APPENDIX E

A Comprehensive Housing Needs Analysis for Duluth, Minnesota

Prepared for:

City of Duluth

Duluth, MN

July 2025

Maxfield Research & Consulting

Breaking Ground since 1983

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Maxfield
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July, 2025

Mr. Tom Church
Senior Housing Developer, Planning and Development
City of Duluth
411 West First Street, Room 160
Duluth, MN 55802

Dear Mr. Church:

Attached is the *Comprehensive Housing Needs Analysis for Duluth, Minnesota* conducted by Maxfield Research and Consulting. The study projects housing demand from 2025 to 2030 and from 2030 to 2035 and provides recommendations on the amount and type of housing that could be built in Duluth to satisfy demand from current and future residents in the short-term (five years) and the long-term (ten years).

The study identifies demand for an estimated 8,713 new housing units in Duluth to 2035. Demand will be generated by new households and existing households based on changing demographic trends and housing preferences. Demand is divided between general occupancy housing (73%) and age-restricted senior housing (27%). We find strong demand for general occupancy rental housing and active adult senior housing, a result of the growing senior population that is now and will continue to seek maintenance-fee housing.

While there has been some new housing construction in Duluth, there is still a significant need for more housing. The rental market is in dire need of new supply as the vacancy rate is only 1.1% among affordable and subsidized rental units and 1.8% among market rate properties. There is exceptionally strong growth in the older adult (55+) demographics, resulting in high demand for maintenance-free living options, whether age-restricted or age-targeted. The for-sale market is coming off the high of the pandemic housing boom as the median single-family home price has increased 43% since 2018. At the same time, supply is low and high mortgage rates are reducing affordability. Detailed information regarding recommended housing concepts is found in the *Conclusions and Recommendations* section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING

Mary Bujold
President
Attachment

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Purpose and Scope of Study

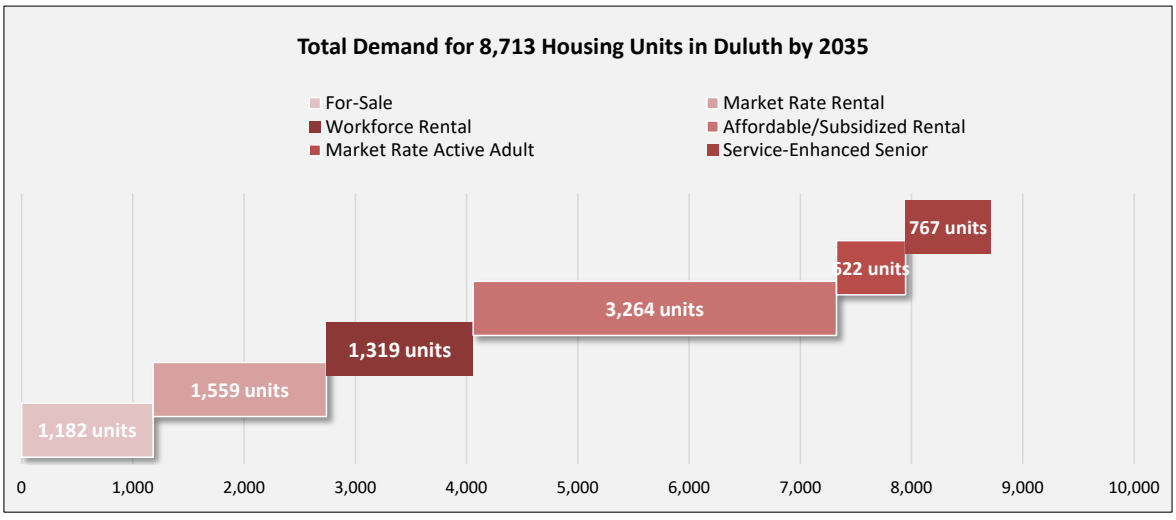
Maxfield Research and Consulting was engaged by the City of Duluth to prepare a Housing Needs Analysis for the City. The analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households in the community.

The scope of this study includes an analysis of the demographic and economic characteristics of Duluth and the surrounding Primary Market Area (PMA), a review of existing housing stock characteristics and market analyses covering the for-sale, rental and senior housing markets. Additionally, the study includes an assessment of housing affordability in the area. Detailed housing demand calculations to 2035 and development concept recommendations are provided for the community. The study concludes with an evaluation of challenges and opportunities associated with housing development in Duluth.

Key Findings

- Demand for nearly all housing product segments was found in Duluth, but there are specific product types that have been identified as being in high demand and should be considered for development priority; moderately priced housing, ownership and rental, targeted to the area's workforce and housing alternatives targeted to older adults and seniors (townhomes, twin homes) are two of the most pressing needs in Duluth. Demand is also strong for affordable and subsidized housing.

- An estimated 38% of the demand will be for affordable and subsidized rental housing (general occupancy and senior), while 14% will be for for-sale (single-family and owned multi-family). An estimated 18% is for market rate rental; 15% is for workforce rental, 7% is for market rate active adult and 9% is for service-enhanced housing (independent living, assisted living, memory care).



- Much of the projected demand may not be satisfied, particularly senior housing as many seniors prefer to age in place instead of moving to alternative housing. Additionally, funding availability for affordable and subsidized housing is limited and financial programs are extremely competitive for these units, which increases the challenges for developing sufficient new housing to meet the projected demand.

Demographic Analysis

- As of the 2020 Census, Duluth had 86,697 people and 37,104 households. Between 2010 and 2020, Duluth's population increased 0.5%, adding 435 people, while the household base expanded 3.9% (1,400 households). We estimate that Duluth has experienced solid growth since the COVID-19 pandemic, adding 1,303 people (1.5% growth) and 796 households (2.1% growth) between 2020 and 2025.

- Duluth's population is projected to increase 1.5%, adding 1,300 people between 2025 and 2030, while the household base expands 2.6% (1,000). Duluth is expected to add another 1,200 people (1.3% growth) and 980 households (2.5% growth) between 2030 and 2035.

- Achieving any population and household growth in Duluth will be highly dependent on the availability of suitable housing options in the community catering to a variety of household types, age groups, and income levels. Growth will also be impacted by increased, or decreased, hiring at area employers.

- In 2025, the largest adult cohorts by age in Duluth are 25 to 34 and 35 to 44, totaling an estimated 13,027 people (14.8% of the population) and 11,219 people (12.7%), respectively. By 2035, the largest age group is expected to remain the 24 to 34 age cohort, representing 14.2% of the total population.

- Notable population shifts projected for Duluth between 2025 and 2035 include significant growth in the 75+ age group, and solid growth among the 35 to 44 and 45 to 54 age groups and contractions for other adult age groups.

- In 2025, Duluth's median household income is estimated to be $66,428, an estimated 30% lower than Minnesota ($86,801). The projected average annual median household income growth of 2.6% in Duluth between 2025 and 2030 is slightly less than the historic annual inflation rate of 2.7% over the past ten years.

- In Duluth, 58.3% of all households own in 2025, giving it a homeownership rate that is lower than St. Louis County (81.1%) and Minnesota (70.0%). The total number of renter households residing in Duluth grew by an estimated 2,080 households between 2010 and 2025 (14.7%) while owner households expanded by 5.2% (1,115).

- In Duluth, households living alone are estimated to be the most common household type (37% of all households) in 2025, followed by married couple households without children (23%).

- Between 2010 and 2025, family households experienced slight contraction in Duluth, declining by an estimated -139 households (-0.7%). The number of non-family households increased 13.7%, adding 2,334 households, including 11.7% growth among households living alone (1,467 households).

Employment Analysis

- Duluth and St. Louis County have historically maintained annual unemployment rates that have tracked consistently with Minnesota and the US and generally below equilibrium (generally considered to be 5.0%). The 2024 average annual unemployment rates of 1.9% in Duluth, 3.5% in St. Louis County, and 3.2% in Minnesota shows Duluth at a very low rate compared to historical values.

- The Market Area experienced a solid recovery of jobs post-COVID, and the area is expected to sustain strong employment growth over the next ten years. St. Louis County is projected to add 13,507 jobs between 2024 and 2035 (14.1% growth), including 16.4% growth in Duluth (9,213 jobs), compared to 13.7% growth in the Northeast Region. Labor availability will greatly impact the ability of Duluth to sustain employment levels and achieve the projected job growth. New housing is needed to support economic development in the area.

- An estimated 36,261 workers commute into Duluth for employment daily (inflow), while 13,769 resident workers leave the community (outflow). An estimated 33,600 people both live and work in the City (interior flow).

- Overall, Duluth is an importer of workers as a higher number of nonresidents commute into the City for employment than resident workers commute out. With 36,261 workers commuting into the City for employment daily, 28.4% commuting more than 50 miles away, there is an opportunity to provide housing options for a portion of this workforce.

- A household earning the 2024 average weekly wage in Duluth ($1,157) would be able to afford an apartment renting for $1,504 per month to not exceed 30% of its monthly income on housing costs, slightly less than the average rent for market rate rental housing units in the community ($1,587).

- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need a minimum annual income of $87,600 to be able to afford a single-family home sold at the 2024 median resale price of $292,000 in Duluth. The median

household income in Duluth as of 2025 is estimated at $66,428. The average weekly wage in Duluth as of 2nd Quarter 2024 equates to an annual income of $60,164.

- The data indicates that rental housing in Duluth is relatively affordable proportionate to wages, but much of the for-sale housing would not be affordable for many workers.

Housing Characteristics

- There are an estimated 40,530 housing units in Duluth, 96% of which are occupied (38,900). Unoccupied units may be vacant for several reasons or may be under construction and have not yet received a certificate of occupancy.

- Compared to the First-tier cities/townships and St. Louis County, Duluth has notably higher proportions of units in multifamily structures with 10 to 49 units and 50 or more units, as well as mobile homes.

- An estimated 43% of the housing units in Duluth were built prior to 1940, higher than the First-tier cities/townships (14%) and St. Louis County (29%). The 1950s through the 1980s were the most active decades in Duluth for housing unit production. An estimated 30% of Duluth's housing stock was built from 1950 through 1979 (12,287 units).

- From 2018 through 2024, 1,878 new housing units were permitted in the City of Duluth and 268 units were removed for a net increase of 1,610 for an average of 230 new units per year, including 42 new detached single-family units, 6 townhomes and 164 multifamily units per year. During this period, Duluth issued Certificates of Occupancy for 1,484 units after accounting for units demolished.

- Despite a lack of land available for new single-family construction, the pace of construction for new detached single-family homes increased during the period from 2018 through 2024. The highest number of permits issued for new single-family homes was in 2022 with 72 new units. Townhome development had slowed to zero in 2021 and 2022, although four units were constructed in 2023 and two in 2024, despite demand in this segment. Multifamily production fluctuated but remained strong with 346 units permitted in 2023 and 116 permitted in 2024.

For-Sale Housing Market Analysis

- Increased competition for homes (as indicated by the decreasing supply of available housing and extremely short marketing times) has caused significant price appreciation in recent years.

- In Duluth, the median price for detached single-family homes increased 58.7%, climbing from $184,000 in 2018 to $292,000 in 2024, averaging a 6.8% increase annually. Median multifamily (townhomes, twin homes, condominiums) resale prices increased 43.4% from $265,000 in 2018 to $380,000 in 2024 (5.3% average annual increase).

- Detached single-family homes comprised 95% of all closed resales in Duluth since 2018 and the remaining 5% were multifamily (townhome, twin home, condominium) units.

- New construction detached single-family homes have a median price of $529,450 in Duluth and $531,000 in St. Louis County, most of which are in Duluth and Hermantown. New construction multifamily units have a median price of $495,000 in Duluth. All these units are in Duluth.

- Based on the supply of available for-sale housing in Duluth as of January 2025, there is a 1.6-month supply of homes available for sale on the market, compared to 2.4 months for the Lake Superior Area Realtors (LSAR) Region (Minnesota side).

  - Equilibrium in the for-sale housing market is generally considered to be a six-month supply, although markets throughout Minnesota have not seen a balanced supply for for-sale homes on the market for more than eight years, demonstrating pent-up demand for new for-sale homes in Duluth.

- As of February 2025, there were 49 residential lots listed for sale on the MLS in the PMA. Actively-marketing lots have a median list price of $4.06 psf ($135,000) with a median lot size of (0.70 acres). The average lot price is $167,876 with lot size of 1.45 acres.

Rental Housing Market Analysis

- Nationally, the equilibrium vacancy rate for market rate rental housing is considered as 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters.

  - Based on the survey of general occupancy rental buildings (apartments and single-family homes) in Duluth, we found that the existing stabilized market rate rental properties are 1.8% vacant, while the affordable properties are 1.1% vacant. Many affordable and subsidized properties have wait lists. The data indicates that there is pent-up demand for rental housing in Duluth.

- We identified 393 units pending in five projects, including 303 market rate units and 90 affordable units affordable and subsidized units. Among the pending projects, 250 units are under construction and 143 units are planned but not fully approved.

- The average monthly rental rate across all market rate general occupancy properties is $1,587 ($1.88 per square foot) with a median rental rate of $1,443 ($1.71 per square foot). There is a notable difference in rents between older and newer properties, as the five newest properties (opened in the past three years) have an average rent of $1,792, 13% higher than the average rent among all properties.

Senior Housing Market Analysis

- Strong growth is occurring among seniors in the PMA. Aging of baby boomers led to a 26% increase in the age 75 to 79 population between 2020 and 2025 (844 people). As this group ages, the 75 and older age group is expected to expand 24% by 2035, adding 2,198 people.

- Maxfield Research identified a total of 40 senior housing facilities in the PMA, totaling 2,630 units, including 35 in Duluth, two properties in Hermantown and three in Proctor. In total, there are 124 market rate active adult rental units, 273 active adult ownership units, 965 affordable and subsidized rental units and 1,268 service-enhanced units. Among the service-enhanced facilities, an estimated 516 units are independent living, 613 are assisted living units and 139 are memory care units.

- At the time of the survey, affordable and subsidized rental properties in Duluth were 4.1% vacant, while the market rate active adult property was fully occupied. Many of these facilities maintain lengthy wait lists. The below-equilibrium vacancy rate, coupled with extensive wait lists, suggests that there is pent-up demand for affordable/subsidized and market rate active adult senior rental housing in Duluth.

- Service-enhanced facilities had an overall vacancy rate of 3.9% which is below the market equilibrium rates of 5% for independent living and 7.0% vacancy for assisted living and memory care. There is pent-up demand for independent living (1.9% vacancy rate) and more limited pent-up demand for assisted living and memory care facilities (5.9% and 5.8% vacancy rates, respectively). We identified demand for additional service-enriched housing in Duluth although different service levels have varying levels of demand.

- Maxfield Research finds that many assisted living facilities in Minnesota, and the Midwest, have experienced elevated vacancy rates since the COVID-19 pandemic. Vacancy rates have moderated in Duluth since the pandemic although labor challenges for these types of facilities continue to impact the ability to service existing units in addition to considering new development.

Housing Affordability

- As of February 2025, the Duluth Housing and Redevelopment Authority (HRA) has 1,309 Housing Choice Vouchers in use with 3,098 applicants on the wait list. The estimated time to obtain an HCV is 20 to 23 months. Sixty-eight vouchers have been issued but the prospect has not yet found a unit.

- An estimated 31% of all households in Duluth are considered cost-burdened (paying more than 30% of their income for housing costs), including 19% of owner households and 53% of renter households. By comparison, 20% of owner households and 53% of renter households are cost burdened in the First-tier cities/townships.

- An estimated 29% of renter households in Duluth are severely cost-burdened (paying 50% or more of their income toward housing), higher than the 16% in the First-tier cities/townships For owner households in Duluth with incomes of less than $50,000, 58% are cost-burdened. For renter households with incomes less than $35,000, 77% are cost-burdened.

- Based on current home prices, 52% of all households in the PMA could afford to purchase an entry-level detached single-family home priced at $180,000. That proportion drops to 30% that could afford a move-up detached single-family home priced at $300,000.

- An estimated 48% of renter householders could afford to rent a studio or one-bedroom unit at older market rate rental properties in the community at an average rent of $950 per month. The income-qualified percent drops to 30% that could afford monthly rents for a new construction one-bedroom unit priced at $1,500 per month.

Housing Demand Analysis

- As summarized in the following figure, we find demand for 6,325 general occupancy (not age-restricted) housing units in Duluth from 2025 to 2035, including 1,182 for-sale units and 5,143 rental units. Demand is identified for 679 for-sale units and 3,085 rental units from 2025 to 2035.

- We also estimate demand for 1,437 housing units targeting older adults and seniors in Duluth in 2025, increasing to 2,388 units by 2035.

- As of February 2025, there were 49 existing vacant lots listed for sale on the MLS and located in the PMA. Based on the for-sale housing demand calculations, the existing lot supply is insufficient to support demand. In-fill lots may be utilized in Duluth to create areas for additional for-sale homes in addition to redevelopment sites but even utilizing in-fill and redevelopment sites are not expected to be able to provide enough land to meet demand.

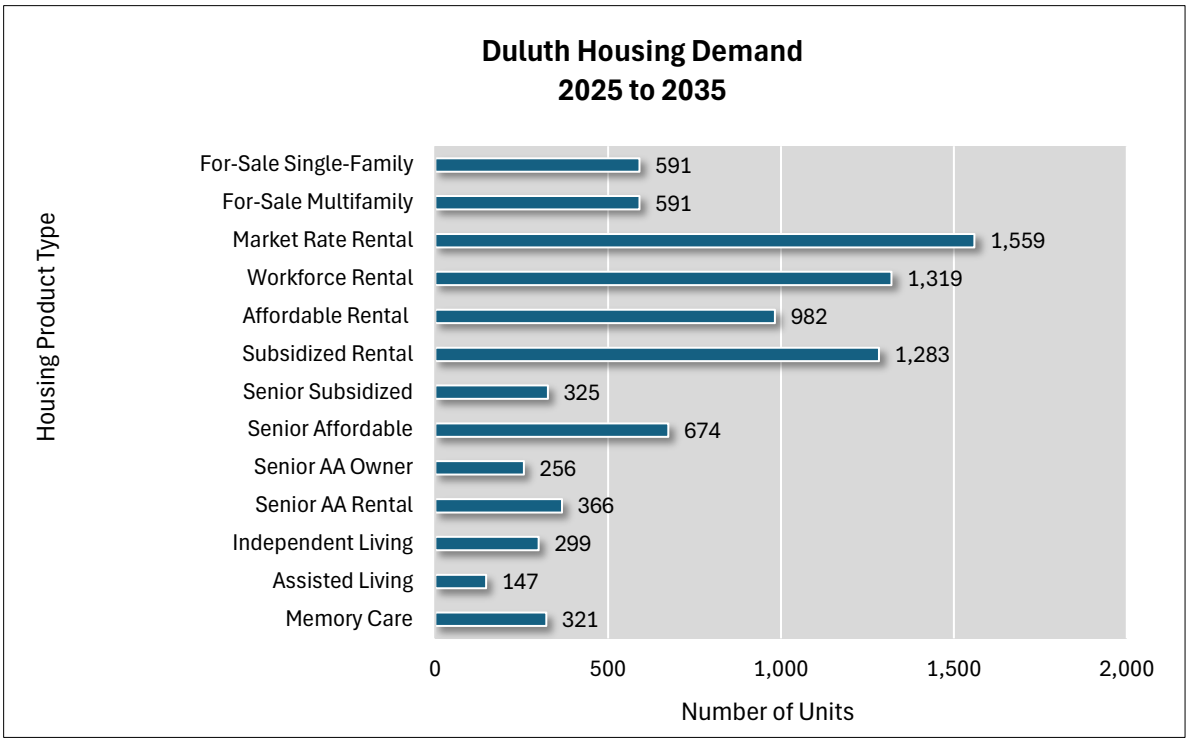
HOUSING DEMAND SUMMARY
CITY OF DULUTH
2025 to 2035 (March 2025)

General Occupancy Housing Demand 2025 to 2035	2025 to 2030	2030 to 2035	2025 to 2035
For-Sale Units	**679**	**503**	**1,182**
Detached Single-Family Units	325	266	591
Other/Multifamily Units*	354	237	591
General Occupancy Rental Units	**3,085**	**2,058**	**5,143**
Market Rate	935	624	1,559
Workforce^	791	528	1,319
Affordable^	589	393	982
Subsidized^	770	513	1,283
Total General Occupancy Housing Units	**3,764**	**2,561**	**6,325**

Senior Housing Demand	2025	2030	2035
Market Rate Active Adult	**438**	**799**	**622**
Ownership Units	164	344	256
Rental Units	274	455	366
Affordable & Subsidized Senior Housing^	**573**	**735**	**999**
Subsidized Units	105	180	325
Affordable Units	468	555	674
Service-Enhanced Senior Housing	**426**	**894**	**767**
Independent Living (IL)	127	426	299
Assisted Living (AL)	50	141	147
Memory Care (MC)	249	327	321
Total Senior Housing Units	**1,437**	**2,428**	**2,388**

*Includes twin homes, townhomes, condominiums
^Workforce = affordable to households between 60% and 100% of AMI
^Affordable = affordable to households at 50% to 60% AMI but incl some lower income HHs
^Subsidized = affordable to households at 50% AMI or less
Totals may not add due to rounding
Note: Sr. Demand is cumulative, meaning that units developed would be subtracted from excess demand for the upcoming period

Source: Maxfield Research & Consulting



Recommendations

- The following table summarizes a potential pricing breakdown for new construction for-sale housing units in Duluth, including "entry-level", "move-up", and "executive" housing for the short-term (2025 to 2030).

NEW CONSTRUCTION FOR-SALE HOUSING PRICING RECOMMENDATIONS
CITY OF DULUTH
2025 to 2030 (March 2025)

	Purchase Price*	Pct.	Units
Detached Single-Family			
Entry-level	Less than $300,000	30%	98
Move-up	$350,000 to $450,000	60%	195
Executive/Luxury	$600,000+	10%	33
Detached Single-Family Total:		**100%**	**325**
Townhome/Twin Home			
Entry-level	Less than $300,000	50%	177
Move-up	$350,000 to $600,000	50%	177
Townhome/Twin Home Total:		**100%**	**354**

*Pricing is in 2025 dollars and can be adjusted to account for inflation.

Source: Maxfield Research & Consulting

- Based on current local real estate market conditions in Duluth, we consider new construction detached single-family homes priced below $300,000 to be entry-level housing, while move-up new construction detached single-family homes would likely be priced in the $350,000 to $450,000 range. Pricing for a move-up townhome or twin home unit would likely begin at approximately $300,000.

- We anticipate that 65% of the new detached single-family units (195 units) will target move-up buyers and recommend that 30% (98) be priced for less than $300,000 to target moderate income buyers (entry-level). A limited percentage (10%) would be priced for the executive/luxury market.

  - A household would need to have a minimum income of $97,261 to afford a home purchased at $300,000, which falls within the upper range considered to be "moderate-income" (i.e. $85,400 at 100% AMI to $102,480 at 120% AMI for a two-person household).

- We anticipate that 50% of the new construction townhome/twin home units (177) will target move-up buyers and/or empty nesters and recommend that 50% (177 units) should be priced below $300,000 to target moderate income buyers.

- The development of any new for-sale housing products in Duluth priced to target moderate income buyers will likely require a public-private partnership or alternative development concept (i.e. community land trust, affordable housing cooperative).

- Entry-level home demand is currently not being satisfied through the turnover of the existing supply of older single-family homes in Duluth. Many of the older single-family homes have been purchased by investors and converted to rentals, essentially shifting these homes from a residential to commercial market value. Increased development of townhomes and twin homes will also help to free up some homes for entry level buyers.

- In addition to demand for owned housing products, we find strong demand for additional general occupancy rental housing options in Duluth.

- Below-equilibrium vacancies at the existing market rate, affordable and subsidized rental properties suggest pent-up demand for new rental housing in the community.

- The following figure provides a summary of the recommended rental housing by product type, including monthly rent ranges, development timing, and target markets.

GENERAL OCCUPANCY RENTAL HOUSING RECOMMENDATIONS (Short-Term)
CITY OF DULUTH
2025 - 2030 (March 2025)

		Monthly Rent Range[1]			No. of Units	Development Timing
Market Rate & Workforce Rental						
Apartments	Studio	$1,100 - $1,800	2BR		600 - 800	2025+
Townhomes	2BR	$1,850 - $2,800	3BR		200 - 250	2025+
Target Markets:	An apartment building would likely attract younger workforce renters, lifestyle renters, older adults, and seniors. Rental townhomes would target young family households, empty-nesters, and seniors.					
Affordable Rental[2]						
Apartments	Studio	$930 - $1,440	2BR		300 - 350	2025+
Townhomes	2BR	$1,500 - $1,850	3BR		80 - 100	2025+
Target Markets:	We recommend developments targeting households between 40% to 60% AMI, likely comprised of singles, single-parent households, older adults and seniors.					

[1] Pricing in 2025 dollars and can be adjusted to account for inflation.

[2] Affordablity subject to income guidelines; recommended rent ranges based on max rents at 50% and 60% AMI

Note - Recommended development concepts do not directly equal total demand.

Source: Maxfield Research & Consulting

- Based on housing needs identified in the community and based on the demographic analysis, many workers need moderately priced housing (i.e. young teachers, mid-level health care workers and manufacturing workers) who earn between $21.00 to $25.00 per hour, which equates to $44,000 to $52,000 per year. We recommend the development of market rate workforce rental housing with rent limits set to target households earning from 60% to 80% of AMI and from between 80% to 100% of AMI. These thresholds fill gaps in the moderate-income and upper moderate-income levels for workforce housing

  - (60% to 80%; incomes between $42,300 (1pp HH) and $80,480 (4pp HH)
  - (80% to 100%; incomes between $56,400 (1pp HH) and $100,600 (4pp HH)

- The growing older adult and senior population will support long-term demand for senior housing units in Duluth to 2035 and beyond. Demand exists for a variety of senior housing products, but needs should be prioritized toward for-sale market rate active adult and independent senior housing in addition to affordable rental active adult housing. These will provide housing options in the short term for those that are seeking to relocate to alternate housing products.

- The development of new senior housing will satisfy housing needs in Duluth by increasing the number of options for older adult and senior residents that want to relocate to new age-restricted housing. Additionally, the development of housing alternatives for seniors will stimulate the turnover of existing homes and rental units occupied by seniors, creating more opportunities for general occupancy buyers and renters.

- **We estimate that the development of senior housing could generate the availability of at least a ratio of 0.5:1 more affordable for-sale units from seniors selling older single-family homes to move into age-restricted housing.**

- The following table summarizes a recommended mix of senior housing units by service level including product type, pricing, project size, and development timing.

RECOMMENDED SENIOR HOUSING DEVELOPMENT (Short-Term)
CITY OF DULUTH
2025 to 2030 (March 2025)

	Pricing Range[1]	No. of Units	Development Timing
Age Restriced Senior Housing			
Active Adult For-Sale Housing			
Market Rate Cooperative[2]	$110,000/1BR+D - $250,000/2BR/2BR+	100 - 150	2025+
Market Rate Townhome/Twinhomes	$350,000 2BR - $550,000 3BR	80 - 100	2025+
Active Adult Rental Housing			
Affordable[2,3]	$900/1BR - $1,240/2BR	100 - 120	2026+
Market Rate Service-Enhanced Senior Housing			
Independent Living	$2,500/1BR - $4,000/2BR	100 - 120	2025+
Assisted Living	$3,200/Studio - $5,000/2BR	36 - 48	2028+
Memory Care[4]	$4,500/Studio - $6,000/1BR	36 - 48	2025+

[1] Pricing in 2025 dollars. Pricing can be adjusted to account for inflation.

[2] Alternative concept is to combine affordable and market rate active adult into mixed-income building.

[3] Affordablity subject to income guidelines; rates based on max rents at 50% AMI

[4] Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Unit amounts reflect recommended size of property that for a single project, but do not equal total calculated long-term demand

Because of the large size of the Baby Boom population, there will be demand for housing products targeted to this group well beyond 2035.

Purpose and Scope of Study

Maxfield Research and Consulting was engaged by the City of Duluth to prepare a Housing Needs Analysis for the community. The analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households in the community.

The scope of this study includes an analysis of the demographic and economic characteristics of Duluth and the surrounding area, a review of existing housing stock characteristics, and market analyses covering the for-sale, rental, and senior housing markets. Additionally, the study includes an assessment of housing affordability in the area.

Detailed housing demand calculations from 2020 to 2030 and from 2030 to 2035 and development concept recommendations and housing priorities are provided for the community. The study concludes with an evaluation of challenges and opportunities associated with housing development in Duluth.

Methodologies

This report includes both primary and secondary research. Primary research includes personal interviews, data on existing rental properties and information on pending developments. Primary research is critical to identifying current housing market conditions for for-sale, general rental and senior housing. Secondary research is credited to the source when used and is data gathered from published reputable sources as listed below. Secondary data is data that it is not feasible for Maxfield Research to collect on its own and is used to support and facilitate our understanding and analysis of demographics, employment and housing as we interpret and further analyze the housing market with respect to demand and final recommendations. Secondary data resources include:

- City of Duluth
- Housing and Redevelopment Authority of Duluth (HRA)
- ESRI, Inc.
- St. Louis County Assessor
- Lake Superior Area Realtors
- Minnesota Department of Employment and Economic Development (DEED)
- Minnesota Department of Health
- Minnesota Housing
- Minnesota State Demographic Center
- Various housing databases
- United States Census Bureau Decennial Census, American Community Survey, and Local Household Employment Dynamics (LEHD)
- United States Department of Housing and Urban Development (HUD)

Area Median Income (AMI) Affordability Limits

Affordability Limits by AMI, although applied across ownership and rental housing, are most often referenced for subsidized and affordable rental housing as low- and moderate-income households rent in greater proportions than own. Federal housing programs such as HUD Section 8, Section 42 (Tax Credit), Section 202 and others place a maximum income threshold for households by household size to qualify to reside at the property.

State housing agencies administering federal programs also apply these income thresholds for developers of affordable housing, primarily the Low-Income Housing Tax Credit program, which is a federal program, administered by the states that provides tax credits to developers to reduce rental rates to residents making the housing more affordable.

Maximum income thresholds are published by county and metropolitan area each year by HUD and each state housing agency. Affordable to Local Workforce Rent Limits are published each year by MN Housing for each county for funding resources that have been set aside for "workforce" housing. The 2025 Affordable to Local Workforce Rent Limits for St. Louis County are shown in the "Affordability" section of the report. The workforce rent limits reflect incomes above 60% of AMI but at or below 80% of AMI for the program funded through the State. Preference for the workforce housing program through Minnesota is given to cities with populations of 30,000 or less.

Affordability Categories for Housing in Duluth

The categories listed below include traditional HUD Definitions and the Area Median Income ranges that correspond to the HUD Definitions. In parentheses, are the classifications used by Maxfield Research in the Housing Needs Analysis when classifying various properties based on income restrictions and rent thresholds.

AREA MEDIAN INCOME (AMI) DEFINITIONS

Definition	AMI Range
Extremely Low Income (Subsidized Hsg)	0% to 30%
Very Low Income (Subsidized Hsg)	31% to 50%
Low Income (Affordable)	51% to 60%
Moderate Income (Workforce Housing)	61% to 100%

Duluth-Superior, MN-WI MSA 4-person AMI = $132,400 (2025)

Sources: US Dept of Hsg and Urban Development; Maxfield Research

The above affordability categories by Area Median Income (AMI) definitions are generally consistent across the country based on income thresholds for various types of housing programs. There is no federally-funded housing program for workforce housing and communities rely on local, county or state programs to provide financial assistance for the funding gap between the affordable rent levels and market rate rents. Workforce housing nationally has been defined as

being affordable to households with incomes between 80% and 120% of AMI. Currently, there are no traditional funding programs to provide affordable rents for households with incomes between 60% and 80% of AMI. Furthermore, housing costs of 120% AMI are much higher than what is currently being charged in Duluth for new market rate rental housing. As such, we have capped the income threshold for the workforce housing range at 100% of AMI, which results in rent levels that are equal to or slightly higher than new construction rents in Duluth.

Affordable Housing Demand – Comparison Between 2019 and 2025

Maxfield Research conducted market demand analysis for affordable housing for Duluth in 2019. At the time of that analysis, the median household income in Duluth and the surrounding area was $50,586. By 2025, the median household income has risen to $66,428, an increase of 31.3%, or an average annual increase of 4.6%, higher than the average annual rate of inflation over the past six years, 3.7%.

In 2019, the number of households with incomes at or less than $50,000 was 20,778. By 2025. As of 2025, the number of households with incomes under $50,000 was 18,325 indicating that the projected base for low-and moderate-income households is estimated to be decreasing.

There has been a general shift upward in household incomes with median household incomes rising as wage growth has been strong and there has been an increase in market rate development, enabling more households with higher incomes to relocate to new housing, freeing up some housing that may have been occupied by higher income households earlier.

Based on household income shifts as well as demographic shifts (much higher growth among senior households), comparison between the two analyses is not discrete.

Demographic Analysis

This section of the report examines factors related to the current and future demand for owned and rented housing in Duluth, Minnesota. This section presents information and analysis on population and household growth trends and projections, age distribution trends, household income, net worth, household types and household tenure. A review of these characteristics provides insight into the demand for various types of housing in the City.

Duluth-Superior MSA Overview

The Duluth-Superior Metropolitan Statistical Area (MSA) is in Northeast Minnesota at the southwestern tip of Lake Superior, the largest and deepest of the Great Lakes. The Duluth-Superior MSA is the second largest in Minnesota and encompasses an estimated geographic area of 6,860 square miles and includes all of St. Louis County (the largest county in land area in Minnesota in addition to Carleton County, MN and Douglas County, WI.

Duluth is the largest city in the MSA, the gateway to Minnesota's North Shore and dominates economic activity in the region. St. Louis County alone has more than 27 cities. Duluth is the county seat of St. Louis County. The next largest city in the MSA is Superior, WI, also found on Lake Superior. Interstate 35 (north to south) ends in Duluth, Minnesota and extends south to the Twin Cities and then travels further south to Louisiana. Highway connections in Duluth include US Highway 53, which extends north to the Iron Range, US Highway 2 traversing northern Minnesota west into North Dakota and east into Wisconsin. St. Louis County is surrounded by Carleton County to the south, Canada to the north, Lake County to the east and Koochiching, Itasca and Aitkin counties to the west. Duluth is situated the following distances from other regional communities:

- Superior, WI: 6 miles
- Thunder Bay, Ontario: 190 miles
- Minneapolis: 154 miles
- St. Paul: 152 miles
- Brainerd: 114 miles
- Fargo: 246 miles
- St Cloud: 144 miles
- Rochester: 227 miles

Duluth – Superior Metropolitan Statistical Area (MSA)



Duluth Primary Market Area Definition

For this housing analysis, Maxfield Research determined the primary draw area for housing in Duluth, Minnesota based on geographic and man-made barriers, commuting and community orientation patterns, renter leasing patterns and our general knowledge of the draw areas for housing. Considering these factors, the Primary Market Area (PMA), is identified as the Cities of Duluth, Hermantown, Proctor and Rice Lake in addition to the Townships of Canosia, Midway and Lakewood.

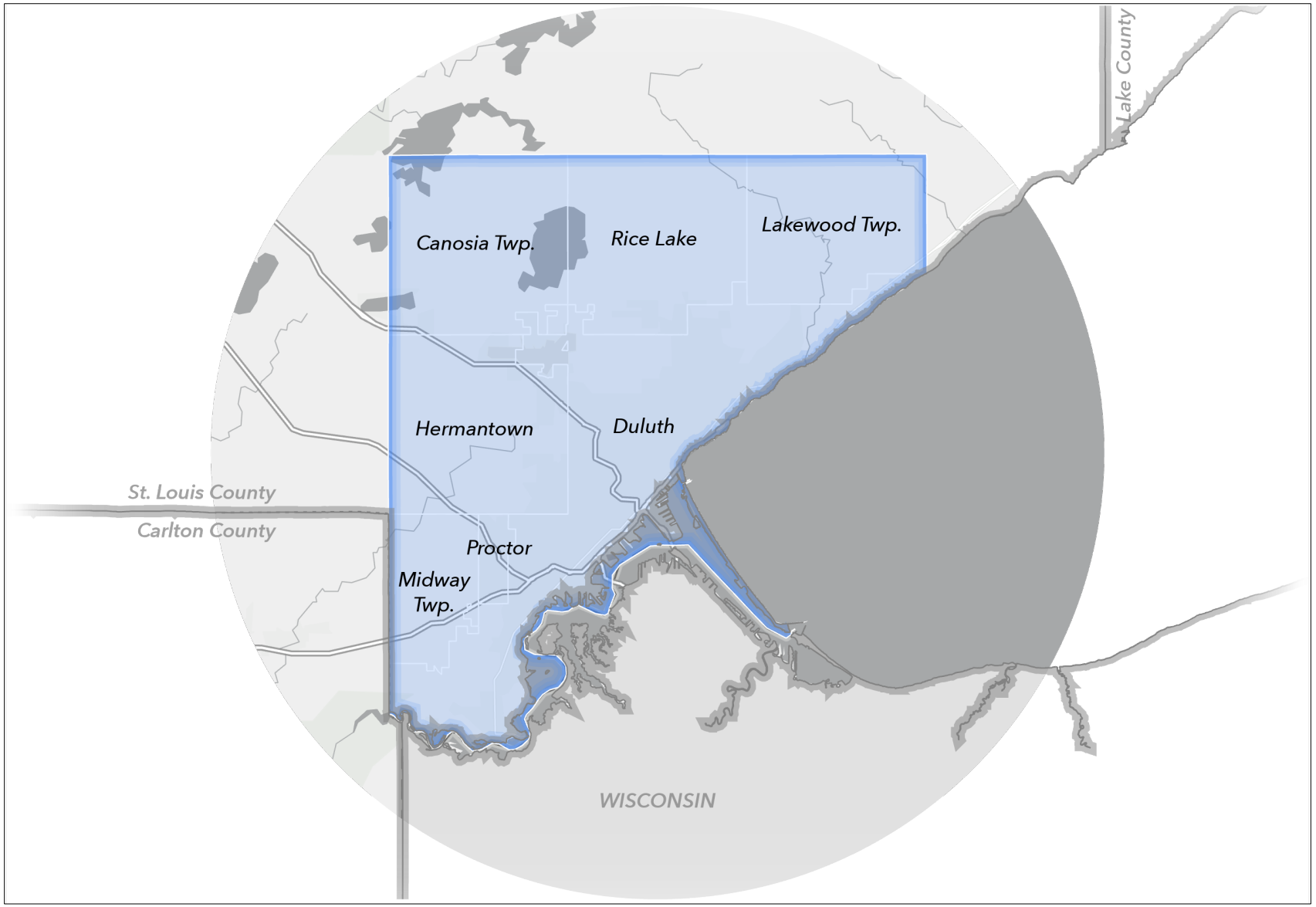
Additional demand for housing has been and will be generated from outside of this immediate Primary Market Area because of Duluth's position in the region, its employment base, and tourist economy. We estimate that 70% of the demand for housing in Duluth will be generated from the PMA, which means that 70% of the units needed will be filled by people residing in the PMA and 30% of the demand will be filled by people from outside of the defined PMA.

PMA Population Change, 2010 to 2020

Cities	2010 Population	2020 Population	No. Change	% Change
Duluth	86,265	86,697	432	0.5%
Hermantown	9,414	10,221	807	8.6%
Proctor	3,057	3,120	63	2.1%
Rice Lake	4,095	4,112	17	0.4%
Townships				
Canosia	2,158	2,206	48	2.2%
Lakewood	2,190	2,276	86	3.9%
Midway	1,399	1,431	32	2.3%

Source: Maxfield Research and Consulting

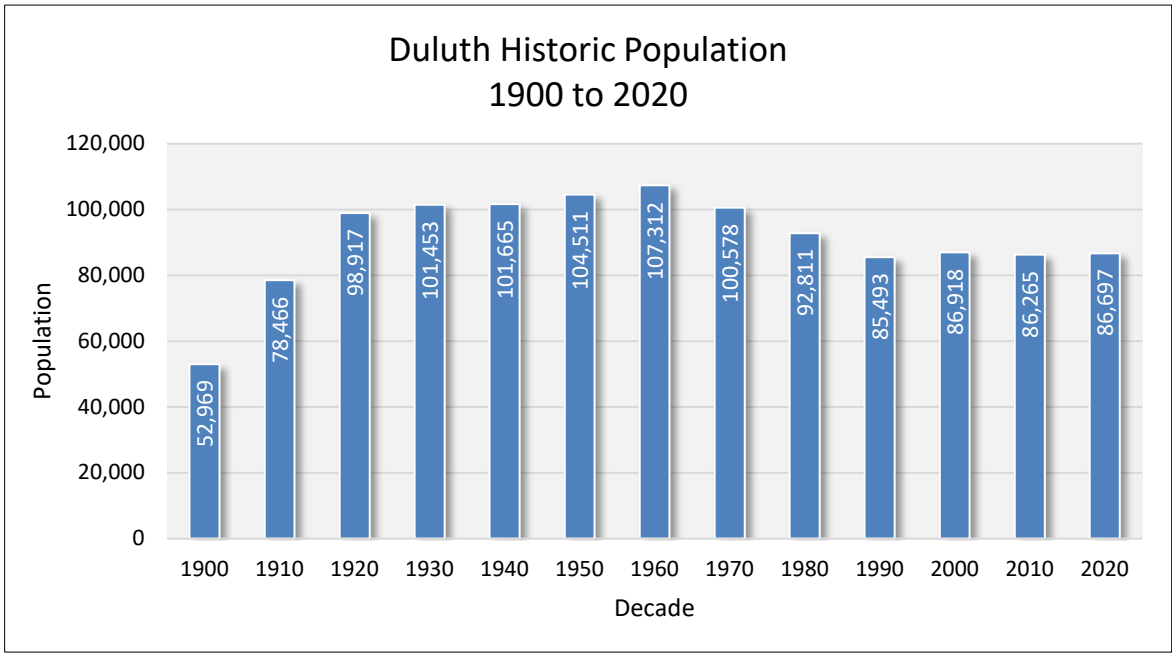
Duluth Market Area



Historic Population

The figure below shows historic Duluth population sourced from the U.S. Census Bureau from 1900 to 2020.

- The population in Duluth grew between 1900 to 1960, after which the population declined between 1960 and 1990, hitting a low of 85,493 in 1990. From 1990 to 2000, Duluth gained 1,425 people. Between 2000 and 2020, the City's population has remained essentially flat, fluctuating between 86,300 and 87,000.



Population and Household Estimates and Projections

Table 1 presents population and household growth trends and projections for Duluth, the PMA, St. Louis County and the Duluth-Superior MSA to 2035. Estimates and projections for 2025 to 2035 are based on information from ESRI, Inc. (a national demographics service provider) and have been adjusted by Maxfield Research and Consulting based on recent local growth trends.

- Duluth's population is estimated to have increased by 1.5% from 2020 to 2025. The projected population increase was faster than the population increase experienced in the decade between 2010 and 2020 (0.5%). Duluth's household base expanded by 1,400 households between 2010 and 2020, growth of 3.9%, which suggests aging households in the City.

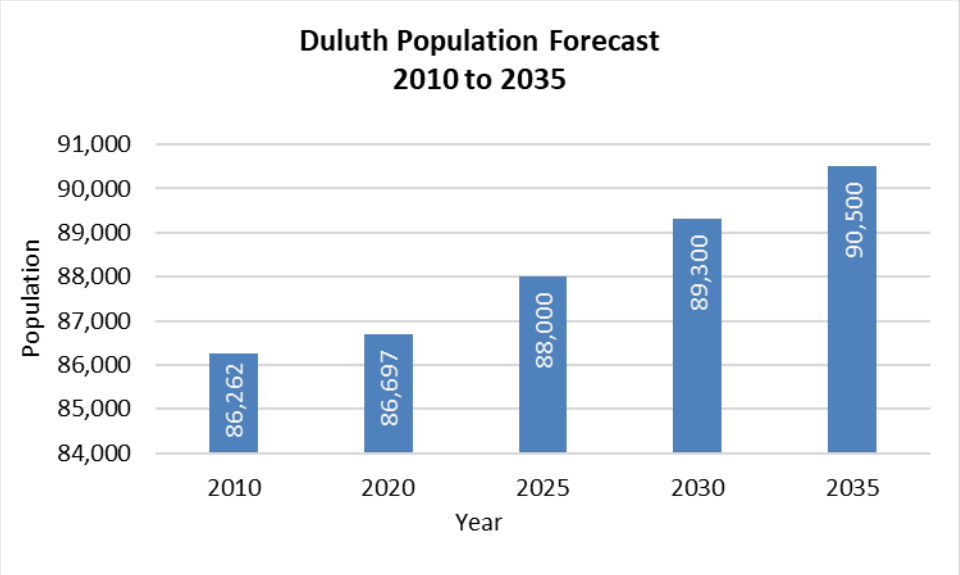
- The Primary Market Area's population and household bases grew more rapidly than the City during the 2010s, increasing by 1.4% and 4.4%, respectively, with most of the growth occurring in the first-tier cities/townships in Hermantown and some of the adjacent townships.

- Between 2025 and 2030, Duluth's population is forecast to increase more rapidly than from 2020 to 2025, but its growth rate is expected to still lag the first-tier cities/townships, at 1.5%. Numerical growth is projected at 1,300 people. Duluth's growth could increase if it continues to support higher housing densities, replacing low density single-family homes with higher density multifamily housing.

- The PMA's population is forecast to increase by 1.6% over the next five years, while the first-tier cities/townships is forecast to grow by 2.1%, slightly slower than over the past five years. Similarly, households are forecast to increase in Duluth and the PMA, outpacing population growth in both. This trend is typically found in places where the population is aging, and household sizes are trending down.

- Duluth and the PMA are forecast to see strong population and household growth during the first half of the 2030s, with population forecast to increase by 1,200 people and 980 new households in Duluth and 1,600 people and 1,200 households in the PMA.

- Duluth's fully-developed built environment along with its significant rock formations has limited the construction of new housing, more so than the adjacent townships and cities. The most significant opportunities to develop new housing will be from redevelopment of under-utilized land areas.



- Overall, population and household growth in St. Louis County and the Duluth-Superior MSA are forecast to remain flat over the next five years, despite the MSA showing significant growth population and household growth during the 2010s. Household growth in the County and MSA is forecast to outpace population growth, which suggests that the overall household base continues to age. The growth will be focused primarily in the Duluth-Superior region, while the more rural parts of the MSA are forecast to lose population and households.

TABLE 1

POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
MARKET AREA
2010 to 2035

Population

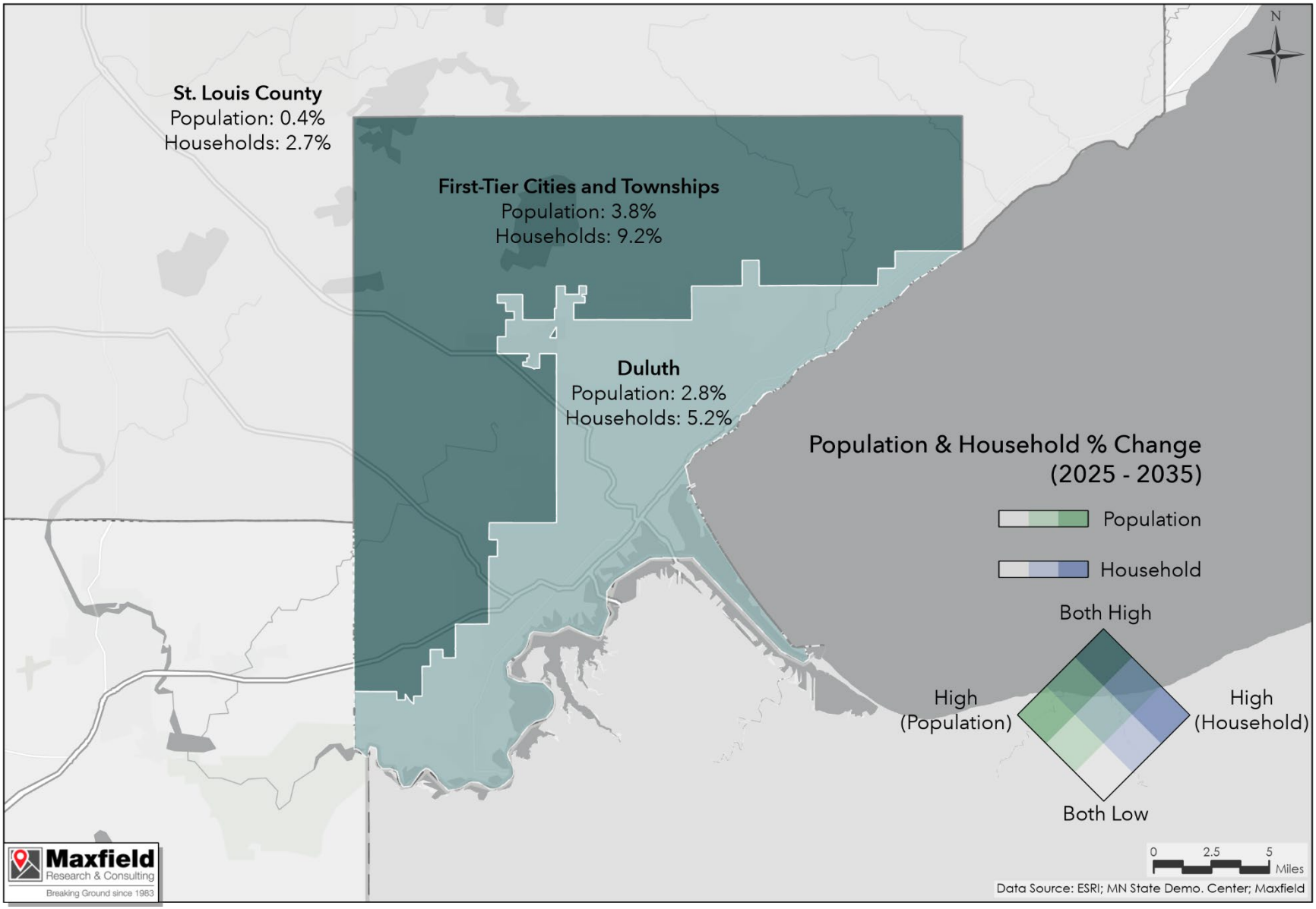
	Duluth		PMA		First-Tier Cities/Twps.		St. Louis County		Duluth-Superior MSA	
2010 Census	86,262		108,582		22,320		200,224		279,771	
2020 Census	86,697		110,063		23,366		200,231		291,638	
2025 Estimate	88,000		112,000		24,000		200,500		293,500	
2030 Forecast	89,300		113,800		24,500		200,800		295,500	
2035 Forecast	90,500		115,400		24,900		201,400		297,600	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	435	0.5%	1,481	1.4%	1,046	4.7%	7	0.0%	11,867	4.2%
2020 - 2025	1,303	1.5%	1,937	1.8%	634	2.7%	269	0.1%	1,862	0.6%
2025 - 2030	1,300	1.5%	1,800	1.6%	500	2.1%	300	0.1%	2,000	0.7%
2030 - 2035	1,200	1.3%	1,600	1.4%	400	1.6%	600	0.3%	2,100	0.7%

Households

	Duluth		PMA		First-Tier Cities/Twps.		St. Louis County		Duluth-Superior MSA	
2010 Census	35,704		44,099		8,395		84,780		116,873	
2020 Census	37,104		46,057		8,953		86,540		124,417	
2025 Estimate	37,900		46,890		8,990		87,740		125,150	
2030 Forecast	38,900		48,500		9,600		88,900		126,700	
2035 Forecast	39,880		49,700		9,820		90,100		128,000	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2010 - 2020	1,400	3.9%	1,958	4.4%	558	6.6%	1,760	2.1%	7,544	6.5%
2020 - 2025	796	2.1%	833	1.8%	37	0.4%	1,200	1.4%	733	0.6%
2025 - 2030	1,000	2.6%	1,610	3.4%	610	6.8%	1,160	1.3%	1,550	1.2%
2030 - 2035	980	2.5%	1,200	2.5%	220	2.3%	1,200	1.3%	1,300	1.0%
2020 - 2030	2,603	3.0%	3,737	3.4%	1,134	4.9%	569	0.3%	3,862	1.3%
2025 - 2035	2,500	2.8%	3,400	3.0%	900	3.8%	900	0.4%	4,100	1.4%

Sources: US Census; ESRI; MN State Demographic Center; Maxfield Research & Consulting

Population & Household Percent Change (2025 – 2035)



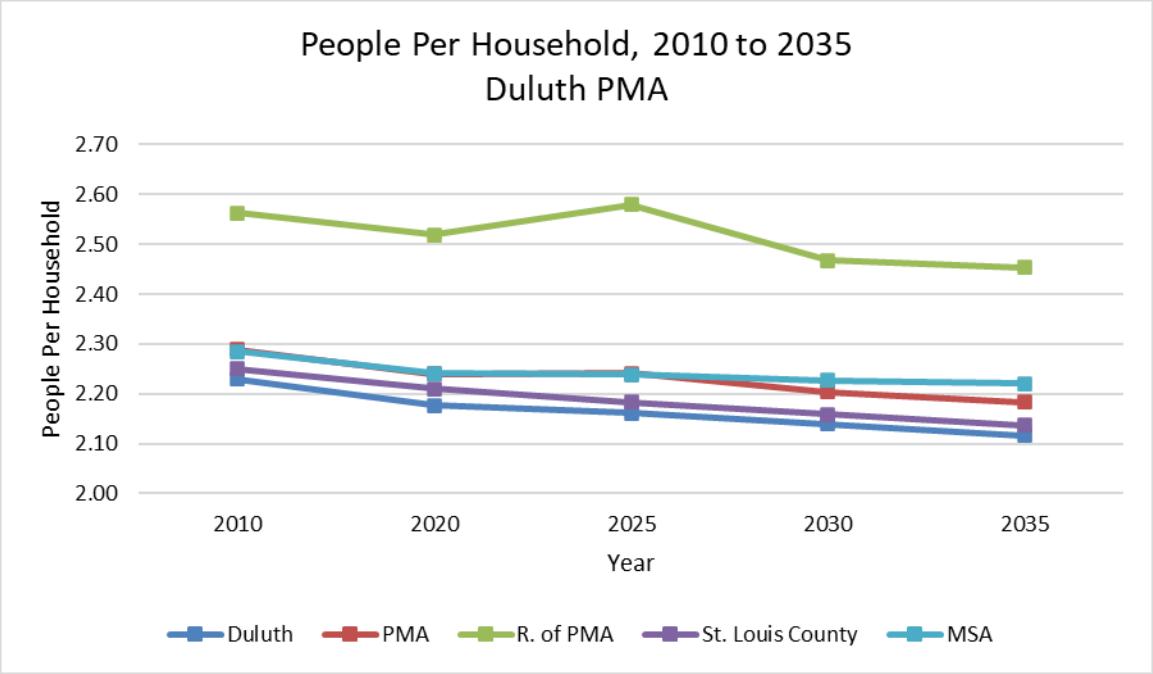
Household Size

Household size is calculated by dividing the number of persons in households by the number of households (or householders), excluding group quarters. Nationally, the average number of people per household has been declining for over a century; however, there were sharp declines which began in the 1960s and 1970s. Persons per household in the U.S. was about 4.5 in 1916 and declined to 3.2 in the 1960s. Over the past 50 years, it dropped to 2.57 as of the 2000 Census. The economic recession between 2008 and 2011 temporarily halted the downward slide as renters and laid-off employees "doubled-up," which increased the average U.S. household size to 2.59 at the 2010 Census. As these previously "doubled-up" individuals formed new households of their own and in-migration, the average U.S. household size increased to 2.61.

Changes in household size can be caused by many factors, including aging, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, economic conditions and improvements in health care that have influenced how people organize their lives. The following table highlights the declining household size in Duluth and the PMA.

- The household size in Duluth was 2.23 as of 2010. By 2020, it had fallen to 2.18 people per household and by 2025, it is estimated to have decreased to 2.16. We estimate that by 2035, it will have further decreased to 2.11.

- Because Hermantown, Rice Lake and the townships have more low-density housing and are oriented toward family households, the household size of the overall PMA was 2.29 in 2010. Household size trended down to 2.24 in 2020 and is estimated to have remained at that level to 2025. By 2035, it is estimated to decrease to 2.18. The First-tier cities/townships had had the highest household size at 2.56 in 2010, falling to 2.52 before bouncing back to 2.56 in 2025. By 2035, the household size in the First-tier cities/townships is forecast to decrease to 2.45. The median age in the First-tier cities/townships is approximately 10 years older than the City of Duluth, and by 2035, many more of the households in the First-tier cities/townships are going to be empty nesters, or close to it.



Age Distribution Trends

Table 2 shows the distribution of people in nine age cohorts for Duluth, the PMA and St. Louis County in 2000, 2010 and 2020 with estimates for 2025 and projections to 2030. The 2000, 2010 and 2020 age distributions are from the U.S. Census Bureau. Maxfield Research and Consulting derived the 2025 estimates and 2030 projections from data supplied by ESRI. Adjustments were made to reflect local trends.

The points below reflect key findings from the data.

- In 2010, the largest adult age cohort in Duluth was the 20 to 24 age group, comprising 14.0% of the adult population. The next largest age group in Duluth was the 25 to 34 age group, which comprised 13.4% of the population. In the PMA, the 25 to 34 age group was the largest, comprising 12.9% of the adult population.

- As of 2020, the largest adult age group in Duluth was the 25 to 34 age group, which was 14.9% of the adult population. This age group remained the largest in the PMA, comprising 14.1% of the adult population.

- Since 2010, the largest growth in Duluth occurred in the 65 to 74 age group, which grew by 3,540 people (64.7%). Growth in this age group was also the largest for the PMA, which increased by 4,949 people (70.5%).

- Notable growth in Duluth also occurred in the 35 to 44 age group, which increased by 2,543 people, or 29.3% between 2010 and 2025. In the PMA, the increase in this age group was 2,746 people, or 23.5%.

- The strong growth projected for the age 75+ cohort across Duluth and the PMA indicates there will likely be demand for additional senior housing in the coming years.

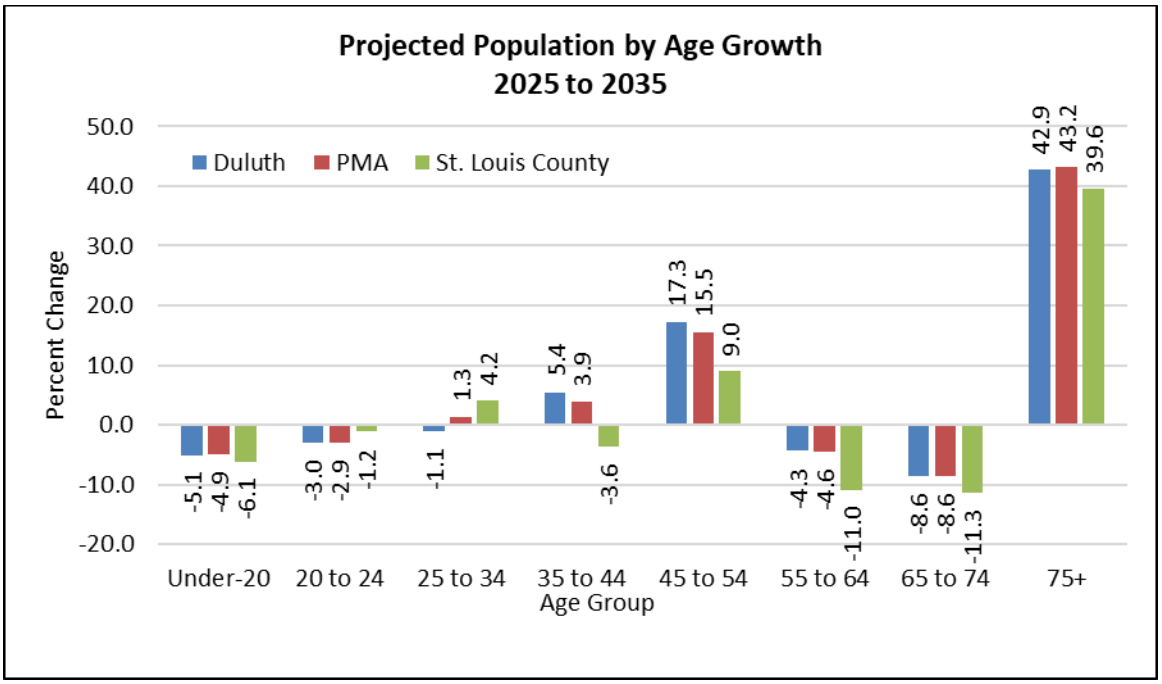
- Demand for rental housing is typically driven by younger households, who rent at significantly higher levels than older households. In Duluth, all age groups under age 35 are forecast to contract over the next ten years, while in the PMA, all age groups under age 25 are forecast to contract over the next ten years.

TABLE 2

POPULATION AGE DISTRIBUTION
MARKET AREA
2010 - 2035

	Census		Estimate	Projection		Change 2010-2025		Change 2025-2035	
Age	2010	2020	2025	2030	2035	No.	Pct.	No.	Pct.
Duluth									
Under-20	20,790	18,974	18,724	18,222	17,774	-2,066	-9.9	-950	-5.1
20 to 24	12,044	10,610	10,669	10,474	10,351	-1,375	-11.4	-318	-3.0
25 to 34	11,524	12,914	13,027	12,649	12,883	1,503	13.0	-145	-1.1
35 to 44	8,676	10,300	11,219	11,476	11,821	2,543	29.3	602	5.4
45 to 54	11,114	8,385	8,537	9,305	10,013	-2,577	-23.2	1,476	17.3
55 to 64	10,248	10,437	9,731	9,028	9,310	-517	-5.0	-422	-4.3
65 to 74	5,473	8,775	9,013	9,441	8,235	3,540	64.7	-778	-8.6
75+	6,393	6,302	7,080	8,705	10,114	687	10.7	3,034	42.9
Total	**86,262**	**86,697**	**88,000**	**89,300**	**90,500**	**1,738**	**2.0**	**2,500**	**2.8**
Primary Market Area									
Under-20	26,392	24,581	24,318	23,706	23,130	-2,074	-7.9	-1,188	-4.9
20 to 24	13,228	11,768	12,084	11,867	11,730	-1,144	-8.6	-354	-2.9
25 to 34	13,985	15,474	15,401	15,308	15,594	1,416	10.1	193	1.3
35 to 44	11,678	13,352	14,424	14,548	14,989	2,746	23.5	565	3.9
45 to 54	15,041	11,357	11,435	12,268	13,204	-3,606	-24.0	1,769	15.5
55 to 64	13,394	13,974	13,012	12,035	12,414	-382	-2.8	-598	-4.6
65 to 74	7,022	11,457	11,971	12,545	10,945	4,949	70.5	-1,026	-8.6
75+	7,842	8,100	9,354	11,523	13,392	1,512	19.3	4,038	43.2
Total	**108,582**	**110,063**	**112,000**	**113,800**	**115,400**	**3,418**	**3.1**	**3,400**	**3.0**
St. Louis County									
Under-20	47,058	44,071	42,825	40,939	40,192	-4,233	-9.0	-2,633	-6.1
20 to 24	17,509	15,623	16,297	15,846	16,108	-1,212	-6.9	-190	-1.2
25 to 34	23,279	24,286	23,742	23,765	24,731	463	2.0	989	4.2
35 to 44	21,687	23,721	24,709	24,350	23,824	3,022	13.9	-885	-3.6
45 to 54	30,316	21,751	21,652	22,729	23,593	-8,664	-28.6	1,941	9.0
55 to 64	28,558	29,165	25,906	23,206	23,049	-2,652	-9.3	-2,857	-11.0
65 to 74	15,768	25,030	26,401	26,467	23,424	10,633	67.4	-2,978	-11.3
75+	16,049	16,584	18,967	23,497	26,479	2,918	18.2	7,512	39.6
Total	**200,224**	**200,231**	**200,500**	**200,800**	**201,400**	**276**	**0.1**	**900**	**0.4**

Sources: US Census; ESRI; Minnesota State Demographic Center; Maxfield Research & Consulting

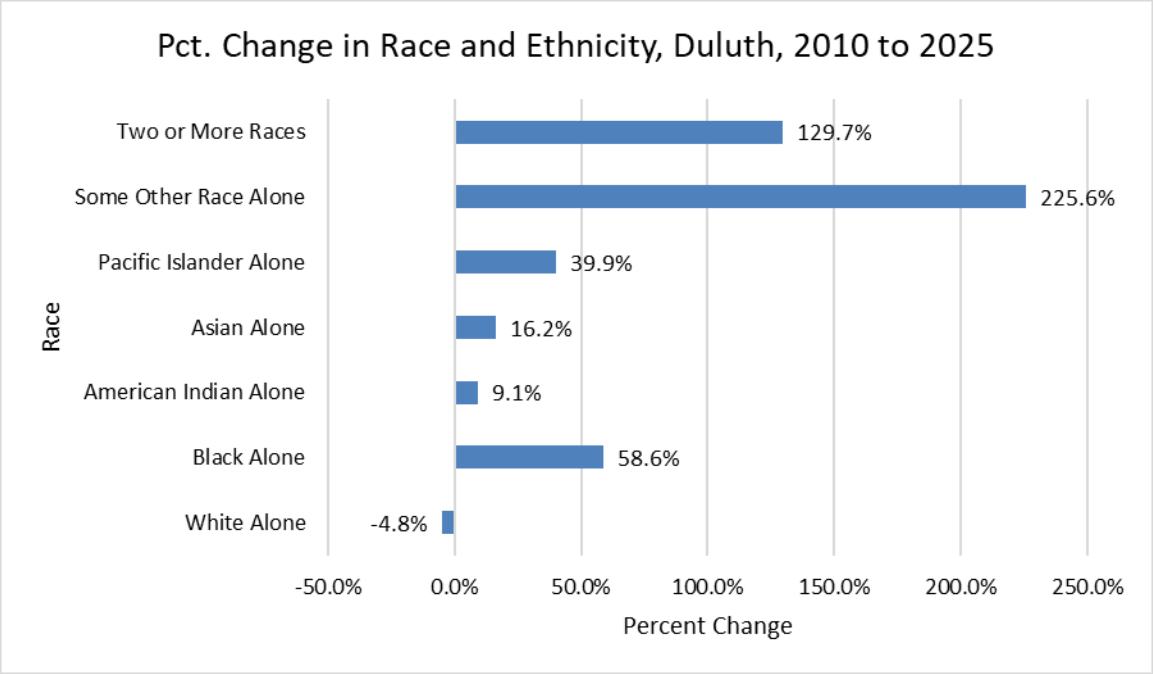


Race/Ethnicity

The race/ethnicity of the population illustrates the diversity for Duluth, the PMA and St. Louis County. Data for 2010 and 2025 was obtained from the U.S. Census and is presented in Table 3.

- The majority of Duluth, PMA, and St. Louis County residents reported their race as "White Alone" in 2010 and 2020. In Duluth, the proportion self-identifying as White Alone in 2025 was 84.3% in Duluth, 85.9% in the PMA and 88.1% in St. Louis County. Duluth is slowly becoming more diverse, with the largest numerical growth occurring in the two or more races category, which increased by 3,409 people between 2010 and 2025, growing by 129.7%.

- From 2010 to 2025, the proportion of people self-identifying in the other racial and ethnicity categories has increased substantially, more than doubling among "Some Other Race" and "Two or More Races." These increases caused the proportion of those as "White Alone" to fall by 4.8% over the past 15 years.



- Between 2010 and 2020, the Latino(a)(x) or Hispanic increased in Duluth, the PMA and St. Louis County. In 2010, 1.5% of the Duluth's population reported their ethnicity as Latino(a)(x). In 2025, the proportion of the population reporting their ethnicity as Latino(a)(x) increased by 1.1% to account for 2.6% of the City's population.

TABLE 3

POPULATION DISTRIBUTION BY RACE & ETHNICITY
MARKET AREA
2010 - 2025

Race/Ethnicity	2010 No.	2010 Pct.	2025 No.	2025 Pct.	Change 2010-2025 No.	Change 2010-2025 Pct.
Duluth						
White Alone	77,965	90.4%	74,208	84.3%	-3,757	-4.8%
Black Alone	1,988	2.3%	3,153	3.6%	1,165	58.6%
American Indian Alone	2,134	2.5%	2,329	2.6%	195	9.1%
Asian Alone	1,293	1.5%	1,502	1.7%	209	16.2%
Pacific Islander Alone	29	0.0%	41	0.0%	12	39.9%
Some Other Race Alone	224	0.3%	729	0.8%	505	225.6%
Two or More Races	2,629	3.0%	6,038	6.9%	3,409	129.7%
Total	**86,262**	**100%**	**88,000**	**100%**	**1,738**	**2.0%**
Hispanic (ethnicity)	1,305	1.5%	2,268	2.6%	963	73.8%
Primary Market Area						
White Alone	99,218	91.4%	96,232	85.9%	-2,986	-3.0%
Black Alone	2,260	2.1%	3,348	3.0%	1,088	48.2%
American Indian Alone	2,365	2.2%	2,518	2.2%	153	6.5%
Asian Alone	1,460	1.3%	1,732	1.5%	272	18.6%
Pacific Islander Alone	36	0.0%	43	0.0%	7	18.9%
Some Other Race Alone	303	0.3%	851	0.8%	548	180.8%
Two or More Races	2,940	2.7%	7,276	6.5%	4,336	147.5%
Total	**108,582**	**100%**	**112,000**	**100%**	**3,418**	**3.1%**
Hispanic (ethnicity)	1,612	1.5%	2,588	2.3%	976	60.6%
St. Louis County						
White Alone	186,210	93.0%	176,706	88.1%	-9,504	-5.1%
Black Alone	2,739	1.4%	4,128	2.1%	1,389	50.7%
American Indian Alone	4,477	2.2%	4,675	2.3%	198	4.4%
Asian Alone	1,774	0.9%	2,024	1.0%	250	14.1%
Pacific Islander Alone	64	0.0%	68	0.0%	4	6.7%
Some Other Race Alone	445	0.2%	1,263	0.6%	818	183.8%
Two or More Races	4,515	2.3%	11,635	5.8%	7,120	157.7%
Total	**200,224**	**100%**	**200,500**	**100%**	**276**	**0.1%**
Hispanic (ethnicity)	2,409	1.2%	3,831	1.9%	1,422	59.0%

Sources: U.S. Census; ESRI; Maxfield Research & Consulting

Household Income by Age of Householder

The estimated distribution of household incomes in the PMA for 2025 and 2030 is shown in Table 4. The data is estimated by Maxfield Research and Consulting based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of $50,000 per year would be able to afford a monthly housing cost of about $1,250. Maxfield Research and Consulting utilizes a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income for a single-family home. For example, a $50,000 income translates to an affordable home cost of $150,000 to $175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs but also does not include savings or equity in an existing home.

The following points highlight key findings of the income data for 2025 and 2030.

- In 2025, the median income for the PMA across all ages was $64,612. The median income is forecast to rise by 14.1% to $73,690 by 2030, an average annual increase of 2.8% over the five years.

- The highest median income is recorded among households aged 45 to 54 at $94,089 in 2025. In 2030, households ages 45 to 54 are expected to remain the highest earners with a median income of $104,294, a 10.8% increase, or annualized increase of 2.2%.

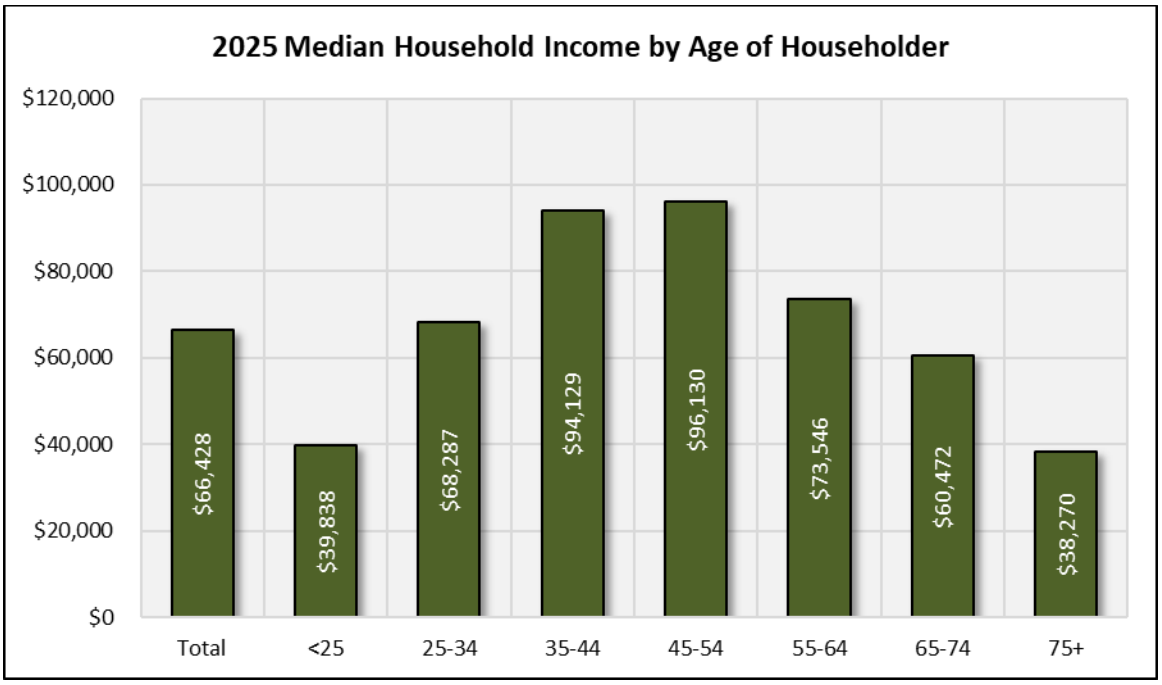
- Between 2025 and 2030, the median income of householders ages 55 to 64 is forecast to experience the greatest growth, 16.1% from $71,257 in 2025 to $82,701 in 2030. All older adult householder cohorts (55 to 64, 65 to 74 and 75+) are forecast to have strong proportional income gains.

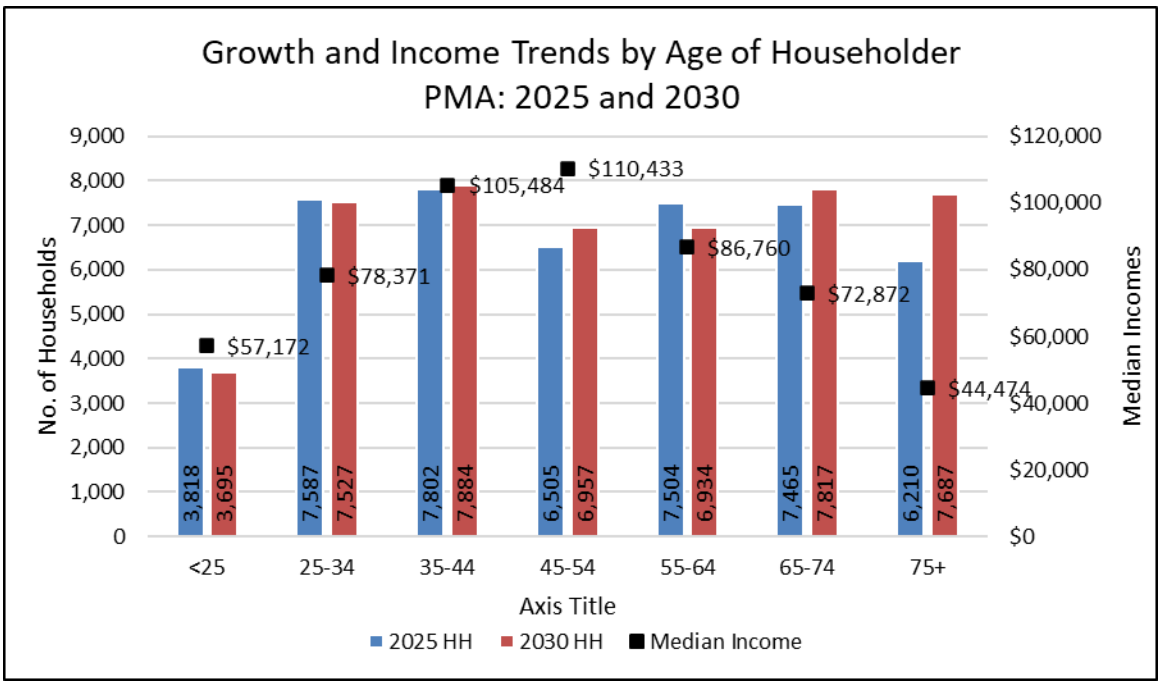
TABLE 4

HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
MARKET AREA
2025 & 2030

		Age of Householder						
	Total	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
2025								
Less than $15,000	5,531	737	793	637	545	977	874	967
$15,000 to $24,999	3,878	479	533	334	273	519	647	1,094
$25,000 to $34,999	3,708	473	656	380	298	502	550	849
$35,000 to $49,999	5,208	600	843	598	510	696	989	973
$50,000 to $74,999	7,665	766	1,317	1,038	881	1,190	1,486	985
$75,000 to $99,999	6,094	362	1,111	1,213	921	1,032	1,004	452
$100,000 to $149,999	7,734	293	1,326	1,833	1,492	1,296	1,054	439
$150,000 to $199,999	3,454	75	506	875	753	601	413	231
$200,000 or more	3,618	32	502	894	831	690	449	219
Total	**46,890**	**3,818**	**7,587**	**7,802**	**6,505**	**7,504**	**7,465**	**6,210**
Median Income	**$66,428**	**$39,838**	**$68,287**	**$94,129**	**$96,130**	**$73,546**	**$60,472**	**$38,270**
2030								
Less than $15,000	5,605	732	749	644	547	840	896	1,198
$15,000 to $24,999	3,349	402	436	267	230	372	539	1,104
$25,000 to $34,999	3,428	437	588	342	263	393	494	912
$35,000 to $49,999	4,721	523	726	519	460	515	873	1,105
$50,000 to $74,999	7,430	763	1,234	909	793	988	1,475	1,267
$75,000 to $99,999	6,314	376	1,096	1,199	960	962	1,086	634
$100,000 to $149,999	8,572	332	1,435	1,876	1,679	1,318	1,252	680
$150,000 to $199,999	4,494	96	642	1,072	962	738	582	402
$200,000 or more	4,587	34	622	1,056	1,062	807	620	386
Total	**48,500**	**3,695**	**7,527**	**7,884**	**6,957**	**6,934**	**7,817**	**7,687**
Median Income	**$75,506**	**$41,736**	**$75,523**	**$101,011**	**$104,294**	**$82,701**	**$66,834**	**$42,364**
Change 2025 - 2030								
Less than $15,000	74	-5	-44	7	2	-137	22	231
$15,000 to $24,999	-529	-77	-97	-67	-42	-147	-108	10
$25,000 to $34,999	-280	-36	-68	-39	-35	-108	-55	63
$35,000 to $49,999	-488	-77	-117	-79	-50	-181	-115	131
$50,000 to $74,999	-235	-3	-83	-129	-88	-202	-11	281
$75,000 to $99,999	220	14	-15	-13	40	-70	82	182
$100,000 to $149,999	838	39	109	43	186	23	198	241
$150,000 to $199,999	1,040	20	136	197	209	137	170	171
$200,000 or more	968	2	120	162	231	116	171	167
Total	**1,610**	**-123**	**-60**	**82**	**452**	**-570**	**352**	**1,477**
Median Income	**$9,078**	**$1,898**	**$7,236**	**$6,882**	**$8,164**	**$9,155**	**$6,362**	**$4,094**

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting


2025 Median Household Income by Age of Householder
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$66,428
$39,838
$68,287
$94,129
$96,130
$73,546
$60,472
$38,270
Total
<25
25-34
35-44
45-54
55-64
65-74
75+


Growth and Income Trends by Age of Householder
PMA: 2025 and 2030
No. of Households
Median Incomes
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
$120,000
$100,000
$80,000
$60,000
$40,000
$20,000
$0
$57,172
$78,371
$105,484
$110,433
$86,760
$72,872
$44,474
3,818
3,695
7,587
7,527
7,802
7,884
6,505
6,957
7,504
6,934
7,465
7,817
6,210
7,687
<25
25-34
35-44
45-54
55-64
65-74
75+
Axis Title
2025 HH
2030 HH
Median Income

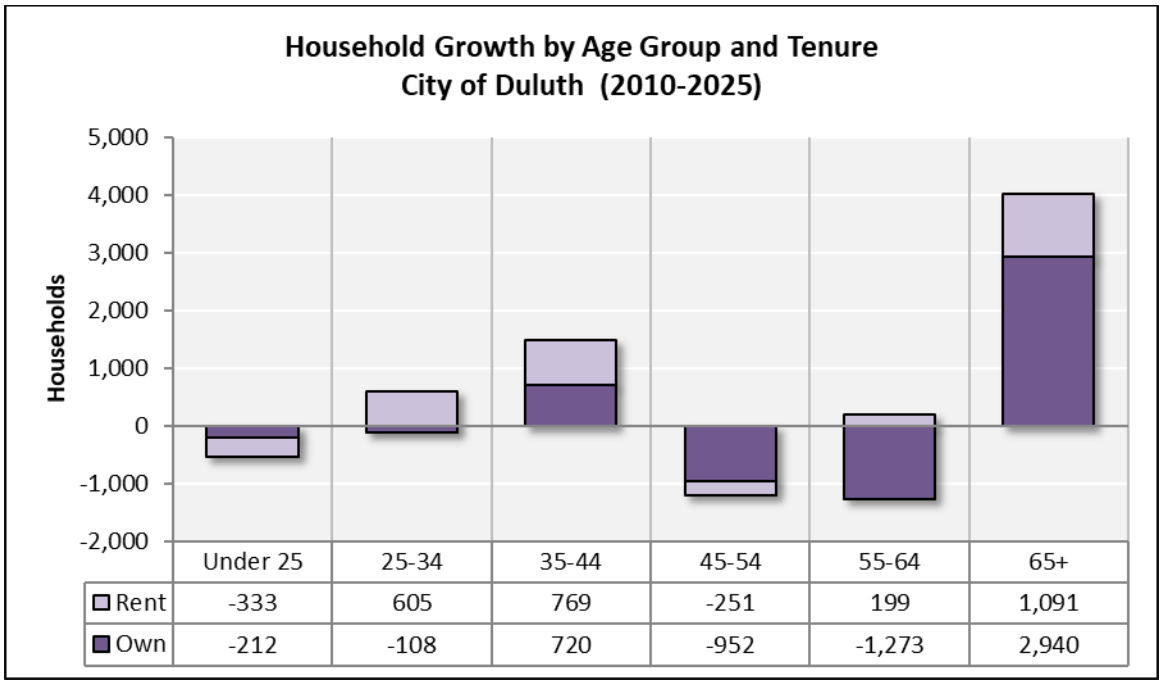
Tenure (Owner/Renter) by Age of Householder

Table 5 shows 2010, 2020 and 2025 tenure (owner/renter) data for Duluth, the PMA and St. Louis County by age cohort from the U.S. Census Bureau. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

- In 2010, 60.4% of Duluth households owned their housing. This number decreased slightly in 2025 to 58.3%. Duluth has lower homeownership rates than the PMA and St. Louis County in 2010 and 2025.

- In 2025, the proportion of PMA owner households experienced a peak in the 55 to 64 age group, at 69.0% and remained high into the 65+ age cohort. By the time a household has moved into the 75+ household cohort, the homeownership rate declines as older households are more likely to seek housing with services (predominantly rental) or downsize into smaller homes with layouts that are more convenient.

- The youngest age groups rent at the highest levels, as seen in the PMA with the under 25 and 25 to 34 age groups renting at the highest rates, 92.7% and 55.0%, respectively. Younger households often can only afford to rent, and as they age and have higher incomes are more likely to be able to afford to own a home.



	Under 25	25-34	35-44	45-54	55-64	65+
Rent	-333	605	769	-251	199	1,091
Own	-212	-108	720	-952	-1,273	2,940

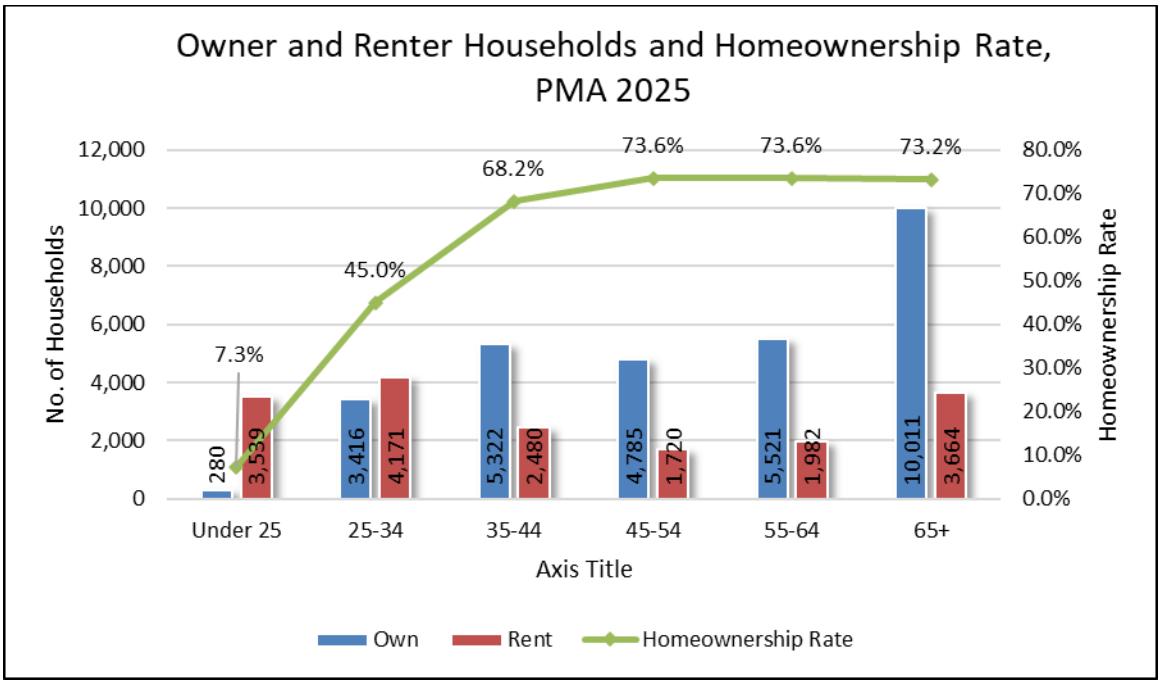

Owner and Renter Households and Homeownership Rate, PMA 2025
No. of Households
Homeownership Rate
12,000
10,000
8,000
6,000
4,000
2,000
0
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
7.3%
45.0%
68.2%
73.6%
73.6%
73.2%
280
3,539
3,416
4,171
5,322
2,480
4,785
1,720
5,521
1,982
10,011
3,664
Under 25
25-34
35-44
45-54
55-64
65+
Axis Title
Own
Rent
Homeownership Rate

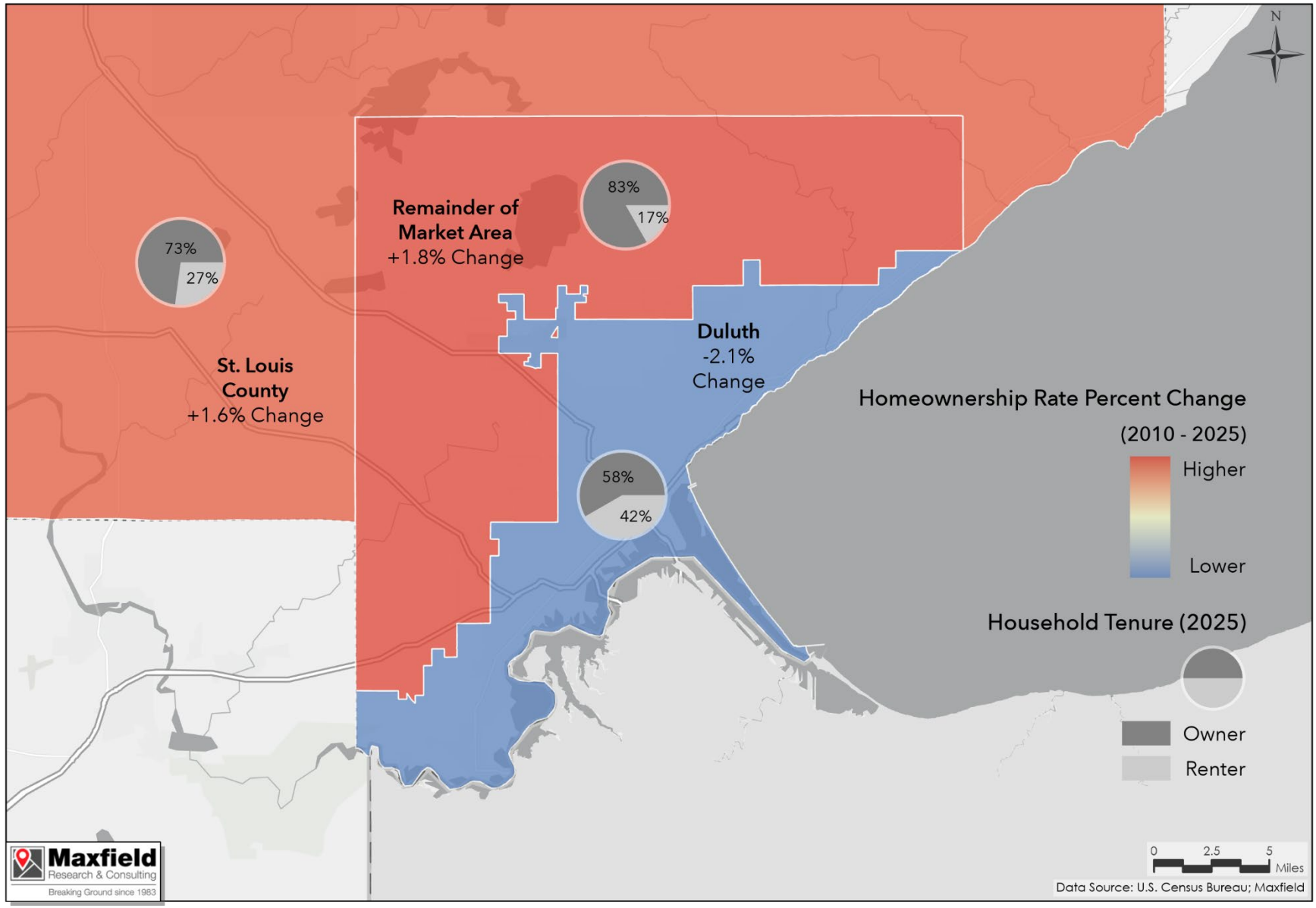
TABLE 5

TENURE BY AGE OF HOUSEHOLDER
MARKET AREA
2010 & 2025

		Duluth				Primary Market Area				St. Louis County			
		2010		2025		2010		2025		2010		2025	
Age		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	450	11.4	238	7.0	505	12.1	280	7.3	826	14.9	633	12.7
	Rent	3,506	88.6	3,173	93.0	3,675	87.9	3,539	92.7	4,718	85.1	4,359	87.3
	Total	**3,956**	**100.0**	**3,411**	**100.0**	**4,180**	**100.0**	**3,818**	**100.0**	**5,544**	**100.0**	**4,992**	**100.0**
25-34	Own	2,774	47.0	2,666	41.7	3,431	49.7	3,416	45.0	6,230	54.7	6,763	57.2
	Rent	3,122	53.0	3,727	58.3	3,479	50.3	4,171	55.0	5,165	45.3	5,070	42.8
	Total	**5,896**	**100.0**	**6,393**	**100.0**	**6,910**	**100.0**	**7,587**	**100.0**	**11,395**	**100.0**	**11,833**	**100.0**
35-44	Own	3,262	67.0	3,982	62.6	4,455	71.1	5,322	68.2	8,703	73.9	10,485	76.9
	Rent	1,607	33.0	2,376	37.4	1,811	28.9	2,480	31.8	3,067	26.1	3,157	23.1
	Total	**4,869**	**100.0**	**6,358**	**100.0**	**6,266**	**100.0**	**7,802**	**100.0**	**11,770**	**100.0**	**13,642**	**100.0**
45-54	Own	4,655	70.7	3,703	68.8	6,473	75.1	4,785	73.6	13,810	79.5	9,902	79.6
	Rent	1,928	29.3	1,677	31.2	2,146	24.9	1,720	26.4	3,559	20.5	2,530	20.4
	Total	**6,583**	**100.0**	**5,380**	**100.0**	**8,619**	**100.0**	**6,505**	**100.0**	**17,369**	**100.0**	**12,431**	**100.0**
55-64	Own	4,971	77.3	3,698	69.0	6,596	80.5	5,521	73.6	14,806	84.8	12,307	79.6
	Rent	1,461	22.7	1,660	31.0	1,600	19.5	1,982	26.4	2,655	15.2	3,149	20.4
	Total	**6,432**	**100.0**	**5,358**	**100.0**	**8,196**	**100.0**	**7,504**	**100.0**	**17,461**	**100.0**	**15,456**	**100.0**
65 +	Own	5,457	68.5	8,397	70.0	6,941	69.9	10,011	73.2	16,039	75.5	23,832	81.1
	Rent	2,512	31.5	3,603	30.0	2,986	30.1	3,664	26.8	5,205	24.5	5,553	18.9
	Total	**7,969**	**100.0**	**12,000**	**100.0**	**9,927**	**100.0**	**13,675**	**100.0**	**21,244**	**100.0**	**29,385**	**100.0**
TOTAL	Own	21,569	60.4	22,684	58.3	28,401	64.4	29,334	62.6	60,414	71.3	63,922	72.9
	Rent	14,136	39.6	16,216	41.7	15,697	35.6	17,556	37.4	24,369	28.7	23,818	27.1
	Total	**35,705**	**100.0**	**38,900**	**100.0**	**44,098**	**100.0**	**46,890**	**100.0**	**84,783**	**100.0**	**87,740**	**100.0**

Sources: U.S. Census, 2010 and 2020; American Community Survey, 2023; Maxfield Research & Consulting

Homeownership Rate Percent Change (2010 – 2025) & Household Tenure (Owner/Renter) (2025)



Tenure (Owner/Renter) by Household Size

Table 6 shows the distribution of households by size and tenure (owner/renter) in Duluth, the PMA and St. Louis County in 2025. This data is useful in that it sheds insight into unit types that may be most needed Duluth and the PMA.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as older adults and seniors who may elect to downsize or "right-size" from their single-family homes. In 2025, 48.6% of PMA renter households were single-person households.

- An estimated 78% of renter households in the PMA in 2025 have either one or two people. One-person households would primarily seek studio or one-bedroom units while two-person households that are couples may prefer a one-bedroom unit depending on costs. Two-person households, consisting of a parent and child or a roommate may prefer a two-bedroom unit. Larger households are likely to want units that have three or more bedrooms, which are prevalent in Duluth as a result of students living together.

- Owner households were most likely to have two people in the PMA, representing 39.4% of all households.

- Among one-person households, slightly more than half are renters (51.3%). Among two-person households however, most are owner households (69.9%). Larger households tend to favor ownership but there are a number of larger roommate households in the PMA.

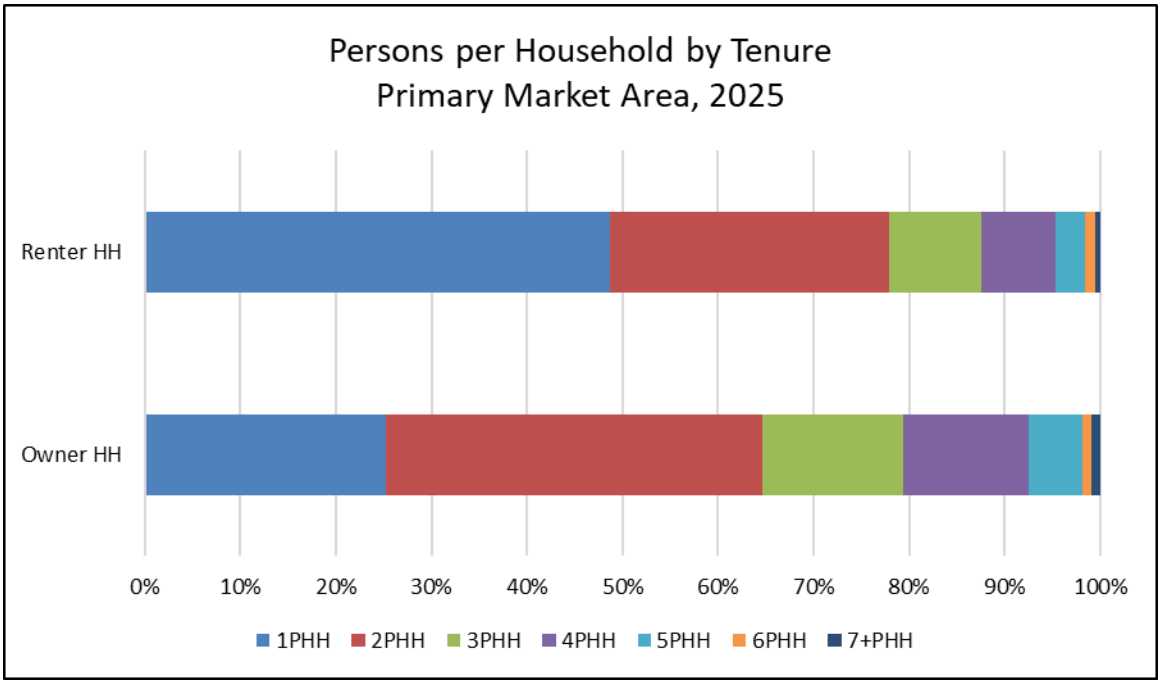


TABLE 6

TENURE BY HOUSEHOLD SIZE
MARKET AREA
2010 & 2025

		Duluth				Primary Market Area				St. Louis County			
		2010		2025		2010		2025		2010		2025	
HH Size		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	5,628	44.9	6,337	44.1	6,857	47.4	7,410	47.1	15,474	55.5	17,721	59.0
	Rent	6,898	55.1	8,194	57.1	7,609	52.6	8,539	54.3	12,416	44.5	12,110	40.4
	Total	**12,526**	**100**	**14,362**	**100**	**14,466**	**100**	**15,734**	**100**	**27,890**	**100**	**30,011**	**100**
2-Person	Own	8,536	70.5	8,729	66.1	11,251	73.7	11,553	69.2	24,960	80.9	26,438	80.6
	Rent	3,564	29.5	4,474	33.9	4,010	26.3	5,149	30.8	5,900	19.1	6,373	19.4
	Total	**12,100**	**100**	**13,203**	**100**	**15,261**	**100**	**16,702**	**100**	**30,860**	**100**	**32,811**	**100**
3-Person	Own	3,297	66.3	3,450	71.0	4,400	70.1	4,337	72.0	8,664	75.2	8,226	76.6
	Rent	1,673	33.7	1,406	29.0	1,876	29.9	1,688	28.0	2,855	24.8	2,518	23.4
	Total	**4,970**	**100**	**4,856**	**100**	**6,276**	**100**	**6,024**	**100**	**11,519**	**100**	**10,744**	**100**
4-Person	Own	2,624	70.0	2,614	66.5	3,716	74.8	3,846	73.9	7,085	79.6	7,077	80.8
	Rent	1,126	30.0	1,316	33.5	1,252	25.2	1,359	26.1	1,816	20.4	1,681	19.2
	Total	**3,750**	**100**	**3,931**	**100**	**4,968**	**100**	**5,204**	**100**	**8,901**	**100**	**8,758**	**100**
5-Person	Own	1,018	64.5	1,160	68.5	1,493	70.9	1,628	75.3	2,884	76.4	2,950	79.6
	Rent	560	35.5	532	31.5	612	29.1	535	24.7	891	23.6	757	20.4
	Total	**1,578**	**100**	**1,692**	**100**	**2,105**	**100**	**2,163**	**100**	**3,775**	**100**	**3,706**	**100**
6-Person	Own	314	58.5	189	49.3	458	65.4	275	59	889	72.2	774	74.6
	Rent	223	41.5	194	50.7	242	34.6	190	40.9	343	27.8	264	25.4
	Total	**537**	**100**	**383**	**100**	**700**	**100**	**466**	**100**	**1,232**	**100**	**1,038**	**100**
7+Person	Own	152	62	206	67.6	226	70.2	284	75	458	75.6	735	86.4
	Rent	92	37.7	99	32.4	96	29.8	97	25	148	24.4	115	13.6
	Total	**244**	**100**	**305**	**100**	**322**	**100**	**381**	**100**	**606**	**100**	**850**	**100**
TOTAL	Own	21,569	60.4	22,684	58.3	28,401	64.4	29,334	62.6	60,414	71.3	63,922	72.9
	Rent	14,136	39.6	16,216	41.7	15,697	35.6	17,556	37.4	24,369	28.7	23,818	27.1
	Total	**35,705**	**100**	**38,900**	**100**	**44,098**	**100**	**46,890**	**100**	**84,783**	**100**	**87,740**	**100**
Avg. HH Size	Own	2.37		2.34		2.44		2.41		2.36		2.32	
	Rent	2.00		1.92		2.00		1.93		1.95		1.90	

Sources: U.S. Census; 2019-2023 American Community Survey; Maxfield Research & Consulting

Tenure (Owner/Renter) by Household Income

Table 7 shows household tenure (owner/renter) by income for the City of Duluth, the Primary Market Area, and St. Louis County in 2025. Data is an estimate from the American Community Survey. Household tenure (owner/renter) information is important to assess the propensity for owned or rented housing based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. The higher the income, the lower the percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households spend more than 30% of their income on their housing costs, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

- As income increases, so does the rate of homeownership. This is demonstrated in the PMA, where the homeownership rate increases from 22.2% of households with incomes below $15,000 to 92.5% of households with incomes above $150,000.

- In 2025, the median income of owners in the PMA was $97,624 while the median income of renters was $60,133. Similarly, in Duluth, the median income of owner households was $93,613, compared to $37,347.

- Some renter households, referred to as lifestyle renters, are financially able to own but choose to rent and usually have household incomes above $50,000 (an estimated 37.7% of PMA renters in 2025). Households with incomes below $15,000 are typically a market for deep-subsidy rental housing (20.7% of PMA renters in 2025).

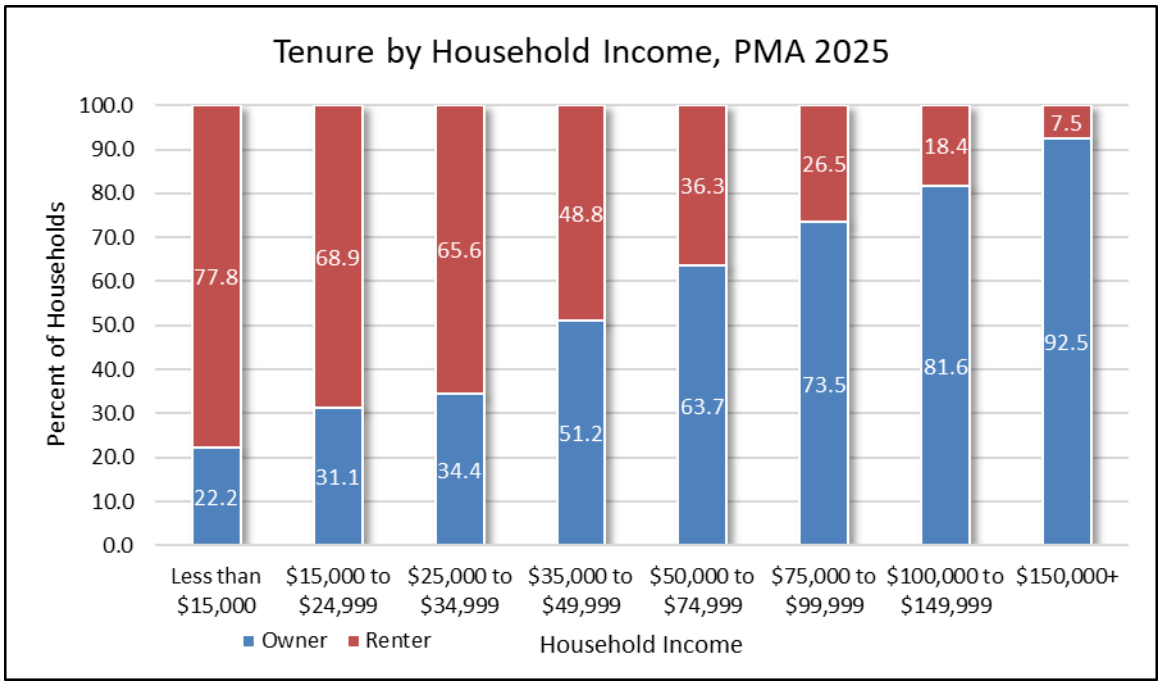


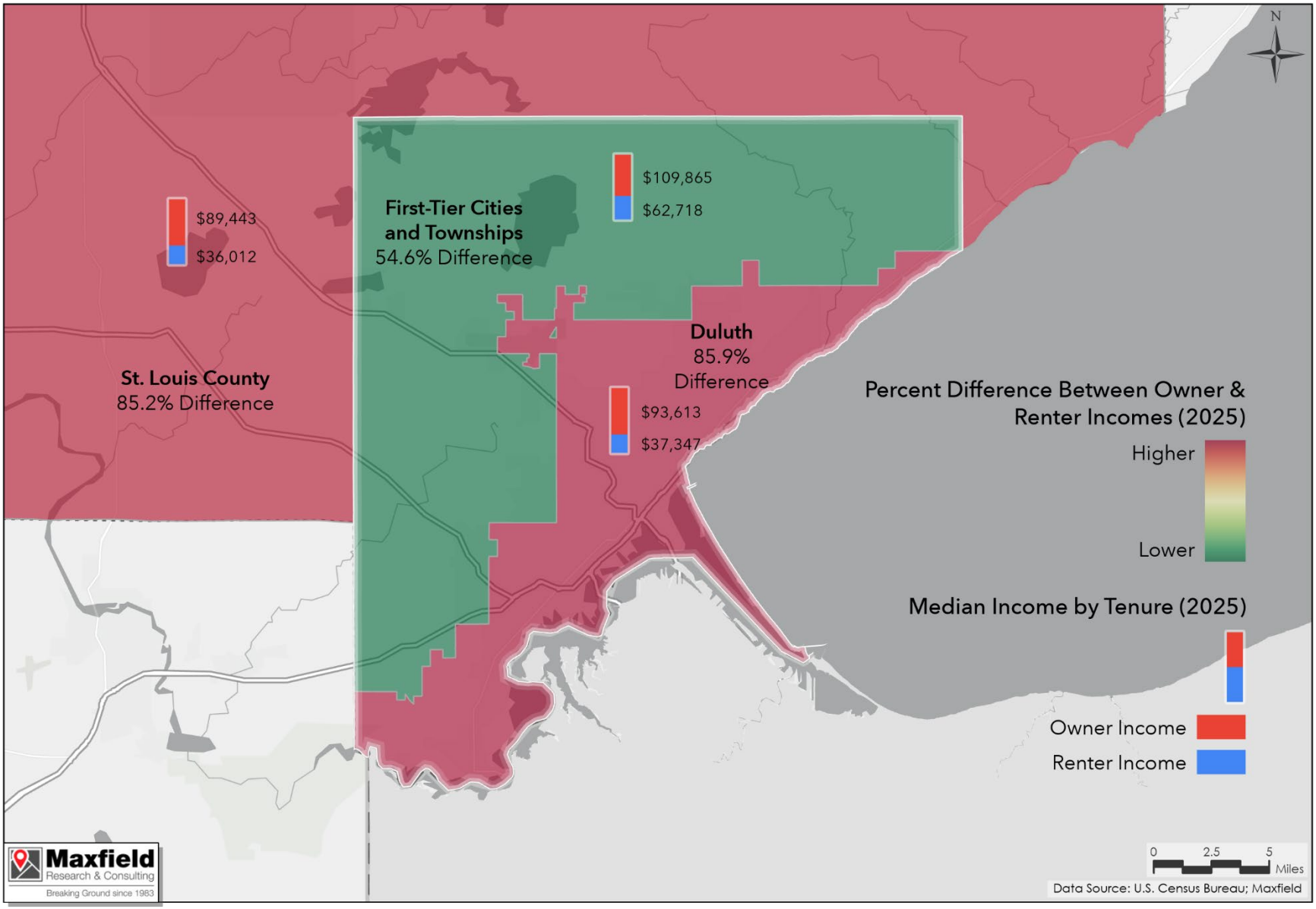
TABLE 7

TENURE BY HOUSEHOLD INCOME
MARKET AREA
2025

	Duluth		PMA		St. Louis County	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households						
Less than $15,000	805	18.7	1,036	22.2	3,115	36.0
$15,000 to $24,999	783	26.8	970	31.1	2,787	47.1
$25,000 to $34,999	1,112	32.0	1,378	34.4	3,951	52.9
$35,000 to $49,999	2,295	48.7	2,667	51.2	6,224	64.5
$50,000 to $74,999	3,878	61.0	4,944	63.7	11,149	75.2
$75,000 to $99,999	3,731	72.5	4,680	73.5	10,309	84.0
$100,000 to $149,999	5,243	79.2	6,883	81.6	13,749	88.6
$150,000+	4,839	90.4	6,776	92.5	12,638	94.1
Subtotal:	*22,684*	*58.3*	*29,334*	*62.6*	*63,922*	*72.9*
2025 Median HH Income	***$93,613***		***$97,624***		***$89,443***	
Renter Households						
Less than $15,000	3,510	81.3	3,626	77.8	5,540	64.0
$15,000 to $24,999	2,133	73.2	2,144	68.9	3,130	52.9
$25,000 to $34,999	2,365	68.0	2,626	65.6	3,515	47.1
$35,000 to $49,999	2,418	51.3	2,546	48.8	3,425	35.5
$50,000 to $74,999	2,482	39.0	2,820	36.3	3,672	24.8
$75,000 to $99,999	1,416	27.5	1,688	26.5	1,963	16.0
$100,000 to $149,999	1,379	20.8	1,553	18.4	1,775	11.4
$150,000+	513	9.6	552	7.5	798	5.9
Subtotal:	*16,216*	*41.7*	*17,556*	*37.4*	*23,818*	*27.1*
2025 Median HH Income	***$37,347***		***$60,133***		***$36,012***	
Total Households	**38,900**	**100**	**46,890**	**100**	**87,740**	**100**

Sources: 2019-2023 American Community Survey; Maxfield Research & Consulting

Median Income Differential (2025) & Household Income by Tenure (Owner/Renter) (2025)



Household Type

Table 8 shows a breakdown of households by type in Duluth, the PMA and St. Louis County in 2010 and 2025. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred. The following key points are summarized from Table D-14.

- In the PMA, households Living Alone represented the largest household type or 34% of all households in the PMA. This was also the largest household type in Duluth, comprising 37% of all households in 2025.

- Family households accounted for a majority of households in the PMA, 53.1% in 2025, with the largest family household type being married without children, which includes married couples who have yet to start a family as well as empty nesters and never nesters. This was also the largest family household type in Duluth, accounting for 22.6% of all households.

- Roommate households include include student households, cohabitating couples and households with two ore more people living together who are not students.

- Roommate households comprised 14% of households in Duluth and saw the highest growth among all household types (19.3%) between 2010 and 2025. The proportion was even larger in the PMA, which saw roommate households expand by 25.4% (1,269 households).

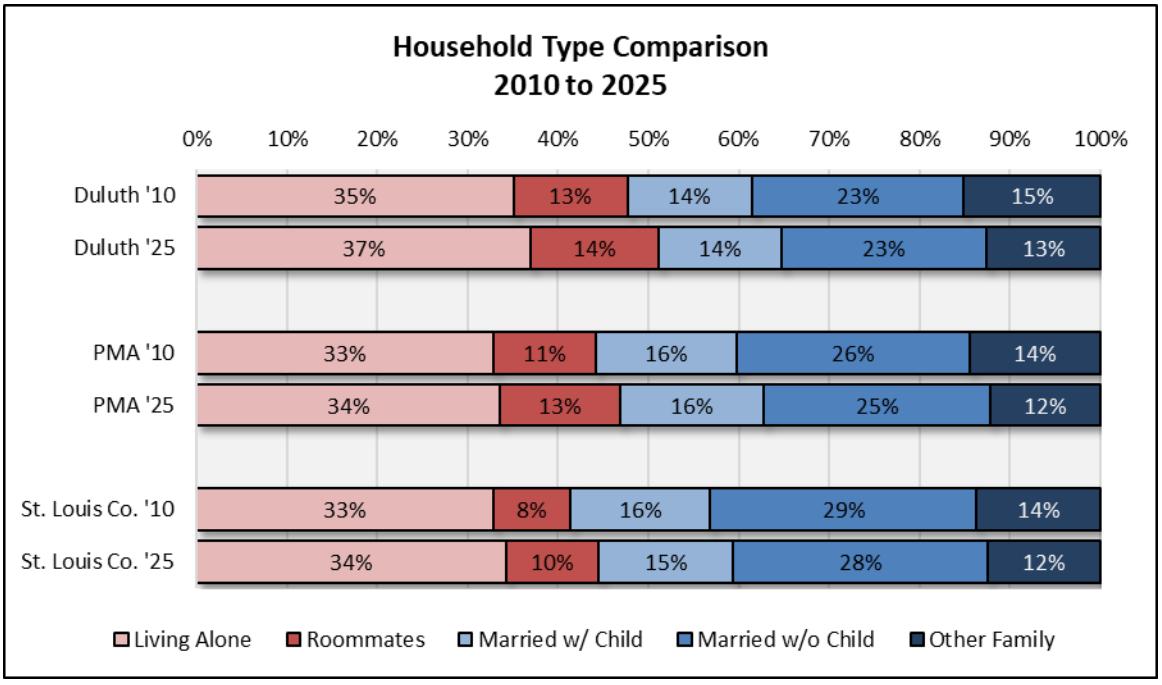


TABLE 8

HOUSEHOLD TYPE
MARKET AREA
2010 & 2025

	Duluth		Primary Market Area		St. Louis County	
	2010	2025	2010	2025	2010	2025
Total Households	**35,705**	**37,900**	**44,098**	**46,890**	**84,783**	**87,740**
Non-Family Households	**17,025**	**19,359**	**19,458**	**21,995**	**35,033**	**39,043**
Living Alone	12,526	13,993	14,466	15,734	27,890	30,011
Other (Roommates)	4,499	5,366	4,992	6,261	7,143	9,032
Family Households	**18,680**	**18,541**	**24,640**	**24,895**	**49,750**	**48,697**
Married w/ Children	4,909	5,181	6,924	7,425	13,170	13,040
Married w/o Children	8,360	8,584	11,335	11,791	24,973	24,734
Other Family	5,411	4,777	6,381	5,679	11,607	10,923
Change (2010 - 2025)	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Total Households	**2,195**	**6.1%**	**2,792**	**6.3%**	**2,957**	**3.5%**
Non-Family Households	**2,334**	**13.7%**	**2,537**	**13.0%**	**4,010**	**11.4%**
Living Alone	1,467	11.7%	1,268	8.8%	2,121	7.6%
Other (Roommates)	867	19.3%	1,269	25.4%	1,889	26.4%
Family Households	**-139**	**-0.7%**	**255**	**1.0%**	**-1,053**	**-2.1%**
Married w/ Children	272	5.5%	501	7.2%	-130	-1.0%
Married w/o Children	224	2.7%	456	4.0%	-239	-1.0%
Other Family	-634	-11.7%	-702	-11.0%	-684	-5.9%

Sources: U.S. Census; 2018-2022 American Community Survey; Maxfield Research & Consulting

Net Worth

Table 9 shows the estimated net worth of households in the PMA and St. Louis County in 2025. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances, conducted by the Federal Reserve Board. According to the 2022 national Survey, the average net worth of a homeowner is $396,500 compared to an average net worth of just over $10,410 for renters.

- The PMA reported an average net worth of $919,379 and a median net worth of $165,313. Median net worth is generally a more accurate depiction of wealth than the average. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.

- Median net worth rises with age, peaking between 55 and 74 when adults are in peak earning years. After age 75, median net worth begins to decline as more people leave the workforce and utilize investment income, savings and Social Security income.

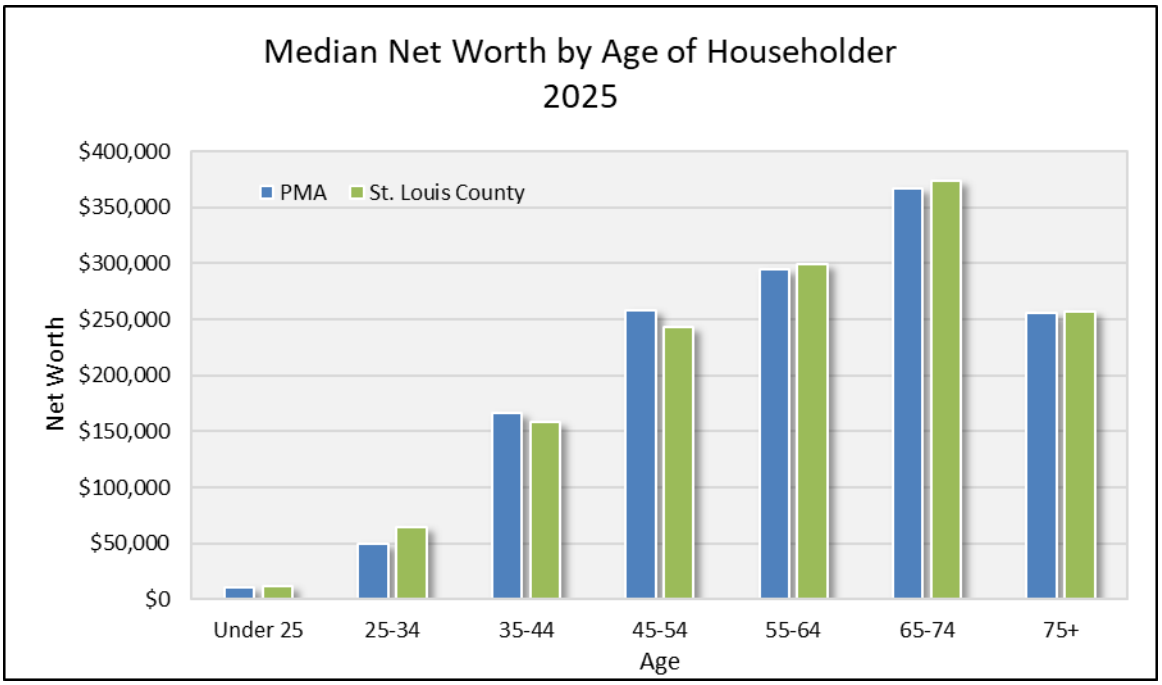


TABLE 9

2025 ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER
MARKET AREA

Primary Market Area	Total	% of Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
Less than $15,000	12,243	26.1%	2,692	3,013	1,973	1,211	1,437	1,058	860
$15,000 to $34,999	2,943	6.3%	497	573	540	398	395	294	245
$35,000 to $49,999	936	2.0%	76	218	181	119	130	121	91
$50,000 to $74,999	1,698	3.6%	46	383	282	231	204	250	302
$75,000 to $99,999	1,816	3.9%	55	508	279	213	231	212	318
$100,000 to $149,999	2,908	6.2%	90	706	462	359	427	415	449
$150,000 to $249,999	4,376	9.3%	152	764	846	654	571	600	789
$250,000 to $499,999	7,541	16.1%	178	838	1,492	1,167	1,308	1,313	1,244
$500,000 to $999,999	5,594	11.9%	26	453	812	1,091	1,070	1,291	852
$1,000,000 or more	6,834	14.6%	6	130	934	1,063	1,732	1,911	1,059
Total	**46,890**	**100%**	**3,818**	**7,587**	**7,802**	**6,505**	**7,504**	**7,465**	**6,210**
Median Net Worth	**$165,313**		**$10,638**	**$49,113**	**$165,933**	**$258,410**	**$294,734**	**$366,950**	**$255,604**
Average Net Worth	**$919,379**		**$46,346**	**$146,770**	**$685,381**	**$1,005,145**	**$1,391,664**	**$1,619,815**	**$1,191,530**
St. Louis County	**Total**	**% of Total**	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
Less than $15,000	19,763	22.5%	3,205	4,332	3,385	2,284	2,752	2,049	1,756
$15,000 to $34,999	4,989	5.7%	692	825	964	752	712	576	468
$35,000 to $49,999	1,731	2.0%	129	352	334	225	263	266	162
$50,000 to $74,999	3,261	3.7%	86	656	528	460	401	536	593
$75,000 to $99,999	3,507	4.0%	105	867	528	433	508	435	629
$100,000 to $149,999	5,787	6.6%	176	1,189	894	753	908	937	930
$150,000 to $249,999	9,029	10.3%	283	1,323	1,577	1,381	1,267	1,445	1,753
$250,000 to $499,999	15,696	17.9%	261	1,449	2,685	2,440	3,007	3,255	2,600
$500,000 to $999,999	11,331	12.9%	45	666	1,374	2,116	2,358	3,036	1,737
$1,000,000 or more	12,646	14.4%	10	174	1,372	1,587	3,281	4,020	2,202
Total	**87,740**	**100%**	**4,992**	**11,833**	**13,642**	**12,431**	**15,456**	**16,555**	**12,829**
Median Net Worth	**$194,608**		**$11,682**	**$63,982**	**$158,366**	**$242,685**	**$299,885**	**$373,426**	**$256,631**
Average Net Worth	**$941,551**		**$57,271**	**$151,830**	**$612,941**	**$870,064**	**$1,302,659**	**$1,562,211**	**$1,196,784**

Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

Sources: ESRI; Maxfield Research & Consulting

Mobility in the Past Year

Table 10 shows mobility patterns of Duluth residents within a one-year timeframe. The data is sourced to the 2019-2023 American Community Survey, the most recent data available. People move for various reasons, but housing is the primary motivator, followed by family-related reasons and job-related reasons. Local moves are generally housing-related, while longer-distance moves are typically job-related. This data has not been updated to 2025,

- Most PMA residents (82.2%) did not move in the last year. Similarly, 80.4% of Duluth residents did not move in the past year.

- Among residents that moved in the last year, an estimated 49% of Duluth residents moved intra-county (i.e. from Duluth to another St. Louis County location) and 34.2% moved outside of St. Louis County, but within Minnesota.

- A greater proportion of younger age cohorts tended to move compared to older age cohorts. In Duluth, an estimated 29.7% of those under age 34 moved annually compared to 9.3% of those age 65+.

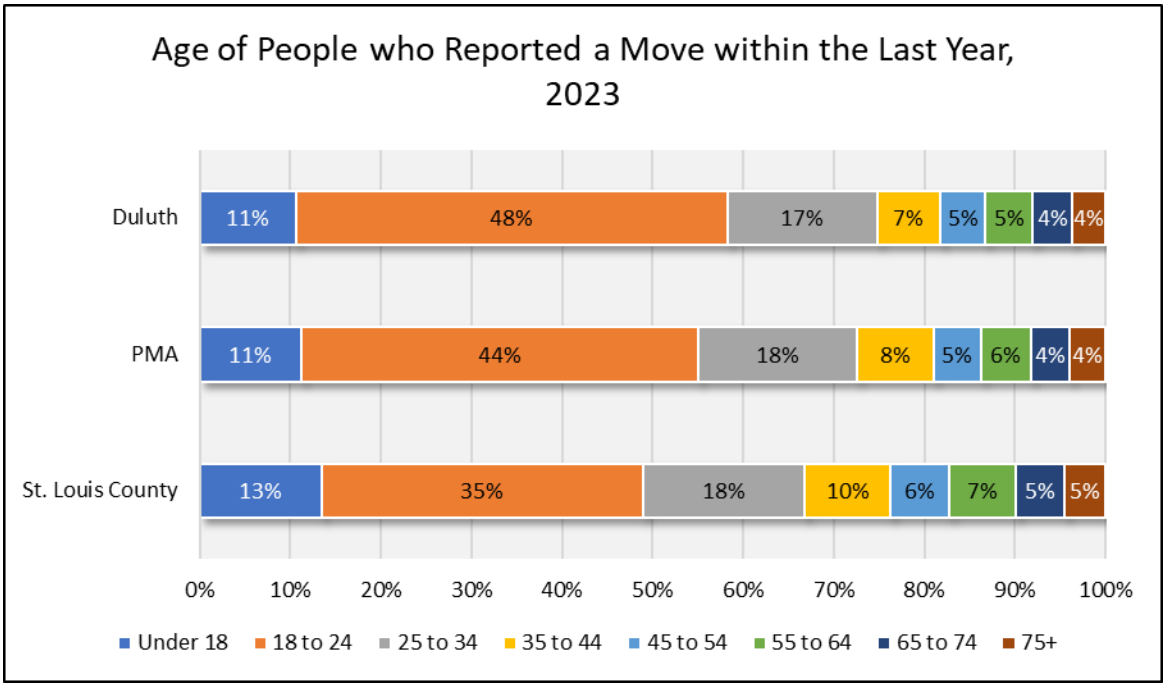


TABLE 10

RESIDENT MOBILITY IN PAST YEAR BY AGE GROUP
MARKET AREA
2023

Age	Not Moved		---------- Moved from ---------- Within Same County		Different Co., Same State		Different State		Abroad	
Duluth	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	12,455	14.2%	920	1.0%	599	0.7%	315	0.4%	0	0.0%
18 to 24	8,515	9.7%	3,449	3.9%	3,554	4.0%	1,172	1.3%	16	0.0%
25 to 34	9,435	10.7%	1,516	1.7%	738	0.8%	505	0.6%	88	0.1%
35 to 44	9,465	10.8%	738	0.8%	258	0.3%	180	0.2%	20	0.0%
45 to 54	8,561	9.7%	476	0.5%	176	0.2%	205	0.2%	0	0.0%
55 to 64	8,870	10.1%	478	0.5%	229	0.3%	176	0.2%	18	0.0%
65 to 74	8,029	9.1%	319	0.4%	303	0.3%	124	0.1%	5	0.0%
75+	5,461	6.2%	546	0.6%	24	0.0%	52	0.1%	6	0.0%
Total	**70,792**	**80.4%**	**8,443**	**9.6%**	**5,881**	**6.7%**	**2,729**	**3.1%**	**155**	**0.2%**
PMA	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	17,394	15.5%	1,242	1.1%	684	0.6%	316	0.3%	0	0.0%
18 to 24	9,926	8.9%	3,743	3.3%	3,702	3.3%	1,277	1.1%	16	0.0%
25 to 34	11,254	10.0%	2,041	1.8%	814	0.7%	552	0.5%	88	0.1%
35 to 44	12,485	11.1%	977	0.9%	461	0.4%	221	0.2%	21	0.0%
45 to 54	11,084	9.9%	555	0.5%	262	0.2%	231	0.2%	0	0.0%
55 to 64	12,171	10.9%	603	0.5%	272	0.2%	190	0.2%	36	0.0%
65 to 74	10,662	9.5%	371	0.3%	340	0.3%	124	0.1%	5	0.0%
75+	7,077	6.3%	671	0.6%	59	0.1%	52	0.0%	22	0.0%
Total	**92,054**	**82.2%**	**10,201**	**9.1%**	**6,594**	**5.9%**	**2,963**	**2.6%**	**188**	**0.2%**
St. Louis County	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**	**No.**	**Pct.**
Under 18	32,410	16.2%	2,227	1.1%	838	0.4%	619	0.3%	33	0.0%
18 to 24	14,868	7.4%	4,357	2.2%	4,072	2.0%	1,354	0.7%	33	0.0%
25 to 34	18,252	9.1%	3,131	1.6%	1,013	0.5%	707	0.4%	87	0.0%
35 to 44	21,310	10.6%	1,627	0.8%	563	0.3%	411	0.2%	28	0.0%
45 to 54	20,322	10.1%	993	0.5%	461	0.2%	333	0.2%	5	0.0%
55 to 64	26,290	13.1%	1,190	0.6%	496	0.2%	242	0.1%	81	0.0%
65 to 74	24,116	12.0%	795	0.4%	455	0.2%	241	0.1%	12	0.0%
75+	15,268	7.6%	1,035	0.5%	130	0.1%	71	0.0%	23	0.0%
Total	**172,837**	**86.2%**	**15,355**	**7.7%**	**8,029**	**4.0%**	**3,976**	**2.0%**	**303**	**0.2%**

Sources: 2019-2023 American Community Survey; Maxfield Research & Consulting

Summary of Demographic Trends

- The population in Duluth grew between 1900 to 1960, after which the population declined between 1960 and 1990, hitting a low of 85,493 in 1990. From 1990 to 2000, Duluth gained 1,425 people. Between 2000 and 2020, the City's population has remained essentially flat, fluctuating between 86,300 and 87,000.

- Duluth's population is estimated to have increased by 1.5% from 2020 to 2025. The projected population increase was faster than the population increase experienced in the decade between 2010 and 2020 (0.5%). Duluth's household base expanded by 1,400 households between 2010 and 2020, growth of 3.9%, which suggests aging households in the City.

- As of 2020, the largest adult age group in Duluth was the 25 to 34 age group, which was 14.9% of the adult population. This age group remained the largest in the PMA, comprising 14.1% of the adult population.

- Demand for rental housing is typically driven by younger households, who rent at significantly higher levels than older households. In Duluth, all age groups under age 35 are forecast to contract over the next ten years, while in the PMA, all age groups under age 25 are forecast to contract over the next ten years.

- In 2025, the median income for the PMA across all ages was $64,612. The median income is forecast to rise by 14.1% to $73,690 by 2030, an average annual increase of 2.8% over the five years.

- In 2010, 60.4% of Duluth households owned their housing. This number decreased slightly in 2025 to 58.3%. Duluth has lower homeownership rates than the PMA and St. Louis County in 2010 and 2025.

- As income increases, so does the rate of homeownership. This can be seen in the PMA, where the homeownership rate increases from 22.2% of households with incomes below $15,000 to 92.5% of households with incomes above $150,000.

- Family households accounted for a majority of households in the PMA, 53.1% in 2025, with the largest family household type being married without children, which includes married couples who have yet to start a family as well as empty nesters and never nesters. This was also the largest family household type in Duluth, accounting for 22.6% of all households.

- Most PMA residents (82.2%) did not move in the last year. Similarly, 80.4% of Duluth residents did not move in the past year. A greater proportion of younger age cohorts tended to move compared to older age cohorts. In Duluth, an estimated 29.7% of those under age 34 moved annually compared to 9.3% of those age 65+.

Employment Trends

Employment characteristics are important components in assessing housing needs in any given market area. These trends are important because job growth generally fuels household and population growth as people often desire to live near where they work. Long commute times encouraged households to move closer to major employment centers in the past. Since the pandemic however and the proliferation of remote and hybrid work opportunities, proximity to employment centers is not as important as it once was. Growth continues to move outward from the core cities. Some people prefer to work in Duluth if they work remotely from the Twin Cities because of the natural and picturesque environment.

Employment Growth and Projections

Table 11 shows projected employment growth for the Duluth, St. Louis County and the Northeast Planning Region. The Northeast Planning Region encompasses Aitkin, Carleton, Cook, Itasca, Koochiching, Lake and St. Louis Counties. Table E-1 shows employment growth trends and projections for 2010 to 2035 based on the most recent Minnesota Department of Employment and Economic Development (DEED) employment outlook projections.

- In 2010, Duluth had an estimated 58,233 jobs, which accounted for 42% of employment in the Northeast Planning Region in 2010. By the 2nd Quarter of 2024, Duluth jobs accounted for 40% of the Region's employment, with employment increasing in the Remainder of St. Louis County. Duluth continues to remain the economic engine of the Region.

- Employment in Duluth increased from 2010 to 2019, growing by 2.3%, or 1,334 jobs, compared to growth of 4.3% in St. Louis County during the period and 3.9% in the Northeast Planning Area. To 2035, Duluth's employment is forecast to grow by 16.4%, versus 14.1% in the County.

TABLE 11
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
MARKET AREA
2010 to 2035

Annual Employment	City of Duluth	St. Louis County	*Remainder of County*	Northeast Planning Area
2010	58,233	93,407	*35,174*	137,436
2015	59,567	97,413	*37,846*	142,731
2020	53,716	89,960	*36,244*	131,908
2024 Q2	56,345	95,757	*39,412*	141,354
2035 Forecast	**65,558**	**109,264**	***43,706***	**160,682**

Change	No.	Pct.	No.	Pct.	*No.*	*Pct.*	No.	Pct.
2010 - 2019	1,334	2.3%	4,006	4.3%	*2,672*	*7.6%*	5,295	3.9%
2019 - 2020	-5,851	-9.8%	-7,453	-7.7%	*-1,602*	*-4.2%*	-10,823	-7.6%
2020 - 2023	2,629	4.9%	5,797	6.4%	*3,168*	*8.7%*	9,446	7.2%
2023 - 2035	**9,213**	**16.4%**	**13,507**	**14.1%**	***4,294***	***10.9%***	**19,328**	**13.7%**

Sources: MN DEED; Maxfield Research & Consulting

Resident Labor Force

Table 12 presents resident employment data for Duluth from 2010 through 2024. Resident employment data is calculated as an annual average *and reveals the work force and number of employed people living in Duluth*. Not all these individuals necessarily work in Duluth. The data is obtained from MNDEED.

- Between 2010 and 2024, the labor force in Duluth decreased by 2.4%.
- The number of employed people in Duluth has remained flat, falling from 43,888 in 2014 to 43,854 in 2024, a decrease of 0.1%.
- The effects of the Covid-19 Pandemic on the employment rate had largely disappeared by 2022 and as the Federal Reserve began to fight inflation, employment has increased slightly. As of 2024, the unemployment rate is a very low 1.9%.
- Between 2010 and 2020, the economy experienced a ten-year run of uninterrupted employment gains, which ended in March of 2020 with the onset of the Covid-19 Pandemic.

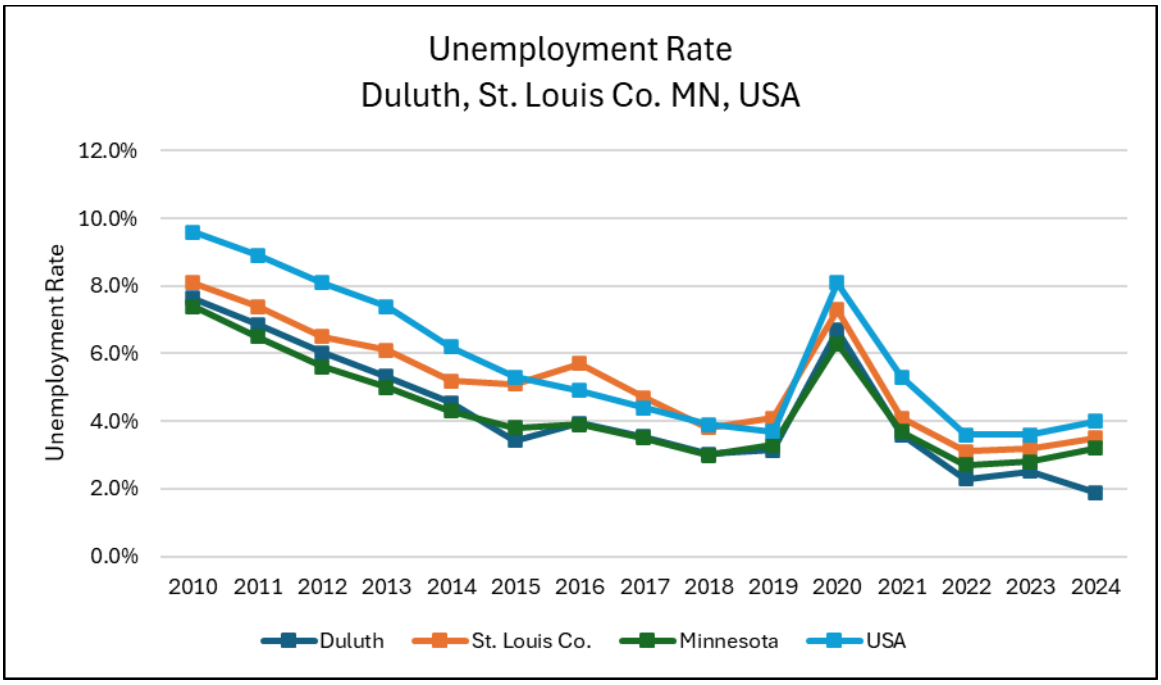

Unemployment Rate
Duluth, St. Louis Co. MN, USA
Unemployment Rate
12.0%
10.0%
8.0%
6.0%
4.0%
2.0%
0.0%
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
Duluth
St. Louis Co.
Minnesota
USA

TABLE 12

RESIDENT LABOR FORCE
DULUTH, ST. LOUIS COUNTY, MINNESOTA, UNITED STATES
2010 TO 2024

	Duluth			St. Louis County	Minnesota	United States
	Labor Force	Employment	Unemp. Rate	Unemp. Rate	Unemp. Rate	Unemp. Rate
2010	46,607	43,044	7.6%	8.1%	7.4%	9.6%
2011	46,159	42,996	6.9%	7.4%	6.5%	8.9%
2012	45,777	43,019	6.0%	6.5%	5.6%	8.1%
2013	45,842	43,403	5.3%	6.1%	5.0%	7.4%
2014	45,978	43,888	4.5%	5.2%	4.3%	6.2%
2015	45,413	43,854	3.4%	5.1%	3.8%	5.3%
2016	45,695	43,896	3.9%	5.7%	3.9%	4.9%
2017	46,096	44,464	3.5%	4.7%	3.5%	4.4%
2018	45,790	44,406	3.0%	3.8%	3.0%	3.9%
2019	45,866	44,421	3.2%	4.1%	3.3%	3.7%
2020	45,900	42,828	6.7%	7.3%	6.3%	8.1%
2021	44,971	43,351	3.6%	4.1%	3.7%	5.3%
2022	45,094	44,064	2.3%	3.1%	2.7%	3.6%
2023	45,250	44,115	2.5%	3.2%	2.8%	3.6%
2024	44,697	43,854	1.9%	3.5%	3.2%	4.0%
Change 14-24						
No.	**-1,281**	**-34**	**-2.7%**	**-1.7%**	**-1.1%**	**-2.2%**
Pct.	**-2.8%**	**-0.1%**	**-58.5%**	**-32.7%**	**-25.6%**	**-35.5%**

Sources: MNDEED; Maxfield Research and Consulting

Covered Employment

Table 13 on the following page displays information on the employment and wage situation in Duluth compared to St. Louis County and the State of Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents data for the second quarter of 2023 compared to the second quarter of 2024, the most recent data available.

All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- In Duluth, total employment increased 0.9%, gaining 495 jobs between the Q2 2023 and Q2 2024. St. Louis County had an increase of 752 jobs, a gain of 0.8%.

- The Covid-19 Pandemic caused a large contraction in employment, as many people were laid off during the pandemic. Subsequently, the unemployment rate spiked in April and May 2020. As of Q2 2024, the employment base has largely recovered, but not necessarily in every sector.

- Education and Health Services is the largest employment sector in Duluth providing 22,606 jobs (40.1% of total jobs), as well as St. Louis County with 32,309 jobs (33.7% of total jobs). It is also the largest employment sector in Minnesota, comprising 26.2% of jobs statewide.

- The number of business establishments in Duluth expanded 1.5% over the year, adding 38 businesses, with the largest number added in the Education and Health Services, Professional and Business Services and Construction Sectors. These sectors had increases of 17, 11 and 11 firms, respectively.

- Average weekly wages in Duluth ($1,157) are 4.8% higher than St. Louis County ($1,104) and 15% lower than Minnesota ($1,359).

- In Duluth, the highest average wages are in the Construction ($1,628) and Public Administration ($1,468) sectors, while highest wages in the County are in the Natural Resources and Mining ($2,004) and Construction ($1,491) sectors.

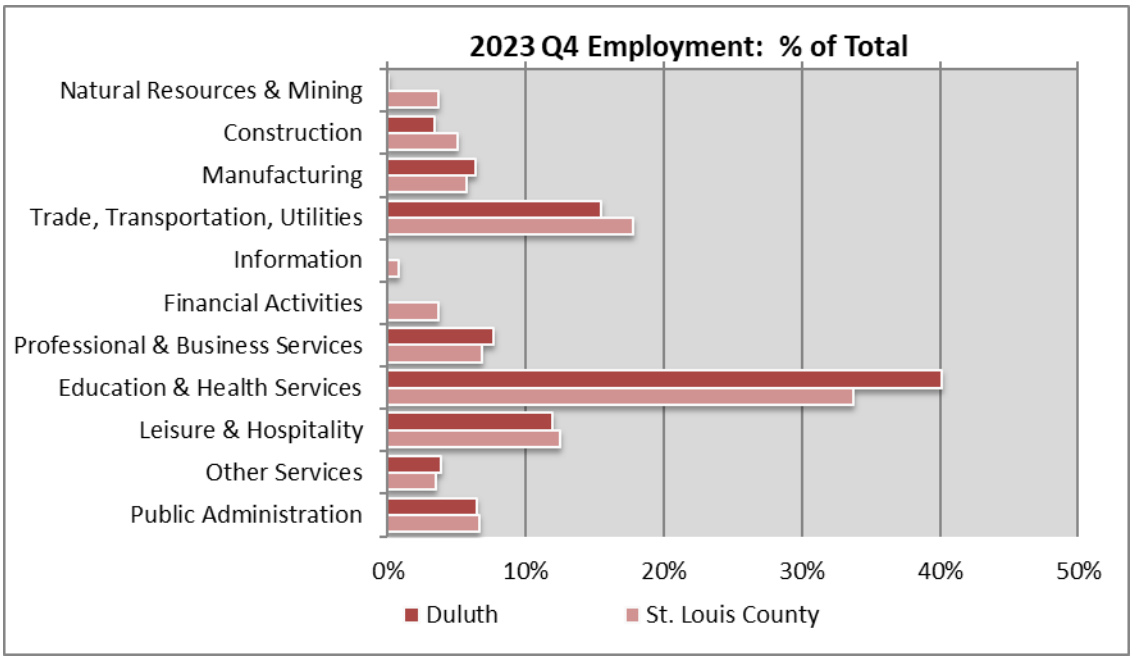
- A household earning the average weekly wage in Duluth ($1,157) would be able to afford a home renting for an estimated $1,504 per month to not exceed 30% of its monthly income on housing costs.

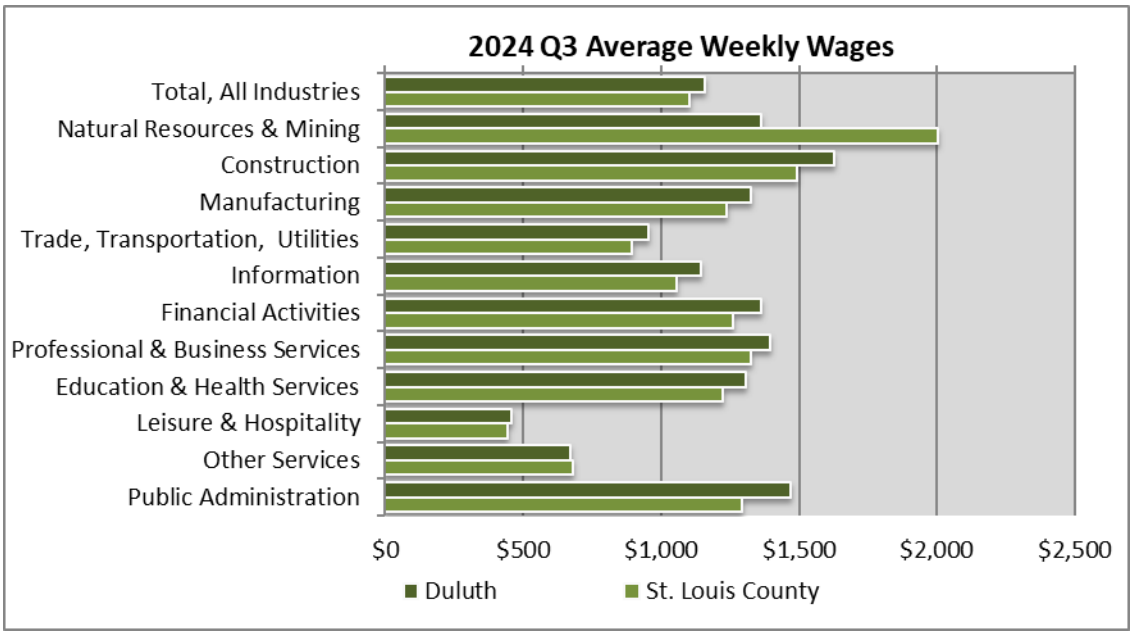
TABLE 13

QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
DULUTH, ST. LOUIS COUNTY, MINNESOTA
Q2 2023 AND Q2 2024

Industry	2023 Q2			2024 Q2			Change 2023 - 2024			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
Duluth										
Total, All Industries	2,561	55,850	$1,098	2,599	56,345	$1,157	495	0.9%	$59	5.4%
Natural Resources & Mining	4	19	$1,443	4	22	$1,365	3	15.8%	($78)	-5.4%
Construction	158	1,947	$1,527	169	1,902	$1,628	-45	-2.3%	$101	6.6%
Manufacturing	80	3,531	$1,239	83	3,584	$1,326	53	1.5%	$87	7.0%
Trade, Transportation, Utilities	509	8,684	$916	511	8,726	$957	42	0.5%	$41	4.5%
Information	50	562	$1,138	50	526	$1,144	-36	-6.4%	6	0.5%
Financial Activities*	253	2,156	$1,348	253	2,091	$1,365	-65	-3.0%	$17	1.3%
Professional & Business Services	347	4,342	$1,300	358	4,304	$1,396	-38	-0.9%	$96	7.4%
Education & Health Services	429	22,406	$1,235	446	22,606	$1,308	200	0.9%	$73	5.9%
Leisure & Hospitality	340	6,502	$444	333	6,731	$458	229	3.5%	$14	3.2%
Other Services	326	2,144	$652	331	2,179	$670	35	1.6%	$18	2.8%
Public Administration	65	3,554	$1,361	61	3,670	$1,468	116	3.3%	$107	7.9%
St. Louis County										
Total, All Industries	5,556	95,005	$1,050	5,640	95,757	$1,104	752	0.8%	$54	5.1%
Natural Resources & Mining	66	3,551	$1,901	67	3,559	$2,004	8	0.2%	$103	5.4%
Construction	606	4,883	$1,437	611	4,826	$1,491	-57	-1.2%	$54	3.8%
Manufacturing	206	5,368	$1,186	209	5,476	$1,240	108	2.0%	$54	4.6%
Trade, Transportation, Utilities	1,131	16,943	$865	1,145	17,016	$893	73	0.4%	$28	3.2%
Information	92	809	$1,008	94	751	$1,059	-58	-7.2%	$51	5.1%
Financial Activities	472	3,641	$1,223	476	3,570	$1,261	-71	-2.0%	$38	3.1%
Professional & Business Services	644	6,604	$1,240	663	6,561	$1,325	-43	-0.7%	$85	6.9%
Education & Health Services	804	32,126	$1,151	834	32,309	$1,225	183	0.6%	$74	6.4%
Leisure & Hospitality	720	11,548	$428	717	11,985	$444	437	3.8%	$16	3.7%
Other Services	618	3,386	$652	630	3,361	$680	-25	-0.7%	$28	4.3%
Public Administration	197	6,143	$1,203	194	6,339	$1,292	196	3.2%	$89	7.4%
Minnesota										
Total, All Industries	206,555	2,926,581	$1,315	212,182	2,948,239	$1,359	21,658	0.7%	$44	3.3%
Natural Resources & Mining	3,487	29,876	$1,106	3,536	29,910	$1,152	34	0.1%	$46	4.2%
Construction	18,242	146,135	$1,529	18,571	148,603	$1,573	2,468	1.7%	$44	2.9%
Manufacturing	8,603	326,471	$1,450	8,622	321,121	$1,513	-5,350	-1.6%	$63	4.3%
Trade, Transportation, Utilities	39,817	546,313	$1,152	40,775	549,828	$1,181	3,515	0.6%	$29	2.5%
Information	6,926	48,539	$1,923	7,311	47,149	$2,076	-1,390	-2.9%	$153	8.0%
Financial Activities	17,867	177,237	$1,955	18,341	174,057	$2,063	-3,180	-1.8%	$108	5.5%
Professional & Business Services	41,484	392,854	$1,811	43,022	377,850	$1,858	-15,004	-3.8%	$47	2.6%
Education & Health Services	29,495	747,416	$1,221	30,953	773,236	$1,276	25,820	3.5%	$55	4.5%
Leisure & Hospitality	16,695	283,594	$560	16,914	290,507	$578	6,913	2.4%	$18	3.2%
Other Services	20,521	90,794	$864	20,788	92,208	$893	1,414	1.6%	$29	3.4%
Public Administration	3,418	137,351	$1,368	3,349	143,767	$1,445	6,416	4.7%	$77	5.6%

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research and Consulting


2023 Q4 Employment: % of Total
Natural Resources & Mining
Construction
Manufacturing
Trade, Transportation, Utilities
Information
Financial Activities
Professional & Business Services
Education & Health Services
Leisure & Hospitality
Other Services
Public Administration
0%
10%
20%
30%
40%
50%
Duluth
St. Louis County


2024 Q3 Average Weekly Wages
Total, All Industries
Natural Resources & Mining
Construction
Manufacturing
Trade, Transportation, Utilities
Information
Financial Activities
Professional & Business Services
Education & Health Services
Leisure & Hospitality
Other Services
Public Administration
$0
$500
$1,000
$1,500
$2,000
$2,500
Duluth
St. Louis County

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. While this has changed due to the Pandemic and remote work, data from the Census Bureau that shows how many people work from home is not regularly available at a local level. Data from the 2022 ACS and 2019 ACS (the most recent years available for the City of Duluth) shows that people that worked from home more than doubled from 2019 (1,968 workers) to 5,401 workers as of 2022, an increase of 174%. In Minnesota and St. Louis County, the number of people working from home appears to have peaked in 2021, after tripling in from 2019 to 2021. As if 2023, the number of people who work from home in Minnesota has fallen from a high of 607,924 workers 2021 to 483,816 in 2023, a decline of 24,087 workers, or 4.7%.

Table 9 below highlights the commuting patterns of workers in the PMA based on data from the U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program and Table 10 highlights the commuting trends of workers in the PMA based on data from the U.S. Census Bureau Longitudinal Employer-Household Dynamics (LEHD) program for 2022, the most recent data available. Outflow reflects the number of workers living in the area but employed outside, while inflow measures the number of workers that are employed in the area but live outside the area. Interior flow reflects the number of workers that live and work in the PMA.

- As Table 14 illustrates, 37% of the workers in the PMA reside in Duluth (25,885 workers), followed by Superior (5.9%), Hermantown (4.5%) and Cloquet (2.3%).

- An estimated 51.9% of workers that live in Duluth travel less than ten miles for their jobs, while 15% have a commute distance from 10 to 24 miles. An estimated 4.7% commute between 25 and 50 miles while 28.4% commute more than 50 miles for employment, a relatively high percentage.

- As Table 15 illustrates, an estimated 51% of jobs in the PMA are filled by workers commuting into the area. Duluth is an importer of workers as a significantly higher number of nonresidents commutes into the area for employment than resident workers commute out of the PMA. An estimated 36,261 workers come into the area for work (inflow) while 13,769 leave (outflow). An estimated 33,600 live and work in the PMA (interior flow).

- Over half of workers commuting into the PMA are between the ages of 30 to 54, earn more than $3,333 per month ($40,000 a year), and work in the “All Other Services” industry class.

TABLE 14

COMMUTING PATTERNS
PRIMARY MARKET AREA
2022

Home Destination			Work Destination		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
Duluth city, MN	25,885	37.1%	Duluth city, MN	29,128	61.5%
Superior city, WI	4,126	5.9%	Superior city, WI	2,701	5.7%
Hermantown city, MN	3,123	4.5%	Hermantown city, MN	2,600	5.5%
Cloquet city, MN	1,572	2.3%	Cloquet city, MN	1,001	2.1%
Rice Lake city, MN	1,468	2.1%	Minneapolis city, MN	664	1.4%
Minneapolis city, MN	1,070	1.5%	Proctor city, MN	631	1.3%
Proctor city, MN	1,034	1.5%	Rice Lake city, MN	617	1.3%
St. Paul city, MN	671	1.0%	Minnetonka city, MN	575	1.2%
Esko CDP, MN	436	0.6%	St. Paul city, MN	411	0.9%
Hibbing city, MN	432	0.6%	Hibbing city, MN	343	0.7%
All Other Locations	30,044	43.0%	All Other Locations	8,698	18.4%
Distance Travelled			Distance Travelled		
Total Primary Jobs	69,861	100.0%	Total Primary Jobs	47,369	100.0%
Less than 10 miles	36,280	51.9%	Less than 10 miles	34,182	72.2%
10 to 24 miles	10,492	15.0%	10 to 24 miles	4,241	9.0%
25 to 50 miles	3,267	4.7%	25 to 50 miles	650	1.4%
Greater than 50 miles	19,822	28.4%	Greater than 50 miles	8,296	17.5%

Work Destination: Where workers live who are employed in the selection area
Home Destination: Where workers are employed who live in the selection area

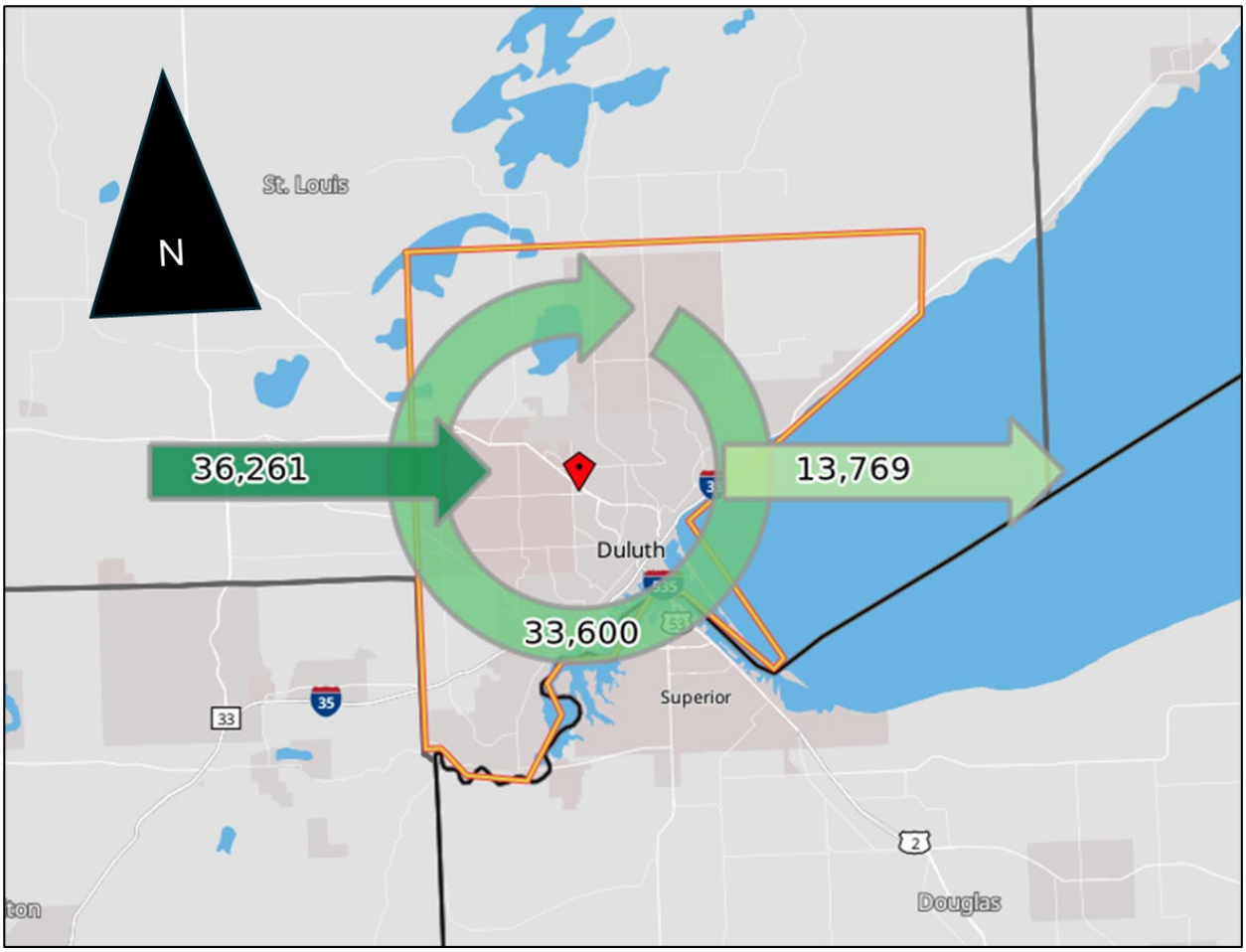
Sources: U.S. Census Bureau Local Employment Dynamics, Maxfield Research & Consulting

TABLE 15

COMMUTTING INFLOW/OUTFLOW CHARACTERISTICS
PRIMARY MARKET AREA
2022

	Outflow		Inflow		Interior Flow	
City Total	**13,769**	**100.0%**	**36,261**	**100.0%**	**33,600**	**100.0%**
By Age						
Workers Age 29 or younger	3,356	24.4%	10,545	29.1%	8,643	25.7%
Workers Age 30 to 54	7,320	53.2%	18,291	50.4%	17,338	51.6%
Workers Age 55 or older	3,093	22.5%	7,425	20.5%	7,619	22.7%
By Monthly Wage						
Workers Earning $1,250 per month or less	2,930	21.3%	7,315	20.2%	6,974	20.8%
Workers Earning $1,251 to $3,333 per month	3,091	22.4%	9,013	24.9%	8,981	26.7%
Workers Earning More than $3,333 per month	7,748	56.3%	19,933	55.0%	17,645	52.5%
By Industry						
Workers in the "Goods Producing" Industry Class	2,291	16.6%	2,932	8.1%	2,604	7.8%
Workers in the "Trade, Transportation, and Utilities" Industry Class	2,694	19.6%	11,221	30.9%	5,011	14.9%
Workers in the "All Other Services" Industry Class	8,784	63.8%	22,108	61.0%	25,985	77.3%

Sources: U.S. Census Bureau, Maxfield Research & Consulting


N
St. Louis
36,261
13,769
Duluth
33,600
Superior
Douglas

Major Employers

A portion of the employment growth in Duluth will be generated by the largest employers in the City. The table below lists some of the top employers in Duluth along with a description of their primary industry and the approximate number of employees based on data provided by the City of Duluth.

The following are key points from the major employers table.

- The largest employer in Duluth is Essentia Health with 9,004 employees, offering a wide range of medical profession jobs. St. Lukes Hospital is the second largest employer, with roughly 3,573 employees.

- Duluth's two largest employers are in the Healthcare industry, followed by Government, and then an Electric Utility and then the Public Schools.

- The top five major employers account for approximately 40% of employment in Duluth.

TABLE 16

MAJOR EMPLOYERS
CITY OF DULUTH
2023

Employer	Industry	Employees*
Essentia Health (SMDC)	Healthcare/Hospital	9,004
St. Luke's Hospital	Healthcare/Hospital	3,573
St. Louis County	Government	2,161
Allete	Electric Utility	1,810
Duluth Public Schools	Education	1,026
Duluth Air National Guard Base	Military	1,019
University of Minnesota Duluth	Education	985
United Healthcare	Insurance	900
City of Duluth	Government	881

*estimated number of employees

Sources: Maxfield Research & Consulting, Northland Connection

Housing Characteristics

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Duluth and areas adjacent to the City by reviewing data on the age of the existing housing supply; examining residential building trends and reviewing housing data from the American Community Survey.

Residential Construction Trends

Maxfield Research obtained data on the number of new construction housing units from Duluth. Table 17 displays the number of building permits issued for new construction of residential units separated by type of units from 2002 through 2024.

- Since 2002, Duluth has permitted 5,060 residential units, including 1,402 single-family homes, 192 duplexes/townhomes, and 102 triplex/quadplex units, and 3,362 multifamily 5+ units, which includes apartment style buildings.

- Single-family construction averaged 37 units annually from 2010 to 2019, and since 2020 the average has increased to 58units annually, an increase of 57%.

- Duplexes and townhomes are much less common, averaging 8 units annually between 2010 and 2019, falling to two units annually between 2020 and 2024. Triplex and quadplex units are even less common, averaging three units per year during the 2010s and no units between 2020 and 2024.

- Multifamily developments comprised 66% of all units permitted between 2002 and 2024, accounting for 3,362 units. During the 2010s, there was an average of 150 multifamily 5+ properties permitted, increasing to an average of 168 units between 2020 and 2024.

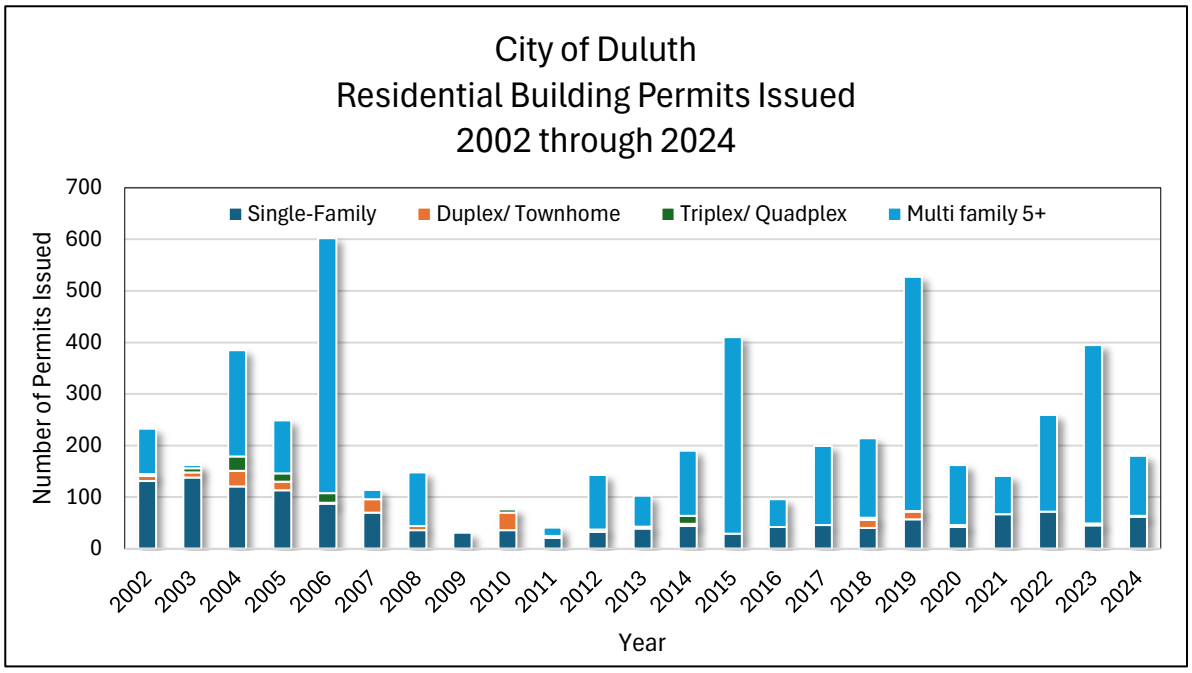
- Considering that much of Duluth is built out, most of the potential for new housing units comes from infill lots and redeveloping lower density land uses into higher density ones. In the first-tier cities/townships there is more undeveloped land which is suitable for single-family development.

TABLE 17

RESIDENTIAL UNITS PERMITTED BY YEAR
CITY OF DULUTH
2002 through 2024

Year	Single-Family	Duplex/ Townhome	Triplex/ Quadplex	Multi family 5+
2002	131	10	4	88
2003	138	10	8	6
2004	121	30	28	206
2005	113	17	16	103
2006	87	2	19	494
2007	70	26	0	18
2008	36	8	0	104
2009	31	0	0	0
2010	36	34	6	0
2011	21	4	0	16
2012	33	4	0	106
2013	39	4	0	60
2014	44	4	16	126
2015	29	0	0	381
2016	42	0	0	54
2017	46	0	0	153
2018	40	16	4	154
2019	57	15	1	454
2020	42	4	0	116
2021	67	0	0	74
2022	72	0	0	187
2023	45	4	0	346
2024	62	2	0	116
Total	**1,402**	**194**	**102**	**3,362**
Average 2010-2019	37	8	3	150
Average 2020-2024	58	2	0	168

Sources: City of Duluth, Maxfield Research and Consulting.



The data below shows the number of housing units by Certificate of Occupancy Issued in Duluth from 2015 through 2024. The data excludes units that are under construction.

Housing Units by Certificate of Occupancy Issued
City of Duluth
2015 through 2024

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Units of 1 family dwellings	29	38	51	43	47	53	50	43	53	51
Units of 2 family dwellings	2	2	0	0	0	2	0	2	2	0
Units of 3 or 4 family dwellings	4	0	0	0	4	0	0	0	0	4
Units of 5 or more family dwellings	62	294	40	101	195	109	358	86	45	566
Number of Units Created	**97**	**334**	**91**	**144**	**246**	**164**	**408**	**131**	**100**	**621**
Single family demolitions	45	40	18	31	28	36	30	31	28	18
Multi-family units demolished	29	10	8	2	6	9	3	74	30	1
Number of Units Demolished	**74**	**50**	**26**	**33**	**34**	**45**	**33**	**105**	**58**	**19**
Net Gain Single Family	-16	-2	33	12	19	17	20	12	25	32
Net Production Multi-family Units	39	286	32	99	193	102	355	14	15	569
Net Gain Units (Total)	**23**	**284**	**65**	**111**	**212**	**119**	**375**	**26**	**40**	**601**

American Community Survey

The American Community Survey ("ACS") is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey provides a more "up to date" portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2010 and 2025.

The following tables show key data from the American Community Survey for Duluth, the PMA, First-tier cities/townships and St. Louis County.

Age of Housing Stock

The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the American Community Survey (5-Year estimates). Table 18 includes the number of housing units built in Duluth, the PMA, prior to 1940 and during each decade since.

- In Duluth, the largest proportion of the housing stock was built prior to 1940s (43.4%), followed by the 1950s (12.0%) and the 1970s (10.3%).
- In the First-tier cities/townships, most of the housing was built in the 2000s (17.4%) followed by the 1990s (14.4%), and then the 1970s (13.3%).
- In St. Louis County, most of the housing stock was built prior to the 1940s (28.6%), followed by the 1970s (14.3%) and the 1950s (13.8%).

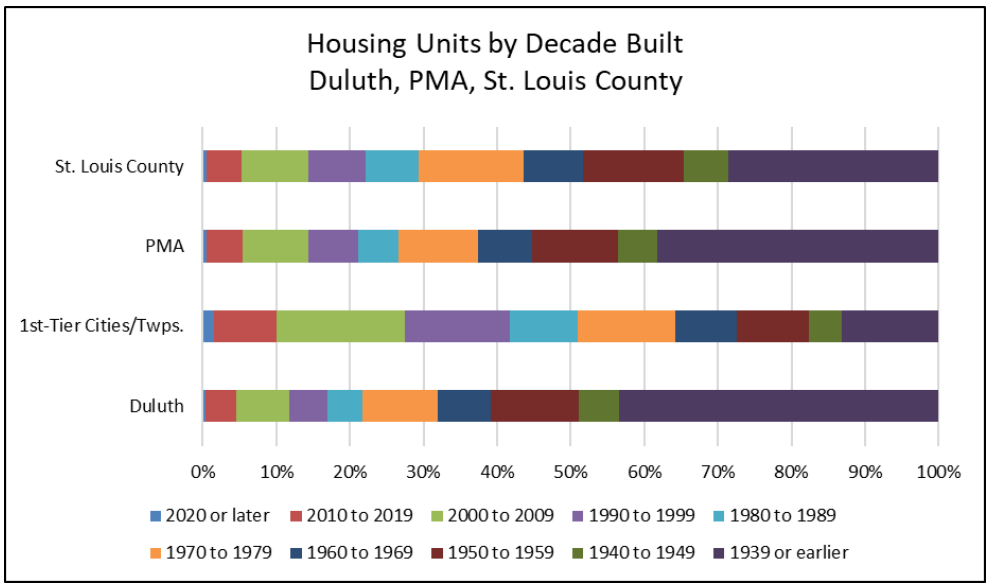


TABLE 18

HOUSING UNITS BY YEAR STRUCTURE BUILT
MARKET AREA
2025

	Duluth		*1st-Tier Cities/Twps.*		PMA		St. Louis County	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total	**41,680**	**100%**	***8,420***	***100%***	**50,100**	**100%**	**105,702**	**100%**
2020 or later	151	0.4%	*130*	*1.5%*	281	0.6%	515	0.5%
2010 to 2019	1,744	4.2%	*715*	*8.5%*	2,460	4.9%	5,085	4.8%
2000 to 2009	3,013	7.2%	*1,465*	*17.4%*	4,477	8.9%	9,584	9.1%
1990 to 1999	2,178	5.2%	*1,209*	*14.4%*	3,387	6.8%	8,208	7.8%
1980 to 1989	1,951	4.7%	*769*	*9.1%*	2,720	5.4%	7,667	7.3%
1970 to 1979	4,281	10.3%	*1,118*	*13.3%*	5,398	10.8%	15,084	14.3%
1960 to 1969	3,019	7.2%	*709*	*8.4%*	3,728	7.4%	8,406	8.0%
1950 to 1959	4,987	12.0%	*826*	*9.8%*	5,813	11.6%	14,551	13.8%
1940 to 1949	2,284	5.5%	*371*	*4.4%*	2,655	5.3%	6,358	6.0%
1939 or earlier	18,073	43.4%	*1,108*	*13.2%*	19,181	38.3%	30,245	28.6%

Sources: US Census; American Community Survey; Maxfield Research & Consulting

Housing Units by Structure and Tenure (Owner/Renter)

Table 19 shows the housing stock in by type of structure and tenure based on the 2023 ACS estimates, updated to 2025 figures.

- Single-family detached units are the dominant housing type for owner-occupied units in Duluth, representing 58.3% of all units. In addition, another 8.7% of single-family detached units in Duluth are rented. This dwelling type is also the most common type in the PMA and St. Louis County.

- As noted above, single-family detached units comprise a large share of rental units in Duluth. In addition, rental units in larger buildings with 50 or more units accounted for 9.2% of units.

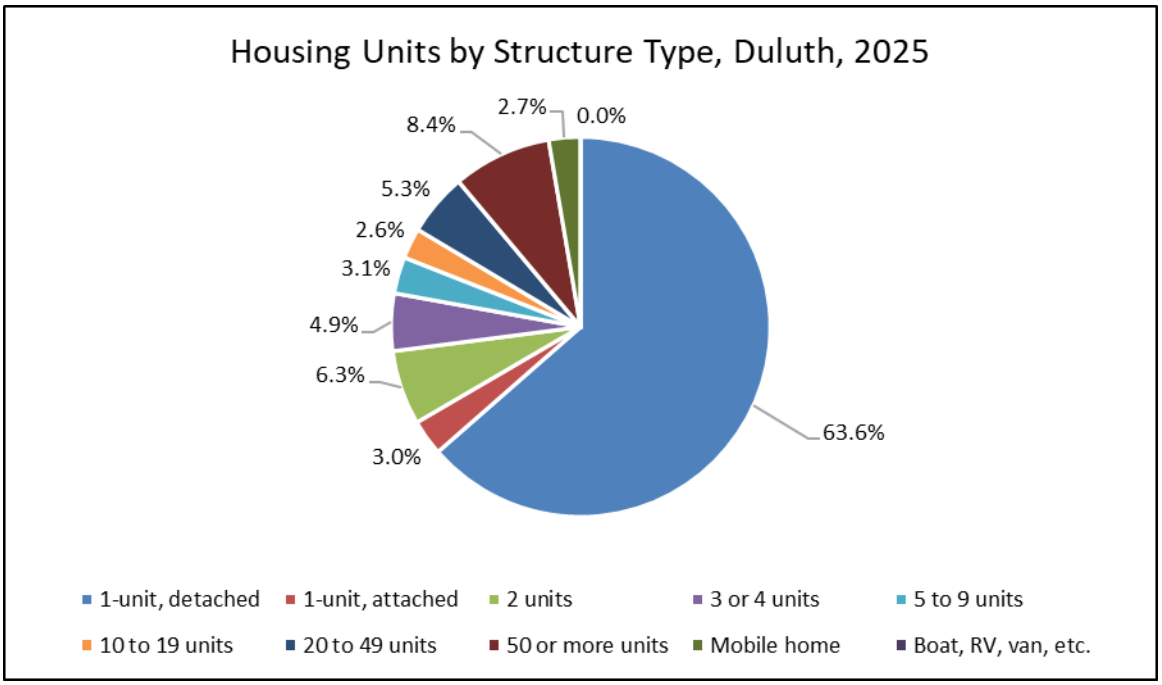


TABLE 19

HOUSING UNIT STRUCTURE TYPE BY TENURE
MARKET AREA
2025

	Duluth		*1st-Tier Cities/Twps.*		PMA		St. Louis County	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Occupied Housing Units	**38,900**	**100%**	***7,990***	***100%***	**46,890**	**100%**	**87,740**	**100%**
Owner-Occupied	**22,684**	**58.3%**	***6,650***	***83.2%***	**29,334**	**62.6%**	**63,922**	**72.9%**
1-unit, detached	20,234	52.0%	*6,183*	*77.4%*	26,417	56.3%	58,784	67.0%
1-unit, attached	593	1.5%	*187*	*2.3%*	780	1.7%	975	1.1%
2 units	427	1.1%	*25*	*0.3%*	452	1.0%	712	0.8%
3 or 4 units	275	0.7%	*0*	*0.0%*	275	0.6%	367	0.4%
5 to 9 units	20	0.1%	*0*	*0.0%*	20	0.0%	25	0.0%
10 to 19 units	66	0.2%	*0*	*0.0%*	66	0.1%	69	0.1%
20 to 49 units	189	0.5%	*33*	*0.4%*	221	0.5%	255	0.3%
50 or more units	67	0.2%	*0*	*0.0%*	67	0.1%	77	0.1%
Mobile home	814	2.1%	*219*	*2.7%*	1,033	2.2%	2,638	3.0%
Boat, RV, van, etc.	0	0.0%	*4*	*0.0%*	4	0.0%	20	0.0%
Renter-Occupied	**16,216**	**41.7%**	***1,340***	***16.8%***	**17,556**	**37.4%**	**23,818**	**27.1%**
1-unit, detached	3,376	8.7%	*446*	*5.6%*	3,822	8.2%	6,122	7.0%
1-unit, attached	609	1.6%	*112*	*1.4%*	721	1.5%	755	0.9%
2 units	2,234	5.7%	*30*	*0.4%*	2,264	4.8%	2,734	3.1%
3 or 4 units	1,790	4.6%	*54*	*0.7%*	1,844	3.9%	2,377	2.7%
5 to 9 units	1,323	3.4%	*214*	*2.7%*	1,537	3.3%	2,013	2.3%
10 to 19 units	1,046	2.7%	*33*	*0.4%*	1,079	2.3%	1,588	1.8%
20 to 49 units	2,075	5.3%	*151*	*1.9%*	2,226	4.7%	3,114	3.5%
50 or more units	3,561	9.2%	*202*	*2.5%*	3,763	8.0%	4,528	5.2%
Mobile home	202	0.5%	*99*	*1.2%*	301	0.6%	582	0.7%
Boat, RV, van, etc.	0	0.0%	*0*	*0.0%*	0	0.0%	5	0.0%

Sources: US Census; American Community Survey; Maxfield Research & Consulting

Occupied Housing Units – Owned and Rented

Table 20 shows occupied units, owned (by mortgage status) and rented from American Community Survey data for 2023 and adjusted to 2025 by Maxfield Research to reflect the most recent estimates. The data also identifies vacant units by type of vacancy.

A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt, a housing unit without a mortgage is owned free and clear and without debt. The Table also presents data on seasonal homes, for-sale homes and unoccupied homes, owned and rented. Given the dynamic nature of the for-sale and rental markets, however, units listed as vacant are subject to change.

- In Duluth, 63.7% of homes have a mortgage, while 36.3% are debt free. In the First-tier cities/townships, a slightly higher proportion of homes have mortgages (66.8%).

- Unoccupied units accounted for 6.7% of housing units in Duluth and may be unoccupied for a variety of reasons. Other reasons include a number of less common reasons for being vacant, including foreclosure, personal/family reasons, legal proceedings, needs repairs or is currently being renovated, extended absence, abandonment, or another write-in reason.

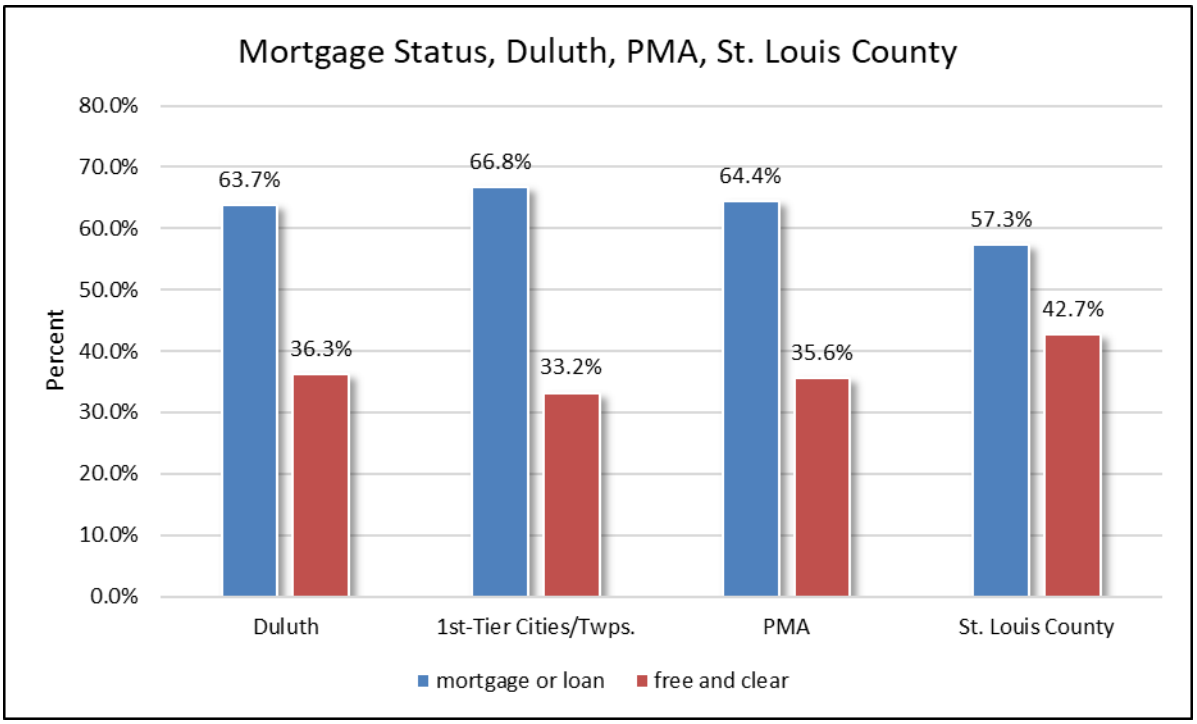
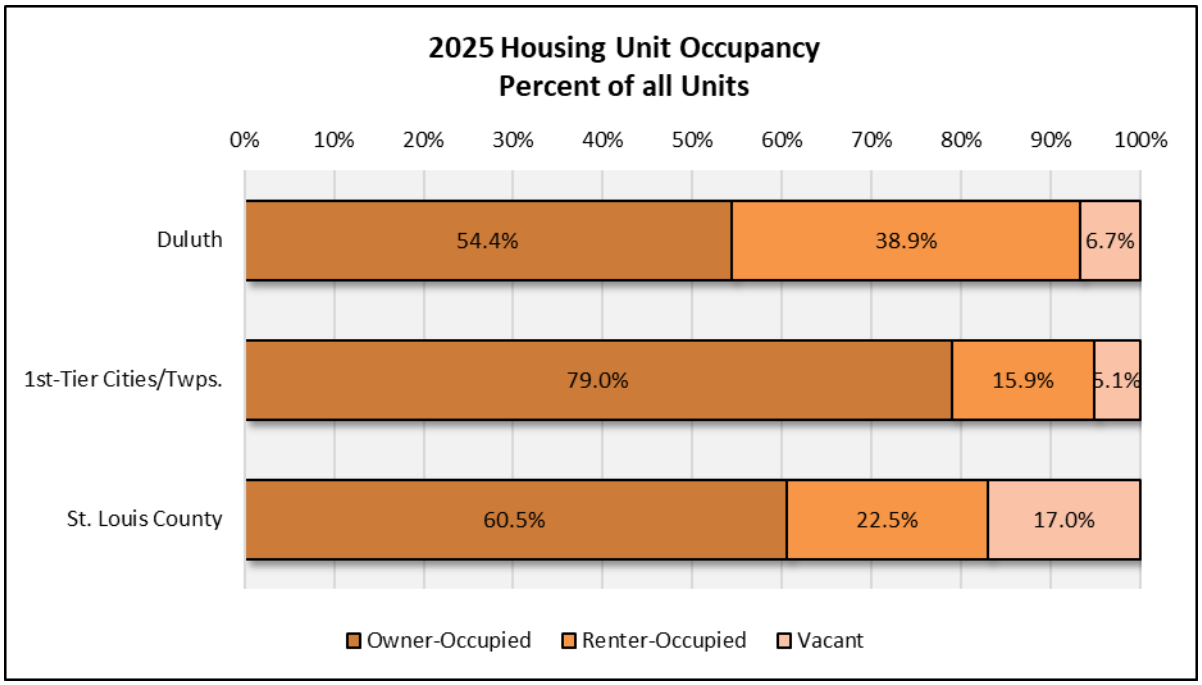


TABLE 20

OCCUPIED HOUSING UNITS - OWNED (by Mortgage Status) AND RENTED
MARKET AREA
2025

		Duluth		*1st-Tier Cities/Twps*		PMA		St. Louis County	
		No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
2025	**2025 Total Housing Units**	**41,680**	**100%**	***8,420***	***100%***	**50,100**	**100%**	**105,702**	**100%**
	Occupied Units	**38,900**	**93.3%**	***7,990***	***94.9%***	**46,890**	**93.6%**	**87,740**	**83.0%**
	Owner-Occupied	22,684	54.4%	*6,650*	*79.0%*	29,334	58.6%	63,922	60.5%
	mortgage or loan	14,457	34.7%	*4,441*	*52.7%*	18,898	37.7%	36,638	34.7%
	free and clear	8,227	19.7%	*2,208*	*26.2%*	10,436	20.8%	27,284	25.8%
	Renter-Occupied	16,216	38.9%	*1,340*	*15.9%*	17,556	35.0%	23,818	22.5%
	Vacant Units	**2,780**	**6.7%**	***430***	***5.1%***	**3,210**	**6.4%**	**17,962**	**17.0%**
	For Rent	519	1.2%	*56*	*0.7%*	575	1.1%	1,413	1.3%
	For Sale Only	179	0.4%	*24*	*0.3%*	203	0.4%	609	0.6%
	Seasonal/Recreational	595	1.4%	*86*	*1.0%*	681	1.4%	11,141	10.5%
	Rented/Sold, Not Occ.	310	0.7%	*28*	*0.3%*	338	0.7%	646	0.6%
	Other	1,177	2.8%	*214*	*2.5%*	1,391	2.8%	4,153	3.9%
2010	**2010 Total Housing Units**	**38,208**	**100%**	***8,925***	***100%***	**47,133**	**100%**	**103,058**	**100%**
	Occupied Units	**35,705**	**93.4%**	***8,393***	***94.0%***	**44,098**	**93.6%**	**84,783**	**82.3%**
	Owner-Occupied	21,569	56.5%	*6,832*	*76.5%*	28,401	60.3%	60,414	58.6%
	mortgage or loan	14,827	38.8%	*4,787*	*53.6%*	19,614	41.6%	37,635	36.5%
	free and clear	6,742	17.6%	*2,045*	*22.9%*	8,787	18.6%	22,779	22.1%
	Renter-Occupied	14,136	37.0%	*1,561*	*17.5%*	15,697	33.3%	24,369	23.6%
	Vacant Units	**2,503**	**6.6%**	***532***	***6.0%***	**3,035**	**6.4%**	**18,275**	**17.7%**
	For Rent	896	2.3%	*119*	*1.3%*	1,015	2.2%	1,922	1.9%
	For Sale Only	424	1.1%	*107*	*1.2%*	531	1.1%	1,250	1.2%
	Seasonal/Recreational	341	0.9%	*132*	*1.5%*	473	1.0%	11,999	11.6%
	Rented/Sold, Not Occ.	145	0.4%	*27*	*0.3%*	172	0.4%	355	0.3%
	Other	697	1.8%	*147*	*1.6%*	844	1.8%	2,749	2.7%

Sources: US Census; American Community Survey; Maxfield Research & Consulting



Owner-Occupied Housing Units by Value

Table 21 presents data on housing values summarized in nine price ranges. Housing value refers to the estimated price point, as identified by the owner the property, would sell if the property were for sale. For single-family and townhome properties, value includes the land and the structure. For condominium units, value refers to the individual unit as well as an undivided interest in all common elements of the property.

- The highest median home value was reported in the first-tier cities/townships at $322,998, while the lowest was reported in the St. Louis County at $208,500 in 2025. The median home value in Duluth was $225,700.

- In Duluth, an estimated 10% of homes are valued under $100,000, compared to 4.1% of homes in the First-tier cities/townships In St. Louis County, 18% of homes are valued under $100,000.

- Very few homes are priced under $50,000; homes valued at this level are likely to require extensive maintenance, which would significantly increase the cost of ownership. Homes priced at low or very low values may also be targets for conversions to rental housing.

- In Duluth, 58.9% of homes are valued at $200,000 or above. Due to the higher costs of new construction, new homes are valued at $300,000 or higher. Homes valued at $300,000 or more account for 28.5% of homes in Duluth.

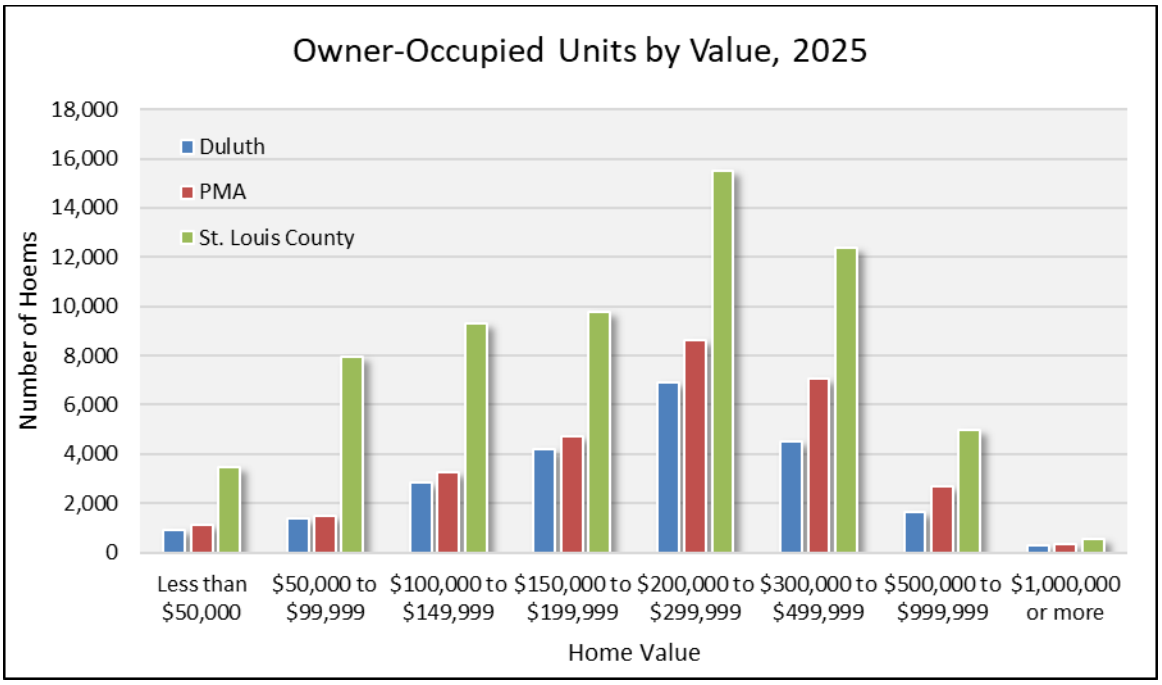


TABLE 21

OWNER-OCCUPIED HOUSING UNITS BY VALUE
MARKET AREA
2024

	Duluth		*1st-Tier Cities/Twps.*		PMA		St. Louis County	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total:	**22,684**	**100%**	***6,650***	***100%***	**29,334**	**100%**	**63,922**	**100%**
Median Home Value	**$225,700**		***$322,998***		**$249,713**		**$208,500**	
Less than $50,000	938	4.1%	*190*	*2.9%*	1,127	3.8%	3,467	5.4%
$50,000 to $99,999	1,380	6.1%	*86*	*1.3%*	1,466	5.0%	7,966	12.5%
$100,000 to $149,999	2,835	12.5%	*444*	*6.7%*	3,280	11.2%	9,286	14.5%
$150,000 to $199,999	4,179	18.4%	*551*	*8.3%*	4,730	16.1%	9,762	15.3%
$200,000 to $299,999	6,898	30.4%	*1,743*	*26.2%*	8,642	29.5%	15,490	24.2%
$300,000 to $499,999	4,526	20.0%	*2,555*	*38.4%*	7,081	24.1%	12,397	19.4%
$500,000 to $999,999	1,650	7.3%	*1,038*	*15.6%*	2,689	9.2%	4,984	7.8%
$1,000,000 or more	278	1.2%	*42*	*0.6%*	319	1.1%	570	0.9%

Sources: US Census; American Community Survey; Maxfield Research & Consulting

Renter-Occupied Units by Contract Rent

Table 22 presents information on the monthly housing costs for renters referred to as contract rent or asking rent. Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees or other services that may be included.

- Renters in Duluth are most likely to pay between $749 and $999 in monthly rent, with 23.2% of renter-occupied units reporting rents in this range. In the First-tier cities/townships, the most common rent range was $1,000 to $1,249. The higher rent range in the first-tier cities/townships reflects a higher portion of single-family home rentals in addition to units that are newer in age.

- Units with no cash rent represent 3.3% of units in Duluth, 4.2% of units in the First-tier cities/townships and 6.2% of units in St. Louis County.

- Typically, units may be owned by a relative or friend who lives elsewhere and who allows occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

- The median contract rent in Duluth is $950 a month. In the PMA, the median Contract rent is $1,071, and in St. Louis County it is $861.

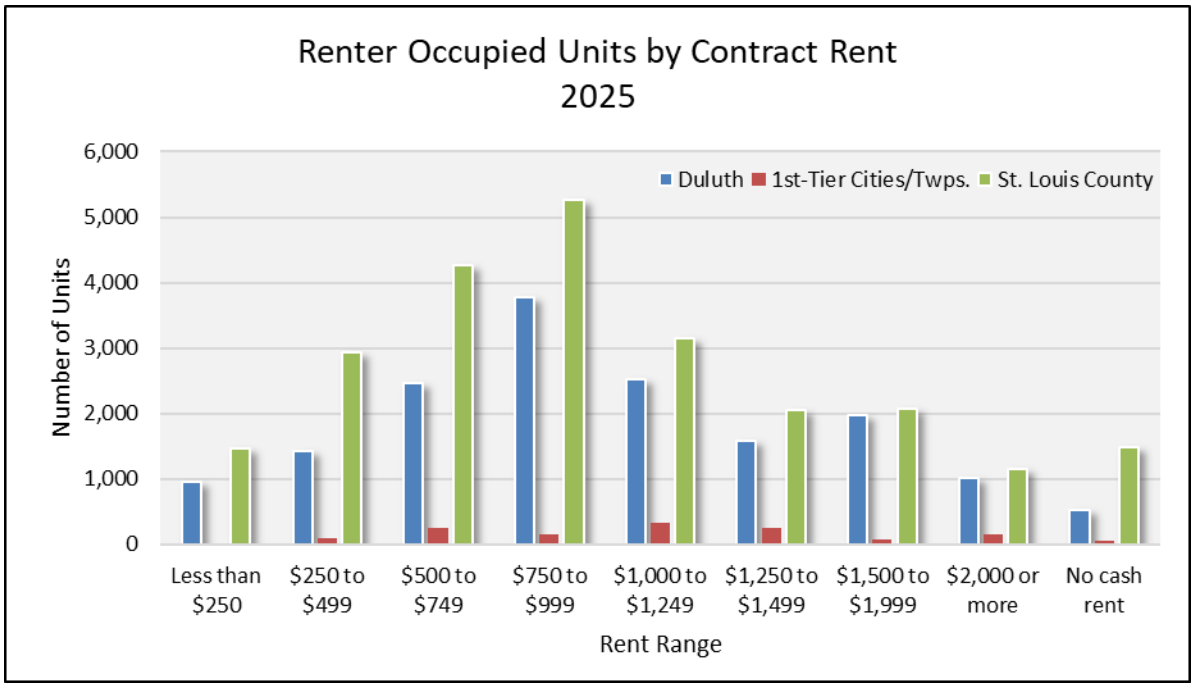


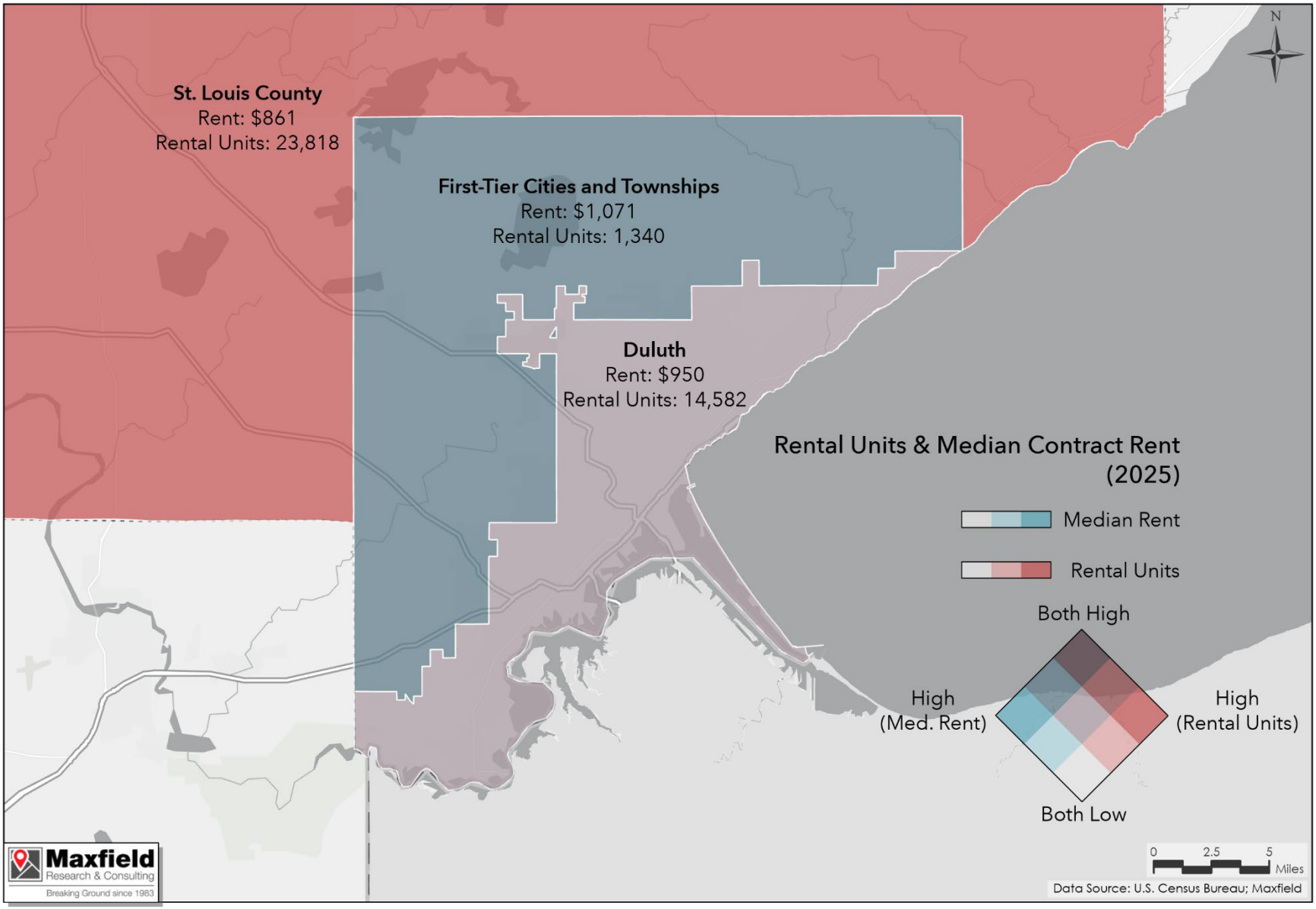
TABLE 22

RENTER-OCCUPIED HOUSING UNITS BY CONTRACT RENT
MARKET AREA
2025

	Duluth		*1st-Tier Cities/Twps.*		PMA		St. Louis County	
	No.	Pct.	*No.*	*Pct.*	No.	Pct.	No.	Pct.
Total:	**16,216**	**100%**	***1,340***	***100%***	**17,556**	**100%**	**23,818**	**100%**
Median Contract Rent	**$950**		***$1,071***		**$1,093**		**$861**	
Less than $250	949	5.9%	*0*	*0.0%*	949	5.4%	1,454	6.1%
$250 to $499	1,419	8.8%	*87*	*6.5%*	1,506	8.6%	2,939	12.3%
$500 to $749	2,462	15.2%	*241*	*17.9%*	2,703	15.4%	4,273	17.9%
$750 to $999	3,767	23.2%	*151*	*11.3%*	3,918	22.3%	5,257	22.1%
$1,000 to $1,249	2,514	15.5%	*325*	*24.2%*	2,838	16.2%	3,147	13.2%
$1,250 to $1,499	1,588	9.8%	*247*	*18.5%*	1,836	10.5%	2,048	8.6%
$1,500 to $1,999	1,964	12.1%	*75*	*5.6%*	2,038	11.6%	2,067	8.7%
$2,000 or more	1,021	6.3%	*158*	*11.8%*	1,179	6.7%	1,144	4.8%
No cash rent	531	3.3%	*57*	*4.2%*	588	3.3%	1,488	6.2%

Sources: US Census; American Community Survey; Maxfield Research & Consulting

Rental Units and Median Contract Rent (2025)



Summary of Housing Characteristics

- Duluth permitted a total of 5,060 residential units from 2002 through 2024. This includes 1,402 single-family homes, 192 duplexes/townhomes, 102 triplex/quadplex units and 3,362 multifamily units. The data reflects a diverse range of housing types developed in the area.

- Single-family construction averaged 37 units annually from 2010 through 2019. This average increased to 58 units annually from 2020 through 2024, representing a 57% increase. Multifamily developments comprised 66% of all units permitted from 2002 through 2024, accounting for 3,362 units. An average of 150 multifamily units was permitted annually during the 2010s and an average of 168 units annually from 2020 through 2024.

- Considering that much of Duluth is built out, most of the potential for new housing will be generated from infill and redeveloping lower density residential or non-residential uses to high-density residential.

- In Duluth, 43.4% of the housing stock was built before the 1940s, followed by significant portions built in the 1950s (12.0%) and the 1970s (10.3%). In the PMA but outside Duluth, most housing was built in the 2000s (17.4%), followed by the 1990s (14.4%) and the 1970s (13.3%). In St. Louis County, the largest proportion of housing was built before the 1940s (28.6%), followed by the 1970s (14.3%) and the 1950s (13.8%).

- As of 2025, an estimated 6.7% of units in Duluth are considered as "vacant." This includes units that are rented and sold, but not occupied, units reserved for seasonal or recreational use and "other," which includes units that may be held open and unoccupied for a variety of reasons.

- These units are the dominant housing type for owner-occupied units in Duluth, representing 58.3% of all units. Additionally, 8.7% of single-family detached units in Duluth are rented. This dwelling type is also the most common in the PMA and St. Louis County. Larger buildings with 50 or more units account for 9.2% of rental units in Duluth. Single-family detached units comprise a large share of rental units in Duluth.

- In Duluth, 63.7% of homes have a mortgage, while 36.3% are debt-free. In the PMA but outside Duluth, the proportion with a mortgage is 66.8%. The median home value in Duluth is estimated at $225,700.

- In Duluth, an estimated 10% of homes are valued under $100,000, compared to 4.1% outside Duluth but in the PMA and 18% in St. Louis County. Homes priced at low or very low values may require extensive maintenance, increasing the cost of ownership. In Duluth, 58.9% of homes are valued at $200,000 or above. New homes priced at $300,000 or higher account for 28.5% of homes.

- The highest proportion of renters in Duluth pay between $749 and $999 in monthly rent (23.2%) in this range. In the PMA outside Duluth, the highest proportion pay from $1,000 to $1,249, reflecting a higher portion of single-family rentals. Units with no cash rent represent 3.3% of units in Duluth, 4.2% outside of Duluth and 6.2% in St. Louis County. These units may be owned by relatives or friends who allow occupancy without charge. The median contract rent in Duluth is $950 a month, $1,071 in the PMA and $861 in St. Louis County.

Rental Housing Market Analysis

Maxfield Research analyzed the general occupancy rental housing market in Duluth and immediately adjacent cities by collecting data on key rental housing industry metrics such as vacancy and rental rates and development activity. Senior housing (age-restricted) is discussed in a separate section of the report. Most of the data was collected between December 2024 and January 2025. Topics covered in this section of the analysis include.

- An overview of rental housing market conditions
- Summary information from surveys of general occupancy market rate, affordability and subsidized rental properties in Duluth and adjacent Minnesota cities
- A summary of a survey of smaller rental properties is also included, most of which have fewer than five units (majority single-family homes)
- An inventory of any new rental housing developments in the pipeline in Duluth

Maxfield Research and Consulting in coordination with the Duluth Planning and Economic Development Department identified and surveyed larger rental properties in Duluth (generally those with more than 12 units). Maxfield Research has categorized rental properties into the following segments:

- Market rate properties
    - Properties that have no income restrictions; these properties may have rents that are affordable to a broad range of incomes based on the property's age and condition.
- Affordable properties
    - Income restrictions on some or all units; residents pay a "quoted" rent;
    - Properties classified as "affordable" are most often funded through the Federal Low-Income Housing Tax Credit program or through a state or local funding program to reduce rent levels such as TIF or revenue bonds. Rent levels for these affordable rental properties are usually set at between 50% to 60% of AMI, although workforce rentals may have all or a portion of their units with rents set a 80% of AMI. A small portion of units may be designated for special populations and may have rents set at 30% of AMI.
- Subsidized properties
    - Income restrictions on all units; residents pay no more than 30% of their adjusted gross income for rent;
    - Maximum income threshold set at 50% of AMI (HUD Section 8, Section 202);
    - Maximum income threshold set at 80% of AMI (Public Housing)

Secondary data resources utilized for this section of the analysis include the American Community Survey, direct survey and contacts with local landlords and rental property management firms, on-line listings of rental housing properties from public sites and private companies.

Licensed Rental Properties

- The City of Duluth requires a rental license for all properties that are rented where the owner is receiving benefit from others dwelling there. There are two types of rental licenses in Duluth, 1) Single-Tenant, (owner-occupant w/1 person, a family or related person) and 2) Multi-tenant (more than 1 unrelated person). Duluth has more than 17,200 rental units (43% of the total housing stock (2020 Census).

General Occupancy Rental Properties Survey

Maxfield Research and Consulting compiled detailed information for general occupancy (not age restricted) rental properties with 12 or more units in the City of Duluth. Data was collected through phone and email surveys of managers and owners of rental properties in Duluth as well as additional online resources.

The information is categorized into three groups; larger (more than 12 units) market rate rental properties (those without income restrictions), smaller size rental properties (1 to 12 units) which include single-family homes (also without income restrictions) and affordable or subsidized properties which are restricted to residents with incomes at, or below, certain limits depending on the funding source. A separate section of the report identifies properties that provide supportive living arrangements to their tenants (special purpose housing). The following tables and subsequent points summarize the unit mix, average unit sizes and average rental rate ranges among the participating properties. The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities.

Data on larger properties surveyed are compiled by neighborhood area in Duluth. Where appropriate, adjacent neighborhoods were combined.

- Maxfield compiled rental information for a total of 7,496 general occupancy market rate, affordable and subsidized rental properties in the PMA, the majority of which are in Duluth. The rental inventory surveyed includes 5,668 market rate units, 814 affordable units and 1,014 subsidized units. Additional rental inventory surveyed includes senior housing (separate section) and special purpose housing (separate section).

Affordable/Subsidized Rental Property Survey

The following table presents a detailed summary of the general occupancy affordable and subsidized rental properties in the City, including unit mix, vacancies, unit sizes, and pricing. The inventory includes Low Income Housing Tax Credit (LIHTC) units, project-based Section 8 units Public Housing properties and scattered site Public Housing owned by the Housing and Redevelopment Authority of Duluth.

Properties financed through the Low-Income Housing Tax Credit program (LIHTC) target moderate-income households with rents set at 50% or 60% of AMI. Households are restricted to a maximum income of 50% or 60% of AMI. Some tax credit properties include a portion of their units targeted to long-term homeless (LTH) and/or people with disabilities (PWD). Rent levels and maximum income thresholds for these households may be set lower than 50% AMI. Most residents in LIHTC properties pay a designated rent. Residents in project-based Section 8 and public housing pay 30% of their adjusted gross income toward rent, with the remaining costs covered by the federal government.

TABLE 23

SUMMARY OF SURVEY OF LARGER AFFORDABLE RENTAL PROPERTIES
CITY OF DULUTH
February 2025

Neighborhood Group	No. of Properties	No. of Units	No. Vacant	Avg. SF	Avg. Rent	Med. Rent	Avg Rent/SF
Downtown/Central Hillside	6	130	4	763	$940	$965	$1.36
East Hillside	3	81	0	889	$1,294	$1,325	$1.46
Park Point	---	---	---	---	---	---	---
Lincoln Park/Observatory Hill	6	263	4	933	$1,214	$1,160	$1.41
Denfield/West End	4	123	0	860	$1,404	$1,426	$1.66
Morgan Park/Riverside	---	---	---	---	---	---	---
Duluth Heights/Piedmont Heights	5	217	1	896	$1,121	$1,250	$1.25
Congdon/Lakeside/Lester Park	---	---	---	---	---	---	---
Kenwood/Chester Park/Woodland	---	---	---	---	---	---	---
Total/Average	24	814	9	868	$1,195	$1,209	$1.38

Note: Averages represent weighted averages
Note: Totals above exclude subsidized properties where the resident pays a proportion of their income for rent
Source: Maxfield Research and Consulting

- A total of 24 affordable general occupancy apartment properties in Duluth, totaling 814 units. Some of these properties are mixed-income (i.e. market rate and affordable). Affordable units were segmented from the market rate. At the time of the survey, there were nine vacant units resulting in a 1.1% vacancy rate. Again, this vacancy rate is well below the market equilibrium rate of 5% for affordable rental properties signaling pent-up demand for this segment.

- Most affordable rental properties do not have a wait list, but those where the rent is based on a portion of income such as public housing and project-based Section 8 units all have wait lists. Wait lists for most general occupancy subsidized properties may be six months up to one year or longer. Several subsidized properties include a mixed population of residents ages 62 years or older or those under ages 62 that have a qualified disability. Properties that include seniors are discussed in the senior section of the report.

  - **The data suggests there is pent-up demand for affordable and subsidized general occupancy rental housing in Duluth.**

- There are higher proportions of two- and three-bedroom units among the affordable and subsidized properties to accommodate families. A limited number of these properties target single households and may also have a supportive living component incorporated. Properties with supportive living arrangements are discussed in a separate section of the report.

- On average, affordable units have an average of 868 square feet; the average range is from 763 to 933 square feet.

- Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- The overall average rent was $1,195 with a median rent of $1,209 for affordable units. Average rents range from a low of $940 to a high of $1,404 while the median rents range from $965 to $1,426 for the affordable properties. Because subsidized rentals are income-based, residents often pay less than $500 per month for rent based on 30% of their adjusted gross income. The maximum income threshold for the Section 8 program is 50% of AMI while for public housing, it is 80% of AMI.

- One-bedroom units target one- to two-person households, while two-bedroom units target two- to four-person households. Three- and four-bedroom units have six-person and eight-person maximum household sizes, respectively.

- The following figure summarizes the maximum allowable income threshold by household size in St. Louis County at 30%, 40%, 50%, 60% and 80% of Area Median Income (AMI), which represents the target market segments for affordable and subsidized housing properties in the Duluth and the PMA.

St. Louis County, MN

----- Income Limits by Household Size -----						
HH Size	**Unit Type**	**30% AMI**	**40% AMI**	**50% AMI**	**60% AMI**	**80% AMI**
1-Person	Studio or 1BR	$19,260	$25,680	$32,100	$38,520	$51,360
2-Person	1BR or 2BR	$21,990	$29,320	$36,650	$43,980	$58,640
3-Person	2BR or 3BR	$24,750	$33,000	$41,250	$49,500	$66,000
4-Person	2BR or 3BR	$27,480	$36,640	$45,800	$54,960	$73,280
5-Person	3BR or 4BR	$29,700	$39,600	$49,500	$59,400	$79,200
6-Person	3BR or 4BR	$31,890	$42,520	$53,150	$63,780	$85,040
7-Person	4BR	$34,080	$45,440	$56,800	$68,160	$90,880
8-Person	4BR	$36,300	$48,400	$60,500	$72,600	$96,800

In addition to the affordable units, most of which were financed through tax credits, there are another 746 subsidized units where rent is based on the resident's adjusted gross income and residents qualify at 50% or less of income for project-based Section 8 or 80% or less for public

housing. The HRA also owns and operates 268 units of scattered site rental housing primarily single-family and duplex units.

Market Rate Summary

Table 24 summarizes the unit mix, vacancies, average unit sizes and average rental rate ranges among the surveyed market rate rental properties in Duluth. Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- A total of 4,456 units was surveyed in larger (more than 10 units) general occupancy market rate rental properties in Duluth.
  - In the inventory, there were only two properties in initial-lease up, Zenith (reuse of the historic Central High School building) and Arris (new construction). Vacancies in the un-stabilized properties are accounted for in the vacancy summary.
- Among all surveyed market rate units, there were 67 vacant units in stabilized properties, resulting in a 1.5% vacancy rate for these units in Duluth. This vacancy rate is well below the market equilibrium rate of 5% for a stabilized rental market that provides for sufficient turnover and consumer choice.
- As mentioned previously, the equilibrium vacancy rate for market rate rental housing is considered to be 5.0%. At a vacancy of 1.5% among stabilized rental properties, the supply of market rate rental housing in Duluth is substantially below equilibrium, indicating pent-up demand.
- Newer market rate properties have demonstrated higher turnover and somewhat higher vacancies while most lower-priced and older properties have no vacant units. The newest rental properties to come on-line however, have experienced strong absorption, with monthly absorption rates of between 17 and 20 units per month.

TABLE 24

SUMMARY OF SURVEY OF MARKET RATE RENTAL PROPERTIES
CITY OF DULUTH
February 2025

Neighborhood Group	No. of Properties	No. of Units	No. Vacant	Avg. SF	Avg. Rent	Med. Rent	Avg Rent/SF
Downtown/Central Hillside	19	827	15	725	$1,332	$1,275	$1.95
East Hillside	20	625	8	729	$1,203	$1,063	$1.67
Park Point	2	140	2	924	$1,674	$1,600	$1.81
Lincoln Park/Observatory Hill	8	367	11	704	$1,273	$1,285	$1.93
Duluth Heights/Piedmont Heights	12	916	12	889	$1,649	$1,620	$1.66
Denfield/West End	2	167	3	1117	$1,795	$1,772	$1.53
Morgan Park/Riverside	3	151	3	965	$1,604	$1,225	$1.67
Congdon/Lakeside/Lester Park	4	192	1	920	$1,681	$1,300	$1.71
Kenwood/Chester Park/Woodland	12	1,071	12	935	$1,998	$1,680	$2.23
Total/Average	82	4,456	67	845	$1,587	$1,443	$1.88

Note: Averages represent weighted averages; median rent is the median of all rents in that neighborhood
Note: Vacancies and the vacancy rate represent those of stabilized properties
Source: Maxfield Research and Consulting

- Among the market rate units, 39% have two bedrooms and 42% have one bedroom. Another 11% are studio units, while 6% have three bedrooms and 2% of the units have five bedrooms.

- Across the inventory, units have an average of 845 square feet with averages ranging from 704 square feet in the Lincoln Park neighborhood to a high of 1,117 square feet in the Denfeld/West End neighborhood. Many older (pre-1940) rental properties in Duluth have unit sizes that are smaller, on average. While new rental properties have adopted smaller square footages to increase the per square foot rents, this is a change from the 1970s and 1980s, when properties often had somewhat larger unit sizes.

- The average monthly rental rate across the surveyed market rate general occupancy properties is $1,587, ranging from an average of $1,203 in the East Hillside area to a high of $1,998 in the Kenwood area. The median monthly rent is $1,443, with a range of $1,063 in the East Hillside neighborhood to a high of $1,772 in Denfeld/West End.

- Per square foot (psf) market rate rental properties across the neighborhoods have an average rent of $1.88 psf.

- While there is a notable difference between rents at older and newer properties in Duluth, older properties have been increasing rents substantially, most likely a result of the very tight rental market that exists in the City. The average monthly rent at the newest rental properties that have opened in the past three to four years is $1,544, 49% higher than the average rent of $1,035 among the older properties.

Survey of Smaller Rental Properties

In addition to the survey of larger rental properties, Maxfield Research surveyed smaller properties with ten or fewer units. Most of these properties are single-family detached, single-family attached, duplex, triplex or four-plex units. The majority are single-family detached homes. Unit types in these properties range from studio to seven-bedrooms in a single unit.

As shown, 1,212 units are included and at the time of the survey, only 25 units were vacant, a vacancy rate of 2.1%, well below the 5% market equilibrium vacancy rate. While these types of units are popular, especially with students, the leasing of single-family homes is considered a non-traditional use of this type of residence. Historically, single-family homes were occupied by a single household and not multiple unrelated people living in the same home.

TABLE 25

SUMMARY OF SURVEY OF SMALLER RENTAL PROPERTIES (1-10 UNITS)
DULUTH PRIMARY MARKET AREA
February 2025

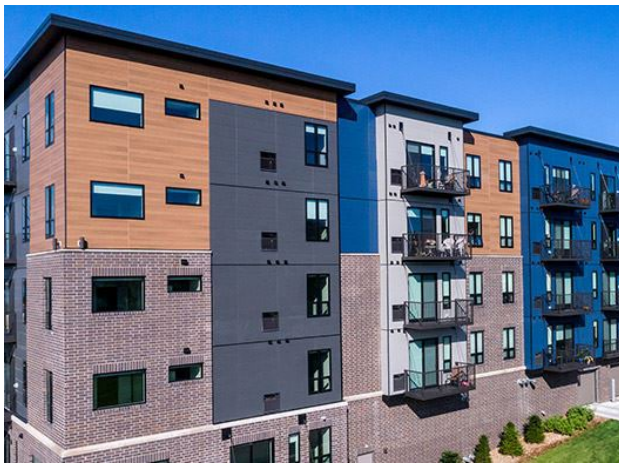
	No. of Units	No. Vacant	Avg. Size	Avg. Rent	Med. Rent	Avg. Rent/SF
Totals	1,212	25	1,479	$1,834	$1,738	$1.24
Vacancy Rate		2.1%				

	No. of Units	No. Vacant	Avg. Size	Avg. Rent	Med. Rent	Avg. Rent/SF
Studio	13	1	605	$995	$1,100	$1.64
1BR	140	9	877	$979	$978	$1.12
2BR	435	11	980	$1,105	$1,118	$1.13
3BR	509	3	1,259	$1,564	$1,592	$1.24
4BR	55	1	1,471	$1,864	$1,883	$1.27
5BR	44	0	1,725	$2,206	$2,386	$1.28
6BR	14	0	2,268	$3,238	$3,180	$1.43
7BR	2	0	2,648	$3,650	$3,650	$1.38

Sources: City of Duluth, Mgmt Cos and Private Landlords
Maxfield Research and Consulting

- While each property manages utilities differently, most older properties include heat, trash removal, water and sewer while at new properties, tenants are responsible for most, if not all, of the utilities.

The following are photographs of select market rate rental properties in Duluth including new and older properties.



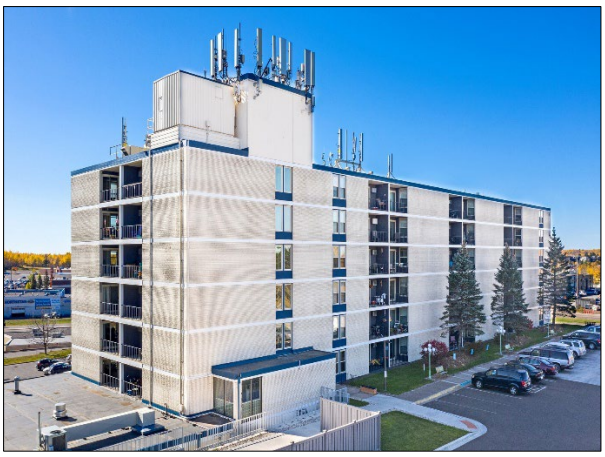
Endi



Morgan Park Estates



Bridgeman Russell



Miller Hill Manor



Ramsey Village Townhomes



Bluestone Flats

The following are photographs of select affordable rental properties in Duluth.



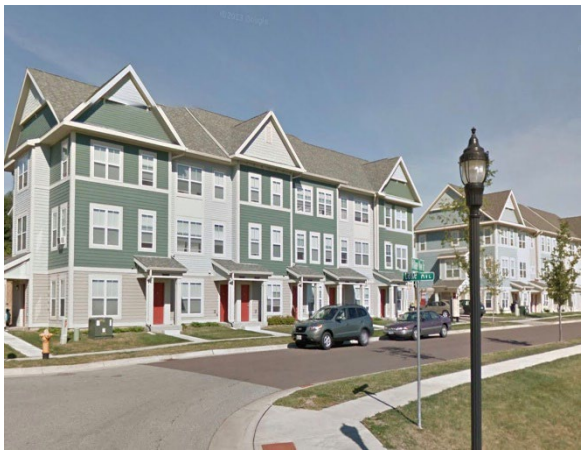
Westgate Townhomes



Irving School



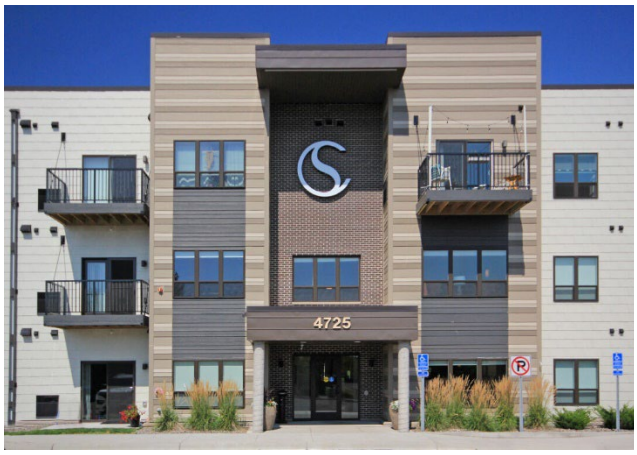
Jefferson Square



Harbor Highlands



Village Place



Capstone Apartments

The following are photographs of select subsidized rental properties in Duluth.



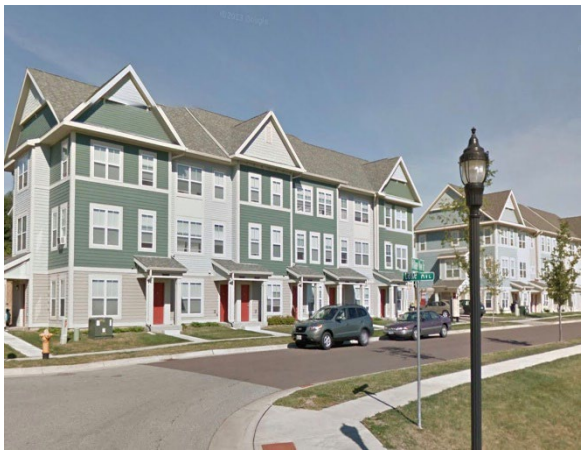
Munger Terrace



Windwood Townhomes



Mesaba Villas



Harbor Highlands



Gateway Tower



Maple Grove Estates

Senior Housing Market Analysis

This section provides an assessment of the market support for senior housing, including a review of demographic and economic characteristics of the Market Area's senior population along with detailed information on existing and pending senior housing facilities in the PMA. Data on the senior housing facilities was collected in January and February 2025. Topics covered in this section of the analysis include.

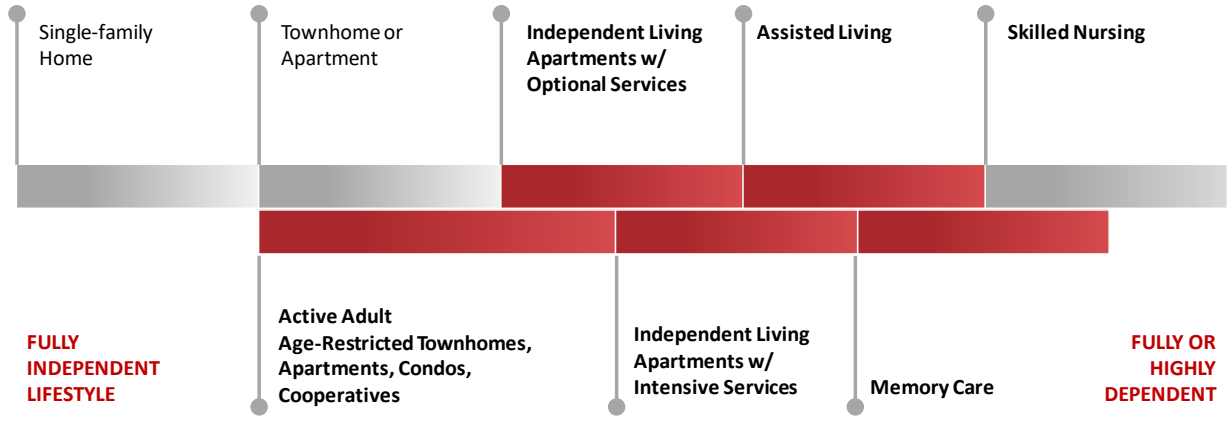
- A definition of senior housing product types
- An overview of older adult and senior demographic characteristics in the area
- Market information on existing and pending senior housing facilities in the PMA

Secondary data resources utilized for this analysis include the U.S Census Bureau Decennial Census and American Community Survey ("ACS"), along with ESRI and the Minnesota State Demographic Center. Information from the Health Care Provider Directory from the Minnesota Department of Health was also referenced.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.

FIGURE 1
CONTINUUM OF HOUSING AND SERVICES FOR SENIORS



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people ages 65 and over while assisted living typically attracts people ages 80 and older who need assistance with activities of daily living (ADLs).

For analytical purposes, Maxfield Research and Consulting classifies senior housing into five primary categories based on the level and type of services offered as described in the figure on the following page.

Facilities referred to as "catered living" offer a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a unit specifically designated for independent living or assisted living.

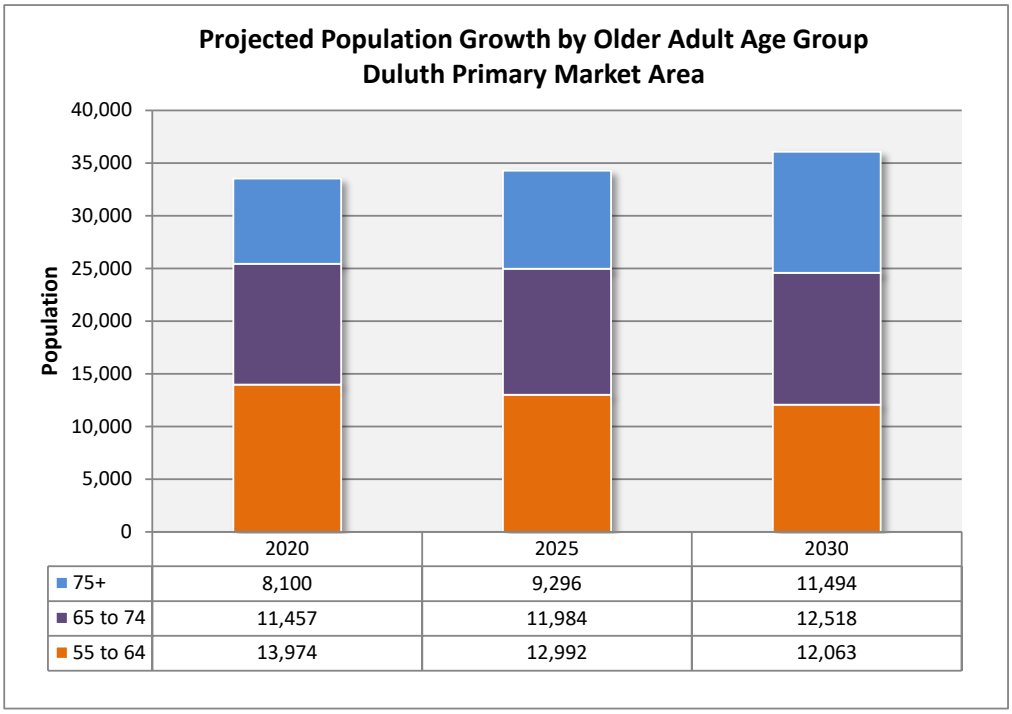
Active Adult
Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
Independent Living
Independent Living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the building to common areas, because units are smaller than in active adult housing and to encourage socialization. Independent living properties attract a slightly older target market than adult housing (i.e. seniors ages 75 or older). Rents are also above those of active adult buildings. Sponsorship by a nursing home, hospital or health care organization is common.
Assisted Living
Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have staff on duty 24 hours per day or at least 24-hour emergency response.
Memory Care
Memory Care properties, designed specifically for people suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergo specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of people afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse

into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.
Skilled Nursing Care
Skilled Nursing Care, or long-term care, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for people who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medi-caid, Veterans, HMOs, insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

The Demographic Review section of this study presented general demographic characteristics of the population and household base in Duluth and the PMA. The following points summarize key findings from that section as they pertain to the older adult and senior population in the Market Area.

- Strong growth is occurring among seniors in the PMA. Aging of baby boomers led to an 8.8% increase in the 65+ population between 2020 and 2025, adding 1,723 people.
  - The 75+ age group accounted for most of the growth, increasing by 1,196 people during the same period, a growth rate of 14.8%.
  - The 55 to 64 age group is estimated to have contracted by 7%, losing 982 people. This is a result of a demographic shift in this age cohort due to the Baby Bust generation (born between 1965 and 1974, a period of lower births.



- Between 2025 and 2030, all older adult age cohorts are projected to increase, except for the 55 to 64 age group, which will continue to experience a decline. This decline will continue until the Millennial generation reaches this age group. The largest increases among older adults are projected to occur in the oldest age groups, 75 to 79, 80 to 84 and 85+.

- The primary market for service-enhanced housing (i.e. housing with services) is senior households age 75 and older. The key market for active adult housing is comprised of senior households ages 65 and older. While active adult properties are restricted to residents ages 55 years or older, these properties usually have an average resident age of 70 years or older.

- Individuals in their 50s and 60s do not typically comprise the primary market base for service-enhanced senior housing, but they often have elderly parents to whom they provide support when those parents decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so growth among the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products as they seek housing for their parents.

- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations as follows: 40% to 50% for market rate active adult housing, 65% for independent living and 80% to 90% or more for assisted living housing.

  - The proceeds from the sale of a home, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.

- The target market for affordable and subsidized active adult housing is households age 65 and older with incomes at or below 60% Area Median Income (AMI), although some affordable properties may be restricted to households at 80% AMI or lower. At 60% AMI, household income limits are $38,520 for a one-person household and $43,980 for a two-person household in St. Louis County.

  - Using an estimated income limit of $44,500 for affordable housing in 2025 (adjusted for inflation), there are an estimated 6,294 income-qualified households age 65 and older in the PMA (46% of all age 65 and older households). The number of age- and income-qualified households in the PMA at 60% AMI is projected to increase 9% by 2030 (436 households), after accounting for inflation.

- The target for market rate active adult housing is comprised of senior households (ages 65 and older) with incomes of $40,000 or more. Older adult and senior households with incomes of $40,000 allocating 40% of their income toward housing costs could afford monthly rents of $1,333.

  - In 2025, we estimate there are an estimated 8,054 age- (65 years and older) and income-qualified households in the PMA that comprise the key market for active adult housing. The number of age- and income-qualified households is expected to grow 8% to 8,705 (increase of 651) households by 2030, after accounting for inflation.

- Independent living and assisted living housing demand is driven by senior households ages 75 and older with incomes of $40,000 or more (plus senior homeowners with lower incomes).

  - We estimate the number of age- and income-qualified households in the PMA to be 3,054 in 2025, increasing 18% to 3,596 by 2030.

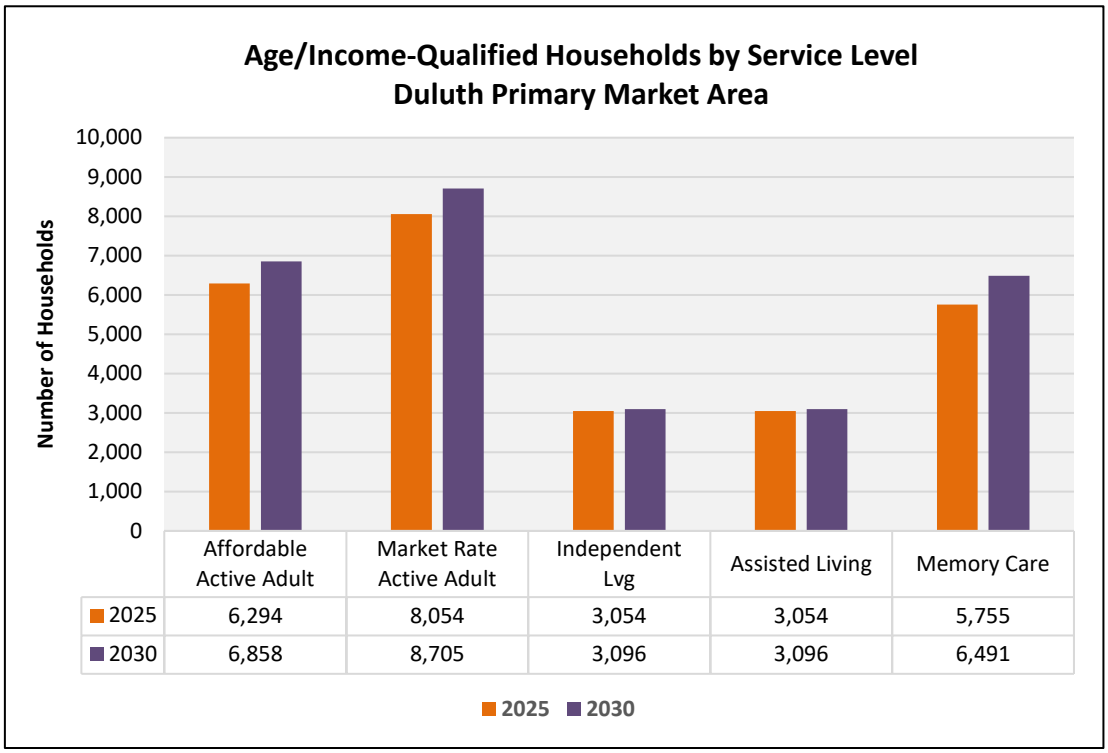
- Memory care housing has a target market that includes households ages 65 and older with a memory impairment and incomes of at least $60,000. An estimated 15% of the senior population is estimated to have a memory impairment.

- In 2025, we estimate there are 5,755 households ages 65 or older in the PMA with incomes of at least $60,000, accounting for 42% of all senior households. Based on the estimated 15% incidence rate of Alzheimer's/dementia, 863 households in the PMA may be candidates for memory care housing in 2025, although a portion of seniors in these households may be able to reside in assisted living housing if they have only modest impairments.

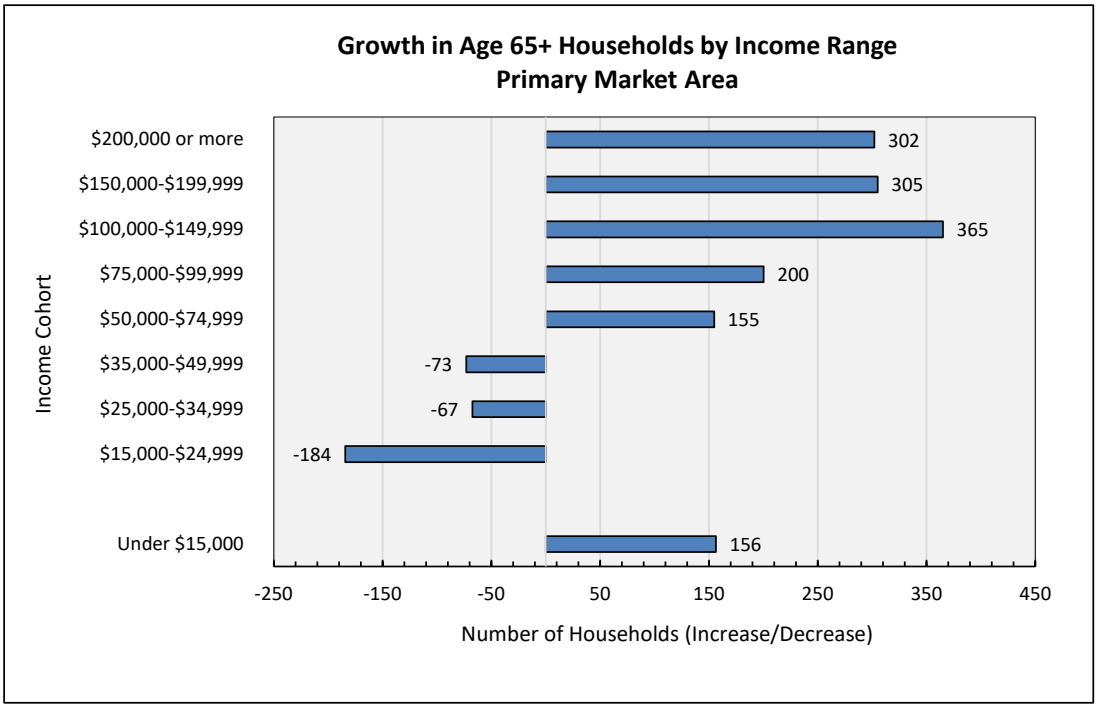
  - The number of income-qualified ($65,000 adjusted for inflation) households is projected to increase 13% to 6,491 by 2030 (974 households eligible for memory care housing based on the 15% incidence rate).

- Between 2025 and 2030, growth among households age- and income-qualified for senior housing in the PMA is projected to be largest for market rate active adult housing, increasing by 369 households (14% growth).

- The number of households age- and income-qualified for independent and assisted living is expected to increase 25% (255 households), while the number of households qualified for affordable active adult housing is projected to expand 4% (69 households). We anticipate that there will be a 19% increase in households qualified for memory care between 2025 and 2030 (57 households).



	Affordable Active Adult	Market Rate Active Adult	Independent Lvg	Assisted Living	Memory Care
2025	6,294	8,054	3,054	3,054	5,755
2030	6,858	8,705	3,096	3,096	6,491



- The estimated homeownership rate is 74% for age 55 to 64 households in the PMA, lower than the 81% in Minnesota. The PMA's homeownership rate increases to 78% for age 65 to 74 households compared to 83% in Minnesota.

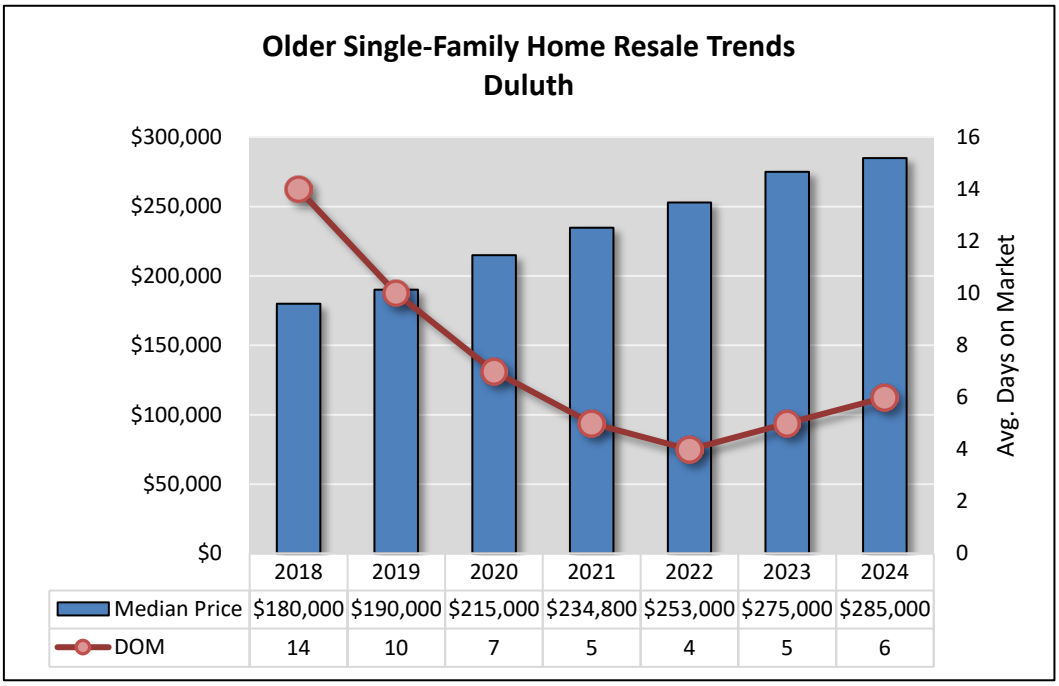
- Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated in the PMA as the homeownership rate declines from 78% (age 65 to 74) to 66% for age 75 and older households.

  - By comparison, the homeownership rate in Minnesota drops from 83% (age 65 to 74) to 72% (age 75 and older).

- With a homeownership rate of 73% for all households age 65 and older in the PMA, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives.

Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives. The following information summarizes resale data for homes that were built in 2009 or earlier in the City from 2018 through 2024. Sales of newer homes are excluded because older adults and seniors often reside in older homes and are typically not a market for new single-family home construction, so we evaluate sales data for homes that are at least 15 years old. The data was obtained from Lake Superior Area Realtors.

- Resale values of older homes experienced strong growth in Duluth in recent years, climbing 58% from $180,000 in 2018 to $285,000 in 2024.



	2018	2019	2020	2021	2022	2023	2024
Median Price	$180,000	$190,000	$215,000	$234,800	$253,000	$275,000	$285,000
DOM	14	10	7	5	4	5	6

- Marketing times declined from a median of 14 days in 2018 to only four days in 2022, increasing only just slightly to six days in 2024. Despite slightly fewer transactions, prices have continued to escalate.

  - The increase in marketing times and the decline in sales volume are due, in part, to increased mortgage rates which reduced the affordability of homes, causing some potential buyers to defer a decision to purchase until rates decline.

- Based on the 2024 median resale price for older (built in 2009 or earlier) homes in Duluth ($285,000), a senior household could generate an estimated $10,716 of additional income annually ($893 per month) if they invested in an income-producing account (4.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

- Due to the rising home resale prices, many older adults and seniors – particularly those in the market for independent housing products – may be inclined to sell their home and consider housing alternatives. While the COVID-19 pandemic caused some older adults and seniors to remain in their homes rather than seeking housing alternatives, the market is now experiencing a reverse shift and seniors are again seeking senior housing options.

- Should a senior utilize their home sale proceeds dollar for dollar to support living in senior housing with services, the proceeds would last nearly eight years in independent living housing (monthly rent approximated at $2,800), five years in assisted living (monthly rent approximated at $4,000), or four years in memory care housing (monthly rent approximated at $5,500).

- Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that many seniors in Duluth should be financially prepared to privately pay for their housing and services.

Supply of Senior Housing

The information on the following pages summarizes existing senior housing facilities in the PMA, including supply (number of units) and service level.

- Maxfield Research identified a total of 24 market rate senior housing facilities in the PMA, totaling 1,665 units, including 20 in the City of Duluth, two facilities in Hermantown and two in Proctor. In addition, there are another 15 properties that are affordable/subsidized and serve older adults and seniors either 55 years and older or 62 years and older.

- In total, there are 124 market rate active adult rental units, 273 active adult owned cooperative units, 863 affordable and subsidized rental units (excluding under age 62 and disabled) and 1,268 service-enhanced units. Affordable/subsidized properties are estimated at 863 units after accounting for residents that are under the age limit and have a qualified disability.

  - Among the service-enhanced facilities, there are an estimated 516 independent living units, 613 assisted living units and 139 memory care units.

- Maxfield Research also contacted staff at Duluth and other communities in the PMA to identify any new senior housing projects in the development pipeline (i.e. under construction, approved, or proposed). There are no senior housing developments pending in the PMA.

- We incorporate these senior housing units into the demand calculations presented later in this report, but not all units are included. Because facilities outside of Duluth and near the edge of the PMA boundary may have different draw areas that overlap with the PMA for Duluth, we adjust the number of competitive units based on location in the PMA and format.

  - We include all the senior housing units in facilities in Duluth and 75% of the units in Hermantown and Proctor in the demand calculations.

The following are photographs of select senior housing properties in Duluth.



Faith Haven



Realife Cooperative of Duluth



Lakeshore Sr. Living



Edgewood Sr. Living



Diamond Willow



Keystone Bluffs

Affordable/Subsidized Senior Rental Summary

The following points summarize key findings from our survey of affordable and subsidized senior housing properties in the City of Duluth. including unit mix, vacancies, and quoted flat rents. The inventory includes units owned and managed by the Housing and Redevelopment Authority of Duluth in addition to other privately owned properties. Affordable and subsidized properties in Duluth include mixed-income properties, project-based Section 8, tax credit properties and public housing.

- There are a total of 965 units in these properties. At the time of the survey, there were 19 vacant units resulting in a 2.0% vacancy rate. A two percent vacancy rate is essentially at market equilibrium, although subsidized properties may have require additional time to qualify applicants on wait lists.

  - **This data suggests that there is pent-up demand for affordable and subsidized senior housing in Duluth.**

- Among these affordable and subsidized senior units, nearly all units (more than 90%) have one-bedroom, with the remaining units as efficiencies or two-bedrooms.

  - Rents at all the subsidized properties are based on the resident paying 30% of their adjusted gross income for rent. For the single affordable property, residents pay a quoted rent of $950 per month for a one-bedroom unit.

- Based on market rents for subsidized properties, the average monthly rent is $959. Two-bedroom units have an average rent of about $1,100 per month.

Active Adult Senior Properties Summary

The following table summarizes the unit mix, average unit sizes, and average rental rate ranges among the surveyed active adult senior properties in Duluth, market rate, affordable and subsidized. Rental rates represent a weighted average based on the number of units at each property, so buildings with a larger number of units of any one type contribute more toward the average than those with fewer units.

- The total number of units among active adult properties totaled 1,362 units. Of this total, 965 are subsidized/affordable, 124 are market rate rental and 273 are market rate ownership.

- Market rate active adult rental units are primarily one-bedroom units. Market rate ownership units are predominantly two-bedroom units. Service-enriched units are predominantly studio or one-bedroom units. Independent living properties usually have a higher portion of two-bedroom units than assisted living and memory care, but one-bedroom units in independent living facilities are the dominant unit type.

- The only market rate active adult rental property has an average unit size of 425 square feet. This is atypical of new market rate rental properties where unit sizes are similar to general occupancy market rate properties and there is also a much higher portion of two-bedroom units. Unit sizes are smaller for the affordable and subsidized active adult properties, because of proscribed unit sizes for many of these properties. Market rate ownership properties (condominium, cooperative and townhomes) have primarily two-bedroom units with larger unit sizes (more than 1,000 square feet).

TABLE 26

SUMMARY OF SENIOR HOUSING FACILITIES
DULUTH PRIMARY MARKET AREA
February 2025

Service Level	No of Units	No Vacant	Vac Rate	Avg. Rent/Price	Avg.Size (SF)	Avg Rent/Price/SF
Active Adult						
Affordable, Subsidized*	965	19	2.0%	$919	647	$1.42
Market Rate Rental	124	0	0.0%	$950	425	$2.24
Market Rate Ownership	273	0	0.0%	$256,000	1,185	$216.03
Service - Enhanced						
Independent Living	516	5	1.0%	$2,915	960	$3.04
Assisted Living	613	36	5.9%	$3,685	568	$6.49
Memory Care	139	8	5.8%	$4,414	419	$10.53
Total/Average	2,630	49	1.9%			

Note: Subsidized excludes units rented to under 62 and disabled.
* Affordable, subsidized rent is market, but residents pay according to income.
Source: Maxfield Research and Consulting

- The average monthly market rate rent ranges from $919 to $950 per month, although this amount reflects the older age of most of these properties and a market maximum rent for the affordable and subsidized units. Among market rate active adult rental and ownership units in Duluth, there were no vacancies and waiting lists at all properties.

  - Cooperative pricing includes equity shares along with monthly fees that cover utilities and maintenance.

Service-Enhanced Facility Summary

- We identified eight service-enhanced facilities in Duluth, two in Hermantown and two in Proctor, totaling 1,268 units. General information on service-enriched facilities is provided below.

- Based on the facilities that provided vacancy information, these service-enhanced facilities had an estimated 4.2% vacancy rate, primarily among assisted living and memory care units. The overall vacancy rate among all age-restricted units was 1.9%, considered to be well-below market equilibrium. We note however, that market equilibrium rates for assisted living and memory care are much higher at 7%, while a 5% rate is considered equilibrium for market rate active adult and a 2% rate is considered equilibrium for subsidized units.

  - Independent units had a 1.0% vacancy rate while assisted living and memory care units had 5.9% and 5.8% vacancy rates, respectively.

  - Market equilibrium for assisted living and memory care senior housing is generally considered to be 7.0% vacancy, which allows for an adequate supply of alternatives for prospective residents.

  - Due to the low vacancy rates among active adult and independent living in Duluth, there is likely pent-up demand for low service facilities that are targeting independent older adults and seniors who are still maintain an active lifestyle.

Special Needs and Homeless Population

This section presents findings from the Minnesota Housing Management Information System (HMIS), Coordinated Entry System and Wilder Foundation data on the homeless population and information on the housing needs of the homeless in the Twin Cities Metro Area. Also presented is data specific to St. Louis County. Data below the county level is not available.

Wilder Research conducts a one-night statewide survey of homeless people in Minnesota every three years. The most recent study was conducted in October 2023, which information was recently released. We also rely on Point-in-Time (PIT) homeless counts recently completed for 2023. Two counts make up the PIT counts, sheltered and unsheltered. The sheltered count for those experiencing homelessness includes those in Emergency Shelters, Transitional Housing, or Safe Haven programs on the night of the PIT. The sheltered count includes data from agencies that participate in the HMIS (Homeless Management Information System), such as domestic violence projects. The unsheltered count represents those that are unsheltered on the street or doubled up or in a place not fit for human habitation or temporarily staying with friends or family. The unsheltered and doubled-up count is collected by street outreach teams, volunteer surveyors, school liaisons and other community partners using a face-to-face survey.

Homeless Data

Homeless Population

Table 27 shows the number of homeless identified through Wilder Research's study in 2023. Data is shown for St. Louis County and Minnesota. According to the data, 196 people were housed in emergency/domestic violence shelters, 147 were in transitional housing and 241 were unsheltered.

TABLE 27

NUMBER OF HOMELESS PEOPLE
ST. LOUIS COUNTY AND MINNESOTA
2023

	Total number of people in temporary housing programs, informal housing or unsheltered		Total number of adults* age 18+ in temporary housing programs, informal housing or unsheltered	
Housing Situation	**St. Louis Co.**	**Minnesota**	**St. Louis Co.**	**Minnesota**
Emergency/Domestic Violence Shelter	196	5,025	166	3,284
Transitional housing	147	1,918	85	1,243
Unsheltered	241	3,470	231	2,807
TOTAL	**584**	**10,413**	**482**	**7,334**

Most Rapid Re-Housing (RRH) programs in MN were not included in the 2023 MN Homeless Study.
Some programs were included that had maintained the same model of services and supports. These figures are included in transitional housing.
*Homeless people age 18 and older, excluding children with parents and unaccompanied youth

Sources: Wilder Research, "2023 Minnesota Homeless Study"; Maxfield Research and Consulting

The past two studies have found a dramatic rise in the number of unsheltered people suggesting a need for additional facilities to house those that are living in places not designed for or unfit for human habitation.

Age Distribution

Table 28 below shows the age distribution of homeless people identified through the most recent PIT counts. The table shows that 54% of the homeless in St. Louis County were between the ages of 30 and 49. In Minnesota, that percentage was 46%. St. Louis County has a slightly lower proportion of persons age 55+ that were homeless as compared to Minnesota.

TABLE 28

AGE DISTRIBUTION
HOMELESS PEOPLE IN ST. LOUIS COUNTY AND MINNESOTA*
2023

	St. Louis Co.		Minnesota	
Age	**Number**	**Pct.**	**Number**	**Pct.**
18 to 21	44	10.0%	534	9.0%
22 to 24	22	5.0%	415	7.0%
25 to 29	39	9.0%	653	11.0%
30 to 39	131	30.0%	1,543	25.9%
40 to 49	105	24.0%	1,187	19.9%
50 to 54	22	5.0%	475	8.0%
55 to 59	26	6.0%	415	7.0%
60 to 69	39	9.0%	594	10.0%
70 to 79	9	2.0%	119	2.0%
80+	0	0.0%	24	0.4%
	436	**100.0%**	**5,959**	**100.0%**
Median Age	**38**		**38**	

* People living in temporary housing programs or informal housing and identified unsheltered people, excluding youth less than 18 years of age and children staying with parents

Sources: Wilder Research, October 2023. "2023 Minnesota Homeless Study"
Maxfield Research Consulting

Race

The point-in-time counts identified increasing proportions of the homeless self-identifying as multiple races. The highest proportion of the homeless self-identify as White (61%), followed by Native American/American Indian (39%) and Black, African American (16%). The table also

identifies those who responded they were of Hispanic or Latino origin. In St. Louis County, an estimated 7% self-identified as Latin(o)(a)(x) while 18% self-identified in Minnesota.
In Minnesota, the proportions of the homeless are higher for Latin(o)(a)(x) and for Black African American. An increasing number of people are self-identifying as two or more races, which almost considers these people as people of color.

TABLE 29

ETHNIC BACKGROUND OF HOMELESS PEOPLE SURVEYED
ST. LOUIS COUNTY AND MINNESOTA
2023

	St. Louis Co.		Minnesota	
Racial/Ethnic background	**Number**	**Pct.**	**Number**	**Pct.**
Black or African American	69	16.0%	2,072	35.0%
African Born	2	0.4%	178	3.0%
Asian or Pacific Islander	9	2.0%	178	3.0%
American Indian or Native American	168	39.0%	1,184	20.0%
Middle Eastern or North African	0	0.0%	6	0.1%
Hispanic or Latino/a/x	30	7.0%	1,065	18.0%
Other (unspecified)	0	0.0%	0	0.0%
Native American or Person of Color (any of the above)	242	56.0%	5,209	88.0%
White	264	61.0%	2,604	44.0%
Multiple racial or ethnic identities selected	108	25.0%	1,125	19.0%
TOTAL	**432**	**206.4%**	**5,919**	**230.1%**

Note: Percentages total above 100.0 due to multiple selections in some categories.
Sources: Wilder Research, October 2023. "2023 Minnesota Homeless Study"
Maxfield Research and Consulting

Income

Table 30 shows the income levels of those that were identified as homeless in October 2023. The table shows that 39% of the homeless in St. Louis County earn $200 or less per month, while 17% earn between $201 and $400 per month. Another 32% of households earn $801 or more in income per month. Despite earning a higher income, incomes of less than $25,000 annually ($2,083) per month do not always enable an individual to be able to find suitable housing and support themselves or a family. In addition, there may be other challenges facing the individual or their family which may increase the financial burden.

TABLE 30

MONTHLY INCOME OF HOMELESS PEOPLE SURVEYED
ST. LOUIS COUNTY AND MINNESOTA
2023

	St. Louis County		Minnesota	
Monthly Income	**Number**	**Pct.**	**Number**	**Pct.**
$200 or less	162	39.4%	2,034	38.0%
$201 to $400	71	17.2%	696	13.0%
$401 to $600	21	5.1%	321	6.0%
$601 to $800	25	6.1%	375	7.0%
$801 to $1,000	75	18.2%	642	12.0%
Over $1,000	58	14.1%	1,285	24.0%
TOTAL	**412**	**100.0%**	**5,353**	**100.0%**
Mean Income	**$545**		**$702**	
Median Income	**$400**		**$400**	

Sources: Wilder Research, October 2023. "2023 Minnesota Homeless Study"
Maxfield Research and Consulting

Employment

Table 31 shows that of those interviewed the majority (82%) were not employed. This compares to 77% in Minnesota.

TABLE 31

EMPLOYMENT
ST. LOUIS COUNTY AND MINNESOTA
2023

	St. Louis County		Minnesota	
Currently Employed	**Number**	**Pct.**	**Number**	**Pct.**
Yes	78	18.0%	1,340	23.0%
No	356	82.0%	4,484	77.0%
TOTAL	**434**	**100.0%**	**5,824**	**100.0%**
If Employed, how many hours, on average, do you work?				
1-15 Hours	17	23.0%	195	15.0%
16-24 Hours	17	23.0%	259	20.0%
25-34 Hours	17	22.0%	285	22.0%
35-40 Hours	23	30.0%	467	36.0%
41 or More Hours	2	2.0%	91	7.0%
# of Respondents (Weighted)	**76**	**100.0%**	**1,297**	**100.0%**
Part-Time (1-34 Hours/Wk)	52	68.0%	739	57.0%
Full-Time (35+ Hours/Wk)	24	32.0%	558	43.0%
# of Respondents (Weighted)	**76**	**100.0%**	**1,297**	**100.0%**

Sources: Wilder Research, October 2023. "2023 Minnesota Homeless Study"
Maxfield Research and Consulting

For those that are employed, most work only part-time and 46% work fewer than 25 hours per week. Again, with the significant cost of housing in Duluth, most of those working part-time without any other income would have significant challenges to secure permanent housing.

Hourly Wage Rates

An estimated 67% of those responding to the survey in October 2023 identified they earn $15.00 or more per hour. It is unclear at this time how much more respondents earn if they selected the $15.00 or more category as their response. At a rate of $15.00 per hour, individuals earning that amount would earn $31,200 annually and theoretically be able to afford a monthly housing cost of $780 per month. Most units in Duluth rent for more than this amount and many are closer to $950 per month for just a studio unit.

TABLE 32

HOURLY WAGE RATE
ST. LOUIS COUNTY AND MINNESOTA
2023

	St. Louis County		Minnesota	
Hourly Wage Rate at Primary Job	**Number**	**Pct.**	**Number**	**Pct.**
Less than $8.63/Hr.	0	0.0%	25	2.0%
$8.63 to $10.69	3	4.0%	25	2.0%
$10.60 to $11.99	6	8.0%	51	4.0%
$12.00 to $14.99	13	18.0%	203	16.0%
$15.00 or more	47	67.0%	899	71.0%
Paid by the job/commission	2	3.0%	63	5.0%
# of Respondents (Weighted)	**70**	**100.0%**	**1,266**	**100.0%**

Sources: Wilder Research, October 2023. "2023 Minnesota Homeless Study"
Maxfield Research and Consulting

Key Findings Regarding Homeless and Homeless Families

The University of Minnesota School of Social Work: Center for Advanced Studies in Child Welfare completed additional research and analysis on The Impact of Housing and Homelessness on Child Well-Being (Spring 2017). Some of the key highlights of that analysis are presented below as they relate to housing instability for families with children and the need to be able to provide safe, supportive and stable housing to create an environment where children can thrive. Those key findings are identified below.

The analysis established a clear nexus between homelessness and the number of children entering foster care each year in the US. In 2015, an estimated 265,000 children in the US entered foster care. For more than 10% of those children, inadequate housing was reported as the reason for the child's removal from the family. The percentage was even higher among older youth.

Youth who are involved in or are leaving the child welfare system are at higher risk for becoming homeless than other age groups. More than 20,000 youth in the US age out of foster care each year. By age 21, more than one-quarter of those that have aged out of foster care reported experiencing homelessness within the last two years. In addition, 43% reported being homeless at some time in their lives.

In 2009, Wilder Research reported that 37% of them had experienced an out-of-home placement through juvenile justice placements. In Minnesota, 1,054 older adults (55+) were identified as homeless in 2018. As of 2023, there was a 7% increase in the number of older adults (55+) that were homeless. This is the largest number of homeless older adults identified since Wilder began asking shelters for specific counts of this group in 2009.

A growing approach to family homelessness is Rapid-ReHousing. Rapid ReHousing quickly transitions families from shelters into housing. This is accomplished by assisting families with finding a rental unit, paying the rent for a limited time, and connecting them with supports and services. It is a cost-effective approach and often ends homelessness for the families. A small number of families may be able to obtain a long-term housing subsidy, but most often, families are provided with a housing choice voucher.

If the family or a family member is disabled, the family may receive permanent supportive housing along with a package of support services. Families may also be able to access services such as early childhood intervention, employment assistance, trauma informed care, domestic violence services, budgeting services, parenting classes, vocational training and other services.

Many child welfare agencies have long recognized that the families they work with need housing assistance and where resources have permitted, the agency has been in the housing business. Many local child welfare offices have small pools of funds to help families pay for rent, utilities, temporary shelter and security deposits. Frontline workers can also help families obtain FUP or vouchers through the Family Unification Program.

Some families may require a higher level of services that may be available through a supportive living program that combines housing with on-site and/or managed support services for specialized needs.

Children in families who are experiencing homelessness tend to be young; half are under the age of 6; compared to middle class children, they are at risk of lower functioning across multiple domains of well-being. They, along with children who frequently move, have worse academic outcomes than other poor children. Children who experience homelessness have worse physical development, educational attainment and labor market outcomes.

In 2015, Children (age 17 years and younger) and youth (age 24 years or younger) on their own are more likely to be homeless according to a Wilder Research analysis on homelessness. These two groups comprised more than half of all homeless people (51%) at that time compared to their representation in the population (32%) in Minnesota. Wilder Research estimated that there were at least 3,700 children homeless and with their parents in Minnesota on any given night. This figure excludes parents with their children who were doubled up, living with friends or relatives and eligible for school services to homeless students under the McKinney-Vento Act. Homelessness for children soared in 2009 and 2012 (Wilder Studies) but decreased in 2015 and decreased again in 2023 when Wilder identified that 1,315 people age 24 years or younger were homeless on a single night.

Children experiencing homelessness were more likely to have:

- Lived with a substance abuser
- Witnessed abuse as a child
- Had more out-of-home placements as a child
- Lived with a parent/or guardian with a mental illness

- During childhood, having a parent serve time in prison
- Physically abused as a child
- Neglected as a child
- At least one of the above experiences

Children and youth also face complications with their physical and mental health as a result of homelessness. Among parents that were surveyed, 25% said at least one of their children had at least one emotional or behavioral problem and 12% had at least one child with a chronic health condition. Health issues are exacerbated for unaccompanied homeless youth. More than half (57%) have a serious mental illness with anxiety (37%) and depression (32%) being the most common and 36% have a chronic health condition.

Homeless Health Challenges and Health Gaps

The Minnesota Homeless Mortality Report (2017-2021) summarizes data from the first ever systemic analysis of mortality among people experiencing homelessness who die in Minnesota. The Health, Homeless and Criminal Justice lab at HHRI merged with the Minnesota Homeless Management Information System (HMIS) providing data on people that used homeless services from 2017 through 2021 with Minnesota state death data and Minnesota population data from the US Census from 2017 to 2020 to compare sociodemographic differences and causes of death. The report was funded by a grant from the Centers for Disease Control Foundation Grant to the Minnesota Department of Health.

Health officials have long observed that Minnesotans experiencing homelessness had higher rates of poor health outcomes. Minnesota Commissioner of Health, Dr. Brooke Cunningham stated that the new report's analysis puts the problem and the need for solutions in sharp focus.

Researchers looked at data from 93,923 people experiencing homelessness who accessed shelters and transitional housing. Key findings included:

- The rate of death was three times higher for those experiencing homelessness than the general population;

- Twenty-year olds experiencing homelessness had the same death rate as 50-year-olds in the general population;

- Mortality across each racial and ethnic group was higher for those experiencing homelessness than in the general Minnesota population and

- American Indian people experiencing homelessness had rates of death one- and a half times higher than others experiencing homelessness and five times higher than the general population.

The MN State Legislature approved one billion dollars for various targeted housing programs including:

An allocation of $46 million for a rental assistance program targeted to help people that federal Section 8 vouchers miss. The program could help up to 5,000 families a year.

Spending of $200 million for a new housing infrastructure program.

A total of $150 million designated to help first-generation homebuyers. Under the provision, the funds could provide up to 10 percent of a home's purchase price (with a cap of $32,000) to new homebuyers.

A total of $30 million earmarked for workforce housing developments in Greater Minnesota.

More than $65 million to be spent on homelessness prevention efforts and a total of $90 million would be directed to community stabilization.

The plan would also increase the sales tax in the Twin Cities Metro Area by a quarter percent to fund affordable housing in the region moving forward.

Although these funds will help various key segments of homeless populations and those at-risk of becoming homeless, more funding and additional actions are needed to build housing that is affordable, both in the Twin Cities Metro Area and in greater Minnesota.

Special Purpose Units

Homeless counts are inherently conservative and because of the challenges of identifying homeless that are unsheltered, the homeless are undercounted. Although the tight housing market along with the economic recession contributed to the destabilization of the housing market and individuals who may have been at one time able to maintain a permanent living situation, the rapid economic recovery, considerable shortage of affordable housing and continued tight housing market has increased the difficulties and barriers faced by many of those that were at risk in their housing situations. Most recently, there has been a surge in rental housing development focusing on providing smaller apartment types. **For low- and moderate-income housing, we frequently see that larger unit types, always in short supply, have few to no vacancies and usually long waiting lists.**

Our survey identified 15 properties in Duluth with a total of 419 units that provide housing for singles, families, and homeless youth, those experiencing substance abuse or chronic illness. In addition, properties were identified that provide housing targeted to Veterans, those with mobility challenges, developmental challenges and other specialized needs segments of the population. Despite barriers to traditional housing, many adults with various disabilities are able to live independently with some ongoing support.

Interviews identify that housing that is "accessible" is limited and often traditional properties, whether affordable or market rate only provide limited accessibility in the form of an accessible entry and elevator. Rooms may be identified as wheelchair accessible, but many units have doorways that make it very difficult for someone using a wheelchair to be able to enter and exit in a safe manner. Also, many bathrooms do not provide roll-in showers or appropriate heights for cabinets and countertops, creating additional challenges. A portion of adults with mobility challenges may require affordable or subsidized housing, but others may not and even market rate housing lacks the appropriate features to

Adults that are considered long-term homeless or who have experienced homelessness and may have other chronic health issues or are in recovery. The properties identified primarily serve single adults. Among the properties listed, most units at the developments are available to extremely low (30% or less of AMI) and very low-income households, those with incomes at 50% or less of the Area Median Family Income and/or long-term homeless. Some of the facilities in the table were developed prior to the State defining the term "long-term homeless."

The developments identified serve at-risk individuals and provide access to services to stabilize living situations for residents but may not provide housing units that contribute toward the State's designation of housing units for "long-term homeless." Nearly all the facilities provide efficiency or single-room occupancy units to the target market. households will be provided with supportive living services as needed. Providing larger size units will assist larger families, both high-priority homeless and people with disabilities.

All the facilities provide some type of assistance to residents either through on-site service delivery or on-site assistance to connect to needed services should they require them. Support services may be provided through other social service agencies. Services may include assistance with employment, education, mental health, life skills, health care, emotional issues, chemical dependency or other situations that have impaired their ability to sustain a permanent independent living situation. Of the facilities listed on the table, support services are provided by various groups including:

Properties primarily offer studio or one-bedroom units although properties that serve families have larger size units (two and three bedrooms). At the time of the survey, all units were occupied and most properties have wait lists. Buildings that are primarily targeted to singles typically have a limited number of unit types, usually efficiencies and one-bedroom units. Properties targeted to families usually have higher proportions of larger size units, two-bedroom units and larger, up to four-bedroom units.

Rent varies substantially among the properties. Some of the facilities only require the residents to pay based on their income level. Some have a fixed rent that is based on an income qualification by the resident. Some have a fixed rent with the residents paying 30% of their income for rent and the remaining rent gap is provided through other funding sources including CADI, Project-based Vouchers, etc. Depending on the funding program established for the development, some may charge a base rent or a market rent with an allowance for lower amounts to be paid if 30% of the individual's income is less than the base rent or market rent for the unit.

The age of the properties is mixed, ranging from very old to new. Older properties have been renovated to more contemporary standards. New facilities offer private baths and somewhat larger size units, which is more appealing in today's market. Residents prefer a higher level of privacy and feel more as though it is their own home if bathroom and kitchen facilities are private rather than shared.

There has been a trend toward scattered site and mixed income situations for providing long-term homeless units. Although this type of environment may work well for households that only require a stable living situation, many homeless households are experiencing other life challenges. Homeless households may have been isolated for some time. Providing on-going daily points of contact, even if informal, can assist with stabilization and can offer social support to those who are working to move forward in their lives.

Cluster housing or developments that focus on providing 24-hour desk oversight, on-site support services and other types of specialized living environments (sober residences) can sometimes better enable residents to increase their independence by offering them a living environment that fosters more community and social interaction with people that are experiencing the same challenges. On-site support and 24-hour desk oversight can assist the resident in having a regular touch point for special situations that may arise.

Some populations show greater improvement in cluster housing while others fare better in mixed income housing. The proposed development will provide support services to residents that occupy the homeless units. A number of these households also face other challenges including chemical dependency, mental illness, depression, physical disabilities, and other situations that make it very difficult for them to maintain permanent housing. A portion of the residents at these facilities have experienced homelessness.

Some of the properties listed also serve populations that have specific needs, including homeless families only, single-mothers, households with mental health challenges and households with families only.

TABLE 33

SUMMARY OF SPECIAL NEEDS HOUSING
DULUTH PRIMARY MARKET AREA
FEBRUARY 2025

	No of Properties	No. of Units	Avg. Size (SF)	Avg. Rent	Avg Rent/SF	Vacant
Homeless						
Adult	7	169	700	$820	$1.17	0
Family	1	50	800	$1,333	$1.67	0
Youth	1	32	600	$929	$1.55	0
Other	1	70	500	$930	$1.86	0
Veterans	1	16	600	$1,325	$2.21	0
Accessible	4	82	650	$960	$1.48	0

Note: Unit rents for most properties indicate maximum market rent; in most cases, pay a portion of their adjusted gross income for rent.

Sources: HRA; Center City Housing; Maxfield Research and Consulting

For-Sale Housing Analysis

Maxfield Research and Consulting assessed the for-sale housing market in Duluth and the PMA by analyzing data on single-family and multifamily home sales, active listings, lot supply and actively marketing subdivisions.

Overview of For-Sale Housing Market Conditions

Tables 34 and 35 presents home resale data on single-family and multifamily housing in Duluth and the First-tier cities/townships from 2018 through 2024. The data was obtained from the Lake Superior Association of Realtors (LSAR) and shows the annual number of sales, median and average pricing as well as average and median days on the market. The following are key points observed from our analysis of this data.

- In 2024, there were 944 single-family closed home sales in Duluth and 151 single-family closed sales in the First-tier cities/townships Since 2018, there has been an average of 1,196 closed single-family home sales in Duluth and 161 closed single-family home sales in the First-tier cities/townships Higher mortgage interest rates, which began in 2022 in addition with continued increases in median sales prices have dampened for-sale market activity.

- Median resale prices have increased substantially in Duluth since 2018. Median prices increased by $108,000, from $184,000 in 2018 to $292,000 (58.7%) as of year-end 2024. In the First-tier cities/townships, the median sales price increased by $115,000, a 43.4% increase since 2018, increasing from $265,000 to $380,000.

- Significant price increases over the past seven years are consistent with a national trend driven by a period of very low mortgage interest rates (around 3.5%) prior to 2020 and a lack of new housing to meet demand. The availability of inexpensive credit, lack of new supply and demographic shifts with a large number of Millennial households in the prime homebuying period, created conditions in which households have bid up the price of homes to historic highs.

- The median days on the market, which measures how long a home has been listed before it sold, declined by 60% in Duluth, from 15 days in 2018 to six days in 2024. This indicates that sellers can easily sell their homes in a short period and should be able obtain a relatively high price. With a lack of alternative products on the market however, those selling may have limited options. High mortgage interest rates however, are also limiting the amount buyers can afford to purchase.

- Based on a median sale price of $292,000 for a single-family home, a household would need an income estimated at $87,600 to afford monthly housing payments of $2,173 (assuming a

10% down payment, 6.625% mortgage rate on a 30-year fixed mortgage, property taxes, insurance, and PMI). A household with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher priced home.

Single-Family Attached and Multifamily Home Sales

Tables 34 and 35 also show multifamily home sales in Duluth and the First-tier cities/townships from 2018 through 2024. Data is provided from LSAR. Owned multifamily units include purchases of individual units such as townhomes, twinhomes, duplexes, condominiums and cooperatives. Sales are for a single unit. Multifamily sales are far less common than single-family sales in the PMA and on average account for 3% of all residential sales in a given year. Single-family attached homes account for another 3% of sales.

Single-family attached housing includes townhomes, duplexes, etc. where each unit is individually owned but shares one or more walls with another unit. Each unit typically has its own outdoor entrance and outdoor space and includes the land that the home is built on.

A condo unit is an individual unit in a multifamily building that shares common areas and utilities. The owner of a condo unit owns a share of the common areas, and there is typically a Homeowners Association that manages maintenance and enforces community rules.

The higher median sale price for these types of units reflects the newer age of most of these units in addition to a high proportion of units that are in the luxury or executive level category.

TABLE 34

SALE TRENDS OF SINGLE-FAMILY AND OWNED MULTIFAMILY HOMES
CITY OF DULUTH
2018 through 2024

Single-Family

	Closed Sales		Median Sale Price		Average Sale Price		Time on Market	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change
2018	1,289	--	$184,000	--	$209,825	--	15	--
2019	1,314	1.9%	$195,000	6.0%	$223,717	6.6%	10	-33.3%
2020	1,378	4.9%	$219,000	12.3%	$249,565	11.6%	7	-30.0%
2021	1,381	0.2%	$239,900	9.5%	$284,585	14.0%	5	-28.6%
2022	1,143	-17.2%	$259,900	8.3%	$298,291	4.8%	5	0.0%
2023	924	-19.2%	$280,000	7.7%	$328,919	10.3%	5	0.0%
2024	944	2.2%	$292,000	4.3%	$345,537	5.1%	6	20.0%
Change 2018 through 2024	**-345**	**-26.8%**	**$108,000**	**58.7%**	**$135,712**	**64.7%**	**-9**	**-60.0%**

Owned Multifamily

	Closed Sales		Median Sale Price		Average Sale Price		Time on Market	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change
2018	47	--	$265,000	--	$277,065	--	22	--
2019	46	-2.1%	$252,250	-4.8%	$288,945	4.3%	24	9.1%
2020	52	13.0%	$277,500	10.0%	$285,678	-1.1%	15	-37.5%
2021	65	25.0%	$287,500	3.6%	$335,955	17.6%	12	-20.0%
2022	76	16.9%	$332,000	15.5%	$363,479	8.2%	7	-41.7%
2023	83	9.2%	$330,000	-0.6%	$402,291	10.7%	8	14.3%
2024	69	-16.9%	$380,000	15.2%	$406,887	1.1%	16	100.0%
Change 2018 through 2024	**22**	**46.8%**	**$115,000**	**43.4%**	**$129,822**	46.9%	**-6**	**-27.3%**

Source: Lake Superior Association of REALTORs; Maxfield Research and Consulting

TABLE 35

SALE TRENDS OF SINGLE-FAMILY AND OWNED MULTIFAMILY HOMES
FIRST-TIER CITIES AND TOWNSHIPS
2018 through 2024

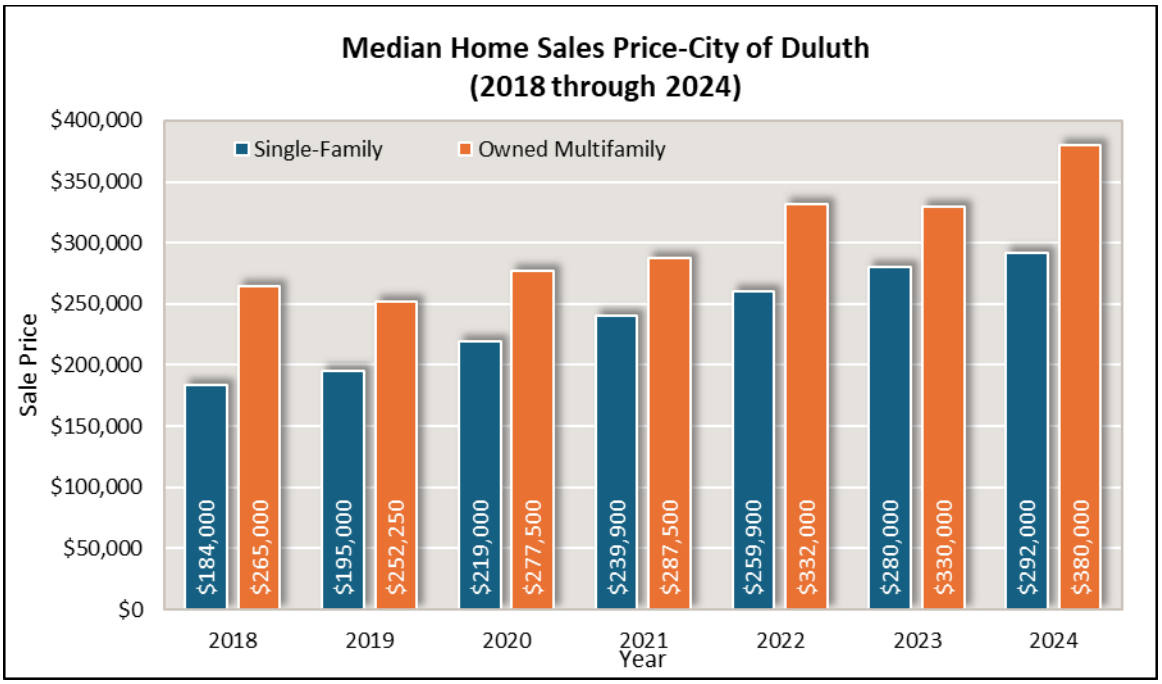
Single-Family

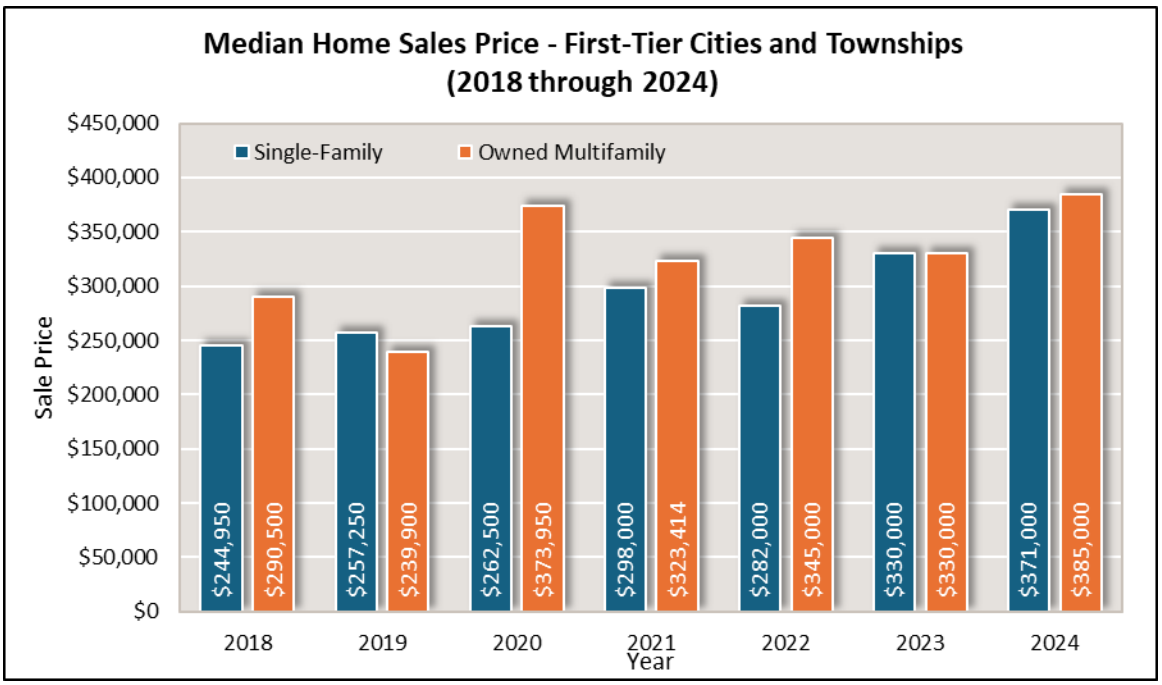
	Closed Sales		Median Sale Price		Average Sale Price		Time on Market	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change
2018	168	--	$244,950	--	$264,257	--	10	--
2019	156	-7.1%	$257,250	5.0%	$274,819	4.0%	13	30.0%
2020	202	29.5%	$262,500	2.0%	$306,044	11.4%	12	-7.7%
2021	181	-10.4%	$298,000	13.5%	$347,931	13.7%	6	-50.0%
2022	153	-15.5%	$282,000	-5.4%	$349,418	0.4%	5	-16.7%
2023	113	-26.1%	$330,000	17.0%	$379,061	8.5%	7	40.0%
2024	151	33.6%	$371,000	12.4%	$413,274	9.0%	8	14.3%
Change 2018 through 2024	**-17**	**-10.1%**	**$126,050**	**51.5%**	**$149,017**	**56.4%**	**-2**	**-20.0%**

Owned Multifamily

	Closed Sales		Median Sale Price		Average Sale Price		Time on Market	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change
2018	6	--	$290,500	--	$260,333	--	62	--
2019	7	16.7%	$239,900	-17.4%	$260,721	0.1%	24	-61.3%
2020	4	-42.9%	$373,950	55.9%	$341,225	30.9%	18	-25.0%
2021	7	75.0%	$323,414	-13.5%	$353,500	3.6%	12	-33.3%
2022	10	42.9%	$345,000	6.7%	$386,140	9.2%	8	-33.3%
2023	15	50.0%	$330,000	-4.3%	$402,291	4.2%	8	0.0%
2024	17	13.3%	$385,000	16.7%	$409,176	1.7%	22	175.0%
Change 2018 through 2024	**11**	**183.3%**	**$94,500**	**32.5%**	**$148,843**	57.2%	**-40**	**-64.5%**

Source: Lake Superior Association of REALTORs; Maxfield Research and Consulting


Median Home Sales Price-City of Duluth
(2018 through 2024)
Single-Family
Owned Multifamily
Sale Price
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
$184,000
$265,000
$195,000
$252,250
$219,000
$277,500
$239,900
$287,500
$259,900
$332,000
$280,000
$330,000
$292,000
$380,000
2018
2019
2020
2021
2022
2023
2024
Year


Median Home Sales Price - First-Tier Cities and Townships
(2018 through 2024)
Single-Family
Owned Multifamily
Sale Price
$450,000
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
$244,950
$290,500
$257,250
$239,900
$262,500
$373,950
$298,000
$323,414
$282,000
$345,000
$330,000
$330,000
$371,000
$385,000
2018
2019
2020
2021
2022
2023
2024
Year

Home Sales by Price Point

Table 36 shows the distribution of sales in nine price ranges from sales for 2024 for Duluth and the First-tier cities/townships The graph on the following page visually displays the sales data. The price distribution includes only closed sales and as such, it may vary slightly from a listed sales price distribution. Data is from the Lake Superior Association of Realtors.

- As 2024, most of the single-family detached homes sold in Duluth were priced in the $400,000 to $500,000 range, which accounted for 26.4% of single-family detached home sales in 2024. The median price was $292,000 and the average price was $345,537. The next largest price category was in the $300,000 to $399,999 (21.5%). Entry-level homes are generally considered to be priced under $200,000; new construction housing typically begins at $400,000 or higher.

- Single-family detached homes accounted for 80% of home sales in the PMA in 2024. In Duluth, they accounted for 93.1% of sales, with single-family attached and condos comprising 2.1% and 3.7%, and in the First-tier cities/townships, single-family detached homes accounted for 89.9% of sales, with single-family attached accounted for 3.5% and condos accounted for 6.5%.

- To afford a single-family home in Duluth, a household would need to have an income of about 3.0 times the purchase price. At the median price of $292,000, a household would need to have an income estimated at $87,600 to afford a home at the median price.

- As of year-end 2024, the median price of a single-family attached home was $371,000 in Duluth and $615,550 in the First-tier cities/townships. Among the small number of sales in Duluth, only 12% of single-family attached homes were priced in the entry level range, 60% were priced in the move up range and 28% were priced in the executive range. In the First-tier cities/townships, there were no entry level single-family attached homes, and 33% of homes were in the move up range and 67% were in the executive price range.

- Similar to single-family attached housing, condo home sale trends in Duluth were skewed towards the more expensive price brackets, with entry level accounting for 11.4% of sales, move-up 70.5% and executive at 18%.

- Entry-level homes in Duluth are generally considered to be priced at or below $180,000. These homes are typically sought out by first-time homebuyers and they play a pivotal role in the housing life-cycle of a community, allowing people to build equity in a starter home before moving into a “move-up” home (typically priced between $200,000 and $300,000) or an executive home (priced above $550,000 in Duluth). Entry level homes are often rental conversion targets for investors, which makes purchasing these homes more competitive.

- As the table shows, the proportion of homes sold at entry level price points was 18% of homes sold in 2024. The proportion of move-up homes accounts for 70% of the market. Executive homes ($550,000+) represented 12% of closed sales in Duluth in 2024. In the First-tier cities/townships, entry level homes are much less common, accounting for about 10% of single-family detached homes sold, while move-up homes were the same proportion and executive homes were 21% of closed single-family detached sales.

TABLE 36

PRICE DISTRIBUTION OF CLOSED SALES
DULUTH AND REMAINDER OF PMA
2024

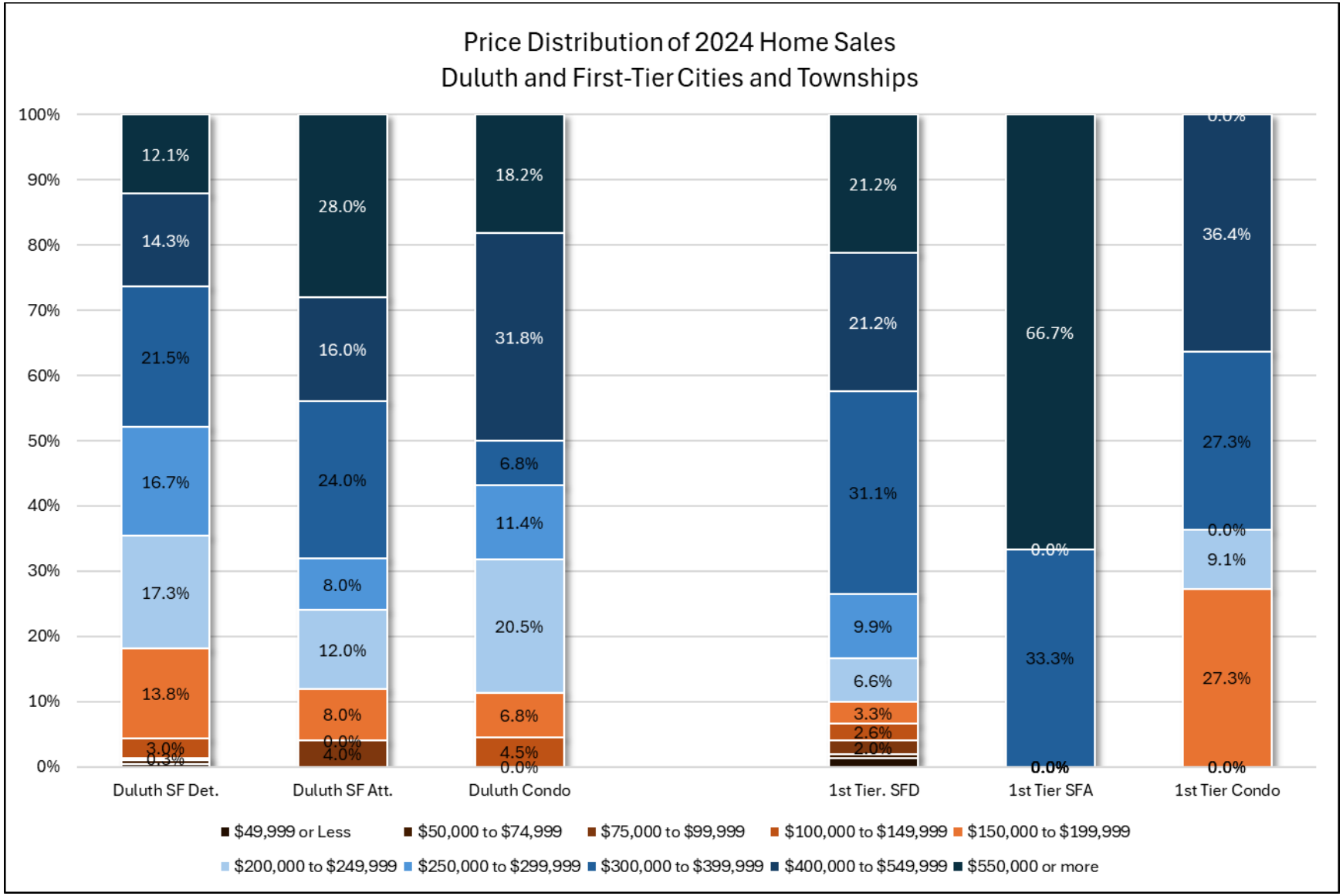
Number of Sales by Price Point

	Duluth			First-Tier Cities and Twps.		
Year	SF Detached	SF Attached	Condo	SF Detached	SF Attached	Condo
$49,999 or Less	4	0	0	2	0	0
$50,000 to $74,999	6	0	0	1	0	0
$75,000 to $99,999	3	1	0	3	0	0
$100,000 to $149,999	28	0	2	4	0	0
$150,000 to $199,999	130	2	3	5	0	3
$200,000 to $249,999	163	3	9	10	0	1
$250,000 to $299,999	158	2	5	15	0	0
$300,000 to $399,999	203	6	3	47	2	3
$400,000 to $549,999	135	4	14	32	0	4
$550,000 or more	114	7	8	32	4	0
Total Sales	**944**	**25**	**44**	**151**	**6**	**11**

Percent of Sales By Price Point

	Duluth			First-Tier Cities and Twps.		
Year	SF Detached	SF Attached	Condo	SF Detached	SF Attached	Condo
$49,999 or Less	0.4%	0.0%	0.0%	1.3%	0.0%	0.0%
$50,000 to $74,999	0.6%	0.0%	0.0%	0.7%	0.0%	0.0%
$75,000 to $99,999	0.3%	4.0%	0.0%	2.0%	0.0%	0.0%
$100,000 to $149,999	3.0%	0.0%	4.5%	2.6%	0.0%	0.0%
$150,000 to $199,999	13.8%	8.0%	6.8%	3.3%	0.0%	27.3%
$200,000 to $249,999	17.3%	12.0%	20.5%	6.6%	0.0%	9.1%
$250,000 to $299,999	16.7%	8.0%	11.4%	9.9%	0.0%	0.0%
$300,000 to $399,999	21.5%	24.0%	6.8%	31.1%	33.3%	27.3%
$400,000 to $549,999	14.3%	16.0%	31.8%	21.2%	0.0%	36.4%
$550,000 or more	12.1%	28.0%	18.2%	21.2%	66.7%	0.0%
Total Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Median Price	**$292,000**	**$370,000**	**$393,000**	**$371,000**	**$615,550**	**$350,000**
Average Price	*$345,537*	*$407,978*	*$406,268*	*$413,274*	*$572,767*	*$319,945*

Sources: LSAR; Maxfield Research and Consulting


Price Distribution of 2024 Home Sales
Duluth and First-Tier Cities and Townships
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
12.1%
14.3%
21.5%
16.7%
17.3%
13.8%
3.0%
0.3%
28.0%
16.0%
24.0%
8.0%
12.0%
8.0%
0.0%
4.0%
18.2%
31.8%
6.8%
11.4%
20.5%
6.8%
4.5%
0.0%
21.2%
21.2%
31.1%
9.9%
6.6%
3.3%
2.6%
2.0%
66.7%
0.0%
33.3%
0.0%
36.4%
27.3%
0.0%
9.1%
27.3%
0.0%
Duluth SF Det.
Duluth SF Att.
Duluth Condo
1st Tier. SFD
1st Tier SFA
1st Tier Condo
$49,999 or Less
$50,000 to $74,999
$75,000 to $99,999
$100,000 to $149,999
$150,000 to $199,999
$200,000 to $249,999
$250,000 to $299,999
$300,000 to $399,999
$400,000 to $549,999
$550,000 or more

Current Supply of Homes on the Market

To more closely examine the current market for available owned housing in Duluth, we reviewed the current supply of homes on the market (listed for sale). Table FS-4 shows homes listed for sale in the PMA. The data is from LSAR and shows listings in the PMA as of February 2025. MLS listings generally account for most residential listings in a given area (90% or greater).

Table 37 shows the number of listings by price point. The following points are key findings from the data.

- As of February 2025, 74 homes were listed for sale in the PMA. There were 54 single-family detached homes, seven single family attached homes and 13 condos listed for sale.

- The average list price of single-family detached homes was $590,284, compared to a median list price of $362,450. For single-family attached homes, the average list price was $403,957, compared to a median list price of $449,000. For condos, the average list price was $453,869 compared to a median list price of $379,900.

- The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

- The effect of rising interest rates on monthly housing costs is substantial. Interest rates increased from 3.00% in July of 2020 to 6.625% as of March of 2025. A home that cost $292,000 with a 10% down payment that previously cost $1,599 per month including PMI would now cost $2,173 per month including PMI, an increase of 36%.

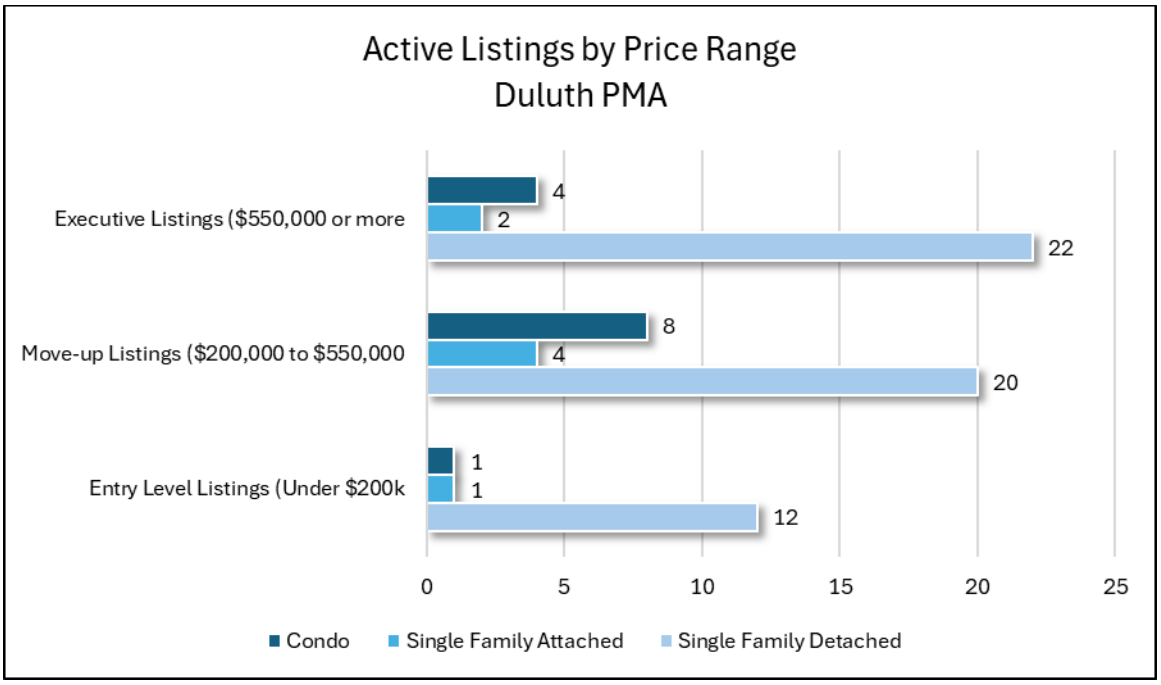
- An estimated 19% of the PMA homes for sale are priced less than $200,000. An estimated 43% of the listings are priced between $200,000 and $549,999 and homes priced above $550,000 were 38% of listings. This serves to highlight the need for additional homes priced in the entry-level price range and lower end of the move-up price range.

TABLE 37

CURRENT LISTINGS
DULUTH PRIMARY MARKET AREA
FEBRUARY 2025

	Single Family Detached	Single Family Attached	Condo
No. Listings	54	7	13
Average List Price	$590,284	$403,957	$453,869
Median List Price	$362,450	$449,000	$379,900
Average Cumulative Days on Market	89	75	80
Average Finished SF	2,413	2,094	1,789
Median Year Built	1955	2003	2006
Average Price PSF	$245	$193	$254
Entry Level Listings (Under $200k	12	1	1
Move-up Listings ($200,000 to $550,000	20	4	8
Executive Listings ($550,000 or more	22	2	4

Sources: LSAR, Maxfield Research and Consulting



Vacant Lots in Duluth

Maxfield Research and Consulting gathered information on lots for sale in the primary market area, as there are no actively marketing subdivisions. In total, we identified 49 lots available and ready for single-family development. There were several large plots of land listed for-sale that could be home sites but are more suited to recreational uses such as hunting and off road-ing. These parcels were omitted from the analysis.

Available Land

- In total, there were 49 lots listed for-sale in the PMA. We omitted eight larger lots (10 acres plus in size) from the analysis as these would be developed for residential subdivisions with a higher number of homes being accommodated.

- Lots in the PMA averaged 1.45 acres and had a median size of 0.7 acres, which is a large lot size for city housing and more commonly found in suburban developments.

- Lot prices ranged from $11,000 for a lot on West Quincy St to $897,000 for a lot on Rice Lake Road. The Oakes Avenue lot was 0.05 acres, while the lot on Rice Lake Road was 8.97 acres. Larger lots could potentially be subdividable and could be the site for several homes.

- Typically, land accounts for an estimated 20% of a new construction home price. Based on a median price of $135,000 per lot, a new construction home would be priced at about $675,000.

TABLE 38

ACTIVE LAND LISTINGS
DULUTH PMA
MARCH 2025

Active Listings	49
Average Price	$167,876
Median Price	$135,000
Average Acres	1.45
Median Acres	0.70

Sources: Zillow, Maxfield Research and Consulting

Summary of For-Sale Housing Market Trends

- In 2024, there were 944 single-family closed home sales in Duluth and 151 in the First-tier cities/townships This indicates a robust market in Duluth compared to the surrounding areas.

- Since 2018, Duluth has averaged 1,196 closed single-family home sales annually, while the First-tier cities/townships averaged 161. This consistent activity highlights Duluth's strong demand for single-family homes.

- Higher mortgage interest rates, which began rising in 2022, along with continued increases in median sales prices, have dampened for-sale market activity. Despite these challenges, the market has shown resilience.

- Median resale prices in Duluth increased significantly by $108,000 (58.7%) from $180,000 in 2018 to $292,000 in 2024. This substantial rise reflects the high demand and limited supply of homes in the area.

- In the First-tier cities/townships, median sales prices rose by $126,500 (51.5%) from $244,950 to $371,000. This increase, while significant, is slightly lower than in Duluth, indicating varying market dynamics within the PMA.

- Significant price increases were driven by a period of very low mortgage interest rates (around 3.5%) prior to 2020, a lack of new housing supply, and demographic shifts with a large number of Millennial households in the prime homebuying period. These factors created conditions in which households have bid up home prices to historic highs.

- Single-family detached homes accounted for 80% of home sales in the PMA in 2024, indicating a strong preference for this type of housing.

- In Duluth, single-family detached homes made up 93.1% of sales, with single-family attached and condos comprising 2.1% and 3.7%, respectively. This shows a dominant market for detached homes in Duluth.

- In the First-tier cities/townships, single-family detached homes accounted for 89.9% of sales, with single-family attached at 3.5% and condos at 6.5%. This distribution suggests a slightly more diverse housing market outside Duluth.

- To afford a median-priced single-family home in Duluth ($292,000), a household would need an estimated income of $87,600. This calculation assumes a 10% down payment and a 6.625% mortgage rate on a 30-year fixed mortgage, including property taxes, insurance and PMI.

- Monthly housing payments would be an estimated $2,173 under these assumptions. Households with significantly more equity (in an existing home and/or savings) could put more than 10% down and afford a higher-priced home.

- As of February 2025, 74 homes were listed for sale in the PMA: 54 single-family detached, seven single-family attached and 13 condos. This inventory provides a snapshot of the available housing options in the area.

- The average list price of single-family detached homes was $590,284 with a median list price of $362,450. This wide range indicates a diverse market with both high-end and more affordable options.

- Single-family attached homes had an average list price of $403,957 and a median list price of $449,000, reflecting their newer age and higher proportion of luxury units.

- Condos had an average list price of $453,869 and a median list price of $379,900, indicating a strong market for these types of units as well.

- There were 49 lots available for single-family development in the PMA, with an average size of 1.45 acres and a median size of 0.7 acres. These lots provide opportunities for new construction and development.

- Lot prices ranged from $11,000 to $897,000, showing a wide range of options for potential buyers and developers. Larger lots could potentially be subdividable and could be locations for more than one home.

Pending Residential Developments

Table 39 shows planned and pending residential developments in Duluth. The Table shows developments that are under construction, planned and proposed.

TABLE 39

PLANNED/PENDING RESIDENTIAL PROJECTS
CITY OF DULUTH
February 2025

Project Name/Location	Developer/Applicant	Project Type	Units/Lots Aff./Sub.	Units/Lots MR	Units/Lots Total	Status/ Timing	Status/Notes
Rental Housing							
Arris Duluth Apartments 330 East Palm St.	Kami Inc.	Market Rate THs		78	78	Planned	Townhomes w/attached garage
Wadena West Wadena St. and 53rd Ave. West	Center City Housing	GO Aff Rental	60		60	Under Construction Open late 2025	Family housing - 30% to 60%
Lakeview 333 333 E. Superior St.	Landmark Development	Market Rate Apts Mixed Use		190	190	Under Construction Open Fall 2025	Former Voyeageur Lakewalk Inn redevelopment to 15-story mixed-use with retail space.
Welch Place West 52nd/Wadena Sts	Center City Housing	Homeless Hsg	30		30	Planning	Permanent supportive housing for single adults.
Ordean Buildings 424 West Superior St.	Titanium Partners	Mixed Use			35	Planning	Redevelopment of the Ordean Building. Building will include 10k commercial space
Incline Village Central High Drive	ICS	Rental Units/Condos			1,000	Proposed	Rental housing; development is currently "on hold." hold"
Senior Housing							
Brae View Senior Apts 404 East 5th St.	One Roof Comm. Hsg.	Aff Sr. Hsg	72		72	Planning	55+ affordable senior housing with AMIs of 60% or less
For-Sale Housing							
Incline Village 709 Portia Johnson Drive	ICS	For-Sale Condominium		120	120	Planning	Luxury condos; development is currently "on hold."
Hartley Park 5130 Woodland Avenue	Titanium Partners	Luxury Condominiums		60	60	Proposed	For-sale condominium units Hartley Park

Sources: City of Duluth; Maxfield Research & Consulting

Housing Affordability

Affordable housing is a term that has various definitions in the housing industry and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is that a household should pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. Many affordable housing properties however, have income restrictions that may range from 30% up to 80% of AMI. Rent levels at 50% or less of AMI may be based only on the household's adjusted gross income. Properties funded through the federal Low Income Housing Tax Credit (LIHTC) have a contract rent that ranges from 50% to 60% of AMI. Moderate-income housing, often referred to as "workforce housing," refers to rental and ownership housing. Therefore, the definition of "workforce" is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. For the purpose of this study, Maxfield is defining the workforce housing AMI range as 60% to 100% for the Duluth area. Figure 1 below summarizes income ranges by definition.

AREA MEDIAN INCOME (AMI) DEFINITIONS

Definition	AMI Range
Extremely Low Income	0% to 30%
Very Low Income	31% to 50%
Low Income	51% to 80%
Moderate Income (Workforce Housing)	60% to 100%

Duluth-Superior, MN-WI MSA 4-person AMI = $132,400 (2025)

Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered "naturally-occurring" or "unsubsidized affordable" units. This housing supply is available through the private market, versus assisted housing programs through various governmental agencies. Housing prices or rents on these units are usually lower based on a combination of factors, such as age of structure, location, condition, size, functional obsolescence, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University,* the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted properties nationwide. Unlike assisted rental developments, most unsubsidized affordable rental units are scattered across small properties (one-to-four-unit structures) or in older multifamily structures. Many of these older and smaller developments are vulnerable to redevelopment due to their older age, modest rents and deferred maintenance.

Some households (typically those with household incomes of 50% to 60% of AMI) income-qualify for market rate and project-based affordable housing.

Housing Vouchers

In addition to subsidized apartments, "tenant-based" subsidies like *Housing Choice Vouchers,* can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD) and is managed by the Housing and Redevelopment Authority of Duluth. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels with Payment Standards. The household then pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-1.

The Housing and Redevelopment Authority of Duluth administers 2,137 vouchers, which includes 1,500 HCV, 22 VASH vouchers, and 615 PHA owned units (PBVs). The current wait for Section 8 is approximately 20-24 months.

Current payment standards for 2024-2025 from the Housing and Redevelopment Authority of Duluth are shown below.

PAYMENT STANDARDS
PRIMARY MARKET AREA
2024 - 2025

Duluth - S. St. Louis County	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom
2024 Payment Standards	$890	$1,009	$1,300	$1,732	$2,200	$2,500
2024-2025 40% FMR	$782	$896	$1,140	$1,538	$1,914	$2,201

Sources: Housing and Redevelopment Authority of Duluth, Maxfield Research and Consulting

Rent and Income Limits

Table 40 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in the Duluth MN-WI HUD FMR Market Area, which includes St. Louis County Minnesota, Carlton County Minnesota and Douglas County, Wisconsin. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD).

Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table 40 shows the maximum rents by household size and AMI based on income limits illustrated in Table 39. The rents on Table 40 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two people.

TABLE 40

MHFA/HUD INCOME AND RENT LIMITS
DULUTH MN-WI HUD METRO FMR AREA
2025

	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	$21,150	$24,150	$27,180	$30,180	$32,610	$35,010	$37,440	$39,840
40% of median	$28,200	$32,200	$36,240	$40,240	$43,480	$46,680	$49,920	$53,120
50% of median	$35,250	$40,250	$45,300	$50,300	$54,350	$58,350	$62,400	$66,400
60% of median	$42,300	$48,300	$54,360	$60,360	$65,220	$70,020	$74,880	$79,680
80% of median	$56,400	$64,400	$72,480	$80,480	$86,960	$93,360	$99,840	$106,240
100% of median	$70,500	$80,500	$90,600	$100,600	$108,700	$116,700	$124,800	$132,800

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	$528	$566	$679	$784	$875
40% of median	$705	$755	$906	$1,046	$1,167
50% of median	$881	$943	$1,132	$1,308	$1,458
60% of median	$1,057	$1,132	$1,359	$1,569	$1,750
80% of median	$1,410	$1,510	$1,812	$2,093	$2,334
100% of median	$1,760	$1,886	$2,262	$2,615	$2,917

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent *	$839	$961	$1,223	$1,650	$2,054

Note: Duluth 50% FMRs

Sources: MHFA, HUD, Novogradac, Maxfield Research & Consulting

2025 Affordable to Workforce Rent Limits – St. Louis County

Maximum Rents

	0BR	1BR	2BR	3BR	4BR	5BR	6BR
St. Louis Co	$1,129	$1,209	$1,451	$1,676	$1,870	$2,063	$2,256

TABLE 41

MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
DULUTH MN-WI HUD METRO FMR AREA

	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
			30%		40%		50%		60%		80%		100%	
Unit Type[1]	Min	Max	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	$529	$529	$705	$705	$881	$881	$1,058	$1,058	$1,410	$1,410	$1,763	$1,763
1BR	1	2	$529	$604	$705	$805	$881	$1,006	$1,058	$1,208	$1,410	$1,610	$1,763	$2,013
2BR	2	4	$604	$755	$805	$1,006	$1,006	$1,258	$1,208	$1,509	$1,610	$2,012	$2,013	$2,515
3BR	3	6	$680	$875	$906	$1,167	$1,133	$1,459	$1,359	$1,751	$1,812	$2,334	$2,265	$2,918
4BR	4	8	$755	$996	$1,006	$1,328	$1,258	$1,660	$1,509	$1,992	$2,012	$2,656	$2,515	$3,320

[1] One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: Duluth MN-WI MSA 4-person AMI = $132,400 (2025)

Sources: HUD, MHFA, Novogradac, Maxfield Research and Consulting

Housing Cost Burden

Table 42 shows the number and percentage of owner and renter households in Duluth and the Primary Market Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2023 estimates and updated to 2025 figures by Maxfield Research. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be "cost burdened." The Federal standard for affordability is 30% of income for housing costs. Moderately cost-burdened is defined as households paying between 30% and 49% of their income for housing; while severely cost-burdened is defined as households paying 50% or more of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The data focuses on owner households with incomes of below $50,000 and renter households with incomes below $35,000.

Key findings from Table 42 follow.

- An estimated 18.7% of owner households and 53.4% of renter households in Duluth are estimated to be paying more than 30% of their income for housing costs. In the PMA, an estimated 19.1% of owner households are cost-burdened and 53.1% of renter households are cost-burdened.

- The number of cost burdened households in Duluth decreases proportionally based on the income level. An estimated 76.5% of renters with incomes below $35,000 are cost burdened and 58.0% of owners with incomes below $50,000 are cost burdened.

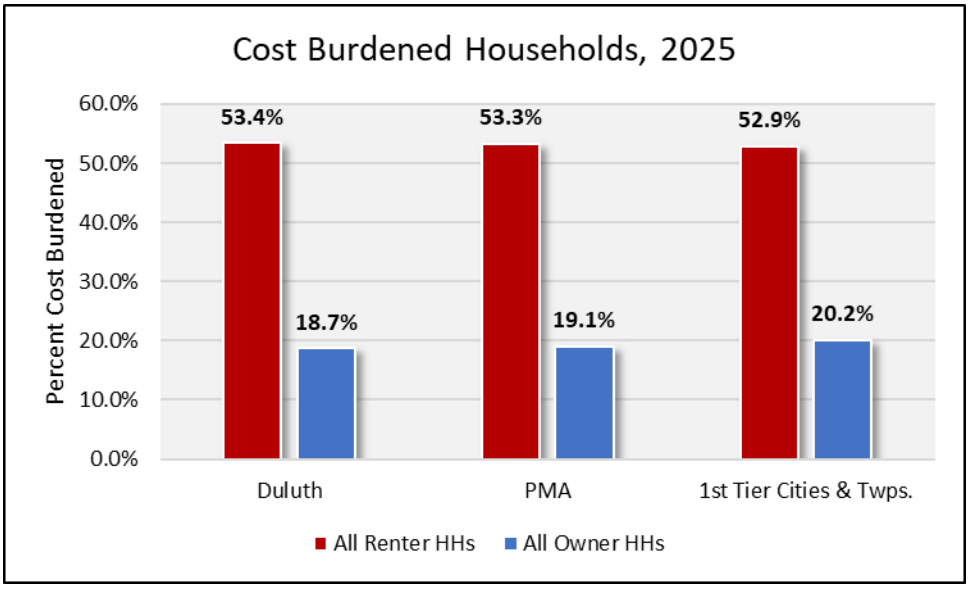
- In the PMA, 58.4% of owners with incomes below $50,000 and 77.3% of renters with incomes below $35,000 are cost burdened, compared to 60.4% of owners with incomes below $50,000 and 88.7% of renters with incomes below $35,000 in the first-tier cities/townships.

TABLE 42

HOUSING COST BURDEN
DULUTH AND PRIMARY MARKET AREA
2025

	Duluth		Primary Market Area		First-Tier Cities & Twps.	
Owner Households						
All Owner Households	22,377		29,709		7,332	
Cost Burden 30% or greater	4,195	18.7%	5,675	19.1%	1,480	20.2%
Owner Households w/ incomes <$50,000	4,927	22.0%	6,128	20.6%	1,201	16.4%
Cost Burden 30% or greater	2,856	58.0%	3,581	58.4%	725	60.4%
Renter Households						
All Renter Households	14,773		16,333		1,560	
Cost Burden 30% or greater	7,888	53.4%	8,713	53.3%	825	52.9%
Cost Burden 30% to 34.9%	1,385	9.4%	1,504	9.2%	119	7.6%
Cost Burden 35% to 49.9%	2,285	15.5%	2,777	17.0%	492	31.5%
Cost Burden 50% or greater	4,218	28.6%	4,432	27.1%	214	13.7%
Renter Households w/ incomes <$35,000	7,296	49.4%	7,811	47.8%	515	33.0%
Cost Burden 30% or greater	5,584	76.5%	6,041	77.3%	457	88.7%

Sources: American Community Survey, 2023 estimates; Maxfield Research and Consulting



Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table 43 on the following page illustrates key housing metrics based on housing costs and household incomes in the Primary Market Area. The table estimates the percentage of Primary Market Area households that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on average sale prices and rents in Duluth.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 6.5% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2023 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2023 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An estimated 52.1% of Duluth households could afford to buy an entry-level home ($180,000) in Duluth while 29.8% of households could afford to purchase a move-up home priced at $300,000. These proportions increase for owner households in Duluth, 72.5% of which could purchase an entry-level home and 46.6% could purchase a move-up home.

- An estimated 82% of existing renter households can afford to rent a one-bedroom unit in Duluth (approx. $950/month). The percentage of renter households that could afford to rent a new construction one-bedroom apartment decreases to 29.6%. The proportion of households that can afford to rent a two-bedroom unit is 46.6% and the proportion that can afford to rent a three-bedroom unit is 28.4%.

- The proportion of households that could afford executive single-family and townhome/condominiums is much lower, at 9.7% and 12.1%, respectively.

TABLE 43

DULUTH PRIMARY MARKET AREA HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

For-Sale (Assumes 10% down payment and good credit)

	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	$180,000	$300,000	$550,000	$180,000	$300,000	$500,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	$18,000	$30,000	$55,000	$18,000	$30,000	$50,000
Estimated Closing Costs (rolled into mortgage)	$5,400	$9,000	$16,500	$5,400	$9,000	$15,000
Cost of Loan	$167,400	$279,000	$511,500	$167,400	$279,000	$465,000
Interest Rate	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-$1,058	-$1,763	-$3,233	-$1,058	-$1,763	-$2,939
(plus) Prop. Tax	-$261	-$435	-$798	-$261	-$435	-$725
(plus) HO Insurance/Assoc. Fee for TH	-$60	-$100	-$183	-$100	-$100	-$100
(plus) PMI/MIP (less than 20%)	-$73	-$121	-$222	-$73	-$121	-$202
Subtotal monthly costs	-$1,452	-$2,419	-$4,436	-$1,492	-$2,419	-$3,966
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$58,065	$96,775	$177,420	$59,665	$96,775	$158,625
Pct. of ALL County HHDS who can afford[1]	**52.1%**	**29.8%**	**9.7%**	**47.6%**	**29.8%**	**12.1%**
No. of County HHDS who can afford[1]	**19,363**	**11,076**	**3,607**	**17,695**	**11,076**	**4,493**
Pct. of County owner HHDs who can afford[2]	**72.5%**	**46.6%**	**12.6%**	**67.9%**	**46.6%**	**17.7%**
No. of County owner HHDs who can afford[2]	**16,226**	**10,423**	**2,816**	**15,193**	**10,423**	**3,962**
No. of County owner HHDS who cannot afford[2]	**6,151**	**11,954**	**19,561**	**7,184**	**11,954**	**18,415**

Rental (Market Rate)

	Existing Rental			New Construction Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	$950	$1,400	$1,550	$1,500	$2,000	$2,500
Annual Rent	$11,400	$16,800	$18,600	$18,000	$24,000	$30,000
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	$38,000	$56,000	$62,000	$60,000	$80,000	$100,000
Pct. of ALL County HHDS who can afford[1]	**81.9%**	**54.8%**	**51.5%**	**53.2%**	**41.5%**	**31.4%**
No. of County HHDS who can afford[1]	**30,438**	**20,362**	**19,150**	**19,746**	**15,421**	**11,668**
Pct. of County renter HHDs who can afford[2]	**47.6%**	**32.0%**	**28.4%**	**29.6%**	**18.6%**	**11.7%**
No. of County renter HHDs who can afford[2]	**6,945**	**4,670**	**4,135**	**4,313**	**2,719**	**1,701**
No. of County renter HHDS who cannot afford[2]	**7,637**	**9,912**	**10,447**	**10,269**	**11,863**	**12,881**

[1] Based on 2023 household income for ALL households

[2] Based on 2023 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = $88,929 vs. renter incomes = $35,478)

Source: Maxfield Research & Consulting

- First-time homebuyers in Duluth face a myriad of challenges in their quest to secure a home. One of the primary difficulties is the limited availability of new construction single-family homes, which has led to increased competition for existing properties. This scarcity drives up prices, making it harder for first-time buyers to afford a home within their budget.

- First-time buyers also face financial hurdles, such as saving for a down payment and securing a mortgage. With rising home prices, the amount needed for a down payment increases, making it more challenging for buyers to save enough money. Moreover, stricter lending standards can make it difficult for first-time buyers to qualify for a mortgage, especially if they have limited credit history or lower incomes.

- Additionally, many entry-level single-family homes are being converted into rental properties. Investors often purchase these homes to take advantage of the lucrative rental market, further reducing the inventory of homes available for purchase. This trend exacerbates the affordability crisis, as fewer homes are left for those looking to buy their first property.

- The competitive market means that first-time buyers often have to act quickly and make offers above the asking price to secure a home. This can be daunting and financially straining, as they may need to stretch their budgets or compromise on their desired home features.

- Overall, the combination of limited housing inventory, rising prices, and financial barriers creates a challenging environment for first-time homebuyers in Duluth. These factors contribute to the ongoing struggle for many individuals and families to achieve homeownership in the area.

Summary of Housing Affordability

- Affordable housing is defined by HUD as housing that costs no more than 30% of a household's annual income, including utilities. Households spending more than this are considered cost-burdened.

- NOAH (Naturally Occurring Affordable Housing) refers to housing units that are affordable without income restrictions or subsidies. These units are typically older, smaller, or located in less desirable areas, resulting in lower property values and rents.

- HUD publishes annual maximum allowable incomes by household size to qualify for affordable housing and the maximum gross rents that can be charged by bedroom size. Fair market rent is used to determine the payment standard for financially assisted housing. In Duluth and the PMA, 60% of area median income for a four-person household is $54,960.

- Households are considered cost-burdened if they pay more than 30% of their income for housing. In the Primary Market Area, 19.1% of owner households and 53.3% of renter households are cost-burdened, with lower-income households being more affected. In Duluth, these proportions are 18.7% for owner households and 53.4% for renter households.

- An estimated 52.1% of Duluth households could afford to buy an entry-level home ($180,000) in Duluth while 29.8% of households could afford to purchase a move-up home priced at $300,000. These proportions increase for owner households in Duluth, 72.5% of which could purchase an entry-level home and 46.6% could purchase a move-up home.

- An estimated 82% of existing renter households can afford to rent a one-bedroom unit in Duluth (approx. $950/month). The percentage of renter households that could afford to rent a new construction one-bedroom apartment decreases to 29.6%. The percentage of households that can afford to rent a two-bedroom unit is 46.6% and the proportion that can afford to rent a three-bedroom unit is 28.4%.

Housing Demand Analysis

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Duluth Primary Market Area. This section of the report presents our estimates of housing demand from 2025 to 2035.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
   - Often prefer to rent basic, inexpensive apartments
   - Usually singles or couples in their early 20's without children
   - Will often "double-up" with roommates in apartment setting

2. *First-time homebuyers and move-up renters*
   - Often prefer to purchase modestly priced single-family homes or rent more upscale apartments
   - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children

3. *Move-up homebuyers*
   - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
   - Typically, families with children where householders are in their late 30's to 40's

4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
   - Prefer owning but will consider renting their housing
   - Some will move to alternative lower-maintenance housing products
   - Generally, couples in their 50's or 60's

5. *Younger independent seniors*
   - Prefer owning but will consider renting their housing
   - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
   - Generally, in their late 60's or 70's

6. *Older seniors*
    - May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
    - Generally single females (widows) in their mid-70's or older

Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in Duluth and the PMA. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Duluth.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following bullet points outline several of the key variables driving housing demand.

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households. Historically low unemployment rates have driven both existing home purchases and new home purchases. Lack of job growth leads to slow or diminishing household growth, which in turn relates to reduced housing demand. Additionally, low-income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

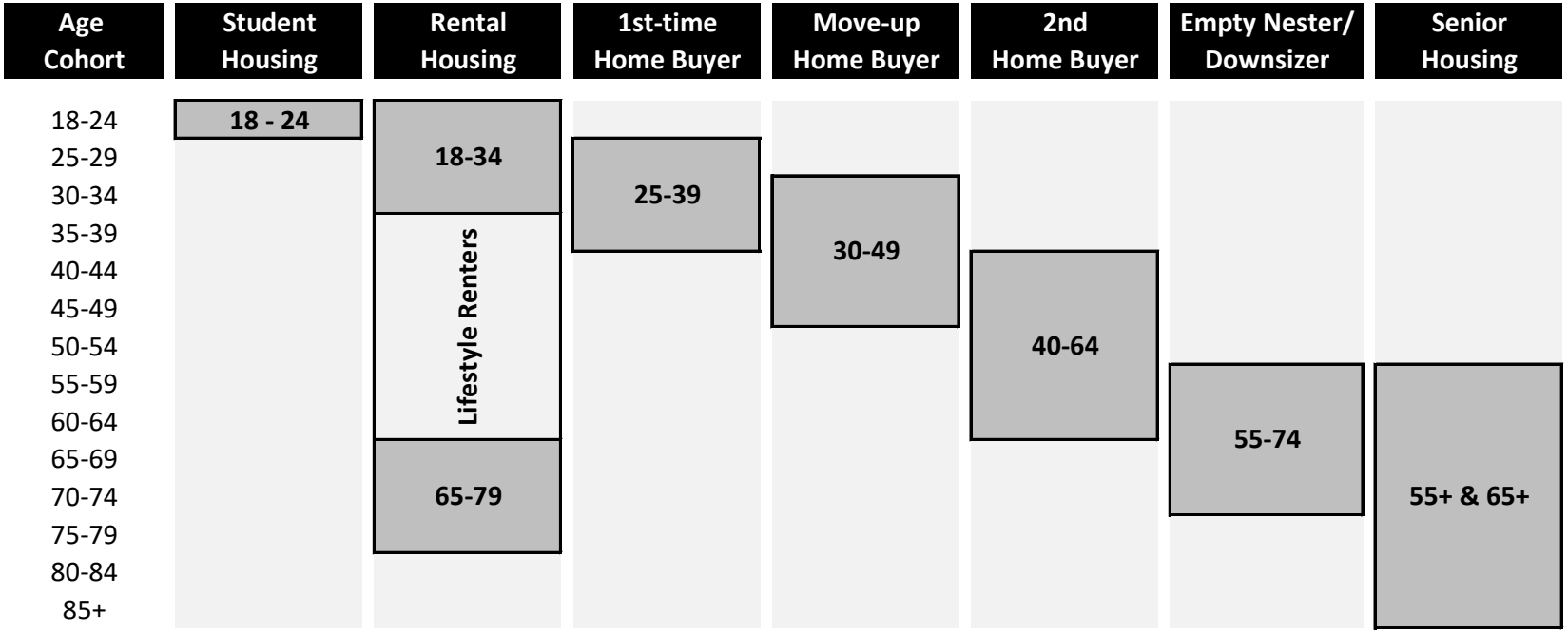
Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Mobility

Demand is somewhat fluid between submarkets and is impacted by development activity in nearby areas, including other communities outside the market area or county boundary. Demand given for each submarket may be lower or higher if proposed and/or planned developments move forward.

DEMOGRAPHICS & HOUSING DEMAND



Source: Maxfield Research & Consulting

For-Sale Housing Market Demand Analysis

Table 44 presents our demand calculations for general occupancy for-sale housing in Duluth between 2025 and 2035 with demand shown for 2025 to 2030 and 2030 to 2035. The analysis identifies demand for general occupancy for-sale housing that is generated from new households and turnover households. The following points summarize our findings.

- Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. According to our projections, the PMA is expected to increase by 2,810 households under age 65 between 2025 and 2035.

- Based on household tenure (owner/renter) data from the US Census, we estimate that 62% of the demand will be for owned housing units. Household growth is expected in the PMA for households under the age of 65 with a total demand for 1,746 new household growth from households under the age of 65 in Duluth.

- As of 2025, there are an estimated 29,132 owner households under age 65 in the PMA. Based on household turnover data from the 2023 American Community Survey, we estimate that 55% of these under-65 owner households will experience turnover between 2025 and 2035.

- Considering the age of the County's housing stock and buyer preferences, we estimate that 15% of the households turning over will desire new housing. This estimate results in demand from existing households for 2,389 new residential units in the PMA between 2025 and 2035.

- Total demand from household growth and existing household turnover between 2025 and 2035 equates to 4,134 new for-sale housing units.

- Next, we estimate that a portion of the total demand for new for-sale units in PMA will come from people currently living outside of the PMA. Adding demand from outside the PMA to the existing demand potential results in a total estimated demand for 5,906 for-sale housing units by 2035.

- Based on land available and building trends, we estimate that 20% of the for-sale demand will be capturable in Duluth. We estimate that half (50%) will prefer traditional single-family product types while the other half will prefer a maintenance-free multifamily product (i.e. twin homes, townhomes or condominiums). This results in demand for 591 single-family units and 591 multifamily units in Duluth to 2035. Demand in the short-term (2025 to 2030) is identified at 325 single-family homes and 354 owned multifamily homes. Demand in the long-term (2030 to 2035) is identified at 266 single-family homes and 236 multifamily homes.

TABLE 44

GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND
CITY OF DULUTH
2025 to 2035

Demand from Projected Household Growth in PMA			
Household growth, 2025-2035[1]		2,810	
(times) Propensity to own[2]	x	62%	
(equals) Demand from household growth	=	**1,746**	
Demand from Existing Owner Households in PMA			
Existing owner households, 2025	=	29,132	
(times) Est. % household turnover, 2025-2035[3]	x	55%	
(times) Est. % desiring new housing[4]	x	15%	
(equals) Demand from existing households	=	**2,389**	
Total demand from household growth+turnover	**=**	**4,134**	
(plus) Ownership demand from outside PMA	+	30%	
(equals) Demand potential for ownership housing in PMA	**=**	**5,906**	
(times) Percent of PMA demand capturable in City	x	20%	
(equals) Demand potential for new ownership housing in City	**=**	**1,181**	
		Detached Single-family	**Multifamily***
(times) Pct. of demand for detached single-family vs. multifamily*	x	50%	50%
(equals) Total Demand Potential in City	**=**	**591**	**591**
Demand 2025 to 2030	**=**	**325**	**354**
Demand 2030 to 2035	**=**	**266**	**237**

[1] Projection from "Population and Household Growth Trends and Projections" table

[2] Pct. Owner households from American Community Survey

[3] Based on owner household turnover and mobility data (American Community Survey)

[4] Based on new construction sales data, construction trends, and growth projections by age group

*Multifamily includes attached single-family (i.e. townhomes, twinhomes) and condominium units.

Note: Some totals may not add due to rounding

Source: Maxfield Research & Consulting

Rental Housing Demand Analysis

Table 45 presents our calculation of market rate and workforce, affordable and subsidized general-occupancy rental housing demand for the Duluth PMA. This analysis identifies demand for rental housing that is generated from new and turnover households.

- According to projections, Duluth is expected to increase by 2,810 under age 65 households between 2025 and 2035. Because the 65 and older cohort is typically not a target market for new general-occupancy market rate rental housing, we limit demand from senior household growth to only 20% of those households over the age of 65.

- We identify the percentage of households that are likely to rent their housing based on 2020 data for owners/renters. The propensity to rent in the PMA in 2025 is 42% of under age 65 households. After adjusting household growth by renters, there is growth of 1,177 renters to 2035 for renter households in the Duluth PMA from new households.

- Secondly, we calculate demand from existing households in the Duluth PMA that could be expected to turnover between 2025 and 2035. As of 2025, there are an estimated 17,756 renter households in the PMA. Based on household turnover data from the 2023 American Community Survey, we estimate that 85% of households will turn over between 2025 and 2035.

- We then estimate the percent of existing renter households turning over that would prefer to rent in a new rental development. Considering the age of the PMA's housing stock, demographics, and household preferences, we estimate that 30% of the households turning over in the PMA will desire new rental housing. This estimate results in demand from existing households for 4,477 new rental units between 2025 and 2035. Combining demand from household growth plus turnover results in total demand for 5,654 rental units between 2025 and 2035.

- Like for-sale housing, we estimate that 30% of the total demand for new rental housing units in the Duluth PMA will come from people currently living outside the PMA giving us a total demand potential for 8,077 rental units in the PMA. We estimate that Duluth would draw 65% of demand in the PMA, for a total of 5,654 units between 2025 and 2035.

- Based on a review of renter household incomes and sizes and monthly rents at existing properties, we estimate that 30% of the total demand will be for market rate (100%+ AMI). Workforce housing would comprise another 30% of the demand (60% to 100% AMI), 25% of demand will be for affordable housing, targeting households with incomes between 50% and 60% AMI (including some household segments with incomes lower than this range), and the remaining 15% will be targeting households earning less than 50% of the AMI.

TABLE 45

GENERAL OCCUPANCY RENTAL HOUSING DEMAND
CITY OF DULUTH
2025 to 2035

Demand from Projected Household Growth in PMA		
Household growth, 2025-2035[1]		2,810
(times) Propensity to rent[2]	x	42%
(equals) Demand from household growth	=	**1,177**
Demand from Existing Renter Households in PMA		
Existing renter households, 2025	=	17,556
(times) Est. % household turnover, 2025-2035[3]	x	85%
(times) Est. % desiring new housing[4]	x	30%
(equals) Demand from existing households	=	**4,477**
Total demand from household growth+turnover		**5,654**
(plus) Rental demand from outside PMA	+	30%
(equals) Demand potential for rental housing in PMA	**=**	**8,077**
(times) Percent of PMA demand capturable in City	x	70%
(equals) Demand potential for new rental housing in City	**=**	**5,654**
(times) % for Market Rate units (over 100% AMI)[5]	x	30%
(minus) Pending Market Rate units[6]	-	288
(equals) Excess Market Rate Demand	**=**	**1,408**
(times) % for Workforce units (60% to 100% AMI)[5]	x	30%
(minus) Pending Workforce units[6]	-	0
(equals) Excess Market Rate Demand	**=**	**1,696**
(times) % for Affordable units (50% to 60% AMI) [5]	x	25%
(minus) Pending Affordable units[6]	-	73
(equals) Excess Affordable Demand	**=**	**1,341**
(times) % for Subsidized units (50% or less of AMI)[5]	x	15%
(minus) Pending Subsidized units[6]	-	36
(equals) Excess Subsidized Demand	**=**	**812**

Demand for Rental Housing (2025-2030)

Market Rate	Workforce	Affordable	Subsidized
845	1,018	805	487

Demand for Rental Housing (2030-2035)

Market Rate	Workforce	Affordable	Subsidized
563	678	536	325

[1] Projection from "Population and Household Growth Trends and Projections" table
[2] Pct. renter households from American Community Survey
[3] Based on renter household turnover and mobility data (American Community Survey)
[4] Based on leasing trends and occupancy rates among existing product
[5] Based on income limits and renter household incomes
[6] Units under construction/renovation or approved at equilibrium (93% occupancy)
Note: Some totals may not add due to rounding
Note: "Affordable" rental properties often accept households w/incomes less than 50% of AMI through special target segments and/or through vouchers.
Source: Maxfield Research & Consulting

Senior Housing Demand Analysis

Tables 46 through 50 show demand calculations for senior housing in the Duluth Analysis Area by submarket from 2025 to 2035. Demand is shown in 2025, 2030 and 2035. Senior demand is not cumulative meaning that additional units constructed during each period must be subtracted from the demand shown. Demand methodology employed by Maxfield Research utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences, and patterns. Our demand calculations consider the following target market segments for each product type:

Deep-Subsidy (Subsidized) Active Adult Housing: Target market based includes age 55+ older adult and senior households that income qualify based on HUD very low-income $36,650 or less for two-person households at 50% of the county AMI.

Shallow-Subsidy (Affordable) Active Adult Housing: Target market base includes age 55 and older adult and senior households that income qualify for LIHTC based on income limits at or below $43,980 for a two-person household at 60% of the county AMI and who can afford rents set at 50% of county AMI of $802 for efficiency units.

Market Rate Active Adult Rental and Ownership Housing: Target market base includes age 55+ older adult and senior households with incomes of 40,000 or more and senior homeowners with incomes between $30,000 and $39,999.

Independent Living Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with independent living housing. Income-ranges considered capable of paying for independent living housing are the same as for active adult housing.

Assisted Living Housing: Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of $40,000 or more and a portion of homeowners with incomes below $40,000).

Memory Care Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with memory care housing. Income ranges considered capable of paying for memory care housing ($60,000 or more) are higher than other service levels due to the increased cost of care.

Existing senior housing units are subtracted from overall demand for each product type.

TABLE 46

AFFORDABLE/SUBSIDIZED SENIOR RENTAL HOUSING DEMAND
CITY OF DULUTH
2025, 2030, 2035

		2025			2030			2035		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
# of HHs w/ Incomes of <$43,980[1]		2,075	2,084	2,409	1,941	2,746	2,367	2,020	2,200	3,641
Less Households w/ Incomes of $33,640 to $43,980[1]	-	484	666	698	392	665	841	379	533	721
(times) Homeownership Rate	x	77%	72%	67%	77%	72%	67%	77%	72%	67%
(equals) Total Potential Market Base by Age	=	1,700	1,602	1,945	1,637	2,265	1,808	1,726	1,815	3,161
Total Potential Market Base			5,248			5,710			6,703	
(times) Ptc. for affordable hsg	x		25%			25%			25%	
(equals) Demand Potential	=		**1,312**			**1,427**			**1,676**	
(plus) Demand from Outside PMA[2]	+		25%			25%			25%	
(equals) Total Demand Potential	=		**1,749**			**1,903**			**2,234**	
Product Type (Subsidized or Affordable)		**Sub.**		**Aff.**	**Sub.**		**Aff.**	**Sub.**		**Aff.**
(times) % Subsidized or Affordable	x	55%		45%	55%		45%	55%		45%
(equals) Demand Potential	=	**962**		**787**	**1,047**		**856**	**1,229**		**1,005**
(minus) Existing & Pending Units[3]	-	822		163	822		163	822		163
(equals) Excess Demand for Units	=	**140**		**625**	**225**		**694**	**407**		**843**
(times) Pct capturable in City	x		75%			80%			80%	
(equals) Units supportable in City	=	**105**		**468**	**180**		**555**	**325**		**674**

[1] Based on 2-person HH at 60% AMI; 2030 and 2035 calculations adjusted for inflation (2.0% annually).
[2] Estimated portion of demand from outside PMA
[3] Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting

TABLE 47

MARKET RATE ACTIVE ADULT HOUSING DEMAND
CITY OF DULUTH
2025, 2030, 2035

		2025			2030			2035		
Age of Householder		**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**	**55-64**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		4,532	3,966	2,053	4,986	5,306	3,737	4,717	4,251	3,158
HHs w/ Incomes of $30,000-$39,999	+	483	604	749	343	582	736	325	466	622
(times) Homeownership Rate	x	77%	72%	67%	77%	72%	67%	77%	72%	67%
(equals) Total Potential Market Base	=	**4,906**	**4,403**	**2,551**	**5,251**	**5,728**	**4,227**	**4,968**	**4,588**	**3,572**
(times) Potential Capture Rate	x	1.0%	5.5%	17.0%	1.0%	5.5%	17.0%	1.0%	5.5%	17.0%
(equals) Demand Potential	=	**49**	**242**	**434**	**53**	**315**	**719**	**50**	**252**	**607**
Potential Demand from PMA	=		**725**			**1,086**			**909**	
(plus) Demand from outside PMA[1]	+		25%			25%			25%	
(equals) Total Demand Potential	=		**967**			**1,448**			**1,212**	
Product Type		**% Own**		**% Rent**	**% Own**		**% Rent**	**% Own**		**% Rent**
(times) % for Owner/Rental	x	50%		50%	50%		50%	50%		50%
(equals) Demand Potential	=	**483**		**483**	**724**		**724**	**606**		**606**
(minus) Existing & Pending Units[2]	-	265		118	265		118	265		118
(equals) Excess Demand	=	**218**		**365**	**459**		**606**	**341**		**488**
(times) Pct. capturable in City	x		75%			75%			75%	
(equals) Units supportable in City	=	**164**		**274**	**344**		**455**	**256**		**366**

[1] Estimated portion of demand that will come from outside PMA

[2] Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting

TABLE 48

INDEPENDENT LIVING DEMAND
CITY OF DULUTH
2025, 2030, 2035

		2025		2030		2035	
Age of Householder		**65-74**	**75+**	**65-74**	**75+**	**65-74**	**75+**
HHs w/ Incomes of >$40,000		3,966	2,053	5,306	3,737	4,251	3,158
(plus) HHs w/ Incomes of $30,000 to $39,999	+	604	749	582	736	466	622
(times) Homeownership Rate	x	72%	67%	72%	67%	72%	67%
(equals) Total Potential Market Base	=	4,403	2,551	5,728	4,227	4,588	3,572
(times) Potential Capture Rate	x	1.5%	15.5%	1.5%	15.5%	1.5%	15.5%
(equals) Demand Potential	=	66	395	86	655	69	554
Potential Demand from PMA Residents	=	**461**		**741**		**622**	
(plus) Demand from outside PMA[1]	+	30%		30%		30%	
(equals) Total Demand Potential	=	**659**		**1,059**		**889**	
(minus) Existing and Pending Units[3]	-	490		490		490	
(equals) Excess Demand for IL Units in PMA	=	**169**		**569**		**399**	
(times) Percent capturable in City	x	75%		75%		75%	
(equals) IL Demand Capturable in City	=	**127**		**426**		**299**	

[1] Estimated portion of demand will come from outside PMA

[2] Existing and pending units are deducted at market equilibrium (95% occupancy).

IL = Independent Living

Source: Maxfield Research & Consulting

TABLE 49

MARKET RATE ASSISTED LIVING DEMAND
CITY OF DULUTH
2025, 2030, 2035

		2025			2030			2035		
Age Group		**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**	**75-79**	**80-84**	**85+**
People		4,144	2,464	2,688	4,893	3,414	3,186	4,962	3,462	3,231
(times) Percent Needing Assistance[1]	x	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%
Number Needing Assitance	=	1,057	829	1,387	1,248	1,148	1,644	1,265	1,165	1,667
Total People Needing Assistance			**3,273**			**4,040**			**4,097**	
(times) Percent Income-Qualified[2]			48%			49%			49%	
Total potential market	**=**		**1,571**			**1,980**			**2,008**	
(times) Percent living alone	x		52%			52%			52%	
Age/income-qualified singles	**=**		**819**			**1,032**			**1,047**	
(plus) Demand from couples (12%)[3]	+		112			141			143	
Age/income-qualified market	**=**		**931**			**1,173**			**1,190**	
(times) Potential penetration rate[4]	x		35%			35%			35%	
Potential demand	**=**		**326**			**411**			**416**	
(plus) Proportion from outside PMA	+		30%			30%			30%	
Total potential AL demand	**=**		**465**			**587**			**595**	
(minus) Existing & pending AL units[5]	-		399			399			399	
Excess market rate AL demand	**=**		**66**			**187**			**196**	
(times) Percent capturable in City	x		75%			75%			75%	
(equals) Units Supportable in City	=		**50**			**141**			**147**	

Notes:

[1] The percentage of seniors unable to perform or having difficulting with ADLs, based on the publication Health, United States, Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

[2] Includes households with incomes of $40,000 or more (who could afford monthly rents of $3,000+ per month) plus 40% of the estimated owner households with incomes below $40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

[3] The Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

[4] We estimate that 65% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

[5] Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting

TABLE 50

MEMORY CARE DEMAND
CITY OF DULUTH
2025, 2030 2035

		2025	2030	2035
65 to 74 Population		11,791	12,545	10,945
(times) Dementia Incidence Rate[1]	x	5%	5%	5%
(equals) Est. Senior Pop. with Dementia	=	**590**	**627**	**547**
75 to 84 Population		6,608	8,307	8,424
(times) Dementia Incidence Rate[1]	x	14%	14%	14%
(equals) Est. Senior Pop. with Dementia	=	**925**	**1,163**	**1,179**
85+ Population		2,688	3,186	3,231
(times) Dementia Incidence Rate[1]	x	35%	35%	35%
(equals) Est. Senior Pop. with Dementia	=	**941**	**1,115**	**1,131**
(equals) Total Population with Dementia		**2,455**	**2,906**	**2,858**
(times) Pct. Needing Memory Care Assistance	x	25%	25%	25%
(equals) Total Need for Dementia Care	=	614	726	714
(times) Percent Income/Asset-Qualified[2]	x	50%	53%	53%
(equals) Total Income-Qualified Market Base	=	310	383	376
(plus) Demand from Outside PMA[3]	+	30%	30%	30%
(equals) Total Demand for Memory Care Units	=	**442**	**546**	**537**
(minus) Existing and Pending Units[4]	-	110	110	110
(equals) Excess Memory Care Demand Potential	=	**333**	**437**	**428**
(times) Percent capturable in City	x	75%	75%	75%
(equals) MC Units Supportable in City	=	**249**	**327**	**321**

[1] Alzheimer's Association: Alzheimer's Disease Facts & Figures

[2] Income greater than $60,000 in 2025 and $65,000 in 2030, plus some lower-income homeowners.

[3] Estimated portion of demand that will come from outside PMA

[4] Existing and pending units at 93% occupancy, minus estimated units occupied by EW residents.

Source: Maxfield Research & Consulting

Housing Demand Summary

The housing demand calculations in Tables 44 through 50 indicate that between 2025 and 2035, 1,182 for-sale housing units, 5,257 general occupancy rental units and 2,388 total senior units will be needed in Duluth to satisfy the housing demand for current and future residents. Summary demand tables for general occupancy and senior housing are shown separately in Tables 51 and 52.

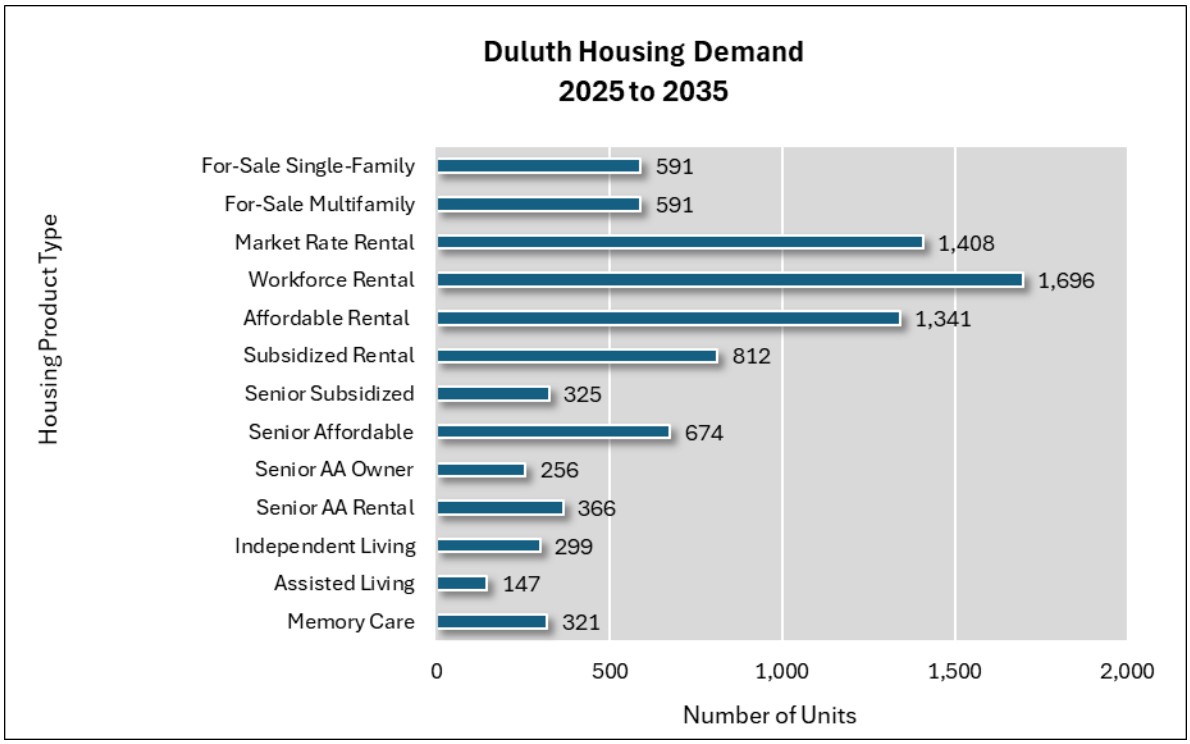


TABLE 51

GENERAL OCCUPANCY HOUSING DEMAND SUMMARY
CITY OF DULUTH
2025 to 2035

Time Period	2025 to 2030 Total Units	2030 to 2035 Total Units	2025 to 2035 Total Units
General Occupancy Housing Demand	**3,764**	**2,561**	**6,325**
For-Sale Single-Family	325	266	591
For-Sale Multifamily	354	237	591
General Occupancy For Sale	**679**	**503**	**1,182**
Market Rate Rental	935	624	1,559
Workforce Rental	791	528	1,319
Affordable Rental	589	393	982
Subsidized Rental	770	513	1,283
General Occupancy Rental Housing	**3,085**	**2,058**	**5,143**

Sources: Maxfield Research and Consulting

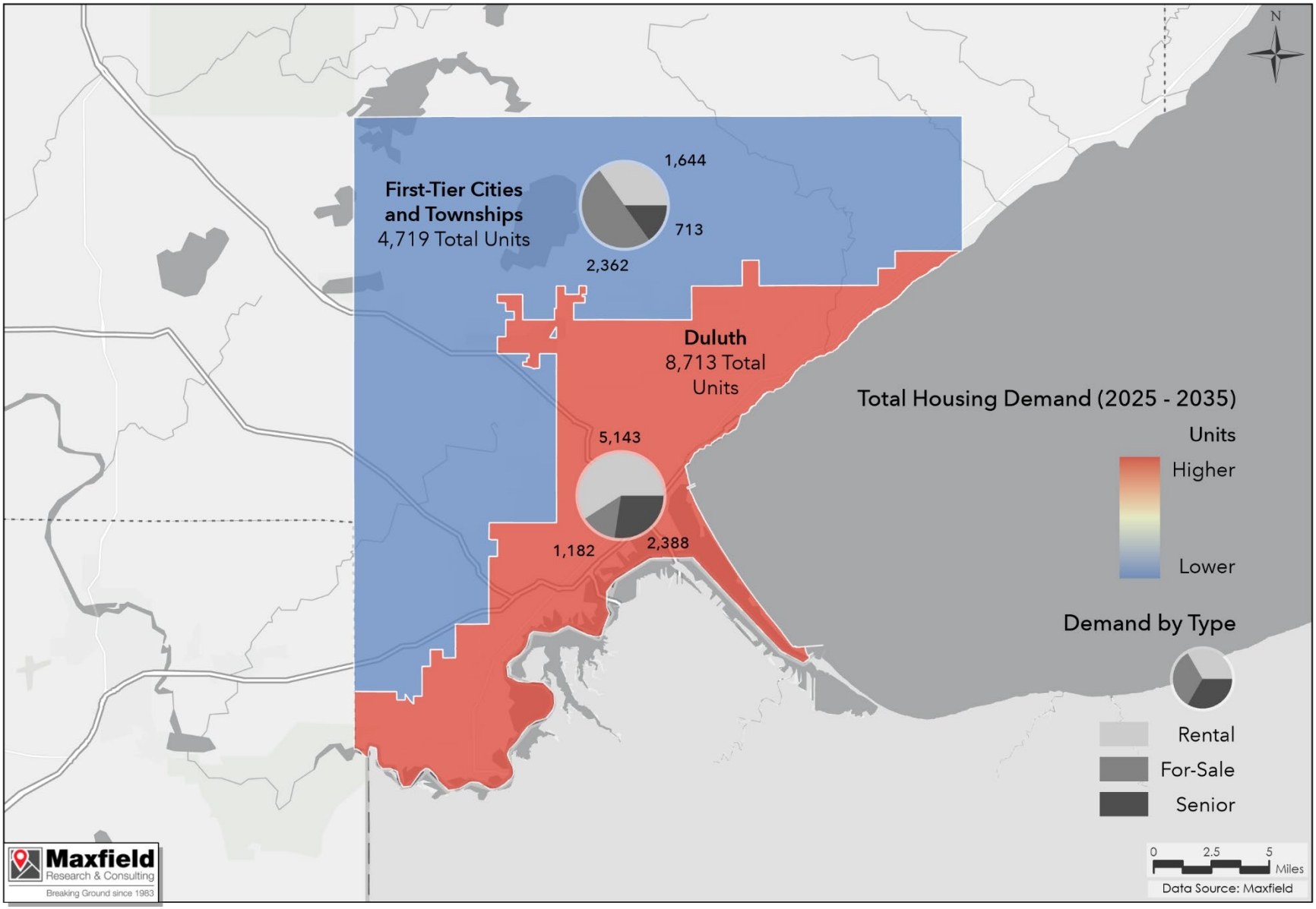
TABLE 52

SENIOR HOUSING DEMAND SUMMARY
CITY OF DULUTH
2025 TO 2035

Year	2025	2030	2035
Senior Housing Demand Units	**1,437**	**2,429**	**2,388**
Senior Subsidized	105	180	325
Senior Affordable	468	555	674
Senior AA Owner	164	344	256
Senior AA Rental	274	455	366
Active Adult Housing	***1,011***	***1,534***	***1,622***
Independent Living	127	426	299
Assisted Living	50	141	147
Memory Care	249	327	321
Service Based Housing	***426***	***894***	***767***

Sources: Maxfield Research and Consulting

Demand Summary (2025 - 2035)



Conclusions and Recommendations

This section of the report summarizes calculated demand for specific housing products in Duluth and recommends development concepts to meet the housing needs forecast for the community. All recommendations are based on the findings of the *Housing Needs Analysis*. The following topics are covered.

- A general profile on how demographic trends impact housing demand
- Summary of housing demand findings
- Development concept recommendations to meet projected demand, and
- An overview of challenges and opportunities as they pertain to housing development in Duluth

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

Entry-level householders

- Often prefer to rent basic, inexpensive apartments
- Will often "double-up" with roommates in apartment setting
- Usually singles or couples without children in their early 20's

First-time homebuyers and move-up renters

- Often married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children
- Prefer to purchase modestly-priced single-family homes or rent more upscale apartments

Move-up homebuyers

- Typically families with children where householders are in their late 30's to mid-40's
- Prefer to purchase newer, larger, and therefore more expensive single-family homes

Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's
- Prefer owning but will consider renting their housing
- Some will move to alternative lower-maintenance housing products

Younger independent seniors

- Prefer owning but will consider renting their housing
- Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce responsibilities for housing maintenance
- Generally in their late 60's or 70's

Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Typically older seniors in their early-80's or older

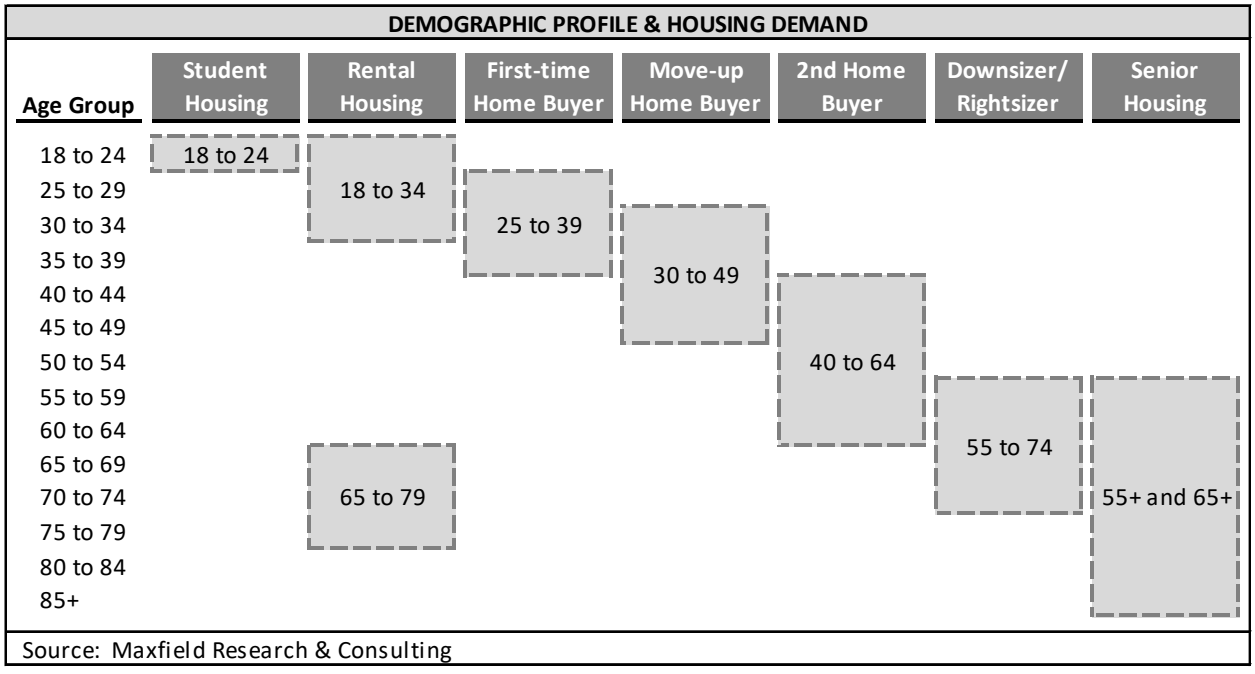
Housing demand can be generated by several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates the construction of new housing units unless there is enough vacant housing available to absorb the increase in households. Demand is also affected by shifting demographics, such as an aging population, which dictates the type of housing preferred.

New housing to meet replacement needs may also be required when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The following summarizes some key factors driving the demand for housing.

Demographic Trends

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household type, size, age of householders, incomes, etc. The following figure illustrates typical life cycle housing needs by age group.



Source: Maxfield Research & Consulting

Economy & Job Growth

There is a strong connection between economic growth and demand for housing, and housing market expansion often depends on job growth (or the prospect of). Jobs generate income growth which often leads to household formation and housing turnover. Historically, low unemployment has driven both existing home purchases and new home purchases.

Weak, or negative, job growth can restrain household growth and reduce housing demand. Additionally, slow income growth may yield fewer move-up buyers, resulting in reduced housing turnover across all income brackets.

Consumer Choice

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty nest, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. renter to owner or vice versa), or simply move to a new location.

Existing Supply

The quality and age of the existing housing stock in a community impacts demand for new housing, as not all housing product types and styles are desired in today's market. Communities with an aging housing stock generally experience higher demand for remodeling services or new home construction if the current inventory does not offer options that consumers seek. Pent-up demand may also exist in markets with limited housing availability as householders postpone a move until new housing product becomes available.

Financing

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing is becoming increasingly challenging as recent interest rate hikes by the Federal Reserve have decreased affordability for buyers. While still low relative to the past 40+ years, elevated interest rates since 2023 combined with increased housing costs have decreased affordability. Mortgage rates more than doubled between early 2022 and late 2023.

Mobility

Housing demand can be somewhat fluid between communities, and demand will be impacted by development activity and housing availability in other nearby communities. Much of the housing demand in a community is generated by the turnover of existing households, and satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Housing Demand Summary

The following table and charts summarize estimated demand by product type. Housing demand is comprised of several components, including household growth and turnover, pent-up demand, and replacement needs. Modest household growth is projected for Duluth, but much of the housing demand will be generated by the turnover of existing households. Satisfying the projected demand and achieving the projected population and household growth in Duluth will be highly dependent on the availability of suitable housing options catering to a variety of household types, income levels and age groups.

TABLE 53

HOUSING DEMAND SUMMARY
CITY OF DULUTH
2025 to 2035 (March 2025)

General Occupancy Housing Demand 2025 to 2035			
	2025 to 2030	2030 to 2035	2025 to 2035
For-Sale Units	**679**	**503**	**1,182**
Detached Single-Family Units	325	266	591
Other/Multifamily Units*	354	237	591
General Occupancy Rental Units	**3,085**	**2,058**	**5,143**
Market Rate	935	624	1,559
Workforce^	791	528	1,319
Affordable^	589	393	982
Subsidized^	770	513	1,283
Total General Occupancy Housing Units	**3,764**	**2,561**	**6,325**

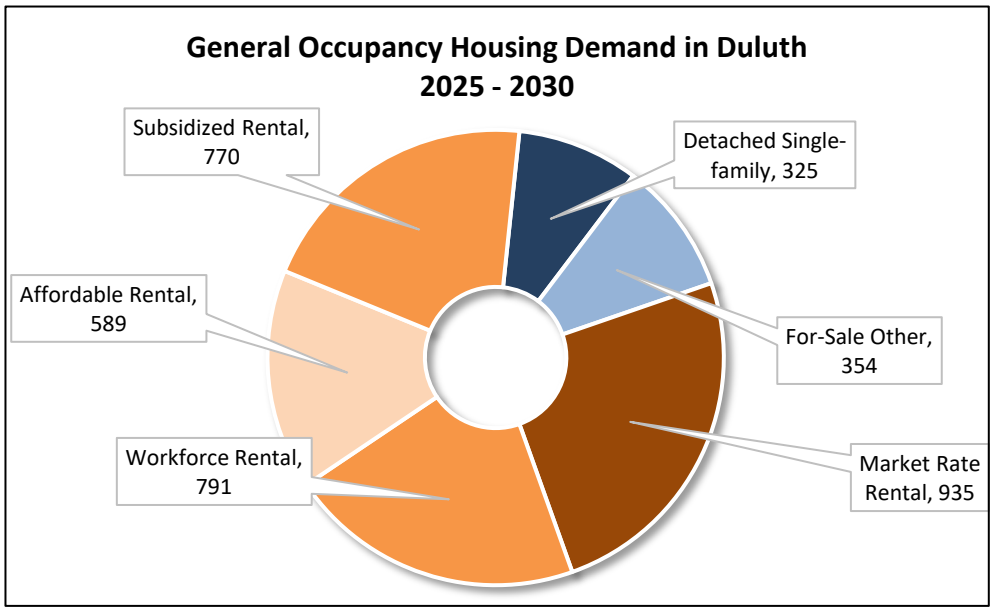
Senior Housing Demand			
	2025	2030	2035
Market Rate Active Adult	**438**	**799**	**622**
Ownership Units	164	344	256
Rental Units	274	455	366
Affordable & Subsidized Senior Housing^	**573**	**735**	**999**
Subsidized Units	105	180	325
Affordable Units	468	555	674
Service-Enhanced Senior Housing	**426**	**894**	**767**
Independent Living (IL)	127	426	299
Assisted Living (AL)	50	141	147
Memory Care (MC)	249	327	321
Total Senior Housing Units	**1,437**	**2,428**	**2,388**

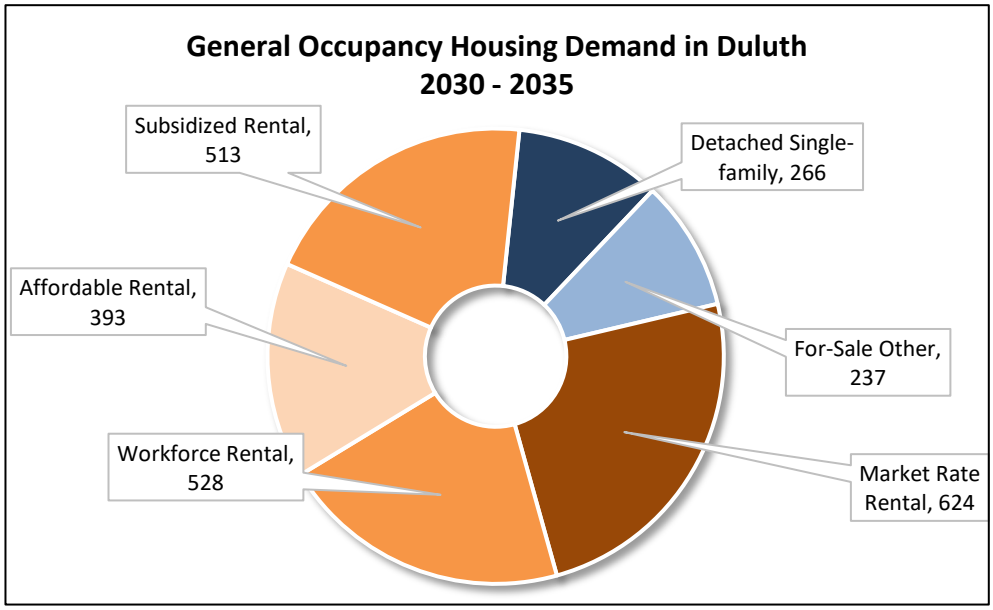
*Includes twin homes, townhomes, condominiums
^Workforce = affordable to households between 60% and 100% of AMI
^Affordable = affordable to households at 50% to 60% AMI but incl some lower income HHs
^Subsidized = affordable to households at 50% AMI or less
Totals may not add due to rounding
Note: Sr. Demand is cumulative, meaning that units developed would be subtracted from excess demand for the upcoming period

Source: Maxfield Research & Consulting

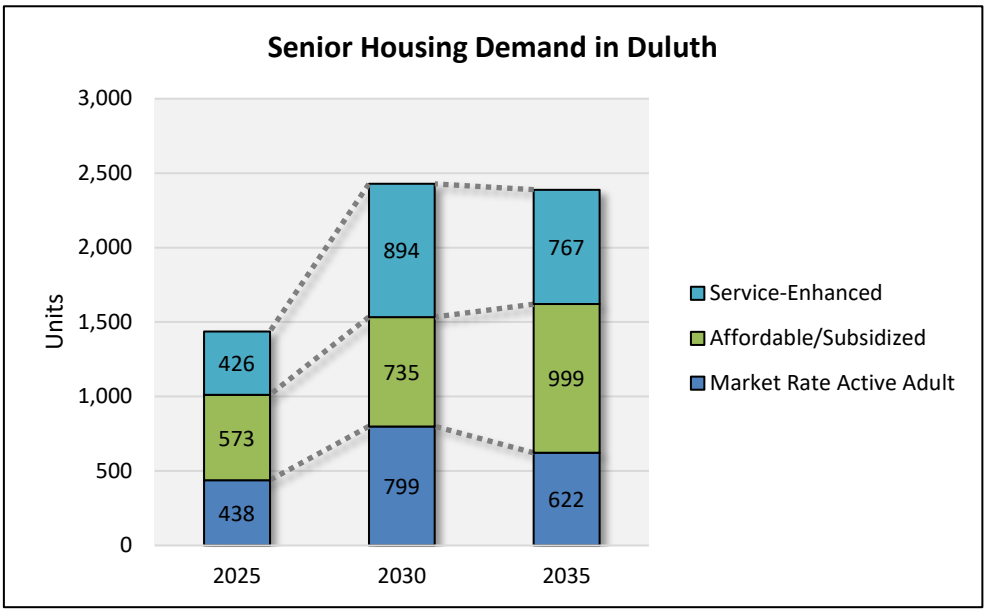
In total, demand is identified for we find demand for 6,325 general occupancy housing units in Duluth between 2025 and 2035, with demand for 591 detached single-family units and 591 owned multifamily units. Demand for rental housing totals 5,143 units including 1,559 market rate units, 1,319 workforce units, 982 affordable units and 1,283 subsidized units.

Demand from 2025 to 2030 is identified for 325 for-sale single-family units and 354 owned multifamily units, 935 market rate units, 791 workforce units, 589 affordable units and 770 subsidized units.





As illustrated below, we also found demand for a total of 1,437 senior housing units in 2025, expanding 24% to 2,388 senior units by 2035. This level of senior housing demand may not be realized as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services. Additionally, a large portion of the active adult demand (market rate and affordable) could be satisfied with the development of maintenance-free housing products such as apartments and townhomes that are not age-restricted (i.e. general occupancy housing).


Senior Housing Demand in Duluth
3,000
2,500
2,000
1,500
1,000
500
0
Units
426
573
438
894
735
799
767
999
622
2025
2030
2035
Service-Enhanced
Affordable/Subsidized
Market Rate Active Adult

Recommendations

Based on findings from this analysis, the tables and comments on the following pages summarize recommended development concepts for general occupancy and senior housing in Duluth from 2025 to 2030 and from 2030 to 2035. The proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the community.

For-Sale Housing

Based on information gathered on for-sale properties in the area along with feedback from area real estate professionals, we provide the following conclusions and recommendations regarding the for-sale housing market in Duluth.

- We estimate demand for 325 general occupancy detached single-family housing units and 354 general occupancy townhome/twin home units in Duluth between 2025 and 2030. Additionally, we find demand for up to 250 active adult ownership housing units, a portion of which may be satisfied through the development of general occupancy townhome or twin home products. The following table summarizes a potential price breakdown for new construction for-sale units in Duluth, including “entry-level”, “move-up” and “executive” housing.

- A move-up buyer is typically someone who is selling one house and purchasing another one, usually a larger and more expensive home. The move often occurs due to a lifestyle change, such as a new job or a growing family. The 35 to 44 and 45 to 54 age groups are generally target markets for move-up housing, while move-up townhome/twin home units also target an older buyer (age 55 to 74) seeking to downsize or right-size.

- Based on the local housing market and information gathered from local Realtors and development professionals, new construction detached single-family homes priced below $350,000 to be entry-level, while move-up new construction detached single-family homes would likely be priced in the $350,000 to $550,000 range.

- Pricing for a new construction entry-level townhome or twin home would likely be $300,000 or slightly lower, while a move-up townhome or twin home unit would likely be priced in the $350,000 to $550,000 range.

TABLE 54

NEW CONSTRUCTION FOR-SALE HOUSING PRICING RECOMMENDATIONS
CITY OF DULUTH
2025 to 2030 (March 2025)

	Purchase Price*	Pct.	Units
Detached Single-Family			
Entry-level	Less than $300,000	30%	98
Move-up	$350,000 to $450,000	60%	195
Executive/Luxury	$600,000+	10%	33
Detached Single-Family Total:		**100%**	**325**
Townhome/Twin Home			
Entry-level	Less than $300,000	50%	177
Move-up	$350,000 to $600,000	50%	177
Townhome/Twin Home Total:		**100%**	**354**

*Pricing is in 2025 dollars and can be adjusted to account for inflation.

Source: Maxfield Research & Consulting

- There continues to be demand for executive/luxury housing in the City limits of Duluth primarily due to the City's high amenity value locations and spectacular views from some site. Given recent home sales in Duluth, we anticipate that potentially up to 10% of new construction single-family units would be priced for this market ($600,000 and higher).

- We anticipate that 60% of the new detached single-family units (195 units) will target move-up buyers and recommend that 30% (98) be priced for less than $300,000 to target moderate income buyers (entry-level).

  - A household would need to have a minimum income of $87,600 to afford a home purchased at $292,000 (median home sale price – 2024), which falls above the upper range considered to be "moderate-income" (i.e. $80,500 at 100% AMI for a two-person household).

- We anticipate that 50% of the new construction townhome/twin home units (177) will target entry level buyers and/or empty nesters and recommend that 50% (177 units) should be priced below $300,000 to target moderate income move-up buyers.

- **The development of any new for-sale housing products in Duluth priced to target moderate income buyers will likely require a public-private partnership or alternative development concept (i.e. community land trust, affordable housing cooperative).**

- Entry-level home demand will primarily be satisfied through turnover of the existing supply of older single-family homes in Duluth by increasing the supply of move-up housing or with the increased development of townhome and twin home products.

- Because the primary target market for new townhome or twin home units will be empty-nesters and young seniors (age 65 to 74), most of the units should be zero-entry and single-level or have a master suite on the main level if a unit has two stories. Units could also be constructed using Universal Design principles.

- In addition to older buyers, mid-age professionals, particularly singles and couples without children, will seek townhomes or twin homes if they prefer not to have the maintenance responsibilities of a detached single-family home. Younger households may also find purchasing a multifamily unit to be more affordable than a new detached single-family home.

General Occupancy Rental Housing

The following table summarizes the recommended mix of rental housing units by product type, including monthly rent ranges, development timing, and target markets. The recommendations are intended to reflect potential development concepts for new rental housing in Duluth but do not equate to total estimated demand.

Nationally, the equilibrium vacancy rate for market rate rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. Based on the February 2025 survey of general occupancy apartment buildings in Duluth, we found that the existing market rate rental properties are 1.7% vacant, while the affordable and subsidized facilities are 1.1% vacant. Many of the subsidized properties have wait lists.

This data indicates that there is pent-up demand for new general occupancy rental housing in Duluth, both market rate rental housing and affordable/subsidized rental housing. Additionally, based on our research in the market, rental housing priced to target the area's younger workforce is a priority need in Duluth.

TABLE 55

GENERAL OCCUPANCY RENTAL HOUSING RECOMMENDATIONS (Short-Term)
CITY OF DULUTH
2025 - 2030 (March 2025)

		Monthly Rent Range[1]			No. of Units	Development Timing
Market Rate & Workforce Rental						
Apartments	Studio	$1,200 - $1,800	2BR		600 - 800	2025+
Townhomes	2BR	$1,850 - $2,800	3BR		200 - 250	2025+
Target Markets:	An apartment building would likely attract younger workforce renters, lifestyle renters, older adults, and seniors. Rental townhomes would target young family households, empty-nesters, and seniors.					
Affordable Rental[2]						
Apartments	Studio	$930 - $1,440	2BR		300 - 350	2025+
Townhomes	2BR	$1,500 - $1,850	3BR		80 - 100	2025+
Target Markets:	We recommend developments targeting households between 40% to 60% AMI, likely comprised of singles, single-parent households, older adults and seniors.					

[1] Pricing in 2025 dollars and can be adjusted to account for inflation.

[2] Affordablity subject to income guidelines; recommended rent ranges based on max rents at 50% and 60% AMI

Note - Recommended development concepts do not directly equal total demand.

Source: Maxfield Research & Consulting

We find demand potential for 3,402 general occupancy rental housing units in Duluth between 2025 and 2035, including 1,991 market rate units. Based on the income distribution of renter households, we estimate that there will also be demand for income-restricted units, including 877 affordable and 534 subsidized units.

The table identifies short-term (2025 to 2030) and long-term (2030 to 2035) demand for for-sale and rental housing. Price points shown reflect 2025 pricing and would need to be adjusted for inflation.

The strongest sources of demand for new rental housing in Duluth will likely be young singles and roommate households along with couples without children in their early/mid-20s to mid-30s who work for area employers. Other family households (i.e. single-parent households) as well as mid-age and older households (never-nesters or empty-nesters) will also account for a portion of demand for new general occupancy rental housing in the area, primarily affordable.

Larger size developments can be accommodated in Duluth. For rental townhomes, we recommend smaller building sizes with a phased approach to construction. Traditional apartment-style buildings can be developed with larger building sizes or mid-range sizes of between 50 to 80 units. Workforce housing should be a priority.

The market findings identify that middle income workers need moderately priced housing (i.e. young teachers, mid-level health care workers, manufacturing workers) earn $21.00 to $29.00 per hour, which equates to $44,000 to $60,000 per year. However, residents in an affordable property income-restricted at 60% AMI (i.e. a Low-Income Housing Tax Credit project) would not be able to make more than $42,300 to qualify (2025 Income Limits-St. Louis County). This income restriction limits the demand potential for income-restricted housing, so we recommend a market rate workforce rental housing project with rent limits set to target households earning between 60% and 100% AMI ($42,300 to $70,500 for a one-person household).

- Market Rate & Workforce Rental Housing – Based on 2024 affordable to local workforce rent limits for St. Louis County, published by Minnesota Housing, we recommend that average new construction workforce rents range from $1,100 for a studio unit to $1,450 per month for a two-bedroom unit. A monthly rent of $1,100 would be affordable to a single-person household earning $44,000 per year ($21.08 per hour).

  Market rate rents at existing rental units in Duluth currently average $1.88 per square foot, however average monthly rents in a new construction project would be substantially higher. Unit rents in a new apartment development are likely to range between $2.10 and $2.30 or greater per square foot, depending on unit size and building structure, to be financially feasible. A monthly rent of $1,500 for a one-bedroom unit equates to an income of $60,000 annually, closer to the 2025 $66,428 median household income for Duluth.

  New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, full kitchen appliance package, air-conditioning, garage parking, outdoor recreation (fire pit, grilling area, etc.). Since the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree, so buildings that are well-equipped for telecommuting are becoming more important to renters. Including features like units with dens and built in USB ports should be well-received by prospective renters looking for a designated workspace.

  We anticipate that demand also exists for market rate rental townhome units targeting empty-nesters and young families, including those who are new to the community and want to rent until they find a home for purchase. We anticipate that new construction market rate townhome rents would begin at $1,850 for two-bedroom units and $2,800 for three-bedroom units. Units should be larger than in an apartment development and feature contemporary amenities (i.e. in-unit washer/dryer, full kitchen appliance package, kitchen island, high ceilings, etc.), an attached two car garage, and some open/green space.

- Affordable General Occupancy Rental Housing – Demand exists for general occupancy affordable units in Duluth, although we anticipate that many qualified seniors would also be drawn to a new affordable general occupancy rental housing development or a designated affordable 55+ senior property. Affordable rental housing attracts households that cannot afford new market rate rental units but do not income-qualify for subsidized housing. Affordable developments often attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, while two- and three-bedroom units target family households.

  We recommend an affordable project that would target residents at 40% to 60% AMI. Units should feature air conditioning, full kitchen appliance package, and garage parking. A townhome development should include an attached one/two car garage along with open/green space.

- Subsidized Rental Housing – Subsidized housing receives financial assistance (operating subsidies, rent payments, etc.) from governmental agencies to make rents affordable to low-to-moderate income households. Subsidized housing is challenging to develop financially.

  We find demand for 534 subsidized general occupancy rental housing units in Duluth between 2025 and 2035. However, new subsidized general occupancy developments are rare as available funding is very limited, so we exclude subsidized units from the recommended development concepts table. There are, however, properties under special funding programs that target long-term homeless, households with disabilities, or households that require permanent supportive housing that have been constructed recently.

  Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. This population could also be served through the Low-Income Housing Tax Credit (LIHTC) program as well as through a combination of other funding resources.

  Renter households in need of subsidized housing in Duluth may also apply for the Housing Choice Voucher program through the Duluth HRA, although there are currently 3,098 households on the wait list. Under the Housing Choice Voucher program, qualified households pay 30% of their Adjusted Gross Income for rent and utilities, and the Federal Government pays the remainder of the rent to the landlord. Due to limited funding, HRAs find that in today's housing price environment, they are serving fewer households with their current budgets as local rents continue to escalate. In addition, many households that obtain a voucher are unable to find suitable housing to meet their needs within the timeframe allotted to utilize the voucher.

Senior Housing

A growing older adult and senior population supports long-term demand for senior housing units in Duluth to 2035. Demand exists for a variety of senior housing products, and we recommend the development of additional senior housing units to provide housing options for these residents as they age.

The development of new senior housing will satisfy housing needs in Duluth by increasing the number of options for older adult and senior residents that want to relocate into new age-restricted housing. Additionally, the development of housing alternatives for seniors will stimulate the turnover of existing homes and rental units occupied by seniors, creating more opportunities for general occupancy buyers and renters.

The following table summarizes a recommended mix of senior housing units by service level including product type, monthly rents, project size, and development timing.

TABLE 56

RECOMMENDED SENIOR HOUSING DEVELOPMENT (Short-Term)
CITY OF DULUTH
2025 to 2030 (March 2025)

	Pricing Range[1]	No. of Units	Development Timing
Age Restriced Senior Housing			
Active Adult For-Sale Housing			
Market Rate Cooperative[2]	$110,000/1BR+D - $250,000/2BR/2BR+	100 - 150	2025+
Market Rate Townhome/Twinhomes	$350,000 2BR - $550,000 3BR	80 - 100	2025+
Active Adult Rental Housing			
Affordable[2,3]	$900/1BR - $1,240/2BR	100 - 120	2026+
Market Rate Service-Enhanced Senior Housing			
Independent Living	$2,500/1BR - $4,000/2BR	100 - 120	2025+
Assisted Living	$3,200/Studio - $5,000/2BR	36 - 48	2028+
Memory Care[4]	$4,500/Studio - $6,000/1BR	36 - 48	2025+

[1] Pricing in 2025 dollars. Pricing can be adjusted to account for inflation.

[2] Alternative concept is to combine affordable and market rate active adult into mixed-income building.

[3] Affordablity subject to income guidelines; rates based on max rents at 50% AMI

[4] Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Unit amounts reflect recommended size of property that for a single project, but do not equal total calculated long-term demand

Source: Maxfield Research & Consulting

- **Market Rate Active Adult Housing** – Because age-restricted active adult housing is not need-driven, demand for this product type competes, to some degree, with general occupancy housing. There is a current lack of market rate active adult rental housing in Duluth. This product has increased in popularity primarily in the Twin Cities but rent levels for this product are usually higher than general occupancy rentals due to larger size units (higher

proportion of two-bedroom units) and extensive common area amenities. We estimate that there is demand for 274 market rate active adult rental units in Duluth in 2025, increasing to 455 units by 2035.

It is likely there are seniors who currently reside in general occupancy rental housing that would consider a new active adult rental product. In addition, there may be seniors who no longer want the burden of home maintenance and would like the choice of an active adult rental product. The rent structure for new active adult rental units would be similar to new general occupancy market rate rental housing, although the unit mix should consist of larger units resulting in slightly higher monthly rents. The price gap between market rate general occupancy rental housing and a designated age-restricted development may result in a lower acceptance of this product in the market if there are sufficient new general occupancy units to satisfy the demand from this segment.

Active adult ownership units including townhomes, condominiums and cooperatives have been popular in Duluth and all the cooperatives in Duluth are fully-occupied with waiting lists. Units at the single age-restricted townhome development also resell rapidly. We estimated demand for 164 market rate active adult ownership units in 2025, increasing to 344 units by 2035. Active adult ownership demand can be satisfied through a variety of products, including age-restricted detached single-family or villa communities, townhome/twin home developments, age-restricted condominium projects, or senior cooperative developments. We recommend the development of additional for-sale age-restricted ownership products including cooperative and townhome developments.

Pricing recommendations for new construction ownership units are reflected in the new construction for-sale housing pricing recommendations table presented previously, although pricing for active adult housing can vary greatly, depending on product type (i.e. cooperative, condominium, twin home), unit sizes, amenities, and availability of services.

- **Affordable and Subsidized Senior Rental** – Demand was calculated for 468 affordable senior housing units in 2025, increasing to 674 units in 2035. Many candidates for affordable senior rental may be residents at older market rate rental properties. These older properties would have similar (or lower) rents that would be considered affordable for these seniors. An affordable senior housing development would most likely be a LIHTC project through Minnesota Housing. We recommend affordable senior housing developments as either stand-alone buildings or incorporated into a mixed-income development.

  We also find demand for 105 subsidized units in 2025, increasing to 325 units in 2035. The development of subsidized senior housing can be challenging due to limited financing availability as federal funds have been shrinking. Funding a new subsidized development would likely rely on a mix of sources, including LIHTC, tax-exempt bonds, Section 202 program, Rural Development Section 515 program, and Rural Development rental assistance, among others.

- **Service-Enhanced Senior Housing** – Overall, we find demand for 426 market rate service-enhanced senior housing units in 2025 (includes 426 independent living, 767 assisted living, and 249 memory care units), increasing to 894 units in 2030, but decreasing to 767 units in 2035, due to demographic shifts. While we find demand for service-enhanced housing in Duluth, many seniors prefer to age in place and delay moving to senior housing until absolutely necessary, a trend that is particularly true post-COVID. Additionally, labor shortages can make staffing a new facility a challenge.

  For these reasons, we do not recommend the development of additional assisted living units in the short-term, although the growing older adult and senior population should support long-term demand for assisted living senior housing in Duluth. We do, however, anticipate that there is immediate demand potential for independent living and memory care units in Duluth.

  Independent Living Service Level

  The monthly fees should include the base monthly rent, utilities, and some services, such as programs (social, health, wellness and educational), 24-hour emergency call system, and regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to independent living residents on a fee-for-service basis. When their care needs increase, residents may be provided the option of receiving assisted living services in their units (which is preferred by the market) either in bundled packages or a-la-carte. Facilities that have separate assisted living wings or areas may recommend that the resident locate to the assisted living area of the facility depending on the additional services required.

  Assisted Living Service Level

  The fees should include the base monthly rent, utilities, three meals per day plus snacks, weekly housekeeping, linen service, professional activity programs, scheduled outings, nursing care management, and 24-hour on site staffing. Additional services and care fees could be made available in service packages or a la carte for an extra monthly charge. Some smaller stand-alone facilities combine serving assisted living clients along with memory care clients.

  Memory Care Component

  Most new facilities that combined memory care with other service levels incorporate these units in a separate, secure and self-contained wing and located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. If in a separate building, the building would still be secure at the front entry but residents would have more open area. Memory care properties that exclusively serve this segment are often in smaller buildings with between 10 and 24 or more units. Fees typically include the same services as assisted living along with medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte.

Key Housing Priorities/Strategies

Duluth needs housing of all types. Below are the housing products most in demand. The recommended development concepts presented in the report identify numbers of units and general price ranges for the period 2025 to 2030.

General Occupancy

Entry-level for-sale homes
- Detached and attached

Rental Housing
- Workforce Rental Housing (60% to 80% of AMI)

Age-Restricted Housing

Active adult owned housing
- Townhomes/Twinhomes
- Cooperative

Active adult rental housing
- Affordable

Potential Locations for New Housing Development

Downtown Duluth – Central Business District

Duluth's Central Business District remains a vibrant and active commercial center although the once predominant retail focus has shifted to the Miller Hill Mall area and Lincoln Park's new Craft District. Canal Park and the Lakefront provide strong connections between Superior Street and retail/entertainment area that exists. New residential projects have opened recently or are underway Downtown including 333 Superior, Zenith DCHS, Cove Apartments, Cityview Flats, Leijona, Board of Trade Lofts and the renovation of Greysolon Plaza.

Because of the strong demand for rental housing, workforce and affordable, the Downtown offers opportunities to reuse existing structures as well as build new (increasing density on existing Sites). Views of Lake Superior are highly prized and Duluth's topography with steep slopes make it advantageous to consider locations on the hillside to build up, taking advantage of the existing view sheds in different locations.

While office to residential conversions offer some opportunities, care must be taken in considering specific buildings for conversion. Not all office structures offer floorplates that are conducive to residential conversion. Conversion to affordable rental and/or market rate rental requires a careful examination of the target rent levels to be achieved and how residential units would layout to provide an optimal living environment for the resident.

Increasing density on under-utilized sites through new construction will continue to add needed units to the housing stock. We suggest that locations/sites to be targeted include locations near existing retail and employment clusters to enhance the pedestrian-orientation and strengthen walkability.

Lincoln Park

The Lincoln Park Craft District has experienced a renaissance that should be encouraged to continue. Nearby properties that are ripe for development could be made a target focus of a public-private partnership or a focus of DEDA for continued redevelopment. More year-round housing will sustain entertainment and retail venues and likely encourage new development, commercial as well as housing. Housing however, can be the driver to support long-term growth in the neighborhood.

Lester Park

The Lester Park Golf Course has been noted for redevelopment. This location offers considerable opportunities for a variety of owned and rented housing, with a focus on owned housing for this location. Mid-to high densities should be the target with housing products that will attract a diverse range of ages and incomes to create a new subdivision. The location already offers many natural amenities, but additional amenities could be created specifically for the housing. Although this location is not within a short walking distance of retail goods and services, retail locations along East Superior Street are accessible by bus, by bike and car. Those that can walk further distances can access services along East Superior Street on foot.

Woodland/Kenwood

There is a recent proposal made by Titanium Properties to develop two, 30-unit condominium buildings above Hartley Park. This is an example of being able to provide new housing units targeted primarily to older buyers who may relocate from a single-family home. In addition, creating higher density increases land utilization and provides more units per acre.

Under-utilized sites in the Woodland/Kenwood area and especially those near the Mount Royal Shopping Center would be attractive for new rental housing, new for-sale housing (townhomes/twinhomes). Locations at the northern end of Woodland Avenue would be attractive for new single-family and new townhomes/twinhomes.

Morgan Park

The former US Steel site in Morgan Park would be attractive for a variety of housing options although we would recommend that the Site be targeted toward owned housing with a variety of product types and price points and the incorporation of amenities for a new subdivision connected to the existing Morgan Park neighborhood.

Central and East Hillsides

A number of locations/sites in the Central and East Hillside neighborhood have been targets for redevelopment and a number of successful redevelopments have occurred in these areas, creating new housing and increasing density. Additional sites should be considered in these areas for rental housing in addition to for-sale housing. The 4th Street commercial district supports the neighborhood and can be enhanced for increased vitality.

Views of Lake Superior

As always, sites and locations that offer strong views of Lake Superior are attractive locations for housing. While development costs can be higher, these Sites and locations can usually command premiums.

These are just some examples of locations in Duluth that have location appeal, view premiums, land area and other features that make them attractive for housing. We suggest that initially, the focus should be on strengthening existing housing clusters for redevelopment and targeting a few new locations to create more significant housing subdivisions.

Rehabilitation of Low-Cost Units

Properties priced less than $100K may have potential for rehabilitation. Properties priced between $70,000 to $100,000 are likely to have a higher potential for cost-effective renovation/rehabilitation as the investment costs may be reasonable enough to create an attractive and yet still affordable property. For units priced below the $70,000 threshold, the financial gap and costs to improve would likely increase beyond a point where it makes economic sense.

If possible, it would be best to create a cluster of these homes (three or more adjacent) to demonstrate an obvious change. A public-private partnership would be essential for this type of project. Collaboration with LISC, DEDA and possibly the HRA would also be important.

Challenges and Opportunities

The previous tables identified and recommended housing types that would satisfy housing needs in Duluth to 2035. The following summarizes issues that will likely present a challenge, or an opportunity, for new housing development in the community (in no particular order).

- **Affordability.** An estimated 21% of all owner households in Duluth are considered to be cost burdened (paying more than 30% of their income toward housing costs), while 51% of existing renter households are considered cost burdened. By comparison, 17% of owner households and 44% of renter households are cost burdened in Southeast Minnesota.

  Based on current home prices, an estimated 57% of existing owner households in the PMA could afford to purchase an existing entry-level detached single-family home priced at $250,000. The proportion drops to 31% that could afford a new construction move-up home priced at $400,000. An estimated 48% of renter householders could afford to rent a studio or one-bedroom unit at older market rate rental properties in the community at an average rent of $960 per month. However, the income-qualified percentage drops to 28% that could afford monthly rents for a new construction one-bedroom unit priced at $1,300 per month.

  Home sale price appreciation and rental rate growth are both outpacing income and wage growth, further widening the gap between households that can afford a housing unit in the area. These trends, coupled with elevated mortgage interest rates and changes to rules around real estate commissions which could require buyers to pay cash for their agent's commission, are further exacerbating the housing affordability issue, particularly for first-time home buyers.

- **Aging Population.** Significant growth in the senior population is projected for the area, and the homeownership rate among seniors ages 65 and older is relatively high. High home-ownership rates among seniors suggest that there could be a lack of available senior housing options, or that many seniors prefer to live in their home and age in place. Because of the growing older adult and senior population, demand for maintenance-free housing products is rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

  Anecdotal feedback from professionals familiar with Duluth's housing market indicates that the community is likely missing out on some potential growth among younger households. Duluth has an opportunity to attract younger households and should pursue housing projects targeted to younger age groups (i.e. rental housing, moderately priced new construction single-family or townhomes). Additionally, the development of housing for older adults and seniors can help satisfy some of the demand from younger households through the turnover of existing, older housing units.

- **Capture Commuters**. An estimated 65% of the primary jobs in Duluth are filled by workers commuting into the community. With 6,582 workers commuting into the City for employment daily, many commuting more than 50 miles away, there appears to be an opportunity to provide housing options for a portion of these workers. While data does not yet fully reflect impacts on commuting patterns post-pandemic, we anticipate that with potential shifts in work locations long-term for some worker segments (i.e. increased telecommuting), more people are likely to remain within the community for work.

  Additionally, potential job growth in the northeastern portion of the Twin Cities Metro Area could stimulate demand for housing in Duluth. Workers could choose to commute to these areas for employment and reside in Duluth due to a preference for the school district, lower housing costs and/or lifestyle preferences.

- **COVID-19.** The COVID-19 pandemic has impacted the housing market, both directly and indirectly, and economic conditions are still adjusting to the impacts of the pandemic. Locally, job growth has resumed, and unemployment is low, although statewide labor force participation rates remain low. Because of the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree, creating an opportunity for Duluth to capture a portion of the working population that may otherwise live closer to their place of employment.

  The for-sale housing market experienced strong demand, shortened marketing times, and rising sale prices post-COVID, and supply remains low. The pandemic has changed some buyer preferences, and many buyers are seeking outdoor features, green space, more square footage, and flexible spaces for home offices.

  In the rental market, demand for smaller units (i.e. studios) weakened post-pandemic as renters desire larger spaces as they work from home. With telecommuting becoming a norm, tenants are seeking a separation of work and live spaces along with access to outdoor space like balconies and patios. These trends are expected to continue.

  The senior housing industry was directly impacted by the pandemic as the virus affected older adults at a much higher rate. Many senior properties hit record high vacancy rates during, and shortly after, the pandemic, and some seniors continue to age in place as long as possible to avoid shared living spaces.

- **Household Growth and Mobility.** As highlighted in the Demographic Review section of this study, as well as the demand calculations, strong household growth is projected for Duluth and the PMA between 2025 and 2035 across the middle age groups in addition to the age 75+ cohort. The younger age cohorts are expected to have the greatest growth in the near-term while the oldest adults will have the most rapid growth over the long-term.

Much of the demand for new housing units will be generated by turnover of existing households in Duluth and the PMA, although turnover often leads to opportunities for new households to move into the area. Population and household growth in the community will be highly dependent on the availability of suitable housing options catering to a variety of age groups, income levels, and household types.

- **Infill Development/Redevelopment.** Infill development provides opportunities in almost every community. Existing lots served by municipal utilities are often overlooked because they can present challenges to development (i.e. small lot sizes). However, infill housing development and redevelopment can be an effective way to create new housing that is consistent with the surrounding neighborhood and potentially removes functionally or physically obsolete housing units, replacing them with new housing.

  With high demand for affordably priced housing, infill can create an opportunity to develop smaller homes on smaller lots that enhance existing neighborhoods and maintain the character of a neighborhood. However, infill housing can often be priced higher than surrounding homes due to costs related to the removal of an existing home and then its replacement with a new construction home. Assistance with demolition through redevelopment funding can reduce expenses and support more affordable housing.

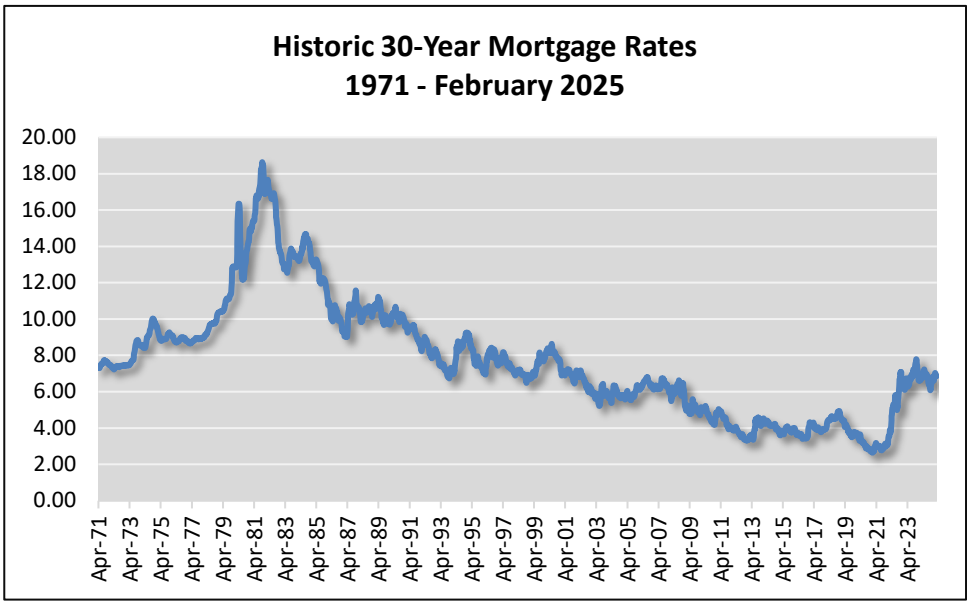
- **Job Growth and Unemployment.** Low unemployment often generates demand for both existing home purchases and new home purchases. Duluth and St. Louis County have historically maintained annual unemployment rates that have tracked consistently with that of Minnesota and the U.S. and usually below equilibrium (generally considered to be 5.0% vacancy). The 2024 average annual unemployment rate in Duluth is 1.9% in Duluth and 2.5% in St. Louis County and 2.3% in Minnesota.

  Duluth, St. Louis County and Minnesota have all experienced a solid recovery of jobs post-COVID, and the Duluth-Superior Metro Area is expected to sustain a moderately strong rate of employment growth over the next several years. St. Louis County is projected to add 13,507 jobs between 2024 and 2035 (14.1% growth), including 16.4% growth in Duluth (9,213 jobs) and 19,238 jobs in the Northeast Planning Region (13.7%). **Labor availability will greatly impact the ability of Duluth and the County to sustain employment levels and achieve the projected job growth. New housing is needed to support economic development in the area.**

- **Mortgage Rates.** Mortgage rates have a significant impact on housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment to maintain the same housing costs.

The 30-year fixed rate mortgage according to Freddie Mac reached 7.79% for qualified buyers in October 2023, the highest rate since November 2000 (7.79%). As of February 6, 2025, it was at 6.89%. Elevated mortgage rates will raise the overall cost of for-sale housing, likely slowing projected for-sale housing demand in the near-term.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Residential Lot Supply and Land Availability**. There are a total of 49 existing vacant lots identified in the PMA with only a portion of those in Duluth. Based on the for-sale housing market data, there is less than a three-month supply of homes available in Duluth and only a 2.1-month supply of homes available in the PMA, indicating a very tight housing market and limited lot availability. Although additional lots are needed, finding sufficient land to develop an adequate supply of lots for new development remains challenging.

  Due to geological and topography (i.e. bluffs and bedrock) that create higher construction costs for development in Duluth, land availability for future residential development is an ongoing concern.

  With total demand for 1,182 new general occupancy for-sale units and 256 active adult ownership units by 2035, the supply of available land will require redevelopment of existing sites and development on the periphery of the City's boundaries to satisfy projected demand. **The City has and continues to target underutilized sites and buildings for adaptive reuse and redevelopment.**

- **Residential Construction and Development Costs**. The cost to build and develop new single-family housing has increased significantly over the past decade across the United States due to several issues, including rising costs (i.e. land, material, labor), lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to "pencil" modestly priced new construction. Many new construction homes in Duluth and the surrounding area sell for over $500,000 which is not affordable for households with moderate incomes.

  Many communities across Minnesota offer various types of lot incentive programs to stimulate new construction. Most lot incentive programs are offered and administered by a local economic development or housing and redevelopment agency that funds the program. In many cases, the municipalities fund the infrastructure using general obligation improvement bonds. Programs vary considerably between communities, but most have time limits on when houses are constructed after a lot is purchased.

  Additionally, it may be difficult to construct new for-sale multifamily product given existing market rents and development costs. According to construction costs data from the Craftsman National Building Cost Manual, construction costs in Duluth (utilizing construction averages adjusted for the Duluth area) are likely to average between $200 and $350 per square foot for builder grade single-family homes and an estimated $225,000 to $250,000 per unit for a "best" quality apartment building with ten or more units.

  Development costs of this scale will require rents per square foot higher than the existing market rate rental properties in Duluth (average of $1.88 psf), but we note that these rent levels are already high for a City the size of Duluth, based on its location. With these higher costs, it is difficult for a private developer to construct a multifamily apartment building at current market rents, although new market rate product has absorbed rapidly at rent levels above $2.10 per square foot. The larger portion of the general rental market however, cannot typically afford new luxury rental products. Existing older products are full creating a very tight rental market and significant pent-up demand for moderately priced rental units. As a result, a private-public partnership and other financing programs will be needed to address the development of units targeted to households with incomes between 60% and 80% of income to be able to bridge some of the gap between existing older product and new product and keep rents affordable to local residents/workforce (i.e. tax abatement, Tax Increment Financing). While some funds were available through the Workforce Housing Program earlier and the State Legislature intends to address housing issues again this session, funds available were rapidly used, leaving little funding available for many needed workforce projects throughout the State. Affordable housing developers are having to cobble together multiple programs to be able to create this type of housing without accessing the usual LIHTC program.

- **Workforce/Moderate Income Housing** is generally considered to be housing that targets households earning between 60% and 100% AMI. Units are not income restricted but are priced at rates considered affordable to the local workforce. In St. Louis County, the workforce housing income band ranges from $42,300 (one-person household at 60% AMI) to $106,300 (six-person household at 100% AMI).

  The development of workforce housing, both owned and rented, is important for communities to attract and maintain employees, although public-private partnerships may be needed to help finance the development of workforce housing. The development of workforce housing can be complex and many communities ultimately leverage multiple tools and programs to achieve their housing goals.

  In many communities, a City, County, the HRA or EDA may develop a residential subdivision, and offers lots to buyers at below market prices to stimulate the development of new for-sale housing. Additionally, the construction of move-up housing in a new subdivision could stimulate turnover of existing, lower-priced homes in the community. Similarly, the development of maintenance-free housing such as townhomes or twin homes (owned or rented) targeted to older adults and seniors would stimulate turnover of existing homes, which could ultimately be purchased by area workers.

  Private businesses can partner with each other and with local units of government to help get new housing built. Generally, Employer-Assisted Housing (EAH) programs include any housing initiative that an employer either finances or assists in some way, and they are used to either produce new housing in a community or help employees purchase or rent housing. Examples include land donation, cash contributions, and construction financing. In some cases, employers develop and own housing for their employees. Other methods include down payment assistance, closing cost assistance, gap financing, and rent subsidies. Local units of government can partner with EAH programs by offering TIF, tax abatement, or other housing resources. Although tax abatement has not been utilized to any extent in Minnesota, more communities are considering this as a tool to be able to generate new residential development, primarily larger size subdivisions and larger mixed-income or large multifamily developments.

- **Housing Development Innovation.** Alternative construction methods such as modular construction, Structural Insulated Panel (SIP) construction, 3-D printed housing and "tiny homes" can provide reduced cost housing. Additionally, unconventional housing concepts, such as accessory dwelling units, Community Land Trusts and affordable housing cooperatives can also help produce affordable or workforce housing.

  An affordable housing cooperative provides a homeownership model where residents can purchase a share in the development and commit to reselling their share at a price that maintains long-term affordability. In a housing cooperative, residents collectively own the building or land where they live, not the individual unit.

In contrast, Community Land Trusts (CLT) create affordable housing by taking the cost of land out of the purchase price of a home and keep housing affordable for future buyers by controlling the resale price of houses through a ground lease and resale formula.

- **Zoning and Land Use Regulations.** In many communities, restrictive zoning ordinances and other land use regulations can prevent the development of affordably priced housing units by limiting allowable density, regulating minimum lot sizes, and requiring that new homes meet minimum size and parking space standards. We understand that Duluth has been proactive in this regard and has already revised and implemented new land use regulations and amended zoning ordinances to increase flexibility in the types and sizes of housing units allowable within certain zoning districts in a manner that is intended to decrease development costs and increase affordability.

  Density bonuses are offered as incentives to increase residential density in designated areas, particularly around Core Investment Areas including Downtown and East Hillside. These bonuses can take various forms, including reduced or waived building permit fees, streamlined approvals and even increases in allowable building density. Density bonuses are part of a broader strategy to encourage development and promote housing affordability and diversity. In some cases, density bonuses may be tied to building preservation efforts. The City also considers other incentives such as reduced stormwater utility fees for projects that incorporate green roofs and other water management techniques.

Housing Programs

Many local governments offer housing programs designed to enhance, improve, or develop new housing stock. The following points are designed to provide ideas and suggestions to help the public and private sector support housing programs and incentives to spur housing development in Duluth.

The examples presented on the following pages identify housing tools utilized in other communities; however, this is not an all-inclusive list as many governmental agencies offer different programs based on their individual needs. Federal funds for housing development have been declining for years and the remaining housing programs include the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTC).

However, given the current political climate, some of these traditional long-standing resources may either go away or funding may be substantially reduced. Local units of government are increasingly dependent on other resources to support development such as housing trust funds and housing bonds.

Local Resources:

The ***Duluth Housing and Redevelopment Authority (HRA)*** is a public housing authority established to address the housing needs of underserved populations in the area. The HRA owns and manages income-based rental properties in Duluth and administers the Housing Choice Voucher program. Most recently, the HRA has spearheaded new housing initiatives at Harbor Highlands for the development of affordable for-sale and senior affordable housing. It has also been instrumental in the past in initiating and supporting other specific for-sale and affordable development projects in Duluth.

LISC (Local Initiatives Support Corporation) is a national organization with 37 local offices nationwide which through a public-private partnership leverage private dollars from banks, corporations and foundations and use that funding to provide grants, loans and equity for various community projects. One of LISC's target areas is the support of affordable housing among other ventures. The local LISC office in Duluth is a long-standing partner in the community providing leadership and support for a variety of projects in the area. The Duluth office is currently developing an updated community engagement and partnership strategy to further assist with strategic investments.

The Housing Trust Fund Program (the "Program") was created through the cooperative efforts of the City of Duluth (the "City") and the Local Initiative Support Corporation ("LISC"). The Program shall have the goals and objectives as set forth below and shall have a shared application process. Within the Program, there shall be a "City Program" and a "LISC Program", each with distinct funding accounts and varying criteria, terms and rates. The City Program shall be funded pursuant to Section 20-32.1 of the City Code. LISC shall be responsible for developing the criteria, terms and rates applicable to the LISC Program and its funding.

Other non-profit organizations such as **One Roof Community Housing**, **Center City Housing Corp, Accessible Space Inc.** and others have been instrumental in developing low-income housing, accessible housing and supportive housing in Duluth with great success.

State/National Resources:

Minnesota Housing Finance Agency ("Minnesota Housing") – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multifamily housing sectors.

> The Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers. Individual project awards cannot exceed 50% of the total development costs. Program criteria are summarized below. **It has not been released yet how much funding may be available under this program for the upcoming year.**

- To be eligible for the Workforce Housing Development Program, a project area must be either:
  1) a home rule or statutory city located outside of the Twin Cities Metro Area with a population that exceeds 500 residents
  2) a community with a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city, or
  3) an area served by a joint county-city economic development authority
- A vacancy rate of 5% or lower for at least the prior two years
- One or more businesses located in the project area (or within 25 miles of the area) that employ 20 full-time equivalent employees
- A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers, and
- The development must serve employees of businesses in the project area.

The Statewide Affordable Housing Aid (SAHA) is a new (2023) program that helps counties, Tribal nations, and greater Minnesota local governments develop and preserve affordable housing. Statewide Affordable Housing Aid will be paid directly to all counties, cities of the first, second, and third class (those with populations above 10,000). Cities in Greater Minnesota that are under 10,000 in population, will be eligible to participate in a discretionary grant program administered by Minnesota Housing for grants of at least $25,000.

Housing developed or rehabilitated with funds under this program must be affordable to the local workforce. Qualifying projects include:

- Emergency rental assistance for households earning less than 80% AMI
- Financial support to nonprofit affordable housing providers
- Construction, acquisition, rehabilitation, etc. for homeownership projects for households at 115% AMI and rental housing for households at 80% AMI, and
- New construction or substantial rehabilitation of a building containing more than four units.

The Minnesota Affordable Housing Tax Credit (AHTC) and the Housing Tax Credit Contribution Account (HTCCA) offer a flexible fund that provides loans and grants to developers for eligible housing projects. The fund is capitalized by contributions from taxpayers. Participating taxpayers receive a $0.85 credit for every dollar contributed to the Housing Tax Credit Contribution Account (minimum contribution of $1,000).

- Eligible uses of funds include gap financing, new construction, acquisition, rehabilitation, demolition, construction financing and permanent financing. Eligible awardees include a City, federally recognized American Indian tribe, tribal housing corporation, private developer, non-profit organization, housing and redevelopment authority, public housing authority, owner of the housing.

The Economic Development and Housing Challenge funds the construction, purchase, financing, and redevelopment of single-family homes and multifamily rental properties with deferred loans. The program has a specific goal of enhancing economic development and is a primary resource for workforce housing.

The Low- and Moderate-Income Rental Program (LMIR) provides long-term amortizing mortgage debt for multifamily rental housing affordable to low- and moderate-income households in Minnesota. Eligible activities include new construction, rehabilitation of existing affordable housing, adaptive reuse, preservation of affordable and/or federally assisted housing, and refinance of existing mortgages.

The Workforce and Affordable Homeownership Development Program provides a one-time grant of up to $375,000 for the development of workforce and affordable homeownership projects across Minnesota. Funds serve households up to 115% AMI, and may be used for residential housing development, rehabilitation, land development, infrastructure development, and repair for manufactured home parks.

Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund ("GMHF") supports, preserves and creates affordable housing in the 80 counties outside the core Twin Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing.

The Revolving Development Loan Fund awards development loans to create or preserve affordable homes throughout Minnesota.

Minnesota Equity Fund raises equity capital from corporations and banks to invest in sustainable affordable housing developments, including workforce housing, low-income senior housing, mixed-use and mixed-income housing, and supportive housing.

The NOAH Impact Fund finances the acquisition and preservation of naturally occurring affordable rental housing to preserve the long-term affordability of rental units at risk of conversion to higher rents.

Minnesota Department of Employment and Economic Development – MN DEED offers community development funding through two programs for projects that assist communities stay vital and pursue economic development. The Small Cities Development Program offers state grant funds to rehabilitate local housing stock. Local governments lend funds to projects benefiting low- and moderate-income households and may be used for owner-occupied or rental projects. Additionally, public facility grants are directed toward wastewater treatment projects.

Minnesota Housing Partnership – Minnesota Housing Partnership ("MHP") strengthens development capacity and promotes systems change to expand opportunity, especially for those with the greatest need. They support a diversity of partners to stimulate innovation and drive positive impact in affordable housing and community development in Minnesota and beyond.

MHP has expertise in single and multifamily housing, as well as special needs projects, including supportive, transitional and culturally relevant housing.

Other Resources

There are many other housing programs that Duluth could consider utilizing to aid and improve the housing stock. The following is a list of potential programs that could be explored.

- Accessory Dwelling Units - An Accessory Dwelling Unit (ADU) is a self-contained residential unit that meets the requirements of the State Building Code. These units, often referred to as "granny flats" or "backyard cottages" may be located inside the principal building on the lot or may be in a detached accessory building on the same lot. Cities within the County could consider allowing ADUs in residential zoning districts to increase the variety of housing types available in the City. **This has already been considered by the City and it appears that demand may not be strong enough to make a critical impact.**

- Construction Management Services - Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.

- Fast Track Permitting - Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.

- First-Time Home Buyers - Below market-rate mortgage loans for first-time homebuyers, or those who have not owned a home in the past three years. Financial assistance may also be available for down payment, closing costs, and principal reduction. Usually subject to income guidelines, purchase price limits, and eligible property. Some cities partner with a 3rd party.

- Historic Preservation - Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs. **Duluth has many examples of historic preservation through the use of historic tax credits.**

- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.

- Home-Building Trades Partnerships - Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the "classroom" for future trades people to gain experience in the construction industry.

- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.

- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.

- Household and Outside Maintenance for the Elderly (H.O.M.E.) - People 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.

- Infill Lots - Purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future redevelopment. Future purchasers can be builders or future owner-occupant who has a contract with a builder.

- Land Acquisition/Banking and Site Assembly - Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than the market) with the purpose of developing affordable housing. Site Assembly may be a part of future land banking or may be initiated at the onset of a project to facilitate development of new housing where it may be cost prohibitive for a developer to purchase and assemble a number of adjacent housing units for a specific project or purchase individual units for a specialized in-fill program. **Duluth has a number of old housing units which are blighted and condemned, which could be removed to make way for new development. Targeted removals to create larger conjoined properties is preferable.**

- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded. **This has been utilized in Duluth in some subdivisions.**

- Live Where You Work - Program designed to promote homeownership in the same community where employees work. City provides a grant to eligible employees to purchase a home near their workplace. Employers can also contribute or match the City's grant. Participants must obtain a first mortgage through participating lenders. The grant can be allocated towards down payment assistance, closing costs, and gap financing.

- Low or No Cost City/County-Supplied Land - Sell city/county-owned land at low/no cost for the construction of mixed-income and affordable housing.

- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.

- Rent to Own - Income-eligible families rent for a specified length of time with the end goal of buying a home. The administering agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Scattered Site For-Sale Housing Program - Target distressed or blighted single-family properties for demolition and rehabilitation. Once demolished, vacant lots can be sold for the construction of a new single-family home.

- Tax Abatement - A temporary reduction in property taxes over a specific period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives. **(This is being used by more communities for larger size residential developments.)**

- Tax Increment Financing (TIF) - Program that offers communities a flexible financing tool to assist housing development projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.

  TIF funds can be used to provide a direct subsidy to a particular housing project, or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF. **The City has utilized TIF many times in the past.**

- Visitability - Defined as designs that allow people with mobility impairments to enter and stay, but not live, in a residence. There are three specific design elements that must be incorporated in the dwelling to satisfy the State visitability requirements: the dwelling must include at least one no-step entrance, 32-inch clear opening doorways and at least a one-half bathroom on the main level that meets minimum clear floor space for half baths. The requirement applies to new construction financed by Minnesota Housing, including single-family homes, duplexes, triplexes and multi-level townhomes. Communities could adopt similar requirements for a portion of new development projects, particularly developments that utilize municipal finance tools.

- Waiver or Reduction of Development Fees - There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.

APPENDIX

Definitions

Absorption Period – The period necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income "AGI" – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – Housing that is income-restricted to households earning at or below 60% AMI, though individual properties can have income-restrictions set at 40%, 50% or 60% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income "AMI" – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility.

At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, and other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the housing choices in the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure (owner/renter) and size for a specific proposed development. Components vary and can include, but are not limited to turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- Gross Density – The number of dwelling units per acre based on the gross site acreage. *Gross Density = Total residential units/total development area*
- Net Density - The number of dwelling units per acre located on the site, but excludes public rights-of-way (ROW) such as streets, alleys, easements, open spaces, etc.

Net Density = Total residential units/total residential land area (excluding ROWs)

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons ages 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Floor Area Ratio (FAR) Ratio of the floor area of a building to the area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Generations – A generation is a group of people born in the same period and raised in the same geographic area. Generations exhibit comparable characteristics because they experienced similar trends at roughly the same life stage and through similar channels. In America, there are six living generations.

GI Generation: Born between 1901 and 1926, they came of age during the Great Depression and fought in World War II; also referred to as "The Greatest Generation".

Mature/Silent Generation: Born between 1927 and 1945 during the Great Depression and World War II; also referred to as "The Lucky Few". This was a relatively small generation as their parents had fewer children due to financial insecurity and World War II.

Baby Boomers: Born just after World War II between 1946 and 1964; also referred to as the "me" generation. Increased birth rates during the post-World War II baby boom make this a relatively large generation.

Generation X: Born between 1965 and 1980; also referred to as the "Baby Bust" generation due to a decline in the birth rate following the baby boom.

Millennials: Born between 1981 and 2000; also known as "Generation Y", "The 9/11 Generation", and "Echo Boomers". Children of baby boomers represent the largest generation since the baby boom. Buying homes and starting families later than previous generations.

Generation Z: Born after 2001; also known as "Boomlets", "the iGeneration", and "Post Millennials". Children of Generation X and will be larger and more diverse than Baby Boomer and Millennial generations.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period, which is a function of new household formations, changes in average household size, and met migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the United States Department of Housing and Urban Development (HUD) to administer the housing choice voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income limits – Maximum household income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program.

Independent Living – Independent Living properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors ages 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or "Market Area" considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergo specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of people afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered "naturally-occurring" or "unsubsidized affordable" units. This rental supply is avail-

able through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term "senior housing" refers to any housing development that is restricted to people ages 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Independent Living, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers' mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 50% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 60% and 100% AMI.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.