

**MEETING SUMMARY OF THE
COMMUNITY DEVELOPMENT COMMITTEE (CD Committee)
TUESDAY, APRIL 28, 2009 – 6:00 P.M.
ROOM 402 – FOURTH FLOOR – CITY HALL**

Present: Scott Wallschlaeger, Jennifer Baumann, Bill Kimbler

Absent: Joseph Matthes, Theresa Bobula, Patricia Tyler, Jennifer Murphy, Ron Boshey, Deborah Crow Dog and DeAnne Westermann

Staff: Karen Olesen, Kathie Severson, Char McLennan

Roll Call: 3 present, 7 absent

1. Approve Meeting Summary from March 24, 2009

Approval of the March meeting summary was not conducted as there were not enough committee members present for a quorum.

2. Public Hearing on 2008 Action Plan Substantial Amendment for Homeless Prevention

The Committee Vice Chair opened the Public Hearing at 6:20 p.m. Karen Olesen explained the reason for changes made to the 2008 Action Plan, which will incorporate additional funding (\$1,162,800) for the Homelessness Prevention and Rapid Re-Housing Program (HPRP) under the Emergency Shelter Grant Program (ESGP) to provide expanded programming and activities for homeless individuals and families. Karen further explained that these funds are being provided only one time—under the Federal Recovery Program, and must be used within three years. The Chair asked if there was anyone from the public who wished to speak—however, no public were present. Committee members asked additional questions about the funding, potential applicants, and the application process and timeline before moving on to the next agenda item. The Public Hearing was closed at 6:25 pm.

3. Discussion on Housing Market Indicators Report and Rental Survey

Annually, Community Development staff collect and analyze data regarding Market trends in Duluth. As part of that analysis, staff conduct a survey of Market rate rental property owners, which was completed in January/February 2009. Char McLennan provided an overview, including handouts, of the rental survey results and committee members held a lively discussion about the current rental housing in Duluth. Data was collected on 2,502 rental units, which is 18% of the total (market rate) rental market in Duluth. Highlights from the survey are provided in the following summary:

Rental Survey Summary

- After steadily increasing from 2002 to 2005 (from 2.6% in 2002 to 6.1% in 2005), Duluth's overall vacancy rate declined in 2006 (5.4%), rose slightly in 2007 (5.5%), and declined again to 5.0% in 2008.

- Based upon the sample size, low vacancy rates ranged from 0% to 4% in the Neighborhood Districts 10 (0%), 8 (1.7%), 7 (2.7%), 4 (3.5%) and 9 (4%). The highest vacancy rates were found in Districts 3 (9.5%), 6 (7.8%), 1 (7.7%), 2 (6.7%) and 5 (5.7%). Districts 1, 2, 3 and 10 had low survey responses, which may account, in part, for the calculated vacancy rates to be high or low. Also note those districts with lower reported vacancy rates are those near the colleges.
- Vacancy rates varied by bedroom size also, from 4% for 1 bedroom units to 5.5% for 2 bedroom units, to 6.1% for studio/efficiency units and 9.4% for 3 bedroom units.
- Duluth's overall contract average rent per square foot has increased slightly from year to year, from \$.85 in 2004 and 2005, to \$.86 in 2006 and 2007, to \$.89 in 2008.
- The survey shows a significant increase in the average rent over previous year's average rent. In previous years, the average rent remained steady (from \$631 in 2004 to \$634 in 2005 and \$628 in 2006. In 2007, the survey indicated that the average rents in Duluth had increased sizably over the previous year to \$647 (an increase of \$19). In 2008, the average rent in Duluth increased substantially to \$731 (an increase of \$84 above 2007). High increases in utility rates over the past one to two years may be directly related to the high increases in the rent rates. The survey found that the highest rent increase was for the studio/efficiency units and the one-bedroom units, where utility charges are more likely to be paid by the property owner or landlord.
- In 2008, there were a total of 13,129 licensed rental properties, a slight decrease from 2007. Assuming a rental vacancy rate of five percent (5%), the number calculated from survey results, there are approximately 657 vacant units in the City that could potentially be rented.

Housing Indicator Report

Following the presentation on the Rental Survey, Kathie Severson provided the committee with an overview and draft of the Housing Indicators Report and reviewed the various sections with the committee, followed by discussion points. Below are summary points from the report discussed by the committee:

- The Duluth population grew by 269 people between 2006 and 2007, and the estimated number of households increased by 282 during that time.
- The number of people living in poverty in Duluth increase—18.3% of Duluthians lived below the poverty level—and increase of 2.6%.
- Of the 14,498 full-time students in Duluth, it is estimated that 9,622 live off campus in an apartment or single-family home that are not designated as student housing.
- Between 2000 and 2007, the average wage in Duluth increased by 25.8%, from \$30,212 in 2000 to \$38,012 in 2007. Comparatively, the statewide average wage was \$44,356 and the average wage for Minneapolis/St. Paul was \$53,118.
- From 2007 to 2008, the average estimated market value of a single family home increased from \$158,346 to \$165,900 (an increase of 4.7%).
- The number of foreclosed properties in Duluth increased by more than 30% between 2007 and 2008 (from 189 to 239).
- Demolition permits were issued for the demolition of 48 housing units (38 single-family units and 10 multi-family units).
- Between the number of new housing construction permits issued and the number

of demolitions that took place, there was a net gain of 100 dwelling units.

- Since 2002, a total of 661 new residential building lots have been created from the new Eastridge development in the far eastern part of Duluth (past Lester Park golf course) to the Spirit Valley—Bayhill area of West Duluth, through new plats, special use permits and new planned unit development.
- A household would need to have an annual income of \$37,128 in order to afford a \$146,000 home, the median sales price of a single family home in Duluth—this is an hourly wage of \$17.85. An hourly wage of \$15.75 is needed to afford the rent of a two-bedroom apartment.
- The average selling price of a 3-bedroom single-family home was \$161,479 in 2008; a household would need to earn more than \$41,000 annually to afford this home.

4. Community Forum Process for May

Karen Olesen provided committee members with a draft agenda for the May 7, 2009 (6:30 to 8:00 pm) Community Forum to be held at the Harrison Community Center in Lincoln Park. While other Community Forums are being held at Central Hillside Community Center (5/5), Morgan Park Community Center (5/12), City Center West (5/14) and Grant Recreation Center (5/19), and committee members are encouraged to attend as many forums as possible, it is the forum at Harrison that the committee is planning to run and work with staff in facilitating break-out discussion groups to establish priority community development needs. It is important that all committee members at least attend this community forum.

5. Election of Officers

The election of officers was postponed until the May meeting because a number of members were absent from the April meeting.

The meeting adjourned at 7:30 pm.

The next meeting is scheduled for May 26, 2009.