

St. Louis County HRA



Housing and Redevelopment Authority

2022 ANNUAL REPORT

Northwoods Townhomes
Ely, MN



Birchwood Apartments
Duluth, MN



Pioneer Apartments
Cook, MN



North Shore Community School
Duluth Township, MN



New Moon Supportive Housing
Tower, MN



CONTENTS

Introduction - 2022 Year in Review	1
History and Strategic Objectives	2
2023 Budget	3
Activities Over the Years	4
Featured Past HRA Projects – Where are They Now?	8

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Keith Nelson	District 6 – Chair
Mike Jugovich	District 7 - Vice-Chair

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St. Louis County HRA

Housing and Redevelopment Authority

2022 – Year in Review

Events of the past fifteen years have created a severe housing shortage across the Country. After the Great Recession, housing construction in the United States dropped considerably, with fewer homes constructed between 2008 and 2018 than during any other decade since the 1960s. By 2019, the estimated shortage in the United States was 3.8 million units. Since 2019, material and labor shortages have exacerbated the problem even more. The resulting housing shortage has caused housing prices and rents to soar. *(Source: “U.S. Housing Shortage: Everything, Everywhere, All at Once”, Jeffery Hayward, Fannie Mae, October 31, 2022)*

St. Louis County has experienced the impact of these trends firsthand with its aging housing stock, limited supply of newer housing units, and a strong demand for all units. Sixty percent of owner-occupied homes and fifty-four percent of rental units are over 50 years old and at risk of deterioration. Even before the Pandemic, the County’s 2019 owner-occupied vacancy rate was two percent. As of April 2022, the County’s vacancy rate for apartments was 0.9%, and for apartments built since 2010 was zero percent. Only older single-family units remain available for rent. Housing demand has elevated prices beyond a level that many can afford. *(Sources: HUD 2021 CHAS, MHP 2021 County Profile)*

Communities across the County are facing these challenges head on and the St. Louis County HRA is often asked to assist. Because of its array of funding tools, the HRA is uniquely positioned to respond. In 2022, the HRA funded three important projects centered on preserving aging housing, developing new housing, and clearly defining housing needs in order to develop strategies to address them.

City of Buhl Housing Development – Burnette Addition: In 2021, the City of Buhl requested financial assistance for the creation of eight new residential lots for single-family homes or multi-unit townhomes. To assist with the project, the HRA Board approved a \$75,000 grant. When development costs increased significantly, the Board authorized another \$75,000 grant in 2022. With construction nearly complete, five lots have already been sold.

Chisholm HRA Housing Unit Rehabilitation: Public Housing Authorities receive limited funding to maintain their HUD-funded properties, often leading to substandard units. The Chisholm HRA requested support with eight vacant units that could not be rented due to deteriorating conditions and the presence of asbestos. To address these issues, the HRA Board granted \$135,000. Work is underway and its completion will return to service, and preserve, eight quality affordable units.

East Range Joint Powers Board (ERJPB): The City of Biwabik is creating a shovel-ready housing development site. In addition to required site-specific investigation, Biwabik will undertake a housing market analysis to identify the best type of development for the site. Due to its proximity to Aurora, Hoyt Lakes, and the Town of White, Biwabik will expand the analysis to include all four communities. The HRA Board approved a \$7,500 grant to ERJPB to assist with the analysis, which will inform communities about existing needs and forecast the demand for various types of housing units.

Although 2022 yielded some amazing opportunities to support the efforts of communities in confronting their housing needs, the HRA anticipates a possibility in 2023 of broadening its scope of assistance with new funding resources and approaches. Additionally, the HRA looks forward to developing strategies to tackle the County’s housing issues directly.



St. Louis County HRA

Housing and Redevelopment Authority

History and Strategic Objectives

The St. Louis County Housing and Redevelopment Authority (HRA) was created in 1988 in accordance with Minnesota Statutes and has the same powers as a municipal HRA. Its primary operational territory includes communities in St. Louis County that do not have a municipal HRA.

The St. Louis County HRA may also operate in communities with a municipal HRA through invitation by the local HRA. The eleven communities in St. Louis County with an HRA include Aurora, Biwabik, Chisholm, Cook, Duluth, Ely, Eveleth, Gilbert, Hibbing, Mountain Iron, and Virginia.

The St. Louis County HRA does not own or operate public housing or administer tenant-based rental assistance programs. Rather, its purpose is to expand and diversify the St. Louis County economic base and to develop and improve its housing stock.

The St. Louis County Planning and Community Development Department provides staffing to the County HRA and coordinates its activities with County-funded activities.

The St. Louis County Board of Commissioners also serve as the HRA governing board, and the St. Louis County Planning and Community Development Director serves as the County HRA Executive Director.

Since 1993, St. Louis County HRA has provided funding to a broad range of projects. Additionally, since 2005, the HRA has participated in the Minnesota Housing Finance Agency's Minnesota City Participation Program, which provides a pool of low-interest mortgage funding for low- and moderate-income first-time homebuyers which St. Louis County citizens can access from mortgage lenders throughout St. Louis County.

To demonstrate the range of HRA assistance, this Annual Report provides a general overview of activities funded since the HRA's inception, as well as a detailed summary of several more recently funded projects.

HRA Objectives and Strategies

OBJECTIVE

- Maintain and expand affordable housing opportunities.

STRATEGY

- Use federal and HRA funds to expand single family homeowner programs, initiate development of multifamily rental programs and support local affordable and special needs housing development projects.

OBJECTIVE

- Strengthen communities through redevelopment and revitalization activity.

STRATEGY

- Work with communities and county departments to develop programs that result in a re-use of blighted and tax forfeit properties for economic development and housing development.

OBJECTIVE

- Maximize financial resources.

STRATEGY

- Work with communities to secure state and federal resources for housing and economic development projects.



St. Louis County HRA

Housing and Redevelopment Authority

2023 BUDGET

HRA Fund Balance 12-31-22	\$837,692.00
Projected 2023 Activity	
Approved HRA Projects:	
Hibbing HRA	(150,000.00)
United Way	(11,400.00)
Housing Market Analysis	(7,500.00)
Proposed HRA Projects:	
East Range Aurora Market	(150,000.00)
Approved 2023 HRA Budget:	
Personnel	(90,000.00)
Operating-Projects	(135,683.26)
Legal	(4,604.74)
Emergency Reserve	(200,000.00)
Approved 2023 HRA Levy:	\$230,288.00
HRA Projected Fund Balance 12-31-23	\$318,792.00



HRA Activity

St. Louis County

Burnette Addition – Buhl Single Family Lot Development

Mapleview Apartments – Chisholm HRA Rehabilitation of Public Housing Units



Activity 2022

East Range Joint Planning Board

Grant funding for housing market analysis. The analysis identified the best use for a specific shovel-ready site in Biwabik, and also identified and recommended strategies to address general housing market needs in Aurora, Biwabik, Hoyt Lakes, and the Town of White.

HRA Funding: \$7,500
Housing Units: N/A

Activity 2022

Chisholm HRA: Housing

Grant funding for interior demolition and remodeling, roofing, ventilation, insulation, and asbestos abatement in 8 obsolete and deteriorated public housing units.

HRA Funding: \$135,000
Housing Units: 8 units
Rehabilitation of 8 rental units

Activity 2022

City of Buhl: Housing Development Burnett Addition – Phase 2

Funding to install public utility infrastructure creating 8 lots for construction of single-family or twin homes.

HRA Funding: \$75,000
Housing Units: 8 lots ¹

¹ \$75,000 for Phase 2 is supplemental funding for the 8 lots referenced for Phase 1. These funds helped defray unanticipated increased construction costs.

Activity 2021

City of Buhl: Housing Development Burnett Addition – Phase 1

Funding to install public utility infrastructure creating 8 lots for construction of single-family or twin homes.

HRA Funding: \$75,000
Housing Units: 8 lots

Activity 2021

Hibbing HRA: New Haven Court Project

Contingent funding commitment to construct and rehab public housing units managed by the HRA. Local commitment is necessary for application for state and federal funding.

HRA Funding: \$150,000
Housing Units: 102 rental units (42– Rehabilitation / 60 Units – Demolition and New Construction)

Activity 2021

Embarrass Township: Visitor Center Improvements

Rehabilitation of the Township restroom facilities at the Visitor Center located at Hwy. 135 and Hwy 21. The existing facilities created a public health and safety hazard.

HRA Funding: \$12,000
Public Facilities: 1 facility

Activity 2019

Arrowhead Economic Opportunity Agency: Bill's House Homeless Shelter Rehabilitation

Rehab of the homeless shelter located in Virginia. The facility was built in 1998 and is consistently filled to capacity.

HRA Funding: \$255,110
Housing Units: 12 units and supportive services for homeless persons

Activity 2019

Center City Housing: Birchwood Apartments

Construction of 30 rental units of permanent supportive housing to homeless persons with behavioral health needs. The apartments are adjacent to the Birch Tree Crisis Center in Duluth.

HRA Funding: \$200,000
Housing Units: 30 units and supportive services for homeless persons with behavioral health needs



HRA Activity

St. Louis County

<p><u>Activity 2018</u></p> <p>Bois Forte Band of Chippewa: New Moon Supportive Housing Project Conditional HRA funding for unreimbursed HUD Supportive Housing Grant funding. Provision of the funds is conditional upon HUD review. HRA Funding: \$10,122 (Funding was not required.) Housing Units: 8-unit apartment, 6 twin homes</p>	<p><u>Activity 2017</u></p> <p>Garfield Square Apts. Center City Housing Deferred loan to develop 50 affordable housing units for homeless persons. Construction anticipated for 2019. HRA Funding: \$200,000 Housing Units: 50</p>	<p><u>Activity 2017</u></p> <p>Gateway Towers City of Duluth Grant to rehabilitate 150 rental units for very low-income families. HRA Funding: \$100,000 Housing Units: 150</p>	<p><u>Activity 2017</u></p> <p>American Indian Community Housing Organization Grant to pay delinquent taxes and avoid tax forfeiture of 29 affordable housing units. HRA Funding: \$50,000 Housing Units: 29</p>
<p><u>Activity 2016</u></p> <p>Ely HRA: Refunding of bonds issued for the Northwoods Townhomes project to consolidate debt and reduce interest rate. HRA Bonding: \$4,045,000 Housing Units: 26 ²</p> <p>²This project has demonstrated strong occupancy and financial condition since construction in 2006.</p>	<p><u>Activity 2015</u></p> <p>Hibbing HRA: Forest Park Townhomes Project New construction of 30 units of affordable rental housing. HRA Funding: \$250,000 Housing Units: HRA applied twice to Minnesota Housing to secure additional funding and were unsuccessful. County HRA funding was not used.</p>	<p><u>Activity 2015</u></p> <p>United Way of NE Minnesota: Childcare Expansion Project Grants to existing childcare facilities to expand capacity and improve economic opportunity for families with children. HRA Funding: \$50,000 Businesses: 3-6 childcare facilities</p>	<p><u>Activity 2015</u></p> <p>Cook HRA: Pioneer Apartments Repair Project Damage caused by water main break and flooding in the building. Insurance denied coverage. HRA Funding: \$125,000 Housing Units: 24 ³</p> <p>³Habitability has been restored to 24 units of affordable housing, most occupied by seniors.</p>
<p><u>Activity 2014</u></p> <p>St. Louis County Environmental Services Department Additional funding to support ongoing SSTS Abatement Program. HRA Funding: \$100,000 Households: 21 to-date; 5-7 more projected</p>	<p><u>Activity 2014</u></p> <p>St. Louis County Blight Removal Program Coordinated blight removal on county-managed tax- forfeit property. The goal is return property to productive use and taxable status. HRA Funding: \$50,000</p>	<p><u>Activity 2014</u></p> <p>ABC of North Shore Community School Issuance of tax-exempt bonds to assist with the expansion of the school facility. HRA Bonding: \$3.3 million Assisted school expansion and generated HRA fee income.</p>	<p><u>Activity 2013</u></p> <p>Steve O'Neil Apartments: Center City Housing Project to develop 50 affordable housing units with 6 units for emergency shelter. HRA Funding: \$250,000 Housing Units: 50</p>



HRA Activity

St. Louis County

<p><u>Activity 2012</u></p> <p>Floodwood Business Park Development Infrastructure extension to support business expansion by Floodwood Services and Training. HRA Funding: \$150,000 ⁴</p> <p>⁴ No funding was expended, and the project was cancelled. FS&T will undergo facility expansion at its current site with CDBG assistance.</p>	<p><u>Activity 2012</u></p> <p>St. Louis County Environmental Services Department SSTS Abatement Program to provide financial and technical assistance to low and moderate-income homeowners for residential septic treatment system compliance. HRA Funding: \$131,000 Households: 15-20</p>	<p><u>Activity 2011</u></p> <p>Bois Forte Band of Chippewa: New Moon Supportive Housing Project Homeless Native American housing with support services. Project located on Vermilion sector of reservation but serves persons countywide. HRA Funding: \$150,000 Housing Units: 20 (8-unit apartment, 6 twin homes)</p>	<p><u>Activity 2009</u></p> <p>Arrowhead Economic Opportunity Agency: Virginia Youth Foyer Homeless youth rental housing and support services. Project located in Virginia but serves youth countywide. HRA Funding: \$150,000 Housing Units: 18</p>
<p><u>Activity 2008-2009</u></p> <p>MN Assistance Council for Veterans: Duluth Veterans Housing Homeless veteran's rental housing and services project located in Duluth but serves veterans countywide. HRA Funding: \$150,000 Housing Units: 16</p>	<p><u>Activity 2008</u></p> <p>Comprehensive Housing Study Housing Expeditor Iron Range Communities, part of Range Readiness Initiative (RRI). HRA Funding: \$50,000² Housing Units: n/a</p> <p>² HOME funding</p>	<p><u>Activity 2006</u></p> <p>Ely HRA: Bonding for Northwoods Townhomes Project Senior rental housing. HRA Bonding: \$3,500,000 Housing Units: 26 ⁵</p> <p>⁵ County HRA bonding capacity used to augment the Ely HRA capacity. Supported by Ely HRA and City of Ely levy authority along with unit rents.</p>	<p><u>Activity 2002</u></p> <p>Tower Economic Development Authority: Northstar Addition Construction financing for owner occupied housing. Loan has been repaid. HRA Funding: \$225,000 Housing Units: 2</p>
<p><u>Activity 2002</u></p> <p>Natural Resources Research Institute: Aurora Building Systems Equipment for a new method of housing construction under testing by NRRI and a housing development contractor. HRA Funding: \$20,000 Housing Units: n/a</p>	<p><u>Activity 2002</u></p> <p>Breitung Township: Mineview Addition Infrastructure to create lots for new housing construction. HRA Funding: \$50,000 Housing Units: 5 lots</p>	<p><u>Activity 2001-2002</u></p> <p>MN Housing Finance Agency: Economic Vitality and Housing Initiative (EVHI) The County HRA received 2-year grant to facilitate regional housing meetings. HRA Funding: Staff hours</p>	<p><u>Activity 2000</u></p> <p>Arrowhead Economic Opportunity Agency: Rural Septic Rehabilitation Program Grants to homeowners for replacement of nonconforming individual septic treatment systems. HRA Funding: \$275,000 ⁶ Housing Units: 29</p> <p>⁶ HRA funding of \$110,000 matched MN Housing Finance Agency (MHFA) funding of \$165,000.</p>



HRA Activity

St. Louis County

Activity 1998

Tower: Northstar Addition
Infrastructure to create lots for new housing construction.
HRA Funding: \$235,000
Housing Units: 25 lots

Activity 1993

Toivola-Meadowlands Development Board: Meadowland Manor
Development of affordable rental units for seniors.
HRA Funding: \$125,000
Housing Units: 12



St. Louis County HRA

Housing and Redevelopment Authority

Past Project Feature – Bill’s House



Image: Bill’s House – 210 3rd Street North, Virginia, MN

Project: Bill’s House – Emergency and Transitional Shelter Rehabilitation
Location: 210 3rd Street North, Virginia, MN
Organization: Arrowhead Economic Opportunity Agency
Date: Funding approved by St. Louis County HRA on October 1, 2019

Bill’s House Homeless Shelter has four (4) emergency shelter beds and eight (8) short-term transitional beds. The Shelter was constructed in 2000 and is the highest used shelter facility outside of Duluth in St. Louis County. Due to its high usage, this aging facility was in serious need of updates and repairs. An insufficient operations budget prevented AEOA from addressing costly building deficiencies. Therefore, to remedy the building’s general physical decline, AEOA sought funding assistance from the St. Louis County HRA. The rehabilitation project included, among many improvements, window and door replacement, cabinet replacement, flooring replacement, interior painting, water heater and furnace replacement, electrical work, siding and roof replacement, fire system upgrades, and kitchen and bathroom upgrades. The HRA granted \$255,110 toward this \$631,000 project. In addition to HRA assistance, the project received nearly \$366,000 of Emergency Shelter Grant-CV2 funds from St. Louis County.

Although the Covid-19 Pandemic and a fire in the shelter created unanticipated project delays, construction was completed in the Fall of 2022. The facility’s interior and exterior has been completely rehabilitated, offering its residents comfortable and secure locked rooms, updated bathroom facilities, and enhanced security. Bill’s House continues to provide a safe and welcoming environment to those who are served, and to help clients move through the Homeless Response System into stability. As would be expected, the Shelter continues to be the most used facility outside of Duluth in the Northern St. Louis County Continuum of Care (CoC) System. Because of high demand, more than 800 people seeking shelter at Bill’s House and AEOA’s other shelters are turned away each year. AEOA is presently working to develop another homeless shelter in Hibbing, Minnesota.



St. Louis County HRA

Housing and Redevelopment Authority

Past Project Feature – Garfield Square Apartments



Image: Garfield Square Apartments – 10 Piedmont Avenue, Duluth

Project: Garfield Square Apartments
Location: 10 Piedmont Avenue, Duluth, MN
Developer: Center City Housing Corporation of Duluth – Garfield Square, LLLP
Date: Funding was approved by the St. Louis County HRA on April 23, 2017

St. Louis County HRA was asked in 2017 to assist with funding the \$14 million construction of Garfield Square Apartments, a proposed 50-unit permanent supportive housing complex in the Lincoln Park Neighborhood of Duluth. The Project’s one-bedroom apartment units were proposed to house very low-income individuals, many with mental illness and chemical dependency issues, poor rental histories, criminal records, and tenuous income streams. Featured amenities and services would provide wrap-around support to residents and included office space to accommodate on-site services and case management activities, 24-hour a day front-desk staffing, transportation, and tenant advocacy. Daily program operations at Garfield Square would include harm reduction strategies, housing stability plans, crisis plans, and rent-repayment plans.

St. Louis County HRA funded \$200,000 of the project in the form of a 0% Interest, forgivable deferred loan.

The Project’s Certificate of Occupancy was issued on December 30, 2021, and resident move-in began in January 2022. Response was overwhelming, with the project receiving more than 100 pre-applications at lease-up. Many residents came from the Esmond (Seaway) Building which closed in February 2020. The Project’s current waiting list contains nearly 40 individuals.

Already within the Project’s short timeframe, wrap-around support services have enabled some residents to achieve success and stability. For example, one gentleman who has struggled for years with homelessness, medical issues, and mental health challenges has been able – through the assistance of wrap-around support services – to obtain and retain employment for the past six months. A woman in her 50’s struggled with daily substance abuse, often finding herself in vulnerable situations. Since her move into Garfield Square, she has worked closely with support staff, completed outpatient treatment, secured social security benefits, and reconnected with her long-estranged family. She is helpful in creating the supportive culture of the Garfield Programs and is viewed as a model tenant.



St. Louis County HRA

Housing and Redevelopment Authority

Past Project Feature – North Shore Community School



Image: North Shore Community School, 5926 Ryan Road, Duluth

Project	North Shore Community School Expansion
Location:	5926 Ryan Road, Duluth, MN
Organization:	ABC of North Shore Community School (ABC)
Date:	Bond Issuance was approved by the St. Louis County HRA on August 05, 2014.

North Shore Community School, a K-6 charter school authorized by Wolf Ridge Environmental Learning Center, was created in 2002 with a mission of connecting its students “academics and learning with their natural and social environments in a nurturing community setting”. The School is located on 40 acres of forested land and offers students many unique outdoor learning opportunities through four outdoor classrooms, a mile-long nature trail, a year-round green house, a school orchard, a hockey rink, and a recreational ice rink.

The charter school itself is housed in a building formerly owned by Two Harbors School District. Students primarily reside in Duluth Township and Alden Township, with some also coming from the Cities of Duluth and Two Harbors. Most graduates of the charter school go on to attend Two Harbors High School.

Minnesota laws generally prohibit charter schools from owning land or buildings. Accordingly, ABC of the North Shore Community School, Inc. was created to acquire and own the facilities in which the school operates. In 2014, this non-profit corporation approached the St. Louis County HRA for funding assistance to construct a 10,000-sf addition to the existing school facility. At that time, the school served 323 students, with its fifth and sixth graders being housed in non-connected portable classrooms. The proposed addition would eliminate the four portable classrooms which were 23 years old and had no plumbing. The addition would also add staff offices, an art lab, an attached greenhouse, restrooms, and improved security.

The St. Louis County HRA agreed to issue \$3.3 million in bank qualified, tax-exempt bonds to be purchased by a local financial institution and subsequently loaned directly to ABC. The ultimate benefit of the tax-free bonds was the \$455,000 savings in interest payments by ABC.



St. Louis County HRA

Housing and Redevelopment Authority

Past Project Feature – North Shore Community School Continued

The North Shore School facility expansion, completed in 2014, immediately yielded some changes and opportunities that would not have happened without the added space. Some of the most impactful benefits are listed below.

- The level of safety for fifth and sixth grade students has improved significantly since they have moved into classrooms in the main building and now have internal access to restroom facilities.
- The attached year-round green house has enabled the provision of hands-on education about plants, gardening, harvesting, and nutrition. Students may bring home the vegetables they grow. Mobile kitchen carts enable students to learn about preparing healthy vegetables in a way that appeals to children.
- The new art lab provides a space for students to participate in art class.
- Additional classroom space has enabled the school's enrollment to increase to 346 students, annually benefitting roughly 25 more students who would otherwise not have had an opportunity to attend the school.
- The school erected tennis courts on the concrete pad where the portable classrooms once stood. In addition to its recreational value, this fenced area doubles as a secure enclosed area for younger students to play and learn outdoors.
- Not only do the passive solar tubes installed in the new classrooms create a better quality of light and reduce energy costs, but they also provide an opportunity for students to learn about sustainable energy sources.

ABC and the North Shore Community School continue to improve the experiences and education they provide to their students, as well as the facility's physical plant. To name just a few additional improvements: (1.) They have made other sustainability-related changes to the building, including the installation of rubber floors and a grant-funded solar array next to the building. The facility's sustainability improvements have resulted in an energy cost savings of about \$8,000 in the past three years. (2.) The school has hired an environmental educator who works with students weekly in their classrooms. (3.) They have continued to expand the outdoor facilities, enabling students to both learn and recreate in the natural environment.



Image: New classroom with passive solar tubes



Image: Students learning in attached greenhouse