

Duluth Housing 1000 Annual Progress Report – Year Two

January 1, 2005 – December 31, 2005

Overview

In order to properly map the progress made in meeting the goals of the Duluth 1000 plan, progress reports will be compiled every six months, starting from January 2004. The purposes of these semi-annual reports are to chart the affordability goals in order to fulfill the Duluth 1000 campaign, as well as to track the general housing market. This report represents that status of the campaign at the end of the second year of the project.

The goal of the Duluth 1000 Campaign is to create 1000 new units of housing within the city limits by the year 2010. Moreover, 33% of these new units, 333 to be exact, should be classified as affordable. Affordable meaning that these 333 units should be obtainable to individuals making 80% or below the area's median income. In order to create housing units that are affordable to wide a range of income levels, the Duluth 1000 plan calls for the following demarcation of affordability goals:

<u>Median Annual Income</u> ¹	<u>Proposed Number of New Units</u>
50%-80% (\$26,600-\$42,550)	200
30%-49% (\$15,960-\$26,599)	<u>133</u>
Total of 333 new affordable units	

Affordability

According to HUD affordability thresholds, 30% of one's yearly income should be the ceiling on housing cost. Units that have a higher housing payment than \$1092 a month are classified as market rate units. Median Income for a family of four in the Duluth/Superior is approximately \$54,625 per year.

*Median Income Per Household*²

Income	1 person	2 person	3 person	4 person	5 person	6 person	7 person	8 person
Low income 80% of median	\$30,600	\$34,950	\$39,300	\$43,700	\$47,150	\$50,650	\$57,650	\$57,650
Very income 50% of median	\$19,100	\$21,850	\$24,550	\$27,300	\$29,500	\$31,650	\$33,850	\$36,050
30% of median	\$11,450	\$13,100	\$14,750	\$16,400	\$17,700	\$19,000	\$20,300	\$21,600

¹ Based upon HUD 2005 data for a family of four.

² Based upon HUD 2005 data.

New Units

Number of Residential Building Permits Issued ³	85
Total Number of Proposed Units ⁴	199
Total Number of Completed Units ⁵	226
Number of Demolished Units	57
	Net gain in 2005
	169
	Net loss in 2004
	- 48
Net gain in Units since beginning of Housing 1000 reporting	+ 121

New housing in 2005 exceeded the yearly target of 166 units. As a result of last year's demolitions the overall target still lags behind, but much new construction is currently in the pipeline.

Affordability of 2005 units

Market Rate (higher than \$1092/month)	157
50% - 80% of median income	7
30% - 49% of median income	62

Looking at building permits issued the last months of 2005 leads to hope that 2006 may well be a pivotal year for this project. Of the building permits already issued, at least 17 are for homes that should fall into the affordable housing parameters. Although that is low, let us remember that these were only permits issued prior to the beginning of 2006. With construction season still approaching, there most likely will be more.

2005 continued to be a year of extraordinary destructions with the remainder of the Harborview Housing Project taken down and more houses were lost for the Trinity Road project. Since most of the Trinity Road houses were older, many affordable units were lost. This will continue to be the case in 2006 and needs to be monitored.

³ City of Duluth Planning Department

⁴ Ibid

⁵ Completed unit is defined as a project issued a letter of completion, certificate of occupancy or know to have been completed during the year and is tabulated to the best of our knowledge. Completed Units are included in the total number of proposed units.