



# HUD NEWS

U.S. Department of Housing and Urban Development – Marcia L. Fudge, Secretary  
Office of Public Affairs, Washington, DC 20410

---

HUD No. XX-XXX

FOR

RELEASE

HUD Public Affairs

Monday

202-708-0685

March 28, 2022

[HUD.gov/Press](https://www.hud.gov/Press)

## **HUD CLOSES RENTAL ASSISTANCE DEMONSTRATION CONVERSION TRANSACTION WITH THE HOUSING AUTHORITY OF DULUTH, MINNESOTA, TO PRESERVE 387 HOMES FOR LOW-INCOME IRON RANGE FAMILIES**

*Transaction will allow for King Manor and Tri-Towers rental homes to remain permanently affordable to low-income Duluth residents on the Project-Based Rental Assistance platform*

WASHINGTON, D.C. – The U.S. Department of Housing and Urban Development’s Office of Multifamily Housing on March 24 closed a Rental Assistance Demonstration (RAD) transaction with the Housing and Redevelopment Authority (HRA) of Duluth, Minnesota, to preserve 387 affordable homes at the public housing authority’s King Manor and Tri-Towers properties. These two adjacent buildings are connected by a skywalk and consist of 371 one-bedroom homes and 16 two-bedroom homes. These homes are located in an area of high opportunity, within one half mile of the downtown Duluth business district, with access to a significant regional job center, medical resources and other amenities.

The RAD transaction includes \$218,000 in the initial construction budget and \$4.2 million in funding for the property’s reserve funds to be held for future repairs (total of \$11,300 per unit).

The transaction is funded via:

- A commercial FHA-insured 223(f) loan from Bellwether Enterprise
- Public Housing Capital Funds

The initial rehabilitation plan for this transaction includes numerous repairs for accessibility compliance so that these units are safe, accessible and usable by people of all ages and abilities. Additionally, upgrades will be made to the electrical systems in the two buildings. A significant amount of funding will also be placed in a reserve fund so that the property can make ongoing repairs over the next 20 years.

The project will be owned by North Pointe Apartments, LLC with HRA of Duluth serving as the sole member. HRA will continue to manage the property post-conversion.

### About RAD

RAD was designed to help address the multi-billion-dollar nationwide backlog of deferred maintenance in the public housing portfolio and to stem the loss of affordable housing that could no longer be kept to decent standards. From the program's inception through March 1, 2022, the [Rental Assistance Demonstration](#) has facilitated more than \$14 billion in capital investment to improve or replace nearly 175,000 deeply rent-assisted homes, most of which house extremely low-income families, seniors, and persons with disabilities.

Under RAD, projects funded under the public housing program convert their public housing assistance to project-based Section 8 rental assistance. Under Section 8, residents continue to pay 30% of their income towards rent and the housing must continue to serve those with very low and extremely low incomes, as was the case when the property was assisted through the public housing program. Residents must be notified and consulted prior to conversion, are given a right to return to assisted housing post-construction so that the same tenants can enjoy these newly preserved and improved apartments and maintain the same fundamental rights they had as public housing residents.

### RAD Resources

More programmatic information is available at the [RAD website](#). Data on RAD is available at the [RAD Resource Desk](#).

[View photo essays and read case studies](#) where RAD is working to successfully preserve and improve public housing for low-income families.

Watch an educational [video](#) for public housing residents or those new to the RAD program.

###

*HUD's mission is to create strong, sustainable, inclusive communities and quality affordable homes for all.*

*More information about HUD and its programs is available at [www.hud.gov](http://www.hud.gov) and <https://espanol.hud.gov>.*

*You can also connect with HUD on [social media](#) and follow Secretary Fudge on [Twitter](#) and [Facebook](#) or sign up for news alerts on [HUD's Email List](#).*

*[HUD COVID-19 Resources and Fact Sheets](#)*