,200					DH-1
	<b>Total for Public Services Objective</b>					<b>\$ 459,213</b>			<b>\$ 411,606</b>					
IDIS Code	Homeless Objective	Funding Source	Performance Indicator	2010 Goal	2010 Actual	2010 Source Amount	2011 Goal	2011 Actual	2011 Source Amount	Percent of 5yr Goal	5 Year Goal	5 Year Actual	% Achieved of 5 Yr actual	Outcome/Objective
<b>03T</b>	<b>Transitional Housing Services</b>		<b>People</b>	<b>1355</b>	<b>1206</b>		<b>1355</b>	<b>0</b>		<b>39%</b>	<b>6900</b>	<b>1206</b>	<b>17%</b>	
	CHUM Stabilization Services for Homeless	ESGP	People	1100	892	\$ 37,000	1100		\$ 37,000					DH-1
	MACV-Duluth	ESGP	People	75	111	\$ 19,000	75		\$ 19,000					DH-1
	Transitional Housing Program - Salvation Army/WCDO	ESGP	People	180	203	\$ 41,000	180		\$ 41,000					DH-1
<b>05G</b>	<b>Battered &amp; Abused Spouses Services</b>		<b>People</b>	<b>500</b>	<b>686</b>		<b>550</b>	<b>0</b>		<b>35%</b>	<b>3000</b>	<b>686</b>	<b>23%</b>	
	Battered Women's Shelter Programs	ESGP	People	500	686	\$ 23,000	550		\$ 23,000					DH-1
	<b>Total of Homeless Objective</b>					<b>\$ 120,000</b>			<b>\$ 120,000</b>					
	<b>Outcome/Objectives</b>	Availability/Accessibility		Affordability	Sustainability									
	Decent Housing	DH-1		DH-2	DH-3									
	Suitable Living Environment	SL-1		SL-2	SL-3									
	Economic Opportunity	EO-1		EO-2	EO-3									

## **The Community Development Block Grant (CDBG) Program**

The CDBG program is a significant community development resource for Duluth, bringing approximately \$2.9 million annually to the City. The U.S. Department of Housing and Urban Development (HUD) manages this federal program. The principal objective of the CDBG program is providing assistance to persons and households with low or moderate incomes. At least 70% of the CDBG funds must be allocated to activities that assist persons with low or moderate incomes, and during 2010 the City of Duluth utilized 100% of the CDBG resources for that purpose.

While federal regulations govern many aspects of the program, communities have significant latitude in determining local priorities for their CDBG programs. Each community completes a five-year Consolidated Plan that outlines its local goals and priorities to be accomplished with the assistance of CDBG funds and other partnerships. Each community invests its resources through its Annual Action Plans, which enable the City to realize the goals that were set in the application and the Consolidated Plan.

The City of Duluth is a grantee for the CDBG program, according to a formula based on Duluth's population, age of housing, percentage of persons living in poverty and other socio-economic factors, which is updated when new census data is available. Through Duluth's citizen participation process, the City administration drafts the City's Consolidated Plan for Housing and Community Development, outlining community needs and priorities for CDBG fund expenditure. Each year, the Duluth City Council receives a recommendation from the Community Development Committee (CD Committee) on priorities for CDBG funding. The City Council then determines community development policy and corresponding fund allocation. The Duluth Mayor has final review and approval authority of the Consolidated Plan.

Eligible applicants for CDBG funding include for-profit institutions, nonprofit organizations, public agencies and neighborhood districts. CDBG assistance may not be used for direct individual assistance (for example, a grant to a family for its transportation expenses) or for political or religious purposes.

## **All CDBG funding allocations must meet one of three national objectives:**

- Benefiting low- and moderate-income persons (“Moderate income” is 80% of the area median income; Low income” is 50% of the area median income; “Very-low income” is 30% of the area median income. (The 2010 Duluth median income is \$60,000.)
- Prevention or elimination of slum or blight conditions
- Meeting a particularly urgent community development need (such as a natural disaster)

## **CDBG Program Areas**

The CDBG program allows a community to implement programs and activities in four major categories: Affordable Housing, Economic Development, Public Facilities and Public Services. Each of the program areas allows the City to achieve locally designated community development goals. Each of the following program areas will provide a more detailed description of: 1) an assessment of the Five Year goals and the accomplishments this year; 2) what was accomplished from the Consolidated Plan objectives; 3) Activities to meet underserved needs.

## **Economic Development**

In the Consolidated Plan for Housing and Community Development FY 2010-2014, the Economic Development category includes two economic development objectives as high priority needs and three objectives as medium priority needs. The City’s FY 2010 Action Plan funded four economic development projects for its activities. The goal for three of those activities was to create jobs for low-moderate income (LMI) individuals (Duluth At Work), while the fourth was to provide technical assistance to small business owners.

The category of economic development may in its broadest sense include any and all efforts aimed at sustaining or increasing business activity within a community. However, the use of CDBG funds in the program category of economic development is restricted to what HUD regulations label “special economic development activities.” This category includes:

1. Commercial and industrial improvements i.e., acquisition, construction, rehabilitation or demolition.

2. Financial and technical assistance supporting the development of micro-enterprises, job creation, or job retention that benefit LMI persons.
3. Workforce development programs to provide LMI persons with the skills to qualify for jobs created by CDBG-assisted economic development activities or lead to job placement.

The Duluth At Work Initiative focuses primarily on assistance to micro-enterprises and job creation efforts that benefit LMI persons.

Table 3 A illustrates how the 2010 economic development funding was allocated, what accomplishments were attained, and what progress has been made toward meeting the goals identified in the five-year Consolidated Plan.

### **Five-Year Goal Assessment**

**Five-Year Consolidated Plan Goal:** The economic development performance goals identified in the five-year Consolidated Plan are to create 200 job opportunities for LMI residents (\$312,500) and assist 40 micro-enterprises (\$18,207) for a total allocation from the CD Committee of \$330,707 in CDBG funds toward economic development programs.

This brings the total amount of CDBG funds that have been allocated to economic development projects to meet the five-year Consolidated Plan's Economic Development priority needs to \$330,707 of FY 2010.

This is the first year of the five year plan. In 2010, 41 jobs, or approximately 20.5% of the goal of creating 200 jobs over the five-year term covered by the Consolidated Plan. However, the Duluth At Work initiative is a three-year contract, which meaning money allocated to the Duluth At Work initiative projects in 2008, 2009, and 2010 will still be used to gain more jobs or training through the completion of those three-year projects.

### **Consolidated Plan Objectives**

In 2010, four projects were awarded a total of \$380,000 in CDBG funds to assist the City in meeting the economic development goals and objectives outlined in the Consolidated and Action Plans.

**Objective 22** - Invest in skill training of Duluth At Work participants to fill jobs for local businesses.

The Job Incentive Program (JIP) was allocated \$106,860 in FY 2005 to create 16 jobs and this is the last year of program funding. Due difficult economic times for small business, JIP did not meet the goal of 16 jobs. In 2009 the contact goal for Sala Thai Restaurant was amended from four to two jobs to better reflect current economic conditions. Sala Thai restaurant met this goal of two jobs in 2010. Cookie Temptations had a goal of hiring two LMI persons and hired one. Again, this is a reflection of current economic conditions.

SOAR Career Solutions was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve 20 individuals and in FY 2010 they helped 20 people to secure employment.

CHUM Employment Services was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve 20 individuals and in FY 2010 they helped 19 people to secure employment.

NYS JET (Jobs, Education and Training) was funded under the Duluth At Work program to assist people with getting training and securing employment and then increasing their income by 25% over three years. Their goal was to serve five youth and in FY 2010 they assisted two youth to secure employment.

**Objective 23** - Provide training and technical assistance to businesses to increase assets and create jobs.

Northeast Entrepreneur's Growing Neighborhood Businesses was funded under the Duluth At Work program to assist businesses with technical assistance to expand and hire low to moderate income persons trained in the Duluth At Work program. Their goal was to serve eight businesses and in FY 2010 none were assisted.

### **Duluth's Anti-Poverty Strategy**

According to the Anti-Poverty Strategy, the principal overarching goal of CDBG economic development funds is to reduce the number of Duluth's families and individuals currently living in poverty. Historically, the City has addressed this objective by investing CDBG funds in our community development partners' programs that create living-wage employment and/or provide LMI persons with workforce readiness skills.

These initiatives have been designed to reduce the number of Duluth households experiencing economic hardship. Job training, education opportunities, and the

creation of permanent jobs to be filled by persons who are LMI at the time of hire represent some of the long-term efforts of the City of Duluth to provide benefits for the community's financially-disadvantaged households.

In 1998, the City of Duluth adopted a policy which exceeds the minimum HUD requirements governing the use of CDBG funds for economic development and continues to adhere to that policy. Although CDBG guidelines only require that the majority of jobs created through the use of CDBG funds be offered to LMI persons at the time of hire, Duluth's CDBG economic development policy stipulates that such jobs must be filled by, not simply offered to, LMI qualified persons at the time of hire.

The following policies form the basis of the funding evaluation process that will be utilized for determining how the annual investment of Community Development resources will assist to implement the goal of reducing the number of Duluth's families and individuals currently living in poverty:

Policy #1: Provide occupational training programs coupled with career development and job placement in partnership with the City's Workforce Development Division to enable people to obtain employment.

Policy #2: Assist families with removing barriers to obtaining employment through long term or sustainable solutions that reduce the cost of essentials or burdens to household incomes (e.g., child care, health care, transportation).

### **Goals and policies for reducing the number of families in poverty, a new approach - *Duluth At Work*.**

Duluth's 2010-2014 Consolidated Plan articulated the overarching goal of the Anti-Poverty Strategy: to reduce the number of Duluth's families and individuals currently living in poverty. One essential method for reducing poverty for all of these groups is increasing household income.

In order to meet the objective of increasing household income for those persons living in poverty, the City of Duluth has forged partnerships between private businesses, employers and nonprofit groups to develop a new approach to workforce development and poverty reduction.

This approach, implemented in FY 2008, was called "Duluth At Work". The Duluth At Work program is a holistic approach addressing the many challenges people in poverty face as they work toward becoming economically self-sufficient.

Duluth At Work is based on the Economic Opportunity Initiative (EOI) model from the City of Portland, Oregon, that was funded with various funding sources that included CDBG and the Northwest Area Foundation, and which utilized a series of well researched best practices. The research used to develop the EOI also demonstrated that there is no one-size-fits-all approach to assisting low-income people in attaining higher wage jobs and small businesses in securing financial stability and long-term success.

Through the implementation of this set of best practices, the Duluth At Work program is creating a system designed to remove barriers that people commonly experience when programs and services are provided in isolation from one another. This model allows for the tailoring of program elements to support program participants' strengths and is also designed to address individual and common needs.

These "Best Practices for Poverty Reduction" are based upon the Portland EOI model and include the following:

1. Serve a relatively small number of participants, so that the program can build on their individual strengths and be tailored to their individual and common needs.
2. Projects should serve groups with a common business/career track or similarity in ethnicity, housing or personal challenges or situations. Structured opportunities for peer support should be incorporated into all projects.
3. Offer comprehensive support services to remove personal barriers to success such as transportation, limited English, child care, housing status, lack of financial education and problem work behaviors. This requires some supported referrals and purchase of goods and services.
4. Emphasize development of strong long-term mentoring/coaching relationships between project staff and participants.
5. Involve employers early in program and curriculum design and by obtaining their commitment to employ graduates of workforce programs. Use active, workplace-based training approaches when possible.
6. Use individualized, comprehensive business planning and assessment with hands-on/on-site business coaching in addition to structured business education and training activities.

The performance measurement for projects funded through the Duluth At Work initiative is employment training that leads to job placement and an increase in the individual's income of 25% from the time they enter the program through placement

and after three years, or assistance to small businesses that leads to overall business growth of 25% in three years that may have an ancillary benefit of job creation.

### **Activities to Meet Underserved Needs**

Because persons with multiple barriers lacking self-sufficient employment constitute a disproportionate number of our community's low-income households, all of the CDBG funded economic development programs focus on traditionally under-served/hard-to-employ populations. A primary focus of the Duluth At Work program is to assist persons with barriers to employment, primarily working through the Workforce Center, to assist with gaining employment and then increasing their incomes by 25% over a three-year period.

The outcome of these efforts is reported to the CD staff on a quarterly and annual basis. The Duluth Human Rights Office, Human Rights Commission and Duluth American Indian Commission are efforts by the City to address discrimination in all forms, including those factors creating employment discrimination.

In 2010 the CDBG funds were allocated to the Duluth At Work program, which is geared to persons with multiple barriers to employment. These barriers include: lack of training, poor work history, child care, transportation, etc. Many of the participants have an income at or well below 50% of the median income and a large percentage of them are on MFIP (Minnesota Family Investment Program) or Temporary Assistance to Needy Families (TANF) rolls or are homeless. So, the Duluth At Work initiative is really assisting persons within the community who are the under-served and hard-to-employ populations.

In addition to the required demographic reporting on their projects, all CDBG funded projects are required to track reasonable accommodations requested by persons with disabilities. This information is intended to ensure that all sub-grantees are aware of their obligations to provide reasonable accommodations for access to their programs.

### **Public Facility Improvements**

The CDBG Target Areas are identified by Census Tracts and Block Groups that have a majority of income-eligible residents. Duluth has eight CDBG Target Areas that span several neighborhoods within the city. Grass-roots citizen groups in each of the CDBG Target Areas developed multi-year community improvement strategic plans in 2000. These "At Home In Duluth" plans and the additional input gathered at Community

Development Neighborhood Forums, and at CD Committee Public Hearings, both held as part of the City's public participation efforts, were used to help decide which public facility improvement projects were to be ranked high, medium and low priorities. Information gathered at the forums and the public hearings was also considered during the CD Committee's deliberations regarding the selection of individual Public Facility projects to be funded.

The City's 2010 – 2014 Consolidated Plan for Housing and Community Development listed four objectives as "high" priority and ten as "medium" priority.

### **Five-Year Goal Assessment**

The Consolidated Plan for Housing and Community Development FY 2010-2014 included the following goals as public facility needs to be accomplished by 2014: one homeless facility, six neighborhood facilities, 200 households for street improvements, and 110 sidewalk facilities. At the end of 2010, although much progress was made, none of the projects were initiated or completed.

Two neighborhood facilities were started but not finished by March 31, 2011, the end of the Fiscal Year. The Damiano Accessibility Project started construction on the elevator and was at least 80% complete by the end of Fiscal Year 2010. The Memorial Park Community Center has been bid out and waiting to begin construction. The American Indian Center, which was awarded CDBG Public Facility funding in 2007, is now under construction. There were no Street Improvement Projects funded by CDBG in 2010 because there were no eligible street reconstruction projects in 2010 in Duluth.

The City will plan to continue looking at neighborhood and public facility improvement needs and will evaluate and base decisions on the greatest need and benefit that these projects provide in our Target Neighborhoods.

### **Consolidated Plan Objectives**

There are three Consolidated Plan Objectives that fall under Public Facilities and Infrastructure.

**Objective 9** - Assist LMI Homeowners with assessments for street improvements. Our goal for 2010-2014 is to assist 200 homeowners with the payment of street assessments for street improvements. In 2010, no homeowners were assisted because there were no eligible street projects during the year.

**Objective 10** - Improve sidewalk surfaces to be accessible with mid-block and corner pedestrian ramps.

The 2010-2014 Consolidated Plan has a goal of 110 facility improvements to sidewalks. In 2010, the City did not improve any sidewalk facilities.

**Objective 12** - Provide improvements to Neighborhood facilities for accessibility and delivery of vital services.

The 2010-2014 Consolidated Plan has a goal of six neighborhood facilities to be improved. At the end of Fiscal Year 2010, one neighborhood facility was nearing completion of construction and one neighborhood facility was yet to begin.

### **Activities to Meet Underserved Needs**

The Damiano Accessibility Project, which includes the installation of an elevator in a building that provides a number of public service needs, including; clothing, food, transportation services, and other services as well.

### **Public Services**

In the five-year Consolidated Plan for Housing and Community Development FY 2010-2014, the City identifies a number of public services as high priorities. In 2010, the City allocated \$459,213, approximately 15% of its total CDBG allocation, the maximum amount allowed by HUD, for public service programming. The public service funding was used to provide a variety services, such as food, shelter, health care, transitional housing, fair housing services and youth programming, that benefited low and moderate-income individuals and families.

The Table 3A illustrates how the 2010 CDBG Public Service funding was allocated, what accomplishments were attained and progress toward meeting the five-year goals identified in the Consolidated Plan.

### **Five-Year Goal Assessment**

**Five-Year Consolidated Plan Goal:** The performance goal identified in the five-year Consolidated Plan is to provide public services to 86,850 people between 2010 and 2014. In the first year of this Consolidated Plan, 27,810 people received services, which is 32% of the total five-year goal and a five-year cumulative of 27,810.

**2010 Action Plan Goal:** The performance goal identified in the 2010 Action Plan is to provide public services to 14,285 people. The public service projects served a total of 27,810 persons, exceeding the 2010 goal by 13,525 persons.

### **Consolidated Plan Objectives**

In 2010, ten projects were awarded a total of \$459,213 in CDBG funds to assist the City in meeting the public service goals and objectives outlined in the Consolidated and Action Plans.

Most notably, the majority of funds (38% or \$175,000) of the public service dollars went toward programs that offer transitional housing and other services for the homeless. Another 26% was spent on essential services such as food, clothing, or emergency heating assistance to maintain affordable housing; 19% went toward after-school and summer programs for youth; and 17% went toward health services for low-income people who are uninsured or under-insured.

**Objective 13** - Support programs that fulfill basic needs for persons who are homeless or in poverty - food, clothing, and shelter.

The four collaborative agencies comprising the Duluth Hunger Project provided on-site meals and emergency food packages to 13,923 people, exceeding their goal of 8,000 people.

The Damiano Center's Clothes That Work program provided work appropriate clothing to 2,987 low-income people seeking new employment or to help others in their current employment. Their goal was to serve 1,100 people.

The Salvation Army provided heating assistance to 165 people, meeting their goal.

**Objective 14** - Provide transitional housing and services for persons who are homeless to become stabilized.

The Salvation Army and Women's Community Development Organization's Family Transitional Housing Programs provided transitional housing and services to 282 people this year; their goal was to serve 212 people.

**Objective 15** - Provide shelter and services for battered and abused spouses to leave the violence and become stabilized.

Safe Haven Shelter for Battered Women and the American Indian Community Housing Organization (AICHO) provided temporary emergency shelter to 686 women and their children during the year, surpassing their goal of 500.

**Objective 18** - Support the provision of primary health care and dental care for uninsured and under-insured in the community.

The Lake Superior Community Health Center served 7,480 people in 2010, exceeding their goal of 2,700 persons.

**Objective 19** - Provide tenant/landlord mediation services to avoid or prevent evictions.

The program to address this objective was shut down; therefore, the funds were reprogrammed.

**Objective 20** - Support summer and after-school youth development programs that provide positive role models and learning skills.

The Youth Collaborative, consisting of five youth agencies, was awarded CDBG funds to accomplish this objective. Together, the five agencies served a total of 1,638 children. The 2010 goal for youth services was 800.

**Objective 21** - Support programs that help abused and neglected youth who are at risk of being homeless to become stabilized.

Life House Youth Center provided support services and referral to 649 teens to help stabilize their lives, exceeding their 2010 goal of 600 people.

### **Activities to Meet Underserved Needs**

In 2010, the City continued to fund numerous public service agencies that are working with people with "worst-case" needs. The City, in partnership with St. Louis County, completed a Ten-Year Plan to End Homelessness named Heading Home St. Louis County. Many of the agencies supported by the City through the CDBG and ESG Programs participate in efforts to implement the Plan, as do agencies throughout the County. The Plan calls for an increase in the development and support of many new and converted rental properties to permanent supportive housing, additional Shelter + Care units, greater focus on discharge planning and a greater focus on long-term support networks.

Lastly, all agencies supported through the CDBG, HOME and ESGP Programs are required to track all reasonable accommodations requested by persons with disabilities. While required, this information is intended to ensure that all sub-grantees are aware of their obligations to grant reasonable accommodations when economically feasible. Agencies maintain a log of persons requesting reasonable accommodations, which includes the nature of the request and how the request was accommodated. Agencies

submit these logs to the Community Development office at the end of the program year.

## **Housing**

### **Five-Year Goal Assessment**

This was the first year of the new 2010-2014 Consolidated Plan. Because many of the housing related development projects and ongoing rehab and homebuyer programs are not completed within one year, the number of housing units or households assisted this first year will be less than 20% of the five-year goal. Logically, it follows that there will be units funded during the last year of the 2010-2014 Consolidated Plan that will not complete until the first or second year of the following Plan. Similarly, this has been a "transition" year from the previous 2005-2009 Consolidated Plan, with projects funded under the earlier Plan completing units during 2010, and in some instances, still under construction.

The most progress toward a five-year goal was in the category of Tenant-Based Rental Assistance (TBRA). With 11 households receiving rental assistance in 2010, we achieved 22% of the five-year goal. The downturn in the economy has resulted in a major increase in the number of homeless families and individuals needing housing, and rental vouchers have become a high priority for HOME funding.

Improving energy efficiency in single family homes was on target, but had mixed progress. A well established weatherization program administered by Arrowhead Economic Opportunity Agency (AEOA) exceeded their production goal for 2010 by 13%, in part due to stimulus funding. AEOA's 2010 production was 11% of the five-year goal. However, a new project funded for the first time in 2010, the Duluth Energy Efficiency Program (DEEP) was significantly delayed due to their major funder, the State of Minnesota's Office of Economic Security. Although underway towards the end of the 2010 program year, no CDBG units were completed.

Single family residential rehab projects consisted of HRA Homeowner Rehabs and repair of lateral sewer lines. There were 18 units completed using 2010 funding. This is 5% of the five-year goal. However, HRA also completed 29 homeowner rehab projects using 2009 contract funds. The combined production would be 13% of the five-year goal of 350 units.

Progress toward the remaining numerical five-year goals falls short due to projects and programs that take more than one year to complete. The individual savings account program funded under Direct Homeownership Assistance normally takes participants

several years before they save enough for a down payment on a home. The one home purchased within this first year was extraordinary; however, it only counts as one household towards the 70 household five-year goal. Future years will see additional purchases from the 2010 year funding. Multi-unit Residential Rehab had no completions. The HRA has 53 units that are being rehabbed, but none completed during the year. HRA did rehab 20 rental units as part of their 2009 contract. The Center City Housing projects are currently under construction. Northern Communities Land Trust (NCLT) has two projects funded under Acquisition for Rehabilitation, neither resulting in completed units. One is a major multi-family new construction development which is in the site acquisition stage, and the second is NCLT's ongoing program of acquisition, rehab and resale of single family homes, with six homes in various stages of rehab. In 2010, NCLT focused on rehab and resale of homes funded through the Neighborhood Stabilization Program (NSP), a federal stimulus grant with short deadlines for the obligation and use of funds.

As a "transition" year from the previous Consolidated Plan, a number of previously funded projects saw accomplishments during the 2010 program year. The following charts details those accomplishments.

IDIS		Funding	Performance	Previous Years		
Code	Housing Projects	Source	Indicator	Goal	Actual 2010	Actual Total
<b>13</b>	<b>Direct Homeownership Assistance</b>					
	FAIM IDAs & Down Payment Assist - Comm. Action	CDBG	Households	44	11	51
<b>14A</b>	<b>Single Unit Residential Rehab</b>					
	Duluth Property Rehab Program - HRA	CDBG	Housing Units	40	29	85
<b>14G</b>	<b>Acquisition and Rehab Rental</b>					
	Rehab & Resale Homebuyer - NCLT	HOME	Housing Units	11	7	11
	Veteran's Place - NCLT/MACV	HOME	Housing Units	11	11	11
	Gimaajii - AICHO	HOME	Housing Units	11	0	0
<b>14B</b>	<b>Multi-Unit Residential Rehab</b>					
	Duluth Property Rehab Program - HRA	CDBG	Housing Units	35	20	20

Looking at the accomplishments funded by previous and this year's allocation combined, the ongoing programs for homebuyer savings, homeowner and rental rehab, and rehab for resale show a steady production of housing opportunities for low- and moderate-income households. There were two significant holdover affordable housing developments. Veteran's Place, which provides permanent supportive housing focused on homeless vets, was completed in March, 2011. More details on this project can be found in the HOME Program section of this report. Currently under construction, the Gimaajii project is renovating the historic downtown YWCA into supportive housing for homeless families, and will include a center and service offices for Native Americans. The project will be completed by the end of 2011.

See Table 3A for a breakdown of grant funds spent to achieve housing goals and objectives.

Progress was made on each of the housing goals in 2010; however, housing units were not completed under every objective. There were also housing units completed that achieved goals and objectives from the 2005-2009 Consolidated Plan.

## **Consolidated Plan Objectives**

The Consolidated Plan for FY 2010-2014 includes goals that meet the City's housing needs and assist households in accessing safe, affordable housing. Goals and objectives fall under two categories, rental and owner-occupied housing, and can be found in Table 2C in the Plan, Objectives 1 through 8.

### **Rental Housing**

**Objective 1** - Assist families to secure affordable rental housing.

NCLT was awarded CDBG funds for acquisition of property for a supportive housing Multi-Family Development to serve homeless families. During 2010, NCLT pulled together a development team that includes Center City Housing as the co-developer and CHUM as the service provider for a new construction project now called Hillside Apartments. NCLT applied for, and was awarded, additional 2011 HOME funding and a pre-award of 2012 HOME funds for the project. A site was selected, and negotiations were successful in securing purchase agreements for five separate properties that will be cleared on the site.

**Objective 2** - Improve energy efficiency of multi-family units.

The Duluth HRA's Rental Rehab Program improved energy efficiency by at least 10% in 20 multi-family units that were rehabbed using 2009 funds. There are an additional 53 units underway that have not yet been completed where FY 2010 funds are being utilized. These units will be counted as accomplishments in next year's annual report.

**Objective 3** - Provide Tenant Based Rental Assistance (TBRA) to homeless individuals.

The Duluth HRA administered a HOME funded TBRA program, which served 21 households during the 2010 program year.

**Objective 4** - Rehab multi-family units to be compliant with Duluth Housing Code.

The HRA Rental Rehab program completed 20 units from their 2009 contract during the 2010 program year covered by this report. Center City Housing has two rental rehab projects underway, the Lower Transitional Rehab project and the Upper Transitional Rehab Project. The projects are occurring in two adjacent buildings that were formerly owned by Women's Community Development Organization (WCDO). The Lower Trans project (IDIS 1715) is a nine unit building. The HOME funding for this project was originally planned for Project 09-27, HOME amount \$99,240. The Upper Trans project (IDIS 1714) has 12 units. HOME dollars of \$255,868 will fund this project, which were originally to be used for the East Side Housing Project 10-CH-03 and WCDO Properties Project 10-CH-01. Both buildings are utilized as transitional housing for homeless families. These two projects are expected to be completed by Fall 2011.

## **Owner Housing**

**Objective 5** - Assist families to secure affordable homeownership.

Community Action of Duluth administered a CDBG funded Individual Development Account (IDA) program to match the savings of low and moderate income households for purchasing a home. Normally, people save for several years before accumulating enough funds for the down payment and closing costs. Therefore, it is unusual to have homebuyers in the first year of a contract. However, Community Action did have one household successfully purchase a home during 2010 using FY 2010 funding.

**Objective 6** - Improve energy efficiency of single family units.

Two projects, AEOA's Weatherization and Common Ground's Duluth Energy Efficiency Program (DEEP) received 2010 CDBG funding. AEOA completed 62 weatherization projects. Due to delays with funding from the State of Minnesota, no units were completed by DEEP. The DEEP program, which received \$1.4 million in stimulus funds through the State of Minnesota, was delayed due to contract negotiations with the Office of Energy Efficiency. The project began in 2010, and although CDBG eligible households had submitted applications and were being processed, none were completed before March 31, 2011.

**Objective 7** - Address vacant, substandard properties that may or may not be suitable for rehab.

The City of Duluth applied for, and received, \$1.6 million in federal Neighborhood Stabilization Program (NSP1) funding through the State of Minnesota. In turn, the City contracted with NCLT and the Duluth HRA to acquire, rehab and resell vacant,

foreclosed homes to income eligible homeowners. The NCLT completed 16 homes during the year, one of which also received HOME funding from their 2009 contract. NCLT has four additional NSP units underway. This focus on NSP units is the primary reason that the completion of similar HOME funded units was delayed during 2010. The HRA completed three NSP units, and has two left to complete. In total, there will be 25 foreclosed homes returned to the affordable housing market as a result of the NSP grant. Some vacant properties are beyond rehabilitation. The HRA, using local funds provided by the Duluth Economic Development Authority, acquired and demolished seven such single family structures.

**Objective 8** - Rehab single family units to be compliant with Duluth Housing Code.

The Duluth HRA completed seven homeowner rehabs during the year using 2010 CDBG funding. They also completed an additional 29 units closing out their 2009 contract. HRA administers a revolving loan fund program to assist homeowners with emergency lateral sewer line repairs. In 2010, 11 households participated in this program.

### **Activities to Meet Underserved Needs**

#### Extremely Low, Low and Moderate Income Households Assisted

The five-year goals for extremely low income renters are 183, for low income 114, and moderate income 103. In 2010, there were 12 extremely low income served (6.5% of the goal), seven low income (6%), and six moderate income (6%). However, Veteran's Place 11 vacant units will be filled primarily by extremely low homeless, and some low income tenants. Factoring in those 11 units, there will be 23 extremely low and low income renters in the combined extremely low and low income goal of 297, or about 8%. The several rental projects currently underway will significantly increase these numbers in the next CAPER.

The five-year goals for extremely low income homeowners are 303, for low income 305, and for moderate income 391. In 2010, 26 extremely low income households were assisted (8.5% of the goal), 44 low income households (14.5%), and 47 moderate income households (12%).

#### Section 215 Households

In 2010, there were five homes bought by income eligible buyers that qualified as Section 215 units. For rental, there were 22 units that qualified as Section 215, for a combined total of 27 units.

## Worst Case Housing Needs

Several rental rehab projects completed in 2010 will serve extremely low income homeless individuals and families. The first is Veteran's Place, which will provide 11 units of permanent supportive housing for homeless persons. The HRA Rental Rehab program had three projects, Life House that provides housing for homeless youth, and two private rental properties that rent to extremely low and low income tenants. These three projects total eight units available for severely burdened renters. The HOME funded tenant-based rental assistance provided housing rental vouchers for 11 households. These households did not qualify for the HRA's Housing Voucher program or public housing, and were homeless or at risk of homelessness. Because this program is targeted to "hard to house" families, all of the TBRA vouchers address worst case housing needs.

There were 26 extremely low income homeowners, and 42 low income homeowners and two homebuyers that had their homes weatherized or rehabilitated. Homeowners at these income levels are very likely to be cost burdened. The HRA provided emergency repairs to avoid probable condemnation for human habitation for six owner-occupied homes.

No persons were involuntarily displaced by CDBG or HOME funded programs in 2010.

## Accessibility Needs of Persons with Disabilities

One of the 12 units in the Veteran's Place building is fully accessible for a physically disabled person. This unit is part of the MAC-V transitional housing program.

The HRA's Rental Rehab program is working on two projects with 2010 funding owned by Accessible Space Inc. that provide housing for persons with disabilities. There are a total of 43 units in the two projects. Accessible Space is a major provider of quality housing for persons with a variety of physical disabilities.

The NCLT completed 5 homes that are accessible, with no step entry and a bedroom and bathroom on the first floor of the house. Another term for this type of accessibility is "visitable" by a person using a wheelchair.

## Removing Barriers to Affordable Housing

The following are strategies from the Consolidated Plan to address affordable housing barriers, and the actions taken in 2010.

Strategy: Co-locating permitting and planning services within City Hall to streamline the housing development process by forming a "One Stop Shop."

In 2010, the “One Stop Shop” was formed on the second floor of City Hall.

Strategy: Adoption of a new zoning code to implement the Comprehensive Plan for land use, to provide more affordable housing options, for example, mixed-use, that lead to more investment.

The Uniform Development Code has been adopted. Work continues to rezone those areas of the City where the underlying Comprehensive Land Use Plan conflicts with the new zoning.

Strategy: Provide funding to assist in the repair or replacement of lateral sewer and water lines by L/MI homeowners.

The Duluth HRA assisted 11 low- to moderate-income households to repair their lateral sewer lines as required by the EPA.

Strategy: Support selected demolition of blighted properties in L/MI neighborhoods. If directly funded through Community Development, demolition requirements will include leaving a “clean” site for redevelopment.

The HRA acquired and demolished seven blighted single family structures, and provided clean sites on buildable lots.

Strategy: Provide funding for affordability and value gaps for L/MI homebuyers.

Funds were provided for IDA savings accounts, and for affordability and value gaps for acquisition, rehab and resale homes.

Strategy: Increase per unit rehab funding to address all needed repairs and updates, including code, energy efficiency, major systems, sewer and water lines.

The Community Development Office called a series of meetings with housing rehab providers to discuss coordination of assistance, to bring resources together to address all issues in a home at once.

Strategy: Implement new gate keeper approach to housing rehab programs, for better service, coordination of available assistance, and increase efficient operation of housing agencies.

The meetings with rehab providers were also a forum to discuss the possibility of co-location of agency staff, forming a “one-stop-shop” for housing rehab, streamlining housing services, and universal intake of housing rehab applications.

Strategy: Apply for HUD lead-based paint funds for rehab of rental units, targeted to tenant-based rental assistance and housing voucher programs.

The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds, for a three year project. Contracting and project planning took place during the fourth quarter of the 2010 Program Year.

Strategy: Implement acquisition/rehab/resale programs to address vacant foreclosed properties in L/MI neighborhoods.

The NCLT and the HRA used federal NSP1 funding provided through the State of Minnesota to acquire, renovate and sell to income eligible buyers 16 foreclosed homes. In addition, NCLT used HOME funds to acquire, rehab and resell nine homes, one of which was also funded by NSP1.

Strategy: Conduct a housing market survey to determine the actual median value of homes in Duluth.

The Community Development office once again published the annual Housing Indicator Report, which includes home sales statistics for Duluth. In 2010, values decreased approximately \$5,000 from 2009, a drop of 4%. If the 201(3)(b) standard of after-rehab value is eliminated, an in-depth market study will be conducted.

Strategy: Require rehab programs that receive City funding to increase energy efficiency in existing homes by 10%, and require funded new construction to meet Energy Star standards.

All rehab programs met the 10% energy efficiency requirement. No new construction projects were funded in 2010.

Strategy: Provide funding for tenant-based rental assistance to help the "hard-to-house" population secure adequate housing.

Funding for Tenant-Based Rental Assistance was significantly increased in 2010, in order to serve a higher number of homeless families and individuals.

Strategy: Modify Special Assessment policies to eliminate the "re-instatement" of special assessments on tax forfeit lots that have the potential for redevelopment.

City staff successfully eliminated garbage assessments on tax forfeit lots and homes.

## Reduction of Lead Paint Hazards

The HRA Rehab Department notified 625 households of the hazards of lead-based paint, and AEOA notified 62 households, NCLT 11, HRA TBRA notified 11 tenants, for a total of 709 households. The HRA tested and cleared 84 housing units during the year, which included CDBG, HOME, State and federal lead demonstration funded rehab projects.

The City of Duluth, in partnership with the Duluth HRA, applied for and secured \$1,144,684 in 2010 HUD Lead-Based Paint Hazard Control Grant Program funds, for a three year project. These funds will allow for an increase in remediating lead-based paint in Duluth's housing stock for the next three years.

## **Section 108 Report**

Section 108 Accomplishments Report																							
PROJECT DESCRIPTION			CDBG \$					ELIGIBLE ACTIVITY	NATIONAL OBJECTIVE			JOBS				HOUSING			LMA	LMC	SBA	SBS	
Grantee Name	ST	Project Number	Project Name	108 Loan Amount	EDI AMT	BEDI AMT	Other CDBG \$	Total CDBG \$ Assistance	HUD Matrix Code for Eligible Activity	HUD N.O. Matrix Code	Indicate if N.O. Has Been Met Y=Yes N=No	FTE Jobs Proposed in 108 Appl.	Total Actual FTE Jobs Created	Number Held by/ Made Available to Low/Mod	Percent Held by/ Made Available to Low/Mod	Presumed Low-Mod Benefit (P) or Rev. Strategy Area (RSA)	Total Housing Units Assisted	Number of Units Occupied by Low/ Mod Households	Percent of Units Occupied by Low/Mod Households	Percent Low/ Mod in Service Area	Limited Clientele Y=Yes	Slum/ Blight Area Y=Yes	Slum/ Blight Spot Y=Yes
Duluth	MN	B-03-MC-27-0002	Village Place	\$7,857,860				\$7,857,860	12	LMH	Y						55	38	69%				

## **The HOME Investment Partnerships Program (HOME)**

### Assessment of Relationship of HOME funds to Goals and Objectives

The HOME Program provides grants and loans to implement the City of Duluth's affordable housing strategies. Combined with CDBG and local resources, the HOME funds contribute to achieving the goals and objectives of the Consolidated Plan listed in Table 2C, and are included in Priority Needs Summary Table 3A. An analysis of the relationship of the housing activities carried out with the HOME funds expended during the reporting period to the objectives and priorities of the Consolidated Plan and Action Plan is included under "Housing" in the CDBG Program report of the CAPER.

Specifically, 2010 HOME funds were awarded for a proposed multi-family project in support of Obj. 1.; to provide tenant-based rental assistance for Obj. 3.; and to acquire, rehab and resell foreclosed homes to help address vacant properties under Obj. 7. In addition, two CHDO organizations, Northern Communities Land Trust (NCLT) and

Center City Housing, received operating funds that strengthen their organizations and allow them to explore new housing development opportunities.

During the program year, NCLT sold seven homes they had acquired and rehabbed utilizing 2009 HOME funds. Three of these addresses were also funded with 2008 HOME (Green Rehab) funds from the "2008 Competitive Reallocation of CHDO Funds to Provide Energy Efficient and Environmentally-Friendly Housing for Low-Income Families" program. NCLT sold three additional houses under the Green Rehab program, for a final total of ten very energy efficient homes. NCLT has a number of similar projects underway using 2010 HOME dollars.

One multi-family HOME rental project was completed in 2010, Veteran's Place. The NCLT was the sponsor developer of the project, and the Minnesota Assistance Council for Veterans (MAC-V) the owner and manager of this permanent supportive housing project. There are 11 HOME units in a 12-unit building located at 5201 Ramsey Street, the one non-HOME unit being a handicapped accessible unit for MAC-V's homeless transitional housing. Construction was completed in March, 2011, with units being rented this summer.

Under the Substantial Rehab Program (formerly called the MURL program) the HRA purchases vacant blighted properties, completes a major rehab, and sells the houses to income eligible homebuyers. The HRA completed one unit funded with 2009 HOME dollars that has not yet been sold and will be reported in next year's annual report.

A HOME-funded project that addresses initiatives outlined in the Duluth/St. Louis County Ten-Year Plan to End Homelessness is the Duluth Housing and Redevelopment Authority's Tenant-Based Rental Assistance (TBRA) Program. Under the 2010 HOME contract, the TBRA program provided housing assistance to 11 households.

An additional HOME funded multi-family rental project is currently under construction, and is expect to complete by the end of the year. AICHO's Gimaajii Mino Bimaadiziyaan project is renovating the former YWCA in downtown Duluth into permanent supportive housing for homeless families, to include a CDBG funded Indian Center providing culturally enriched meeting space and offices for social service organizations.

Two other HOME funded rental rehab projects have started construction. Center City Housing is renovating two adjacent properties that were formerly owned by Women's Community Development Organization. The two buildings provide transitional housing for homeless families. For more details on the funding of these projects, see the Housing section of this report.

Of the 29 HOME funded units completed in 2010, the 11 tenant-based rental assistance units are for extremely low-income households; 13 units are or will be occupied by low-

income households in the Veteran's Place project and two NCLT homes; and five moderate-income homebuyers bought NCLT homes.

### **HOME Match Report**

There were no HOME Match contributions in 2010. The Fiscal Year 2010 HOME Match Report form (HUD form 40107-A) is included with this annual report.

### **HOME MBE and WBE Report**

In 2010, there was one sub-contract with Minority Business Enterprises (MBE) for \$1,680. There were 27 subcontracts with Women Businesses Enterprises, for a total amount of \$223,291.89. The one MBE was also a WBE business.

### **Assessments**

#### Monitoring of Rental Housing

Community Development Division staff completed monitoring of affordable rental housing assisted under the HOME program for compliance with rent restrictions and income limits. Onsite inspections and files reviews were completed on nine projects for 2010. They are:

<u>IDIS #</u>	<u>Project Name</u>	<u>Address</u>	<u>Owner</u>
915	Windwood Townhomes	701 Upham Road	Center City Housing
99	4 <sup>th</sup> Street Townhomes	319-323 N 3 <sup>rd</sup> Ave West	Center City Housing
1463	San Marco Apartments	230 West 3 <sup>rd</sup> Street	Center City Housing
102	Washington Studios	315 North Lake Ave	ArtSpace Projects
451	Oshki Odaadizwini	419-421 N 1 <sup>st</sup> Ave W	AICHO
1513	Memorial Park	605 Central Ave	Center City Housing

Staff visited the above projects to conduct file reviews. Overall, the files were in good order. There were two projects with findings. Washington Studios is a tax credit project. In the summer of 2010 the Duluth HRA revised upward their utility allowance. Under the tax credit regulations, the owner has 90 days to adjust rents to reflect new utility allowances. Bowman Management assumed the same rule applied to the HOME Program. Because the HOME rent limit is the combined rent plus utilities paid by the

tenant, the tenants paid too high of a rent during that 90-day period. Bowman Management issued checks to the two tenants in HOME units in Washington Studios. In reviewing the tenant files for the Oshki Odaadizwini, the signed leases allowed for immediate eviction. AICHO had staff turnover, and the need to have a HOME lease addendum was dropped. No tenant was evicted with less than 30 days notice. AICHO is having current and future tenants in HOME units sign lease addendums which will bring them into compliance with the HOME regulations.

The Duluth HRA performed the physical inspections on all of the above addresses, as they are certified to conduct Housing Quality Standard, Housing Code, and Lead-Based Paint inspections. All of the units passed inspections with no corrections needed.

During 2010, Life House's House of the Phoenix project was vacant, as a new owner was being sought. As of May 1, 2011, as the new owner MAC-V occupied the building with new tenants. Staff inspected the file of the first HOME tenant, and found everything to be in compliance with the HOME regulations. The City had "suspended" the HOME Program affordability period to allow Life House to secure another non-profit agency, and they did so with MAC-V. The affordability period has been reinstated.

### **Assessment of Affirmative Marketing Actions**

In 2010, the TBRA program served 45% minority tenants. Of the NCLT's homebuyers, all were reported as "white." This is unusual, as NCLT buyers average between 10% and 20% minority. This year's number of NCLT HOME units was down, due to their concentration on NSP funded units, and that may account for the lack of minority buyers. The Veteran's Place project completed construction during the program year, but no units were rented. MAC-V's homeless service programs served 12% minority persons in 2010, and so it is expected the Veteran's Place units will be rented to a similar percentage of minority tenants. Given a minority population of about 9% in Duluth, 2010 this year's rate of about 3% minority households is under that which would be anticipated. However, given the fewer HOME units completed than past years, this probably accounts for the lower rate of minorities assisted. During the coming year, staff will closely monitor HOME completion reports to determine if minority households are being served at least in proportion to their numbers in the population.

### **Outreach to Minority and Women Owned Businesses**

City agreements with housing agencies that rehab or develop new housing require outreach to minority and women owned businesses. NCLT and the HRA maintain a list of qualified bidders for rehab and construction projects that include MBE and WBE contacts for notification. The bid process allows NCLT and the HRA to contract with MBE and WBE businesses if they are within 10% of the lowest bid.

## Emergency Shelter Grant Program

Since 1988, Duluth has annually funded the operation of transitional housing and emergency shelter facilities through HUD's Emergency Shelter Grant Program (ESGP), now called the Emergency Solutions Grant Program. In 2010, the City allocated a total of \$124,272 in ESG funding, which supported four transitional housing and emergency shelter facilities for homeless persons. Transitional housing projects funded through the ESG Program include Minnesota Assistance Council for Veterans (MACV) transitional housing for veterans, The Salvation Army Family Transitional Housing Program and Center City Housing Corporation's (CCHC) transitional housing program for single women and single women with children. (CCHC acquired, and is operating, units formerly owned and operated by Women's Community Development Organization). Emergency shelter projects funded through the ESG Program include Churches United in Ministry (CHUM) Emergency Shelter, Safe Haven Shelter for Battered Women and their children and the American Indian Community Housing Organization's (AICHO) Emergency Shelter for battered women and their children.

### ESGP Matching Funds

#### 2010 Projects:

Safe Haven/AICHO  
CHUM  
Salvation Army/CCHC  
MN Asst. Council for Veterans

#### Funding Sources Amount

Federal \$ 1,361,612  
State/Federal/Other \$ 527,500  
State/Federal/Local/Other \$ 456,571  
State/Federal/Local/Other \$ 432,217  
**Total Resources \$ 2,777,900**

### Continuum of Care

Since 1995, the City of Duluth has coordinated efforts with St. Louis County (SLC), emergency shelter and transitional housing organizations and other housing and homeless service provider agencies under the SLC Continuum of Care (CoC). The Committee to End Homeless has been the governing body for the Continuum of Care process in SLC and oversees the allocation of SuperNOFA, Family Homeless Prevention and Assistance Program and Emergency Shelter Grant funds, and is comprised of representatives from both Duluth and northern SLC, formerly homeless representatives, people representing citizen advocacy groups, and partner provider groups known as the Affordable Housing Coalition (in Duluth) and the Rural Housing Coalition (in northern SLC). Through these collaborative efforts of the City, County and homeless providers across the County, a Ten-Year Plan to End Homelessness was drafted and approved by the St. Louis County Board and the Duluth City Council. The Ten-Year Plan was also incorporated into both the SLC and the City's Consolidated Plans. Under the Ten-Year Plan, a number of sub-committees were developed to

address four primary goals of the plan; the primary goals are 1) Prevent new occurrences of homelessness; 2) Shorten the length of homelessness and rapidly re-house in the most permanent arrangement; 3) Expand access points to housing and services; and 4) Increase supports needed to maintain housing.

In addition, Community Development staff has worked closely with St. Louis County staff and the Committee to End Homelessness to secure additional funding for housing and support services for homeless families, teens and single adults. In the 2010/2011 State funding cycle, four Duluth agencies are receiving a total of \$214,555 from Minnesota's Family Homeless Prevention and Assistance Program (FHPAP) to carry out activities aimed at preventing people from becoming homeless and assisting individuals, families and youth identified as homeless, including those identified as chronically homeless. The agencies receiving FHPAP funding include The Salvation Army, Churches United in Ministry (CHUM), Life House and Legal Aid of Northeastern Minnesota. Activities carried out under the FHPAP program are very similar to HUD's Homeless Prevention and Rapid Re-Housing Program.

In 2010, nine Duluth agencies participated in the collaborative SuperNOFA Continuum of Care (CoC) application process and received renewal funding in the amount of \$1,797,989 for housing and support services for homeless individuals and families. Agencies in Duluth receiving SuperNOFA funding include The Salvation Army, American Indian Community Housing Organization (AICHO), YWCA Young Mothers Program, the Human Development Center (HDC), Minnesota Assistance Council for Veterans (MACV), Life House, Lutheran Social Services, Center City Housing Corp. (CCHC) and the Housing and Redevelopment Authority (HRA) of Duluth. All of these agencies, except Lutheran Social Services and HDC, also received CDBG and/or ESGP funding from the City of Duluth in 2010. The Salvation Army, Life House and CHUM also received Homeless Prevention and Rapid Re-housing (HPRP) program funds in 2010 (see below). In addition to the CoC renewal funding, three additional projects received Bonus funding in the amount of \$381,661; MACV received \$111,330 in leasing dollars for their new supportive housing project, Duluth Veteran's Place; CCHC received \$70,331 in operating funds for the Memorial Park Apartments and \$200,000 in acquisition funds for the Duluth Family Supportive Housing project.

In 2010, City and County staff increased their efforts to coordinate activities around the Ten-Year Planning process. In 2010, Ten-Year Plan partners came together to conduct an evaluation of Ten-Year Plan activities, accomplishments, what is working, how we can improve our efforts to reduce and end homelessness and what City and County staff can do to better coordinate our efforts with organizations in the City and County who provide housing and services for the homeless and those at risk of becoming homeless. City and County staff attended HUD's HEARTH Conference in September 2010 and came away with renewed focus on creating a coordinated community process for planning projects and activities for the homeless, particularly

in conjunction with the current funding sources that come to Northeastern Minnesota, such as federal ESGP, CDBG, HOME and CoC funds and state ESGP and FHPAP funding for the homeless.

Two main points came from that evaluation. One is that the needs of the southern part of the County, which is an urban area (Duluth) and the needs of the northern part of the County, which is rural and comprised of a number of small communities, are different. Services are provided differently—in the north there is primarily one large “parent” agency and a few small agencies that work closely with the large agency to provide services to all homeless populations, with small connection sites in a few of the small communities. In Duluth, there are several large agencies, but they primarily each focus on different populations and different services. For example, The Salvation Army provides transitional housing to families, Life House provides transitional housing to homeless teens and Safe Haven Shelter provides emergency shelter to battered women (both single and those with children). Another area of concern identified was that people felt they were investing too much time and expense attending meetings between the northern group and the southern (Duluth) group (because meetings were held in the middle of the County which meant an hour and a half driving time once or twice a week), and people did not feel they were getting enough out of the meetings because the meetings focused on the needs of the north or the needs of the south.

City and County staff took into these issues into consideration and refocused their planning and collaboration on the different needs and different make up of each part of the County. There were currently existing in both the northern communities and in the City of Duluth coalitions comprised of many of the agencies that provide housing and services to homeless, and low-income populations. The Rural Housing Coalition--RHC (North) and the Affordable Housing Coalition--AHC (Duluth) had been meeting on a monthly basis to network and address legislative and advocacy issues.

Starting in Duluth, City and County staff suggested that the this group take on a greater leadership role in addressing the needs outlined in the Ten-Year Plan, that many of the people attending the AHC were currently participating in multiple committees associated with the Ten-Year Plan and that we could be more effective by addressing the needs of Duluth at the AHC meetings and the needs of the North at RHC meetings. There was a lot of discussion about how this “new” community process would work, particularly in looking at various funding process and decision making procedures. There was additional discussion about how participants could get the most out of these monthly meetings by addressing other issues related, but separate such as foreclosure, youth housing, discharge planning, new project/program development, and old topics such as legislative and advocacy issues. We have been meeting in this format, both the AHC in Duluth and now the RHC in Northern SLC, since the beginning of 2011 and it is going very well. The two groups have established mirror processes, which helps SLC staff maintain the integrity of their processes, and yet each group focuses on the needs

of their populations, their geographic areas, and their housing and service providers. Yet there is even greater collaboration, because there continues to be the collaboration, but also learning from each other about new processes, activities and best practices that are working well in one part of the region can be tried or applied in the other part, or perhaps adjusted to fit the needs of the other area. Each month, we find that the agenda items are so numerous that we are forced to move some to the following month. Participation is growing and people are more actively involved. We have a lot of things to work out, and a lot of work to address under our Ten-Year Plan to End Homelessness, under the Hearth Act and the changes it will bring to CDBG. CoC and ESG, and to strengthen and apply these new community procedures and processes, but the collaboration between the City and County is stronger and more united than it has been in years around housing and providing services for the homeless.

## **American Recovery Reinvestment Act**

### **CDBG-R**

The Community Development Office received \$684, 122 in American Recovery and Reinvestment Act (CDBG-R) funds for three projects as noted below. The following provides a description of how and for what purpose these funds were expended in 2010.

<b>ARRA 2010 EXPENDITURE ACTIVITY</b>				
<b>HUD CODE</b>	<b>PROJECT</b>	<b>PRIORITY</b>	<b>ALLOCATED</b>	<b>EXPENDED</b>
03J	Water/Sewer Improvements 2nd Street Sewer Rebuild CIPP	High	\$222,123	\$222,123
03L	Sidewalks Accessibility & Sidewalk Improvements	High	\$427,876	\$365,920
05D	Youth Service Americorps	High	\$34,123	\$34,123

### **Cured Pipe in Place (CIPP)**

This was a \$222,123 rehabilitation of Second Street sewer line from Mesaba Avenue to Seventh Avenue East. This sewer line is a major component of the consent decree with the Environmental Protection Agency (EPA) to eliminate sanitary sewer overflows into Lake Superior. The rehabilitation of this sewer line used cured in place piping to eliminate infiltration. This critical improvement project created 14 jobs and was completed in the fall of 2010.

### **Curb Ramp Accessibility**

This is a \$427,876 project for curb ramp accessibility and sidewalk improvements by construction of additional curb ramp accessibility improvements at intersections and alleys, which will create a smooth surface for persons with mobility disabilities. This project will also include the reconstruction of sidewalks to create smooth surfaces from curb ramp to curb ramp. This project is expanded from the FY 2009 Annual Action Plan and funds were added to this program to enable more improvements to be completed. Two phases have been completed with the final phase scheduled for completion in 2011. To date, \$365,920 has been spent on the completion of 20 out of 32 identified curb ramps.

### **Americorps**

This \$34,123 project to support Americorps in Duluth was awarded in 2009 and created nine jobs for Americorps volunteers to assist with public service programs serving low-moderate income persons in Duluth. The fiscal agent for this is the YMCA's Duluth True North Americorps Center. This program provided recreational opportunities for 694 youth through a variety of participatory activities in Duluth's low income neighborhoods. This successful program was completed in October, 2010.

### **HPRP (Homeless Prevention and Rapid Rehousing Program)**

In 2008, the City of Duluth was awarded \$1.2 million dollars to assist homeless families, youth and singles to obtain housing and maintain housing stability, and to assist youth, families and singles who are imminently at risk of losing their housing to maintain and improve their housing stability.

In 2009, the City contracted with four agencies to provide Homeless Prevention and Rapid Re-housing Program (HPRP) assistance. Those agencies providing services include: Churches United in Ministry (CHUM)—to provide homeless case management and housing assistance to families and individuals staying in the emergency shelter; The Center for Alcohol and Drug Treatment—to provide homeless case management, housing and financial assistance to homeless individuals exiting treatment facilities; Life House Youth Center—to provide prevention case management and rapid re-housing assistance to homeless teens; and The Salvation Army—to provide prevention case management assistance to homeless families and to provide housing specialist assistance and financial assistance to all HPRP participants needing such assistance. Through the first year of HPRP October 2010, Community Development staff worked closely with service providers. Staff facilitated working group meetings with HPRP Case Managers and other project staff where program protocols and procedures were established. The group developed and implemented an assessment tool, intake, follow-up and exit forms and procedures, file checklists, reporting documents and the Housing Specialist protocols, including rental property inspection criteria and

a landlord agreement. Early on in the program, the agency contracted to provide Housing Specialist services closed their agency. The Salvation Army then hired a person to fill the Housing Specialist role, and with the help of the Salvation Army Housing Director and Community Development program staff, housing specialist responsibilities and protocols were established and shared with the HPRP Case Managers and other program staff.

As of March 31, 2011, the City of Duluth has expended a total of \$680,662.43 in HPRP funds. This includes \$418,785.03 for prevention activities and \$208,775.49 for rapid re-housing activities. Of those funds, \$389,077.29 was provided to participants in direct cash assistance and \$238,483.23 was provided in housing relocation and stabilization services. To date, the HPRP Program has served 723 persons (348 households); 608 persons (289 households) were assisted through prevention and stabilization activities and 115 (60 households) were assisted with relocation and stabilization services.

Of those assisted through the HPRP Program, 323 persons were reported to have left the program. Of the participants who left the program, 265 (82%) reported to be stabilized in their housing following assistance and six-months of follow-up services; five persons (<2%) were reported to have left the program for institutional destinations and three persons left the program for temporary destinations.

The HPRP program also provides housing specialist services. In 2010 (and to date), the Housing Specialist worked with case managers to place 114 homeless persons into housing. She also provided mediation to 39 households to help prevent eviction and help the households maintain their housing and conducted 155 inspections to check for lead paint and housing quality standards. The Housing Specialist also conducted two tenant and landlord trainings in 2010.

The City of Duluth has funded a Tenant Based Rental Assistance (TBRA) Program with the Housing Redevelopment Authority (HRA) since 2004. In the last several years, in conjunction with the St. Louis County Ten-Year Plan to End Homelessness, the City has targeted homeless populations—particular those hardest to house, homeless individuals and families on probation from the HRA housing programs, and more recently, HPRP participants. This gives those who have greater difficulty finding housing to be housed rapidly re-housed, allows participants the opportunity to improve their chances of eligibility for the Housing Choice Voucher Program, gives these families greater housing stability by being housed in the TBRA program while they are on the waiting list for a housing HC voucher and to move on to the HC Voucher program once they complete their probation period or move to the top of the waiting list.

## Leveraged Community Development Resources

HUD requests that the City of Duluth outline other federal and non-federal funding sources accessed in 2010 which assisted the City and its partners to accomplish the community development and housing goals.

Community Development subrecipients reported a total of \$29,797,385 in leveraged community development resources for 2010. This represents a nearly 1:7.51 leveraging of community development resources with other funding. Below is a breakdown of that funding by source:

Other federal funds (non-CDBG)	\$ 2,156,088
State/Local funds	\$ 22,403,608
Private funds (foundations/United Way, fundraising)	\$ 3,319,108
Other funds (fees/reimbursement)	<u>\$ 1,918,581</u>
TOTAL LEVERAGED FUNDS	\$29,797,385
TOTAL COMMUNITY DEVELOPMENT FUNDS (CDBG, HOME, ESGP)	<b><u>\$ 3,968,585</u></b>

The 2010 Action Plan estimated a potential leveraging of \$4,449,369 in Community Development funds with \$31,896,500 in other resources. This estimate translated into a 1:7.06 leveraging of Community Development funds. In 2010, during the slow economic recovery when fewer resources have been available for these programs, the City's partners have succeeded in providing funds to meet the growing demand for services to achieve the program's outcomes.

## Loans and Other Receivables

For FY 2010, year-ending March 31, 2011

1. Float-funded activities outstanding as of the end of the reporting period:  
There were no "float-funded" activities in the FY 2010 program.
2. Total number of loans outstanding and principal balance owed as of the end of the reporting period:

Single-unit housing rehab Revolving fund  
loans outstanding – 65  
principal balance - \$2,347,175  
**Program Income - \$ 3,756**  
**Interest Earned - \$ 161**

Single-unit housing rehab Deferred loans  
loans outstanding - 578  
principal balance - \$8,411,182  
**Program Income - \$ 69,063**  
**Interest Earned - \$ 0**

Multi-unit housing rehab Revolving fund  
loans outstanding - 40  
principal balance - \$1,297,976  
**Program Income - \$ 95,286**  
**Interest Earned - \$ 376**

Multi-unit housing rehab Deferred loans  
loans outstanding - 55  
principal balance - **\$2,479,699**

Economic Development Revolving loans  
loans outstanding - 18  
principal balance - \$247,735  
**Program Income - \$17,767**  
**Interest Earned - \$ 87**

3. Parcels acquired or improved with CDBG funds that are available for sale as of the end of the reporting period:

There were no sites acquired/improved that were available for sale in the FY 2010 program year.

4. Number and amount of loans in default and for which the balance was forgiven or written off during the reporting period: There were 13 loans in Economic Development forgiven during the FY 2010 program year for a total loan forgiveness of \$132,471.
5. Lump sum drawdown agreement: There were no lump sum drawdowns during the FY 2010 program year.

## **Fair Housing**

Two years ago (2009), the Community Development staff reviewed and updated the 2004 Fair Housing Plan. The Analysis of Impediments to Fair Housing and Fair Housing

Plan were formally adopted by Duluth City Council on January 25, 2010 and incorporated into the 2010 to 2014 Consolidated Plan. An Action Plan for 2010 was prepared and will be evaluated in the 2010 CAPER.

Outlined below are the goals and actions from the Fair Housing Plan addressed for Program Year 2010. The full and updated Analysis of Impediments to Fair Housing and Fair Housing Plan for Duluth is contained in the 2005-2009 Consolidated Plan as Appendix D.

### **IMPEDIMENT 1: LACK OF INFORMATION AND EDUCATION**

Housing providers and consumers must have a greater understanding of fair housing laws and regulations; in particular, a better understanding of the fair housing rights and responsibilities as they pertain to the rental housing market.

#### **Goal A: Disseminate general fair housing information to 1,000 tenants and landlords.**

**2010 Action:** In late spring of 2010 the Housing Access Program (HAP) went out of business due to lack of funding. The HAP, prior to its closure, was considered by renters and landlords as a single point of contact for fair housing. The goal of 1,000 handouts on general fair housing was reached. Printed materials were distributed by The Salvation Army, Legal Aid, and the City of Duluth's Human Rights Office, for an estimated amount of 750 handouts. The HRA distributed another 1,500 handouts, for a total of 2,250 handouts for 2010.

**Evaluation Action:** The Housing Access Program (HAP) went out of businesses in later spring of 2010. With the closing of HAP a large gap was created in the information and education in fair housing. To better coordinate existing resources and determine gaps in service, the Community Development Office called together representatives from 16 local agencies for a Round Table discussion on August 5, 2010.

**2010 Actions Taken:** A Round Table discussion was held on August 5, 2010 with 16 local agencies, the result of which is a better understanding of what each agency can or cannot do, identification of existing resources, and a commitment to meet annually. The Salvation Army committed to follow up with an application for 2011 CDBG funding for fair housing activities. This application is to be a joint effort of local agencies.

#### **Goal B: Develop and implement training to increase the knowledge and understanding of fair housing rights and responsibilities, to include reasonable accommodations for CDBG/ESG housing providers and tenants.**

**2010 Action:** As indicated above, HAP went out of business in late spring of 2010. As they had been the major player in this goal activities by other agencies in Duluth were

able to fill in this gap in service. Training did occur through The Salvation Army's Tenant Landlord Education Forums – May 17 Tenant Forum was attended by 22 persons and the April 20 Landlord Forum was attended by 17 landlords. The City of Duluth's Human Rights Office and its Commission participated in two public information booths – Fathers Day and Take Back the Night events. No numbers were kept on these activities. The Community Development Office assisted in public outreach of the Tenant - Landlord Law Training held on September 13 sponsored by HOME Line. Legal Aid participated in the Veteran Stand-down (August 27, 2010), Northeast Regional Correction Center (NERCC) Transition Fair (October 26, 2010) and Project Homeless Connect (October 28, 2010). Legal Aid met with Life House to discuss housing discrimination (November 30, 2010) and FHAP meeting (December 9, 2010) housing discrimination for the disabled.

**Evaluation Action:** Contact with The Salvation Army, City of Duluth's Human Rights Office, and Legal Aid to determine training opportunities held in Duluth in 2010.

**2010 Actions Taken:** The HAP Office closed in March, 2010. They had previously staffed the Ready to Rent Program. It was difficult to determine the level of information and education regarding Fair Housing provided to CDBG and ESG funded service agencies. It seems minimal, basic information was shared (printed materials), and several meetings took place with other agencies on Fair Housing, and Legal Aid did advocate and mediate with the HRA and at times with the courts.

## **IMPEDIMENT 2: HOUSING DISCRIMINATION AGAINST PROTECTED CLASSES**

Discrimination may occur unknowingly at times, or without knowledge of the legal ramifications that may result, or because enforcement through the state or federal process is difficult and time consuming, and, therefore, not often pursued, or because it commonly occurs in one's life experience and becomes accepted behavior. It is estimated that only one percent of illegal housing discrimination is reported, and the most commonly reported basis for housing discrimination is race, followed by disability and familial status; the most common discrimination complaints are in relation to rental housing. Regardless of why, how or where discrimination occurs, activities that discriminate against the more vulnerable of our population, against people protected under the Fair Housing Act, is an impediment to fair and equal housing choice, it is illegal and acting in accordance with fair housing law is the responsibility of all citizens.

**Goal A: Reduce and eliminate discriminatory practices in the area of housing that have an adverse impact on our community.**

**2010 Action:** Community Development staff continued, in program year 2010, to collect information from the Human Rights Office regarding the number and nature of fair housing complaints and the action status of those complaints. This information will be reported annually through the Consolidated Annual Performance Evaluation Report (CAPER).

**Evaluation Action:** Review of City of Duluth’s Human Rights Office activity regarding the number and nature of complaints.

**2010 Actions Taken:** Reviewed 2010 activities of the Human Rights Office which showed the following activities in 2010: assisted seven persons with fair housing complaints of which two are pending action and the remaining seven were closed due to a vary of factors; provided referrals on an average of two to three per to National Fair Housing (1-800-669-977) or to Legal Aid (218-623-8100) and the City’s Human Rights Officer attended the National Fair Housing Conference in New Orleans in August, 2010.

## **Consistency of Consolidated Plan Priorities with Investment of CDBG Funds**

This section of the report focuses on consistency of the City’s funding allocation with the priorities of the Consolidated Plan, meaning whether we have funded the community’s “High” priority areas and whether we have been able to fund any “Medium” priority areas after working on the High priority issues. Also, this section reflects on how well the program is doing to access all other possible resources that are consistent with the Consolidated Plan.

### Consistency of Consolidated Plan Priorities with Investment of CDBG Funds

In the 2011 allocation process, the CD Committee established funding priorities that included distribution goals. These percentage ranges, or goals, were employed to guide investment decisions and further the overall Consolidated Plan goals and priorities.

Those funding goals were:

	<u>Percentage goal</u>	<u>Percentage allocated</u>
Housing	35	46.6
Economic Development	15	20.2
Public Facility Improvements	15	5.6
Public Services	15	15.0

Affordable Housing was the highest priority in the 2010-2014 Consolidated Plan. The committee noted that there continues to be a lack of affordable housing units, along with the continued need for maintaining the existing affordable housing stock, which is very old in comparison to other communities. This was the rationale for continuing to allocate a higher percentage of the resources to the housing category with a focus on multi-family rehabilitation in support of the Lead Paint grant that was received in 2010. With the implementation of the Duluth At Work program there was an increase in the percentage of funding for the economic development category of activities. The Public Facilities category was increased significantly to support the development of a multi-use community center with the School District, but there were fewer proposals in this category to fund.

Five "High" priority applications that were submitted in the 2011 process were recommended for funding. Those five applications that were not funded involved two new housing program proposals, a homeless youth shelter, a vehicle loan program for low-moderate income persons to access work opportunities with our Community Action agency and a tenant/landlord counseling project with Salvation Army. In addition to having funded only high priority applications, there was one medium priority application funded during the FY 2011 Action Plan, this was the Growing Neighborhood Businesses program under Economic Development Technical Assistance.

This year's allocation process involved re-examining local priority levels to determine which categories were the highest priority needs. Tenant/Landlord counseling was reassessed to a "Medium" priority only to be readjusted back to a "High" priority at the December public hearing. Also, Economic Development Technical Assistance was elevated from a "Low" priority to a "Medium" priority in last year's process.

A list of projects that submitted applications to the 2010 HUD SuperNOFA that were certified as consistent with Duluth's Consolidated Plan follows:

<u>Priority Community Development Need</u>	<u>Priority Need Level</u>	<u>Accomplished By</u>	<u>Project/Program</u>
Permanent Supportive Housing	High	MAC-V	Vet's Place – Permanent Supportive Housing
Permanent Supportive Housing	High	Center City Housing Corp.	Memorial Park Apartments
Permanent Supportive Housing	High	CHUM/NCLT	Hillside Development – Permanent Supportive Housing
Single Family Rehab	High	Hennepin County	Lead Hazard Control Grant
Multi Family Rehab	High	City of Duluth	Duluth Health Home Partnership/Lead Hazard Control

It should be noted that the St. Louis County Continuum of Care is a multi-agency consortium of the following organizations: American Indian Community Housing Organization, Life House Incorporated, Young Women's Christian Association, Amherst H Wilder Foundation, The Salvation Army, Minnesota Assistance Council for Veterans, Lutheran Social Services, Human Development Center, Women's Transitional Housing Coalition, Center City Housing, and the Duluth HRA.

In addition, two applications for other Federal Programs were certified as consistent with the Consolidated Plan.

<u>Priority Community Development Need</u>	<u>Priority Need Level</u>	<u>Accomplished By</u>	<u>Project/Program</u>
Public Housing	High	Duluth HRA	PHA – Plan
Home Ownership	High	Community Action Duluth	Housing Counseling, Education, and Matched Savings
Permanent Supportive Housing	High	MAC-V	Supportive Services for Veterans Families Program

### **One-for-One Replacement/Displacement**

The City of Duluth has a policy of minimizing displacement if at all possible. The requirements of the Uniform Relocation Act and Section 104(d) are included in all City contracts that may result in the need for relocation assistance. City staff evaluates all

funded projects to determine if occupied properties will be covered, approves any needed relocation plans, and monitors grantees to ensure compliance.

In 2010, no projects resulted in the need for one-for-one replacement of affordable housing units. Also, there were no relocations triggered by the HRA’s rental and homeowner housing rehab and lead remediation programs, or the HRA’s and NCLT’s acquisition, rehab and resale programs.

A planned supportive housing project for chronically homeless families, called the Hillside Apartment project, will likely result in the demolition of occupied properties in the Central Hillside neighborhood in the coming year. On March 8, 2011, the Duluth HRA provided General Information Notices to 28 tenants of rental units, and three businesses, that they may be displaced by the project. The purchase of the properties by the developers is tentatively scheduled in August, 2011. If the project moves forward, the HRA will be providing relocation assistance to all affected parties.

### Program Assessment

	Accessible		Affordable		Sustainable	
	Projected	Actual	Projected	Actual	Projected	Actual
Decent Housing	1,156	2,158	299	83	0	-
Economic Opportunity	64	51	0	-	0	-
Sustainable Living Environment	13,200	26,677	0	-	24	-

This table shows the City’s performance outcomes in the three areas of Decent Housing, Economic Opportunity and Sustainable Living Environment with the outcomes of improving accessibility, increasing affordability and creating sustainability. The 2010 performance results show that in the area of Decent Housing improving accessibility was dramatically over the projected amount due to the demand for transitional and shelter housing. In the area of increasing affordability the actual output lags behind the projections due to the length of time that housing rehabilitation takes in our community. Under the performance category of Economic Opportunity improving accessibility was slightly below the projected amount due to the poor economy and fewer job opportunities. The performance category of Sustainable Living Environment, improving accessibility, was double the projected numbers due to the demand and high performance of the community’s public service partners.

## Strategy Adjustment or Program Retooling

### Affordable Housing

The strategies for addressing affordable housing are solid, but need more focus from a priority setting standpoint. The agencies that implement these programs have a number of procedures in place that address the major issues of lead paint, housing quality and energy efficiency. The agencies and the City need to utilize resources more efficiently with this area of the program. That means sharing a “common” intake process to make the application timeline more user friendly and require less resource consumption. The inspection and work write-up process needs to be streamlined to achieve better quality and again, become more efficient.

### Economic Development

The City’s Business and Community Development Department is continuing to develop a strategic business plan to meet the needs of local and perspective employers. Those needs include sites, business tools and a trained workforce. The Community Development program has implemented the Duluth At Work initiative in cooperation with the Local Initiatives Support Corporation and the Duluth Workforce Center. This program focuses on the investing people through employment training and skill development, not business incentives. The initiative has a simple goal of increasing people’s or business incomes and assets by 25% over a three-year period. The objective is to assist people in gaining employment opportunities, through skill development, to access jobs that will assist them with a way out of poverty and toward economic stabilization. Also, to provide business owners with technical assistance to increase business viability that will lead to job creation and growth with the Community Development Target Areas.

### Public Facilities

The City is undertaking an extensive facilities plan to determine the most efficient use of public resources and, with Independent School District 709, who has recently completed such a plan, the potential for collaboration does exist. The investment in the Memorial Park Community Center in combination with the Laura MacArthur Elementary School is a prime example. Future investments shall be focused on ensuring that “Neighborhood Facilities,” which deliver much needed public services, i.e., meals programs or food shelves, are handicapped accessible and up to date.

### Public Services

These programs and agencies have been dramatically affected by both state and federal reductions which are directly impacting the operation of vital services for the lowest income individuals within the community. The upcoming program year will require the City to refocus the priorities to meet the most crucial needs of low income individuals. The assessment of priorities will mean reducing funding to programs that have good outcomes, but may need to seek other resources to continue rather than

community development funding. Another way to achieve some efficiency will be to implement per unit goal amount for each category with public services.

Overall, the services in the Community Development program are achieving good outcomes, but have been doing so without seeking ways to achieve greater efficiencies. The community has had to make undesirable choices in order to preserve the vital services that are essential to persons with low and moderate incomes in Duluth. The program needs to be retooled in order to prioritize services that are efficient and achieve the best results.

## **Monitoring**

Each community development project is monitored on-site by the Community Development staff at least once every two years. For 2010 projects all but four community development projects were monitored by an on-site visit from Community Development staff. At the monitoring visit Community Development staff verifies both that program activities are meeting a national objective and funds are being expended appropriately on eligible activities. A financial monitoring is conducted on programs that administer revolving loan funds on behalf of the City at least every year and all other programs receive this type of monitoring based upon a risk assessment.

The following is a summary of any program findings or concerns which may lead to findings for the FY 2010 program year activities. Those activities not listed have met both the required national objective and eligible activity expenditure tests.

## **ECONOMIC DEVELOPMENT**

### **Supportive Services for Employment / Duluth at Work**

#### **10-ED-02**

The CHUM Supportive Services/Duluth at Work program is intended to assist individuals with limited or poor work histories in finding entry level positions and to provide supportive services, including case management, to maintain their jobs while building a foundation for advancement and self-sufficiency. Participants will realize a 25% increase in income within three years.

#### Concern #1:

A review of the participant files noted that the Section 8 (Part 5), Income verification worksheet was not included in some participant files. Some of the source documentation was present to determine income eligibility. Failure to complete the worksheet and document income could lead to making an incorrect determination of income eligibility and thus incorrect reporting of the national objective served. CHUM

staff has established procedures to complete the worksheets earlier in the participant selection process to correct this concern. CHUM staff has been advised to attend the June 28, 2010 public hearing.

## **HOUSING DEVELOPMENT**

### **Community Action Duluth-Individual Development Accounts (IDA)**

#### **10-HS-02**

Community Action Duluth (CAD) assists participants with credit and housing counseling, financial education, down payment assistance, and matched savings for households to purchase new homes.

#### Finding #1.

Improper Lead Paint notification of income eligible home buyers at time of purchase. The homebuyers are receiving a notice from the realtors that is not the HUD approved lead paint notice. CAD staff will change their procedures to ensure that participants are provided this notice and form acknowledging receipt of the pamphlet when they participate in the training programs. CAD staff has been made aware of the lack of documentation and have been instructed to complete the information for all current program savers by July 1<sup>st</sup>. The staff has been instructed to be present at the June 28, 2010, public hearing.

#### Finding #2

Failure to have homes inspected for defective paint at the time of purchase/possession to ensure that lead paint regulations program compliance to protect the perspective program participant. CAD will develop a new procedure of having an inspection by qualified lead paint inspection staff prior to closing to ensure that program participants are aware of any potential lead paint issues and that proper testing is conducted.

#### Concern #1.

CAD has partnered with West Central Minnesota Communities Action (WCMCA), the statewide fiscal agent for Family Assets for Independence (FAIM), for financial monitoring of this program. Due to the guidelines and reporting requirements of tracking program income, the interest on matched savings accounts with CDBG funds, must be reported to the City on an annual basis. CAD and WCMCA shall submit an annual report on the program income to the City. Also, CAD will monitor this issue with WCMCA on a quarterly basis and reflect this in their annual audit report.

## **CDBG Target Areas**

The City continued to locally designate CDBG-eligible "Target Areas" citywide (See maps following pages). Each Target Area was comprised of groups of census tracts or census block groups in which at least 51% of the residents had low to moderate incomes by HUD's Annual Income Guidelines. All CDBG Target Areas were eligible for "area-benefit" projects and were priority areas for "citywide" programs.

The CDBG Target Areas include the following areas:

Census Tracts 37 & 38-3 - Morgan Park, Gary, Fond du Lac

Census Tracts 30-1, 31-4, 32, 33, 34-1 - West Duluth

Census Tracts 24, 25, 26, 27 & 28 - Lincoln Park

Census Tract 3-4 - Duluth Heights

Census Tracts 9-4, 16, 18, 19, & 20 - Central Hillside

Census Tracts 12, 13 & 17 - East Hillside

Census Tract 14 - Endion

While these target areas have been the primary focus of the City's physical improvement projects and housing activities in past years, the Community Development office has partnered with the At Home in Duluth collaborative to engage neighborhoods to re-examine revitalization focus areas. As a result of that process, each of the City's Core Neighborhoods have defined smaller geographic target areas to develop a more focused approach to targeting resources.

All five neighborhoods are now working towards updating the "Neighborhood Revitalization Plans" that were developed in 2007 and 2008. The five neighborhood revitalization plan updates will help to identify smaller geographic target areas within the neighborhoods where resources are being focused.

## **Outreach Initiatives to Include Underserved Populations in Target Areas**

During 2010, the Community Development Division worked to increase participation of under-served populations through enhanced outreach. Listed below is a summary of the activities.

1. The Community Development program meeting dates and important steps in the Consolidated Plan development process were advertised and reported on in the Hillsider, which is a free local paper that is delivered to all homes in the Central Hillside,

East Hillside, Endion and Lincoln Park areas. The meetings were also advertised in the Duluth News-Tribune and on the City website. Under-served populations have access to the website through free computer use at the Duluth Public Library and its two branch locations.

2. Held two neighborhood forums on Community Development and Housing needs. The forums were conducted on May 18 (Central Hillside Community Center) and on May 14 (City Center West). The neighborhood forums were geared to making the hearings less intimidating to individuals.

3. Held an on-line forum from May 10 to 21. During this time, different questions about housing, economic development, public facilities and services were asked. The responses from this on-line forum and responses from the neighborhood forums were posted on the website.

4. The Duluth Community Development Division is a core group partner of the "Creating Neighborhoods That Work At Home in Duluth." This partnership has provided several venues for outreach to under-served populations in target areas. One of these activities included the fourth annual "Connecting the Dots Showcase and Assembly," held in October, where hundreds of people from across Duluth attended and participated with 35 local agencies and organizations in ways they could get more involved in neighborhood revitalization and make a positive difference in their targeted neighborhoods.

5. Worked with community partners LISC, NHS and SVCNDA in assisting with the facilitation and the planning of the neighborhood revitalization plans, holding several neighborhood meetings and reaching out to under-served people in the process. In addition, community partners LISC, CHUM, and NHS coordinated neighborhood educational forums, block clubs, and other community building activities in Central Hillside through the National LISC Community Safety Initiative.

## **Summary of Citizen Comments**

Consistent with federal regulations, the City of Duluth conducted a 15-day public comment period on the 2010 Consolidated Annual Performance and Evaluation Report. The comment period was June 15 - 29, 2011. This was advertised in the Duluth News-Tribune, the Hillside and announced at City Council and community meetings. The announcement was also placed on the Community Access Channel calendar of events and the City's web site. Copies of the document were available to the public at the Community Development office, the City Clerk's office, the Duluth Public Library and all branch libraries and on the City's website. The Community Development Committee also held a public hearing on the CAPER and activity performance towards Consolidated Plan goals on June 28, 2011.

The following correspondence was received during the 15-day public comment period:

- There were no comments received during the 15-day public comment period.

### ***Response:***

None required.

## **Addendum of Reports Available to the Public**

### **2010 CONSOLIDATED ANNUAL PERFORMANCE & EVALUATION REPORT (CAPER) ADDENDUM**

1. 2010 Summary of Activities Report (GPR) - C04PR03
2. Summary of Accomplishments Report – CO4PR08, CO4PR10 and CO4PR23
3. Financial Summary (4949.3) C04PR26
4. 2010 Status of HOME Activities Report - C04PR 22
5. Status of 2010 HOME Grants Report - C04PR27
6. Status of 2010 Community Housing Development Organization Funds by Fiscal Year Report - C04PR25
7. HUD 40107-A Match Report on HOME Funds – CO4PR33
8. 2010 ESGP Grantee Accomplishments Report – CO4PR19
9. 2010 ESGP Performance Report – CO4PR81
10. Consolidated Annual Performance and Evaluation Report (CAPER) - C04PR06
11. Program Income (WKS) C04PR09
12. CDBG Performance Measurement Report – CO4PR83
13. HOME Housing Performance Report – CO4PR85

Copies of these reports are available for viewing at the Community Development office.