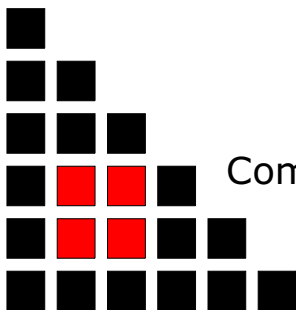


Koochiching County COMPREHENSIVE HOUSING STUDY

January 2019

An analysis of the overall housing needs
of Koochiching County and the Cities in the County



Community Partners Research, Inc.

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Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. A majority of the housing units in Koochiching County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Koochiching Economic Development Authority (KEDA) to conduct a study of the housing needs and conditions of Koochiching County and the individual cities in the County.

Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the cities in the county and Koochiching County can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from June to December, 2018. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri, Inc., a private data reporting service
- Records and data from the individual cities in Koochiching County
- Records and data maintained by Koochiching County
- Minnesota State Demographer

- Interviews with City officials and staff
- Area and State housing agencies
- Interviews with housing stakeholders
- Rental property surveys
- Housing condition surveys

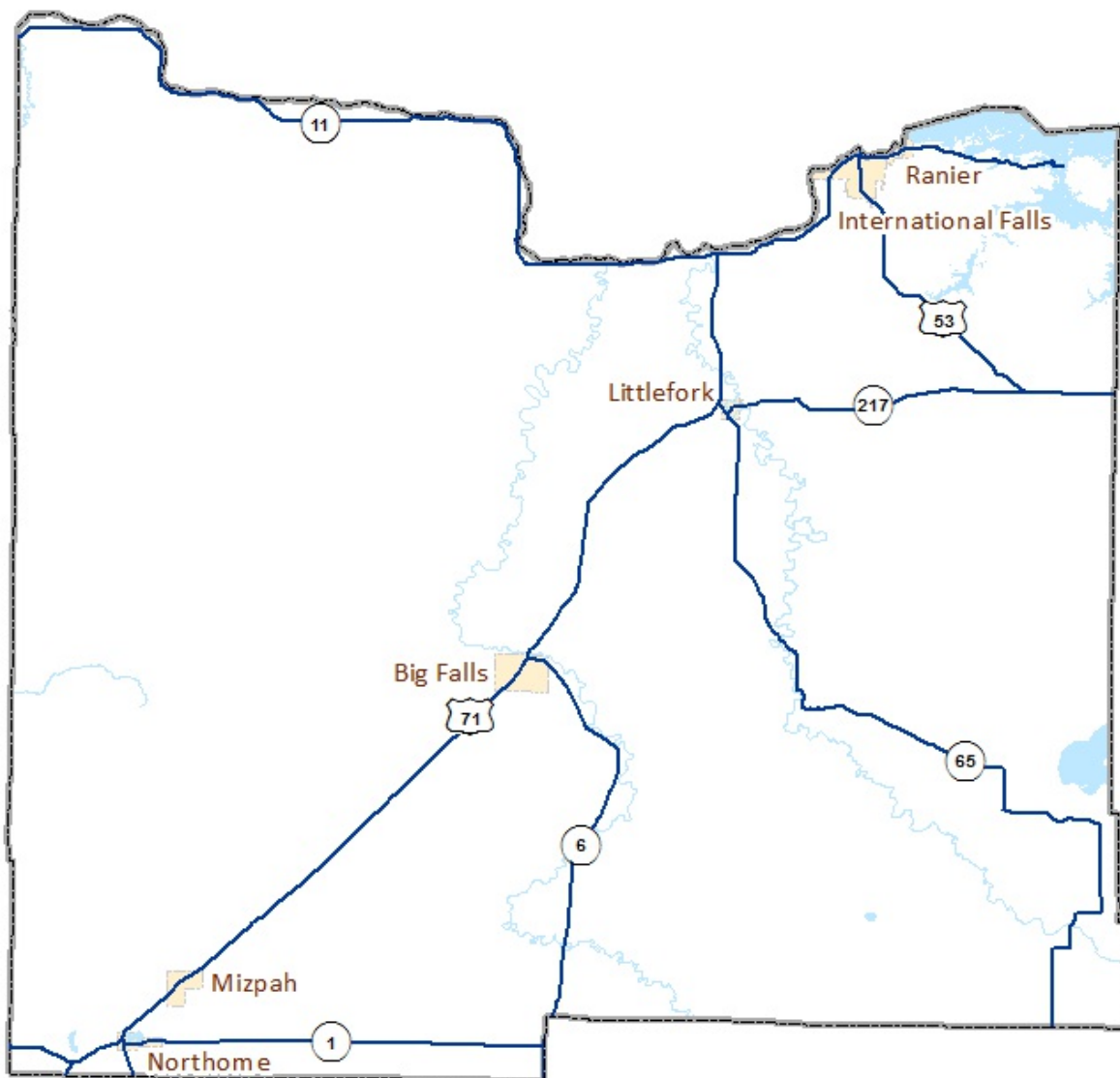
Limitations

This Housing Study represents an analysis performed with the data available at the time of the Study. The findings and recommendations are based upon current solutions and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, federal or State tax policy or other related factors could change the conclusions and recommendations contained in this Housing Study.

This study was prepared by:

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Koochiching County



Koochiching County Summary

January 2019

Introduction

The Koochiching County Comprehensive Study was conducted in 2018. The study can be utilized by housing and economic development agencies, Koochiching County, the cities in the County, and the private sector as follows:

- ▶ Provides demographic and housing data and findings and recommendations to develop a master housing implementation plan
- ▶ Identifies housing needs and gaps in the housing stock
- ▶ Supports programs and projects that address housing needs
- ▶ Publicizes housing needs
- ▶ Provides information for agency/county/city decision-making process
- ▶ Assists in identifying the public sector's role in housing
- ▶ Identifies existing housing agencies, programs and projects
- ▶ Assists in obtaining grants/funding
- ▶ Provides housing strategies and recommendations
- ▶ Mobilizes developers, builders and housing agencies

This section provides the following information and data for Koochiching County:

- ▶ Summary of demographic and housing data
- ▶ Summary of housing recommendations for Koochiching County cities
- ▶ Housing recommendations for the rural portions of Koochiching County (unorganized territories)

Summary of Demographic Data

Koochiching County Demographic Data Summary

The following table provides a summary of the population, household, housing tenure and income data for Koochiching County and the cities in Koochiching County. Information was obtained from the 2010 U.S. Census, 2016 American Community Survey and Esri, Inc., for 2018 demographic data.

Koochiching County Demographic Data Summary							
City	Population 2010/2018	Households 2010/2018	Average Household Size 2000/2018	Population Projections 2018 to 2023	Household Projections 2018 to 2023	Household Tenure 2010 (owner/% renter/%)	Median Household Income 2016
Big Falls	236/247 4.7%	130/136 4.6%	1.97/1.81	247 to 245 -2	136 to 134 -2	94/72.3% 36/27.7%	\$31,131
International Falls	6,424/5,956 -7.3%	2,903/2,678 -7.8%	2.20/2.18	5,956 to 5,654 -302	2,678 to 2,534 -144	1,946/67.0% 957/33.0%	\$38,750
Littlefork	64/622 -3.9%	258/246 -4.7%	2.37/2.43	622 to 592 -30	246 to 234 -12	180/69.8% 78/30.2%	\$36,953
Mizpah	56/59 5.4%	28/29 3.6%	2.52/2.00	59 to 58 -1	29 to 29 0	26/92.9% 2/7.1%	\$25,250
Northome	200/210 5.0%	89/93 4.5%	2.21/2.25	210 to 208 -2	318 to 315 -3	64/71.9% 25/28.1%	\$29,583
Ranier	145/503 246.9%	70/238 240%	2.30/2.11	503 to 484 -19	238 to 228 -10	56/80.0% 14/20.0%	\$54,750
Koochiching County	13,311/12,864 -3.4%	5,874/5,454 -7.2%	2.33/2.22	12,864 to 12,397 -467	5,645 to 5,426 -219	4,551/72.5% 1,323/22.5%	\$44,929

Source: U.S. Census, American Community Survey, Esri

* Please note that the population and household growth in Ranier is based on an annexation.

Summary of Housing Recommendations for Koochiching County Cities

Following is a summary of the housing recommendations that have been made for each of the cities in Koochiching County. The recommendations are divided into five categories:

- ▶ Rental housing development
- ▶ Home ownership
- ▶ Single family new construction
- ▶ Housing rehabilitation
- ▶ Other housing initiatives

Readers are encouraged to review the detailed recommendations contained in each city section to better understand the specific findings and research that were used in making these recommendations.

Rental Housing Development

In recent decades, it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

Demand for new rental housing units is typically generated from three factors:

- ▶ Growth from new households
- ▶ Pent-up demand from existing households
- ▶ Replacement of lost units

The following table provides a concise summary of the rental housing development recommendation made for each of the cities in Koochiching County.

Rental Housing Development							
	Big Falls	International Falls	Littlefork	Mizpah	Northome	Ranier	Total
Develop market rate units	3-4	20-24	6-8	0	3-4	8-10	40-50
Develop subsidized/moderate rent units	0	18-20	0	0	0	0	18-20
Affordable market rate conversion units	2-3	8-10	3-4	1-2	2-3	3-4	19-26
Develop senior with services units	0	14-16 (light services)	0		6-8 (light services)	0	20-24
Develop a mixed-use downtown project	no	yes	yes	no	yes	yes	N/A
Monitor MHFA Opt-Out List and preserve existing project-based subsidized housing as needed	yes	yes	yes	N/A	yes	N/A	N/A
Total	5-7	60-70	9-12	1-2	11-15	11-14	97-120

Home Ownership

Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

In all six Koochiching County cities, we are recommending the utilization and promotion of home ownership programs including first-time home buyer assistance, down payment assistance, low interest loans, home ownership counseling, etc.

In all of the Koochiching cities, with the exception of Mizpah, we are recommending participation in a purchase/rehab program. A purchase/rehab program promotes home ownership and rehabilitates homes in the community.

Single Family New Construction

The cities in Koochiching County experienced minimal single family home construction from 2010 to 2018. However, with a coordinated effort by housing stakeholders, the availability of buildable lots, and a marketing strategy, a modest number of houses can be constructed in the cities in the County over the next five years.

The single family new construction recommendations for each city are as follows:

Big Falls

- Inventory the vacant lots and parcels in the City to determine their availability
- 3-4 new housing units from 2019 to 2024
 - 1-2 affordable homes
 - 2 twinhome units
 - Develop strategies and incentives for new home construction

International Falls

- Develop 14 to 16 lots
- 15-19 new housing units from 2019 to 2024
 - 4-5 higher and medium price homes
 - 5-6 affordable homes
 - 6-8 twinhome/townhome units
- Develop strategies and incentives for new home construction
- Coordinate with nonprofits and housing agencies to develop affordable homes

Littlefork

- Inventory the vacant lots and parcels in the City to determine their availability
- 5-7 new housing units from 2019 to 2024
 - 1-2 higher and medium price homes
 - 2-3 affordable homes
 - 2 twinhome units
- Develop strategies and incentives for new home construction

Mizpah

- 1-2 new affordable housing units from 2019 to 2024

Northome

- Inventory the vacant lots and parcels in the City to determine their availability
- 4-6 new housing units from 2019 to 2024
 - 1 higher or medium price home
 - 1 affordable home
 - 2-4 twin/town homes
- Develop strategies and incentives for new home construction

Ranier

- Inventory the vacant lots and parcels in the City to determine their availability
- 12-16 new housing units from 2019 to 2024
 - 2-3 higher or medium price homes
 - 2-3 affordable homes
 - 8-10 twin/townhome units
- Develop strategies and incentives for new home construction

Housing Rehabilitation

The Koochiching County cities have an asset in their existing housing stock. Existing units now and in the future, will represent the large majority of the affordable housing opportunities. Investment in housing rehabilitation activities will be critical to offering affordable housing opportunities in the future.

Following is the condition analysis for each Koochiching County city:

Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

The specific housing rehabilitation recommendations that have been made for the cities in Koochiching County are as follows:

Big Falls, Littlefork, Mizpah, Northome, Ranier

- Promote rental housing rehabilitation programs
- Promote owner-occupied housing programs

International Falls

- Promote rental housing rehabilitation programs
- Promote owner-occupied housing rehabilitation programs
- Develop a neighborhood revitalization program
- Develop a Rental Registration and Inspection Program

Other Housing Initiatives

In addition to the rental housing development, home ownership, new single family construction and housing rehabilitation recommendations, additional housing initiatives have been recommended for each Koochiching County city.

Big Falls

- Acquire and demolish dilapidated structures
- Create a plan and continue coordination among housing agencies
- Develop home ownership and new construction marketing programs and strategies

International Falls

- Promote employer involvement in housing programs
- Acquire and demolish dilapidated structures
- Strategies for downtown redevelopment
- Develop mobile home programs
- Create a plan and continue coordination among housing agencies
- Develop home ownership and new construction marketing programs and strategies
- Housing Assistance for the homeless and hard to house
- Develop mobile home programs

Littlefork

- Encourage employer involvement in housing programs
- Acquire and demolish dilapidated structures
- Strategies for downtown redevelopment
- Create a plan and continue coordination among housing agencies
- Develop home ownership and new construction marketing programs and strategies

Mizpah

- Acquire and demolish dilapidated structures
- Create a plan and continue coordination among housing agencies

Northome

- Encourage employer involvement in housing programs
- Acquire and demolish dilapidated structures
- Create a plan and continue coordination among housing agencies
- Strategies for downtown redevelopment
- Develop home ownership and new construction marketing programs and strategies

Ranier

- Acquire and demolish dilapidated structures
- Create a plan and continue coordination among housing agencies
- Develop home ownership and new construction marketing programs and strategies

Housing Recommendations for Rural Koochiching County (Unorganized Territories)

Demographic Data

The following demographic data is for Rural Koochiching County, which includes all of the County that is not in the six cities.

Population

- 2010 Population - 5,603
- 2018 Population - 5,267
- 2010 to 2018 - Population loss of 336
- 2023 Population Projection - 5,156
- 2018 to 2023 - Projected Population loss of 111

Households

- 2010 Households - 2,396
- 2018 Households - 2,225
- 2010 to 2018 - Household loss of 171
- 2023 Household Projection - 2,175
- 2018 to 2023 - Household loss of 50

* Note: The City of Ranier annexed over 350 people and 165 households into the City. Therefore, minus the Ranier annexation, Ranier actually added population and households from 2010 to 2018.

Rural Koochiching County Recommendations

1. Rental Housing Development

The Cities in Koochiching County are the preferable locations for rental housing development. Cities have the infrastructure and services to accommodate rental housing.

Therefore, we are not recommending the construction of any rental housing in rural Koochiching County. The only exceptions are seasonal rental housing for tourists/vacationers and for seasonal work force housing.

2. Home Ownership

We encourage rural households to utilize home ownership programs including first-time home buyer assistance, down payment assistance, low interest loans, home ownership counseling, etc. These home ownership assistance programs assist households with buying a home and becoming home owners.

3. New Housing Construction

From 2010 to 2018, more than 80 single family homes have been constructed in rural Koochiching County. This is an average of approximately 10 homes annually. From 2010 to 2018, a total of only 15 single family homes were constructed in the six Koochiching County cities. Therefore, a significant majority of the new homes in the County are being constructed in rural Koochiching County. Many of these new homes are being constructed on lakes, rivers and on acreages.

We recommend that Koochiching County continue to encourage new housing construction in the rural areas of the County in a manner that is compatible with the environment and the County's natural amenities.

4. Housing Rehabilitation

There are over 4,000 housing units in rural Koochiching County. A majority of these homes are over 40 years old and many of these homes need rehabilitation.

We encourage rural county households to utilize existing housing rehabilitation programs to rehabilitate their homes. KOOTASCA Community Action administers the housing rehabilitation programs in Koochiching County.

5. Seasonal Homes

Koochiching County is a vacation and tourism destination. There are approximately 1,433 seasonal homes in rural Koochiching County.

We recommend the continued development of seasonal (vacation) homes. Also, we recommend that the County continue to provide and expand employment opportunities, retail/commercial options, educational opportunities, health care facilities, recreation and cultural opportunities, broadband internet, etc.

A small percentage of seasonal homes in rural Koochiching County convert to permanent residences annually. As the area continues to develop its amenities, it is probable that some seasonal homes will continue to convert to permanent homes. Based on past patterns, it is also probable that more seasonal/recreational houses will be constructed in the County over the next five years.

6. Marketing

We recommend that Koochiching County continue to market home ownership and new construction opportunities in rural Koochiching County. Rural Koochiching County has the natural amenities and housing options to attract households to the area. Marketing activities and strategies should include:

- Identify the County's strengths and competitive advantages and heavily promote them
- Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- Work closely with employers to provide employees (especially new employees) with housing opportunities in Koochiching County
- Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- Work with builders to make the construction of a new home a very user friendly process
- Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities
- Identify attractive lots and parcels that are available for a variety of home sizes, styles and price ranges
- Preserve and improve the quality of the Rural County's housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- Review the County's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- Develop a coordinated housing plan with area housing agencies.

7. Koochiching County's US/Canada border location

Based on research conducted for this Study, it has been determined that the impact Canadian households have on housing in Koochiching County is limited. Housing stakeholders reported that, probably due to employment regulations and federal immigration laws, Canadians seeking housing in Koochiching County is minimal, as is Koochiching County households seeking housing in Canada.

However, it appears that Canadians do have a significant impact on commercial/retail and services in Koochiching County. Canadian households shop and utilize services offered on the U.S. side of the border (primarily International Falls).

Also, with three ports of entry in the International Falls/Ranier Market Area, tourists, vacationers, people conducting business, etc. pass through these ports of entry in both directions. This provides an opportunity for Koochiching County.

Koochiching County should continue to develop retail, services, and tourism opportunities that maximize the County's border with Canada.

8. Develop a Housing Plan

We recommend that Koochiching County coordinate with the cities, the HRAs, KOOTASCA Community Action, KEDA, local financial institutions, developers and builders, realtors and all other housing stakeholders to develop a Housing Implementation Plan. The plan should prioritize housing needs and develop a coordinated approach to addressing the County's housing needs.

City of Big Falls

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Little Fork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

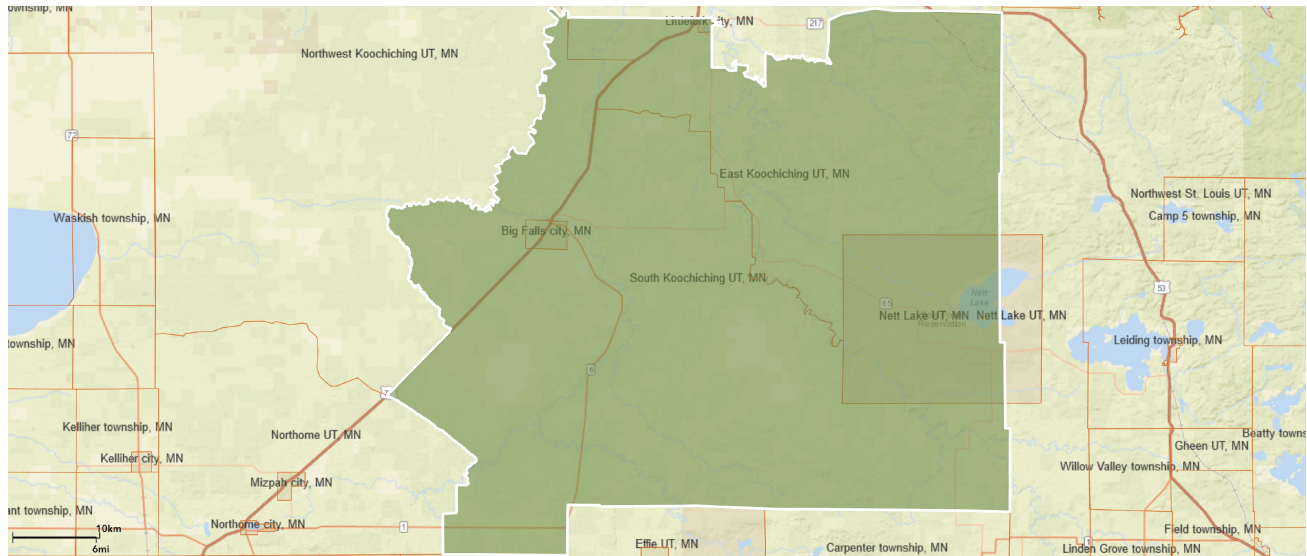
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



Littlefork/Big Falls Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
Big Falls	341	264	-22.6%	236	-11.9%	247
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Littlefork	838	680	-18.9%	647	-4.9%	622
Ranier	199	188	-5.5%	145	-22.9%	503
Northome	283	230	-18.7%	200	-13.0%	210
Mizpah	100	78	-22.0%	56	-28.2%	59
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

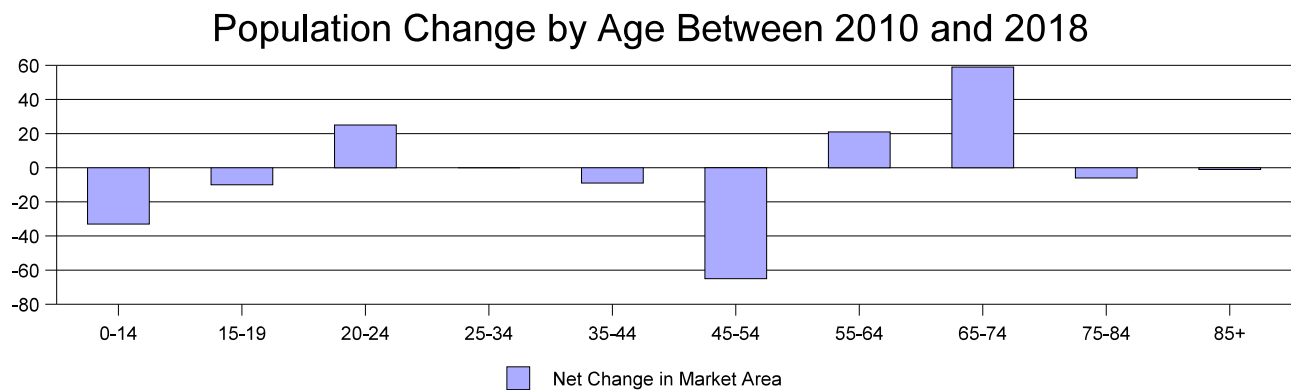
- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Big Falls is 247 people. In comparison, the State Demographer's 2017 estimate for the City was 212 people, and the Census Bureau's 2017 estimate was 219 people. Esri's estimate is substantially higher than the other available sources.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for the Littlefork/Big Falls Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018			
Age	Littlefork/Big Falls Market Area		
	2010	2018	Change
0-14	236	203	-33
15-19	91	81	-10
20-24	44	69	25
25-34	125	125	0
35-44	153	144	-9
45-54	275	210	-65
55-64	268	289	21
65-74	168	227	59
75-84	112	106	-6
85+	56	55	-1
Total	1,528	1,509	-19

Source: U.S. Census; Esri

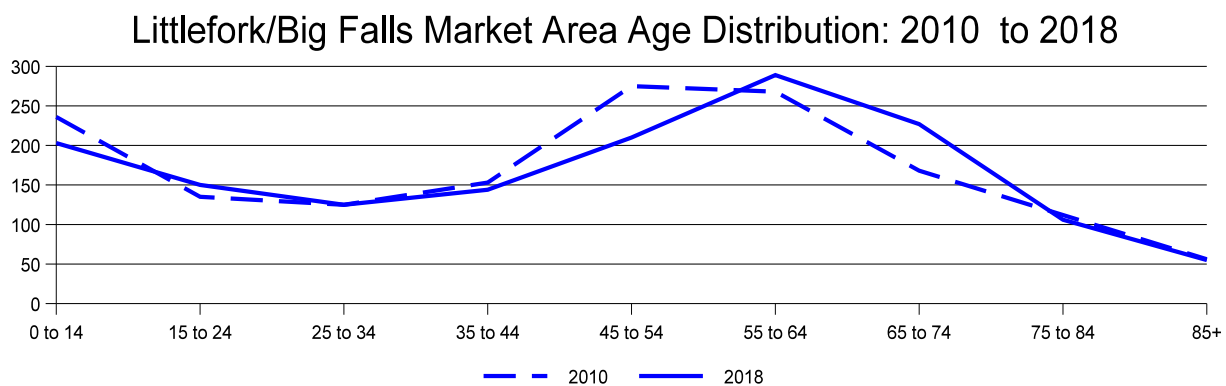


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Littlefork/Big Falls Market Area.

Between 2010 and 2018, the Littlefork/Big Falls Market Area had a gain of 80 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age ranges.

In addition to the population gain in the 55 to 74 age ranges, the Littlefork/Big Falls Market Area also had a gain of 25 people in the 20 to 24 age range. The Littlefork/Big Falls Market Area had a loss of 43 people in the 0 to 19 age ranges, a loss of 74 people in the 35 to 54 age ranges and a loss of seven people in the 75 and older age ranges.

The aging trends for the Littlefork/Big Falls Market Area can be traced back over the decade to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 19 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Big Falls	236	247	245	-2
International Falls	6,424	5,956	5,654	-302
Littlefork	647	622	592	-30
Ranier	145	503	484	-19
Northome	200	210	208	-2
Mizpah	56	59	58	-1
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
International Falls/Ranier MA	10,617	10,147	9,744	-403
Northome/Mizpah Market Area	703	738	731	-7
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
Big Falls	156	134	-14.1%	130	-3.0%	136
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Littlefork	303	268	-11.6%	258	-3.7%	246
Ranier	76	76	0%	70	-7.9%	238
Northome	103	87	-15.5%	89	2.3%	93
Mizpah	34	31	-8.8%	28	-9.7%	29
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah all had household increases from 2010 to 2017.
- ▶ Esri estimates that Big Falls had 136 households in 2018, up by 6 households from 2010. The estimate from the State Demographer showed 124 households in Big Falls in 2017, down by six households from the 2010 Census. These two sources also differ somewhat on the number of resident households.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Big Falls	2.19	1.97	1.82	1.81
International Falls	2.45	2.20	2.16	2.18
Littlefork	2.63	2.37	2.33	2.43
Ranier	2.62	2.30	1.83	2.11
Northome	2.16	2.21	2.20	2.25
Mizpah	2.94	2.52	2.00	2.00
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

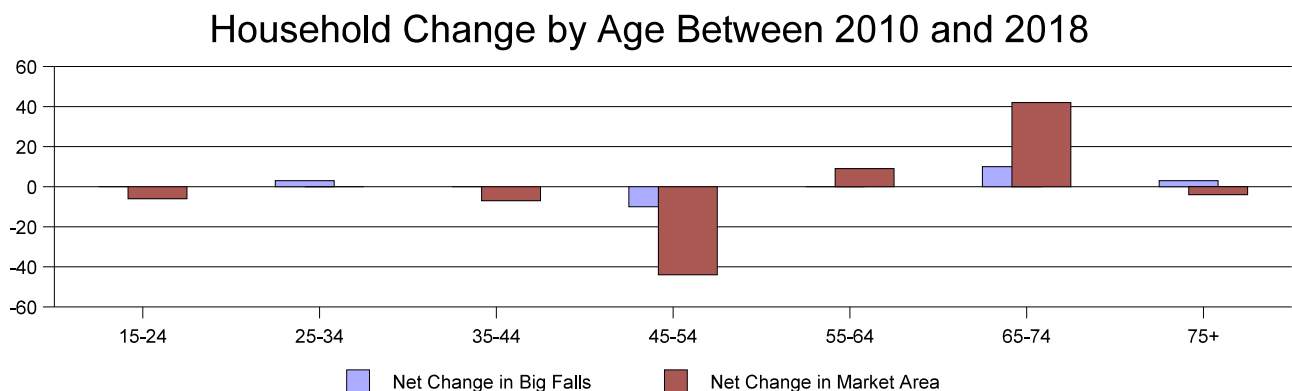
Household by Age Trends: 2010 to 2018

The 2018 Esri age data allows for some analysis of Big Falls and the Littlefork/Big Falls Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	Big Falls			Littlefork/Big Falls Market Area		
	2010	2018	Change	2010	2018	Change
15-24	2	2	0	12	6	-6
25-34	8	11	3	58	58	0
35-44	14	14	0	79	72	-7
45-54	33	23	-10	152	108	-44
55-64	33	33	0	160	169	9
65-74	21	31	10	110	152	42
75+	19	22	3	103	99	-4
Total	130	136	6	674	664	-10

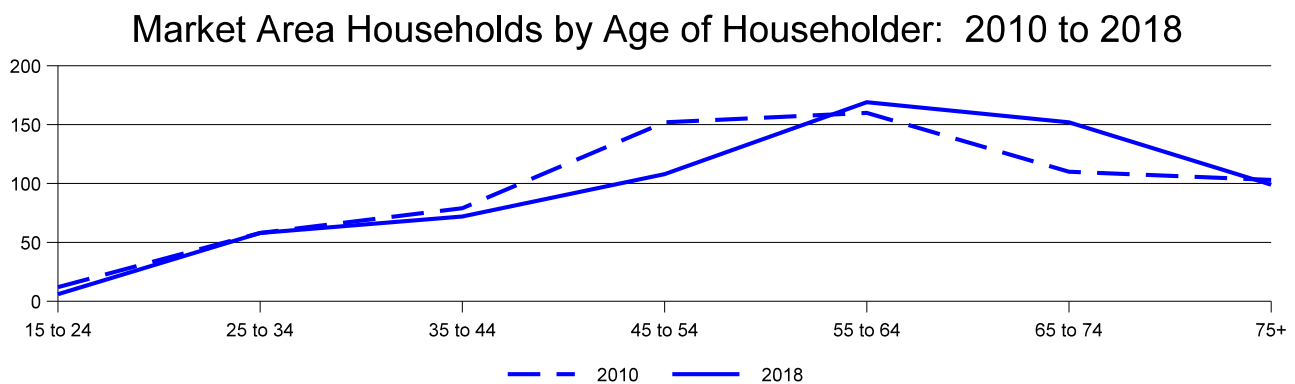
Source: U.S. Census; Esri

Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Big Falls had an increase of 10 households and the Littlefork/Big Falls Market Area had an increase of 51 households in the 55 to 74 year age range.



Big Falls also had a gain of three households in the 25 to 34 age range and a gain of three households in the 75 and older age range. Big Falls had a decrease of 10 households in the 45 to 54 age range. There was no change in the number of households from 2010 to 2018 in the 15 to 24, 35 to 44 and 55 to 64 age ranges. The Littlefork/Big Falls Market Area had a reduction of six households in the 15 to 24 age range, a loss of 51 households in the 35 to 54 age ranges and a loss of four households in the 75 and older age range.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households over the current decade in the Littlefork/Big Falls Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Big Falls	130	136	134	-2
International Falls	2,903	2,678	2,534	-144
Littlefork	258	246	234	-12
Ranier	70	238	228	-10
Northome	89	93	92	-1
Mizpah	28	29	29	0
Littlefork/Big Falls Market Area	674	664	642	-22
International Falls/Ranier MA	4,686	4,452	4,261	-191
Northome/Mizpah Market Area	305	318	315	-3
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

Big Falls Household by Age Projections: 2018 to 2023

The Big Falls household by age projections were created by Esri.

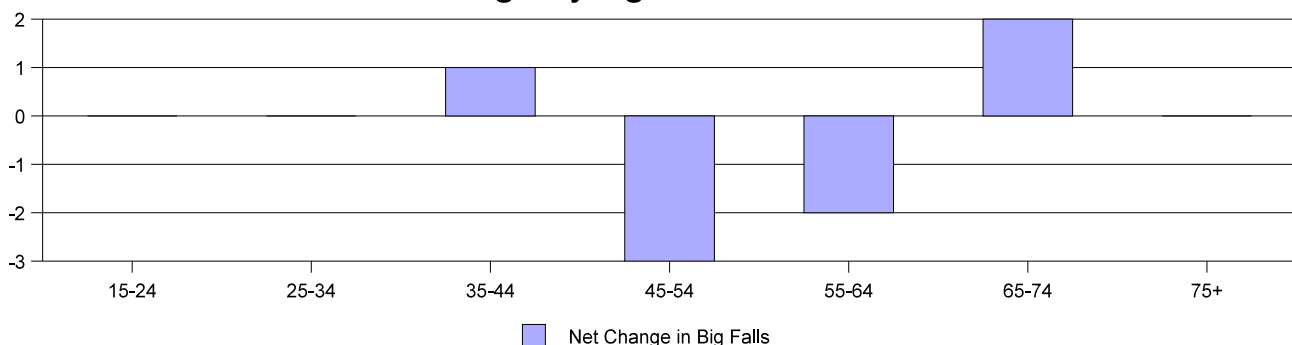
Table 8 Big Falls Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	2	2	0
25-34	11	11	0
35-44	14	15	1
45-54	23	20	-3
55-64	33	31	-2
65-74	31	33	2
75+	22	22	0
Total	136	134	-2

Source: Esri

Esri is projecting a loss of two households in Big Falls from 2018 to 2023. From 2018 to 2023, Esri projects a gain of one household in the 35 to 44 age ranges and an increase of two households in the 65 to 74 age range.

Conversely, from 2018 to 2023, Esri is forecasting a loss of five households in the 45 to 64 age ranges. Esri projects that there will be no change in the 15 to 24, 25 to 34 and 75 and older age ranges.

Household Change by Age Between 2018 and 2023



Littlefork/Big Falls Market Area Household by Age Projections: 2018 to 2023

The Littlefork/Big Falls Market Area household by age projections were created by Esri.

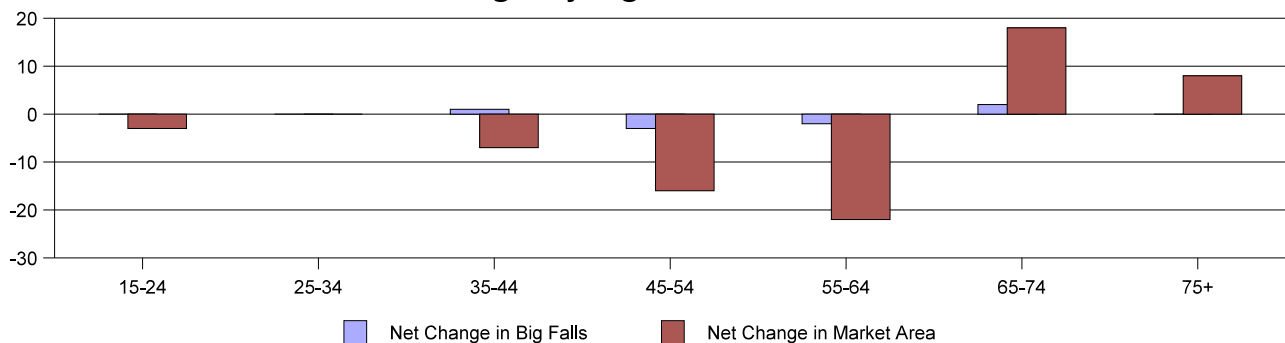
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	6	3	-3
25-34	58	58	0
35-44	72	65	-7
45-54	108	92	-16
55-64	169	147	-22
65-74	152	170	18
75+	99	107	8
Total	664	642	-22

Source: Esri

The Littlefork/Big Falls Market Area is expected to lose 22 households from 2018 to 2023. However, Esri projects a gain of 26 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri is projecting a loss of 48 households in the 64 and younger age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Big Falls.

Table 10 Big Falls Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	17	12	-5
Single Parent with own children	12	6	-6
Married Couple without own children	40	43	3
Family Householder without spouse	5	2	-3
Total Families	74	63	-11
Non-Family Households			
Single Person	56	55	-1
Two or more persons	4	12	8
Total Non-Families	60	67	7

Source: U.S. Census

Between 2000 and 2010, Big Falls experienced a net loss of 11 family households. The net loss was due to a decrease of married couples with children, single parents with children and family householder without spouse households. There was a gain of married couples without children.

The City had a seven-household increase in “non-family” households. This was due to an increase of eight households with unrelated individuals living together.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Big Falls	94	72.3%	36	27.7%
International Falls	1,946	67.0%	957	33.0%
Littlefork	180	69.8%	78	30.2%
Ranier	56	80.0%	14	20.0%
Northome	64	71.9%	25	28.1%
Mizpah	26	92.9%	2	7.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

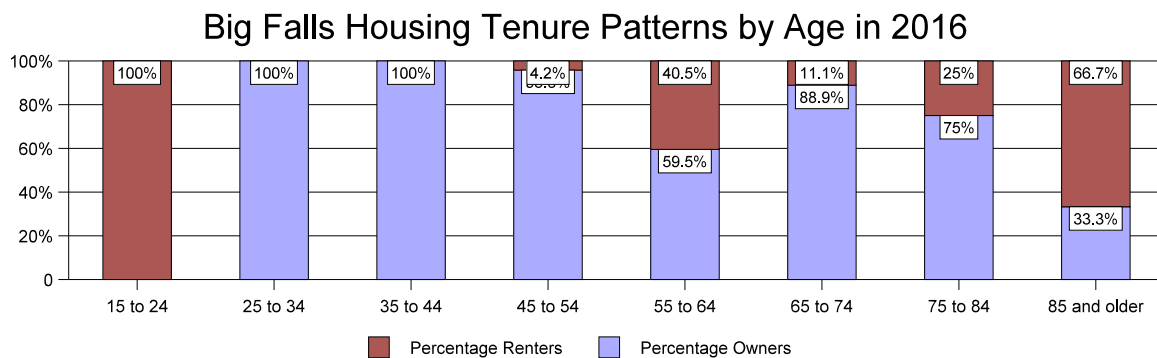
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Big Falls Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Big Falls.

Table 12 Big Falls Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	16	100%
25-34	4	100%	0	0%
35-44	6	100%	0	0%
45-54	23	95.8%	1	4.2%
55-64	22	59.5%	15	40.5%
65-74	24	88.9%	3	11.1%
75-84	12	75.0%	4	25.0%
85+	1	33.3%	2	66.7%
Total	92	69.2%	41	30.8%

Source: American Community Survey



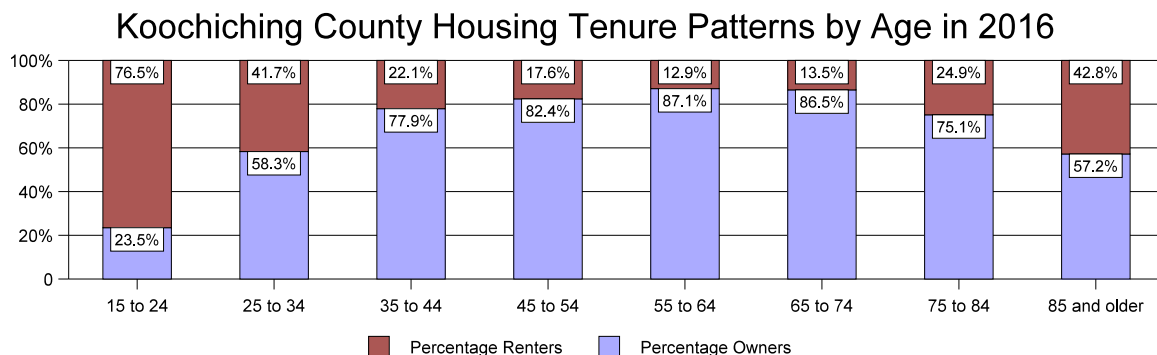
Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. All (100%) of households age 24 and younger and approximately 67% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 35 to 84 were approximately 60% or higher.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Table 13 Koochiching County Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges households in the youngest age ranges showed a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two household members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in the City could afford approximately \$778 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$1,156 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2017, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

In 2016, the estimated median household income for renters in Koochiching County was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

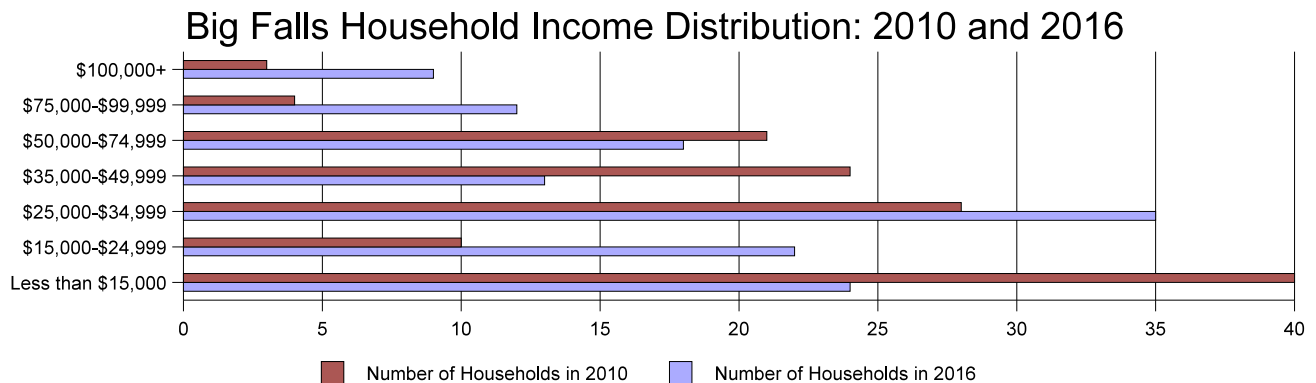
Big Falls Household Income Distribution

The 2016 American Community Survey household income estimates for the City of Big Falls can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 15 Big Falls Household Income Distribution: 2010 to 2016

Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	40	24	-16
\$15,000 - \$24,999	10	22	12
\$25,000 - \$34,999	28	35	7
\$35,000 - \$49,999	24	13	-11
\$50,000 - \$74,999	21	18	-3
\$75,000 - \$99,999	4	12	8
\$100,000+	3	9	6
Total	130	133	3

Source: American Community Survey



According to income estimates contained in the 2016 American Community Survey, household incomes have improved minimally in Big Falls. When compared to the 2010 American Community Survey, there was a net increase of 11 households with an income of \$50,000, or more. Conversely, there was a net decrease of eight households with incomes below \$50,000. However, there were still 46 households in Big Falls that had an annual income below \$25,000 in 2016. This is approximately 35% of all households in the City of Big Falls.

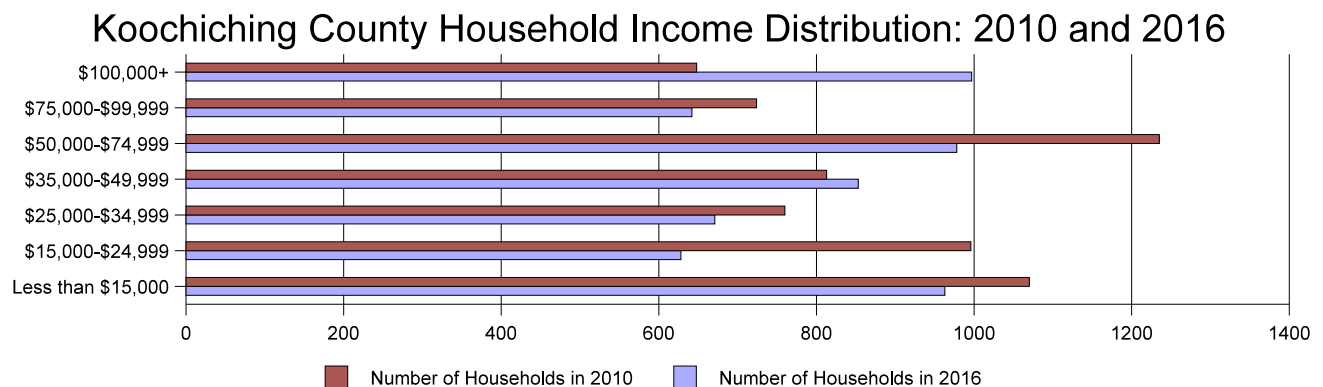
Koochiching County Household Income Distribution

The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 16 Koochiching County Income Distribution - 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provides data on 6,246 households. The 2010 U.S. Census reported 5,874 households in Koochiching County. Therefore, it appears that the American Community Survey overestimated the number of households. However, this source still represents the best available information on household income distribution.



According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

Big Falls Income Distribution by Housing Tenure

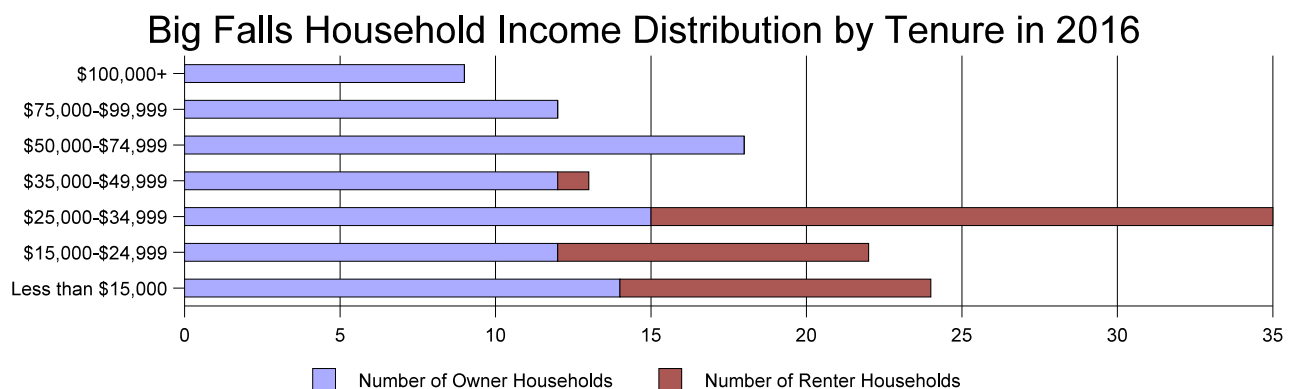
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Big Falls.

Table 17 Big Falls Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	14/58.3%	10/41.7%	24
\$15,000 - \$24,999	12/54.6%	10/45.4%	22
\$25,000 - \$34,999	15/42.9%	20/57.1%	35
\$35,000 - \$49,999	12/92.3%	1/7.7%	13
\$50,000 - \$74,999	18/100%	0/0%	18
\$75,000 - \$99,999	12/100%	0/0%	12
\$100,000+	9/100%	0/0%	9
Total	92	41	133

Source: American Community Survey

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2016, approximately 98% of all renter households in Big Falls had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.



Conversely, a majority of the owner households had a substantially higher income level. Approximately 42% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

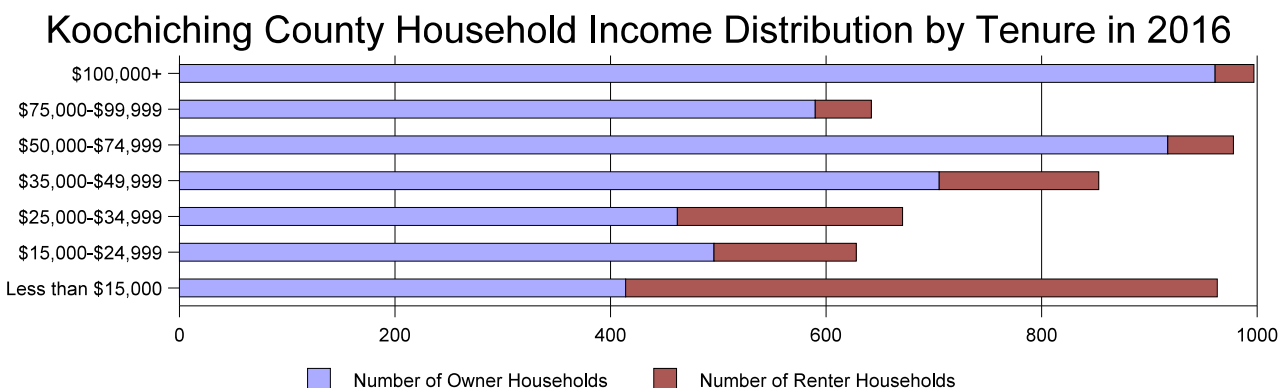
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 18 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - Big Falls

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Big Falls.

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	18/56.3%	3/33.3%	21/51.2%
20% to 29.9%	11/34.4%	3/33.3%	14/34.1%
30% to 34.9%	0/0%	1/11.1%	1/2.5%
35% or more	2/6.3%	0/0%	2/4.9%
Not Computed	1/3.0%	2/22.3%	3/7.3%
Total	32/100%	9/100%	41/100%

Source: American Community Survey

According to the American Community Survey, approximately 7% of all renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Big Falls it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 33% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 67% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 20 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 76% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - Big Falls

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Big Falls that are paying different percentages of their gross household income for housing costs.

Table 21 Ownership Costs as a Percentage of Income - Big Falls		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	54	58.7%
20% to 29.9%	16	17.4%
30% to 34.9%	8	8.7%
35% or more	14	15.2%
Not Computed	0	0%
Total	92	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 24% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 22 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City of Big Falls, two single family homes were constructed in Big Falls from 2010 to 2018.

No single family attached (twinhome/townhome) units or multi-family rental units were constructed in Big Falls from 2010 to 2018.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in Big Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main Street.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in Big Falls

Although a number of transactions were listed in Big Falls for the time period reviewed, most were rejected as “unqualified sales”. Rejected sales included estate transactions, bank-owned sales and others rejected transactions. There were also no Big Falls sales posted in 2018 year-to-date.

Over the period from 2010 through 2017, only 13 good sales were listed. In the following table, the entire time period has been aggregated.

Table 24 Values of Residential Sales in Big Falls: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2010-2018*	13	\$30,000	\$78,000	\$10,000

Source: Koochiching County Assessor; Community Partners Research, Inc.

* Partial-year

Over the 8-year time period reviewed, the median home sale price was \$30,000. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded was for \$78,000. Over the entire 8-year period, this was the only sale in Big Falls that was for more than \$50,000. The lowest-valued sale was for \$10,000, and five of the recorded sales were for less than \$15,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$50,000 in Big Falls, well above the recent median sale price of \$30,000. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 25 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Big Falls	94	36	9	1	28	13
Littlefork	180	78	14	2	18	4
International Falls	1,946	957	62	55	31	106
Mizpah	26	2	0	1	14	2
Northome	64	25	6	2	4	3
Ranier (prior to annexation)	56	14	11	2	3	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- ▶ At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).
- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 36 occupied rental units and nine vacant rental units in Big Falls for a total of 45 units.

At the time of the 2000 Census, the City had 40 occupied rental units and seven vacant rental units, for a total estimated rental inventory of 47 units. Between the 2000 Census and the 2010 Census, the City had a loss of four renter households and a gain of two rental units to the total inventory.

From 2010 to October 2018, no rental housing construction has occurred in Big Falls. However, several mobile homes have been moved into the City that are rentals, and space in a commercial building was converted to rental use.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of rental units in the City. Information was collected in September and October, 2018. Information was tallied separately for different types of rental housing, including market rate units and subsidized housing.

A total of 42 rental units were contacted in the survey. This represents a large percentage of all rental units in the City. The breakdown of units surveyed is as follows:

- ▶ 10 market rate units
- ▶ 32 subsidized units

Market Rate Summary

Usable information was obtained on 10 market rate rental units. The rental units surveyed are in duplexes, mixed-use buildings, single family homes and mobile homes.

Unit Mix

We obtained bedroom mix information on the 10 rental units. The bedroom mix is as follows:

- 5 one-bedroom (50.0%)
- 5 two-bedroom(50.0%)

Occupancy / Vacancy

We found no vacant units in the 10 market rate units that we surveyed, which is a 0% vacancy rate. At the time of the survey, a power line project was under construction and some of the rental units were occupied by power line workers.

Rental Rates

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant paid utilities into a gross rent estimate for the following rent ranges:

	<u>Unit Type</u>	<u>Rent Range</u>
▸	One-bedroom	\$600-\$800
▸	Two-bedroom	\$1100-\$1250

The rents may be higher based on demand from power line workers. When the power line project is complete, the rental units may not have the demand that generates the current rents.

Tax Credit Summary

There are no tax credit rental units in Big Falls.

Subsidized Summary

The research completed for this Study surveyed the two subsidized income-restricted projects in Big Falls. The projects have a combined 32 units. The two projects are general occupancy (family). The subsidized projects were developed with USDA Rural Development assistance.

The two subsidized rental projects in Big Falls include:

- ▶ **Sunview Apartments** - Sunview Apartments is a 20-unit USDA Rural Development General Occupancy project constructed in 1974. The 20 units include 19 one-bedroom units and one two-bedroom unit.
- ▶ **Big Falls Housing I and II** - Big Falls Housing I and II is a 12-unit USDA Rural Development project constructed in 1970 and 1971. The project was renovated in 2000. The units are in six duplexes and include eight one-bedroom and four two-bedroom units.

Rental Rates

The majority of the subsidized units have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income up to a maximum rent. Tenants in units without rent assistance pay 30% of their income up to the maximum rent, but no less than the project's minimum rent.

Unit Mix

The bedroom mix breakdown for subsidized housing in Big Falls is as follows:

- ▶ One-bedroom - 27 (84.4%)
- ▶ Two-bedroom - 5 (15.6%)
- ▶ Total - 32

Occupancy / Vacancy

There was one vacant unit identified in the subsidized projects, which is a 3.1% vacancy rate. The one vacancy was in Sunview Apartments. The manager reported that the project has had chronic vacancies in the past. Power line workers are currently renting several of the Sunview units.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1970s and 1980s. Some of the older projects around the State of Minnesota have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

Based on the research for this Study, no projects have left their subsidy program in Big Falls.

Housing Choice Vouchers

In addition to subsidized rental projects, Big Falls and Koochiching County households have access to the Housing Choice Voucher Program. The Koochiching County HRA administers the Housing Voucher Program in Big Falls and Koochiching County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Currently, approximately 111 Koochiching County households are receiving assistance through the Housing Voucher Program. At this time, no households in the City of Big Falls are utilizing the Housing Voucher Program.

Senior Housing with Services

There are no senior housing with services facilities in Big Falls.

Table 26 Big Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Hardware Store Apartments	2 - 1 Bedroom <u>4 - 2 Bedroom</u> 6 Total Units	\$600 \$1,200	No vacancies	General occupancy	Hardware Store Apartments includes six rental units on the second floor of a mixed-use building. A hardware store is on the first floor. The six units include two one-bedroom and four two-bedroom units. Rents are \$600 for a one-bedroom unit and \$1,200 for a two-bedroom unit. The rent includes utilities. The rents are higher than typical due to line workers in the area. When the construction project is completed, the owner indicated that rents would probably be reduced to \$450 for a one-bedroom unit and \$900 for a two-bedroom unit. The owner also indicated that three units will be rented as short-term rentals and three units will be rented as long-term rentals. The owner reported no vacancies at the time of the survey.
Olson Rentals	3 - 1 Bedroom <u>1 - 2 Bedroom</u> 4 Total Units	\$650 to \$1,000	No vacancies	General occupancy	Olson Rentals includes two apartments in the laundry mat buildings and two park models. The rentals include three one-bedroom units and one two-bedroom unit. Rents are \$650 to \$1,000 plus utilities. Line workers are renting the units. The manager reported no vacancies at the time of the survey.

Table 26 Big Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Sunview Apartments	19 - 1 Bedroom 1 - 2 Bedroom 20 Total Units	\$660 30% of Income	1 vacancy	General occupancy	Sunview Apartments is a USDA Rural Development family project constructed in 1974. Tenants pay 30% of their income up to a maximum rent of \$660. Two tenants are currently paying the maximum rent. The manager reports that the project needs many improvements. At the time of the survey, the manager reported one vacancy. However, this is due to temporary construction workers renting units. Typically, the project has had a high vacancy rate.
Big Falls Housing I & II	8 - 1 Bedroom 4 - 2 Bedroom 12 Total Units	\$440 \$460 30% of Income	No vacancies	General occupancy	Big Falls Housing includes 12 USDA Rural Development family subsidized rental units. The subsidized units include 8 one-bedroom and 4 two-bedroom units. The units were constructed in 1970 and 1971 and rehabbed in 2000 with MHFA funds. Eight tenants have access to rent assistance allowing rent based on 30% of income, four tenants pay 30% of income but not less than a basic rent or more than a maximum rent of \$440 for a one-bedroom unit and \$460 for a two-bedroom unit. The manager reported no vacancies at the time of the survey.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Big Falls, the Littlefork/Big Falls Market Area and Koochiching County over the past few decades.

Esri estimates that the City had a gain of 11 people over an eight-year period from 2010 to 2018. The State Demographer's 2010 to 2017 estimate differs, showing a loss of 24 residents. The Census Bureau's estimate shows a loss of 17 people from 2010 to 2017.

Esri estimates that the Littlefork/Big Falls Market Area had a loss of 19 people and Koochiching County had a loss of 447 people from 2010 to 2018. There are no comparable estimates for the Market Area from the State Demographer or the Census Bureau, since these sources do not provide annual estimates for the individual Unorganized Territories. However, both of these sources also do issue County estimates. The State Demographer showed the County's population decreasing by 671 people between 2010 and 2017, while the Census Bureau showed a reduction of 783 people. Both of these sources were tracking larger losses than Esri so far this decade.

Big Falls, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2000 to 2010. The City's population decreased by 28 people, the Littlefork/Big Falls Market Area's population decreased by 122 people and Koochiching County's population decreased by 1,044 people.

Households

There are also differences in the household estimates. The 2018 Esri estimate shows Big Falls adding six households from 2010 to 2018, while the 2017 State Demographer estimate shows the City losing six households.

Esri estimates that from 2010 to 2018, the Littlefork/Big Falls Market Area had a loss of 10 households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018, but the State Demographer estimates the County had a loss of only 54 households from 2010 to 2017. It is not clear why the differences exist between these data sources.

Big Falls, the Market Area and all of Koochiching County had household losses from 2000 to 2010. The City of Big Falls had a loss of four households. The Market Area had a loss of 17 households and the County had a loss of 166 households during that decade.

Findings on Projected Growth

The Minnesota State Demographer's Office has not produced any recent projections for population or household growth. As a result, no useful information is available from this source. However, Esri has provided population and household projections from 2018 to 2023.

Esri projects that Big Falls will lose two people and two households from 2018 to 2023. Esri projects that the Littlefork Falls/Big Falls Market Area will lose 52 people and 22 households from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and lose 219 households from 2018 to 2023.

Esri's projections to the year 2023 are generally consistent with their belief that there has been a decrease in the number of residents in the area since 2010. However, it is very possible that Esri has overestimated the recent losses, and therefore has generated overly pessimistic projections going forward.

Although the analysts have reviewed the available projections, in the recommendations that follow it has been assumed that the losses will not be as large as projected by Esri. However, there is also no information that would indicate that the area will actually add population or households over the next five years.

Summary of the Big Falls Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the City of Big Falls from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in Big Falls expect a one household gain in the 35 to 44 age range, and a gain of two households in the 65 and older age ranges. There is a projected loss of five households in the 45 to 64 age ranges.

The following forecast shows the expected net change in the number of Big Falls households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	0
25 to 34	0
35 to 44	1
45 to 54	-3
55 to 64	-2
65 to 74	2
75 and Older	<u>0</u>
Total	-2

Summary of the Littlefork/Big Falls Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the Littlefork/Big Falls Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in the Littlefork/Big Falls Market Area expect a loss of three households in the 15 to 34 age ranges and a loss of 45 households in the 65 and older age ranges. There is a projected gain of 26 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of Littlefork/Big Falls households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-3
25 to 34	0
35 to 44	-7
45 to 54	-16
55 to 64	-22
65 to 74	18
75 and Older	8
Total	-22

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Littlefork/Big Falls Market Area households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects a decrease of three households in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 65% of the households in this younger range in all of Koochiching County will rent their housing.

25 to 34 Years Old - The projection shows no change in the number of households in this age cohort by 2023. Within this age range, households often move from rental to ownership housing. No change in the number of households within this age range will result in stable demand for both first-time home buyer and rental opportunities from households in this age range.

35 to 44 Years Old - This 10-year age cohort has a projected loss of seven households between 2018 and 2023 in the Market Area. In the past, this age group has had a relatively high rate of home ownership in the County of approximately 67%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Household losses in this age cohort would result in a decrease in overall demand for owner-occupied housing.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For the Market Area, the projection shows a substantial decrease of 16 households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities. With a household decrease in this age group, the demand for trade-up housing from this age range will decrease through the year 2023.

55 to 64 Years Old - The projection shows a loss of 22 households in this 10-year age range by the year 2023 in the Market Area. This age range has traditionally had a high rate of home ownership in the County at approximately 89%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. Strong growth of 18 households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. According to the 2016 American Community Survey, approximately 90% of households in this age range owned their housing in the County. Preferences for age-appropriate units should increase from the substantial household growth within this age cohort.

75 Years and Older - There is a projected gain of eight households in the Market Area in this age range between 2018 and 2023. In the past, households age 75 and older, have had a relatively low rate of home ownership when compared to the middle-age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Big Falls - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **Big Falls serves as a regional center** - Big Falls provides employment opportunities, retail/service options, health services, governmental services and recreational opportunities for a geographical area that surrounds Big Falls.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community Survey is approximately \$50,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Big Falls has in-fill lots and parcels that may be available for housing development.
- ▶ **Health facilities** - The City has a medical clinic.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion.
- ▶ **Recreational opportunities** - The Big Falls area provides recreational opportunities including hunting, hiking, snowmobiling, fishing, canoeing, etc.
- ▶ **Small town atmosphere** - Big Falls has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - Littlefork has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.

- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Rental housing projects** - Two rental housing projects are located in Big Falls, which is somewhat uncommon for a city the size of Big Falls.

Barriers or Limitation to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Big Falls.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Big Falls and Koochiching County are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in Big Falls and the area are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Distance from a regional center** - Many households desire to be near a major regional center because of the many amenities and jobs it can offer its residents. Big Falls is approximately 39 miles from International Falls, 79 miles from Grand Rapids and 74 miles from Bemidji. Some households consider these cities too far for commuting on a regular basis.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in Big Falls is valued at approximately \$50,000. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owners are willing to accept a potential loss on their investments.
- ▶ **Population and household losses** - The City of Big Falls is projected to have minimal population and household losses from 2018 to 2023.
- ▶ **Educational facilities** - Big Falls has consolidated with Littlefork and does not have a K-12 school in the City.

- ▶ **Commercial/retail options** - Big Falls does not have commercial/retail options that are adequate to meet daily needs.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Lack of jobs** - The City has had its largest employers close, which has resulted in significant job losses.

Big Falls - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Big Falls. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Big Falls if there is continued proactive support from the City of Big Falls; local and regional housing agencies; economic development agencies and the Minnesota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Big Falls will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is a major asset, however, rehabilitation efforts are needed to preserve this housing.
- ▶ **Protect the existing assets and resources** - Big Falls has several assets including a medical clinic, an affordable housing stock, recreational opportunities, several commercial businesses, etc. These are assets that make Big Falls a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the Koochiching County HRA, KEDA, KOOTASCA Community Action and USDA Rural Development. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Big Falls have been formulated through the analysis of the information provided in the previous sections and include a total of 16 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Big Falls	
Rental Housing Development	
1.	Develop three to four general occupancy market rate rental units
2.	Promote the development/conversion of two to three affordable market rate rental housing units
3.	Monitor the need for subsidized/moderate rent housing units
4.	Preserve the existing supply of subsidized housing
5.	Monitor the need for senior designated market rate rental units
6.	Utilize the Housing Choice Voucher Program
Home Ownership	
7.	Utilize and promote all programs that assist with home ownership
8.	Consider the development of a purchase/rehabilitation program
New Construction	
9.	Lot availability and lot development
10.	Strategies to encourage residential lot sales and new home construction
11.	Promote town house and twin home development

Findings and Recommendations for the City of Big Falls	
Housing Rehabilitation	
12.	Promote rental housing rehabilitation programs
13.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
14.	Acquire and demolish dilapidated structures
15.	Create a plan and continue coordination among housing agencies
16.	Develop home ownership and new construction marketing programs and strategies

Big Falls - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

From 2010 to October 2018, based on City data, no rental units have been constructed in Big Falls although some rental mobile homes have been moved in and a commercial space was converted to residential rental use.

Demand for new rental housing is typically generated from three factors:

- Growth from new households
- Replacement of lost units
- Pent-up demand from existing households

Esri’s household projections expect a loss of two households in Big Falls and a loss of 22 households in the Littlefork/Big Falls Market Area from 2018 to 2023. Therefore, we are projecting no demand for rental housing due to household growth over the next five years in Big Falls.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Big Falls will lose two to four rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock as it is no longer habitable. Also, it is projected that some of the single family homes that converted to rentals will convert back to owner-occupied homes.

As part of this study, a rental survey of rental units in Big Falls was conducted. In total, 42 rental units were contacted and surveyed. The survey found no vacancies in the general occupancy market rate units and one vacancy in the subsidized units for a 3.1% vacancy rate. The vacancy rate is low partially due to the power line project as temporary line workers are renting units in Big Falls.

Based on our research, the vacancy findings and local interviews, we have identified pent-up demand for affordable market rate rental units.

These demand generators, after factoring current vacancy rates, show a demand potential for 5 to 7 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2019 to 2024.

▶ General Occupancy Market Rate	3-4 units
▶ Affordable/Conversions	2-3 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services (Independent/Light Services)	<u>0 units</u>
Total	5-7 units

1. Develop three to four general occupancy market rate rental units

Findings: Approximately 36% of the rental housing in the City of Big Falls can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The entire rental inventory in the City includes approximately 50 total units in 2018. We believe that approximately 18 of these units are best described as market rate rental housing.

Of the market rate rental units we surveyed in Big Falls, we found no vacant units. The owners and managers of rental housing reported excellent occupancy rates, however, some of the rental units are occupied by temporary power line workers.

There is a variation in rental rates in the market rate segment in the City of Big Falls. The gross rent ranges are \$600 to \$800 for a one-bedroom unit and \$1,100 to \$1,250 for a two-bedroom unit. The higher rents being charged in Big Falls are partially due to the power line project. Property owners reported that rents are likely to decrease when demand from temporary workers ends with the completion of the power line project.

Housing stakeholders that were interviewed for the study stated that there is a significant need for additional market rate rental housing.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of rental housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of three to four market rate general occupancy rental units over the next five years, from 2019 to 2024.

Town home-style units are the preferred option for addressing the need for market rate units. The project, to be successful, should have 'state of the art' amenities.

We recommend that these market rate units are not constructed until the power line project is completed to determine the impact the power line project has had on the Big Falls' rental market.

To construct the rental housing and charge affordable rents, land donations, financial assistance, tax increment financing, tax abatement and other resources may be needed.

The first option to develop market rate rental housing would be to encourage private developers to construct market rate rental housing. If private developers do not proceed, KEDA, the Koochiching County HRA or a regional housing agency could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing. KOOTASCA Community Action has successfully developed rental housing in the Region in the past.

**Recommended unit mix, sizes and rents for the Big Falls
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1	650 - 800	\$700 - \$750
Two Bedroom	<u>2-3</u>	850 - 950	\$800 - \$900
Total	3-4		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars.

It would be advantageous to have the rents for some of the units at or less than the fair market rents for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The fair market rents currently are:

- 1 bedroom - \$573
- 2 bedroom - \$746

2. Promote the development/conversion of two to three affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop market rate rental units in Big Falls. Unfortunately, these units would tend to be beyond the financial capability of many Big Falls renter households. Many of the City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

There is evidence that Big Falls has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore, there is a need for additional rental units in Big Falls to provide for unit replacement. Unfortunately, most of the lost units are probably affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards have been made to small cities for small rental projects.

Recommendation: We would encourage the City of Big Falls to promote the development/conversion of more affordable units. A goal of two to three units over the next five years would help to replace affordable housing that has been lost.

It is difficult to create units through new construction. It is often more practical to work on building renovation or conversion projects that can create housing. This opportunity often arises in commercial/mixed-use buildings or vacant homes.

It is our recommendation that gross rents for the converted units should be below \$650 per month, which would help to expand the choices available to many of the City's renter households.

It is probable that the proposed rent structure for the units could only be obtained with financial commitments from other sources such as tax increment financing or tax abatement from the City and other financial resources from funding agencies such as the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and SCDP funds. Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Monitor the need for subsidized/moderate rent rental housing units

Findings: There are two federally subsidized rental projects in Big Falls. Combined, there are 32 units of subsidized housing. Both of the subsidized projects are general occupancy.

The two subsidized projects are as follows:

- ▶ **Sunview Apartments** - Sunview Apartments is a 20-unit USDA Rural Development General Occupancy project constructed in 1974. The 20 units include 19 one-bedroom units and one two-bedroom unit.
- ▶ **Big Falls Housing I and II** - Big Falls Housing I and II is a 12-unit USDA Rural Development project constructed in 1970 and 1971. The project was renovated in 2000. The units are in six duplexes and include eight one-bedroom and four two-bedroom units. Eight of these units have access to project-based rent assistance.

Only one vacant unit was identified in the two subsidized projects at the time of the survey. Sunview Apartments had one vacancy and Big Falls Housing I & II was fully occupied. However, some of the Sunview units were occupied by power line workers. The manager of Sunview Apartments reported that the project has had chronic vacancies in the past.

The subsidized projects in Big Falls have rent assistance available for the majority of tenants, so lower income households pay rent based on 30% of income.

In addition to the project-based subsidized housing, Big Falls has access to the HUD Housing Choice Voucher Program (formerly Section 8 Existing Program). However, the Voucher Program has a waiting list.

Based on the 2016 American Community Survey, approximately three renter households reported that 30% or more of their income was required to pay housing costs. This represented approximately 35% of all renters that were surveyed.

Recommendation: With the significant number of existing subsidized units in Big Falls, we do not recommend the development of additional subsidized units over the next five years.

The large subsidized housing production programs of the past are no longer available, and it remains very difficult to produce new units for very low income renters. Additionally, low income tax credits are typically only available for rental projects in larger cities that are experiencing strong job growth.

We also recommend that the City of Big Falls and other stakeholders work to maximize the Community's subsidized housing potential to address the City's housing needs. If there are vacancies in the future, potentially some of the units could be utilized for market rate housing. Additionally, if vacancies exist in the future, possibly two one-bedroom units could be converted to one two-bedroom unit, which would widen the rental market and offer units for families.

4. Preserve the existing supply of subsidized housing

Findings: The City Big Falls has two "deep subsidy" rental housing projects that allow tenants to pay rent based on 30% of income. These projects were constructed in the 1970s when the federal government was actively involved in producing low income housing.

The subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

The two “deep subsidy” rental housing projects in Big Falls are privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The Minnesota Housing Finance Agency tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, the Big Falls subsidized projects were not on the MHFA list.

Local and regional housing agencies should check with MHFA on an ongoing basis to determine if any Big Falls subsidized housing projects are considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

5. Monitor the need for senior housing with services units

Findings: Currently, there are no senior with services housing projects in Big Falls.

Based on 2018 estimates from Esri, there are 22 Big Falls and 99 Littlefork/Big Falls Market Area households with older senior citizens, age 75 and above. The projections contained in this Study anticipate a gain of approximately eight older senior households in the Market Area from 2018 to 2023.

Older seniors tend to represent the primary target market for specialized senior housing. There is growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2023.

There are typically different types of senior with services housing that can serve older seniors, including independent/light services housing, assisted living (full array of senior services), memory care and skilled nursing care.

A nursing home and assisted living project are located in Littlefork, which is in the Littlefork/Big Falls Market Area.

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services units in Big Falls through the year 2023. The City of Big Falls and the Littlefork/Big Falls Market Area do not have the population to support senior with services units in addition to the existing projects in Littlefork.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

6. Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Big Falls and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for Koochiching County. No Vouchers are currently being utilized by any Big Falls households. Currently, approximately three Big Falls renter households are paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting time of approximately 10 months for a Voucher.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Big Falls can provide affordable housing. HUD does not make new incremental assistance available every year, but when

new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should continue to publicize the Housing Choice Voucher Program in Big Falls and Koochiching County to assure that City and County households have access to and are aware of the Program.

Big Falls - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Big Falls is estimated to be \$50,000 based on the 2016 American Community Survey. With approximately 50% of the homes in Big Falls valued less than \$50,000, Big Falls has opportunities for first time home buyers and households seeking moderately priced homes.

While many Big Falls households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

7. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Big Falls. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in Big Falls. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$50,000, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is offering a down payment assistance program in the County. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Big Falls, area financial institutions and KOOTASCA Community Action should utilize all available assistance programs to promote home ownership. The community should also explore the possibility of obtaining specific program set-asides along with other Koochiching County cities from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should work with KOOTASCA Community Action to continue to develop and provide programs that provide financial assistance for households to purchase a home. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Small Cities Development Program.

8. Consider the development of a Purchase/ Rehabilitation Program

Findings: Big Falls has a stock of older, lower valued homes, some of which need repairs. Approximately 81% of the single family homes in Big Falls are more than 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. KOOTASCA Community Action utilized the MURL Program in Koochiching County. However, MHFA is no longer providing funding for the MURL Program.

Recommendation: We recommend that the City of Big Falls and KOOTASCA Community Action, along with other Koochiching County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. KOOTASCA Community Action could purchase homes that need rehabilitation, rehabilitate the homes and sell the homes. Housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. The Minnesota Housing Finance Agency (MHFA), the SCDP Program, and the Federal Home Loan Bank are potential funding sources.

Also, a program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. This program would not require intermediate KOOTASCA Community Action ownership of the homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. Additionally, the City and KOOTASCA Community Action could assist private contractors with purchasing, rehabbing and selling homes.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard.

Big Falls - New Housing Construction

New Housing Construction

Findings: Big Falls has experienced limited single family owner-occupied housing construction over the past nine years from 2010 to October 2018. According to City and U.S. Census records, approximately two single family owner-occupied units have been constructed in Big Falls so far this decade.

With the lack of commercial/retail services and employment opportunities in the City, only limited construction of new owner-occupied housing units is projected over the next several years.

Big Falls is projected to lose two households and the Littlefork/Big Falls Market Area is projected to lose 22 households from 2018 to 2023. However, the City is projected to gain one household in the 35 to 44 age range and two households in the 65 and older age ranges. The Market Area is projected to gain 26 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as town homes and twin homes.

It is our opinion that if the City of Big Falls, developers and builders, and regional and state housing agencies are proactive, a total of three to four owner-occupied housing units could be constructed or moved into Big Falls from 2019 to 2024 to address demand. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of three to four new owner-occupied housing units is as follows:

▶ Higher & medium price homes	0 homes
▶ Affordable homes	1-2 homes
▶ Twin homes/town homes	2 units
Total	3-4 homes/units

9. Lot availability and lot development

Findings: Based on information provided by the City of Big Falls, there is not an existing subdivision with available lots in Big Falls, however, there are in-fill lots and open parcels scattered around the City.

We did not attempt to count these lots and parcels. Also, we do not know the availability of some of these infill lots and parcels.

Recommendation: With projections that approximately three to four new owner-occupied housing units could be constructed over the next five years, the City should have approximately five to six residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. For lots to be available, they should be buildable and for sale.

We recommend that the City of Big Falls inventory all of the lots and parcels in Big Falls to determine their availability, if they are buildable and approximate costs to provide infrastructure to the lot or parcel. It is our assumption that there is an adequate number of lots available in the City of Big Falls to meet expected demand. However, if there is not an adequate supply of lots, the City should work with lot and parcel owners to make lots and parcels available for new housing construction.

10. Strategies to encourage residential lot sales and new home construction

Findings: Big Falls is a very small community that has had limited new construction since 2010. From 2010 to October 2018, two homes have been constructed in the City.

Recommendation: We recommend that the City of Big Falls and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ***Continue competitive pricing*** - The demand for lots in Big Falls is very limited. To encourage home construction in Big Falls, lots must be offered at a very competitive price.

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an available inventory of lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next 10 years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Provide incentives*** - The City of Big Falls could provide incentives for households to buy lots and construct homes including reduced hookup and permit fees, reduced lot prices, discounts at area businesses, tax abatement, construction financing, etc.
- ▶ ***Marketing*** - The City of Big Falls should develop a comprehensive marketing strategy to sell available lots. All stakeholders should be included in marketing strategies. In addition to marketing the lots, the City of Big Falls and its amenities should be marketed.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.

11. Promote town house and twin home development

Findings: Big Falls has experienced no owner-occupied attached housing development from 2010 to 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. In 2018, based on Esri estimates, there were 64 households in the City of Big Falls and 221 households in the Littlefork/Big Falls Market Area with a head of household in the 55 to 74 age ranges.

It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that one new twinhome (two units) could be built over the next five years with the projection that additional twinhomes/townhomes could be built after the five-year projection period.

We recommend a twin home/town home development and for the development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a number of homes which provides security
- ▶ Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The city's role should include assuring that adequate land is available for development and that zoning allows for attached housing development.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home or town home to solicit their ideas.

Big Falls - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of Big Falls has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

12. Promote rental housing rehabilitation programs

Findings: The City of Big Falls has approximately 50 rental units. The rental units are in multi-family buildings, mixed-use buildings, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 87% of the rental structures are more than 40 years old and some rental units are in poor condition.

The largest rental project in Big Falls, Sunview Apartments, is in poor condition and needs extensive exterior and interior improvements.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Big Falls and area housing agencies should seek funds to rehabilitate rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Minnesota Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, Finance Agency (MHFA), the Greater Minnesota Housing Fund, tax credits for housing preservation and local funds.

MHFA has initiated a program known as the Rental Rehabilitation Loan Program (RRLP). It may be advantageous for the City to promote this program to the City's rental property owners. We recommend that the City of Big Falls and area housing agencies assist the owner of Sunview Apartments with developing a plan to rehab the project.

Also, housing agencies such as KOOTASCA Community Action have purchased older market rate and subsidized rental projects in several cities and utilized funds from a variety of sources to rehabilitate and preserve these projects.

13. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Big Falls will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 81% of the owner-occupied homes in Big Falls are more than 40 years old and some of these homes need minor or major repairs. Our housing condition survey rated 84 houses in Big Falls. Our survey found 23 homes that need minor repair and 22 houses that need major repair.

KOOTASCA Community Action administers housing rehabilitation programs in Big Falls and Koochiching County. Housing rehabilitation programs include the MHFA Programs, the SCDP Program, USDA Rural Development Programs and the Weatherization Program.

KOOTASCA Community Action has assisted the City of Big Falls with obtaining SCDP funds in the past for owner-occupied housing rehabilitation.

Recommendation: We recommend that the City of Big Falls continue to utilize available funding sources to rehabilitate homes. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and the Minnesota Small Cities Development Program (SCDP) are all potential funding sources.

We encourage the City of Big Falls to continue to apply for SCDP funds to rehabilitate houses.

Big Falls - Other Housing Initiatives

Other Housing Initiatives

14. Acquire and demolish dilapidated structures

Findings: Approximately 81% of the single family homes in Big Falls are more than 40 years old. Our housing condition survey identified 15 single family houses in Big Falls that are dilapidated and too deteriorated to rehabilitate. We also identified 22 single family houses in Big Falls as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that the City of Big Falls continue to take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

The City could develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, and SCDP funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

15. Create a plan and continue coordination among housing agencies

Findings: The City of Big Falls may need resources in addition to existing staff to plan and implement some of the housing recommendations advanced in this Study. The City has access to KOOTASCA Community Action, the Koochiching County HRA and the Koochiching Economic Development Authority. The City also has access to the Minnesota Housing Finance Agency (MHFA) and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Big Falls is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

16. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Big Falls has been active in promoting and the City and we recommend the continuation or initiation of the following activities:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Big Falls and the Region) to provide employees (especially new employees) with housing opportunities in Big Falls
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of the City's housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices, such as new rental housing, twin homes, etc.
- ▶ Develop incentives and strategies to encourage builders and households to buy lots and to build and buy new homes.
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

City of International Falls

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Little Fork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

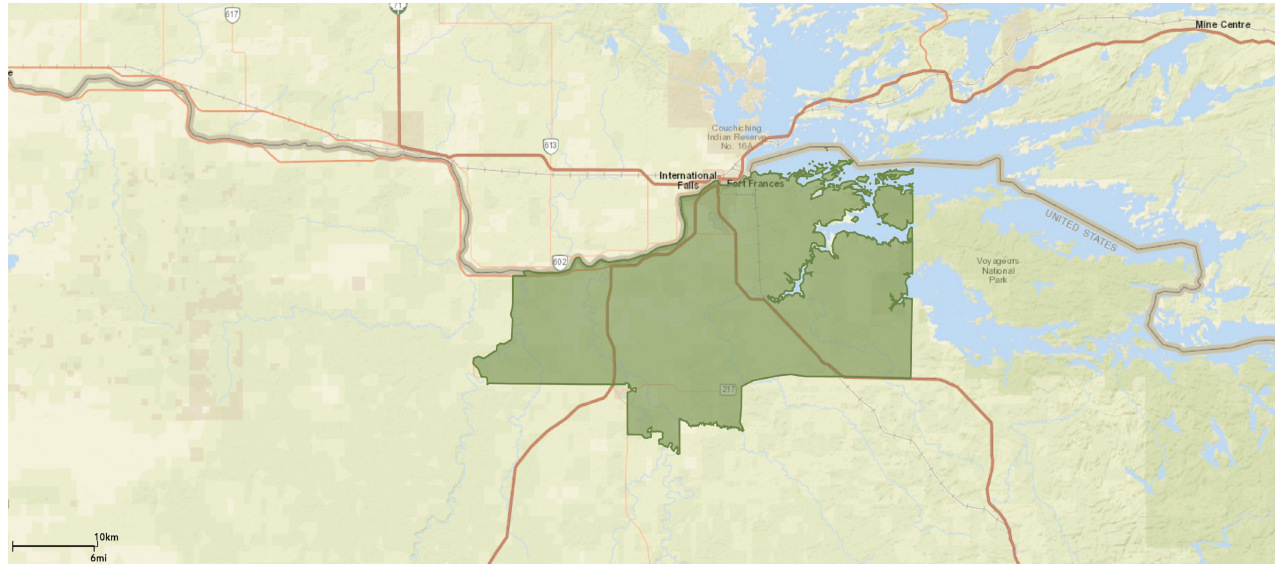
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

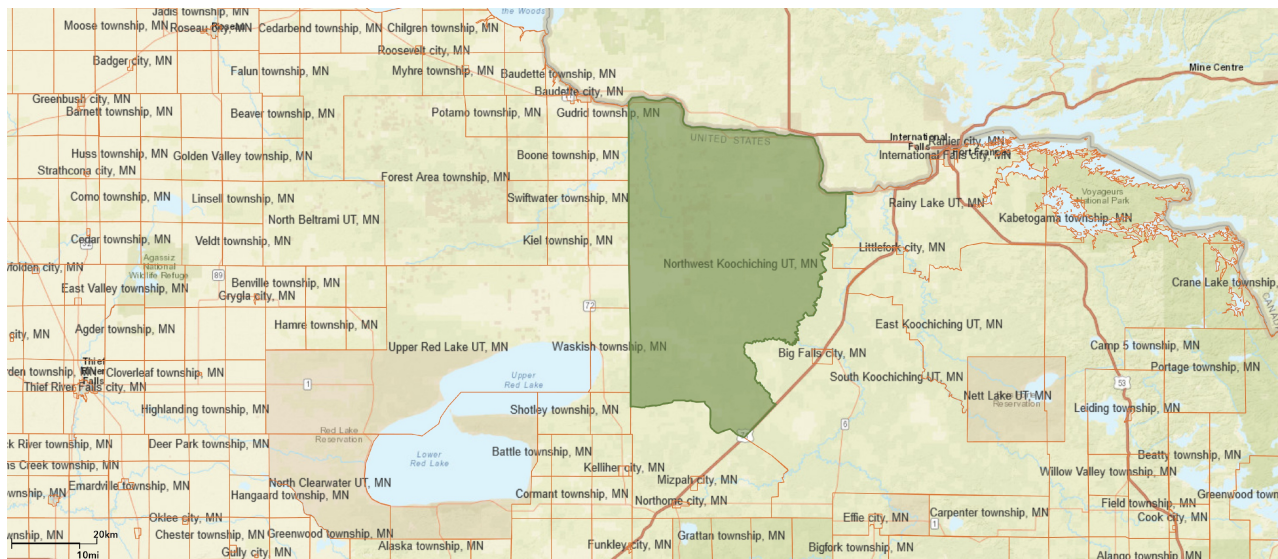
For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



International Falls/Ranier Market Area



Northwest Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Littlefork	838	680	-18.9%	647	-4.9%	622
Big Falls	341	264	-22.6%	236	-11.9%	247
Ranier	199	188	-5.5%	145	-22.9%	503
Northome	283	230	-18.7%	200	-13.0%	210
Mizpah	100	78	-22.0%	56	-28.2%	59
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for International Falls is 5,956 people. In comparison, the State Demographer's 2017 estimate for the City was 5,970 people, and the Census Bureau's 2017 estimate was 5,992 people in the City. All three sources show a relatively similar number of people living in International Falls.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

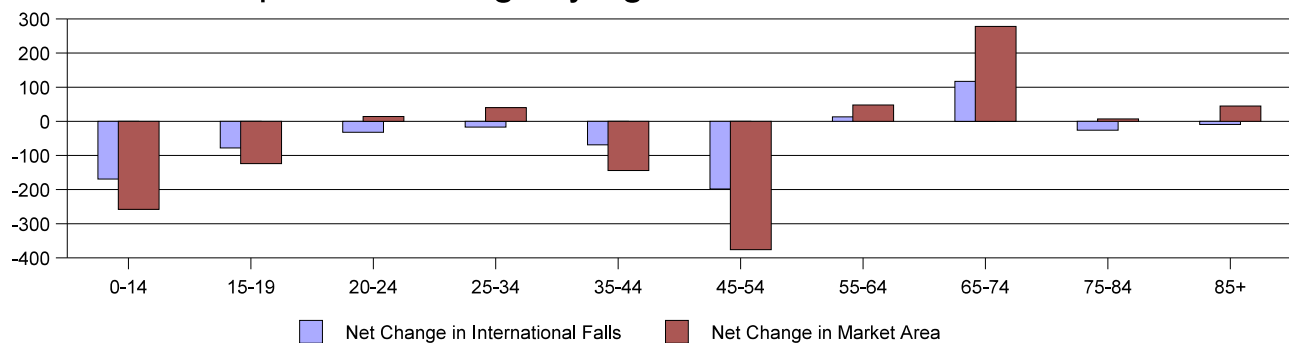
Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for International Falls and the International Falls/Ranier Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018						
Age	International Falls			International Falls/Ranier Market Area		
	2010	2018	Change	2010	2018	Change
0-14	1,161	992	-169	1,803	1,545	-258
15-19	432	354	-78	720	596	-124
20-24	364	332	-32	492	506	14
25-34	727	710	-17	978	1,018	40
35-44	715	646	-69	1,248	1,104	-144
45-54	924	726	-198	1,720	1,344	-376
55-64	829	842	13	1,624	1,672	48
65-74	599	716	117	1,056	1,334	278
75-84	468	442	-26	688	695	7
85+	205	196	-9	288	333	45
Total	6,424	5,956	-468	10,617	10,147	-470

Source: U.S. Census; Esri

Population Change by Age Between 2010 and 2018

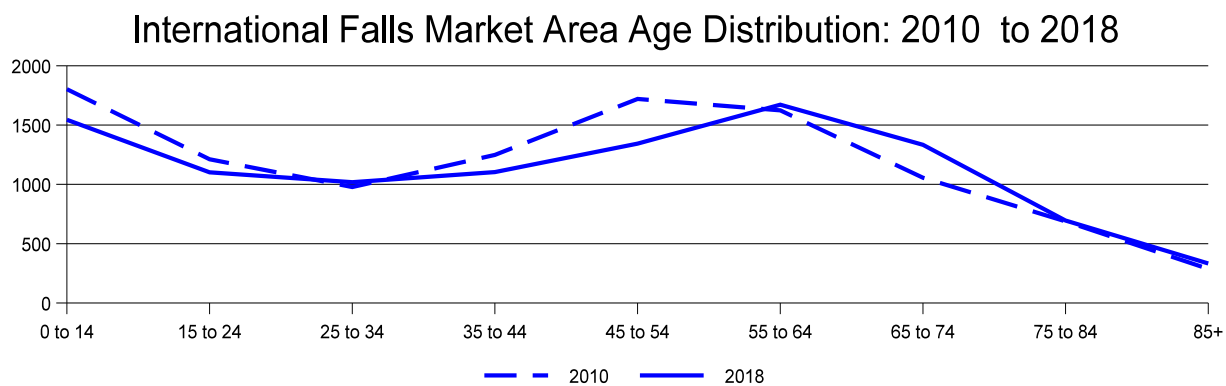


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in International Falls and the International Falls/Ranier Market Area.

Between 2010 and 2018, International Falls had a gain of 130 people and the Market Area had a gain of 326 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age ranges. International Falls only had population gains in the 55 to 74 age ranges. International Falls had a loss of 563 people in the 54 and younger age ranges and a loss of 35 people in the 75 and older age ranges.

In addition to the population gain in the 55 to 74 age ranges, the International Falls/Ranier Market Area also had a gain of 54 people in the 20 to 34 age ranges and a gain of 52 people in the 75 and older age ranges. The International Falls/Ranier Market Area had a loss of 382 people in the 0 to 19 age ranges and a loss of 520 people in the 35 to 54 age ranges.

The aging trends for International Falls can be traced back over the current decade to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 19 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
International Falls	6,424	5,956	5,654	-302
Littlefork	647	622	592	-30
Big Falls	236	247	245	-2
Ranier	145	503	484	-19
Northome	200	210	208	-2
Mizpah	56	59	58	-1
International Falls/Ranier MA	10,617	10,147	9,744	-403
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
Northome/Mizpah Market Area	703	738	731	-7
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Littlefork	303	268	-11.6%	258	-3.7%	246
Big Falls	156	134	-14.1%	130	-3.0%	136
Ranier	76	76	0%	70	-7.9%	238
Northome	103	87	-15.5%	89	2.3%	93
Mizpah	34	31	-8.8%	28	-9.7%	29
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that International Falls had 2,678 households in 2018, down by 225 four households from the 2010 Census count. The estimate from the State Demographer showed 2,868 households in the City in 2017, down by only 35 households from the 2010 Census.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
International Falls	2.45	2.20	2.16	2.18
Littlefork	2.63	2.37	2.33	2.43
Big Falls	2.19	1.97	1.82	1.81
Ranier	2.62	2.30	1.83	2.11
Northome	2.16	2.21	2.20	2.25
Mizpah	2.94	2.52	2.00	2.00
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

Household by Age Trends: 2010 to 2018

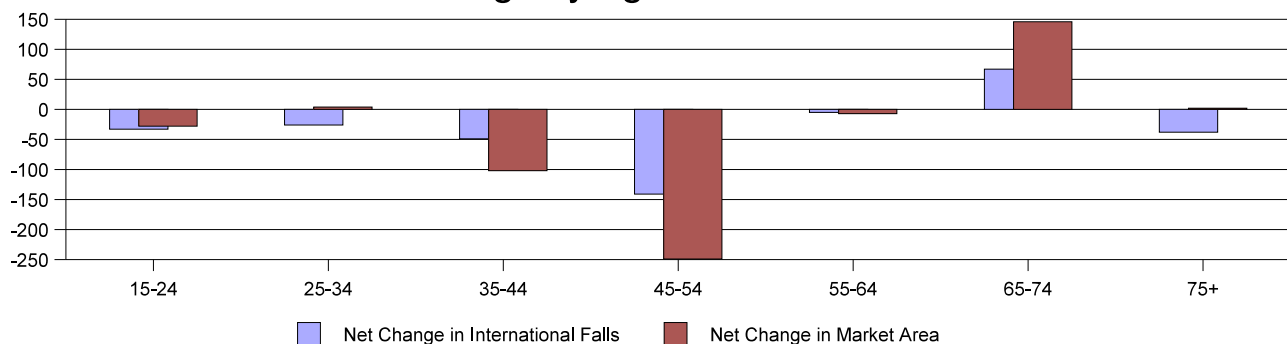
The 2018 Esri age data allows for some analysis of International Falls and the International Falls/Ranier Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	International Falls			International Falls/Ranier Market Area		
	2010	2018	Change	2010	2018	Change
15-24	143	110	-33	158	130	-28
25-34	377	351	-26	476	480	4
35-44	406	357	-49	682	580	-102
45-54	575	434	-141	1,010	761	-249
55-64	524	519	-5	992	985	-7
65-74	391	458	67	688	834	146
75+	487	449	-38	680	682	2
Total	2,903	2,678	-225	4,686	4,452	-234

Source: U.S. Census; Esri

Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. International Falls had an increase of 67 households and the International Falls/Ranier Market Area had an increase of 146 households in the 65 to 74 year age range.

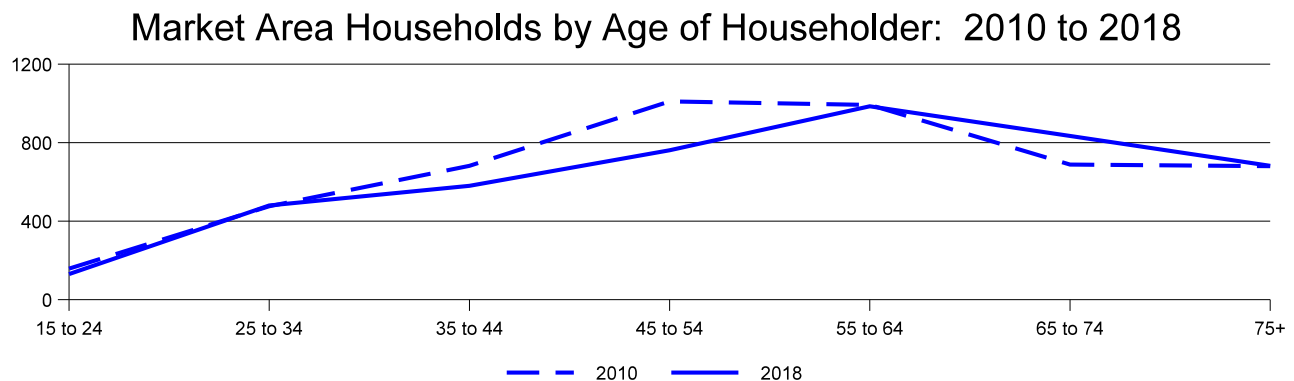
Household Change by Age Between 2010 and 2018



International Falls had household losses in all of the other 10-year age groups. International Falls had a loss of 254 households in the 64 and younger age ranges, and a loss of 38 households in the 75 and older age range.

In addition to the household gains in the 65 to 74 age range, the International Falls/Ranier Market Area had a gain of four households in the 25 to 34 age range and a gain of two households in the 75 and older age range. The Market Area had a loss of 28 households in the 15 to 24 age range and a loss of 358 households in the 35 to 64 age range.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households over the current decade in the International Falls/Ranier Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
International Falls	2,903	2,678	2,534	-144
Littlefork	258	246	234	-12
Big Falls	130	136	134	-2
Ranier	70	238	228	-10
Northome	89	93	92	-1
Mizpah	28	29	29	0
International Falls/Ranier MA	4,686	4,452	4,261	-191
Littlefork/Big Falls Market Area	674	664	642	-22
Northome/Mizpah Market Area	305	318	315	-3
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

International Falls Household by Age Projections: 2018 to 2023

The International Falls household by age projections were created by Esri.

Table 8 International Falls Projected Households by Age: 2018-2023

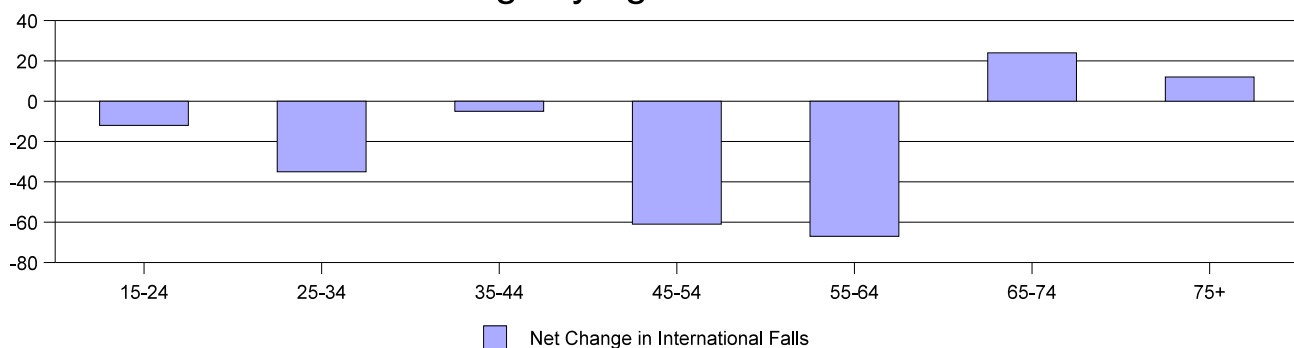
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	110	98	-12
25-34	351	316	-35
35-44	357	352	-5
45-54	434	373	-61
55-64	519	452	-67
65-74	458	482	24
75+	449	461	12
Total	2,678	2,534	-144

Source: Esri

Esri is projecting a loss of 144 households in International Falls from 2018 to 2023. From 2018 to 2023, Esri projects a gain of 36 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of 47 households in the 15 to 34 age ranges and a loss of 133 households in the 35 to 64 age ranges.

Household Change by Age Between 2018 and 2023



International Falls/Ranier Market Area Household by Age Projections: 2018 to 2023

The International Falls/Ranier Market Area household by age projections were created by Esri.

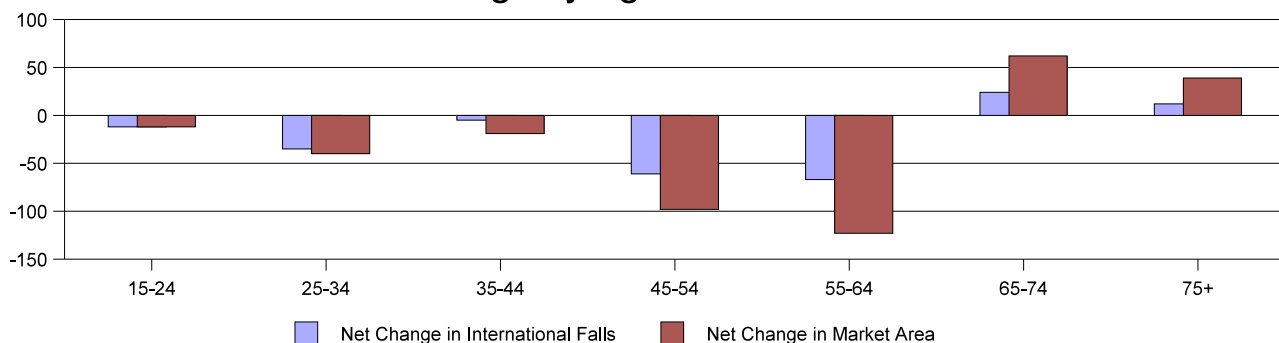
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	130	118	-12
25-34	480	440	-40
35-44	580	561	-19
45-54	761	663	-98
55-64	985	862	-123
65-74	834	896	62
75+	682	721	39
Total	4,452	4,261	-191

Source: Esri

The International Falls/Ranier Market Area is expected to lose 191 households from 2018 to 2023, Esri projects a gain of 101 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri is projecting a loss of 292 households in the 64 and younger age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of International Falls.

Table 10 International Falls Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	517	376	-141
Single Parent with own children	299	336	37
Married Couple without own children	784	760	-24
Family Householder without spouse	151	173	22
Total Families	1,751	1,645	-106
Non-Family Households			
Single Person	1,080	1,087	7
Two or more persons	128	171	43
Total Non-Families	1,208	1,258	50

Source: U.S. Census

Between 2000 and 2010, International Falls experienced a net loss of 106 family households. The net loss was due to a decrease of married couples with and without children. The other household types gained households.

The City had a 50-household increase in “non-family” households. This was due to an increase of seven single person households and an increase of 43 households with unrelated individuals living together.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
International Falls	1,946	67.0%	957	33.0%
Littlefork	180	69.8%	78	30.2%
Big Falls	94	72.3%	36	27.7%
Ranier	56	80.0%	14	20.0%
Northome	64	71.9%	25	28.1%
Mizpah	26	92.9%	2	7.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

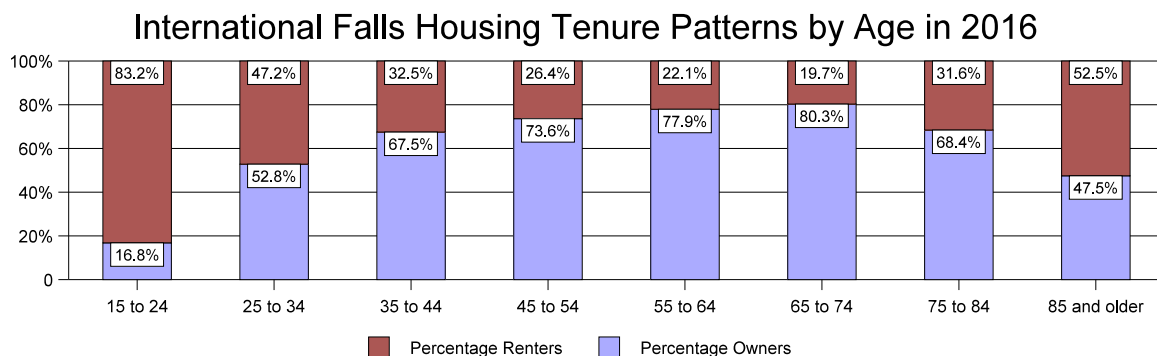
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

International Falls Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of International Falls.

Table 12 International Falls Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	24	16.8%	119	83.2%
25-34	199	52.8%	178	47.2%
35-44	274	67.5%	132	32.5%
45-54	423	73.6%	152	26.4%
55-64	408	77.9%	116	22.1%
65-74	314	80.3%	77	19.7%
75-84	238	68.4%	110	31.6%
85+	66	47.5%	73	52.5%
Total	1,946	67.0%	957	33.0%

Source: American Community Survey



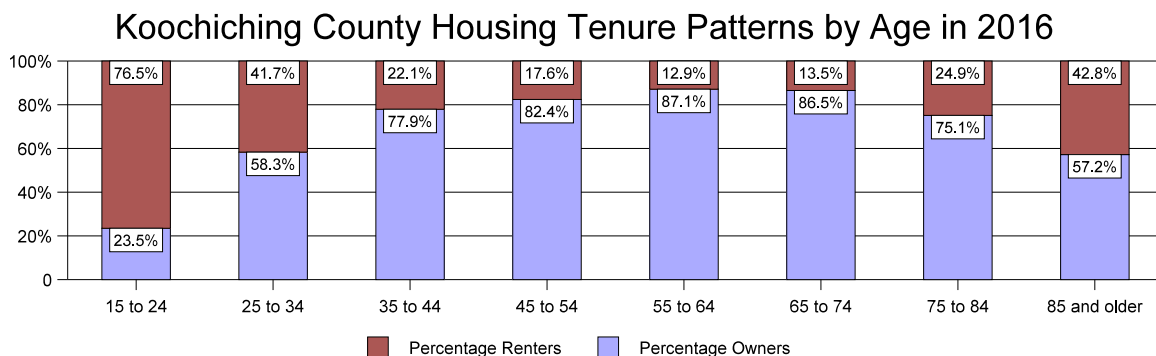
Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 83% of households age 24 and younger, 47% of households in the 25 to 34 age range and 53% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 35 to 84 were approximately 68% or higher.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Table 13 Koochiching County Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges, households in the youngest age ranges showed a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two households members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in International Falls could afford approximately \$969 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$1,301 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2016, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

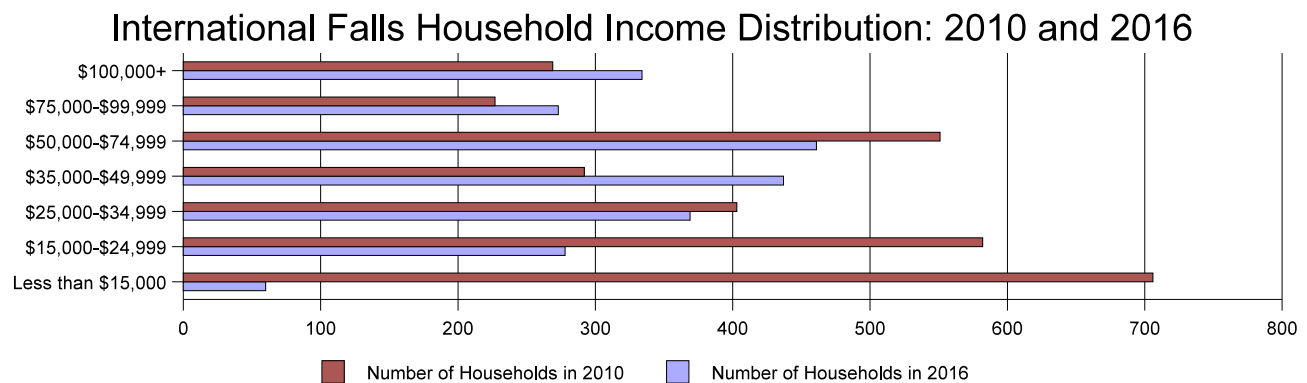
In 2016, the estimated median household income for renters in Koochiching County was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

International Falls Household Income Distribution

The 2016 American Community Survey household income estimates for the City of International Falls can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 15 International Falls Household Income Distribution: 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	706	60	-101
\$15,000 - \$24,999	582	278	-304
\$25,000 - \$34,999	403	369	-34
\$35,000 - \$49,999	292	437	145
\$50,000 - \$74,999	551	461	-90
\$75,000 - \$99,999	227	273	46
\$100,000+	269	334	65
Total	3,030	2,757	-273

Source: American Community Survey



The 2010 American Community Survey provides data on 3,030 households in International Falls. The 2010 U.S. Census reported 2,903 households in the City. However, it is still a good indicator of household income distribution.

According to income estimates contained in the 2016 American Community Survey, household incomes have improved in International Falls. When compared to the 2010 American Community Survey, there was a net increase of 166 households with an income of \$35,000, or more. Conversely, there was a decrease of 439 households with incomes below \$35,000. However, there were still 338 households in International Falls that had an annual income below \$25,000 in 2016. This is approximately 12% of all households in the City of International Falls.

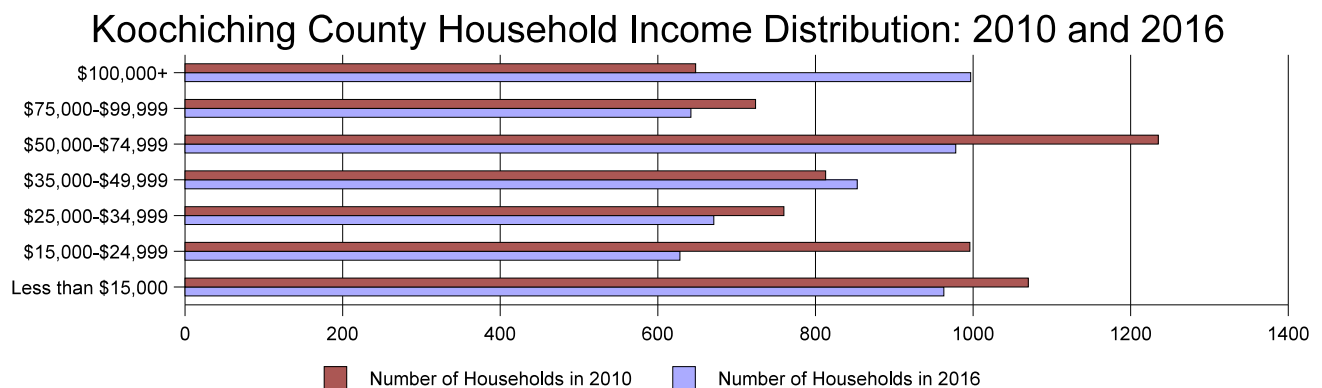
Koochiching County Household Income Distribution

The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 16 Koochiching County Income Distribution - 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provides data on 6,246 households. The 2010 U.S. Census reported 5,874 households in Koochiching County. Therefore, it appears that the American Community Survey overestimated the number of households. However, this source still represents the best available information on household income distribution.



According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

International Falls Income Distribution by Housing Tenure

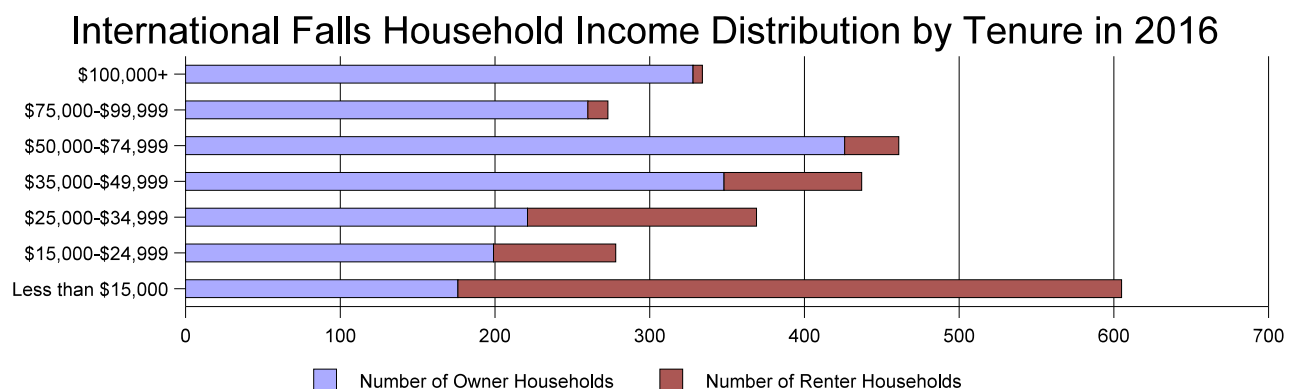
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of International Falls.

Table 17 International Falls Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	176/29.1%	429/70.9%	605
\$15,000 - \$24,999	199/71.6%	79/28.4%	278
\$25,000 - \$34,999	221/59.9%	148/40.1%	369
\$35,000 - \$49,999	348/79.6%	89/20.4%	437
\$50,000 - \$74,999	426/92.4%	35/7.6%	461
\$75,000 - \$99,999	260/95.2%	13/4.8%	273
\$100,000+	328/98.2%	6/1.8%	334
Total	1,958	799	2,757

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in International Falls. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 82% of all renter households in International Falls had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 52% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

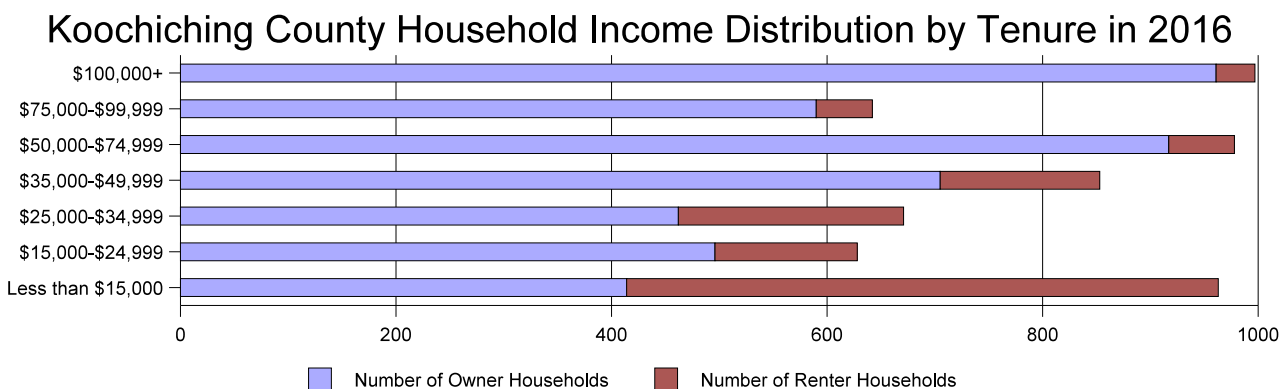
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 18 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - International Falls

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of International Falls.

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	61/9.9%	24/13.2%	85/10.6%
20% to 29.9%	143/23.2%	26/14.3%	169/21.2%
30% to 34.9%	59/9.5%	70/38.4%	129/16.1%
35% or more	317/51.4%	36/19.8%	353/44.2%
Not Computed	37/6.0%	26/14.3%	63/7.9%
Total	617/100%	182/100%	799/100%

Source: American Community Survey

According to the American Community Survey, approximately 60% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in International Falls it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 22% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 78% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 20 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 76% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - International Falls

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of International Falls that are paying different percentages of their gross household income for housing costs.

Table 21 Ownership Costs as a Percentage of Income - International Falls		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	1,395	71.2%
20% to 29.9%	299	15.3%
30% to 34.9%	41	2.1%
35% or more	223	11.4%
Not Computed	0	0%
Total	1,958	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 14% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 22 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City of International Falls, seven single family homes were constructed in International Falls from 2010 to 2017.

No single family attached (twinhome/townhome) units or multi-family rental units were constructed in International Falls from 2010 to 2017.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in International Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- ▶ Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

International Falls Mobile/Manufactured Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 97 mobile and manufactured homes located in four mobile and manufactured home parks in the City of International Falls.

Mobile homes were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. Dilapidated mobile homes need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and candidates for demolition and clearance.

Major Rehabilitation is defined as a mobile home needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses and mobile homes in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair mobile homes are judged to be generally in good condition and require less extensive repair, such as one major improvement. Mobile homes in this condition category may be good candidates for rehabilitation programs because they are in a sellable price range and are economically feasible to repair.

Sound mobile homes are judged to be in good, 'move-in' condition. Mobile homes may contain minor code violations and still be considered Sound.

Table 24 Windshield Survey Condition Estimate - 2018

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Riverside Trailer Court	8/20.5%	12/30.8%	14/35.9%	5/12.8%	39
Riverview Mobile Home Park	8/24.2%	13/39.4%	12/36.4%	0/0%	33
3 rd Ave. W Mobile Home Park	3/30.0%	5/50.0%	2/20.0%	0/0%	10
Crescent Drive Mobile Home Park	6/40.0%	6/40.0%	3/20.0%	0/0%	15
Total	25/25.8%	36/37.1%	31/32.0%	5/5.1%	97

Source: Community Partners Research, Inc.

- ▶ The mobile/manufactured homes in International Falls are in fair condition. Approximately 37% of the mobile homes need minor repair and 32% need major repair. Approximately 26% are sound, with no required improvements.
- ▶ Five mobile homes were dilapidated and possibly beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in International Falls

International Falls has the largest number of annual transactions of any City in Koochiching County. The following table provides information for each year dating back to 2010.

Table 25 Residential Sales in International Falls: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2018*	27	\$69,250	\$214,900	\$22,300
2017	75	\$78,450	\$190,500	\$15,000
2016	66	\$74,675	\$223,000	\$18,500
2015	67	\$71,500	\$173,500	\$18,250
2014	79	\$59,100	\$282,000	\$16,500
2013	67	\$63,000	\$201,900	\$11,000
2012	86	\$71,000	\$235,000	\$10,000
2011	75	\$83,500	\$315,000	\$10,000
2010	63	\$56,800	\$195,500	\$10,000

Source: Koochiching County Assessor; Community Partners Research, Inc.

* Partial-year

Excluding partial-year information for 2018, there have been more than 60 good sales in each of the other years reviewed. Over this time, the annual median has ranged from a low of \$56,800 in 2010, to a high of \$83,500 in 2011. Although the median price has varied from year to year, it has been above \$71,000 since 2015, and the partial-year information for 2018 also shows a median of approximately \$70,000.

The table above also includes information on the highest annual sale prices. In each of the years reviewed, at least one house has sold for more than \$173,000. In most years, sales above \$200,000 have been recorded.

Some lower-valued sales also occur annually, and excluding 2018, at least one house has sold each year for less than \$20,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$84,100, higher than the median sale price that year of nearly \$75,000.

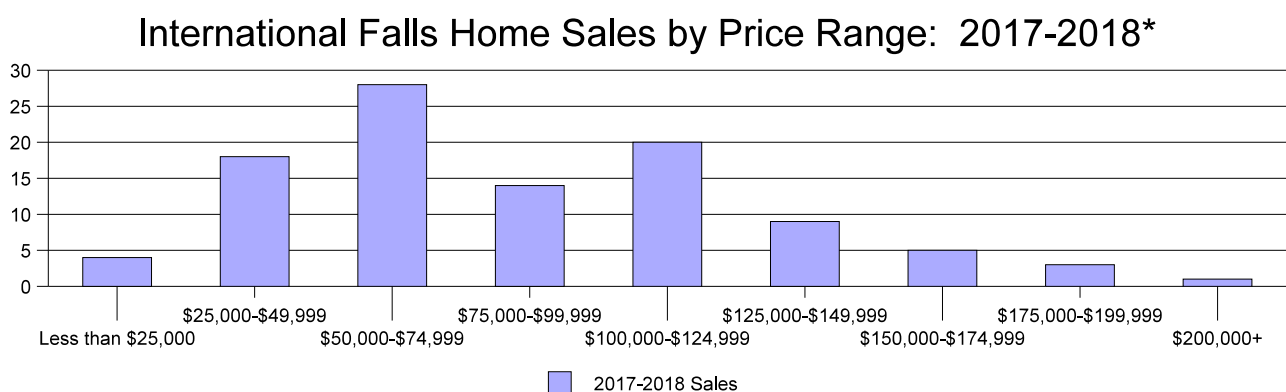
Home Sales by Price Range

The following table looks at single family houses that have been sold in 2017 and 2018 (partial-year) in International Falls.

Table 26 International Falls Home Sales by Price Range: 2017-2018*		
Sale Price	Number of Sales	Percent of Sales
Less than \$25,000	4	3.9%
\$25,000 - \$49,999	18	17.6%
\$50,000 - \$74,999	28	27.5%
\$75,000 - \$99,999	14	13.7%
\$100,000 - \$124,999	20	19.6%
\$125,000 - \$149,999	9	8.8%
\$150,000 - \$174,999	5	4.9%
\$175,000 - \$199,999	3	2.9%
\$200,000+	1	1.0%
Total	102	100%

Source: Koochiching County Assessor; Community Partners Research, Inc.

*2018 sales are partial-year



A large majority of the home sales in International Falls have occurred in the price ranges below \$125,000. Overall, fewer than 18% of recent home sales were for \$125,000 or more.

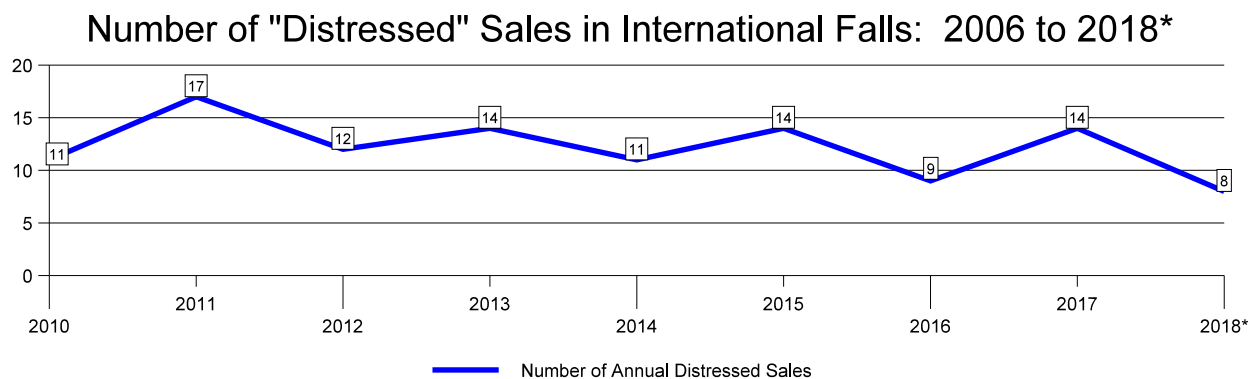
Bank-owned Sales

The records obtained from Koochiching County also included information on rejected sales, including “distressed” transfers. These included bank-owned sales, government sales and other forced sale transactions, often the result of prior foreclosure activity. In many parts of the State, distressed property sales had a negative impact on home values, as these sales often were completed at below-market pricing.

In International Falls, there were:

- 11 distressed sales in 2010
- 17 in 2011
- 12 in 2012
- 14 in 2013
- 11 in 2014
- 14 in 2015
- 9 in 2016
- 14 in 2017
- 8 year-to-date in 2018

In most communities, the number of distressed sales has been decreasing, after peaking earlier in this decade. But in International Falls, the volume of transactions has remained relatively stable over time.



Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 27 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
International Falls	1,946	957	62	55	31	106
Big Falls	94	36	9	1	28	13
Littlefork	180	78	14	2	18	4
Mizpah	26	2	0	1	14	2
Northome	64	25	6	2	4	3
Ranier (prior to annexation)	56	14	11	2	3	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).

- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 957 occupied rental units and 62 vacant rental units for a total estimated rental inventory of 1,019 units in International Falls. The City's rental tenure rate in 2010 was 33.0%, above the Statewide rental rate of 27%.

At the time of the 2000 Census, International Falls had 878 occupied rental units and 112 vacant rental units, for a total estimated rental inventory of 990 units. Between the 2000 Census and the 2010 Census, the City added 79 renter households and 29 rental units to the total inventory.

From 2010 to 2018, no market rate or subsidized rental units were constructed in International Falls. However, 24 assisted living units were constructed in 2013. It is estimated that in 2018, there are approximately 1,042 rental units in International Falls.

Based on the information that is available, no new rental housing construction has occurred in International Falls, or elsewhere in the County in recent decades. The last new project that can be tracked in the County was probably built in the early 1980s.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily rental buildings in the City. The survey focused on larger rental projects with six or more units. However, we also collected some information from other rental properties, such as single family homes, mobile homes, duplexes, small rental buildings and units in mixed-use buildings. Information was collected in September and October, 2018.

Several attempts were made to contact each building. Information was tallied separately for different types of rental housing, including market rate units, subsidized housing, and senior housing with services facilities.

There were 668 rental housing units of all types that were contacted in the survey. This represents approximately 64% of the rental units in the City. The breakdown of units surveyed is as follows:

- 317 market rate units
- 257 subsidized units for general occupancy
- 94 senior housing with services units

A 54-bed skilled nursing home was also surveyed. The findings of the survey are provided below.

Market Rate Summary

Usable information was obtained on 317 market rate rental units in large rental projects, small rental buildings, mixed-use buildings, duplexes, single family homes and mobile homes.

Unit Mix

We obtained bedroom mix information on 135 market rate rental units. The bedroom mix is as follows:

- 2 efficiency (1.5%)
- 39 one-bedroom (28.9%)
- 67 two-bedroom (49.6%)
- 26 three-bedroom (19.3%)
- 1 four-bedroom (0.7%)

Occupancy / Vacancy

We found approximately 13 vacant units in the 317 market rate units that we surveyed. The 13 units represented a vacancy rate of 4.1%.

At the time of the survey, Shorewood Estates had four vacancies and South Falls Apartments/Townhomes and Robb Ross Apartments both reported no vacancies. The 246 units in single family homes, mobile homes, mixed-use buildings and small rental buildings had approximately 9 vacancies.

In many cases, the units attributed as vacant were due to recent turnovers and/or unit renovations, as existing tenants had moved and the units had not yet been released.

Rental Rates

Rental rates in the market rate segment are generally moderate. Most of the market rate rental properties in the City are 30 or more years old.

Some of the units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant paid utilities into a gross rent estimate for the following rent ranges:

	<u>Unit Type</u>	<u>Rent Range</u>
▶	Efficiency	\$370-\$400
▶	One-bedroom	\$400-\$800
▶	Two-bedroom	\$465-\$850
▶	Three-bedroom	\$510-\$950

There is a wide rent range based on the quality, size and age of the units.

Tax Credit Summary

We did not identify any tax credit rental units in International Falls.

Subsidized Summary

There are six federally subsidized rental projects in International Falls. Combined, these projects have 265 units of subsidized rental housing. The six subsidized projects are all general occupancy, however, one project, Woodland Park Apartments with 80 units, was a senior/disabled project, but has converted to general occupancy.

The six subsidized International Falls projects include:

- ▶ **Woodland Park Apartments** - Woodland Park Apartments includes 80 general occupancy HUD Public Housing units. The project includes 78 one-bedroom and two two-bedroom units. The project is owned and managed by the International Falls HRA.
- ▶ **West Falls Estates** - West Falls Estates is a Section 8 HUD 80-unit general occupancy project. The project has 57 one-bedroom, 17 two-bedroom and six three-bedroom units.

- ▶ **Fairview Horizon** - Fairview Horizon includes eight USDA Rural Development general occupancy units. The project has four one-bedroom and four two-bedroom units. This project is owned and managed by KOOTASCA Community Action.
- ▶ **Hampton Court** - Hampton Court is a 28-unit USDA Rural Development general occupancy project that includes 18 one-bedroom and 10 two-bedroom units.
- ▶ **South Falls Apartments and Townhomes** - South Falls Apartments and Townhomes is a 33-unit HUD Section 8 project. There are 27 one-bedroom, four two-bedroom and two three-bedroom units. The project also has 37 market rate rental units.
- ▶ **Falls South Apartments and Townhomes** - Falls South Apartments and Townhomes is a 36-unit general occupancy subsidized HUD Section 8 Project. There are 16 one-bedroom units, eight two-bedroom units and 12 three-bedroom units.

Occupancy / Vacancy

We found eight vacancies in the 265 subsidized units at the time of the survey. This is a 3.0% vacancy rate. Falls South Apartments and Townhomes had three vacancies, Woodland Park Apartments had four vacancies, and Hampton Court had one vacancy. South Falls Apartments and Townhomes, West Falls Estates and Fairview Horizon were fully occupied.

Unit Mix

The bedroom mix of the 265 subsidized units is as follows:

▶ One-bedroom -	200 (75.5%)
▶ Two-bedroom -	45 (17.0%)
▶ Three-bedroom -	<u>20 (7.5%)</u>
▶ Total -	265

Rental Rates

The subsidized units have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income up to a market rate.

Subsidized Unit Gains and Losses

Some subsidized projects around the State have met their contractual obligations to provide affordable housing and have been converting to market rate housing. We are not aware of any subsidized projects that have converted from subsidized to market rate or that have started the process of opting out of their subsidy program.

Tenant-Based Rent Assistance

In addition to these subsidized projects, Koochiching County has approximately 111 households being assisted with HUD Housing Choice Vouchers (formerly Section 8 Existing Program). Approximately 103 of the 111 households are in International Falls.

Housing Choice Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The Housing Choice Voucher Program is administered by the Koochiching County HRA. Currently, there is approximately a 10-month waiting list for local households that apply for a Housing Choice Voucher.

Senior Housing with Services

The International Falls/Ranier Market Area has the following senior with services projects:

- ▶ **River's Edge Villas** - River's Edge Villas is a 27-unit independent/light services project. The project is part of the Good Samaritan campus. The project includes one-bedroom, one-bedroom plus den and two-bedroom units.
- ▶ **Northwinds Assisted Living** - Northwinds Assisted Living is a 24-unit assisted living project that was constructed in 2013. All of the units have one-bedroom. The project is part of the Good Samaritan campus.
- ▶ **Good Samaritan Skilled Nursing Care** - Good Samaritan Skilled Nursing Care is a 54-bed skilled nursing facility that was constructed in 2013. The skilled nursing home is part of the Good Samaritan campus. The facility includes long-term and short-term rehab beds.
- ▶ **Ranier Roost** - Ranier Roost is located in the City of Ranier and is a 23-bed secure assisted living memory care facility. The facility opened in 1987.
- ▶ **Papermakers Place** - Papermakers Place is an eight-bed assisted living facility located in rural International Falls. The facility provides the full array of assisted living services.
- ▶ **Ridgeview Assisted Living** - Ridgeview Assisted Living is a 12-bed assisted living facility located in International Falls. The facility opened for occupancy in 2005.

Occupancy / Vacancy

At the time of the survey, River's Edge Villas and Papermakers Place had one vacancy. Northwinds Assisted Living, Ranier Roost and Ridgeview Assisted Living had two vacancies.

Good Samaritan Skilled Nursing Care operates at an average 90% occupancy rate.

Student Housing

Rainy Hall is a 23-unit student housing project located on the Rainy River Community College Campus. There is a capacity of 92 students, however, the Housing Director prefers a 77-person capacity, which allows for some single rooms. Students pay \$1,790 for a single room and \$2,475 for a double room per semester. The units are fully occupied during the school year.

Table 28 International Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
BD Rentals	efficiency 1 Bedroom 2 Bedroom <u>3 Bedroom</u> 65 Total Units	\$350 \$400 \$500-\$600 \$700 +utilities	No vacancies	General occupancy	BD Rentals includes approximately 65 units in single family homes, duplexes, and several small apartment buildings. Approximately 50 units are in duplexes and apartment buildings and 15 units are single family homes. The rents in the apartment buildings are approximately \$350 for an efficiency, \$400 for a one-bedroom and \$500 for a two-bedroom. Rent includes heat and electricity. The single family home rents are approximately \$600 for a two-bedroom house and \$700 for a three-bedroom house. Tenants pay all utilities. At the time of the survey, BD Rentals had no vacancies.
Hausmann Rentals	Efficiency 1 Bedroom 2 Bedroom 3 Bedroom <u>4 Bedroom</u> 102 Total Units	\$350 \$450 \$550 \$650 \$750 +utilities	Average 4% vacancy rate	General occupancy	Hausmann Rentals includes approximately 102 rental units in a variety of buildings in single family homes, mobile homes, duplexes, tri-plexes, 4-plexes and larger multi-family buildings. The rentals include efficiency units and 1 to 4 bedroom options. The rents listed are typical for the unit size but can vary by size and quality of the unit. In most units tenants also pay utilities. The owner reports an average 4% vacancy rate.
Jensen Rentals	4 - 2 Bedroom 4 - 3 Bedroom <u>1 - 4 Bedroom</u> 9 Total Units	\$450-\$550 +utilities	Two vacancies	General occupancy	Jensen Rentals includes nine single family homes. The nine homes include four two-bedroom, four three-bedroom and one four-bedroom unit. The rents range from \$450 to \$550 plus utilities. The owner reported two vacancies, however, the houses are usually fully occupied.

Table 28 International Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
O'Hara Homes Property Management	1 - 1 Bedroom <u>5 - 2 Bedroom</u> 6 Total Units	\$500 \$425-\$725 +utilities	1 vacancy	General occupancy	O'Hara Homes includes a one-bedroom home, a two-bedroom homes and a 4-plex. The rent is \$425 for the one-bedroom home and \$540 for the two-bedroom home. The rent on the 4-plex units is \$425 for three units and \$725 for a large unit. Tenants also pay utilities. The owner reported one vacancy at the time of the survey.
Pollywog Enterprises	2 - Efficiencies 19 - 1 Bedroom 20 - 2 Bedroom <u>8 - 3 Bedroom</u> 49 Total Units	\$350 \$420-\$600 \$500-\$600 \$650-\$750 + some utilities	Two vacancies	General occupancy	Pollywog Enterprises includes 49 units in 22 single family homes, duplexes and apartment buildings. Rents are \$350 for an efficiency, \$420 to \$600 for a two-bedroom unit and \$650 to \$750 for a three-bedroom unit. Utilities vary from tenants paying limited utilities to paying all utilities. The owner reported two vacancies at the time of the survey.
Robb Ross Apartments	12 - 2 Bedroom <u>12 - 3 Bedroom</u> 24 Total Units	\$690-\$740 \$715-\$765 +electric	No vacancies	General Occupancy	Robb Ross Apartments is a 24-unit market rate general occupancy project constructed in 1980. There are 12 two-bedroom and 12 three-bedroom units. The rent includes a garage. Tenants pay electricity in addition to rent. The rent range is due to some units having been renovated. The owner reports no vacancies at the time of the survey, however, the project usually has vacancies.
Shorewood Estates	2 - 1 Bedroom <u>18 - 2 Bedroom</u> 20 Total Units	\$750 \$770-\$780 +electric	Four vacancies	General occupancy	Shorewood Apartments is a 20-unit market rate project. The 20 units include two one-bedroom and 18 two-bedroom units. Rent is \$750 for a one-bedroom and \$770 to \$780 for a two-bedroom unit. Tenants also pay electricity. The manager reported four vacancies at the time of the survey.

Table 28 International Falls Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
South Falls Apartments & Townhomes	17 - 1 Bdrm Apts 8 - 2 Bdrm TH <u>2 - 3 Bdrm TH</u> 27 Market Rate +33 Subsidized listed separately	\$400 \$465 \$510	No vacancies	General occupancy	South Falls Apartments and Townhomes includes 27 market rate and 33 subsidized HUD Section 8 subsidized units. The 27 market rate units include 17 one-bedroom apartments, eight two-bedroom townhomes and two three-bedroom townhomes. The rent includes utilities. At the time of the survey, the manager reported no vacancies.
Wickstrom Rentals	2 Bedroom <u>3 Bedroom</u> 15 Total Units	\$500-\$600 \$700-\$775 +utilities	No vacancies	General occupancy	Rental units are in 13 single family houses and one duplex. All units have 2 or 3 bedrooms. Tenants pays utilities in addition to rent. Rents can vary based on size and condition. Owner reported no vacancies.

Table 28 International Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Fairview Horizon	4 - 1 Bedroom 4 - 2 Bedroom 8 Total Units	\$492 \$552 30% of Income	No vacancies	General occupancy	Fairview Horizon is an eight-unit USDA Rural Development Project constructed in the 1970s. The project is owned and managed by KOOTASCA Community Action. Tenants pay 30% of their income up to the maximum rent. The manager reported no vacancies at the time of the survey.
Falls South Apartments & Townhomes	16 - 1 Bdrm Apts 8 - 2 Bdrm TH 12 - 3 Bdrm TH 36 Total Units	\$636 \$745 \$853 30% of Income	3 vacancies	General occupancy	Falls South Apartments and Townhomes includes 36 subsidized Section 8 rental units. The units include 16 one-bedroom apartments, eight two-bedroom townhomes and 12 three-bedroom townhomes. Tenants pay 30% of their income up to the market rent. The market rents are \$636 for a one-bedroom apartment, \$745 for a two-bedroom townhome and \$853 for a three-bedroom townhome. At the time of the survey, the manager reported three vacancies.
Hampton Court	18 - 1 Bedroom 10 - 2 Bedroom 28 Total Units	\$550-\$580 \$610-\$640 30% of Income	1 vacancy	General occupancy	Hampton Court is a 28-unit general occupancy USDA Rural Development Project constructed in the 1980s. There are 18 one-bedroom units and 10 two-bedroom units. Thirteen tenants have rent assistance and pay 30% of their income up to the maximum rent. Tenants without rent assistance pay 30% of their income, but not less than the minimum rent or more than the maximum rent. The manager reported one vacancy at the time of the survey.
South Falls Apartments	27 - 1 Bdrm Apts 4 - 2 Bdrm TH 2 - 3 Bdrm TH 33 Subsidized +27 Market Rate listed separately	\$540 \$660 \$918 30% of Income	No vacancies	General occupancy	South Falls Apartments and Townhomes includes 33 subsidized HUD Section 8 units and 27 market rate units. The units include 27 one-bedroom apartments, four two-bedroom apartments and two three-bedroom townhomes. Tenants pay 30% of their income up to the market rents. The market rents are \$540 for a one-bedroom apartment, \$660 for a two-bedroom apartment and \$918 for a three-bedroom townhome. At the time of the survey, there are no vacancies.

Table 28 International Falls Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
West Falls Estates	57 - 1 Bedroom 17 - 2 Bedroom <u>6 - 3 Bedroom</u> 80 Total Units	\$710 \$690-\$861 \$767 30% of Income	No vacancies, waiting list	General occupancy	West Falls Estates is an 80-unit General Occupancy HUD Section 8 Project. The 80 units include 57 one-bedroom and three two-bedroom apartment units and 14 two-bedroom and six three-bedroom units. Tenants pay 30% of income up to a maximum rent. The manager reported no vacancies and a waiting list.
Woodland Park Apartments	78 - 1 Bedroom <u>2 - 2 Bedroom</u> 80 Total Units	30% of Income \$495 maximum rent	4 vacancies	General occupancy	Woodland Park Apartments is an 80-unit Public Housing Project owned and managed by the International Falls HRA. There are 78 one-bedroom and two two-bedroom units. The project was constructed in 1969. At the time of the survey, there were four vacancies. The manager reported that the project has a very high occupancy rate. The project was a senior/disabled project, but it has converted to general occupancy. However, approximately 75% of the tenants are senior/disabled.

Table 28 International Falls Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Good Samaritan Home International Falls	<u>54 beds</u> 54 Total Beds	Based on level of services	90% occupancy rate	Skilled nursing home	The Good Samaritan skilled nursing home was constructed in 2013 and is part of the Good Samaritan campus. There are 54 beds and includes beds for long-term care as well as short-term rehab care. The facility operates at approximately a 90% occupancy rate.
Northwinds Assisted Living International Falls	<u>24 - 1 Bedroom</u> 24 Total Units	Based on level of services	2 vacancies	Assisted living	Northwinds Assisted Living was constructed in 2013 and is part of the Good Samaritan campus. The project has 24 one-bedroom units. The project provides the full array of assisted living services including 24-hour staffing, medication management, bathing, medication management, housekeeping, laundry, social activities, etc. At the time of the survey, there were two vacancies.
Papermakers Place International Falls	<u>6 Rooms w/8 Beds</u> 8 Total Beds	Based on level of services	1 vacancy	Assisted living	Papermakers Place is a six-bedroom/eight-bed assisted living facility. The facility opened in 2003 and is located in rural International Falls. The facility provides the full array of assisted living services including 24-hour staffing, meals, laundry, medication management, etc. At the time of the survey, there was one vacant bed.
Ranier Roost Ranier	<u>23 Beds - private/semi-private rooms</u> 23 Total Beds	Based on level of services	2 vacant beds	Memory care	Ranier Roost is a 23-bed assisted living memory care facility that opened in 1987. The facility is located in Ranier. The facility is secure and provides 24-hour staffing, meals, laundry, medication management, social activities, etc. There are private and semi-private beds. At the time of the survey, there were two vacant beds. The facility usually operates at a very high occupancy rate.
Ridgeview Assisted Living International Falls	<u>12 Beds</u> 12 Total Units	Based on level of services	2 vacant beds	Assisted living	Ridgeview Assisted Living includes 12 beds. The facility opened in 2005. The facility provides the array of senior services including meals, laundry, 24-hour staffing, medication management, etc.

Table 28 International Falls Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
River's Edge Villas International Falls	1 Bedroom 1 Bdrm+den <u>2 Bedroom</u> 27 Total Units	Based on type of unit and level of services	1 vacancy	Housing with services	River's Edge Villa's is part of the Good Samaritan campus and includes 27 units with one, one-bedroom plus den and two-bedroom units, with 9 different floor plans. The project is independent, light services and includes a noon meal, housekeeping, social activities, etc. At the time of the survey, there was one vacancy, however, the Administrator reported that the units were usually fully occupied and there is a waiting list.

Table 28 International Falls Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Student Housing					
Rainy Hall	<u>23 - 2 Bedroom</u> 23 Total Units	\$1,790 for single \$2,475 for a double per semester	Fully occupied during school year	Students	Rainy Hall is a 23-unit student housing project located on the Rainy River Community College Campus. There is a capacity of 92 students, however, the Housing Director prefers a 77-person capacity, which allows for some single rooms. The project is totally occupied during the school year.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of International Falls, the International Falls/Ranier Market Area and Koochiching County over the past few decades. The primary data sources had differing opinions about recent changes since 2010.

Esri, estimates that the City had a loss of 468 people over an eight-year period from 2010 to 2018. This source showed the biggest reduction in the City's population so far this decade. In comparison, the State Demographer's estimate showed a loss of 454 people from 2010 to 2017, and the Census Bureau showed a loss of 432 people from International Falls during the same time period.

Although there are minor differences between these sources, all show a declining population for the City since 2010. If viewed as an annual average, the City has lost between 59 and 65 people per year.

Esri estimates that the International Falls/Ranier Market Area had a loss of 470 people and Koochiching County had a loss of 447 people from 2010 to 2018. There are no comparable estimates for the Market Area from the State Demographer or the Census Bureau, since these sources do not provide annual estimates for the individual Unorganized Territories. However, both of these sources also do issue County estimates. The State Demographer showed the County's population decreasing by 671 people between 2010 and 2017, while the Census Bureau showed a reduction of 783 people. Both of these sources were tracking larger losses than Esri so far this decade.

The estimated loss of population in the area is a continuation of longer-term trends. International Falls, the International Falls/Ranier Market Area and Koochiching County all had population losses from 2000 to 2010. The City's population decreased by 279 people, the International Falls/Ranier Market Area's population decreased by 743 people and Koochiching County's population decreased by 1,044 people.

Households

There are also differences in the household estimates. The 2018 Esri estimate shows International Falls losing 225 households from 2010 to 2018, while the 2017 State Demographer estimate shows International Falls losing only 35 households.

Esri estimates that from 2010 to 2018, the International Falls/Ranier Market Area had a loss of 234 households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018, but the State Demographer estimates the County had a loss of only 54 households from 2010 to 2017. It is not clear why the differences exist between these data sources.

International Falls, the Market Area and all of Koochiching County each had household losses from 2000 to 2010. The City of International Falls had a loss of 56 households. The Market Area had a loss of 123 households and the County had a loss of 166 households during that decade.

Findings on Projected Growth

The Minnesota State Demographer's Office has not produced any recent projections for population or household growth. As a result, no useful information is available from this source.

However, Esri does provide 5-year demographic projections. Esri projects that International Falls will lose 302 people and 144 households from 2018 to 2023. Esri projects that the International Falls/Ranier Market Area will lose 403 people and 191 households from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and lose 219 households from 2018 to 2023.

Esri's projections to the year 2023 are generally consistent with their belief that there has been a decreasing number of residents in the area since 2010. However, it is very possible that Esri has overestimated the recent losses, and therefore has generated overly pessimistic projections going forward.

Although the analysts have reviewed the available projections, in the recommendations that follow it has been assumed that the losses will not be as large as projected by Esri. However, there is also no information that would indicate that the area will actually add population or households over the next five years.

Summary of the International Falls Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the City of International Falls from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the City's population.

The age-based projections from 2018 to 2023 in International Falls expect a loss of 47 households in the 15 to 34 age ranges and a loss of 133 households in the 35 to 64 age ranges. There is a projected gain of 36 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of International Falls households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-12
25 to 34	-35
35 to 44	-5
45 to 54	-61
55 to 64	-67
65 to 74	24
75 and Older	<u>12</u>
Total	-144

As stated previously, these projections may be overly pessimistic, but they do provide some useful indications of the age-based changes that can be expected.

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of International Falls households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects a loss of 12 households in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 83% of the households in this younger range in the City will rent their housing. A small loss in the number of households in this age range should mean that rental demand from younger households will decrease slightly during the projection period.

25 to 34 Years Old - The projection shows a loss of 35 households in this age cohort by 2023. Within this age range, households often move from rental to ownership housing. A loss of households within this age range will result in a decrease in demand for both first-time home buyer and rental opportunities in this age range.

35 to 44 Years Old - This 10-year age cohort has a projected loss of five households between 2018 and 2023 in International Falls. In the past, this age group has had a relatively high rate of home ownership in the City of approximately 68%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Household losses in this age cohort would result in a decrease in overall demand for owner-occupied housing.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For the City, the projection shows a decrease of 61 households in this age range. This age group will often look for trade-up housing opportunities. With a significant household decrease in this age group, the demand for trade-up housing from this age range will decrease through the year 2023.

55 to 64 Years Old - The projection shows a loss of 67 households in this 10-year age range by the year 2023 in the City. This age range has traditionally had a high rate of home ownership at approximately 78%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. A gain of 24 households is expected in the City within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Approximately 80% of households in this age range owned their housing in the City. Preferences for age-appropriate units should increase from the substantial household growth within this age cohort.

75 Years and Older - There is a projected gain of 12 households in the City in this age range between 2018 and 2023. In the past, households age 75 and older, have had a rate of home ownership that is lower than the younger age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Summary of the International Falls/Ranier Market Area Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the International Falls/Ranier Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in the International Falls/Ranier Market Area expect a loss of 52 households in the 15 to 34 age ranges and a loss of 240 households in the 35 to 64 age ranges. There is a projected gain of 101 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of International Falls/Ranier Market Area households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-12
25 to 34	-40
35 to 44	- 19
45 to 54	-98
55 to 64	-123
65 to 74	62
75 and Older	<u>39</u>
Total	-191

International Falls - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **International Falls serves as a regional center** - International Falls provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a geographical area that surrounds the City.
- ▶ **Affordable priced housing stock** - The City has a large stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2017 sales is approximately \$78,450. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Diverse housing stock** - The City has a mix of housing options, including rental housing units for various household types, owner-occupied homes at various values and senior with services housing.
- ▶ **Desirable location for seniors and retirees** - International Falls is an attractive option for seniors as a retirement location. As a provider of health care, specialized housing, and retail and government services, the City has amenities that are attractive for seniors as they age.
- ▶ **Educational System** - The City has a public K-12 school system and Rainy River Community College is located in International Falls.
- ▶ **Health facilities** - The City has excellent health facilities including clinics and a hospital, as well as a nursing home and senior housing with service projects.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion.
- ▶ **Commercial Development** - The City's commercial district is adequate to meet daily needs.

- ▶ **Backus Community Center** - The Backus Community center offers area residents art and cultural opportunities, meals, exercise/fitness options, programs and events, volunteer opportunities, etc.
- ▶ **International Falls and Koochiching County Housing and Redevelopment Authorities** - The International Falls and Koochiching Housing and Redevelopment Authorities provide affordable housing opportunities in International Falls and Koochiching County, including Woodland Park Apartments and the Housing Choice Voucher Program.
- ▶ **Commuters** - More than 1,600 employees are commuting into International Falls daily for work. These commuters are a potential market for future housing construction.
- ▶ **Koochiching and International Falls Economic Development Authorities** - Both International Falls and Koochiching County have Economic Development Authorities that are active in addressing the City's economic development, community development and housing needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Natural Amenities** - International Falls is surrounded by lakes and forest, which provide excellent building sites and numerous recreation opportunities.
- ▶ **Ports of Entry** - International Falls is located at the border of the United States and Canada. There are three international Ports of Entry in the International Falls/Ranier Market Area, including the International Bridge, the Ranier Rail Port, and the International Falls International Airport. Many tourists and vacationers enter Canada through these Ports. Also, Canadians often come to International Falls and Ranier for shopping, entertainment, services, etc.
- ▶ **Voyageurs National Park** - Voyageurs National Park is a vacation and tourism destination that provides numerous recreational and educational opportunities.

Barriers or Limitation to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of International Falls.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of substantial improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for International Falls are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in International Falls are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in International Falls is valued at approximately \$78,450. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owners are willing to accept a potential loss on their investments.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Limited land availability** - International Falls is largely landlocked, which limits residential development opportunities.
- ▶ **Competition with rural and lake lots** - Attractive rural and lake lots and acreages are available outside of the city limits of International Falls.

- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Lack of buildable lots** - The City has only a few remaining buildable lots available for new housing construction.
- ▶ **Distance from a large regional center** - International Falls is located 163 miles from Duluth, which is the closest large regional center. Some households desire or need to be close to a large regional center for employment, medical services, etc.
- ▶ **Job losses** - International Falls' largest employer has significantly fewer employees than it had at peak employment.
- ▶ **Population and household losses** - International Falls is projected to lose population and households over the next five years, continuing a long-term pattern.
- ▶ **Weather** - International Falls has a perception for cold weather. This may be a deterrent for some households.

International Falls - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for International Falls. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in International Falls if there is proactive support from the City and local, regional and state housing agencies, economic development agencies and the private sector.
- ▶ **Protect the existing housing stock** - The future of International Falls will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - International Falls has several assets including a K-12 school, a college, a commercial district, recreational and tourism opportunities, health facilities including clinics and a hospital, employment opportunities, etc. These are strong assets that make International Falls a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past, the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - The City has resources to draw on including the Koochiching County HRA, KEDA, USDA Rural Development, MHFA, etc. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of International Falls have been formulated through the analysis of the information provided in the previous sections and include a total of 26 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

These recommendations are based on the analysis of the International Falls/Ranier Market Area, and the Northwest Market Area, defined earlier in this document.

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of International Falls	
Rental Housing Development	
1.	Develop 20 to 24 general occupancy market rate rental units
2.	Promote the development/conversion of 8 to 10 affordable market rate rental housing units
3.	Develop 18 to 20 subsidized/moderate rent housing units
4.	Preserve the existing supply of subsidized housing
5.	Develop 14 to 16 additional senior with services units
6.	Develop a mixed-use commercial/housing project
7.	Continue to utilize the Housing Choice Voucher Program
8.	Student Housing Recommendation

Findings and Recommendations for the City of International Falls**Home Ownership**

9. Utilize and promote all programs that assist with home ownership
10. Consider the development of a purchase/rehabilitation program

New Construction

11. Lot availability and lot development
12. Strategies to encourage residential lot sales and new home construction
13. Promote town house and twin home development
14. Coordinate with agencies/nonprofits that develop affordable housing
15. Strategies to develop new affordable homes

Housing Rehabilitation

16. Promote rental housing rehabilitation programs
17. Promote owner-occupied housing rehabilitation programs
18. Develop a Neighborhood Revitalization Program
19. Develop a Rental Housing Registration and Inspection Program

Other Housing Initiatives

20. Encourage employer involvement in housing programs
21. Acquire and demolish dilapidated structures
22. Strategies for downtown redevelopment
23. Create a plan and continue coordination among housing agencies
24. Develop home ownership and new construction marketing programs and strategies
25. Housing Assistance for the Homeless and Hard to House
26. Develop mobile home programs and policies

International Falls - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

From 2010 to 2018, based on City data, no market rate or subsidized rental units have been constructed in International Falls. However, a 24-unit senior with services project was constructed.

Based on the information that is available, no new rental housing construction has occurred in International Falls, or elsewhere in the County in recent decades. The last new project that can be tracked in the County was probably built in the early 1980s.

Demand for new rental housing is typically generated from three factors:

- Growth from new households
- Replacement of lost units
- Pent-up demand from existing households

Esri’s household projections expect a loss of 144 households in International Falls, a loss of 191 households in the International Falls/Ranier Market Area, and a loss of three households in the Northwest Market Area from 2018 to 2023.

These projected losses are much larger than would be indicated from other data sources. However, even though the State Demographer’s Office has a more optimistic view of recent trends, they too are still showing some loss of households for the City and Market Areas. Therefore, we are projecting no demand for rental housing due to household growth over the next five years in International Falls.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that International Falls will lose approximately five to seven rental units per year. As a result, approximately 25 to 35 units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock as it is no longer habitable. Also, it is projected that some of the single family homes that converted to rentals will convert back to owner-occupied homes.

As part of this study, a rental survey of rental units in International Falls was conducted. In total, 574 International Falls market rate and subsidized rental units were contacted and surveyed. Also, 94 senior with services units/beds were surveyed. The survey found a 4.1% vacancy rate in the general occupancy market rate units and a 3.0% vacancy rate in the subsidized units. Also, the senior with services projects each had one or two vacancies.

Based on our research, the vacancy findings and local interviews, we have identified pent-up demand for new high quality rental units, affordable rental units and senior independent/light services rental units.

These demand generators, after factoring current vacancy rates, show a demand potential for 60 to 70 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2019 to 2024.

▶ General Occupancy Market Rate	20–24 units
▶ Affordable/Conversions	8-10 units
▶ Subsidized/Moderate Rent	18-20 units
▶ Senior with Services	<u>14-16 units</u>
(Independent/Light Services)	
Total	60-70 units

1. Develop 20 to 24 general occupancy market rate rental units

Findings: The entire rental inventory in the City includes approximately 1,042 total units in 2018. Approximately 70% of the rental housing in International Falls can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 317 market rate rental units we surveyed in International Falls, we found 13 vacant units at the time of the survey, which is a 4.1% vacancy rate. The majority of the International Falls rental projects we surveyed reported that they typically have low vacancy rates.

Although some of International Falls's multi-family rental projects have vacancies and the number of households in International Falls is projected to decrease, the construction of new market rate units provides many benefits including:

- Addressing pent-up demand for certain housing types
- Upgrading the overall quality of the housing stock
- Increasing the City's rental rates
- Addressing gaps in the City's rental stock
- Addressing new households housing needs

Also, more than 1,600 employees are commuting into International Falls daily for work. Some of these employees would potentially move to International Falls if additional housing was available.

The gross rents for market rate rental units in International Falls are approximately \$400 to \$800 for a one-bedroom unit, \$465 to \$850 for a two-bedroom unit and \$465 to \$850 for a three-bedroom unit.

From 2010 to 2018, we are not aware of any market rate rental units that were developed in International Falls. No new rental housing has been created in the City in recent decades, other than some specialized housing for seniors. However, some single family homes have converted from owner-occupied to rental units.

Many of the housing stakeholders that were interviewed for the study stated that there is a significant need for additional high quality rental housing.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or vacated.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of 20 to 24 market rate general occupancy rental units over the next five years, from 2019 to 2024.

Based on our research, there is a need for rental units of all sizes, thus, the new units constructed over the next five years should include one, two and three-bedroom units.

Town home-style units or high quality apartment buildings are both options in addressing the need for market rate housing. The projects, to be successful, should have 'state of the art' amenities, such as attached parking, in-unit laundry, secured entrances, multiple bathrooms, etc.

New units could be constructed in smaller project phases. This strategy allows the new units to be successfully absorbed into the market.

There are two market rate rental segments in International Falls. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing and a more modest rent. This segment may not qualify for subsidized or tax credit rental units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing, thus, there is a relatively wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, land donations, financial assistance, tax increment financing, tax abatement and other resources may be needed.

The first option to develop market rate rental housing would be to encourage private developers to construct market rate rental housing. If private developers do not proceed, KEDA or a regional housing agency, such as KOOTASCA Community Action, could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

**Recommended unit mix, sizes and rents for the International Falls
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	3-4	650 - 800	\$750 - \$850
Two Bedroom	14-16	850 - 950	\$875 - \$1,150
Three Bedroom	3-4	1,050 - 1,150	\$975 - \$1,350
Total	20-24		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars.

It would be advantageous to have the rents for some of the units at or less than the fair market rents for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The fair market rents for Koochiching County currently are:

- ▶ 1 bedroom - \$573
- ▶ 2 bedroom - \$746
- ▶ 3 bedroom - \$936

2. Promote the development/conversion of 8 to 10 affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in International Falls. Unfortunately, these units would tend to be beyond the financial capability of many International Falls renter households. Many of the City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

There is evidence that International Falls has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore, there is a need for additional rental units in International Falls to provide for unit replacement. Unfortunately, most of the lost units are probably affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards have been made to small cities for small rental projects.

Recommendation: We would encourage the City of International Falls, KEDA and KOOTASCA Community Action to promote the development/conversion of more affordable units. A goal of eight to 10 units over the next five years would help to replace affordable housing that has been lost.

It is difficult to create units through new construction. It is often more practical to work on building renovation or conversion projects that can create housing. This opportunity often arises in commercial/mixed-use buildings or vacant homes. Our experience in other cities has indicated that there is a demand for downtown rental housing.

It is our recommendation that gross rents for the converted units should be below \$650 per month, which would help to expand the choices available to many of the City's renter households.

It is probable that the proposed rent structure for the units could only be obtained with financial commitments from other sources such as tax increment financing or tax abatement from the City and other financial resources from funding agencies such as the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and SCDP funds. Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Develop 18 to 20 subsidized or moderate rent/general occupancy rental housing units

Findings: There are six federally subsidized rental projects in International Falls. The six federally subsidized projects have a combined 265 units. All six projects are general occupancy.

The six subsidized projects are as follows:

- ▶ **Woodland Park Apartments** - Woodland Park Apartments includes 80 general occupancy HUD Public Housing units. The project includes 78 one-bedroom and two two-bedroom units. The project is owned and managed by the International Falls HRA.
- ▶ **West Falls Estates** - West Falls Estates is a Section 8 HUD 80-unit general occupancy project. The project has 57 one-bedroom, 17 two-bedroom and six three-bedroom units.
- ▶ **Fairview Horizon** - Fairview Horizon includes eight USDA Rural Development general occupancy units. The project has four one-bedroom and four two-bedroom units. This project is owned and managed by KOOTASCA Community Action.
- ▶ **Hampton Court** - Hampton Court is a 28-unit USDA Rural Development general occupancy project that includes 18 one-bedroom and 10 two-bedroom units.
- ▶ **South Falls Apartments and Townhomes** - South Falls Apartments and Townhomes is a 33-unit HUD Section 8 project. There are 27 one-bedroom, four two-bedroom and two three-bedroom units. The project also has 37 market rate rental units.
- ▶ **Falls South Apartments and Townhomes** - Falls South Apartments and Townhomes is a 36-unit general occupancy subsidized HUD Section 8 Project. There are 16 one-bedroom units, eight two-bedroom units and 12 three-bedroom units.

The subsidized units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income up to a maximum rent.

Of the total 265 units in the subsidized projects in the International Falls/Ranier Market Area, more than 92% are one and two-bedroom. Approximately 8% of the units are three-bedroom.

The rental survey identified only eight vacancies in the 265 general occupancy units at the time of the survey. This is a 3.0% vacancy rate. Also, most of the subsidized general occupancy units in International Falls are more than 30 years old.

Based on the 2016 American Community Survey, approximately 482 renter households in the City reported that 30% or more of their income was required to pay housing costs. At that time, most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden.

The Backus Community Center has developed preliminary plans to convert the former Alexander Baker School into affordable rental housing.

Recommendation: We recommend that the City of International Falls, the Backus Community Center, the Koochiching Economic Development Authority and KOOTASCA Community Action look for opportunities to expand the supply of affordable general occupancy rental housing. Although the need is greater, a realistic goal would be the construction of 18 to 20 general occupancy subsidized or moderate rent/affordable units over the next five years. It may be feasible to construct a mixed-income building that has both market rate and affordable rental housing.

The need for additional subsidized/moderate rent units is greater than the number of new units recommended, however, the large subsidized housing production programs of the past are no longer available, and it remains very difficult to produce new units for low income renters.

It is our recommendation that the Alexander Baker School conversion project should be pursued. The building is adjacent to many social services and is in close proximity to commercial/retail options, governmental services and job opportunities.

This former school building is conducive to a conversion to rental units. There are preliminary plans for a 16-unit project on the upper two floors, including nine two-bedroom and seven one-bedroom units.

In developing the conversion project, we recommending the following:

- ▶ Rents should be affordable at \$650 or less.
- ▶ As many two-bedroom units as is feasible should be constructed.
- ▶ The units should be high quality and have 'State of the Art' amenities.
- ▶ The project should have a community room, a limited access security system and ample storage space.
- ▶ To develop the rental project with affordable rents, various subsidies will need to be layered. Potential funding sources include tax credits, DEED workforce housing funds, Greater Minnesota Housing funds, MHFA, Federal Home Bank funds and local funds.
- ▶ The City of International Falls could assist with reduced water and sewer hookup fees, reduced permit fees, bonding, etc.

4. Preserve the existing supply of subsidized housing

Findings: The City of International Falls has six "deep subsidy" rental housing projects with a total 265 units that allow tenants to pay rent based on 30% of income. These projects were constructed when the federal government was actively involved in producing low income housing.

The subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

One "deep subsidy" rental housing project is owned by the International Falls HRA and one project is owned by KOOTASCA Community Action. Four projects are privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The Minnesota Housing Finance Agency tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, no International Falls subsidized projects were on the MHFA list.

Local and regional housing agencies should check with MHFA on an ongoing basis to determine if any subsidized housing projects are considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

5. Develop 14 to 16 additional senior housing with services units

Findings: The International Falls/Ranier Market Area has six specialized senior housing with services facilities with a total of approximately 148 beds, serving residents as they move through the aging cycle. The 148 beds include 54 skilled nursing, 44 assisted living, 23 memory care and 27 independent/light services beds. The six existing senior housing with services options are:

- ▶ **River's Edge Villas** - River's Edge Villas is a 27-unit independent/light services project. The project is part of the Good Samaritan campus. The project includes one-bedroom, one-bedroom plus den and two-bedroom units.
- ▶ **Northwinds Assisted Living** - Northwinds Assisted Living is a 24-unit assisted living project that was constructed in 2013. All of the units have one-bedroom. The project is part of the Good Samaritan campus.
- ▶ **Good Samaritan Skilled Nursing Care** - Good Samaritan Skilled Nursing Care is a 54-bed skilled nursing facility that was constructed in 2013. The skilled nursing home is part of the Good Samaritan campus. The facility includes long-term and short-term rehab beds.
- ▶ **Ranier Roost** - Ranier Roost is located in the City of Ranier and is a 23-bed secure assisted living memory care facility. The facility opened in 1987.
- ▶ **Papermakers Place** - Papermakers Place is an eight-bed assisted living facility located in rural International Falls. The facility provides the full array of assisted living services.
- ▶ **Ridgeview Assisted Living** - Ridgeview Assisted Living is a 12-bed assisted living facility located in International Falls. The facility opened for occupancy in 2005.

Based on 2018 estimates from Esri, there are approximately 1,072 older senior citizens, age 75 and above, residing in the International Falls/Ranier and Northwest Market Areas. The projections contained in this Study anticipate a gain of approximately 43 older seniors in these combined Market Areas from 2018 to 2023.

Recommendation: Based on the research completed for this Study, we recommend the development of an additional 14 to 16 independent/light services senior units over the next five years from 2019 to 2024. Also, the need for additional living and memory care beds should be monitored.

Older seniors tend to represent the primary target market for specialized senior housing. The older population, age 75 and above, is expected to increase slightly through the year 2023. There is growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2023.

Skilled Nursing Home - The research for this Study points to a decreasing alliance on nursing homes as a long-term residence option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing moratorium that limits expansion in most cases. No recommendations are offered for this type of specialized housing. International Falls has a well-established provider with 54 beds that serves this section of the market. The skilled nursing home operates at an average 90% occupancy rate.

Light Services/Congregate Housing - River's Edge Villas has 27 independent/light services units. At the time of the survey, River's Edge Villas had one vacancy. To totally occupy all of the units, an approximate absorption rate of 3% of the seniors 75 and older is required. This is below the absorption rate that is typically recommended. Therefore, with the limited number of existing independent/light services units and the high occupancy rate of the River's Edge Villas, we are recommending the development of 14 to 16 independent/light services units over the next five years.

Assisted Living - The International Falls/Ranier Market Area has 44 assisted living beds in three projects. At the time of the survey, there were five vacancies in the 44 beds, which is an 11.4% vacancy rate. To totally occupy all 44 beds, an absorption rate of 4.6% of the seniors age 75 and older in the International Falls/Ranier Market Area not in a nursing home or memory care facility would be required. This is within the absorption rate range that is

typically recommended. Also, there are vacancies in the existing assisted living facilities. Therefore, assisted living appears to be addressing the Market Area's demand for this form of housing. However, the need for additional assisted living beds should be monitored. We are projecting that additional beds will be needed after 2023 as the baby boom generation ages.

Memory Care Housing - The International Falls/Ranier Market Area has 23 memory care beds in one facility, Ranier Roost. This facility provides a secured environment. Also, all of the assisted living facilities have residents in the earlier stages of dementia. With these options, it is our opinion that there is an adequate number of memory care beds. However, the need for additional memory care beds should be monitored.

The purpose of the senior with services recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

6. Develop a Mixed-Use Commercial/Housing Project

Findings: The development of a mixed-use rental housing/commercial project would complement the City's efforts to enhance the City's commercial and housing opportunities.

New mixed-use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance commercial areas, to introduce a new product to the market or to serve as a catalyst for redevelopment.

Recommendation: We recommend the development of a mixed-use building in Downtown International Falls. There are several potential sites in the downtown area for a mixed-use project. The site could be a vacant parcel, or a dilapidated structure or structures could be demolished to provide a site. We recommend commercial space on the first floor and rental units on the upper floors.

The rental units should be primarily market rate units, but could be mixed-income, with some moderate income units. The units should be one and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City and the County and City EDAs and others may have a role in the project by providing tax increment financing (TIF), tax abatement, land at a reduced price and other funds.

7. Continue to utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Koochiching County and International Falls is administered by the Koochiching County Housing and Redevelopment Authority. Currently, 111 households in Koochiching County have a Housing Voucher, approximately 103 of which live in International Falls.

Despite the Vouchers that are available there are still approximately 482 International Falls renter households that are paying more than 30% of their income for rent, which is considered a housing cost burden. Therefore, there remains unmet demand for Vouchers. This is also evident in the Voucher Program's 10-month waiting list.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that International Falls can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should continue to publicize the Housing Choice Voucher Program in International Falls to assure that City households have access to and are aware of the Program.

8. Student Housing Recommendation

Findings: Rainy River Community College is located in International Falls. Rainy River Community College's student enrollment has been declining. However, the College has a goal to increase enrollment from 300 to 375.

Rainy Hall is a 23-unit student housing apartment building. All of the units are two-bedroom and the building has a capacity of 92 students. Although, the Housing Director would prefer a reduced capacity of 77 students to allow for some single-occupancy rooms. Rainy Hall is located on the campus.

Rainy Hall is fully occupied during the school year. The College has considered the development of a second building, however, funding has not been secured. The number of students that live off-campus in International Falls apartments is limited.

Recommendation: The City and College should continue to monitor enrollment and housing vacancy rates to assure that adequate housing is available. If College enrollment significantly increases, there may be a need to develop additional student housing in the future. We recommend that the City support the College if it determines additional on-campus housing is needed.

Additionally, the implementation of a rental inspection and registration program, will assure safe and sanitary living conditions for students who live off-campus.

International Falls - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in International Falls is estimated to be \$78,450. With approximately 50% of the homes in International Falls valued less than \$78,450, International Falls has opportunities for first-time home buyers and households seeking moderately-priced homes.

While many International Falls households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

9. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the major issues facing International Falls. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in International Falls. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at approximately \$78,450, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is administering a Downpayment Assistance Program in Koochiching County. Some International Falls's households have utilized this program. Additionally, the Federal Home Loan Bank has funds available for closing costs and down payment assistance.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership.

While individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: The City of International Falls, local financial institutions and KOOTASCA Community Action should continue to utilize all available assistance programs to promote home ownership. The community, along with other Koochiching County cities, should also explore the possibility of obtaining specific program set-asides from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should continue to work with KOOTASCA Community Action to develop and provide programs that provide financial assistance for households to purchase a home. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Potential funding sources for home ownership programs include USDA Rural Development, the Minnesota Housing Finance Agency, the Federal Home Loan Bank, the Greater Minnesota Housing Fund and the Small Cities Development Program.

10. Consider the development of a Purchase/ Rehabilitation Program

Findings: International Falls has a large stock of older, lower valued homes, some of which need repairs. Approximately 82% of the single family homes in International Falls are more than 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable for the family.

The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. KOOTASCA Community Action utilized the MURL Program in Koochiching County. However, MHFA is no longer providing funding for the MURL Program.

Recommendation: We recommend that the City of International Falls and KOOTASCA Community Action, along with other Koochiching County Cities, consider the creation of a rehab/purchase program for existing houses that is similar to the previous MURL Program. KOOTASCA Community Action could purchase homes that need rehabilitation, rehabilitate the homes and sell the homes. Housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. The Minnesota Housing Finance Agency, the SCDP Program, the Federal Home Loan Bank and the Greater Minnesota Housing Fund are potential funding sources.

Also, a program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. Local financial institutions may provide mortgage funds to purchase a home and to make repairs to the home. Also, USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. This program would not require intermediate KOOTASCA Community Action ownership of the homes. Additionally, the City and KOOTASCA Community Action could assist private contractors with purchasing, rehabbing and selling houses.

A local church is considering the implementation of a Purchase/Rehab Program. They would have a goal of purchasing and rehabbing one home per year.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard. A Purchase/Rehabilitation Program can also be an integral part of a Neighborhood Revitalization Program.

International Falls - New Housing Construction

New Housing Construction

Findings: International Falls experienced limited single family owner-occupied housing construction. According to City records, from 2010 to October 2018 there were seven single family owner-occupied units constructed in International Falls, which is an average of approximately one new housing unit annually.

The attractiveness of the area, the area's natural amenities, the availability of affordable lots and efforts by local stakeholders, should result in the construction of new owner-occupied housing units over the next several years.

International Falls is projected to lose 144 households, the International Falls/Ranier Market Area is projected to lose 191 households, and the Northwest Market Area is projected to lose three households from 2018 to 2023. However, International Falls is projected to gain 36 households and the combined Market Areas are projected to gain 111 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes.

It is our opinion that if the City of International Falls, KEDA, developers and builders, and local and regional housing agencies are proactive, a total of 15 to 19 owner-occupied housing units could be constructed in International Falls from 2019 to 2024 to address demand. This is an average of three to four new units annually. Our projection for owner occupied single family housing starts includes homes built in the newer subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses. The breakdown of our projection of 15 to 19 new owner-occupied housing units is as follows:

▸ Higher & medium price homes	4-5 homes
▸ Affordable homes	5-6 homes
▸ Twin homes/town homes	<u>6-8 units</u>
Total	15-19 homes/ units

11. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of International Falls. Currently, there are approximately 10 to 12 lots available in the Stenberg and Aspen Way Subdivisions.

There are also many miscellaneous infill lots scattered around the city that we did not attempt to count. We do not know the availability of some of these infill lots. Also, there are a substantial number of dilapidated homes in the City. If these homes are demolished, some of the cleared lots could be pooled and may be sites for new construction.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that three to four new owner-occupied housing units could be constructed per year, the City should have approximately eight to 10 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With approximately 10 to 12 available buildable lots, plus infill lots, the City currently has an adequate supply of lots to meet expected demand over the next two years. However, if projected demand comes to fruition, it will be necessary to develop additional lots later in the five-year projection period.

To achieve the level of new home construction potential that as been identified, we would recommend the development of 14 to 16 additional residential lots over the next five years. In developing the lots, the following should be considered:

- ▶ If possible, the site(s) for lot development should have land available for future lot development phases.
- ▶ The lots could be developed on several sites
- ▶ To keep development costs as low as possible, sites with easy access to existing infrastructure should be considered.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.

- ▶ The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The lots should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the lots.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Some lots should be available for twin home/ town home development
- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, home builders, developers, the City of International Falls and KEDA. Financial assistance such as tax increment financing, deferment of assessments, tax abatement and land donations or write downs, may be necessary to make the development of lots feasible.
- ▶ It may be advantageous to develop the lots in phases.
- ▶ Lots should be available for twinhome/townhome development

12. Strategies to encourage residential lot sales and new home construction in International Falls

Findings: Over the past nine years from 2010 to October 2018, seven single family homes have been constructed, which is an average of one housing unit annually.

Recommendation: We recommend that the City of International Falls, KEDA, developers, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ▶ ***Competitive pricing*** - To stay competitive, International Falls should continue to offer lots at a very competitive price.

- ▶ ***Plan for long-term absorption*** - The research completed for this Study expects limited annual absorption of lots in International Falls. We are projecting the construction of three to four housing units per year. It is necessary to view lot sales and housing development as a long-term plan.
- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes the construction of spec homes, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Consider developing an exclusive builder(s) relationship*** - A block of lots could be sold to a builder(s). Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. Builders are more willing to enter a market when the lots are attractive and very affordable. Selling a block of lots available to an exclusive builder or developer should be explored.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Marketing*** - The City of International Falls, KEDA, and all stakeholders including developers, realtors, financial institutions, builders, employers, etc., should develop a marketing strategy to sell available lots. In addition to marketing the lots, the City of International Falls and its amenities should be marketed.
- ▶ ***Incentives*** - The City of International Falls, along with the County and City EDAs should consider providing an incentive package for households who build or purchase a new home in International Falls. The incentives can include reduced lot prices, reduced water/sewer charges, tax abatement, cash incentives, etc.

- ▶ ***Generate initial activity*** - Recent construction activity has been limited. To stimulate new construction, proactive efforts, such as the reduction of hookup and permit fees or other incentives, could be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create some momentum for more houses to be built.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households. Lots should be available for this type of affordable housing.
- ▶ ***Consider partnerships that share and split financial risk to construct spec homes*** - Spec houses could potentially attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy. In an attempt to spur spec home construction, some communities have formed partnerships with private home builders to share the financial risks. For example, subdivision owners have been willing to defer the payment for the lot until the spec home is sold. Another builder incentive is for the City to waive any water/sewer hook up fees, special assessment payments and building permit fees until the home is sold. A more aggressive approach is to become directly involved in helping cover the payments on a home builder's construction loan, if the house does not sell within a reasonable period of time. A community risk pool would need to be established for this type of activity. These types of approaches would somewhat reduce the builder's risk, by lowering the up-front development costs.

13. Promote town house and twin home development

Findings: International Falls had no owner-occupied attached housing development from 2010 to October 2018. Many communities over the past two decades have seen attached housing take an increasingly large share of new construction. In cities the size of International Falls, 20% to 25% of the housing starts are typically twin homes/town homes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. In 2018, based on Esri estimates, there are 997 households in the City of International Falls and 2,003 households in the combined Market Areas with a head of household in the 55 to 74 year old age ranges.

It is important for the City to offer a range of life-cycle housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that six to eight new twin homes or town houses could be built over the next five years in International Falls. However, lots must be available for twinhome/townhome development.

We recommend a twin home/town home development and for the development to be successful, the following should be considered:

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a significant number of homes which provides security
- ▶ Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development may be limited, as the private sector can often meet this housing need if a demand exists. The city's role should include assuring that adequate land is available for development and that zoning allows for attached housing development. Potentially, infill lots could be pooled for twinhome/townhome development.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home or town home to solicit their ideas.

14. Coordinate with agencies/nonprofits that develop affordable housing

Findings: With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies and nonprofit groups such as KOOTASCA Community Action and Habitat for Humanity. These sources can help generate new homes for moderate income families in International Falls.

Recommendation: We recommend that the City and the EDAs coordinate with housing agencies, nonprofit groups and private sector builders to produce housing units for moderate income ownership. At this time, it is very difficult to construct new affordable homes because of the value gap between existing homes and new homes. The City and the EDAs may be able to contribute to the project through land donations, TIF, tax abatement, or project coordination activities.

Also, some existing infill lots could be utilized for affordable home development. Additionally, if dilapidated homes are demolished, some of the cleared lots may be suitable for redevelopment and these infill lots may be good sites for this type of new construction activity.

15. Strategies to develop new affordable homes

Findings: It is difficult to develop homes that are considered affordable 'under \$200,000'. Land and development costs, the cost of materials and labor, new building requirements, etc. are all factors which make most new homes out of reach for most households.

Often, developers and builders have little incentive to address the affordable home market, as they are busy addressing the higher priced home market which generates higher profits.

Recommendation: We have recommended the construction of six to seven affordable homes in International Falls from 2019 to 2024. To accomplish this, the City of International Falls and the EDAs may have to take an active role in developing new affordable housing including tax increment financing, tax abatement, land donations, etc.

Successful affordable home development strategies include:

- ▶ **Available lots** - Lots should be available for affordable homes including manufactured homes and modular homes.
- ▶ **Manufactured/modular homes** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ **Infill lot Home Development** - Infill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on infill lots.

- ▶ **Land Trust** - A land trust provides an affordable permanent new home option by taking the cost of the land out of the purchase price of the home. The land is placed in the stewardship of a land trust and the homeowner leases the land from the land trust through a 99-year renewable lease.
- ▶ **Affordable Housing Financing** - KOOTASCA Community Action and state agencies may have financing and housing programs available to assist developers, builders and home buyers.
- ▶ **City codes and regulations** - The City of International Falls should review its codes and regulations to assure that the codes and regulations are still relevant and are not impeding affordable home construction or unnecessarily adding to the cost of construction.
- ▶ **Develop an affordable design** - The City of International Falls and the EDAs could work with builders to develop a home design that would be affordable and compatible in existing neighborhoods and on small infill lots.
- ▶ **Publicly owned subdivision** - Private developers often have little incentive to develop lower-priced lots and houses. A possible approach is to develop a publicly-owned subdivision, which could offer lower-priced lots for affordable homes.

International Falls - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of International Falls has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

16. Promote rental housing rehabilitation programs

Findings: Based on U.S. Census data, the City of International Falls has approximately 1,042 rental units. The rental units are in multi-family buildings, small rental buildings, mixed-use buildings, town homes, twin homes, single family houses and mobile homes. Many of the City's rental units could benefit from rehabilitation as approximately 82% of the rental structures are more than 40 years old and some rental units are in poor condition.

The need to rehabilitate the City's rental housing stock was identified as a priority by most of the housing stakeholders that were interviewed. The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of International Falls and area housing agencies should continue to seek funds to rehabilitate rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, low income tax credits, USDA Rural Development and local funds. MHFA has initiated a program known as the Rental Rehabilitation Loan Program (RRLP).

It would be advantageous for the City to promote this program to the City's rental property owners. Several rental property owners that were surveyed indicated their willingness to participate in a rental rehabilitation loan or grant program.

Also, housing agencies such as KOOTASCA Community Action have purchased older market rate and subsidized rental projects in several cities and utilized funds from a variety of sources to rehabilitate and preserve these projects.

17. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in International Falls will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 82% of the owner-occupied homes in International Falls are more than 40 years old and some of these homes need minor or major repairs.

Our housing condition survey of 552 homes in two of International Falls's oldest neighborhoods found 239 homes that need minor repair and 150 homes that need major repair. Without continued rehabilitation assistance, the affordable housing stock in International Falls will shrink.

KOOTASCA Community Action administers the housing rehabilitation programs in the City of International Falls and Koochiching County. Housing rehabilitation programs include the SCDP Program, MHFA Programs and the Weatherization Program.

KOOTASCA Community Action has recently administered an SCDP owner occupied housing rehabilitation program in International Falls.

Recommendation: We recommend that the City of International Falls continue to utilize available funding sources to rehabilitate homes in International Falls. The Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and SCDP funds are all potential funding sources.

18. Develop a Neighborhood Revitalization Program

Findings: The City of International Falls has several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation or should be demolished. These neighborhoods also have a significant number of low/moderate income households. Also, the neighborhoods have a significant number of rental single family homes. The neighborhoods could deteriorate or could be revitalized to continue to be strong vital neighborhoods.

Recommendation: Over the years, there has been housing and neighborhood revitalization projects in the neighborhoods including housing rehabilitation, the demolition of dilapidated housing and public facility improvements. We recommend that the City of International Falls select a neighborhood and develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Consider re-zoning, variances and/or re-platting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation
- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Program should include time lines, responsible City Department or Housing Agency, funding sources, etc. The Program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities. As a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

19. Develop a Rental Housing Inspection and Registration Program

Findings: A Rental Inspection and Registration Program can be a valuable tool in improving the quality of a City's rental housing stock. There are approximately 1,042 rental units in International Falls.

Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Inspection and Registration Program is successfully implemented.

The need for a Rental Registration and Inspection Program includes the following:

Health and Safety

- There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life threatening hazards.

Age of Housing Stock

- Approximately 82% of the existing rental housing stock in International Falls is more than 40 years old.
- Older housing needs continued rehabilitation and maintenance.
- Older housing often has difficulty complying with current codes.

Conversions

- Some of the rental buildings were originally constructed for uses other than rental residential such as owner-occupied single family homes, and commercial buildings. In conversion, owners often do the work themselves and have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement often results in a lack of natural lighting, ventilation and proper egress.

Trends of Conversions

- Today's buyers want more amenities and conveniences, and less maintenance. They are less likely to purchase older homes, which results in the continuation of conversion of older homes to rental units.

Maintenance Efforts

- A large number of rental property owners are providing standard housing and reinvesting in their rental properties. However, some rental property owners do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

High Number of Rental Property Owners

- International Falls has a significant number of rental property owners and many of these rental property owners do an excellent job. However, some rental property owners do not reinvest in their properties and create a need for the rental registration program.

Neighborhood Stabilization

- Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance has a negative impact on the neighborhood.

Zoning and Codes

- Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

Substandard Units Removed From Rental Stock

- Rental units that are substandard and cannot cost effectively be brought into compliance with codes are removed from the rental housing stock.

Coordination

- A Rental Housing Registration and Inspection Program provides an accurate record of rental units and owners. The program provides a better opportunity for coordination of city programs and codes.

Recommendation: We recommend the development and implementation of a Rental Registration and Inspection Program to assure that all rental units in International Falls comply with housing laws and codes. The Rental Registration and Inspection Program assures that International Falls rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

International Falls - Other Housing Initiatives

Other Housing Initiatives

20. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers to the community. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing the City's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as work force oriented rental housing, an affordable home ownership program or a new subdivision.

21. Acquire and demolish dilapidated structures

Findings: Approximately 82% of the single family houses in International Falls are more than 40 years old. Some of these homes are dilapidated and too deteriorated to rehabilitate. Some of these homes are also vacant.

Our housing condition survey of 552 single family houses/duplexes in two of International Falls's oldest neighborhoods identified 27 houses that were dilapidated and viewed as too deteriorated to rehabilitate. We also identified 150 houses as needing major repair and some of these homes may be too deteriorated to rehabilitate. It is probable that some additional deteriorated houses exist in other neighborhoods that were not surveyed.

The City of International Falls has been working with property owners to demolish dilapidated houses. The City pays the cost of the home demolition. Over the last four years, 69 structures have been demolished, including some houses, garages and other accessory buildings.

Recommendation: We recommend that the City of International Falls continue to take an aggressive approach to demolishing dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

The City could develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, SCDP funds and local funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

We also recommend that the City of International Falls maintain an inventory of structures that may be candidates for future demolition. An inventory of infill lots for future development should also be maintained.

22. Strategies for Downtown Redevelopment

Findings: International Falls' Downtown has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline for additional actions that could be taken to continue to redevelop the downtown, to maximize the usage of downtown buildings, to promote new downtown businesses and to identify and implement renovations/conversions for housing.

Recommendation: We are also recommending the following actions for downtown International Falls:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:

- ▶ Commercial building rehab and renovations
- ▶ Facade work
- ▶ Rental unit conversions or rehab
- ▶ Building demolition
- ▶ New construction
- ▶ Recruiting new businesses

- ▶ Identify funding sources
 - ▶ SCDP funds
 - ▶ Property owner funds
 - ▶ City, EDA and HRA funds
 - ▶ Federal Home Loan Bank
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ Minnesota Department of Employment and Economic Development
 - ▶ MHFA funds
 - ▶ KOOTASCA Community Action funds

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of International Falls
 - ▶ KEDA
 - ▶ International Falls Chamber of Commerce
 - ▶ KOOTASCA Community Action

23. Create a plan and continue coordination among housing agencies

Findings: The City of International Falls, the Koochiching Economic Development Authority, the Koochiching County HRA and KOOTASCA Community Action are all active in addressing housing and community development needs in International Falls. The City also has access to the Greater Minnesota Housing Fund, the Minnesota Housing Finance Agency (MHFA), and the Department of Housing and Urban Development. These agencies provide funding for housing and community development programs.

Recommendation: The City of International Falls is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

24. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of International Falls, KEDA and the International Falls Chamber of Commerce have been active in promoting and marketing housing and the City, and we recommend the continuation or initiation of the following activities:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (International Falls and the Region) to provide employees (especially new employees) with housing opportunities in International Falls
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior-designated housing, etc.
- ▶ Develop incentives and strategies to encourage builders and households to buy lots and to build and buy new homes.
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing and economic development agencies.

25. Housing assistance for the homeless and hard-to-house

Findings: The City of International Falls has an excellent delivery system to address the housing needs of the homeless/hard to house. However, although this delivery system exists, there typically is inadequate funding for programs and projects to address all of the needs of the homeless/hard to house populations.

The agencies and nonprofits included in addressing the homeless/hard to house issues in International Falls include:

- ▶ KOOTASCA Community Action
 - ▶ Crisis Rent Assistance
 - ▶ Transitional Housing (2 units)
 - ▶ Rapid Re-Housing
 - ▶ Homeless Prevention Program
- ▶ Servants of Shelter
 - ▶ Emergency Shelter (30 days)
 - ▶ 3 units and two efficiency rooms
 - ▶ Assists with securing emergency nightly housing - Hotel stays
 - ▶ Assists with securing long-term housing
 - ▶ Refers individuals and households in crisis to resources
- ▶ Koochiching County HRA
 - ▶ Housing Choice Voucher Program
 - ▶ Applied for Bridge funds
- ▶ Salvation Army
 - ▶ Emergency Lodging
 - ▶ Utility payments and HeatShare
- ▶ Koochiching County Human Services
 - ▶ Information and Referral
- ▶ Friends Against Domestic Abuse
 - ▶ Assists with securing safe temporary shelter
 - ▶ Information and referral services

Recommendation: We recommend the following to continue to address the City of International Falls and Koochiching County homeless/hard to house issues:

- ▶ **Continue to seek additional funds for current homeless/hard to house programs** - The current programs provided by the agencies and nonprofits are excellent programs that typically do not have adequate funds to address the needs of the homeless. The agencies should continue to aggressively seek funds to preserve and expand these programs to adequately address the needs.
- ▶ **Develop additional emergency supportive and transitional housing** - Many homeless/hard-to-house households need the services and housing that these housing options provide with the ultimate goal of securing permanent housing. If new affordable housing is constructed, potentially several units could be reserved for supportive housing.

- ▶ **Continue coordination between agencies and organizations** - The service providers in International Falls coordinate with each other, both formally and informally. It is beneficial to the consumer, the public, and the service providers to continue to define available services, eligibility guidelines, etc.
- ▶ **Continue to develop subsidized and affordable housing** - The City of International Falls and area housing agencies should continue to develop subsidized and affordable housing as discussed in the previous recommendations.
- ▶ **Rental Property Guarantee Program** - Some households are in the 'Hard to House' category for a variety of reasons. These households are often screened out by rental property owners. The rental property owners are concerned that 'Hard to House' homeless households will be poor tenants and/or they will not pay their rent or will damage the unit. Some housing agencies have negotiated an agreement with selected rental property owners. The rental property owner will rent to the 'Hard to House' homeless if the household completes a renter education class and the agency has funds set aside to cover the financial losses the rental property owner may experience.

26. Develop mobile home programs and policies

Findings: International Falls has approximately 97 mobile homes in four mobile home parks. Our condition survey identified 36 homes that needed minor repair and 31 homes that need major repair. Five homes were dilapidated and beyond repair.

Mobile homes are an affordable option for many households and International Falls is an excellent location for households seeking a modular or mobile home as a housing option.

Recommendation: It may be appropriate for the community to initiate programs to encourage households to locate a mobile or modular home in International Falls.

Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home park issues include:

- ▶ ***Down Payment Assistance Program*** - Develop a Down Payment Assistance Program that assists households with the purchase of a mobile home.
- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships have sometimes participated by buying the salvaged homes.
- ▶ ***Time of Sale/Rent Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale or rental. All identified safety hazards must be corrected before the unit is sold, rented and/or occupied.
- ▶ ***Age of Mobile Homes Moved into the City*** - Some cities have implemented an ordinance which stipulates that a mobile home must have been manufactured after a designated year to be moved into the City. This prevents older units from being moved into the City.

City of Littlefork

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Little Fork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

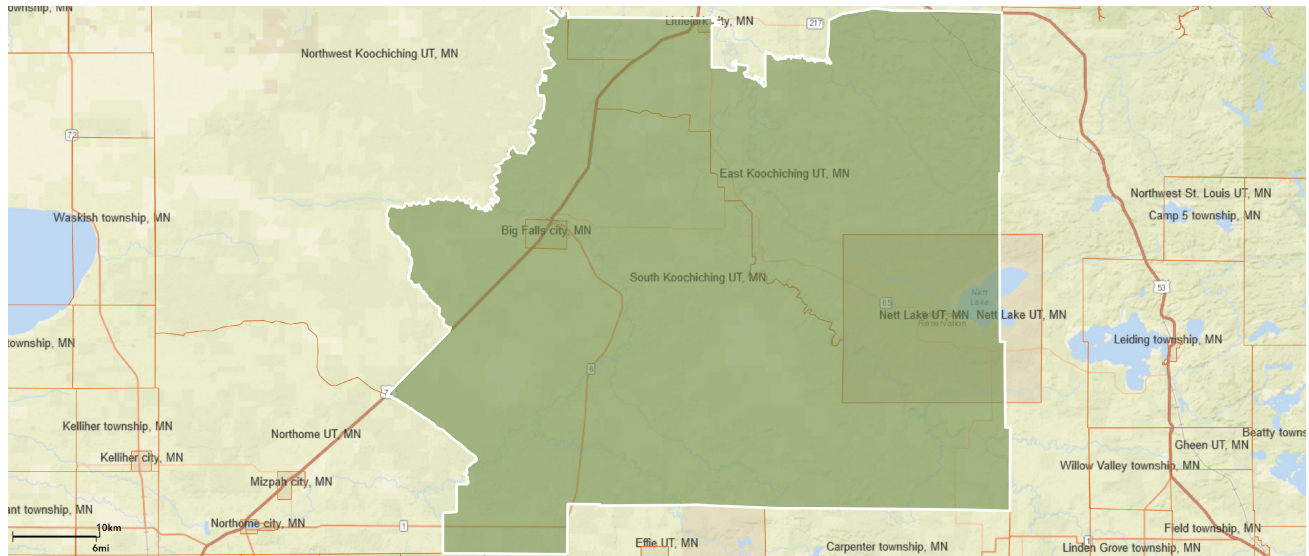
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



Littlefork/Big Falls Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
Littlefork	838	680	-18.9%	647	-4.9%	622
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Big Falls	341	264	-22.6%	236	-11.9%	247
Ranier	199	188	-5.5%	145	-22.9%	503
Northome	283	230	-18.7%	200	-13.0%	210
Mizpah	100	78	-22.0%	56	-28.2%	59
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

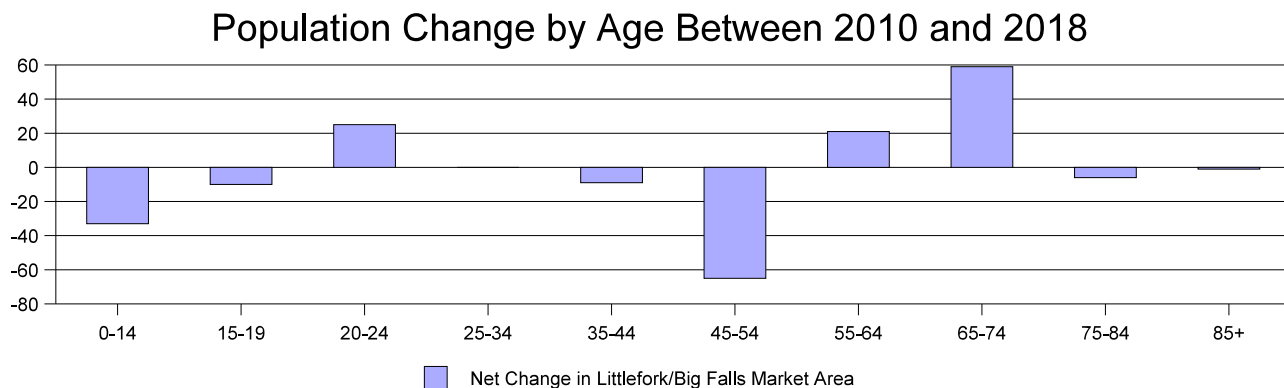
- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Littlefork is 622 people. In comparison, the State Demographer's 2017 estimate for the City was also 622 people, and the Census Bureau's 2017 estimate was 610 people. These three sources all share a similar view of recent change in the City.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for the Littlefork/Big Falls Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018			
Age	Littlefork/Big Falls Market Area		
	2010	2018	Change
0-14	236	203	-33
15-19	91	81	-10
20-24	44	69	25
25-34	125	125	0
35-44	153	144	-9
45-54	275	210	-65
55-64	268	289	21
65-74	168	227	59
75-84	112	106	-6
85+	56	55	-1
Total	1,528	1,509	-19

Source: U.S. Census; Esri

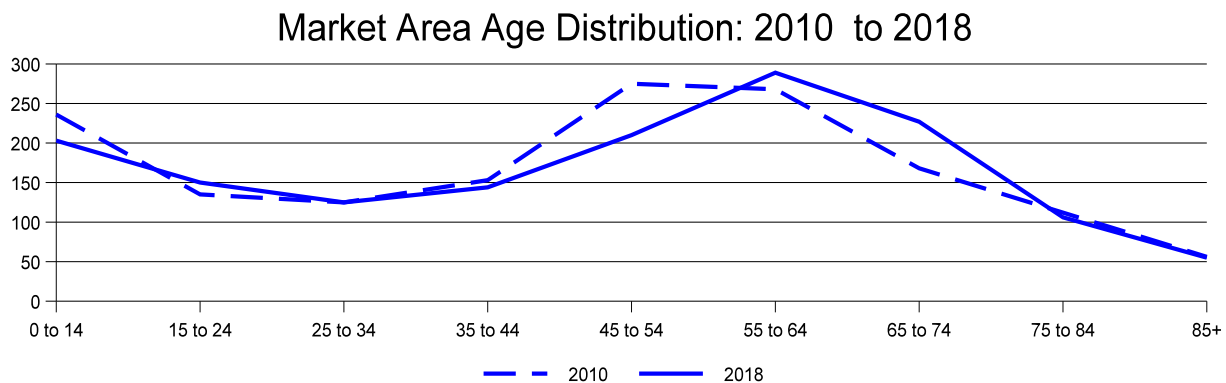


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Littlefork/Big Falls Market Area.

Between 2010 and 2018, the Littlefork/Big Falls Market Area had a gain of 80 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age ranges.

In addition to the population gain in the 55 to 74 age ranges, the Littlefork/Big Falls Market Area also had a gain of 25 people in the 20 to 24 age range. The Littlefork/Big Falls Market Area had a loss of 43 people in the 0 to 19 age ranges, a loss of 74 people in the 35 to 54 age ranges and a loss of seven people in the 75 and older age ranges.

The aging trends for the Littlefork/Big Falls Market Area can be traced back over the previous decades to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 14 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Littlefork	647	622	592	-30
International Falls	6,424	5,956	5,654	-302
Big Falls	236	247	245	-2
Ranier	145	503	484	-19
Northome	200	210	208	-2
Mizpah	56	59	58	-1
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
International Falls/Ranier MA	10,617	10,147	9,744	-403
Northome/Mizpah Market Area	703	738	731	-7
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
Littlefork	303	268	-11.6%	258	-3.7%	246
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Big Falls	156	134	-14.1%	130	-3.0%	136
Ranier	76	76	0%	70	-7.9%	238
Northome	103	87	-15.5%	89	2.3%	93
Mizpah	34	31	-8.8%	28	-9.7%	29
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that Littlefork had 246 households in 2018, down by 12 households from 2010. The estimate from the State Demographer showed 264 households in Littlefork in 2017, up by six households from the 2010 Census. Despite a very similar population estimate from these two sources, they differ somewhat on the number of resident households.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Littlefork	2.63	2.37	2.33	2.43
International Falls	2.45	2.20	2.16	2.18
Big Falls	2.19	1.97	1.82	1.81
Ranier	2.62	2.30	1.83	2.11
Northome	2.16	2.21	2.20	2.25
Mizpah	2.94	2.52	2.00	2.00
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

Household by Age Trends: 2010 to 2018

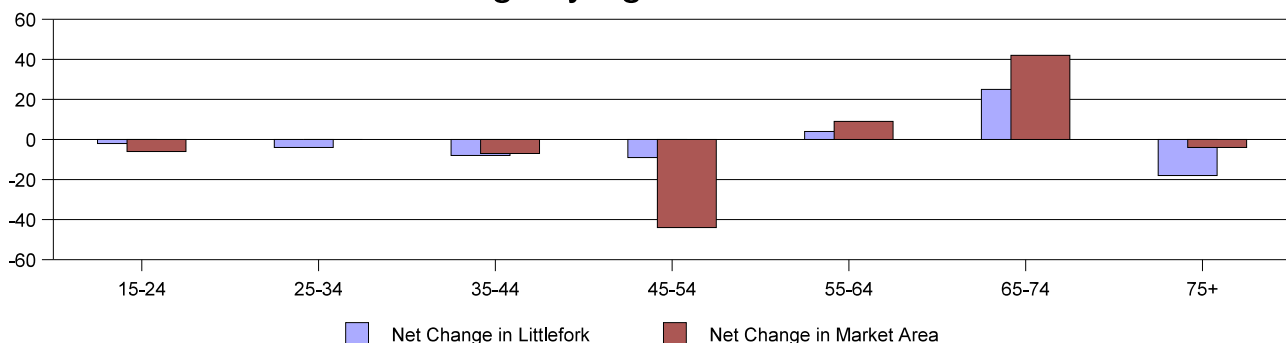
The 2018 Esri age data allows for some analysis of Littlefork and the Littlefork/Big Falls Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 - 2018						
Age	Littlefork			Littlefork/Big Falls Market Area		
	2010	2018	Change	2010	2018	Change
15-24	5	3	-2	12	6	-6
25-34	28	24	-4	58	58	0
35-44	36	28	-8	79	72	-7
45-54	47	38	-9	152	108	-44
55-64	58	62	4	160	169	9
65-74	31	56	25	110	152	42
75+	53	35	-18	103	99	-4
Total	258	246	-12	674	664	-10

Source: U.S. Census; Esri

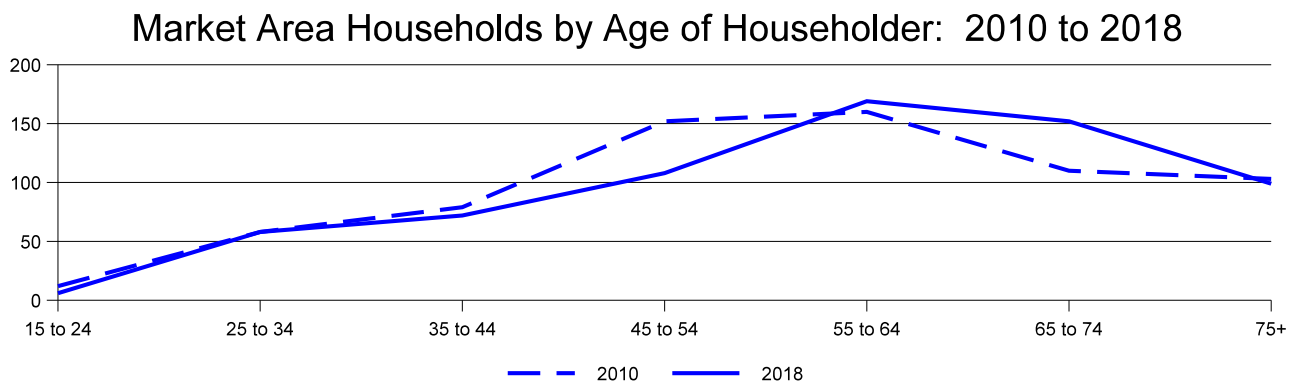
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Littlefork had an increase of 29 households and the Littlefork/Big Falls Market Area had an increase of 51 households in the 55 to 74 year age range.

Household Change by Age Between 2010 and 2018



Littlefork had household losses in all of the other age ranges. Littlefork had a decrease of 23 households in the 54 and younger age ranges and a loss of 18 households in the 75 and older age range. The Littlefork/Big Falls Market Area had a reduction of six households in the 15 to 24 age range, a loss of 51 households in the 35 to 54 age ranges and a loss of four households in the 75 and older age range.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households over the past 18 years in the Littlefork/Big Falls Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Littlefork	258	246	234	-12
International Falls	2,903	2,678	2,534	-144
Big Falls	130	136	134	-2
Ranier	70	238	228	-10
Northome	89	93	92	-1
Mizpah	28	29	29	0
Littlefork/Big Falls Market Area	674	664	642	-22
International Falls/Ranier MA	4,686	4,452	4,261	-191
Northome/Mizpah Market Area	305	318	315	-3
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

Littlefork Household by Age Projections: 2018 to 2023

The Littlefork household by age projections were created by Esri.

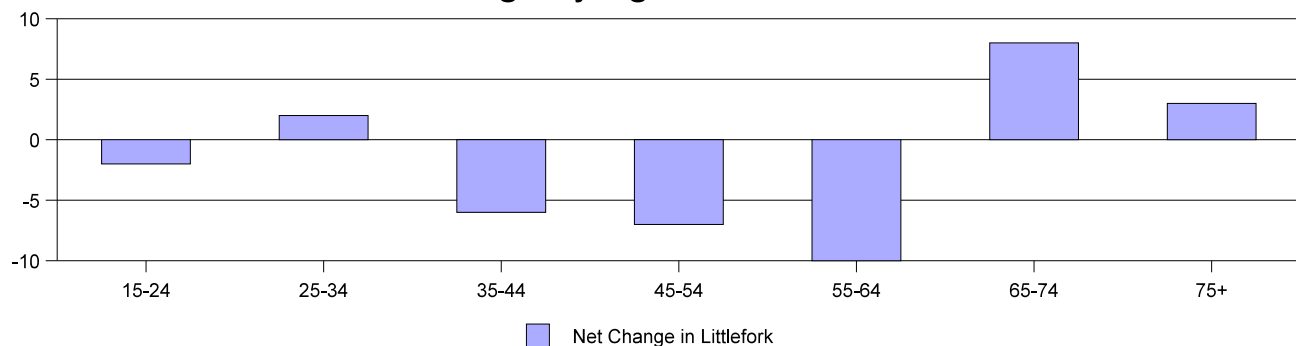
Table 8 Littlefork Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	3	1	-2
25-34	24	26	2
35-44	28	22	-6
45-54	38	31	-7
55-64	62	52	-10
65-74	56	64	8
75+	35	38	3
Total	246	234	-12

Source: Esri

Esri is projecting a loss of 12 households in Littlefork from 2018 to 2023. From 2018 to 2023, Esri projects a gain of two households in the 25 to 34 age range and an increase of 11 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri projects a loss of two households in the 15 to 24 age range and a loss of 23 households in the 35 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Littlefork/Big Falls Market Area Household by Age Projections: 2018 to 2023

The Littlefork/Big Falls Market Area household by age projections were created by Esri.

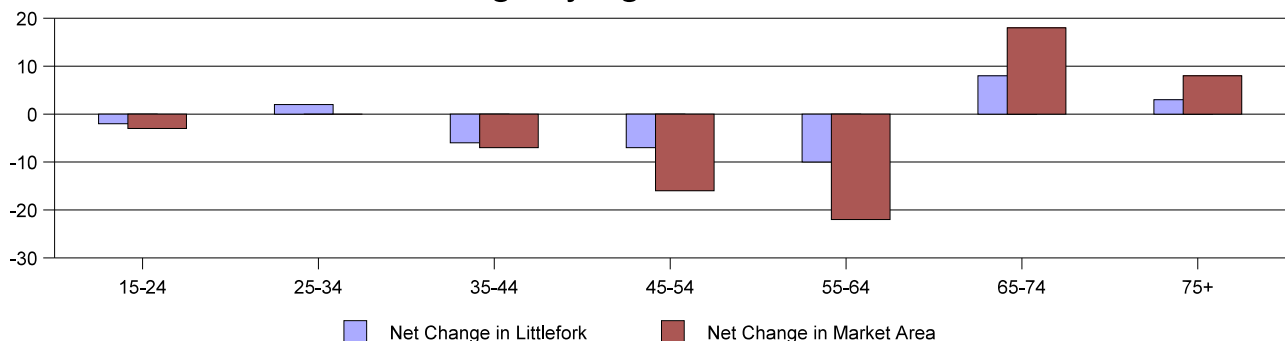
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	6	3	-3
25-34	58	58	0
35-44	72	65	-7
45-54	108	92	-16
55-64	169	147	-22
65-74	152	170	18
75+	99	107	8
Total	664	642	-22

Source: Esri

The Littlefork/Big Falls Market Area is expected to lose 22 households from 2018 to 2023. However, Esri projects a gain of 26 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri projects a loss of 48 households in the 64 and younger age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Littlefork.

Table 10 Littlefork Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	63	44	-19
Single Parent with own children	21	14	-7
Married Couple without own children	84	83	-1
Family Householder without spouse	10	13	3
Total Families	178	154	24
Non-Family Households			
Single Person	82	86	4
Two or more persons	8	18	10
Total Non-Families	90	104	14

Source: U.S. Census

Between 2000 and 2010, Littlefork experienced a net loss of 24 family households. The net loss was due to a decrease of married couples with and without children and a loss of single parents with children.

The City had a 14-household increase in “non-family” households. This was due to an increase of four single-person households and an increase of 10 households with unrelated individuals living together.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Littlefork	180	69.8%	78	30.2%
International Falls	1,946	67.0%	957	33.0%
Big Falls	94	72.3%	36	27.7%
Ranier	56	80.0%	14	20.0%
Northome	64	71.9%	25	28.1%
Mizpah	26	92.9%	2	7.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

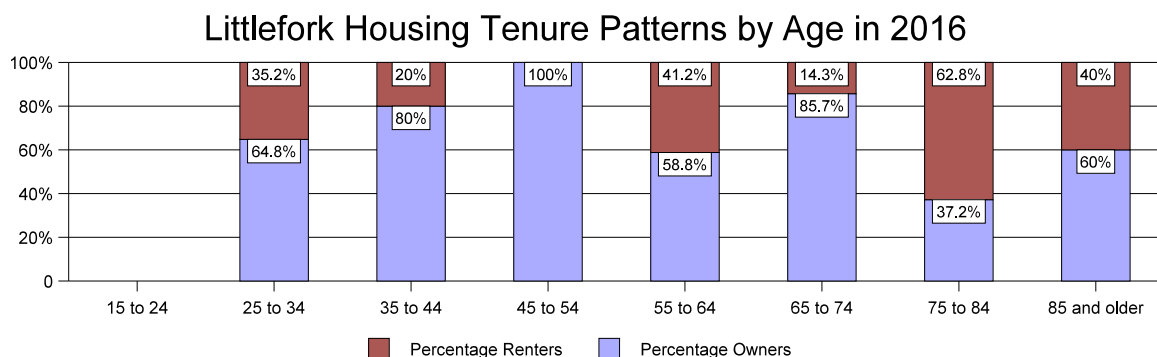
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Littlefork Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Littlefork.

Table 12 Littlefork Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	0	0%
25-34	35	64.8%	19	35.2%
35-44	20	80.0%	5	20.0%
45-54	14	100%	0	0%
55-64	50	58.8%	35	41.2%
65-74	36	85.7%	6	14.3%
75-84	16	37.2%	27	62.8%
85+	6	60.0%	4	40.0%
Total	177	64.8%	96	35.2%

Source: American Community Survey



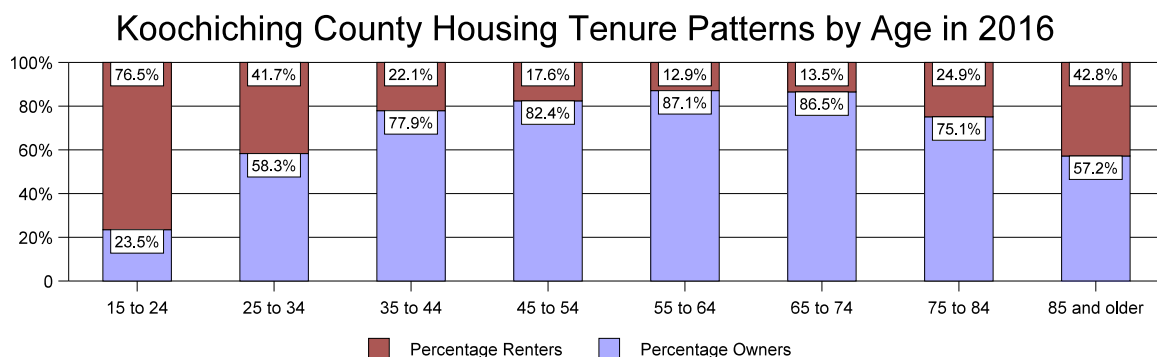
Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 35% of households age 34 and younger, 63% of households in the 75 to 84 age range and 40% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 35 to 74 were approximately 59% or higher.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Table 13 Koochiching County Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges, the households in the youngest age ranges showed a high percentage of rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two households members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in the City could afford approximately \$924 per month for ownership or rental housing in 2017. A family at the median income level for the City could afford approximately \$1,362 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2016, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

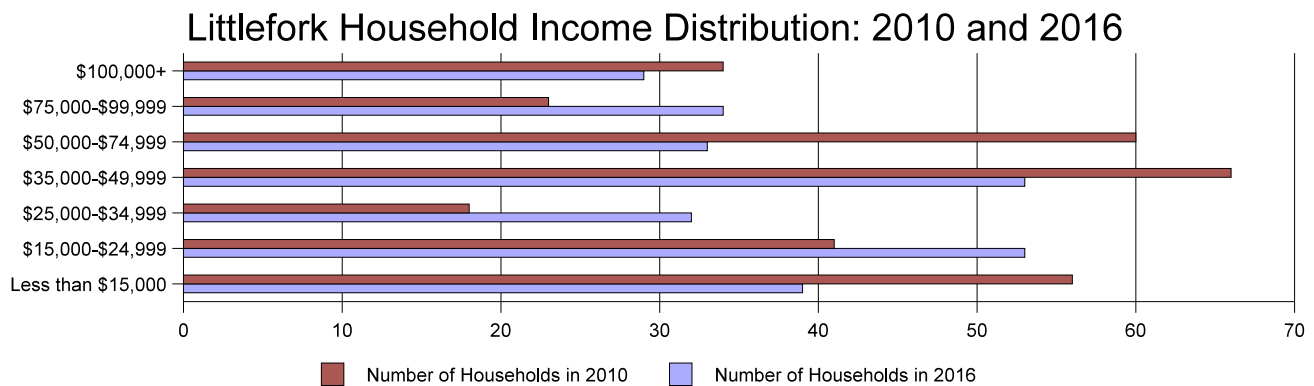
The estimated median household income for renters in Koochiching County in 2017 was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

Littlefork Household Income Distribution

The 2016 American Community Survey household income estimates for the City of Littlefork can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 15 Littlefork Household Income Distribution: 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	56	39	-17
\$15,000 - \$24,999	41	53	12
\$25,000 - \$34,999	18	32	14
\$35,000 - \$49,999	66	53	-13
\$50,000 - \$74,999	60	33	-27
\$75,000 - \$99,999	23	34	11
\$100,000+	34	29	-5
Total	298	273	-25

Source: American Community Survey



The 2010 American Community Survey provides data on 298 households in Littlefork. The 2010 U.S. Census reported 258 households in the City. It also appears that the American Community Survey overcounted the number of households in Littlefork in 2016. However, it is still a good indicator of household income distribution.

Koochiching County Household Income Distribution

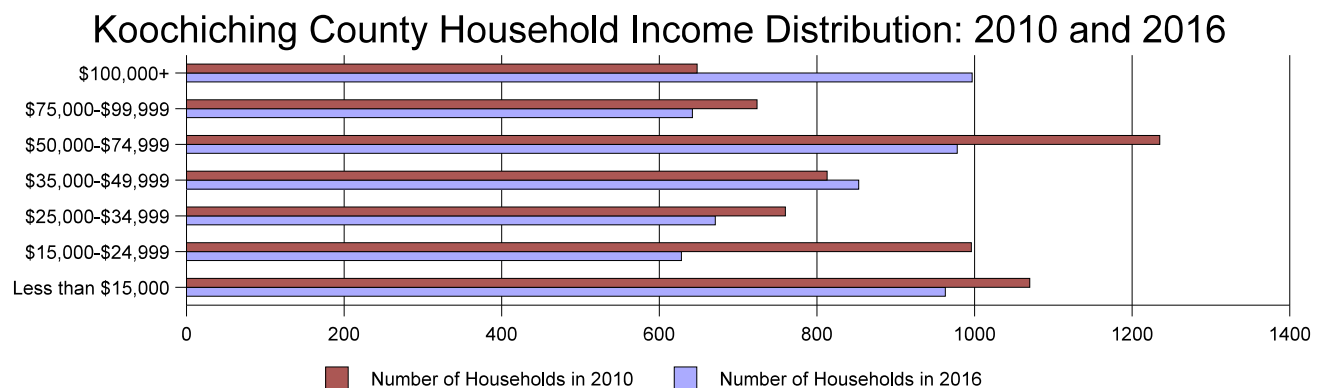
The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 16 Koochiching County Income Distribution - 2010 to 2016

Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provides data on 6,246 households. The 2010 U.S. Census reported 5,874 households in Koochiching County. Therefore, it appears that the American Community Survey overestimated the number of households. However, this source still represents the best available information on household income distribution.



According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

Littlefork Income Distribution by Housing Tenure

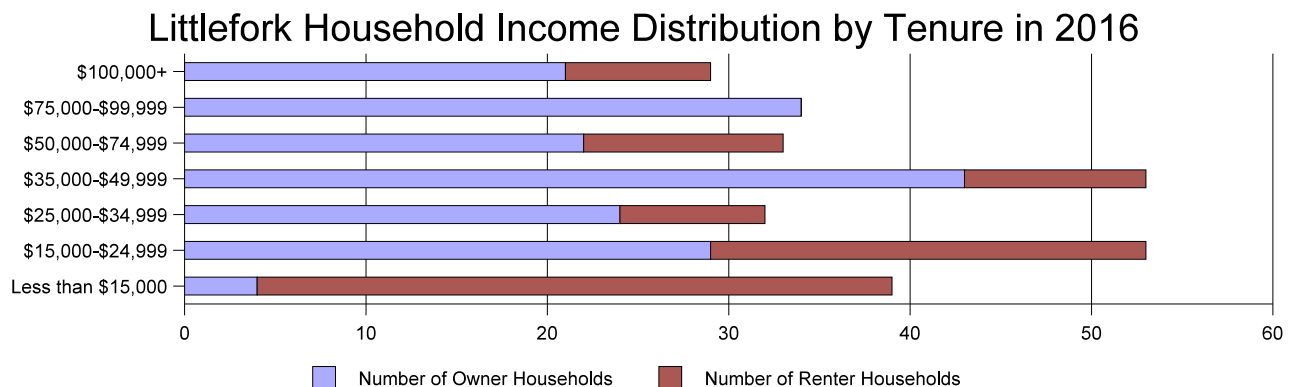
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Littlefork.

Table 17 Littlefork Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	4/10.3%	35/89.7%	39
\$15,000 - \$24,999	29/54.7%	24/45.3%	53
\$25,000 - \$34,999	24/75.0%	8/25.0%	32
\$35,000 - \$49,999	43/81.1%	10/18.9%	53
\$50,000 - \$74,999	22/66.7%	11/33.3%	33
\$75,000 - \$99,999	34/100%	0/0%	34
\$100,000+	21/72.4%	8/27.6%	29
Total	177	96	273

Source: American Community Survey

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2016, approximately 70% of all renter households in Littlefork had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.



Conversely, a majority of the owner households had a substantially higher income level. Approximately 44% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

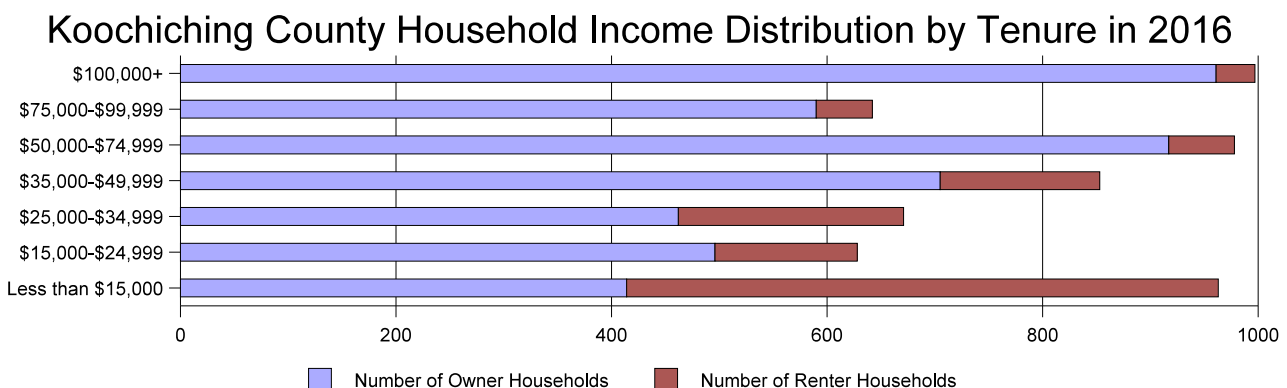
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 18 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - Littlefork

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Littlefork.

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	19/32.2%	7/18.9%	26/27.1%
20% to 29.9%	16/27.1%	3/8.1%	19/19.8%
30% to 34.9%	0/0%	3/8.1%	3/3.1%
35% or more	19/32.2%	24/64.9%	43/44.8%
Not Computed	5/8.5%	0/0%	5/5.2%
Total	59/100%	37/100%	96/100%

Source: American Community Survey

According to the American Community Survey, approximately 48% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Littlefork it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 59% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 41% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 20 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 76% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - Littlefork

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Littlefork that are paying different percentages of their gross household income for housing costs.

Table 21 Ownership Costs as a Percentage of Income - Littlefork		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	101	57.0%
20% to 29.9%	46	26.0%
30% to 34.9%	6	3.4%
35% or more	24	13.6%
Not Computed	0	0%
Total	177	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 22 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City, two single family homes were constructed in Littlefork from 2010 to October 2018.

No single family attached (twinhome/townhome) units or multi-family rental units were constructed in Littlefork from 2010 to October 2018.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in International Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main Street.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in Littlefork

A number of transactions were listed in Littlefork for the time period reviewed, but most were rejected as “unqualified sales”. Rejected sales included transactions between related parties, bank-owned sales and other types of unqualified sales. With a slightly larger volume of home sales, the following table provides information for each year.

Table 24 Values of Residential Sales in Littlefork: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2018*	2	-	\$112,000	\$83,500
2017	5	\$56,000	\$123,000	\$14,150
2016	2	-	\$27,500	\$22,000
2015	8	\$58,950**	\$129,500	\$22,500
2014	4	\$54,500**	\$134,500	\$25,600
2013	9	\$50,000	\$87,000	\$18,600
2012	5	\$48,500	\$111,000	\$28,500
2011	5	\$47,000	\$85,000	\$22,000
2010	7	\$58,000	\$73,000	\$15,000

Source: Koochiching County Assessor; Community Partners Research, Inc.

* Partial-year

** Median calculated from two closest sales

Despite the limited number of sales that occur within any 12-month time period, the annual median has remained relatively similar, in a range between approximately \$47,000 and \$59,000. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded in Littlefork was for \$134,500. Over the entire 8-year period, this was the only sale in the City that was for more than \$130,000. The lowest-valued sale was for \$14,150, and excluding 2018, at least one house sold each year for less than \$30,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$75,400 in Littlefork, well above the recent median sale prices, which have been below \$60,000. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 25 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Littlefork	180	78	14	2	18	4
Big Falls	94	36	9	1	28	13
International Falls	1,946	957	62	55	31	106
Mizpah	26	2	0	1	14	2
Northome	64	25	6	2	4	3
Ranier (prior to annexation)	56	14	11	2	3	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- ▶ At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).
- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 78 occupied rental units and 14 vacant rental units in Littlefork for a total of 92 units.

At the time of the 2000 Census, the City had 61 occupied rental units and seven vacant rental units, for a total estimated rental inventory of 68 units. Between the 2000 Census and the 2010 Census, the City had a gain of 17 renter households and 24 rental units to the total inventory.

From 2010 to 2018, we are not aware of any rental housing construction that has occurred in Littlefork. Therefore, we are estimating that there are approximately 92 rental units in the City in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted in the City. Information was collected in September and October of 2018.

A total of 55 rental units were contacted in the survey. These units were in a 20-unit multifamily building, a five-plex, a triplex, six twin homes, and three single family rental houses. This represents a significant percentage of the rental units in the City. The breakdown of units surveyed is as follows:

- 23 market rate units
- 20 subsidized units for general occupancy
- 12 senior with services (assisted living)

The 49-bed skilled nursing facility was also surveyed.

Market Rate Summary

Usable information was obtained on 23 market rate rental units in a five-unit downtown apartment building, a triplex, six duplexes and three single family homes.

Unit Mix

We obtained bedroom mix information on the 23 market rate rental units. The bedroom mix is as follows:

- 5 one-bedroom (21.7%)
- 18 two-bedroom (78.3%)

Occupancy / Vacancy

We found two vacant units in the 23 market rate units that we surveyed. The two units represented a vacancy rate of 8.7%. At the time of the survey, Main Street Apartments and Lyle's Rental Duplexes each had one vacancy.

Rental Rates

Some of the rental units include the primary utility payments with the rent, while in other cases, the tenant pays the major utilities in addition to rent. We have attempted to estimate tenant paid utilities into a gross rent estimate for the following rent ranges:

	<u>Unit Type</u>	<u>Rent Range</u>
▸	One-bedroom	\$575
▸	Two-bedroom	\$850-\$1,200

The unit with a \$1,200 monthly rent is a single family home occupied by power line workers.

Tax Credit Summary

There are no tax credit rental units in Littlefork.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Littlefork that provides rental opportunities for lower income households. Koochiching County Apartments in Littlefork is a 20-unit USDA Rural Development senior/disabled project constructed in 1979. The 20 units include 13 one-bedroom and seven two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there were four vacancies.

Housing Choice Vouchers

In addition to subsidized rental projects, Littlefork and Koochiching County households have access to the Housing Choice Voucher Program. The Koochiching County administers the Housing Voucher Program in Littlefork and Koochiching County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Currently, approximately 111 Koochiching County households are receiving assistance through the Housing Voucher Program, including four households in the City of Littlefork.

Senior Housing with Services

There are two senior with services facilities in Littlefork. The two facilities include:

- ▶ **Jackpine Littlefork Chateau** - Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home and the clinic. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.
- ▶ **Littlefork Care Center** - The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

Table 26 Littlefork Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Main Street Apartments	<u>5 - 1 Bedroom</u> 5 Total Units	\$575	1 vacancy	General occupancy	Main Street Apartments is located in downtown Littlefork and includes five one-bedroom units. Rent is \$575 and utilities are included in the rent. There was one vacancy at the time of the survey.
Lyle's Rentals	<u>15 - 2 Bedroom</u> 15 Total Units	\$650-\$1,200 +utilities	1 vacancy	General occupancy	Lyle's Rentals include six duplexes constructed between 1999 and 2005 and three single family homes. The duplexes include attached garages. The rent for duplex units ranges from \$750 to \$825. Rents on the single family homes are \$650, \$675 and \$1,200. The renter also pays heat and electricity. Snow removal and lawn care are included in the rent. The \$1,200 home is rented by power line workers. The owner reported one vacant duplex unit at the time of the survey.
Nordlund Triplex	<u>3 - 2 Bedroom</u> 3 Total Units	\$600-\$700	No vacancies	General occupancy	The Nordlund Triplex includes three two-bedroom units. Rent is \$600 for the two smaller units and \$700 for the larger unit. Tenants also pay utilities. The owner reported no vacancies at the time of the survey.
Subsidized					
Koochiching County Apartments Littlefork	13 - 1 Bedroom <u>7 - 2 Bedroom</u> 20 Total Units	\$570 30% of Income	Four vacancies	Senior/ disabled	The Koochiching County Apartments Project in Littlefork is a USDA Rural Development senior/disabled project constructed in 1979. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported four vacancies, however, the project usually averages one vacant unit.

Table 26 Littlefork Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Jackpine Littlefork Chateau	<u>12 - 1 Bedroom</u> 12 Total Units	Based on level of services	3 vacancies	Assisted living	Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home and the clinic. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.
Littlefork Care Center	49 Licensed Beds	Based on level of services	Average 90% occupancy rate	Skilled nursing home	The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Littlefork, the Littlefork/Big Falls Market Area and Koochiching County over the past few decades.

Esri, estimates that the City had a loss of 25 people over an eight-year period from 2010 to 2018. The State Demographer's estimate also shows a loss of 25 residents, but covers the time period from 2010 to 2017. The Census Bureau's estimate shows the largest loss, with a reduction of 37 residents from 2010 to 2017.

All three sources show a declining population for the City since 2010. If viewed as an annual average, the City has lost between three and five people per year.

Esri estimates that the Littlefork/Big Falls Market Area had a loss of 19 people and Koochiching County had a loss of 447 people from 2010 to 2018. There are no comparable estimates for the Market Area from the State Demographer or the Census Bureau, since these sources do not provide annual estimates for the individual Unorganized Territories. However, both of these sources also do issue County estimates. The State Demographer showed the County's population decreasing by 671 people between 2010 and 2017, while the Census Bureau showed a reduction of 783 people. Both of these sources were tracking larger losses than Esri so far this decade.

The estimated loss of population in the area is a continuation of longer-term trends. Littlefork, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2000 to 2010. The City's population decreased by 33 people, the Littlefork/Big Falls Market Area's population decreased by 122 people and Koochiching County's population decreased by 1,044 people.

Households

There are also differences in the household estimates. The 2018 Esri estimate shows Littlefork losing 12 households from 2010 to 2018, while the 2017 State Demographer estimate shows Littlefork gaining six households.

Esri estimates that from 2010 to 2018, the Littlefork/Big Falls Market Area had a loss of 10 households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018, but the State Demographer estimates the County had a loss of only 54 households from 2010 to 2017. It is not clear why the differences exist between these data sources.

Littlefork, the Market Area and all of Koochiching County had household losses from 2000 to 2010. The City of Littlefork had a loss of 10 households. The Market Area had a loss of 17 households and the County had a loss of 166 households during that decade.

Findings on Projected Growth

The Minnesota State Demographer's Office has not produced any recent projections for population or household growth. As a result, no useful information is available from this source. However, Esri has provided population and household projections from 2018 to 2023.

Esri projects that Littlefork will lose 30 people and 12 households from 2018 to 2023. Esri projects that the Littlefork Falls Market Area will lose 52 people and 22 households from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and lose 219 households from 2018 to 2023.

Esri's projections to the year 2023 are generally consistent with their belief that there has been a decreasing number of residents in the area since 2010. However, it is very possible that Esri has overestimated the recent losses, and therefore has generated overly pessimistic projections going forward.

Although the analysts have reviewed the available projections, in the recommendations that follow it has been assumed that the losses will not be as large as projected by Esri. However, there is also no information that would indicate that the area will actually add population or households over the next five years.

Summary of the Littlefork Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the City of Littlefork from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in Littlefork expect a two household gain in the 25 to 34 age range and a gain of 11 households in the 65 and older age ranges. There is a projected loss of two households in the 15 to 24 age range and a loss of 23 households in the 35 to 64 age ranges.

The following forecast shows the expected net change in the number of Littlefork households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-2
25 to 34	2
35 to 44	-6
45 to 54	-7
55 to 64	-10
65 to 74	8
75 and Older	<u>3</u>
Total	-12

Summary of the Littlefork/Big Falls Market Area Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the Littlefork/Big Falls Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in the Littlefork/Big Falls Market Area expect a loss of three households in the 15 to 34 age ranges and a loss of 45 households in the 35 to 64 year old age ranges. There is a projected gain of 26 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of Market Area households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-3
25 to 34	0
35 to 44	-7
45 to 54	-16
55 to 64	-22
65 to 74	18
75 and Older	<u>8</u>
Total	-22

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Littlefork/Big Falls Market Area households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects a decrease of three households in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 65% of the households in this younger range in all of Koochiching County will rent their housing.

25 to 34 Years Old - The projection shows no change in the number of households in this age cohort by 2023. Within this age range, households often move from rental to ownership housing. No change in the number of households within this age range will result in stable demand for both first-time home buyer and rental opportunities from households in this age range.

35 to 44 Years Old - This 10-year age cohort has a projected loss of seven households between 2018 and 2023 in the Market Area. In the past, this age group has had a relatively high rate of home ownership in the County of approximately 67%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Household losses in this age cohort would result in a decrease in overall demand for owner-occupied housing.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For the Market Area, the projection shows a substantial decrease of 16 households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities. With a household decrease in this age group, the demand for trade-up housing from this age range will decrease through the year 2023.

55 to 64 Years Old - The projection shows a loss of 22 households in this 10-year age range by the year 2023 in the Market Area. This age range has traditionally had a high rate of home ownership in the County at approximately 89%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. Strong growth of 18 households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. According to the 2016 American Community Survey, approximately 90% of households in this age range owned their housing in the County. Preferences for age-appropriate units should increase from the substantial household growth within this age cohort.

75 Years and Older - There is a projected gain of eight households in the Market Area in this age range between 2018 and 2023. In the past, households age 75 and older, have had a relatively low rate of home ownership when compared to the middle-age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Littlefork - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **Littlefork serves as a small regional center** - Littlefork provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a geographical area that surrounds Littlefork.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$75,400. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Educational Facilities** - The City has an excellent public K-12 school.
- ▶ **Health facilities** - The City has a medical clinic, assisted living and a nursing home.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion. The City has recently undertaken an extensive water and sewer project.
- ▶ **Commercial Development** - The City's commercial district is adequate to meet daily needs.
- ▶ **Recreational opportunities** - The Littlefork area provides recreational opportunities including trails, hunting, hiking, fishing, boating, camping, snowmobiling, etc.
- ▶ **Small town atmosphere** - Littlefork has the real and perceived amenities of a small town. Small town living is attractive for some households.

- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - Littlefork has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Commuters** - Approximately 240 workers are commuting into Littlefork daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Rental duplexes** - Seven rental duplexes were constructed in Littlefork from 1999 to 2005.
- ▶ **Proximity to International Falls** - Littlefork is approximately 21 miles from International Falls. International Falls provides employment opportunities, retail/service options, educational opportunities, healthcare facilities and cultural amenities.

Barriers or Limitation to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Littlefork.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Littlefork and the Littlefork/Big Falls Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in Littlefork are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in Littlefork is valued at approximately \$75,400. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investments.
- ▶ **Commercial/Retail Options** - Although Littlefork has a commercial district that is adequate to meet daily needs, the City has a limited number of commercial and retail opportunities when compared to larger cities.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Available lots** - Littlefork only has a limited number of lots available for new housing construction.

Littlefork - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Littlefork. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Littlefork if there is continued proactive support from the City of Littlefork; local, regional and state housing agencies; economic development agencies and the private sector.
- ▶ **Protect the existing housing stock** - The future of Littlefork will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Littlefork has several assets including a k-12 school, a commercial Downtown district, an affordable housing stock, recreational opportunities, health facilities, several employers, etc. These are strong assets that make Littlefork a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the Koochiching County HRA, KEDA, KOOTASCA Community Action and USDA Rural Development. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Littlefork have been formulated through the analysis of the information provided in the previous sections and include a total of 20 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Littlefork	
Rental Housing Development	
1.	Develop six to eight general occupancy market rate rental units
2.	Promote the development/conversion of three to four affordable market rate rental housing units
3.	Monitor the potential sale of six rental twinhomes in Littlefork
4.	Monitor the need for additional subsidized/moderate rent renter housing units
5.	Preserve the existing supply of subsidized housing
6.	Monitor the need for senior with services units
7.	Develop a mixed-use commercial/housing project
8.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
8.	Utilize and promote all programs that assist with home ownership
9.	Consider the development of a purchase/rehabilitation program
New Construction	
11.	Lot availability and lot development
12.	Strategies to encourage residential lot sales and new home construction
13.	Promote town house and twin home development

Findings and Recommendations for the City of Littlefork	
Housing Rehabilitation	
14.	Promote rental housing rehabilitation programs
15.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
16.	Encourage employer involvement in housing programs
17.	Acquire and demolish dilapidated structures
18.	Strategies for downtown redevelopment
19.	Create a plan and continue coordination among housing agencies
20.	Develop home ownership and new construction marketing programs and strategies

Littlefork - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From the time of the 2010 Census through October 2018, based on City data, no rental units have been constructed in Littlefork. However, from 1999 to 2005, there were seven rental duplexes constructed in the City.

Demand for new rental housing is typically generated from three factors:

- Growth from new households
- Replacement of lost units
- Pent-up demand from existing households

Esri’s household projections expect a loss of 12 households in Littlefork and a loss of 22 households in the Littlefork/Big Falls Market Area from 2018 to 2023. Therefore, we are projecting limited demand for rental housing due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Littlefork will lose approximately five to six rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock. Additionally, six rental duplexes in the City may be for sale in the future. Some or all of these units could convert from rental to owner-occupancy housing.

As part of this study, a rental survey of rental units in Littlefork was conducted. In total, 55 rental units were contacted and surveyed. The survey found two vacancies in the general occupancy market rate units and four vacancies in the subsidized units. The assisted living project had three vacancies at the time of the survey. The nursing home averages a 90% occupancy rate.

Based on our research, the vacancy findings and local interviews, we have identified pent-up demand for new high quality units, affordable market rate rental units, and senior rental housing units.

These demand generators, after factoring current vacancy rates, show a demand potential for 11 to 15 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2019 to 2024.

▶ General Occupancy Market Rate	6-8 units
▶ Affordable/Conversions	3-4 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services	<u>0 units</u>
Total	9-12 units

1. Develop six to eight general occupancy market rate rental units

Findings: Based on U.S. Census data, there are approximately 92 rental units in Littlefork. Of this total, there are approximately 60 general occupancy market rate housing units. These units are free of any specific occupancy restrictions such as financial status or age. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The rental units are in small rental buildings, duplexes, single family homes and mobile homes.

Of the market rate rental units we surveyed in Littlefork, we found two vacant units. Housing stakeholders that were surveyed stated the need for additional quality rental units in Littlefork.

Approximately 240 employees are commuting into Littlefork daily for work. Some of these employees would potentially move to Littlefork if additional housing was available.

From 2000 to October 2018, no market rate rental units were developed in Littlefork. However, seven rental duplexes were constructed in Littlefork from 1999 to 2005.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand, replacement of housing units that have been demolished or removed from the rental stock and homes that have converted from rental to home ownership.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of six to eight market rate general occupancy rental units over the next five years, from 2019 to 2024.

It is our opinion that town home-style units are the best option to address the need for market rate units. The project, to be successful, should have 'state of the art' amenities, such as attached parking, in-unit laundry, etc.

Currently, there are six high quality rental twinhomes in Littlefork. The owner may sell the twinhomes. It is possible that some or all of the twinhomes could be converted to owner occupancy. This would create a demand for more rental units than recommended.

The first option to develop market rate rental housing would be to encourage private developers to continue to construct market rate rental housing. If private developers do not proceed, a county or regional housing or economic development agency could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

**Recommended unit mix, sizes and rents for the Littlefork
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1-2	650 - 800	\$750 - \$850
Two Bedroom	4-5	850 - 950	\$875 - \$1,025
Three Bedroom	1	1,050 - 1,150	\$975 - \$1,250
Total	6-8		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars.

It would be advantageous to have the rents for some of the units at or less than the fair market rents for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The fair market rents currently are:

- ▶ 1 bedroom - \$573
- ▶ 2 bedroom - \$746
- ▶ 3 bedroom - \$936

2. Promote the development/conversion of three to four affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Littlefork. Unfortunately, these units may be beyond the financial capability of many Littlefork renter households. Many of the City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

We are estimating that Littlefork has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore, there is a need for additional rental units in Littlefork to provide for unit replacement.

Unfortunately, the lost units are probably affordable, and new construction will not replace these units in a similar price range. Several homes have been purchased and rehabbed and are currently rentals.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards have been made recently to small cities for small rental projects.

Recommendation: We would encourage the City of Littlefork to promote the development/conversion of affordable rental units. A goal of three to four units over the next five years would help to replace affordable housing that has been lost.

It is difficult to create units through new construction. It is often more practical to work on building renovation or conversion projects that can create housing. This opportunity often arises in commercial/mixed-use buildings or vacant homes.

It is our recommendation that gross rents for the converted units should be below \$650 per month, which would help to expand the choices available to many of the City's renter households.

It is probable that the proposed rent structure for some of the units could only be obtained with financial commitments from other sources such as tax increment financing or tax abatement from the City and other financial resources from funding agencies such as the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund and Minnesota Small Cities Development Program (SCDP). Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Monitor the potential sale of six rental twinhomes in Littlefork

Findings: A local developer constructed seven rental twinhomes (14 units) from 1999 to 2005. The twinhomes are high quality and have been an asset to the City. The owner of the twinhomes has sold one twinhome and may sell the remaining six twinhomes in the future. The twinhome that was sold converted from rental to owner-occupied.

Recommendation: We recommend that the City of Littlefork monitor the potential sale of the twinhomes and their tenure if a sale takes place. If the twinhomes are sold and remain rentals, there will be no change in our rental and owner-occupancy new construction recommendations. If the twinhomes are sold and some or all of the units convert from rental to owner occupancy, this would have a significant impact on the rental and owner occupied housing stock in Littlefork. It would also alter the rental and owner-occupied new construction recommendations of this Study.

4. Monitor the need for subsidized/moderate rent rental housing units

Findings: There is one federally subsidized rental project in Littlefork. The Koochiching County Apartments in Littlefork is a 20-unit USDA Rural Development senior/disabled project constructed in 1979. The 20 units include 13 one-bedroom and seven two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

In addition to the project-based subsidized housing, Littlefork also has four households being assisted with the HUD Housing Choice Voucher Program.

Based on the 2016 American Community Survey, approximately 46 renter households reported that 30% or more of their income was required to pay housing costs. Most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden. Also, the Voucher Program has a waiting list.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. Currently, there are 20 units of subsidized rental housing in Littlefork. Twenty units of subsidized housing are a large inventory for a City of Littlefork's size. Also, the rent structure in Littlefork is relatively low, which provides affordable housing for low income households. Additionally, it is difficult to obtain funding for subsidized rental housing.

We have recommended the construction of six to eight market rate units. We also recommended three to four affordable/conversion market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

Also, if Koochiching County Apartments has vacancies in the future, possibly a waiver could be obtained to allow families to rent units in the project.

Additionally, the Housing Choice Voucher Program is an opportunity to utilize privately owned rental housing for affordable rental housing.

We recommend that the housing stakeholders work together to continue to make its subsidized housing a community asset and that there are affordable housing options for its low/moderate income households.

5. Preserve the existing supply of subsidized housing

Findings: The City of Littlefork has one "deep subsidy" rental housing project that allows tenants to pay rent based on 30% of income. This project was constructed in 1979 when the federal government was actively involved in producing low income housing.

The subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

The "deep subsidy" rental housing project in Littlefork is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The Minnesota Housing Finance Agency tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, the Littlefork subsidized project was not on the MHFA list.

Local and regional housing agencies should check with MHFA on an ongoing basis to determine if the Littlefork subsidized housing project is considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

6. Monitor the need for senior housing with services units

Findings: Littlefork has two senior with services housing facilities.

- ▶ **Jackpine Littlefork Chateau** - Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.
- ▶ **Littlefork Care Center** - The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

Based on 2018 estimates from Esri, there are 99 older senior citizens, age 75 and above, residing in the Littlefork/Big Falls Market Area. The projections contained in this Study anticipate a gain of approximately eight older seniors from 2018 to 2023.

Older seniors tend to represent the primary target market for specialized senior housing. There is growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2023.

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services (skilled nursing home, assisted living, memory care) units/beds through the year 2023. The Littlefork/Big Falls Market Area does not have the older senior (75 and older) population to support additional senior with services units/beds. Also, there are vacancies in the existing senior with services facilities. In the future, if there are ongoing vacant units/beds, designating beds for memory care may be an option.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

7. Develop a Mixed-Use Commercial/Housing Project

Findings: The City of Littlefork has an active commercial business district. The development of a new mixed-use rental housing/commercial project would complement the City's efforts to enhance the City's commercial and housing opportunities.

New mixed-use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance the commercial business district, to introduce a new product to the market or to serve as a catalyst for redevelopment.

Recommendation: We recommend the development of a mixed-use building in Littlefork. We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant that would complement the existing commercial businesses.

The rental units should be primarily market rate units, but could be mixed-income, with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing (TIF), tax abatement or other local funds and land at a reduced price.

8. Continue to utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Littlefork and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for the County. Of the total 111 Vouchers, four Vouchers are being utilized by a Littlefork household at this time. In 2016, approximately 46 renter households were paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting time of approximately 10 months for a Voucher.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Littlefork can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should continue to publicize the Housing Choice Voucher Program in Littlefork and Koochiching County to assure that City and County households have access to and are aware of the Program.

Littlefork - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Littlefork is estimated to be \$75,400 based on the 2016 American Community Survey. With approximately 50% of the homes in Littlefork valued less than \$75,400, Littlefork has opportunities for first time home buyers and households seeking moderately priced homes.

While many Littlefork households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

9. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Littlefork. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in Littlefork. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$75,400, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is offering a down payment assistance program in the County. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Littlefork and local financial institutions and area housing agencies should continue to utilize all available assistance programs to promote home ownership. The community should also explore the possibility of obtaining specific program set-asides along with other Koochiching County cities from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should continue to work with KOOTASCA Community Action to continue to develop and provide programs that provide financial assistance for households to purchase a home. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Small Cities Development Program.

10. Consider the development of a Purchase/ Rehabilitation Program

Findings: Littlefork has a stock of older, lower valued homes, some of which need repairs. Approximately 84% of the single family homes in Littlefork are more than 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. KOOTASCA Community Action utilized the MURL Program in Koochiching County. However, the Minnesota Housing Finance Agency (MHFA) is no longer providing funding for the MURL Program.

Recommendation: We recommend that the City of Littlefork and KOOTASCA Community Action, along with other Koochiching County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. KOOTASCA Community Action could purchase homes that need rehabilitation, rehabilitate the homes and sell the homes. Housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. MHFA, the SCDP Program, and the Federal Home Loan Bank are potential funding sources.

Also, a program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. This program would not require intermediate KOOTASCA Community Action ownership of the homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. Additionally, the City and KOOTASCA Community Action could assist private contractors with purchasing, rehabbing and selling homes.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard.

Littlefork - New Housing Construction

New Housing Construction

Findings: Littlefork has experienced limited single family owner-occupied housing construction over the past nine years from 2010 to October 2018. According to City records, two single family owner-occupancy units have been constructed in Littlefork so far this decade.

The attractiveness of the area and the City of Littlefork's amenities should result in the construction of new owner-occupied housing units over the next five years.

Littlefork is projected to lose 12 households and the Littlefork/Big Falls Market Area is projected to lose 22 households from 2018 to 2023. Although Littlefork and the Littlefork/Big Falls Market Area are projected to have an overall loss in households from 2018 to 2023, the City is projected to gain 11 households and the Littlefork/Big Falls Market Area is projected to gain 22 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as town homes and twin homes. Also, Littlefork is projected to gain two households in the 25 to 34 age range.

It is our opinion that if the City of Littlefork, developers and builders, and regional and state housing agencies are proactive, a total of five to seven owner-occupied housing units could be constructed in Littlefork from 2018 to 2023 to address demand. This is an average of approximately one to two new units annually. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of five to seven new owner-occupied housing units is as follows:

▸ Higher & medium price homes	1-2 home
▸ Affordable homes	2-3 home
▸ Twin homes/town homes	<u>2 units</u>
Total	5-7 homes/units

11. Lot availability and lot development

Findings: Based on information provided by the City of Littlefork, there is not an existing subdivision with available lots in Littlefork and there are only a limited number of infill lots and open parcels scattered around the City.

We did not attempt to count the infill lots and parcels and we do not know the availability of some of these infill lots and parcels.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that approximately one to two new owner-occupied housing units could be constructed per year, the City should have approximately four residential lots available to meet the expected demand over the next 2 ½ years and up to 10 lots available over the next five years. Part of this demand would be for attached unit construction. For lots to be available, they should be buildable and for sale.

We recommend that the City of Littlefork inventory all of the lots and parcels in Littlefork to determine their availability, if they are buildable and the approximate costs to provide infrastructure to the lot or parcel. If there is not an adequate supply of lots, the City should work with lot and parcel owners to make lots and parcels available for new housing construction.

12. Strategies to encourage residential lot sales and new home construction

Findings: Littlefork is a small community that has had limited new construction since 2010. From 2010 to October 2018, two homes have been constructed in the City.

Recommendation: We recommend that the City of Littlefork and other housing stakeholders coordinate efforts to promote lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ***Competitive pricing*** - The demand for lots in Littlefork is limited. To encourage home construction in Littlefork, lots must be offered at a very competitive price.

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an available inventory of lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next decade. Lots should be available for twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Incentives*** - The City of Littlefork could provide incentives for households to buy lots and construct homes including reduced hookup and permit fees, reduced lot prices, discounts at area businesses, tax abatement, construction financing, etc.
- ▶ ***Marketing*** - The City of Littlefork should develop a marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Littlefork and its amenities should be marketed.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households and are often the new housing option of choice for households, especially in small communities, as often the homes are more affordable and home builders are not available.

13. Promote town house and twin home development

Findings: Littlefork has experienced no owner-occupied attached housing development from the time of the 2010 Census through October 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families.

In 2018, based on Esri estimates, there were 153 households in the City of Littlefork and 420 households in the Littlefork/Big Falls Market Area with a head of household in the 55 and older age ranges. It is estimated that the 55 and older age ranges will increase by one household in Littlefork and by four households in the Littlefork/Big Falls Market Area from 2018 to 2023. It is important for the City to offer seniors housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that two new twinhome units could be built over the next five years. If this twinhome project is successful, additional units could then be constructed.

We recommend twin home/town home development and for the development to be successful, the following should be considered:

- Senior friendly home designs
- Maintenance, lawn care, snow removal, etc. all covered by an Association
- Cluster development of a significant number of homes which provides security
- Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development could include land donations, tax increment financing, tax abatement, etc.

It may be advantageous to meet with a group of empty nesters/seniors who are interested in purchasing a twin home or town home to solicit their ideas.

A corporation was developed in Arlington, MN, to construct twin homes that included local contractors, the local bank and local investors. They have been very successful.

The owner of six rental twinhomes (12 units) is considering selling the twinhomes. All or some of these twinhome units could be owner-occupied units. This may provide an opportunity for households seeking a twinhome, thus, limiting the future demand for new twinhome construction.

Littlefork - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of Littlefork has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

14. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Littlefork has approximately 92 rental units. The rental units are in small rental buildings, duplexes, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 70% of the rental structures are more than 40 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Littlefork and area housing agencies should seek funds to rehabilitate rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Minnesota Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, Finance Agency (MHFA), the Greater Minnesota Housing Fund, tax credits for housing preservation and local funds. MHFA has initiated a program known as the Rental Rehabilitation Loan Program (RRLP).

15. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Littlefork will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 84% of the owner-occupied homes in Littlefork are more than 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated houses in the City of Littlefork. Our survey found 70 homes that need minor repair and 21 homes that need major repair.

KOOTASCA Community Action administers housing rehabilitation programs in Littlefork and Koochiching County. Housing rehabilitation programs include the MHFA Programs, the SCDP Program, USDA Rural Development Programs and the Weatherization Program.

KOOTASCA Community Action has assisted the City of Littlefork with obtaining SCDP funds in the past for owner-occupied housing rehabilitation. Several homes were recently rehabilitated in Littlefork utilizing SCDP funds.

Recommendation: We recommend that the City of Littlefork continue to utilize available funding sources to rehabilitate homes in Littlefork. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and the Minnesota Small Cities Development Program (SCDP) are all potential funding sources.

We encourage the City of Littlefork to continue to apply for SCDP funds to rehabilitate houses.

Littlefork - Other Housing Initiatives

Other Housing Initiatives

16. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers to the community. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing the City's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as work force oriented rental housing, an affordable home ownership program or a new subdivision. Although Littlefork does not have large employers, it is still possible for smaller employers to participate in community housing programs and projects.

17. Acquire and demolish dilapidated structures

Findings: Approximately 84% of the single family homes in Littlefork are more than 40 years old. Our housing condition survey identified seven single family houses in Littlefork that are dilapidated and too deteriorated to rehabilitate. We also identified 21 single family houses in Littlefork as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that the City of Littlefork take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

The City could develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, and SCDP funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

18. Strategies for Downtown Redevelopment

Findings: Littlefork's Downtown has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that need rehabilitation. This recommendation provides an outline of actions that could be taken to maximize the usage of downtown buildings and to promote new downtown businesses.

Recommendation: We are recommending the following actions for downtown Littlefork:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
 - ▶ New mixed-use building
 - ▶ Re-use of any vacant parcels

- ▶ Identify funding sources
 - ▶ SCDP funds
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Federal Home Loan Bank
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ KEDA
 - ▶ KOOTASCA Community Action
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Littlefork
 - ▶ KEDA
 - ▶ KOOTASCA Community Action

19. Create a plan and continue coordination among housing agencies

Findings: The City of Littlefork may need resources in addition to existing staff to plan and implement some of the housing recommendations advanced in this Study. The City has access to KOOTASCA Community Action, the Koochiching County HRA and the Koochiching Economic Development Authority (KEDA). The City also has access to the Minnesota Housing Finance Agency (MHFA) and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Littlefork is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

20. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Littlefork has been active in promoting and marketing housing and the City, and we recommend the continuation or initiation of the following activities:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Littlefork and the Region) to provide employees (especially new employees) with housing opportunities in Littlefork
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of the City's housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Provide incentives and strategies to encourage builders and households to buy lots or to build and buy new homes.
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

City of Mizpah

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Littlefork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

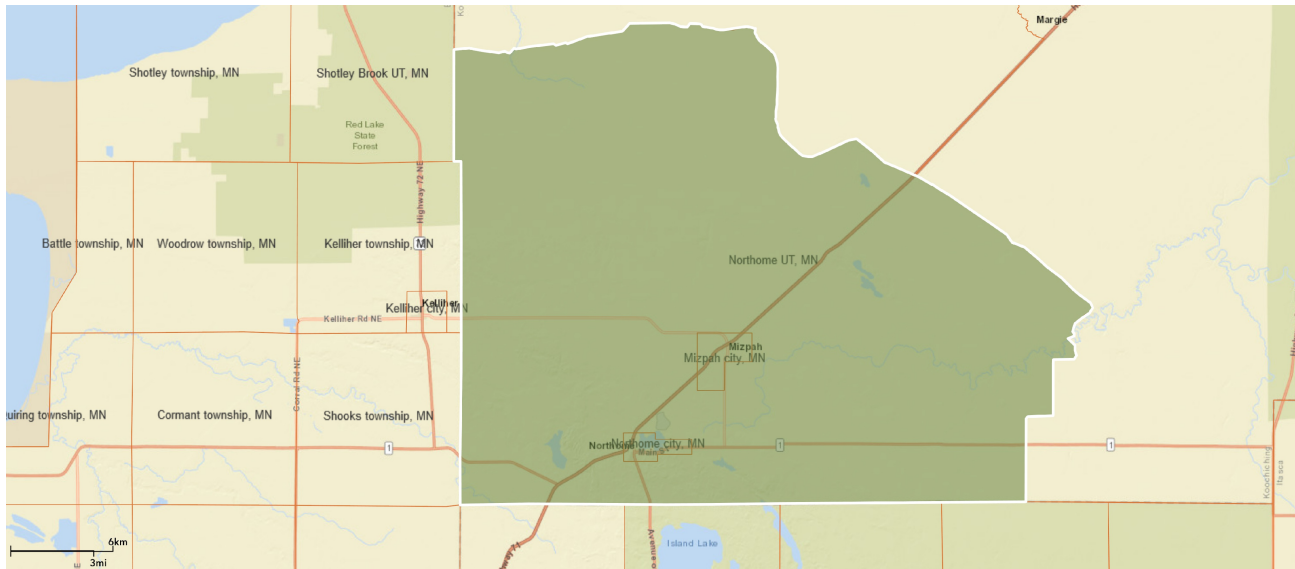
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



Northhome/Mizpah Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
Mizpah	100	78	-22.0%	56	-28.2%	59
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Littlefork	838	680	-18.9%	647	-4.9%	622
Big Falls	341	264	-22.6%	236	-11.9%	247
Ranier	199	188	-5.5%	145	-22.9%	503
Northome	283	230	-18.7%	200	-13.0%	210
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Mizpah is 59 people. In comparison, the State Demographer's 2017 estimate for Mizpah was 55 people, and the Census Bureau's 2017 estimate was 52 people in Mizpah.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

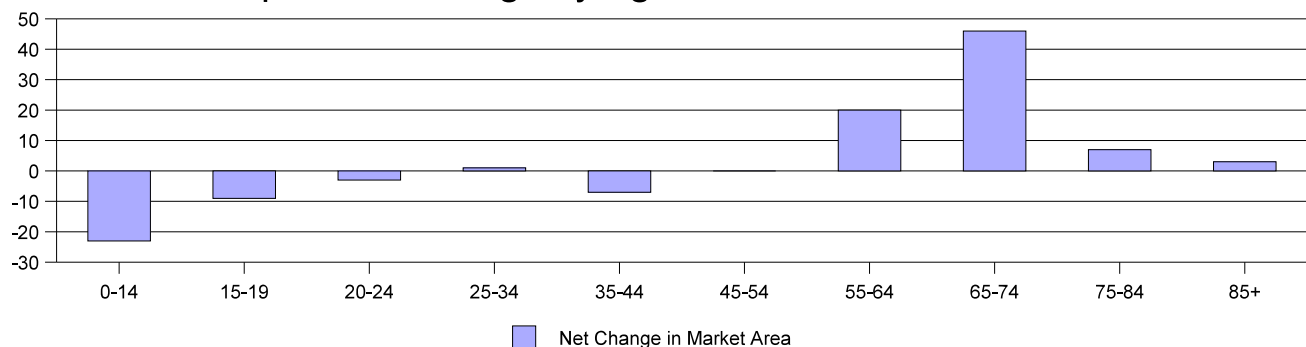
Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for the Northome/Mizpah Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018			
Age	Northome/Mizpah Market Area		
	2010	2018	Change
0-14	116	93	-23
15-19	47	38	-9
20-24	26	23	-3
25-34	55	56	1
35-44	74	67	-7
45-54	115	115	0
55-64	134	154	20
65-74	73	119	46
75-84	42	49	7
85+	21	24	3
Total	703	738	35

Source: U.S. Census; Esri

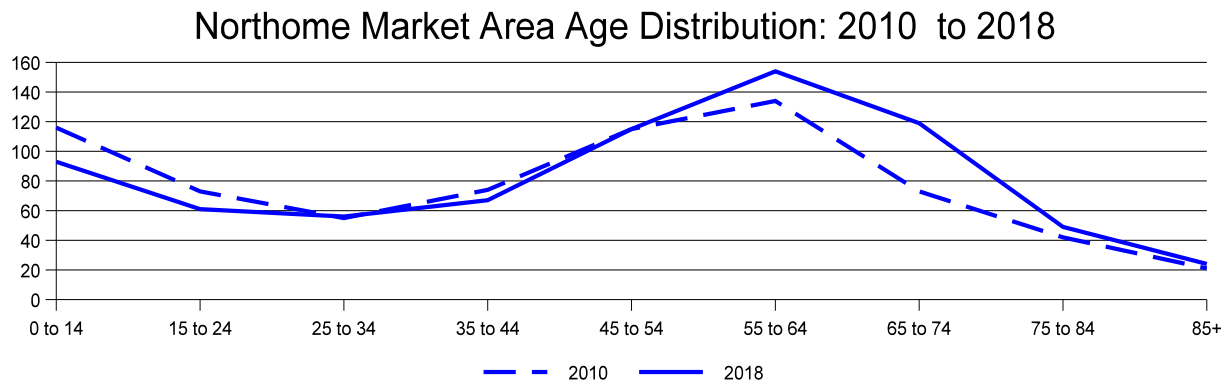
Population Change by Age Between 2010 and 2018



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Northome/Mizpah Market Area.

Between 2010 and 2018, the Northome/Mizpah Market Area had a gain of 66 people in the age ranges between 55 and 74 years old. In addition to the population gain in the 55 to 74 age ranges, the Market Area had a gain of one household in the 25 to 34 year old age range and a gain of 10 people in the 75 and older age ranges. The Northome/Mizpah Market Area had a loss of 35 people in the 0 to 24 age ranges and a loss of seven people in the 35 to 44 age range.

The aging trends for the Northome/Mizpah Market Area can be traced back to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 19 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Mizpah	56	59	58	-1
International Falls	6,424	5,956	5,654	-302
Littlefork	647	622	592	-30
Big Falls	236	247	245	-2
Ranier	145	503	484	-19
Northome	200	210	208	-2
Northome/Mizpah Market Area	703	738	731	-7
International Falls/Ranier MA	10,617	10,147	9,744	-403
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
Mizpah	34	31	-8.8%	28	-9.7%	29
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Littlefork	303	268	-11.6%	258	-3.7%	246
Big Falls	156	134	-14.1%	130	-3.0%	136
Ranier	76	76	0%	70	-7.9%	238
Northome	103	87	-15.5%	89	2.3%	93
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ Esri estimates that Mizpah had 29 households in 2018, up by one household from the 2010 Census count. The estimate from the State Demographer also showed 29 households in Mizpah in 2017.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Mizpah	2.94	2.52	2.00	2.00
International Falls	2.45	2.20	2.16	2.18
Littlefork	2.63	2.37	2.33	2.43
Big Falls	2.19	1.97	1.82	1.81
Ranier	2.62	2.30	1.83	2.11
Northome	2.16	2.21	2.20	2.25
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

Household by Age Trends: 2010 to 2018

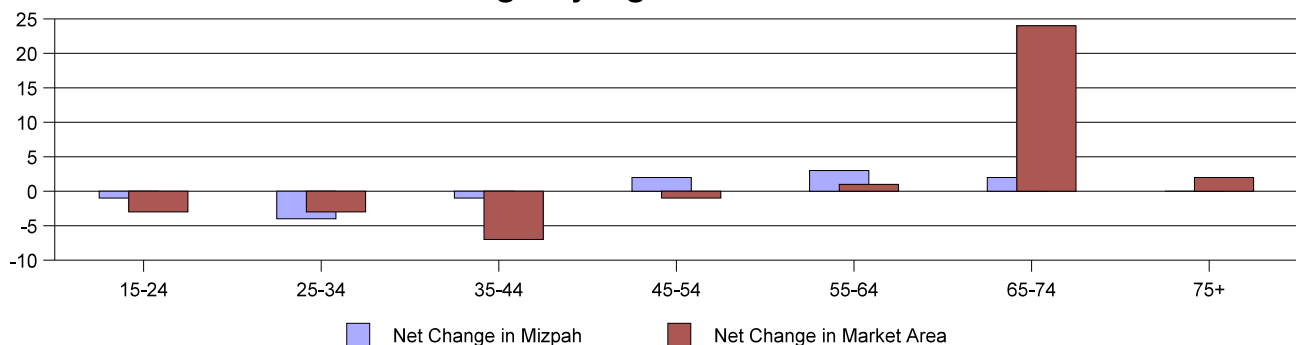
The 2018 Esri age data allows for some analysis of Mizpah and the Northhome/Mizpah Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	Mizpah			Northhome/Mizpah Market Area		
	2010	2018	Change	2010	2018	Change
15-24	1	0	-1	6	3	-3
25-34	5	1	-4	26	23	-3
35-44	4	3	-1	42	35	-7
45-54	4	6	2	58	57	-1
55-64	5	8	3	80	81	1
65-74	4	6	2	47	71	24
75+	5	5	0	46	48	2
Total	28	29	1	305	318	13

Source: U.S. Census; Esri

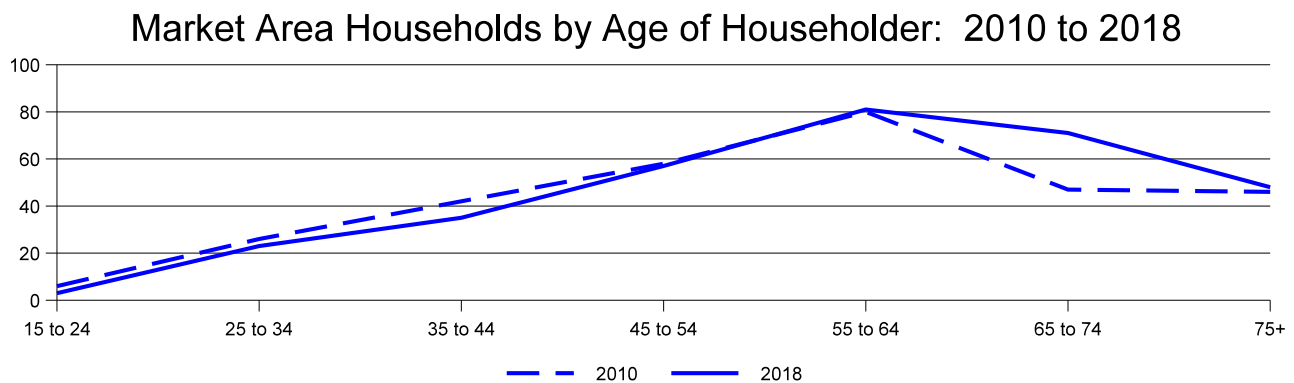
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Mizpah had an increase of five households and the Northhome/Mizpah Market Area had an increase of 25 households in the 55 to 74 year age ranges.

Household Change by Age Between 2010 and 2018



Mizpah also had a gain of two households in the 45 to 54 age range. Mizpah had a decrease of six households in the 44 and younger age ranges. In addition to the household gains in the 55 to 74 age range, the Northome/Mizpah Market Area had a gain of two households in the 75 and older age range. The Northome/Mizpah Market Area had a reduction of 14 households in the 54 and younger age ranges.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households so far this decade in the Northome/Mizpah Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Mizpah	28	29	29	0
International Falls	2,903	2,678	2,534	-144
Littlefork	258	246	234	-12
Big Falls	130	136	134	-2
Ranier	70	238	228	-10
Northome	89	93	92	-1
Northome/Mizpah Market Area	305	318	315	-3
International Falls/Ranier MA	4,686	4,452	4,261	-191
Littlefork/Big Falls Market Area	674	664	642	-22
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

Mizpah Household by Age Projections: 2018 to 2023

The Mizpah household by age projections were created by Esri.

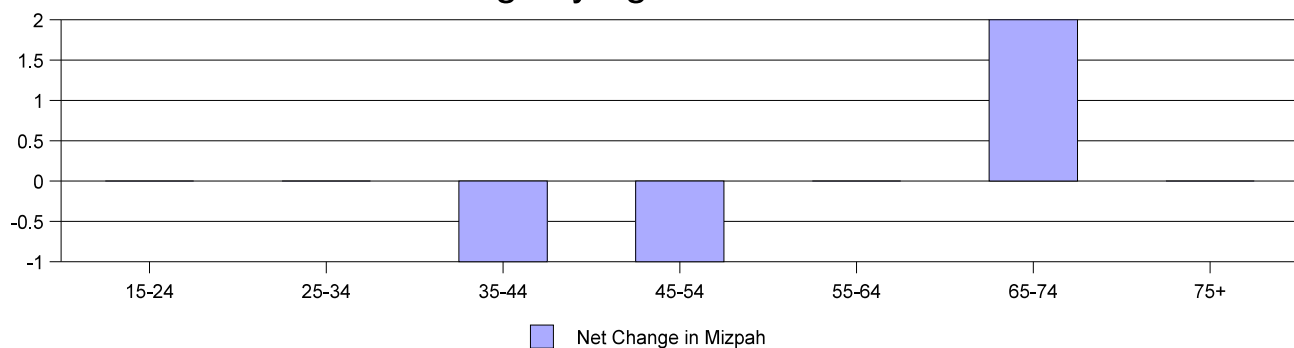
Table 8 Mizpah Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	0	0	0
25-34	1	1	0
35-44	3	2	-1
45-54	6	5	-1
55-64	8	8	0
65-74	6	8	2
75+	5	5	0
Total	29	29	0

Source: Esri

Esri is projecting no change in the number of households in Mizpah from 2018 to 2023. From 2018 to 2023, Esri projects a gain of two households in the 65 to 74 age range.

Conversely, from 2018 to 2023, Esri estimates a loss of two households in the 35 to 54 age ranges. Esri projects that there will be no change in the number of households in the 15 to 24, 25 to 34, 55 to 64 and 75 and older age range.

Household Change by Age Between 2018 and 2023



Northhome/Mizpah Market Area Household by Age Projections: 2018 to 2023

The Market Area household by age projections were created by Esri.

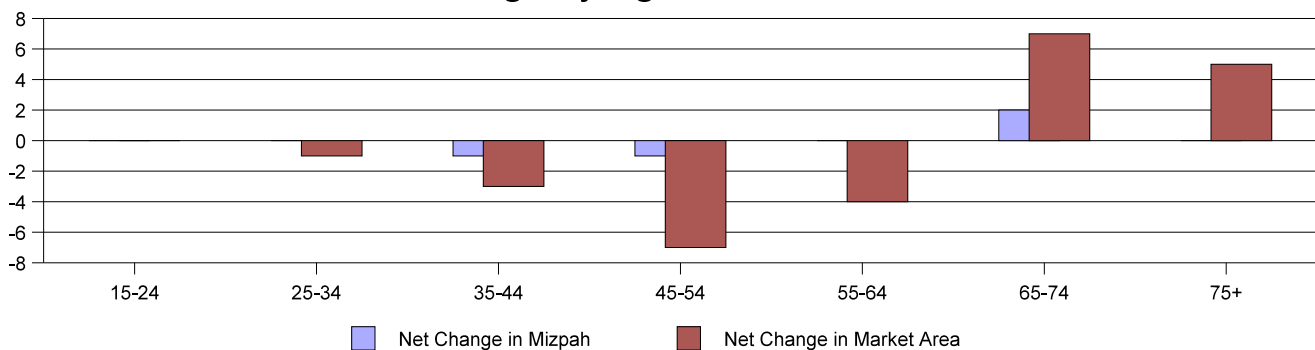
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	3	3	0
25-34	23	22	-1
35-44	35	32	-3
45-54	57	50	-7
55-64	81	77	-4
65-74	71	78	7
75+	48	53	5
Total	318	315	-3

Source: Esri

The Northhome/Mizpah Market Area is projected to lose three households from 2018 to 2023. However, Esri does project a gain of 12 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of 15 households in the 25 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Mizpah.

Table 10 Mizpah Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	8	2	-6
Single Parent with own children	1	6	5
Married Couple without own children	9	6	-3
Family Householder without spouse	2	1	-1
Total Families	20	15	-5
Non-Family Households			
Single Person	9	10	1
Two or more persons	2	3	1
Total Non-Families	11	13	2

Source: U.S. Census

Between 2000 and 2010, Mizpah experienced a net loss of five family households. The net loss was primarily due to a decrease of married couples with and without children.

The City had a two-household increase of “non-family” households. This was due to an increase of one single person household and an increase of one household with two or more unrelated individuals.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Mizpah	26	92.9%	2	7.1%
International Falls	1,946	67.0%	957	33.0%
Littlefork	180	69.8%	78	30.2%
Big Falls	94	72.3%	36	27.7%
Ranier	56	80.0%	14	20.0%
Northome	64	71.9%	25	28.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

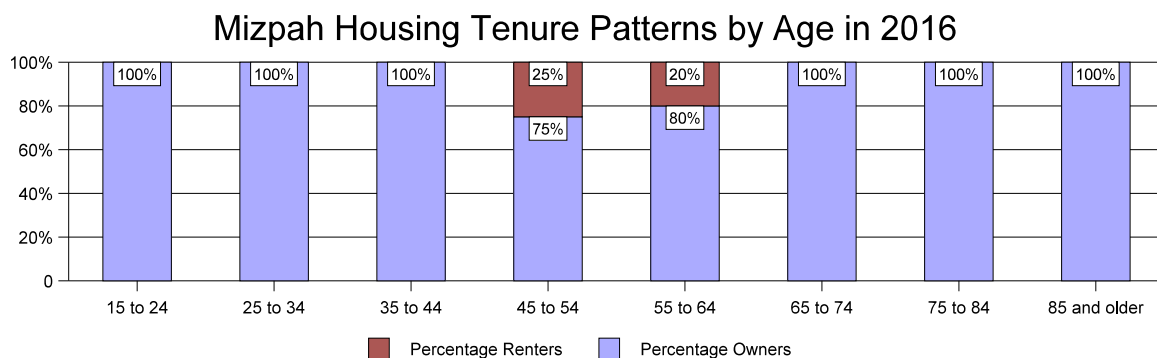
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Mizpah Tenure by Age of Householder

The 2010 U.S. Census provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Mizpah.

Table 12 Mizpah Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	1	100%	0	0%
25-34	5	100%	0	0%
35-44	4	100%	0	0%
45-54	3	75.0%	1	25.0%
55-64	4	80.0%	1	20.0%
65-74	4	100%	0	0%
75-84	3	100%	0	0%
85+	2	100%	0	0%
Total	26	92.9%	2	7.1%

Source: American Community Survey



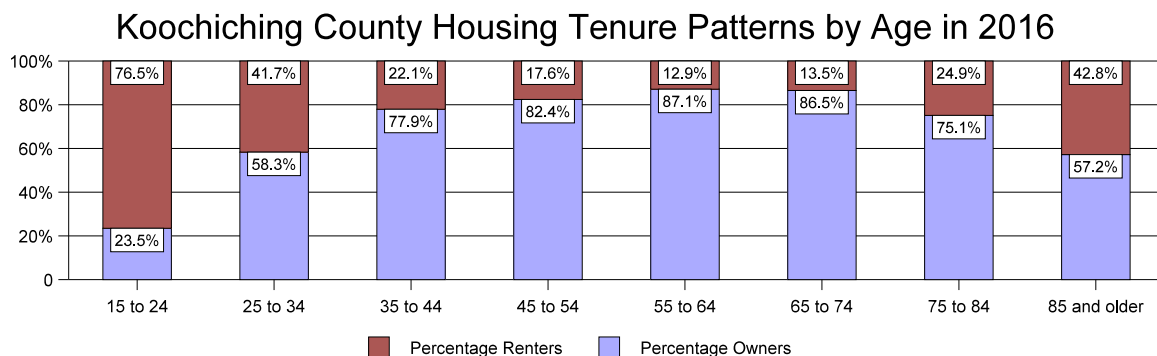
In 2010, Mizpah had only two renter households. One household was in the 45 to 54 age range and one household was in the 55 to 64 age range.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges, households in the youngest age ranges showed a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two households members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Mizpah could afford approximately \$631 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$638 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2016, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

In 2016, the estimated median household income for renters in Koochiching County was \$18,092. At 30% of income, a median income renter in the City could apply approximately \$452 to gross rent without experiencing a housing cost burden.

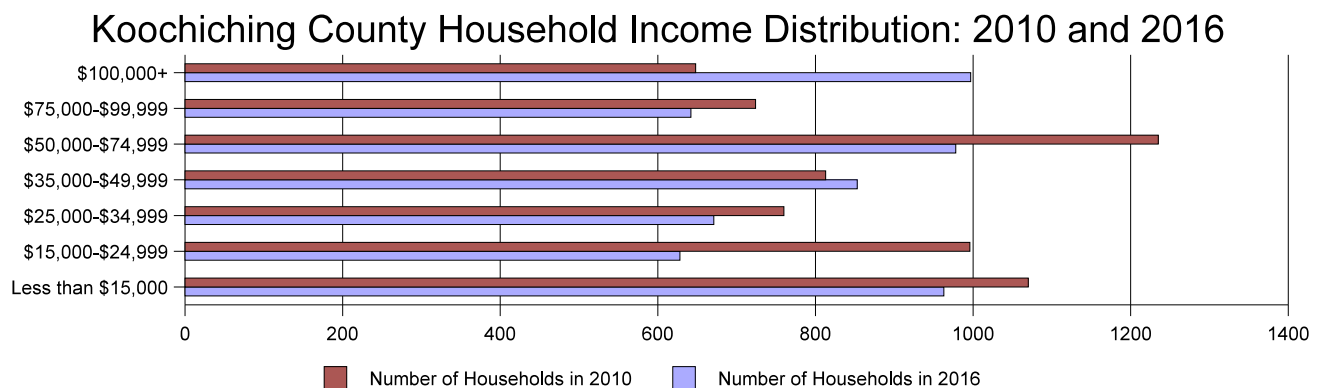
Koochiching County Household Income Distribution

The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 15 Koochiching County Income Distribution - 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provided data on 6,246 households, compared to 5,874 households in Koochiching County counted in the 2010 U.S. Census. Therefore, it appears that the American Community Survey overestimated the number of households, but this is still the best available information on household income distribution.



According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

Koochiching County Income Distribution by Housing Tenure

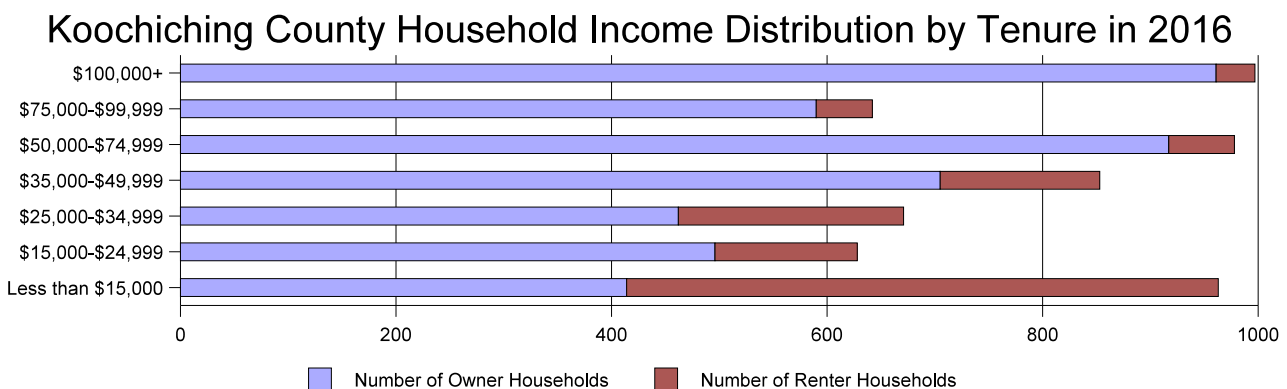
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 16 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 17 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 75% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 18 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City of Mizpah, no single family homes, attached (twinhome/townhome) units or multi-family units were constructed in Mizpah from 2010 to October 2018.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in International Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 19 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- ▶ Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in Mizpah

Only a limited number of transactions were listed in Mizpah for the time period reviewed, and most of these were rejected as “unqualified sales”. Rejected sales included estate transactions, forced sales and others. There were also no sales posted in 2017 or 2018.

Over the period, only three good sales were listed. In the following table, the entire time period has been aggregated.

Table 20 Values of Residential Sales in Mizpah: 2010-2018				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2010-2018	3	\$20,000	\$32,000	\$16,000

Source: Koochiching County Assessor; Community Partners Research, Inc.

Over the 8-year time period reviewed, the median home sale price was \$20,000. Given the very limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded was for \$32,000. The lowest-valued sale was for \$16,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$56,500 in Mizpah, well above the recent median sale price of \$20,000. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 21 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Mizpah	26	2	0	1	14	2
Big Falls	94	36	9	1	28	13
International Falls	1,946	957	62	55	31	106
Littlefork	180	78	14	2	18	4
Northome	64	25	6	2	4	3
Ranier (prior to annexation)	56	14	11	2	3	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).

- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were two occupied rental housing units in Mizpah in 2010.

At the time of the 2000 Census, the City had six occupied rental units. Between the 2000 Census and the 2010 Census, the City of Mizpah's number of rental households decreased by four households.

No rental units were constructed in Mizpah from 2010 to 2018.

A rental housing survey was not conducted in Mizpah as part of this Housing Study as there are no multi-family rental projects in the City.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Mizpah and Koochiching County over the past few decades. These historic growth trends have been used as a basis for projecting future demographic changes in the area.

Mizpah's, the Northome/Mizpah Market Area's and Koochiching County's populations decreased from 2000 to 2010. The City's population was 56 in 2010, which was a loss of 22 people, the Northome/Mizpah Market Area's population was 703, which was a loss of 101 people, and Koochiching County's population was 13,311, which was a loss of 1,044 people.

The State Demographer's Office estimates that Mizpah had a loss of one person from 2010 to 2017 and the Census Bureau shows a loss of four people during the same time period. Another source used in this Study, Esri, estimates that the City had a gain of three people over an eight-year period from 2010 to 2018. The State Demographer estimates that Koochiching County had a loss of 671 people and the U.S. Census estimates that the County had a loss of 783 people from 2010 to 2017. Esri's estimate shows Koochiching County losing 447 people from 2010 to 2018. Esri estimates that the Northome/Mizpah Market Area had a gain of 35 people from 2010 to 2018.

Mizpah, the Northome/Mizpah Market Area and Koochiching County had household losses from 2000 to 2010. The City of Mizpah had a loss of three households, the Northome/Mizpah Market Area had a loss of five households and Koochiching County had a loss of 166 households during that decade.

The 2018 Esri estimate shows Mizpah gaining one household from 2010 to 2018 and the 2017 State Demographer estimate also shows Mizpah gaining one household. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018 and the State Demographer estimates that the County had a loss of 54 households from 2010 to 2017. Esri estimates that the Northome/Mizpah Market Area had a gain of 13 households from 2010 to 2018.

Findings on Projected Growth

Esri projects that Mizpah will lose one person and its number of households will not change from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and 219 households from 2018 to 2023. Esri projects that the Northome/Mizpah Market Area will lose seven people and three households from 2010 to 2018.

Summary of the Northome/Mizpah Market Area Projections by Age: 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the Northome/Mizpah Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 for the Northome/Mizpah Market Area expect a loss of one household in the 25 to 34 age range and a loss of 14 households in the 35 to 64 age ranges. There is a projected gain of 12 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of Northome/Mizpah Market Area households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	0
25 to 34	-1
35 to 44	-3
45 to 54	-7
55 to 64	-4
65 to 74	7
75 and Older	<u>5</u>
Total	-3

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Northome/Mizpah Market Area households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects no change in the number of households in the Northome/Mizpah Market Area in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 65% of the households in this younger range in the Koochiching County will rent their housing.

25 to 34 Years Old - The projection shows a loss of one household in this age cohort in the Northome/Mizpah Market Area by 2023. Within this age range, households often move from rental to ownership housing.

35 to 44 Years Old - This 10-year age cohort has a projected loss of three households between 2018 and 2023 in the Northome/Mizpah Market Area. In the past, this age group has had a relatively high rate of home ownership in the County of approximately 67%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. For the Market Area, the projection shows a significant decrease of seven households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities.

55 to 64 Years Old - The projection shows a loss of four households in this 10-year age range by the year 2023 in the Market Area. This age range has traditionally had a high rate of home ownership in the County at approximately 89%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. Growth of seven households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. According to the 2016 American Community Survey, approximately 90% of households in this age range owned their housing in the County. Preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of five households in the Market Area in this age range between 2018 and 2023. In the past, households age 75 and older, have had a rate of home ownership that is lower than the younger age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Mizpah - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **Affordable priced housing stock** - The City of Mizpah has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$56,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - There appear to be in-fill lots available for development, although the majority of these lots are not actively for sale.
- ▶ **Close Proximity to Northome** - Mizpah is approximately six miles from Northome, which has retail/commercial options, a K-12 public school, services, etc.
- ▶ **Recreational opportunities** - The Mizpah area provides recreational opportunities including hunting, hiking, fishing, snowmobiling, etc.
- ▶ **Small town atmosphere** - Mizpah has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - The City has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Population and households** - Mizpah's population and number of households is projected to remain relatively stable over the next five years.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Mizpah.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Mizpah and the Northome/Mizpah Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in the Northome/Mizpah Market Area are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Distance from a major regional center** - Many households desire to be near a regional center because of the many amenities and jobs it can offer its residents. Mizpah is approximately 48 miles from Bemidji and 65 miles from International Falls. Some households consider it too far for commuting on a regular basis.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in Mizpah is valued at approximately \$56,000. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Commercial/Retail Options** - Mizpah does not have a commercial district to meet daily needs.
- ▶ **Lack of new housing construction** - New housing construction has not occurred over the past several years.
- ▶ **Infrastructure** - Mizpah does not have municipal water and sewer systems.

Mizpah's - Recommendations and Opportunities

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Mizpah. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - Mizpah's housing needs will more likely be addressed if there is proactive support from the City, as well as local and regional housing and economic development agencies.
- ▶ **Protect the existing housing stock** - The future of Mizpah will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Develop a realistic action plan with goals and time lines** - The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - The City of Mizpah has other resources to draw on including the Koochiching County HRA, KEDA, KOOTASCA Community Action and USDA Rural Development. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Mizpah have been formulated through the analysis of the information provided in the previous sections and include a total of eight recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Mizpah	
Rental Housing Development	
1.	No demand for the construction of additional rental units
2.	Promote the conversion of one to two seasonal homes to affordable permanent rental homes
3.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
4.	Utilize and promote all programs that assist with home ownership
New Construction	
5.	New housing construction
Housing Rehabilitation	
6.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
7.	Acquire and demolish dilapidated structures
8.	Create a plan and continue coordination among housing agencies

Mizpah - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From 2010 to 2018, based on City data, no rental units have been constructed in Mizpah.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Esri’s household projections expect no change in the number of households in Mizpah from 2018 to 2023. Therefore, we are projecting no demand for rental housing in Mizpah due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Mizpah will not lose rental units over the next five years because Mizpah’s rental inventory is very limited. In some cases, unit replacement is necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock. Also, some single family homes that converted to rentals during the recession will convert back to owner-occupied homes. It is estimated that Mizpah’s rental housing stock consists of only two to four rental single family homes at any given time. Some of the homes being rented may change over the next five years, however, we are projecting that the inventory will remain at two to four homes.

Based on our research, we have identified no pent-up demand for rental units in Mizpah.

1. No demand for the construction of additional rental housing units

Findings: The City of Mizpah is a very small community that does not have the infrastructure to support a rental housing project. The City does not have municipal water and sewer systems, commercial/retail or other services.

Recommendation: We are not recommending the construction of any type of rental units in the City of Mizpah including market rate, subsidized, senior or senior with services.

2. Promote the conversion of one to two seasonal homes to affordable permanent rental homes

Findings: It is estimated that there are approximately five to six seasonal homes in the City of Mizpah. These are homes that aren't occupied year round, but are utilized as vacation homes, hunting lodges, etc.

Typically, these homes have converted from permanent occupancy to seasonal-use because homes in Mizpah are very affordable and they are purchased as seasonal homes or the homes have been inherited by family members who have chosen to keep the homes for seasonal use.

Recommendation: We recommend the conversion of one to two seasonal homes to permanent rental occupancy over the next five years. Although seasonal homes bring people to the community, it would be advantageous to have more permanent households.

We recommend that the City of Mizpah monitor the status of the ownership of seasonal homes and when seasonal homes become available, they are evaluated to determine if they are suitable for permanent residency.

3. Utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Mizpah and Koochiching County is administered by the Koochiching County HRA. Currently, the HRA has funding for approximately 111 Vouchers for Koochiching County. Of the total 111 Vouchers, no Vouchers are being utilized by Mizpah households at this time. There is a waiting time of approximately 10 months for a Voucher.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Mizpah and Koochiching County can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should publicize the Housing Choice Voucher Program in Mizpah and Koochiching County to assure that City and County households have access to and are aware of the Program.

Mizpah - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Mizpah is estimated to be \$56,000 based on the 2016 American Community Survey. With approximately 50% of the homes in Mizpah valued less than \$56,000, Mizpah has opportunities for first time home buyers and households seeking moderately priced homes.

While many of the households already own their housing, households in the Northome/Mizpah Market Area that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

4. Utilize and promote all programs that assist with home ownership

Findings: Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in Mizpah. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$56,000, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is administering a Downpayment Assistance Program to assist households with purchasing a home. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Mizpah and local financial institutions should utilize all available assistance programs to promote home ownership. The City should work with KOOTASCA Community Action to assure that their residents and households moving into the City have access to programs that provide financial assistance for home ownership. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Small Cities Development Program.

Mizpah - New Housing Construction

New Housing Construction

5. New Housing Construction

Findings: Mizpah has experienced no single family owner-occupied housing construction from 2010 to October 2018. Mizpah's number of households is projected to not change from 2018 to 2023. Currently, Esri estimates that Mizpah has 29 households.

Mizpah is not conducive to housing construction as it does not have municipal water and sewer systems and it does not have commercial/retail and other services. However, Mizpah is located six miles from Northome, which does have retail/commercial options to meet daily needs.

Mizpah does have considerable open space and lots, which could accommodate new housing construction.

We do not know the status and availability of these parcels and lots.

Recommendation: It is our opinion that one to two owner occupied homes could be constructed or moved into Mizpah over the next five years.

It is probable that these homes would be manufactured or modular homes.

We recommend that the City of Mizpah inventory all of the vacant lots and parcels in Mizpah to determine their availability, their sales price and if they are buildable sites. This would provide readily available information for potential buyers.

If City owned property is available, we recommend that the land be sold at a vary low price, with the stipulation that a new house is constructed or moved onto the property.

Mizpah - Housing Rehabilitation

Housing Rehabilitation

6. Promote owner-occupied housing rehabilitation

Findings: The affordability of the existing housing stock in Mizpah will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 79% of the owner occupied homes in Mizpah are over 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated 24 houses in the City of Mizpah. Our survey found eight homes that need minor repair and two homes that need major repair.

KOOTASCA Community Action administers housing rehabilitation programs in Mizpah and Koochiching County. Housing rehabilitation programs include MHFA Programs, the SCDP Program, USDA Rural Development Programs and the Weatherization Program.

Recommendation: We recommend that the City of Mizpah utilize available funding sources to rehabilitate homes in Mizpah. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and the Minnesota Small Cities Development Program (SCDP) are all potential funding sources.

We encourage the City of Mizpah to apply for SCDP funds to rehabilitate houses. It may be feasible for Mizpah to be included in a Northome or Koochiching County SCDP Grant Application.

Mizpah - Other Housing Initiatives

Other Housing Initiatives

7. Acquire and demolish dilapidated structures

Findings: The housing condition survey in Mizpah identified three houses that were dilapidated and viewed as too deteriorated to rehabilitate. We also identified two homes as needing major repair and these homes may be too dilapidated to rehabilitate. The City of Mizpah has worked with property owners in the past to demolish dilapidated structures.

Recommendation: We recommend that the City of Mizpah work with property owners to demolish and clear severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. It is possible that some of the cleared lots could be utilized for the construction of new affordable housing.

Also, we recommend that the City maintain an inventory of structures that may be candidates for future demolition. Additionally, an inventory of in-fill lots for future development should be maintained.

8. Create a plan and continue coordination among housing agencies

Findings: The City of Mizpah needs resources to plan and implement the housing recommendations advanced in this Study. The City has access to KOOTASCA Community Action, the Koochiching County HRA and KEDA. The City also has access to the Minnesota Housing Finance Agency (MHFA) and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Mizpah is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

City of Northome

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Little Fork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

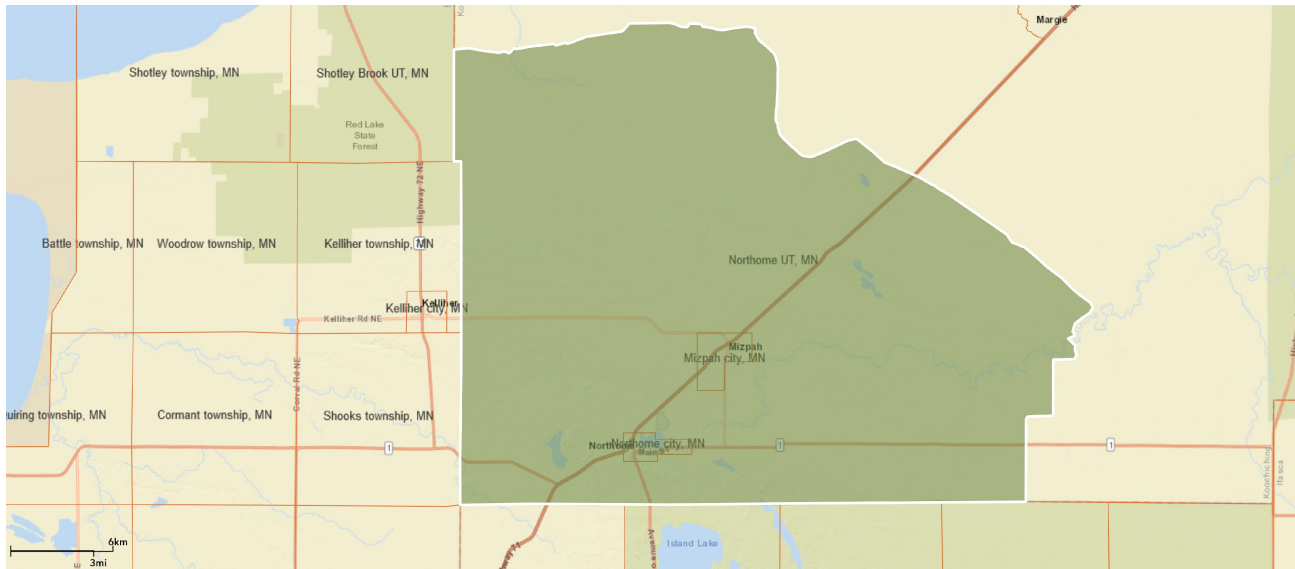
Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



Northhome/Mizpah Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
Northome	283	230	-18.7%	200	-13.0%	210
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Littlefork	838	680	-18.9%	647	-4.9%	622
Big Falls	341	264	-22.6%	236	-11.9%	247
Ranier	199	188	-5.5%	145	-22.9%	503
Mizpah	100	78	-22.0%	56	-28.2%	59
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Big Falls Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Northome is 210 people. In comparison, the State Demographer's 2017 estimate for Northome was 179 people, and the Census Bureau's 2017 estimate was 192 people in the City.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the County's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

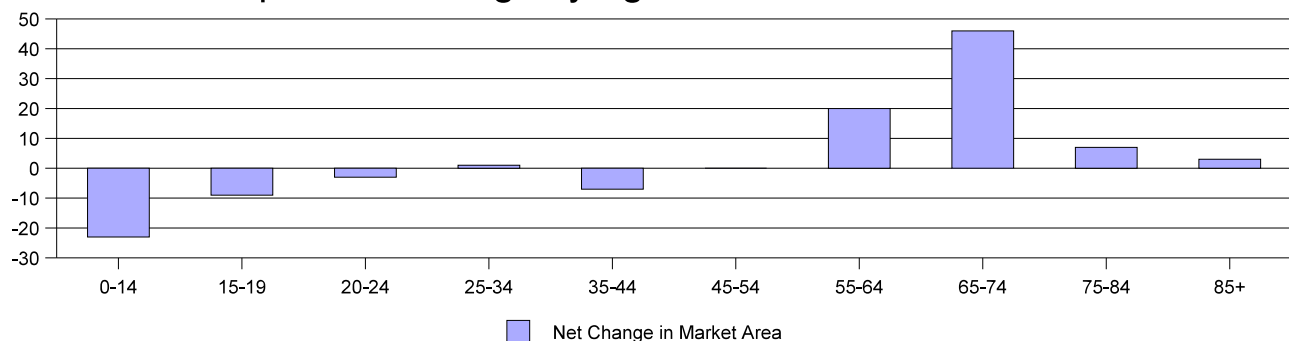
Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for the Northome/Mizpah Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018			
Age	Northome/Mizpah Market Area		
	2010	2018	Change
0-14	116	93	-23
15-19	47	38	-9
20-24	26	23	-3
25-34	55	56	1
35-44	74	67	-7
45-54	115	115	0
55-64	134	154	20
65-74	73	119	46
75-84	42	49	7
85+	21	24	3
Total	703	738	35

Source: U.S. Census; Esri

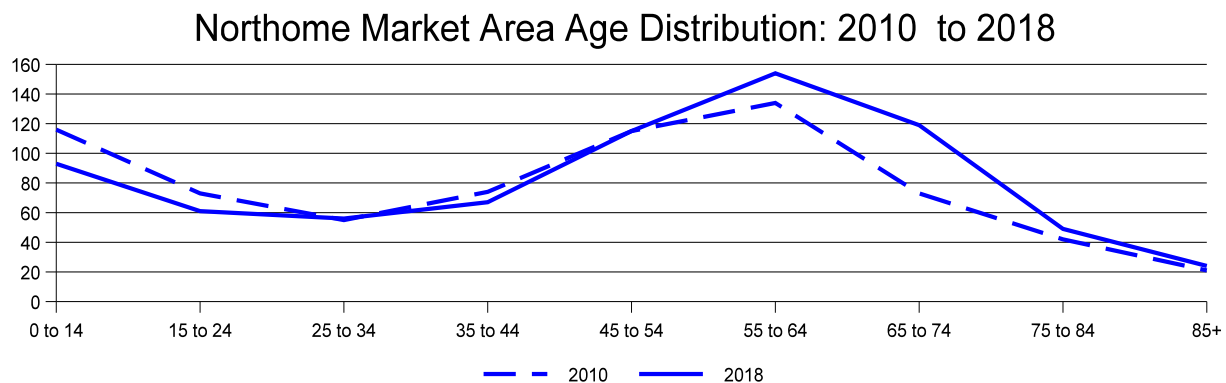
Population Change by Age Between 2010 and 2018



For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Northome/Mizpah Market Area.

Between 2010 and 2018, the Northome/Mizpah Market Area had a gain of 66 people in the age ranges between 55 and 74 years old. In addition to the population gain in the 55 to 74 age ranges, the Market Area had a gain of one household in the 25 to 34 year old age range and a gain of 10 people in the 75 and older age ranges. The Northome/Mizpah Market Area had a loss of 35 people in the 0 to 24 age ranges and a loss of seven people in the 35 to 44 age range.

The aging trends for the Northome/Mizpah Market Area can be traced back to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 19 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Northome	200	210	208	-2
International Falls	6,424	5,956	5,654	-302
Littlefork	647	622	592	-30
Big Falls	236	247	245	-2
Ranier	145	503	484	-19
Mizpah	56	59	58	-1
Northome/Mizpah Market Area	703	738	731	-7
International Falls/Ranier MA	10,617	10,147	9,744	-403
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
Northome	103	87	-15.5%	89	2.3%	93
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Littlefork	303	268	-11.6%	258	-3.7%	246
Big Falls	156	134	-14.1%	130	-3.0%	136
Ranier	76	76	0%	70	-7.9%	238
Mizpah	34	31	-8.8%	28	-9.7%	29
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that Northome had 93 households in 2018, up by four households from the 2010 Census count. The estimate from the State Demographer showed 86 households in Northome in 2017, down by three households from the 2010 Census.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Northome	2.16	2.21	2.20	2.25
International Falls	2.45	2.20	2.16	2.18
Littlefork	2.63	2.37	2.33	2.43
Big Falls	2.19	1.97	1.82	1.81
Ranier	2.62	2.30	1.83	2.11
Mizpah	2.94	2.52	2.00	2.00
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

Household by Age Trends: 2010 to 2018

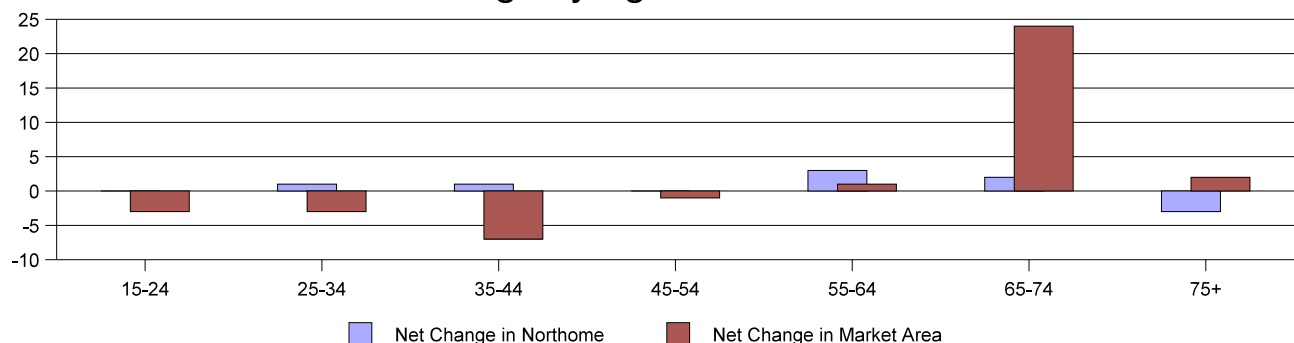
The 2018 Esri age data allows for some analysis of Northome and the Northome/Mizpah Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	Northome			Northome/Mizpah Market Area		
	2010	2018	Change	2010	2018	Change
15-24	1	1	0	6	3	-3
25-34	7	8	1	26	23	-3
35-44	10	11	1	42	35	-7
45-54	17	17	0	58	57	-1
55-64	20	23	3	80	81	1
65-74	18	20	2	47	71	24
75+	16	13	-3	46	48	2
Total	89	93	4	305	318	13

Source: U.S. Census; Esri

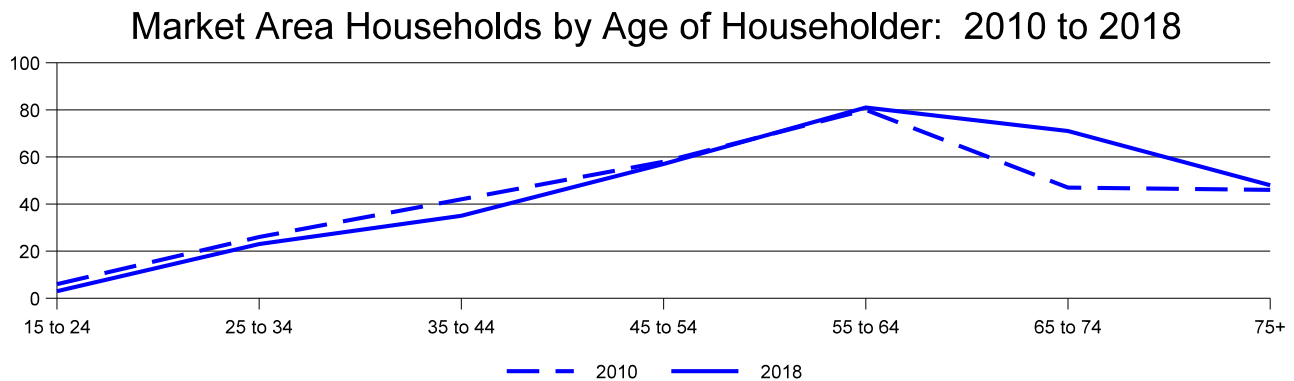
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Northome had an increase of five households and the Northome/Mizpah Market Area had an increase of 25 households in the 55 to 74 year age ranges.

Household Change by Age Between 2010 and 2018



Northome also had a gain of two households in the 25 to 44 age ranges. Northome had a decrease of three households in the 75 and older age range. In addition to the household gains in the 55 to 74 age range, the Northome/Mizpah Market Area had a gain of two households in the 75 and older age ranges. The Northome/Mizpah Market Area had a reduction of 14 households in the 54 and younger age ranges.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households so far this decade in the Northome/Mizpah Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Northome	89	93	92	-1
International Falls	2,903	2,678	2,534	-144
Littlefork	258	246	234	-12
Big Falls	130	136	134	-2
Ranier	70	238	228	-10
Mizpah	28	29	29	0
Northome/Mizpah Market Area	305	318	315	-3
International Falls/Ranier MA	4,686	4,452	4,261	-191
Littlefork/Big Falls Market Area	674	664	642	-22
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

Northome Household by Age Projections: 2018 to 2023

The Northome household by age projections were created by Esri.

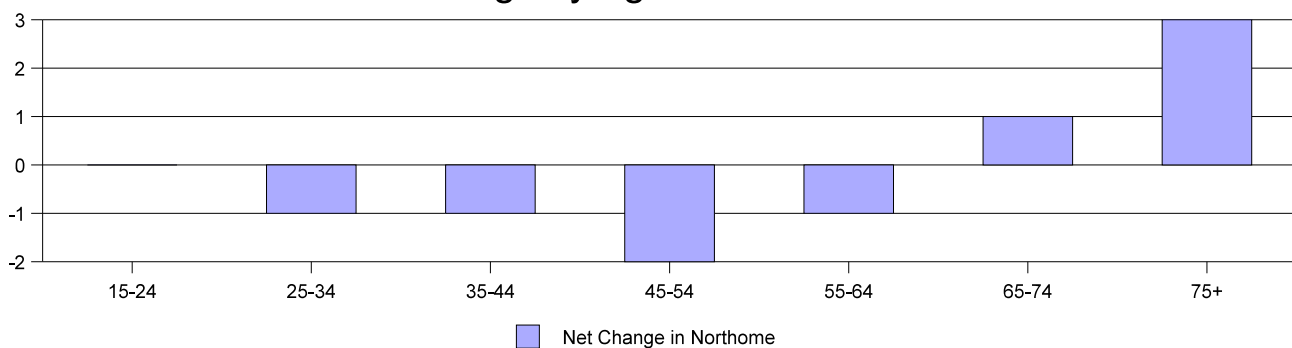
Table 8 Northome Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	1	1	0
25-34	8	7	-1
35-44	11	10	-1
45-54	17	15	-2
55-64	23	22	-1
65-74	20	21	1
75+	13	16	3
Total	93	92	-1

Source: Esri

Esri is projecting a loss of one household in Northome from 2018 to 2023. From 2018 to 2023, Esri projects a gain of four households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of five households in the 25 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Northome/Mizpah Market Area Household by Age Projections: 2018 to 2023

The Market Area household by age projections were created by Esri.

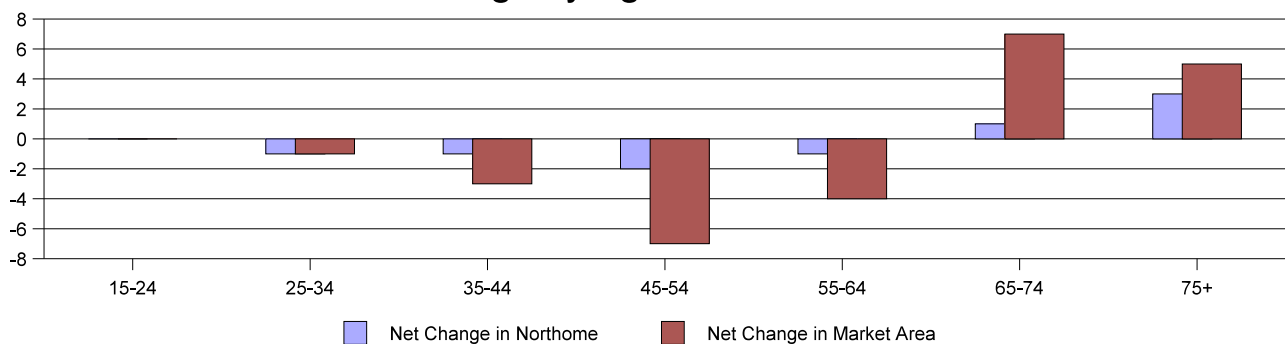
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	3	3	0
25-34	23	22	-1
35-44	35	32	-3
45-54	57	50	-7
55-64	81	77	-4
65-74	71	78	7
75+	48	53	5
Total	318	315	-3

Source: Esri

The Northome/Mizpah Market Area is projected to lose three households from 2018 to 2023. However, Esri does project a gain of 12 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of 15 households in the 25 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Northome.

Table 10 Northome Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	20	12	-8
Single Parent with own children	3	6	3
Married Couple without own children	22	28	6
Family Householder without spouse	1	7	6
Total Families	46	53	7
Non-Family Households			
Single Person	37	31	-6
Two or more persons	4	5	1
Total Non-Families	41	36	-5

Source: U.S. Census

Between 2000 and 2010, Northome experienced a gain of seven family households. The net gain was due to an increase of married couples without children, single parents with children and family householder without spouse households.

The City had a five-household decrease in “non-family” households. This was due to a decrease of six single person households.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Northome	64	71.9%	25	28.1%
International Falls	1,946	67.0%	957	33.0%
Littlefork	180	69.8%	78	30.2%
Big Falls	94	72.3%	36	27.7%
Ranier	56	80.0%	14	20.0%
Mizpah	26	92.9%	2	7.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

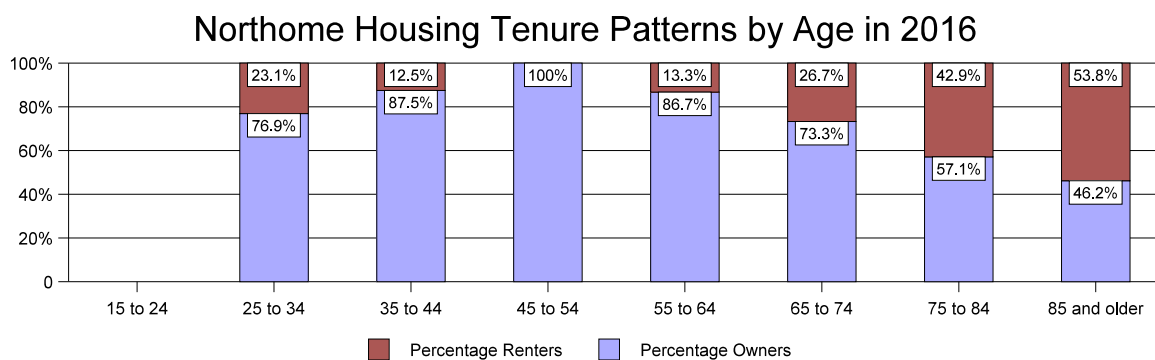
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Northome Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Northome.

Table 12 Northome Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	0	0%
25-34	10	76.9%	3	23.1%
35-44	14	87.5%	2	12.5%
45-54	13	100%	0	0%
55-64	13	86.7%	2	13.3%
65-74	11	73.3%	4	26.7%
75-84	12	57.1%	9	42.9%
85+	6	46.2%	7	53.8%
Total	79	74.5%	27	25.5%

Source: American Community Survey



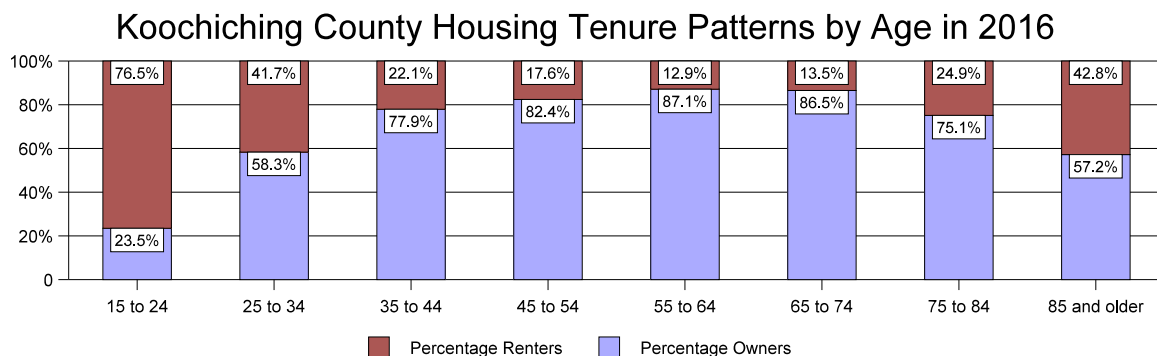
The households in the oldest age ranges show a high percentage rental occupancy. Approximately 43% of households in the 75 to 84 age range and 54% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 25 to 74 were approximately 73% or higher.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Table 13 Koochiching County Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges, households in the youngest age ranges showed a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two households members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Northome could afford approximately \$740 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$969 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2016, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

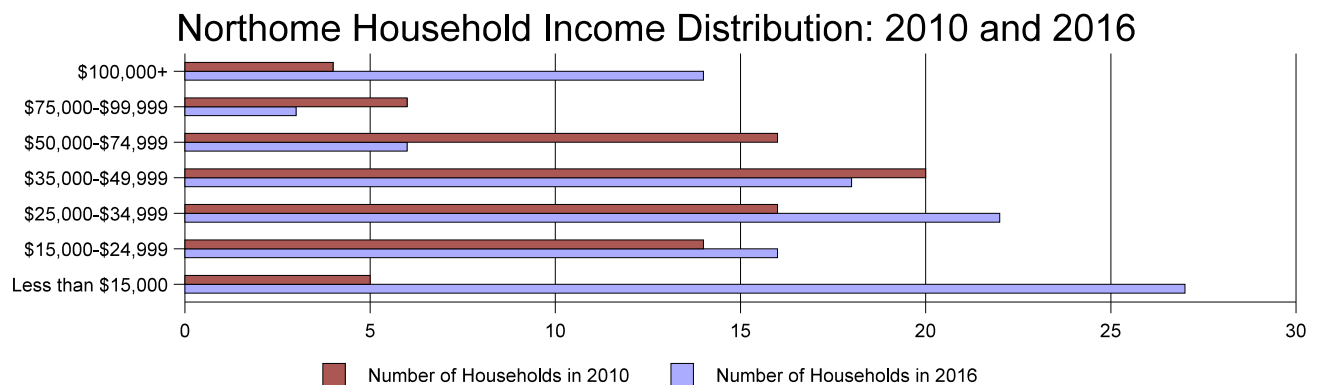
In 2016, the estimated median household income for renters in Koochiching County was \$18,092. At 30% of income, a median income renter in the City could apply approximately \$452 to gross rent without experiencing a housing cost burden.

Northome Household Income Distribution

The 2016 American Community Survey household income estimates for the City of Northome can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 15 Northome Household Income Distribution: 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	5	27	22
\$15,000 - \$24,999	14	16	2
\$25,000 - \$34,999	16	22	6
\$35,000 - \$49,999	20	18	-2
\$50,000 - \$74,999	16	6	-10
\$75,000 - \$99,999	6	3	-3
\$100,000+	4	14	10
Total	81	106	25

Source: American Community Survey



The 2010 American Community Survey provides data on 81 households in Northome. The 2010 U.S. Census reported 89 households in the City. The 2016 American Community Survey provides data on 106 households and Esri estimates that in 2018 Northome has 93 households. Therefore, it appears that the American Community Survey undercounted the number of households in 2010 and overcounted the number of households in 2016. After reviewing the 2016 estimates, it does not appear that the information for Northome is accurate, due to the limited sampling.

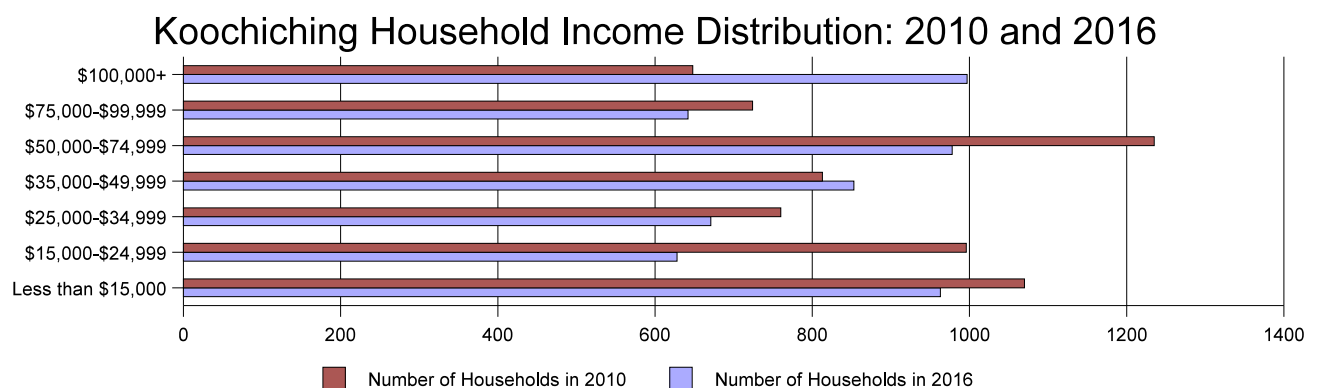
Koochiching County Household Income Distribution

The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 16 Koochiching County Income Distribution - 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provided data on 6,246 households, compared to 5,874 households in Koochiching County counted in the 2010 U.S. Census. Therefore, it appears that the American Community Survey overestimated the number of households, but this is still the best available information on household income distribution.



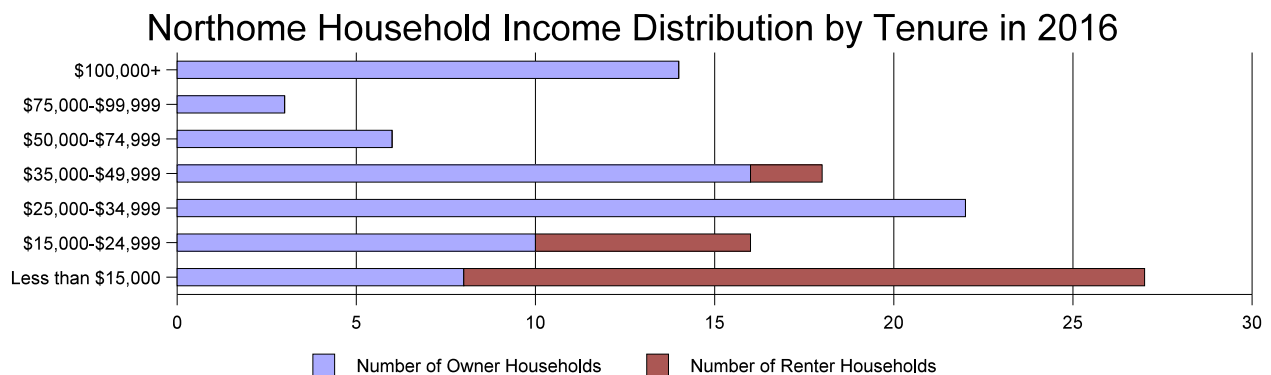
According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

Northome Income Distribution by Housing Tenure

The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Northome. As stated previously, the limited sampling that was done in Northome results in a margin of error, and it would appear that the number of lower income households may be overestimated.

Table 17 Northome Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	8/29.6%	19/70.4%	27
\$15,000 - \$24,999	10/62.5%	6/37.5%	16
\$25,000 - \$34,999	22/100%	0/0%	22
\$35,000 - \$49,999	16/88.9%	2/11.1%	18
\$50,000 - \$74,999	6/100%	0/0%	6
\$75,000 - \$99,999	3/100%	0/0%	3
\$100,000+	14/100%	0/0%	14
Total	79	27	106

Source: American Community Survey



Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2016, approximately 93% of all renter households in Northome had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 49% of all owner households had an annual income of \$35,000 or more. At 30% of income, these owners could afford approximately \$875 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

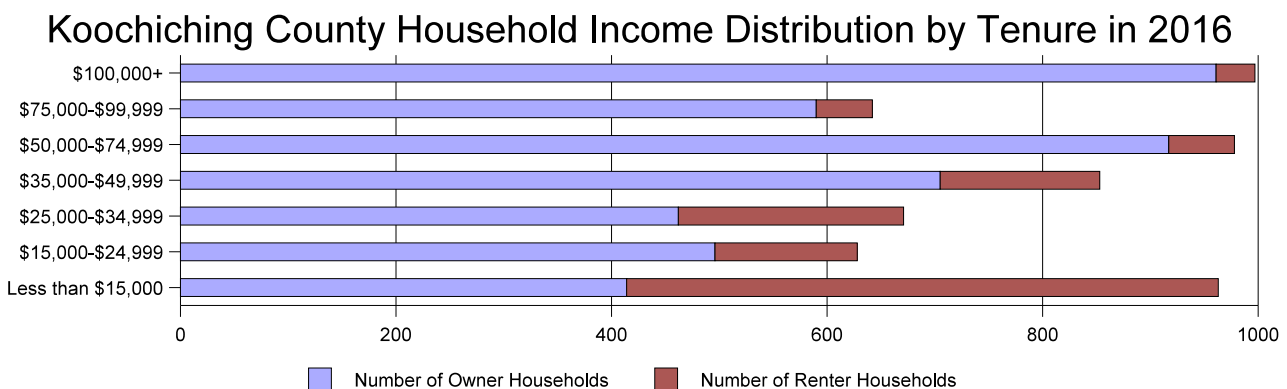
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 18 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - Northome Renters

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in the City of Northome.

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	0/0%	0/0%	0/0%
20% to 29.9%	0/0%	9/45.0%	9/33.3%
30% to 34.9%	3/42.9%	5/25.0%	8/29.6%
35% or more	1/14.2%	6/30.0%	7/26.0%
Not Computed	3/42.9%	0/0%	3/11.1%
Total	7/100%	20/100%	27/100%

Source: American Community Survey

According to the American Community Survey, approximately 56% of all renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Northome it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 73% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 27% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 20 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 76% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - Northome

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Northome that are paying different percentages of their gross household income for housing costs.

Table 21 Ownership Costs as a Percentage of Income - Northome		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	39	49.4%
20% to 29.9%	22	27.8%
30% to 34.9%	1	1.3%
35% or more	17	21.5%
Not Computed	0	0%
Total	79	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 23% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 22 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City of Northome, two single family homes were constructed in Northome from 2010 to October of 2018.

No single family attached (twinhome/townhome) units were constructed in Northome from 2010 to October 2018. However, a rental four-plex is under construction in 2018 in Northome.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in International Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 23 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- ▶ Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in Northome

Although a number of transactions were listed in Northome for the time period reviewed, most were rejected as “unqualified sales”. Rejected sales included transactions between related parties, bank-owned sales and others. There were also no sales posted in 2018 year-to-date.

Over the period from 2010 through 2018, only seven good sales were listed. In the following table, the entire time period has been aggregated.

Table 24 Values of Residential Sales in Northome: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2010-2018*	7	\$47,100	\$78,000	\$21,500

Source: Koochiching County Assessor; Community Partners Research, Inc.

* Partial-year

Over the 8-year time period reviewed, the median home sale price was \$47,100. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded was for \$78,000. Over the entire 8-year period, this was the only sale in Northome that was for more than \$70,000. The lowest-valued sale was for \$21,500, and three of the recorded sales were for less than \$40,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$60,500 in Northome, well above the recent median sale price of \$47,100. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 25 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Northome	64	25	6	2	4	3
Big Falls	94	36	9	1	28	13
International Falls	1,946	957	62	55	31	106
Littlefork	180	78	14	2	18	4
Mizpah	26	2	0	1	14	2
Ranier (prior to annexation)	56	14	11	2	3	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).

- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 25 occupied rental units and six vacant rental units in Northome for a total of 31 units.

At the time of the 2000 Census, the City had 27 occupied rental units and four vacant rental units, for a total estimated rental inventory of 31 units. Between the 2000 Census and the 2010 Census, the City had a loss of two renter households, but the number of units in the rental inventory was unchanged.

From 2000 to 2017, we are not aware of any rental housing construction that has occurred in Northome. However, a market rate rental four-plex was under construction in Northome in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of the two multifamily rental buildings in the City. Information was collected in September 2018.

A total of 19 rental units in two buildings were contacted in the survey. This represents a significant percentage of the rental units in the City. The breakdown of units surveyed is as follows:

- 3 market rate units
- 16 subsidized units for general occupancy

Market Rate Summary

Information was obtained on three market rate rental units in one mixed-use building, the Shining Light Café.

Shining Light Café Apartments includes three units in the second floor of a mixed-use building. The units include one one-bedroom and two two-bedroom units. The rent is \$400 for the one-bedroom unit and \$450 to \$650 for the two two-bedroom units. The unit with the \$650 rent includes a washer and dryer. The rent for all of the units include utilities. The owner reported no vacancies at the time of the survey and the units are usually fully occupied.

Tax Credit Summary

There are no tax credit rental units in Northome.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Northome that provides rental opportunities for lower income households. The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

Housing Choice Vouchers

In addition to subsidized rental projects, Northome and Koochiching County households have access to the Housing Choice Voucher Program. The Koochiching County administers the Housing Voucher Program in Northome and Koochiching County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Currently, approximately 111 Koochiching County households are receiving assistance through the Housing Voucher Program, including one household in the City of Northome.

Senior Housing with Services

There are no senior with services facilities in Northome. A skilled care nursing home was located in Northome, but has closed and been demolished.

Table 26 Northome Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Shining Light Café Apartments	1 Bedroom 2 Bedroom 3 Total Units	\$400 \$450-\$650	No vacancies	General occupancy	Shining Light Café Apartments includes three units in the second floor of a mixed-use building. The units include one one-bedroom and two two-bedroom units. The rent is \$400 for the one-bedroom unit and \$450 to \$650 for the two two-bedroom units. The unit with the \$650 rent includes a washer and dryer. The rent for all of the units include utilities. The owner reported no vacancies at the time of the survey and the units are usually fully occupied.
Subsidized					
Koochiching County Apartments Northome	12 - 1 Bedroom 4 - 2 Bedroom 16 Total Units	\$570 maximum rent 30% of Income	1 vacancy	Senior/ disabled	The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

Source: Community Partners Research, Inc.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Northome and Koochiching County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

The population levels in Northome and Koochiching County population decreased from 2000 to 2010. The City's population was 200 in 2010, which was a loss of 30 people and Koochiching County's population was 13,311, which was a loss of 1,044 people.

The State Demographer's Office estimates that Northome had a loss of 21 people from 2010 to 2017 and the Census Bureau shows a loss of eight people during the same time period. Another source used in this Study, Esri, contradicts these estimates and shows the City gaining 10 people over an eight-year period from 2010 to 2018. The State Demographer estimates that Koochiching County had a loss of 671 people and the U.S. Census estimates that the County had a loss of 783 people from 2010 to 2017. Esri's estimate shows Koochiching County losing 447 people from 2010 to 2018. Esri estimates that the Northome/Mizpah Market Area had a gain of 30 people from 2010 to 2018.

Northome had household gains and the Northome/Mizpah Market Area and Koochiching County had household losses from 2000 to 2010. The City of Northome had a gain of two households, the Northome/Mizpah Market Area had a loss of five households and Koochiching County had a loss of 166 households during that decade.

The 2018 Esri estimate shows Northome gaining four households from 2010 to 2018, while the 2017 State Demographer estimate shows Northome losing three households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018 and the State Demographer estimates that the County had a loss of 54 households from 2010 to 2017. Esri estimates that the Northome/Mizpah Market Area had a gain of 13 households from 2010 to 2018.

Findings on Projected Growth

Esri projects that Northome will lose two people and one household from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and 219 households from 2017 to 2022. Esri projects that the Northome/Mizpah Market Area will lose seven people and three households from 2010 to 2018.

Summary of the Northome Projections by Age: 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the City of Northome from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 for Northome expect a gain of four households in the senior age groups, 65 years old and older. There is a projected loss of five households in the combined age ranges 64 and younger.

The following forecast shows the expected net change in the number of Northome households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	0
25 to 34	-1
35 to 44	-1
45 to 54	-2
55 to 64	-1
65 to 74	1
75 and Older	<u>3</u>
Total	-1

Summary of the Northome/Mizpah Market Area Projections by Age: 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the Northome/Mizpah Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 for the Northome/Mizpah Market Area expect a loss of one household in the 15 to 34 age ranges and a loss of 14 households in the 35 to 64 age ranges. There is a projected gain of 12 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of Northome/Mizpah Market Area households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	0
25 to 34	-1
35 to 44	-3
45 to 54	-7
55 to 64	-4
65 to 74	7
75 and Older	<u>5</u>
Total	-3

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of Northome/Mizpah Market Area households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects no change in the number of households in the Northome/Mizpah Market Area in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 69% of the households in this younger range in the Market Area will rent their housing.

25 to 34 Years Old - The projection shows a loss of one household in this age cohort in the Northome/Mizpah Market Area by 2023. Within this age range, households often move from rental to ownership housing.

35 to 44 Years Old - This 10-year age cohort has a projected loss of three households between 2018 and 2023 in the Northome/Mizpah Market Area. In the past, this age group has had a relatively high rate of home ownership in the Market Area of approximately 78%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. For the Market Area, the projection shows a significant decrease of seven households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities.

55 to 64 Years Old - The projection shows a loss of four households in this 10-year age range by the year 2023 in the Northome/Mizpah Market Area. This age range has traditionally had a high rate of home ownership in the Market Area at approximately 87%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. Strong growth of seven households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 87% of households in this age range owned their housing in the Market Area. Preferences for age-appropriate units should increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of five households in the Northome/Mizpah Market Area in this age range between 2018 and 2023. In the past, households age 75 and older, have had a rate of home ownership that is lower than the younger age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Northome - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **Northome serves as a small regional center** - Northome provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a geographical area that surrounds Northome.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$60,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Northome has in-fill lots and parcels that may be available for housing development.
- ▶ **Educational Facilities** - The City has an excellent public K-12 school.
- ▶ **Health facilities** - The City has a medical clinic and a pharmacy.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion. Although some future upgrades are needed, the systems can support growth.
- ▶ **Commercial Development** - The City's commercial district is adequate to meet daily needs.
- ▶ **Recreational opportunities** - The Northome area provides recreational opportunities including trails, hunting, hiking, fishing, camping, snowmobiling, etc.
- ▶ **Small town atmosphere** - Northome has the real and perceived amenities of a small town. Small town living is attractive for some households.

- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - The City has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Population and households** - Northome's population and number of households is projected to remain relatively stable over the next five years.
- ▶ **Commuters** - More than 100 workers commute into Northome daily for employment. These commuters are a potential market for future housing construction.

Barriers or Limitation to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Northome.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Northome and the Northome/Mizpah Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in Northome are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Distance from a major regional center** - Many households desire to be near a large regional center because of the many amenities and jobs it can offer its residents. Northome is approximately 43 miles from Bemidji and 71 miles from International Falls. Some households consider it too far for commuting on a regular basis.
- ▶ **Value gap deters new owner-occupied construction** - Based on the American Community Survey, we estimate that the median priced home in Northome is valued at approximately \$60,500. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investments.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Commercial/Retail Options** - Although Northome has a commercial district that is adequate to meet daily needs, the City has a limited number of commercial and retail opportunities when compared to larger cities in the Region.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.

Northome - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Northome. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Northome if there is continued proactive support from the City of Northome, local, regional and State housing agencies, economic development agencies and the private sector.
- ▶ **Protect the existing housing stock** - The future of Northome will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Northome has several assets including a k-12 school, a commercial Downtown district, an affordable housing stock, recreational opportunities, several employers, etc. These are strong assets that make Northome a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the Koochiching County HRA, KEDA, KOOTASCA Community Action and USDA Rural Development. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Northome have been formulated through the analysis of the information provided in the previous sections and include a total of 20 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Northome	
Rental Housing Development	
1.	Develop three to four general occupancy market rate rental units
2.	Promote the development/conversion of two to three affordable market rate rental housing units
3.	Develop six to eight senior/independent/light services market rate units
4.	Monitor the need for additional subsidized renter housing units
5.	Preserve the existing supply of subsidized housing
6.	Monitor the need for additional senior designated market rate rental units
7.	Develop a mixed-use commercial/housing project
8.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
8.	Utilize and promote all programs that assist with home ownership
9.	Consider the development of a purchase/rehabilitation program
New Construction	
11.	Lot availability and lot development
12.	Strategies to encourage residential lot sales and new home construction
13.	Promote town house and twin home development

Findings and Recommendations for the City of Northome	
Housing Rehabilitation	
14.	Promote rental housing rehabilitation programs
15.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
16.	Encourage employer involvement in housing programs
17.	Acquire and demolish dilapidated structures
18.	Strategies for downtown redevelopment
19.	Create a plan and continue coordination among housing agencies
20.	Develop home ownership and new construction marketing programs and strategies

Northome - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From 2010 to 2017, based on City data, no rental units have been constructed in Northome. However, four market rate rental units are under construction in September, 2018.

Demand for new rental housing is typically generated from three factors:

- Growth from new households
- Replacement of lost units
- Pent-up demand from existing households

Esri’s household projections expect a slight loss of one household in Northome and a loss of three households in the Market Area from 2018 to 2023. Therefore, we are projecting limited demand for rental housing due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Northome will lose approximately two to three rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock.

As part of this study, a rental survey of rental units in Northome was conducted. In total, 19 rental units were contacted and surveyed. The survey found no vacancies in the general occupancy market rate units and one vacancy in the subsidized units.

Based on our research, the vacancy findings and local interviews, we have identified pent-up demand for new high quality units, affordable market rate rental units, and senior rental housing units.

These demand generators, after factoring current vacancy rates, show a demand potential for 11 to 15 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2019 to 2024.

▶ General Occupancy Market Rate	3-4 units
▶ Senior Independent	6-8 units
▶ Affordable/Conversions	2-3 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services	0 units
Total	<u>11-15 units</u>

1. Develop three to four general occupancy market rate rental units

Findings: Based on U.S. Census data, there are approximately 31 rental units in Northome. Of this total, there are approximately 12 general occupancy market rate housing units. These units are free of any specific occupancy restrictions such as financial status or age. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The rental units are in one mixed-use building, single family homes and mobile homes. There are no market rate rental buildings in Northome.

Of the market rate rental units we surveyed in Northome, we found no vacant units. Housing stakeholders that were surveyed, stated the need for quality rental units in Northome.

A number of local employees are commuting into Northome daily for work. Some of these employees would potentially move to Northome if additional housing was available.

From 2000 to 2017, no market rate rental units were developed in Northome. However, several single family homes have converted from owner-occupied to rental units.

In 2018, four market rate rental units are under construction. This is a four-plex structure and all units will have two bedrooms. These units will have 900 sq ft of living space, and will have in-unit laundry and detached garage parking. The rent structure for these units is not yet available.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand, replacement of housing units that have been demolished or removed from the rental stock and homes that have converted from rental to home ownership.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of three to four market rate general occupancy rental units over the next five years, from 2019 to 2024. These units are in addition to the units currently under construction.

It is our opinion that town home-style units are the best option to address the need for market rate units. The project, to be successful, should have 'state of the art' amenities

Currently, four market rate rental units are under construction. The success of these units will determine when and if additional units should be constructed over the next five years. Also, the new units can assist in determining the design, size, rent structure, etc. of any future projects.

The first option to develop market rate rental housing would be to encourage private developers to continue to construct market rate rental housing. If private developers do not proceed, a county or regional housing or economic development agency could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

**Recommended unit mix, sizes and rents for the Northome
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1	650 - 800	\$650 - \$750
Two Bedroom	<u>2-3</u>	850 - 950	\$875 - \$975
Total	3-4		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars.

It would be advantageous to have the rents for some of the units at or less than the fair market rents for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The fair market rents currently are:

- ▶ 1 bedroom - \$573
- ▶ 2 bedroom - \$746

2. Promote the development/conversion of two to three affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Northome. Unfortunately, these units may be beyond the financial capability of many Northome renter households. Many of the City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

We are estimating that Northome has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore there is a need for additional rental units in Northome to provide for unit replacement.

Unfortunately, the lost units are probably affordable, and new construction will not replace these units in a similar price range. Several homes have been purchased and rehabbed and are currently rentals.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards have been made recently to small cities for small rental projects.

Recommendation: We would encourage the City of Northome to promote the development/conversion of affordable rental units. A goal of two to three units over the next five years would help to replace affordable housing that has been lost.

It is difficult to create units through new construction. It is often more practical to work on building renovation or conversion projects that can create housing. This opportunity often arises in commercial/mixed-use buildings or vacant homes.

It is our recommendation that gross rents for the converted units should be below \$650 per month, which would help to expand the choices available to many of the City's renter households.

It is probable that the proposed rent structure for some of the units could only be reached with financial commitments from other sources such as tax increment financing or tax abatement from the City, and other financial resources from funding agencies such as the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund and Small Cities Development Program (SCDP) funds. Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Develop six to eight senior independent/light services market rate units

Findings: There are no senior independent and/or light services market rate rental projects in Northome or the Market Area. However, there is one subsidized senior/disabled rental project in Northome, Koochiching County Apartments. Koochiching County Apartments has 16 units, including 12 one-bedroom and four two-bedroom units.

In 2018, there are approximately 33 households age 65 and older in Northome and 119 households age 65 and older in the Northome/Mizpah Market Area. It is projected that there will be four additional households age 65 and older in Northome and an additional 12 households age 65 and older in Northome by the year 2023.

Recommendation: We are recommending the development of a six to eight-unit independent/light services market rate senior project in Northome. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one level apartment building or townhome style.

The project's amenities and features should include:

- ▶ A small community room
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a street scape design (apartment design)

Apartment features should include:

- ▶ 8 to 10 units
 - ▶ 2 to 3 one-bedroom
 - ▶ 4 to 5 two-bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services that could be provided by community organizations or agencies could include:

- ▶ Noon meal
- ▶ Weekly housekeeping
- ▶ Home healthcare
- ▶ Social activities

Tax increment financing, tax abatement and other subsidies and/or incentives could be utilized to make the project possible.

It is estimated that 50% of the units will be occupied when the project opens and one additional unit will be rented each following month for an absorption period of three to four months.

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases.

4. Monitor the need for subsidized/moderate rent rental housing units

Findings: There is one federally subsidized rental project in Northome. The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

In addition to the project-based subsidized housing, Northome also has one household being assisted with the HUD Housing Choice Voucher Program.

Based on the 2016 American Community Survey, approximately 15 renter households reported that 30% or more of their income was required to pay housing costs. Most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden. Also, the Voucher Program has a waiting list.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. Currently, there are 16 units of subsidized rental housing in Northome. Sixteen units of subsidized housing is a significant number of units for a City of Northome's size. Also, the rent structure in Northome is relatively low, which provides affordable housing for low income households. Additionally, it is difficult to obtain funding for subsidized rental housing.

We have recommended the construction of three to four market rate units. We also recommended two to three affordable/conversion market rate units. Also, four units of market rate rental housing are currently under construction. We do recommend that the City monitor the need for the production of subsidized housing in the future.

Also, if Koochiching County Apartments has vacancies in the future, possibly a waiver could be obtained to allow families to rent units in the project.

Additionally, the Housing Choice Voucher Program is an opportunity to utilize privately owned rental housing for affordable rental housing.

We recommend that the housing stakeholders work together to continue to make its subsidized housing a community asset and that there are affordable housing options for its low/moderate income households.

5. Preserve the existing supply of subsidized housing

Findings: The City of Northome has one "deep subsidy" rental housing project that allows tenants to pay rent based on 30% of income. This project was constructed in 1980 when the federal government was actively involved in producing low income housing.

The subsidized housing represents the most affordable option available to lower income households. Since most of these units charge rent based on income, even extremely low income households can afford their housing.

The "deep subsidy" rental housing project in Northome is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: The Minnesota Housing Finance Agency tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, the subsidized project in Northome was not on the MHFA list.

Local and regional housing agencies should check with MHFA on an ongoing basis to determine if the Northome subsidized housing project is considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

6. Monitor the need for senior housing with services units

Findings: Northome has no senior with services housing facilities. A skilled nursing home was located in Northome, but has closed and has been demolished.

Based on 2018 estimates from Esri, there are 73 older senior citizens, age 75 and above, residing in the Northome/Mizpah Market Area. The projections contained in this Study anticipate a gain of approximately seven older seniors from 2018 to 2023.

Older seniors tend to represent the primary target market for specialized senior housing. There is growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2023.

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services (skilled nursing home, assisted living, memory care) units/beds through the year 2023. The Northome/Mizpah Market Area does not have the older senior (75 and older) population to support a senior with services project.

We have, however, recommended a senior independent/light services project in an earlier recommendation.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

7. Develop a Mixed-Use Commercial/Housing Project

Findings: The City of Northome has an active commercial business district. The development of a new mixed-use rental housing/commercial project would complement the City's efforts to enhance the City's commercial and housing opportunities.

New mixed-use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance the commercial business district, to introduce a new product to the market or to serve as a catalyst for redevelopment.

Recommendation: We recommend the development of a mixed-use building in Northome. We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant that would complement the existing commercial businesses.

The rental units should be primarily market rate units, but could be mixed-income, with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing (TIF), tax abatement or other local funds and land at a reduced price.

8. Continue to utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Northome and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for Koochiching County. Of the total 111 Vouchers, one Voucher is being utilized by a Northome household at this time. Currently, approximately 15 Northome renter households are paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting time of approximately 10 months for a Voucher.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Northome can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should continue to publicize the Housing Choice Voucher Program in Northome and Koochiching County to assure that City and County households have access to and are aware of the Program.

Northome - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Northome is estimated to be \$60,500 based on the 2016 American Community Survey. With approximately 50% of the homes in Northome valued less than \$60,500, Northome has opportunities for first time home buyers and households seeking moderately priced homes.

While many Northome households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

9. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Northome. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in Northome. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$60,500, there are lower valued houses in the community that appeal to first time buyers.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership. Currently, KOOTASCA Community Action is offering a down payment assistance program in the County. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Northome and local financial institutions and area housing agencies should continue to utilize all available assistance programs to promote home ownership. The community should also explore the possibility of obtaining specific program set-asides along with other Koochiching County cities from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should continue to work with KOOTASCA Community Action to continue to develop and provide programs that provide financial assistance for households to purchase a home. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Small Cities Development Program.

10. Consider the development of a Purchase/ Rehabilitation Program

Findings: Northome has a stock of older, lower valued homes, some of which need repairs. Approximately 81% of the single family homes in Northome are over 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. KOOTASCA Community Action utilized the MURL Program in Koochiching County. However, MHFA is no longer providing funding for the MURL Program.

Recommendation: We recommend that the City of Northome and KOOTASCA Community Action, along with other Koochiching County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. KOOTASCA Community Action could purchase homes that need rehabilitation, rehabilitate the homes and sell the homes. Housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. MHFA, the SCDP Program, and the Federal Home Loan Bank are potential funding sources.

Also, a program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. This program would not require intermediate KOOTASCA Community Action ownership of the homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. Additionally, the City and KOOTASCA Community Action could assist private contractors with purchasing, rehabbing and selling homes.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupied, and rehabilitate homes that are currently substandard.

Northome - New Housing Construction

New Housing Construction

Findings: Northome has experienced limited single family owner-occupied housing construction over the past nine years from 2010 to October 2018. According to City records, two single family owner-occupancy units have been constructed in Northome so far this decade.

The attractiveness of the area and the City of Northome's amenities should result in the construction of new owner occupied housing units over the next five years.

Northome is projected to lose one household and the Northome/Mizpah Market Area is projected to lose three households from 2018 to 2023. Although Northome and the Northome/Mizpah Market Area are projected to have an overall minimal loss in households from 2018 to 2023, the City is projected to gain four households and the Northome/Mizpah Market Area is projected to gain 12 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as town homes and twin homes.

It is our opinion that if the City of Northome, developers and builders, and regional and state housing agencies are proactive, a total of four to six owner-occupied housing units could be constructed in Northome from 2019 to 2024 to address demand. This is an average of approximately one new unit annually. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of four to six new owner-occupied housing units is as follows:

▸ Higher & medium price homes	1 home
▸ Affordable homes	1 home
▸ Twin homes/town homes	<u>2-4 units</u>
Total	4-6 homes/units

11. Lot availability and lot development

Findings: Based on information provided by the City of Northome, there is not an existing subdivision with available lots in Northome, however, there are in-fill lots and open parcels scattered around the City.

We did not attempt to count these lots and parcels and we do not know the availability of some of these infill lots and parcels.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that approximately one new owner-occupied housing unit could be constructed per year, the City should have approximately three residential lot should be available to meet the expected demand. Part of this demand would be for attached unit construction. For lots to be available, they should be buildable and for sale.

We recommend that the City of Northome inventory all of the lots and parcels in Northome to determine their availability, if they are buildable and approximate costs to provide infrastructure to the lot or parcel. It is our assumption that there is an adequate number of lots/parcels available in the City of Northome to meet expected demand. However, if there is not an adequate supply of lots, the City should work with lot and parcel owners to make lots and parcels available for new housing construction.

12. Strategies to encourage residential lot sales and new home construction

Findings: Northome is a very small community that has had limited new construction since 2010. So far in this decade, two homes have been constructed in the City.

Recommendation: We recommend that the City of Northome and other housing stakeholders coordinate efforts to promote lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ▶ **Competitive pricing** - The demand for lots in Northome is very limited. To encourage home construction in Northome, lots must be offered at a very competitive price.

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an available inventory of lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Provide incentives*** - The City of Northome could provide incentives for households to buy lots and construct homes including reduced hookup and permit fees, reduced lot prices, discounts at area businesses, tax abatement, construction financing, etc.
- ▶ ***Marketing*** - The City of Northome and other housing stakeholders develop a market strategy to sell lots and construct housing units. In addition to marketing the lots, the City of Northome and its amenities should be marketed.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.

13. Promote town house and twin home development

Findings: Northome has experienced no owner-occupied attached housing development from 2010 to 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. In 2018, based on Esri estimates, there were 56 households in the City of Northome and 256 households in the Northome/Mizpah Market Area with a head of household in the 55 and older age ranges. It is estimated that the 55 and older age ranges will increase by three households in Northome and by eight households in the Northome/Mizpah Market Area from 2018 to 2023.

It is important for the City to offer seniors housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that two to four new twin homes or town houses could be built over the next five years in Northome.

We recommend a twin home/town home development and for the development to be successful, the following should be considered:

- Senior friendly home designs
- Maintenance, lawn care, snow removal, etc. all covered by an Association
- Cluster development of a significant number of homes which provides security
- Homes at a price that is acceptable to the market

The public sector's role in any owner-occupancy attached housing development could include land donations, tax increment financing, tax abatement, etc.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home or town home to solicit their ideas.

A corporation was developed in Arlington, MN, to construct twin homes that included local contractors, the local bank and local investors. They have been very successful.

Northome - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of Northome has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

14. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Northome has approximately 31 rental units. The rental units are in a multifamily building, a mixed-use building, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 78% of the rental structures are more than 40 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Northome and area housing agencies should seek funds to rehabilitate rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Minnesota Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, Finance Agency (MHFA), the Greater Minnesota Housing Fund, tax credits for housing preservation and local funds. MHFA has initiated a program known as the Rental Rehabilitation Loan Program (RRLP).

15. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Northome will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 81% of the owner occupied homes in Northome are over 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated houses in the City of Northome. Our survey found 24 homes that need minor repair and 11 homes that need major repair.

KOOTASCA Community Action administers housing rehabilitation programs in Northome and Koochiching County. Housing rehabilitation programs include the MHFA Programs, the SCDP Program, USDA Rural Development Programs and the Weatherization Program.

KOOTASCA Community Action has assisted the City of Northome with obtaining SCDP funds in the past for owner-occupied housing rehabilitation. In 2018, the City of Northome worked with KOOTASCA Community Action to prepare another SCDP grant application for housing rehabilitation funds.

Recommendation: We recommend that the City of Northome continue to utilize available funding sources to rehabilitate homes in Northome. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and the Minnesota Small Cities Development Program (SCDP) are all potential funding sources.

We encourage the City of Northome to continue to apply for SCDP funds to rehabilitate houses.

Northome - Other Housing Initiatives

Other Housing Initiatives

16. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers to the community. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing the City's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as work force oriented rental housing, an affordable home ownership program or a new subdivision. Although Northome does not have large employers, it is still possible for smaller employers to participate in community housing programs and projects.

17. Acquire and demolish dilapidated structures

Findings: Approximately 81% of the single family homes in Northome are over 40 years old. Our housing condition survey identified two single family houses in Northome that are dilapidated and too deteriorated to rehabilitate. We also identified 11 single family houses in Northome as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that the City of Northome continue to take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

The City could develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, and SCDP funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

18. Strategies for Downtown Redevelopment

Findings: Northome's Downtown has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that need rehabilitation. This recommendation provides an outline of actions that could be taken to maximize the usage of downtown buildings and to promote new downtown businesses.

Recommendation: We are recommending the following actions for downtown Northome:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
 - ▶ New mixed-use building
 - ▶ Re-use of any vacant parcels

- ▶ Identify funding sources
 - ▶ SCDP funds
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Federal Home Loan Bank
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ KEDA
 - ▶ KOOTASCA Community Action
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Northome
 - ▶ KEDA
 - ▶ KOOTASCA Community Action

19. Create a plan and continue coordination among housing agencies

Findings: The City of Northome may need resources in addition to existing staff to plan and implement some of the housing recommendations advanced in this Study. The City has access to KOOTASCA Community Action, the Koochiching County HRA and Koochiching Economic Development Authority (KEDA). The City also has access to the Minnesota Housing Finance Agency (MHFA) and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Northome is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

20. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Northome has been active in promoting and marketing housing and the City, and we recommend the continuation or initiation of the following activities:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Continue to create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Northome and the Region) to provide employees (especially new employees) with housing opportunities in Northome
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of the City's housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Provide incentives and strategies to encourage builders and households to buy lots or to build and buy new homes.
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

City of Ranier

January 2019

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Demographic Data Overview

Sources of Data

The following pages contain demographic data for the Cities of International Falls, Little Fork, Ranier, Big Falls, Northome and Mizpah; the Northwest, International Falls/Ranier, Littlefork/Big Falls and Northome/Mizpah Market Areas and Koochiching County.

Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

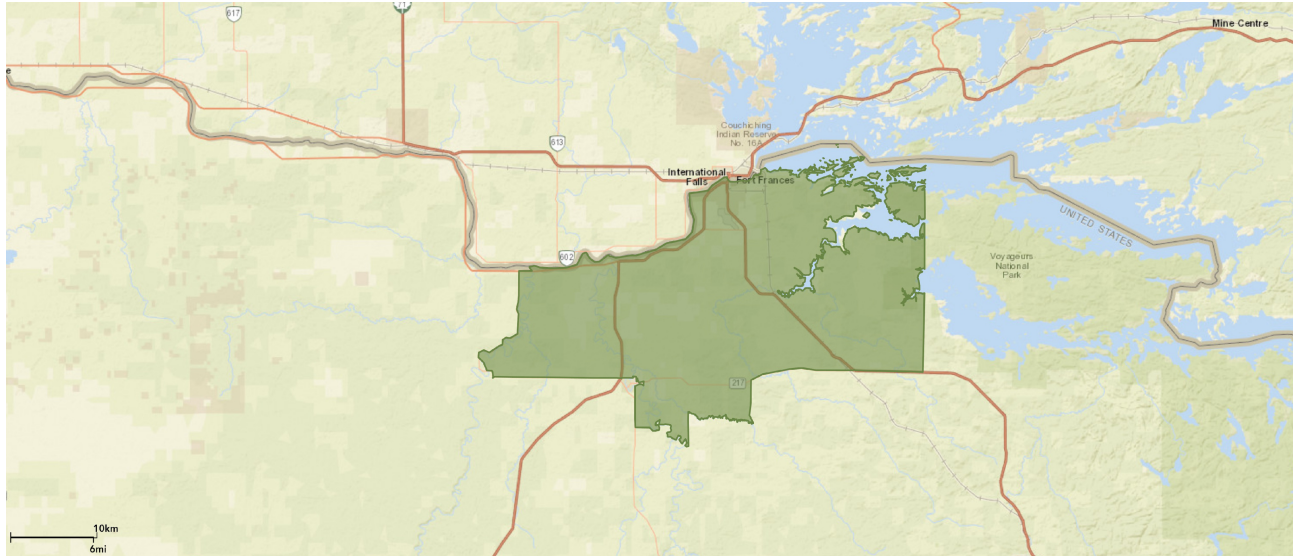
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching County Unincorporated Territory, South Koochiching County Unincorporated Territory
- ▶ ***Northome/Mizpah Market Area*** - Northome, Mizpah, Northome Unincorporated Territory

The demographic data was obtained from a variety of local, state and national sources. At the time that research was completed for this Study, both the U.S. Census Bureau and the Minnesota State Demographer's Office had released basic demographic estimates for the year 2017. However, these annual estimates are generally limited to basic counts, such as population and household levels.

For some detailed demographic variables, the 2010 Census is still viewed as the most reliable data source. To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey does provide detailed demographic characteristics. However, because the American Community Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the American Community Survey data, when it is viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. The 2016 estimates were the most current at the time of this Study. They were derived from sampling that was done over a five-year period, between 2012 and 2016.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri estimates are included in this demographic data section.



International Falls/Ranier Primary Market Area

Population Data and Trends

Esri, a private data reporting service, has issued demographic estimates for 2018 which are included in the table below. Other estimates from the MN State Demographer and the Census Bureau for 2017 are discussed in the text that follows.

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate Esri
Ranier	199	188	-5.5%	145	-22.9%	503
International Falls	8,325	6,703	-19.5%	6,424	-4.2%	5,956
Littlefork	838	680	-18.9%	647	-4.9%	622
Big Falls	341	264	-22.6%	236	-11.9%	247
Northome	283	230	-18.7%	200	-13.0%	210
Mizpah	100	78	-22.0%	56	-28.2%	59
International Falls/Ranier MA	12,872	11,360	-11.7%	10,617	-6.5%	10,147
Littlefork/Big Falls Market Area	1,954	1,650	-15.6%	1,528	-7.4%	1,509
Northome/Mizpah Market Area	879	804	-8.5%	703	-12.6%	738
Northwest Market Area	594	541	-8.9%	463	-14.4%	470
Koochiching County	16,299	14,355	-11.9%	13,311	-7.3%	12,864

Source: U.S. Census; Esri

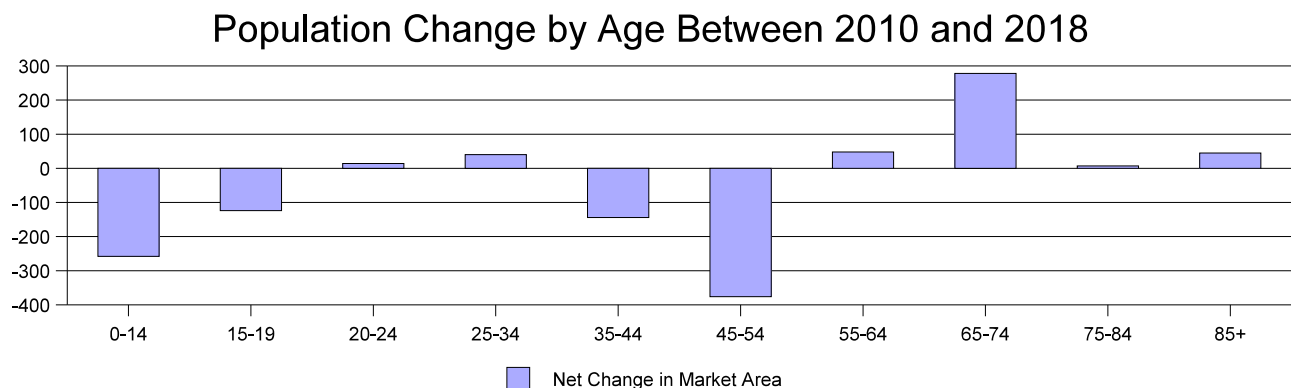
- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Ranier is 503 people. In comparison, the State Demographer's 2017 estimate for the City was 589 people, and the Census Bureau's 2017 estimate was 571 people in Ranier. Much of the recent population growth in Ranier has been the result of annexation gains, and it does not appear that this is being accurately tracked by Esri.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

Population by Age Trends: 2010 to 2018

The release of 2018 demographic information from Esri allows for some analysis of the changing age patterns for the International Falls/Ranier Market Area. The following table compares population by age in 2010 and 2018, along with the numeric changes.

Table 2 Population by Age - 2010 to 2018			
Age	International Falls/Ranier Market Area		
	2010	2018	Change
0-14	1,803	1,545	-258
15-19	720	596	-124
20-24	492	506	14
25-34	978	1,018	40
35-44	1,248	1,104	-144
45-54	1,720	1,344	-376
55-64	1,624	1,672	48
65-74	1,056	1,334	278
75-84	688	695	7
85+	288	333	45
Total	10,617	10,147	-470

Source: U.S. Census; Esri

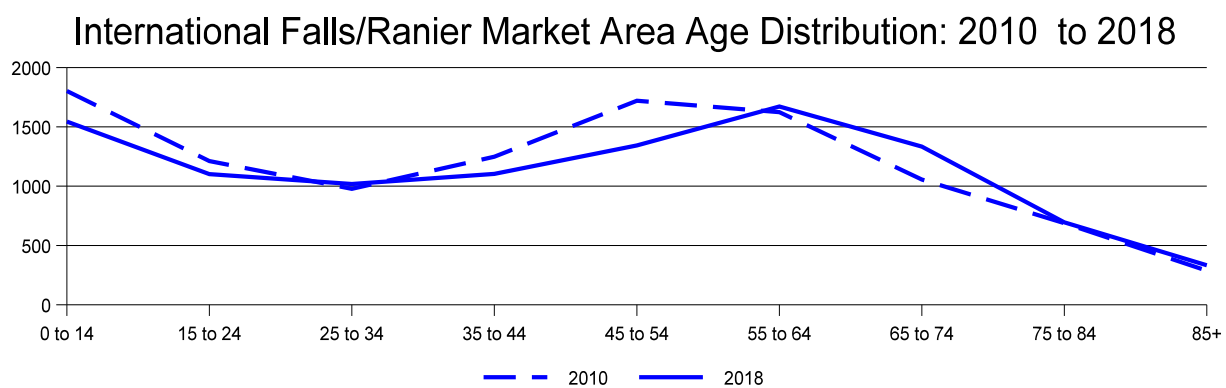


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the International Falls/Ranier Market Area.

Between 2010 and 2018, the International Falls/Ranier Market Area had a gain of 326 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age ranges.

In addition to the population gain in the 55 to 74 age ranges, the International Falls/Ranier Market Area also had a gain of 54 people in the 20 to 34 age ranges and a gain of 52 people in the 75 and older age ranges. The International Falls/Ranier Market Area had a loss of 382 people in the 0 to 19 age ranges and a loss of 520 people in the 35 to 54 age ranges.

The aging trends for the International Falls/Ranier Market Area can be traced back over the previous decades to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 19 and under.



Population Projections

The following table presents population projections generated by Esri for the cities, the market area's and Koochiching County.

Table 3 Population Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Ranier	145	503	484	-19
International Falls	6,424	5,956	5,654	-302
Littlefork	647	622	592	-30
Big Falls	236	247	245	-2
Northome	200	210	208	-2
Mizpah	56	59	58	-1
International Falls/Ranier MA	10,617	10,147	9,744	-403
Littlefork/Big Falls Market Area	1,528	1,509	1,457	-52
Northome/Mizpah Market Area	703	738	731	-7
Northwest Market Area	463	470	465	-5
Koochiching County	13,311	12,864	12,397	-467

Source: U.S. Census; Esri

- ▶ Esri projects that all of the cities, market areas and the County will lose population from 2018 to 2023.
- ▶ Esri projects that from 2018 to 2023, International Falls will lose 302 people, Littlefork will lose 30 people, Big Falls will lose two people, Ranier will lose 19 people, Northome will lose two people and Mizpah will lose one person.
- ▶ Esri projects that Koochiching County's population will decrease by 467 people from 2018 to 2023.

Household Data and Trends

Table 4 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate Esri
Ranier	76	76	0%	70	-7.9%	238
International Falls	3,126	2,959	-5.3%	2,903	-1.9%	2,678
Littlefork	303	268	-11.6%	258	-3.7%	246
Big Falls	156	134	-14.1%	130	-3.0%	136
Northome	103	87	-15.5%	89	2.3%	93
Mizpah	34	31	-8.8%	28	-9.7%	29
International Falls/Ranier MA	4,746	4,809	1.3%	4,686	-2.6%	4,452
Littlefork/Big Falls Market Area	747	691	-7.5%	674	-2.5%	664
Northome/Mizpah Market Area	312	310	-0.6%	305	-1.6%	318
Northwest Market Area	220	230	4.5%	209	-9.1%	211
Koochiching County	6,025	6,040	0.2%	5,874	-2.7%	5,454

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that Ranier had 238 households in 2018. The estimate from the State Demographer showed 295 households in Ranier in 2017. Once again this difference is attributed to accurate tracking of past annexation activity.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

The following table provides decennial Census information on average household size.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 Esri
Ranier	2.62	2.30	1.83	2.11
International Falls	2.45	2.20	2.16	2.18
Littlefork	2.63	2.37	2.33	2.43
Big Falls	2.19	1.97	1.82	1.81
Northome	2.16	2.21	2.20	2.25
Mizpah	2.94	2.52	2.00	2.00
International Falls/Ranier MA	N/A	N/A	2.22	2.23
Littlefork/Big Falls Market Area	N/A	N/A	2.20	2.22
Northome/Mizpah Market Area	N/A	N/A	2.29	2.31
Northwest Market Area	N/A	N/A	2.22	2.23
Koochiching County	2.58	2.33	2.23	2.22

Source: U.S. Census; Esri

- ▶ Esri estimates that from 1990 to 2018, all of the cities in Koochiching County, with the exception of Northome, had a substantial decrease in average household size.
- ▶ Esri estimates that Northome's average household size has increased from 1990 to 2018.
- ▶ Esri projects that the four market areas remained relatively stable from 2010 to 2018.

Household by Age Trends: 2010 to 2018

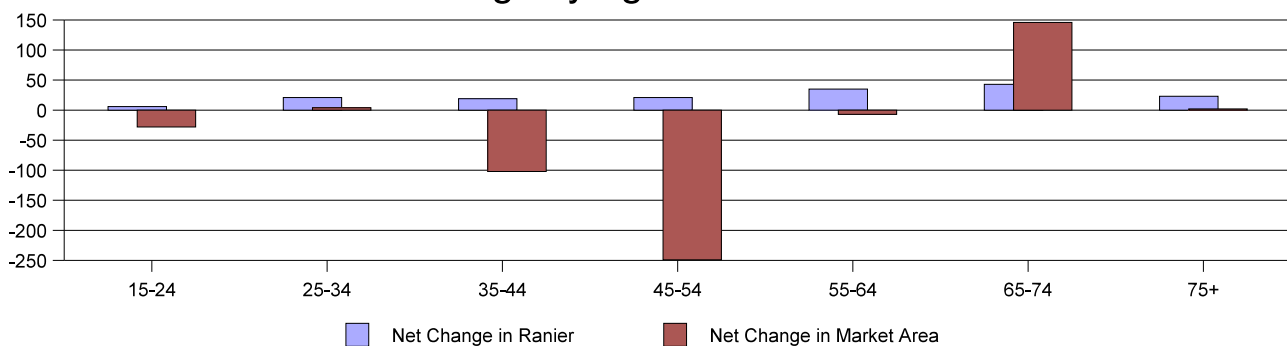
The 2018 Esri age data allows for some analysis of Ranier and the International Falls/Ranier Market Area's changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	Ranier			International Falls/Ranier Market Area		
	2010	2018	Change	2010	2018	Change
15-24	0	6	6	158	130	-28
25-34	8	29	21	476	480	4
35-44	9	28	19	682	580	-102
45-54	15	36	21	1,010	761	-249
55-64	22	57	35	992	985	-7
65-74	5	48	43	688	834	146
75+	11	34	23	680	682	2
Total	70	238	168	4,686	4,452	-234

Source: U.S. Census; Esri

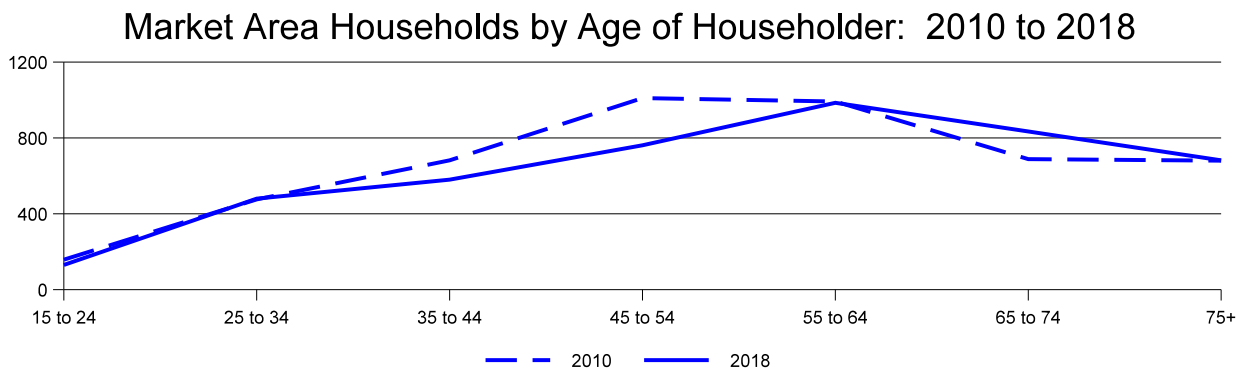
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Ranier had an increase of 78 households and the International Falls/Ranier Market Area had a net increase of 139 households in the 55 to 74 year age ranges. The increase of households in all age ranges was primarily due to Ranier's annexation of a residential neighborhood.

Household Change by Age Between 2010 and 2018



In addition to the household gains in the 55 to 74 age ranges, Ranier had a gain of 67 households in the 54 and younger age ranges, and a gain of 23 households in the 75 and older age range. Ranier had a significant household gain in all of the other age ranges due to the annexation. The International Falls/Ranier Market Area had a loss of 28 households in the 15 to 24 age range and a decrease of 351 households in the 35 to 54 age ranges.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households over the past 19 years in the International Falls/Ranier Market Area using information by the age of householder.



Household Projections

The following table presents household projections generated by Esri for the cities, market areas and Koochiching County.

Table 7 Household Projections Through 2023				
	2010 Census	2018 Esri Estimate	2023 Esri Projection	Change 2018-2023
Ranier	70	238	228	-10
International Falls	2,903	2,678	2,534	-144
Littlefork	258	246	234	-12
Big Falls	130	136	134	-2
Northome	89	93	92	-1
Mizpah	28	29	29	0
International Falls/Ranier MA	4,686	4,452	4,261	-191
Littlefork/Big Falls Market Area	674	664	642	-22
Northome/Mizpah Market Area	305	318	315	-3
Northwest Market Area	209	211	208	-3
Koochiching County	5,874	5,645	5,426	-219

Source: US Census; Esri

- ▶ Esri projects that all of the cities, market areas and all of Koochiching County, with the exception of Mizpah, will have household losses from 2018 to 2023. Esri projects that Mizpah's number of households will not change.
- ▶ Koochiching County is projected to lose 219 households from 2018 to 2023 and the largest city in the county, International Falls, is projected to lose 144 households.

Ranier Household by Age Projections: 2018 to 2023

The Ranier household by age projections were created by Esri.

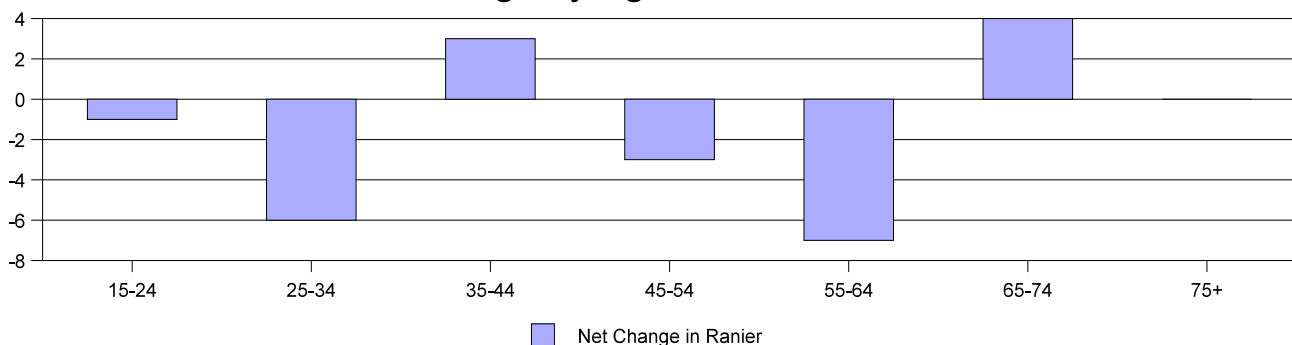
Table 8 Ranier Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	6	5	-1
25-34	29	23	-6
35-44	28	31	3
45-54	36	33	-3
55-64	57	50	-7
65-74	48	52	4
75+	34	34	0
Total	238	228	-10

Source: Esri

Esri is projecting a loss of 10 households in Ranier from 2018 to 2023. From 2018 to 2023, Esri projects a gain of three households in the 35 to 44 age range and an increase of four households in the 65 to 74 age range.

Conversely, from 2018 to 2023, Esri estimates a loss of seven households in the 15 to 34 age ranges and a loss of 10 households in the 45 to 64 age ranges.

Household Change by Age Between 2018 and 2023



International Falls/Ranier Market Area Household by Age Projections: 2018 to 2023

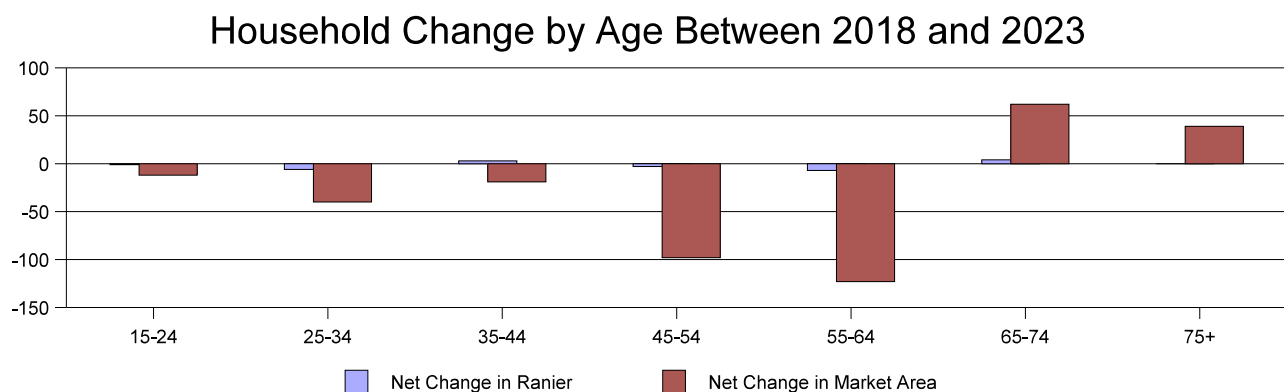
The International Falls/Ranier Market Area household by age projections were created by Esri.

Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	130	118	-12
25-34	480	440	-40
35-44	580	561	-19
45-54	761	663	-98
55-64	985	862	-123
65-74	834	896	62
75+	682	721	39
Total	4,452	4,261	-191

Source: Esri

The International Falls/Ranier Market Area is expected to lose 191 households from 2018 to 2023. However, Esri projects a gain of 101 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri is projecting a loss of 292 households in the 64 and younger age ranges.



Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Ranier.

Table 10 Ranier Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	14	4	-10
Single Parent with own children	8	5	-3
Married Couple without own children	24	28	4
Family Householder without spouse	5	3	-2
Total Families	51	40	-11
Non-Family Households			
Single Person	21	27	6
Two or more persons	4	3	-1
Total Non-Families	25	30	5

Source: U.S. Census

The household composition table provides 2000 and 2010 data. Since 2010, Ranier has annexed a residential neighborhood into the City. This table does not include the households that were annexed into the City, which occurred after 2010.

Between 2000 and 2010, Ranier experienced a net loss of 11 family households. The net loss was due to a decrease of married couples with children, single parents with children, and a loss of family without spouse households. Married couple without children households gained households.

The City had a five-household increase in “non-family” households. This was due to an increase of six single person households.

Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following table examines tenure rates for the cities, Koochiching County and the State of Minnesota.

Table 11 Household Tenure - 2010				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Ranier	56	80.0%	14	20.0%
International Falls	1,946	67.0%	957	33.0%
Littlefork	180	69.8%	78	30.2%
Big Falls	94	72.3%	36	27.7%
Northome	64	71.9%	25	28.1%
Mizpah	26	92.9%	2	7.1%
Koochiching County	4,551	77.5%	1,323	22.5%
State of Minnesota	-	73.0%	-	27.0%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate for Koochiching County cities ranged from a low of 67% in International Falls to a high of 92.9% in Mizpah.

Koochiching County's ownership rate was 77.5% in 2010.

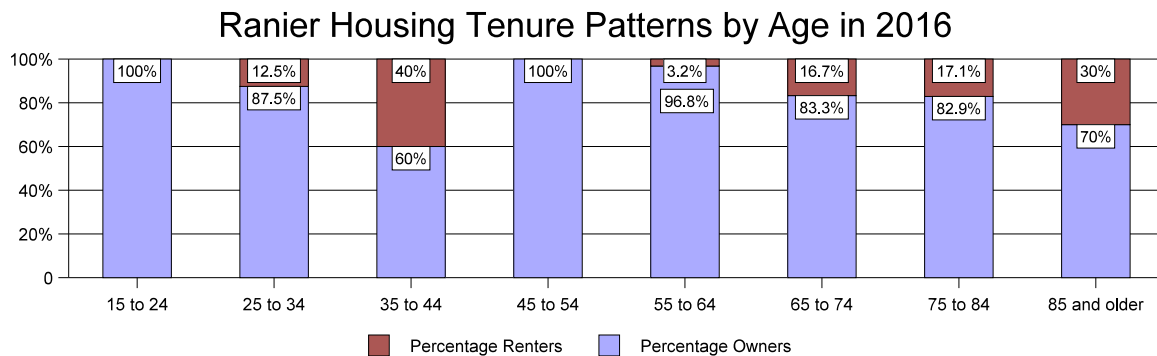
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Ranier Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Ranier.

Table 12 Ranier Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	3	100%	0	0%
25-34	14	87.5%	2	12.5%
35-44	9	60.0%	6	40.0%
45-54	28	100%	0	0%
55-64	60	96.8%	2	3.2%
65-74	35	83.3%	7	16.7%
75-84	34	82.9%	7	17.1%
85+	14	70.0%	6	30.0%
Total	197	86.8%	30	13.2%

Source: American Community Survey



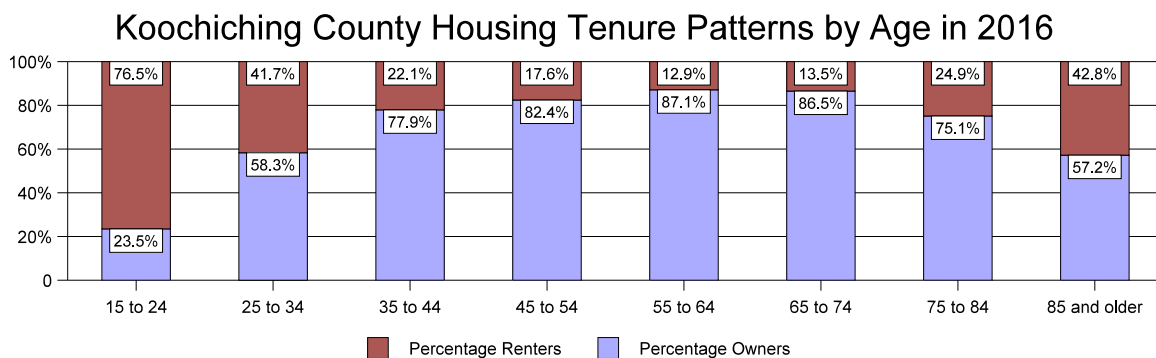
A large percentage of the Ranier's households are owner-occupied. Home ownership rates for each of the 10-year age ranges were 70% or higher with the exception of the 35 to 44 age range which had a 60% home ownership rate.

Koochiching County Tenure by Age of Householder

The 2016 American Community Survey provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Koochiching County.

Table 13 Koochiching County Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	44	45.6%	83	65.4%
25-34	372	57.9%	270	42.1%
35-44	528	67.2%	258	32.8%
45-54	961	89.1%	117	10.9%
55-64	1,192	88.5%	155	11.5%
65-74	815	90.0%	91	10.0%
75-84	466	74.2%	162	25.8%
85+	167	76.6%	51	23.4%
Total	4,545	79.3%	1,187	20.7%

Source: American Community Survey



Within the defined age ranges, households in the youngest age ranges showed a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 65% of households age 24 and younger and 42% of households in the 25 to 34 age range rented their unit. Home ownership rates for each of the 10-year age cohorts age 35 and older were approximately 67% or higher.

2016 Income Data

Household and family income estimates are available at the City, County and State level through the 2016 American Community Survey. No median income information exists for the Market Areas.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

Table 14 Median Income - 2010 to 2016						
Households				Families		
	2010 Median	2016 Median	% Change	2010 Median	2016 Median	% Change
Ranier	\$41,250	\$54,750	32.7%	\$61,458	\$64,000	4.1%
International Falls	\$30,214	\$38,750	28.3%	\$53,848	\$52,045	-3.3%
Littlefork	\$43,409	\$36,953	-14.9%	\$51,154	\$54,500	6.5%
Big Falls	\$30,833	\$31,131	1.0%	\$40,625	\$46,250	13.8%
Northome	\$38,036	\$29,583	-22.2%	\$43,958	\$38,750	-11.8%
Mizpah	\$25,750	\$25,250	-1.9%	\$19,167	\$25,500	33.0%
Koochiching Co.	\$39,571	\$44,929	12.4%	\$57,963	\$62,976	8.6%
State of Minnesota	\$57,253	\$63,217	10.4%	\$71,307	\$79,595	11.6%

Source: American Community Survey

Income information contained in the 2016 American Community Survey shows household income growth from 2010 to 2016 in International Falls, Big Falls, Ranier and Koochiching County. The remaining jurisdictions had a decrease in their median household income levels.

Littlefork, Big Falls, Ranier, Mizpah and Koochiching County all had family median income growth from 2010 to 2016. The remaining jurisdictions had a decrease in their median family income levels.

The Cities' and County's median household and family incomes were all lower than the Minnesota median household and family incomes in 2016.

Family household incomes tend to be higher than the overall household medians, as families have at least two households members and potentially more income earners.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Ranier could afford approximately \$1,369 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$1,600 for housing costs.

Although households at or near the median levels do have some buying power for housing, the overall medians can be somewhat deceptive. In general, renter households tend to have incomes that are well below the overall median levels, while home owners tend to be above the medians for households or families.

In 2017, the median income level for owner households in Koochiching County was \$54,507. At 30% of income, a median income owner household could apply approximately \$1,367 to a mortgage without experiencing a housing cost burden.

In 2016, the estimated median household income for renters in Koochiching County was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

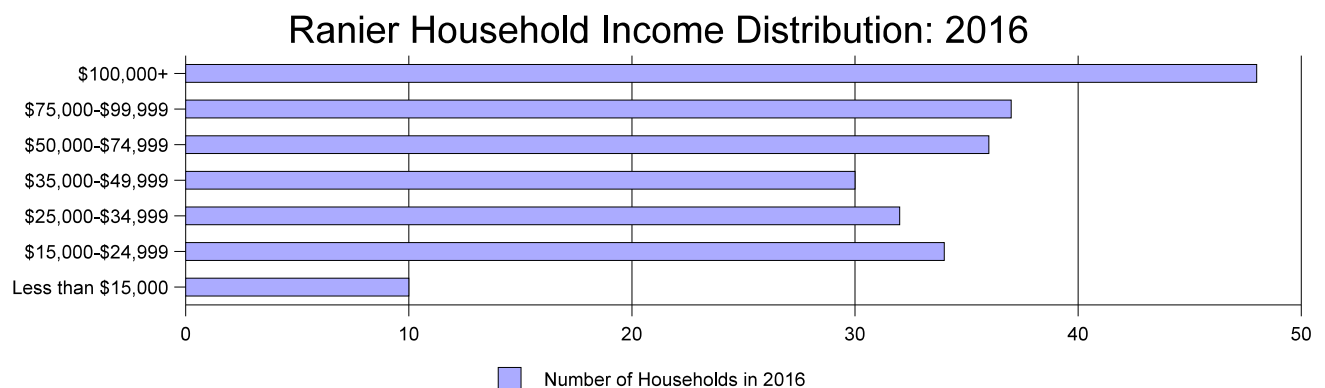
Ranier Household Income Distribution

The 2016 American Community Survey provides household income distribution estimates for the City of Ranier.

Table 15 Ranier Household Income Distribution: 2016	
Household Income	Number of Households in 2016
\$0 - \$14,999	10/4.4%
\$15,000 - \$24,999	34/15.0%
\$25,000 - \$34,999	32/14.1%
\$35,000 - \$49,999	30/13.2%
\$50,000 - \$74,999	36/15.9%
\$75,000 - \$99,999	37/16.3%
\$100,000+	48/21.1%
Total	227

Source: American Community Survey

The 2016 American Community Survey provides income distribution data on 227 households. Approximately 53% of Ranier's households had annual incomes over \$50,000. However, 44 households, which is approximately 19% of Ranier's total households had annual incomes under \$25,000 in 2016.



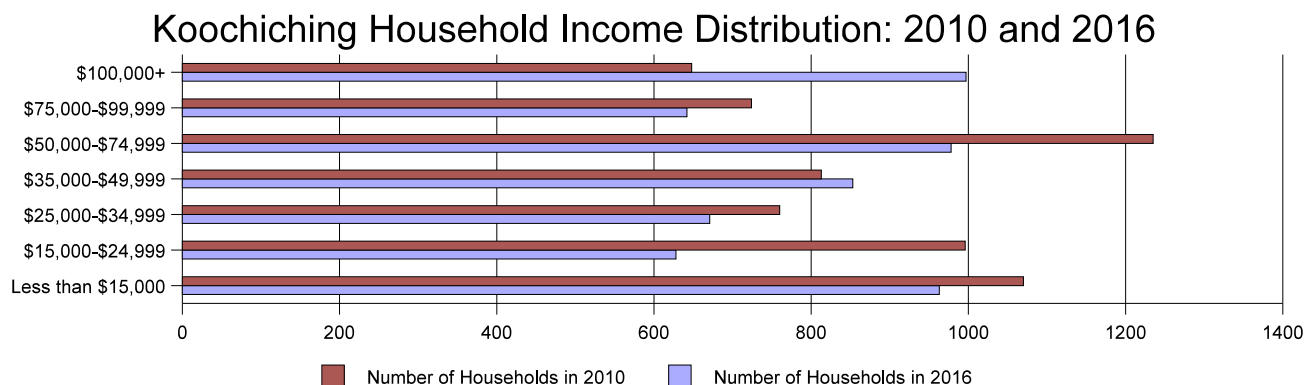
Koochiching County Household Income Distribution

The 2016 American Community Survey household income estimates for Koochiching County can be compared to the same distribution information from 2010 to examine changes that have occurred from 2010 to 2016.

Table 16 Koochiching County Income Distribution - 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	1,070	963	-107
\$15,000 - \$24,999	996	628	-368
\$25,000 - \$34,999	760	671	-89
\$35,000 - \$49,999	813	853	40
\$50,000 - \$74,999	1,235	978	-257
\$75,000 - \$99,999	724	642	-82
\$100,000+	648	997	349
Total	6,246	5,732	-514

Source: American Community Survey

The 2010 American Community Survey provides data on 6,246 households. The 2010 U.S. Census reported 5,874 households in Koochiching County. Therefore, it appears that the American Community Survey overestimated the number of households. However, this source still represents the best available information on household income distribution.



According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of 564 households with incomes below \$35,000. However, there were still 1,591 households in Koochiching County that had an annual income below \$25,000 in 2016. This is approximately 28% of all households in Koochiching County.

Ranier Income Distribution by Housing Tenure

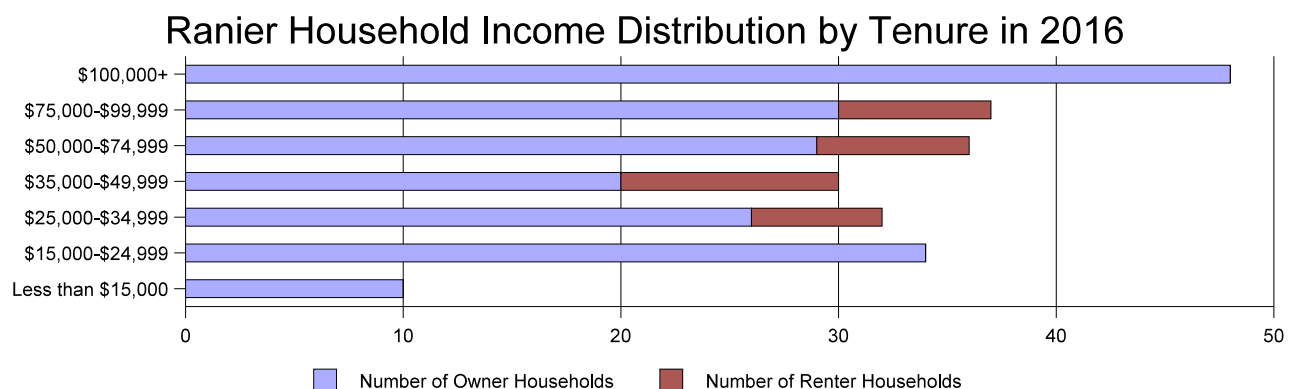
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Ranier.

Table 17 Ranier Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	10/100%	0/0%	10
\$15,000 - \$24,999	34/100%	0/0%	34
\$25,000 - \$34,999	26/81.3%	6/18.7%	32
\$35,000 - \$49,999	20/66.7%	10/33.3%	30
\$50,000 - \$74,999	29/80.5%	7/19.5%	36
\$75,000 - \$99,999	30/81.1%	7/18.9%	37
\$100,000+	48/100%	0/0%	48
Total	197	30	227

Source: American Community Survey

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2016, approximately 20% of all renter households in Ranier had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.



Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

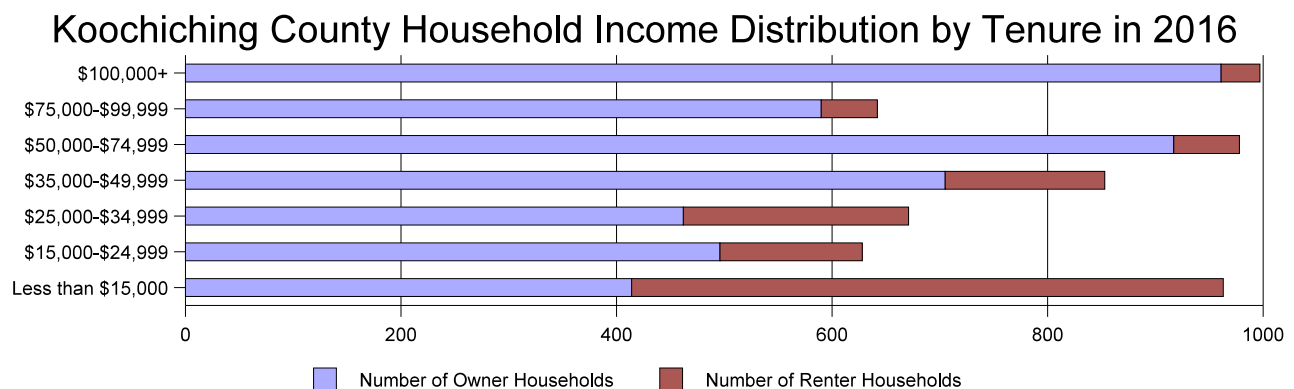
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

Table 18 Market Area Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	414/43.0%	549/57.0%	963
\$15,000 - \$24,999	496/79.0%	132/21.0%	628
\$25,000 - \$34,999	462/68.9%	209/31.1%	671
\$35,000 - \$49,999	705/82.6%	148/17.4%	853
\$50,000 - \$74,999	917/93.8%	61/6.2%	978
\$75,000 - \$99,999	590/91.9%	52/8.1%	642
\$100,000+	961/96.4%	36/3.6%	997
Total	4,545	1,187	5,732

Source: American Community Survey

It appears that the 2016 American Community Survey has undercounted the number of renter households in Koochiching County. However, it is still a good indicator of renter household income distribution.

Income and housing tenure are linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.



In 2016, approximately 75% of all renter households in the Koochiching County had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 54% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

2016 Estimated Income and Rental Housing Costs - Koochiching County

The American Community Survey also collected information on housing costs. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing in Koochiching County.

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	161/18.2%	43/14.1%	204/17.2%
20% to 29.9%	194/22.0%	41/13.5%	235/19.8%
30% to 34.9%	62/7.0%	79/26.0%	141/11.9%
35% or more	391/44.3%	68/22.4%	459/38.7%
Not Computed	75/8.5%	73/24.0%	148/12.4%
Total	883/100%	304/100%	1,187/100%

Source: American Community Survey

According to the American Community Survey, approximately 51% of all renters in the County were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

Although a housing cost burden could be caused by either high housing costs or low household income, in Koochiching County it was primarily due to low income levels for renters. The majority of the renter households with a housing cost burden had an annual household income below \$25,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$625 or less.

Senior citizen renters (age 65 and older) represented approximately 24% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 76% of all households with a rental cost burden.

2016 Estimated Income and Ownership Housing Costs - Ranier

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City of Ranier that are paying different percentages of their gross household income for housing costs.

Table 20 Ownership Costs as a Percentage of Income - Ranier		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	128	65.0%
20% to 29.9%	38	19.3%
30% to 34.9%	6	3.0%
35% or more	25	12.7%
Not Computed	0	0%
Total	197	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 16% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

2016 Estimated Income and Ownership Housing Costs - Koochiching County

The American Community Survey also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in Koochiching County that are paying different percentages of their gross household income for housing costs.

Table 21 Ownership Costs as a Percentage of Income - Koochiching County		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	2,877	63.3%
20% to 29.9%	852	18.8%
30% to 34.9%	179	3.9%
35% or more	601	13.2%
Not Computed	36	0.8%
Total	4,545	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

New Housing Construction

Based on information provided by the City, two single family home has been constructed in Ranier from 2010 to October 2018.

No single family attached (twinhome/townhome) units or multi-family rental units were constructed in Ranier from 2010 to October 2018.

Koochiching County Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of a total of 1,013 single family/duplex houses in International Falls, Littlefork, Ranier, Big Falls, Mizpah and Northome. All of the houses in Littlefork, Big Falls, Mizpah and Northome were surveyed. The houses in two of International Falls' oldest neighborhoods and one neighborhood in Ranier were surveyed. Except for International Falls, mobile homes were excluded from the analysis. Structures with more than two units were also excluded from the survey.

The boundaries of the two neighborhoods surveyed in International Falls are as follows:

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.
- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.
- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main St.

Houses that appeared to contain three or more residential units were excluded from the survey. Houses were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest rating used. These houses need major renovation to become decent, safe and sanitary housing. Some Dilapidated properties may be abandoned and may be candidates for demolition and clearance.

Major Rehabilitation is defined as a house needing multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor code violations and still be considered Sound.

Table 22 Windshield Survey Condition Estimate - 2018					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Ranier					
Ranier Neighborhood	27/31.4%	34/39.5%	15/17.5%	10/11.6%	86
International Falls					
Neighborhood #1	74/23.4%	141/44.6%	84/26.6%	17/5.4%	316
Neighborhood #2	62/26.3%	98/41.5%	66/28.0%	10/4.2%	236
Total	136/24.6%	239/43.3%	150/27.2%	27/4.9%	552
Littlefork					
Neighborhood #1	48/56.4%	27/31.8%	9/10.6%	1/1.2%	85
Neighborhood #2	56/47.9%	43/36.8%	12/10.2%	6/5.1%	117
Total	104/51.5%	70/34.6%	21/10.4%	7/3.5%	202
Big Falls					
Big Falls	24/28.6%	23/27.4%	22/26.2%	15/17.8%	84
Mizpah					
Mizpah	11/45.8%	8/33.3%	2/8.4%	3/12.5%	24
Northome					
Northome	28/43.1%	24/36.9%	11/16.9%	2/3.1%	65
Combined Total					
Total - All Cities	330/32.6%	398/39.3%	221/21.8%	64/6.3%	1,013

Source: Community Partners Research, Inc.

- ▶ Approximately 33% of the houses in the six cities surveyed were sound, 39% need minor repair, 22% need major repair and 6% are dilapidated and beyond repair.

Home Sales

The Koochiching County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for each calendar year, dating back to the year 2010. Information for 2018 is partial-year.

For each year, only "qualified" sales were included. Qualified sales are considered to be "arms length" transactions, and exclude certain sales such as sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. The Assessor's Office makes the determination of qualified sales for their annual sales ratio study.

In some defined 12-month periods, the number of good sales that occur within the City may be limited, and may not be a good indicator of the typical home value. However, the annual sample does provide insight into units that become available for purchase.

The County's qualified sales data primarily look at existing homes. The information maintained by the Assessor is based on the comparison of taxable valuation to actual sales price. Since newly constructed houses do not generally have a prior value, they are not typically included in the sales sample.

The sales records reviewed were for improved residential parcels with less than four units. While it is possible that some structures had more than one living unit, such as a duplex, it is assumed that the large majority of the sales are single family houses.

The sales price that has been used reflects an "adjusted" price which removes any personal property or seller contributions that are included in the final sale, such as financial contributions to closing costs, etc. These adjustments are made by the County Assessor.

Home Sales in Ranier

A number of transactions were listed in Ranier for the time period reviewed, but most were rejected as “unqualified sales”. Rejected sales included transactions between related parties, bank-owned sales and others. With a larger volume of home sales, the following table provides information for each year.

Table 23 Values of Residential Sales in Ranier: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2018*	3	\$90,500	\$129,900	\$55,000
2017	6	\$85,225**	\$130,000	\$52,000
2016	4	\$41,450**	\$61,000	\$25,100
2015	3	\$57,000	\$59,000	\$45,000
2014	1	\$64,400	-	-
2013	6	\$63,750**	\$138,000	\$15,000
2012	5	\$111,500	\$126,700	\$73,100
2011	1	\$57,500	-	-
2010	4	\$86,250**	\$113,800	\$70,500

Source: Koochiching County Assessor; Community Partners Research, Inc.

* Partial-year

** Median calculated from two closest sales

Due to the limited number of sales that occur within any 12-month time period, the annual median has fluctuated from year to year. Over the entire time period reviewed, the median sale price was \$73,100. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded in Ranier was for \$138,000. Over the entire 8-year period, there were only three sales in the City that were for \$130,000 or more. The lowest-valued sale was for \$15,000, but this was the only sale recorded for less than \$25,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$114,200 in Ranier, well above the aggregated median sale price of \$73,100. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

The following table provides data on the occupancy status of housing units including units utilized for seasonal use. Data was obtained from the 2010 U.S. Census as this data was determined to be the most reliable. Data is provided for the cities, unorganized territories and all of Koochiching County.

Table 24 Occupancy Status of Housing Units - 2010						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Ranier (prior to annexation)	56	14	11	2	3	3
Big Falls	94	36	9	1	28	13
International Falls	1,946	957	62	55	31	106
Littlefork	180	78	14	2	18	4
Mizpah	26	2	0	1	14	2
Northome	64	25	6	2	4	3
South UT	87	10	0	2	275	11
Rainy Lake UT	1,575	138	12	31	618	89
Northwest UT	190	19	0	6	233	20
Northome UT	171	17	0	3	154	9
Nett Lake UT	19	17	0	0	0	0
East UT	143	10	0	4	153	12
Rural Koochiching Co. (outside of Cities)	2,185	211	12	46	1,433	141
All of Koochiching Co.	4,551	1,323	106	88	1,531	272

Source: U.S. Census

- ▶ At the time of the 2010 U.S. Census, there were 1,531 seasonal use housing units including 98 seasonal units in the cities and 1,433 units in rural Koochiching County (the unorganized territories).
- ▶ There were also 272 vacant units in the County that were not for sale or for rent. Of this total, 131 units were in the cities and 141 units are in rural Koochiching County.
- ▶ Ranier's occupancy status data is based on the 2010 U.S. Census. Since the Census, Ranier has annexed additional housing into the City. It is estimated that in 2017, Ranier has approximately 19 seasonal housing units and 14 vacant housing units.

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 14 occupied rental units and 11 vacant rental units in Ranier for a total of 25 units.

According to the 2016 American Community Survey, the City had 30 occupied rental units and six vacant rental units, for a total estimated rental inventory of 36 units. Between the 2010 Census and the 2016 American Community Survey, the City had a gain of 16 renter households and 11 rental units to the total inventory. These gains were due to the City's annexation, which tripled the City's population.

From 2010 to October 2018, we are not aware of any rental housing construction that has occurred in Ranier.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of rental units in the City. Information was collected in September and October, 2018.

Information was tallied separately for different types of rental housing, including market rate units and senior with services units/beds.

The breakdown of units surveyed in Ranier is as follows:

- ▶ 9 market rate units
- ▶ 23 senior with services (memory care) beds

Market Rate Summary

Information was obtained on nine market rate rental units. These units include three units in a renovated bank building, four units in Tara's Wharf and two single family homes.

The nine units include:

- ▶ 1 - efficiency
- ▶ 4 - one bedroom
- ▶ 1 - two bedroom
- ▶ 3 - three bedroom
- ▶ 9 - total

The bank building and the two single family homes had no vacancies and the owners reported a high demand for the units. Tara's Wharf had vacancies, however, these units are available only for shorter-term rentals as the units are rented by tourists and vacationers during the summer vacation season.

Tax Credit Summary

There are no tax credit rental units in Ranier.

Subsidized Summary

There are no subsidized housing projects in Ranier.

Housing Choice Vouchers

In addition to subsidized rental projects, Ranier and Koochiching County households have access to the Housing Choice Voucher Program. The Koochiching County administers the Housing Voucher Program in Ranier and Koochiching County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

Currently, approximately 111 Koochiching County households are receiving assistance through the Housing Voucher Program, including one household in the City of Ranier.

Senior Housing with Services

There is one senior with services facility in Ranier. Ranier Roost is a 23-bed assisted living memory care facility that opened in 1987. The facility is secure and provides 24-hour staffing, meals, laundry, medication management, social activities, etc. There are private and semi-private beds. At the time of the survey, there were two vacant beds. The facility usually operates at a very high occupancy rate.

Table 24 Ranier Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Bank Building Apartments	1 - Efficiency 1 - 1 Bedroom <u>1 - 3 Bedroom</u> 3 Total Units	Owner did not provide rent information	No vacancies	General occupancy	The Bank Building Apartments includes three units in a building that was previously a bank and has been converted to rental units. The units include an efficiency, a one-bedroom and a three-bedroom. At the time of the survey, the owner reported no vacancies and there is a high demand for the units.
Tara's Wharf	3 - 1 Bedroom <u>1 - 2 Bedroom</u> 4 Total Units	Based on length of stay	The four units are currently available	General occupancy	Tara's Wharf has four rental units that are available for extended stays, but not for rental housing. The units are typically short-term vacation rentals in the summer and rented for a more extended period of time in the off-season. The four units were available at the time of the survey. The rent is based on the type of unit and length of stay.
Wickstrom Rentals	<u>2 - 3 Bedroom</u> 2 Total Units	\$800-\$850	No vacancies	General occupancy	Wickstrom Rentals includes two three-bedroom houses in Ranier. The rent is \$800 for the smaller three-bedroom house and \$850 for the larger three-bedroom house. Tenants also pay utilities. The owner reported that the units are always fully occupied.
Senior with Services					
Ranier Roost Ranier	23 Beds - private/ <u>semi-private rooms</u> 23 Total Beds	Based on level of services	2 vacant beds	Memory care	Ranier Roost is a 23-bed assisted living memory care facility that opened in 1987. The facility is located in Ranier. The facility is secure and provides 24-hour staffing, meals, laundry, medication management, social activities, etc. There are private and semi-private beds. At the time of the survey, there were two vacant beds. The facility usually operates at a very high occupancy rate.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Ranier, the International Falls/Ranier Market Area and Koochiching County over the past few decades.

Ranier has gained significant population due to an annexation, and all of the demographic data sources are aware of this annexation. However, there is some difference in the number of people added. Esri, estimates that the City had a gain of 358 people over an eight-year period from 2010 to 2018. In comparison, the State Demographer's estimate showed a gain of 444 people from 2010 to 2017, and the Census Bureau showed a gain of 426 people from International Falls during the same time period.

Esri estimates that the International Falls/Ranier Market Area had a loss of 470 people and Koochiching County had a loss of 447 people from 2010 to 2018. There are no comparable estimates for the Market Area from the State Demographer or the Census Bureau, since these sources do not provide annual estimates for the individual Unorganized Territories. However, both of these sources also do issue County estimates. The State Demographer showed the County's population decreasing by 671 people between 2010 and 2017, while the Census Bureau showed a reduction of 783 people. Both of these sources were tracking larger losses than Esri so far this decade.

The estimated loss of population in the area is a continuation of longer-term trends. Ranier, the International Falls/Ranier Market Area and Koochiching County all had population losses from 2000 to 2010. The City's population decreased by 11 people, the International Falls/Ranier Market Area's population decreased by 743 people and Koochiching County's population decreased by 1,044 people.

Households

The City of Ranier also gained households due to annexation. The 2018 Esri estimate shows Ranier gaining 168 households from 2010 to 2018, while the 2017 State Demographer estimate shows Ranier gaining 225 households.

Esri estimates that from 2010 to 2018, the International Falls/Ranier Market Area had a loss of 234 households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018, but the State Demographer estimates the County had a loss of only 54 households from 2010 to 2017. It is not clear why the differences exist between these data sources.

The Market Area and all of Koochiching County each had household losses from 2000 to 2010. The Market Area had a loss of 123 households and the County had a loss of 166 households during that decade. The City of Ranier had no change in its number of households from 2000 to 2010.

Findings on Projected Growth

The Minnesota State Demographer's Office has not produced any recent projections for population or household growth. As a result, no useful information is available from this source. However, population and household forecasts are available from Esri.

Esri projects that Ranier will lose 19 people and 10 households from 2018 to 2023. Esri projects that the International Falls/Ranier Market Area will lose 403 people and 191 households from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and lose 219 households from 2018 to 2023.

Esri's projections to the year 2023 are generally consistent with their belief that there has been a decreasing number of residents in the area since 2010. However, it is very possible that Esri has overestimated the recent losses, and therefore has generated overly pessimistic projections going forward.

Although the analysts have reviewed the available projections, in the recommendations that follow it has been assumed that the losses will not be as large as projected by Esri. However, there is also no information that would indicate that the area will actually add population or households over the next five years.

Summary of the Ranier Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in Ranier from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 for Ranier expect a loss of seven households in the 15 to 34 age ranges and a loss of 10 households in the 45 to 64 age ranges. There is a projected gain of three households in the 35 to 44 age range and a gain of four households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of Ranier households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households</u> <u>2018 to 2023</u>
15 to 24	-1
25 to 34	-6
35 to 44	3
45 to 54	-3
55 to 64	-7
65 to 74	4
75 and Older	0
Total	-10

Summary of the International Falls/Ranier Market Area Projections by Age - 2018 to 2023

The Demographic section of this Study presented projection information on anticipated changes in the International Falls/Ranier Market Area from 2018 to 2023. This information can be informative in determining the housing changes that may be needed due to age patterns of the area population.

The age-based projections from 2018 to 2023 in the International Falls/Ranier Market Area expect a loss of 52 households in the 15 to 34 age ranges and a loss of 240 households in the 35 to 64 age ranges. There is a projected gain of 101 households in the 65 and older age ranges.

The following forecast shows the expected net change in the number of International Falls/Ranier Market Area households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-12
25 to 34	-40
35 to 44	- 19
45 to 54	-98
55 to 64	-123
65 to 74	62
75 and Older	<u>39</u>
Total	-191

Findings on Unit Demand by Type of Housing

Based on the household by age projections presented earlier, the changing age composition of the International Falls/Ranier Market Area households from 2018 to 2023 will have an impact on demand for housing.

Age 24 and Younger - The projection used for this Study expects a loss of 12 households in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 65% of the households in this younger range in Koochiching County will rent their housing. A small loss in the number of households in this age range should mean that rental demand from younger households will decrease slightly during the projection period.

25 to 34 Years Old - The projection shows a loss of 40 households in this age cohort by 2023. Within this age range, households often move from rental to ownership housing. A loss of households within this age range will result in a decrease in demand for both first-time home buyer and rental opportunities in this age range.

35 to 44 Years Old - This 10-year age cohort has a projected loss of 19 households between 2018 and 2023 in the Market Area. In the past, this age group has had a rate of home ownership in the County of approximately 67%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Household losses in this age cohort would result in a decrease in overall demand for owner-occupied housing.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For the Market Area, the projection shows a decrease of 98 households in this age range. This age group will often look for trade-up housing opportunities. With a significant household decrease in this age group, the demand for trade-up housing from this age range will decrease through the year 2023.

55 to 64 Years Old - The projection shows a loss of 123 households in this 10-year age range by the year 2023 in the Market Area. This age range has traditionally had a high rate of home ownership at approximately 89%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. A gain of 62 households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. According to the 2016 American Community Survey, approximately 90% of households in this age range owned their housing in the County. Preferences for age-appropriate units should increase from the substantial household growth within this age cohort.

75 Years and Older - There is a projected gain of 39 households in the Market Area in this age range between 2018 and 2023. In the past, households age 75 and older, have had a rate of home ownership that is lower than the younger age ranges. An expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

These demographic trends will be incorporated into the recommendations that follow later in this section.

Ranier - Strengths and Barriers for Housing Development

Strengths for Housing Development

The following strengths of the community were identified through statistical data, local interviews, research and an on-site review of the Community's local housing stock.

- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$114,200. Much of this existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Ranier has in-fill lots and parcels that may be available for housing development.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion. The City has recently undertaken a large water project.
- ▶ **Recreational opportunities/tourism** - The Ranier area provides recreational opportunities including trails, hunting, hiking, fishing, boating, camping, snowmobiling, etc.
- ▶ **Small town atmosphere** - Ranier has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Rainy Lake** - Ranier is located on the shore of Rainy Lake, which provides commercial, residential and recreational waterfront development opportunities.
- ▶ **Access to agencies** - Ranier has access to the Koochiching County Housing and Redevelopment Authority (HRA) and the Koochiching Economic Development Authority (KEDA).
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Commercial development** - Several commercial development projects are in the planning phase including a distillery/hotel project and a restaurant/strip mall/hotel project.

- ▶ **Marina** - The City of Ranier is in the preliminary planning phase of developing a marina that would accommodate large boats including houseboats.
- ▶ **Annexation** - The City of Ranier has undertaken an annexation which more than tripled the City's population.
- ▶ **Proximity to International Falls** - Ranier is adjacent to International Falls, which provides employment opportunities, retail/service options, educational opportunities, healthcare facilities and cultural amenities.
- ▶ **Ports of Entry** - There are three international Ports of Entry in the International Falls/Ranier Market Area, including the International Bridge, the Ranier Rail Port, and the International Falls International Airport. Many tourists and vacationers enter Canada through these Ports. Also, Canadians often come to International Falls and Ranier for shopping, entertainment, services, etc.
- ▶ **Voyageurs National Park** - Voyageurs National Park is a vacation and tourism destination that provides numerous recreational and educational opportunities.

Barriers or Limitation to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in the City of Ranier.

- ▶ **Age and condition of the housing stock** - While most of the existing stock is in good condition, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Ranier and the International Falls/Ranier Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Many jobs in the Ranier area are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Value gap deters new owner-occupied construction** - Based on the American Community Survey, the median priced home in Ranier is valued at approximately \$114,200. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investments.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Commercial/Retail Options** - The City of Ranier has a limited number of commercial and retail opportunities.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Educational facilities** - No schools are located in Ranier, although, K-12 schools are located in International Falls.

Ranier - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

Based on the research contained in this study, and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for Ranier. They are based on the following strategies.

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **Proactive community involvement** - New home and apartment construction will more likely occur in Ranier if there is continued proactive support from the City of Ranier, local, regional and state housing agencies, economic development agencies and the private sector.
- ▶ **Protect the existing housing stock** - The future of Ranier will be heavily dependent on the City's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the City's long-term viability. The existing housing stock is in good condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Ranier has several assets including ongoing commercial development, an affordable housing stock, recreational and tourism opportunities, etc. These are strong assets that make Ranier a desirable community to live in, and are key components to the City's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - In the past the City has been involved in housing issues. The City should prioritize its housing issues and establish goals and time lines to achieve success in addressing its housing needs.
- ▶ **Access all available resources for housing** - In addition to the local efforts, the City has other resources to draw on including the Koochiching County HRA, KEDA, KOOTASCA Community Action and USDA Rural Development. These resources should continue to be accessed as needed to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for the City of Ranier have been formulated through the analysis of the information provided in the previous sections and include a total of 17 recommendations divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Ranier	
Rental Housing Development	
1.	Develop eight to 10 general occupancy market rate rental units
2.	Promote the development/conversion of three to four affordable market rate rental housing units
3.	Monitor the need for subsidized/moderate renter housing units
4.	Monitor the need for additional senior designated market rate rental units
5.	Develop a mixed-use commercial/housing project
6.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
7.	Utilize and promote all programs that assist with home ownership
8.	Consider the development of a purchase/rehabilitation program
New Construction	
9.	Lot availability and lot development
10.	Strategies to encourage residential lot sales and new home construction
11.	Promote town house and twin home development
Housing Rehabilitation	
12.	Promote rental housing rehabilitation programs
13.	Promote owner-occupied housing rehabilitation programs

Findings and Recommendations for the City of Ranier	
Other Housing Initiatives	
14.	Encourage employer involvement in housing programs
15.	Acquire and demolish dilapidated structures
16.	Create a plan and continue coordination among housing agencies
17.	Develop home ownership and new construction marketing programs and strategies

Ranier - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From 2010 to October 2018, based on City data, no rental units have been constructed in Ranier.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

Esri’s household projections expect a loss of 10 households in Ranier and a loss of 191 households in the International Falls/Ranier Market Area from 2018 to 2023. Therefore, we are projecting no demand for rental housing due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Ranier will lose approximately three to four rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock.

As part of this study, a rental survey of rental units in Ranier was conducted. The survey found no vacancies in the general occupancy market rate units that provide permanent occupancy and two vacancies in the senior housing with services beds.

Based on our research, the vacancy findings and local interviews, we have identified pent-up demand for new high quality units and affordable market rate rental units.

These demand generators, after factoring current vacancy rates, show a demand potential for 11 to 14 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2018 to 2023.

▶ General Occupancy Market Rate	8-10 units
▶ Affordable/Conversions	3-4 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services	0 units
Total	<u>11-14 units</u>

1. Develop eight to 10 general occupancy market rate rental units

Findings: Based on U.S. Census data, there are approximately 36 rental units in Ranier. All of these units are general occupancy market rate housing units. These units are free of any specific occupancy restrictions such as financial status or age. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The rental units are in a renovated bank building, single family homes and mobile homes.

Of the market rate rental units that provide permanent housing we surveyed in Ranier, we found no vacant units. Housing stakeholders that were surveyed, stated the need for quality rental units in Ranier.

Approximately 74 employees are commuting into Ranier daily for work. Some of these employees would potentially move to Ranier if additional housing was available.

From 2000 to October 2018, no market rate rental units were developed in Ranier. However, several single family homes have converted from owner-occupied to rental units. Also, due to annexation, the City gained rental units.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand, replacement of housing units that have been demolished or removed from the rental stock and homes that have converted from rental to home ownership.

Based on this combination of demand generators, we believe that it is reasonable to plan for the production of eight to 10 market rate general occupancy rental units over the next five years, from 2019 to 2024. The units could be constructed in phases.

It is our opinion that town home-style units are the best option to address the need for market rate units. To be successful, the project should have 'state of the art' amenities, such as garages, security entrances, in-unit laundry, etc. A site on or near the lakeshore would be ideal and increase the units' marketability.

The first option to develop market rate rental housing would be to encourage private developers to continue to construct market rate rental housing. If private developers do not proceed, a county or regional housing or economic development agency could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

**Recommended unit mix, sizes and rents for the Ranier
Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	650 - 800	\$750 - \$850
Two Bedroom	5-6	850 - 950	\$875 - \$1,050
Three Bedroom	<u>1</u>	1,050 - 1,150	\$975 - \$1,250
Total	8-10		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars.

It would be advantageous to have the rents for some of the units at or less than the fair market rents for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The fair market rents currently are:

- ▶ 1 bedroom - \$573
- ▶ 2 bedroom - \$746
- ▶ 3 bedroom - \$936

2. Promote the development/conversion of three to four affordable market rate rental housing units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Ranier. Unfortunately, these units may be beyond the financial capability of many Ranier renter households. Many of the City's renter households have an annual income below \$25,000. These households would need a rental unit at \$650 per month or less.

We are estimating that Ranier has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore, there is a need for additional rental units in Ranier to provide for unit replacement. Unfortunately, the lost units are probably affordable, and new construction will not replace these units in a similar price range. Several homes have been purchased and rehabbed and are currently rentals.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards have been made recently to small cities for small rental projects.

Recommendation: We would encourage the City of Ranier to promote the development/conversion of affordable rental units. A goal of three to four units over the next five years would help to replace any affordable housing that has been lost.

It is difficult to create units through new construction. It is often more practical to work on renovation or conversion projects that can create housing. This opportunity often arises in commercial/mixed-use buildings or vacant homes.

It is our recommendation that gross rents for the converted units should be below \$650 per month, which would help to expand the choices available to many of the City's renter households.

It is probable that the proposed rent structure for some of the units could only be obtained with financial commitments from other sources such as tax increment financing or tax abatement from the City and other financial resources from agencies such as the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund and the Small Cities Development Program (SCDP). Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

3. Monitor the need for subsidized/moderate rent rental housing units

Findings: There are no federally subsidized rental projects in Ranier. However, International Falls has six subsidized rental units with a total of 265 units.

Ranier does have access to the HUD Housing Choice Voucher Program.

Recommendation: We do not recommend the development of subsidized rental housing at this time. There are not adequate services currently available in Ranier to support a subsidized project in the City. Also, International Falls has a large supply of subsidized housing. Additionally, it is very difficult to obtain financing for a subsidized project.

We have recommended the construction of eight to 10 market rate units. We also recommended three to four affordable/conversion market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

Additionally, the Housing Choice Voucher Program is an opportunity to utilize privately owned rental housing for affordable rental housing.

4. Monitor the need for senior housing with services units

Findings: Ranier has one senior with services housing facility. Ranier Roost is a 23-bed assisted living memory care facility that opened in 1987. The facility is secure and provides 24-hour staffing, meals, laundry, medication management, social activities, etc. There are private and semi-private beds. At the time of the survey, there were two vacant beds. The facility usually operates at a very high occupancy rate.

Additionally, the International Falls/Ranier Market Area, including Ranier Roost, has six senior with services projects, including 54 skilled nursing beds, 44 assisted living, 23 memory care and 27 independent/light services units/beds. We are recommending the development of an additional 14 to 16 independent/light services units in International Falls.

Based on 2018 estimates from Esri, there are 1,072 older senior citizens, age 75 and above, residing in the International Falls/Ranier and Northwest Market Areas. The projections contained in this Study anticipate a gain of approximately 43 older seniors from 2018 to 2023.

Older seniors tend to represent the primary target market for specialized senior housing. There is growth expected within the younger senior ranges, age 65 to 74, indicating growing demand for specialized housing after the year 2023.

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services (skilled nursing home, assisted living, memory care) units/beds through the year 2023 in Ranier.

We have, however, recommended a senior/independent/light services project in International Falls.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted.

5. Develop a Mixed-Use Commercial/Housing Project

Findings: The City of Ranier has limited commercial/retail opportunities. However, two mixed-use projects are in the planning phase. One project includes a distillery and hotel and the other project includes a restaurant, strip mall and hotel rooms. The development of a new mixed-use rental housing/commercial project would complement these projects and the City's effort to provide commercial and housing options in Ranier.

New mixed-use commercial/housing projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance the commercial business district, to introduce a new product to the market or to serve as a catalyst for redevelopment.

Recommendation: We recommend the development of a mixed-use commercial/housing building in Ranier. We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant that would complement the existing commercial businesses. A mixed-use commercial/housing project would also compliment the two commercial projects that are being planned in Ranier.

The rental units should be primarily market rate units, but could be mixed-income, with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the

units recommended in the first and second recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing tax increment financing (TIF), tax abatement or other local funds and land at a reduced price.

6. Continue to utilize the Housing Choice Voucher Program

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Ranier and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for the County. Of the total 111 Vouchers, one Voucher is being utilized by a Ranier household at this time. There is a waiting time of approximately 10 months for a Voucher.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Ranier can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Koochiching County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Koochiching County HRA should continue to publicize the Housing Choice Voucher Program in Ranier and Koochiching County to assure that City and County households have access to and are aware of the Program.

Ranier - Home Ownership Recommendations

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Ranier is estimated to be \$114,200 based on the 2016 American Community Survey. With approximately 50% of the homes in Ranier valued less than \$114,200, Ranier has opportunities for first time home buyers and households seeking moderately priced homes.

While many Ranier households already own their housing, those households that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase their first home.

To assist in promoting the goal of home ownership, the following activities are recommended:

7. Utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Ranier. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership in Ranier. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$114,200, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is administering a Downpayment Assistance Program in Koochiching County. Some International Falls's households have utilized this program. Additionally, the Federal Home Loan Bank has funds available for closing costs and down payment assistance.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market

mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

Recommendation: Ranier and local financial institutions and area housing agencies should continue to utilize all available assistance programs to promote home ownership. The community should also explore the possibility of obtaining specific program set-asides along with other Koochiching County cities from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

The City should continue to work with KOOTASCA Community Action to continue to develop and provide programs that provide financial assistance for households to purchase a home. Local financial institutions should also have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Small Cities Development Program.

8. Consider the development of a Purchase/ Rehabilitation Program

Findings: Ranier has a stock of older, lower valued homes, some of which need repairs. Approximately 56% of the single family homes in Ranier are more than 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. KOOTASCA Community Action utilized the MURL Program in Koochiching County. However, MHFA is no longer providing funding for the MURL Program.

Recommendation: We recommend that the City of Ranier and KOOTASCA Community Action, along with other Koochiching County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. KOOTASCA Community Action could purchase homes that need rehabilitation, rehabilitate the homes and sell the homes. Housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. The Minnesota Housing Finance Agency, the SCDP Program, and the Federal Home Loan Bank are potential funding sources.

Also, a program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. This program would not require intermediate KOOTASCA Community Action ownership of the homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. Additionally, the City and KOOTASCA Community Action could assist private contractors with purchasing, rehabbing and selling homes.

Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard.

Ranier - New Housing Construction

New Housing Construction

Findings: Ranier has experienced limited single family owner-occupied housing construction over the past nine years from 2010 to October 2018. According to City records, two single family owner-occupancy units have been constructed in Ranier so far this decade.

The attractiveness of the area and the City of Ranier's amenities and its proximity to International Falls, should result in the construction of new owner-occupied housing units over the next five years.

Ranier is projected to lose 10 households and the International Falls/Ranier Market Area is projected to lose 144 households from 2018 to 2023. Although Ranier and the International Falls/Ranier Market Area are projected to have an overall loss in households from 2018 to 2023, the City is projected to gain four households and the International Falls/Ranier Market Area is projected to gain 101 households in the 65 and older age ranges. Ranier is also projected to gain three households in the 35 to 44 age range. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as townhomes and twinhomes.

It is our opinion that if the City of Ranier, developers and builders, and regional and state housing agencies are proactive, a total of 12 to 16 owner-occupied housing units could be constructed in Ranier from 2019 to 2024 to address demand. This is an average of approximately two to three new units annually. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of 12 to 16 new owner-occupied housing units is as follows:

▶ Higher & medium price homes	2-3 homes
▶ Affordable homes	2-3 homes
▶ Twin homes/town homes	<u>8-10 units</u>
Total	12-16 homes/units

9. Lot availability and lot development

Findings: Based on information provided by the City of Ranier, there is not an existing subdivision with available lots in Ranier, however, there are in-fill lots and open parcels scattered around the City.

We did not attempt to count these lots and parcels and we do not know the availability of some of these infill lots and parcels.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that two to three new owner-occupied housing units could be constructed per year, the City should have approximately five to eight residential lots should be available to meet the expected demand. Part of this demand would be for attached unit construction. For lots to be available, they should be buildable and for sale.

We recommend that the City of Ranier inventory all of the lots and parcels in Ranier to determine their availability, if they are buildable and approximate costs to provide infrastructure to the lot or parcel. It is our assumption that there is an adequate number of lots available in the City of Ranier to meet expected demand. However, if there is not an adequate supply of lots, the City should work with lot and parcel owners to make lots and parcels available for new housing construction.

10. Strategies to encourage residential lot sales and new home construction

Findings: Ranier is a small community that has had limited new construction since 2010. From 2010 to October 2018, two homes have been constructed in the City.

Recommendation: We recommend that the City of Ranier and other housing stakeholders coordinate efforts to promote lot sales and housing development.

Our recommendations to promote lots sales and housing development include:

- ***Competitive pricing*** - The demand for lots in Ranier is limited. To encourage home construction in Ranier, lots must be offered at a very competitive price.

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an available inventory of lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Incentives*** - The City of Ranier could provide incentives for households to buy lots and construct homes including reduced hookup and permit fees, reduced lot prices, discounts at area businesses, tax abatement, construction financing, etc.
- ▶ ***Marketing*** - All housing stakeholders including developers, realtors, financial institutions, builders, employers, etc. should be included in marketing strategies to sell lots and construct housing units. In addition to marketing the lots, the City of Ranier and its amenities should be marketed.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.

11. Promote town house and twin home development

Findings: Ranier has experienced no owner-occupied attached housing development from 2010 to 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. In 2018, based on Esri estimates, there were 139 households in the City of Ranier and 2,500 households in the International Falls/Ranier Market Area with a head of household in the 55 and older age ranges.

It is important for the City to offer seniors housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that eight to 10 new twin homes or town houses could be built over the next five years.

We recommend a twin home/town home development and for the development to be successful, the following should be considered. Ranier is an ideal location with its close proximity to International Falls and its location on the lake. High quality units can be constructed in Ranier. A lake parcel would be the preferred location for twinhomes/townhomes as lakeshore or lakeview units would be very marketable.

- ▶ Senior friendly home designs
- ▶ Maintenance, lawn care, snow removal, etc. all covered by an Association
- ▶ Cluster development of a significant number of homes which provides security
- ▶ Homes at a price that is acceptable to the market
- ▶ High amenity location

The public sector's role in any owner-occupancy attached housing development could include land donations, tax increment financing, tax abatement, etc.

It may be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a twin home or town home to solicit their ideas.

A corporation was developed in Arlington, MN, to construct twin homes that included local contractors, the local bank and local investors. They have been very successful.

Ranier - Housing Rehabilitation

Housing Rehabilitation

Findings: The City of Ranier has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

Housing options for households will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

12. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Ranier has approximately 36 rental units. The rental units are in multi-family building, a mixed-use building, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 78% of the rental structures are more than 40 years old and some rental units are in poor condition.

The rehabilitation of older rental units can be one of the most effective ways to produce decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

Recommendation: The City of Ranier and area housing agencies should seek funds to rehabilitate rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility.

Potential funding sources include Minnesota Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, tax credits for housing preservation and local funds. MHFA has initiated a program known as the Rental Rehabilitation Loan Program (RRLP).

13. Promote owner-occupied housing rehabilitation programs

Findings: The affordability of the existing housing stock in Ranier will continue to be the major attraction for families that are seeking housing in the area. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 56% of the owner-occupied homes in Ranier are more than 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated houses in the City of Ranier. Our survey found 34 homes that need minor repair and 15 homes that need major repair.

KOOTASCA Community Action administers housing rehabilitation programs in Ranier and Koochiching County. Housing rehabilitation programs include the MHFA Programs, the SCDP Program, USDA Rural Development Programs and the Weatherization Program.

KOOTASCA Community Action has assisted the City of Ranier with obtaining SCDP funds in the past for owner-occupied housing rehabilitation. Approximately six homes were recently rehabilitated in Ranier with SCDP funds.

Recommendation: We recommend that the City of Ranier continue to utilize available funding sources to rehabilitate homes in Ranier. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, the Federal Home Loan Bank and the Minnesota Small Cities Development Program (SCDP) are all potential funding sources.

We encourage the City of Ranier to continue to apply for SCDP funds to rehabilitate houses.

Ranier - Other Housing Initiatives

Other Housing Initiatives

14. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers to the community. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing the City's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as work force oriented rental housing, an affordable home ownership program or a new subdivision. Although Ranier does not have large employers, it is still possible for smaller employers to participate in community housing programs and projects.

15. Acquire and demolish dilapidated structures

Findings: Approximately 56% of the single family homes in Ranier are more than 40 years old. Our housing condition survey identified 10 single family houses in Ranier that are dilapidated and too deteriorated to rehabilitate. We also identified 15 single family houses in Ranier as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

Recommendation: We recommend that the City of Ranier take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

The City could develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Tax increment financing, Greater Minnesota Housing Funds, MHFA funds, and SCDP funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

16. Create a plan and continue coordination among housing agencies

Findings: The City of Ranier may need resources in addition to existing staff to plan and implement some of the housing recommendations advanced in this Study. The City has access to KOOTASCA Community Action, the Koochiching County HRA and the Koochiching Economic Development Authority. The City also has access to the Minnesota Housing Finance Agency (MHFA) and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Ranier is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for the City to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With the number of cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

17. Develop home ownership and new construction marketing programs and strategies

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: The City of Ranier has been active in promoting and marketing housing and the City, and we recommend the continuation or initiation of the following activities:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers (Ranier and the Region) to provide employees (especially new employees) with housing opportunities in Ranier
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a "full service" community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of the City's housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Provide incentives and strategies to encourage builders and households to buy lots or to build and buy new homes.
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

Employment and Economic Trends

January 2019

Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is severely limited. Employment opportunities are provided by a broad range of private and public business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

Major Employers

The larger employers in Koochiching County include the following:

- ▶ Packaging Corporation of America
- ▶ School District #361
- ▶ Local Governments (including Koochiching County)
- ▶ Rainy Lake Medical Center
- ▶ United Health Group
- ▶ Good Samaritan
- ▶ Menards
- ▶ Super One
- ▶ Wagner Construction
- ▶ Littlefork Medical Center
- ▶ County Market
- ▶ Rainy River Community College
- ▶ Kmart
- ▶ Essentia Health
- ▶ Voyagers National Park
- ▶ Keep Enterprises
- ▶ NorthStar Publishing & The Journal
- ▶ Shannon's Inc.

Source: Koochiching Economic Development Authority

Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector for 2017, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. Some groups, including self-employment, are not represented. This information is only for all of Koochiching County.

Table 1 Koochiching County Average Annual Wages by Industry: 2017		
Industry	Employment	Average Annual Wage
Total All Industry	4,449	\$40,300
Construction	176	\$49,348
Manufacturing	683	\$76,024
Trade, Transportation, Utilities	946	\$27,300
Information	61	\$33,540
Financial Activities	181	\$45,864
Professional and Business Services	123	\$24,388
Education and Health Services	955	\$40,560
Leisure and Hospitality	645	\$17,732
Other Services	104	\$11,908
Public Administration	446	\$50,544

Source: MN Department of Employment and Economic Development

The average annual wage in Koochiching County for all industry in 2017 was \$40,300. The highest paying wage sector was Manufacturing at more than \$76,000. Manufacturing was also the third largest industry sector for the number of employed people.

The City's largest employment sector, Education and Health Services, had an average wage of \$40,560 annually, very similar to the Countywide average.

There were two employment sectors in the County, Leisure and Hospitality, and Other Services that had average annual wages below \$20,000 in 2017.

Annual Covered Employment

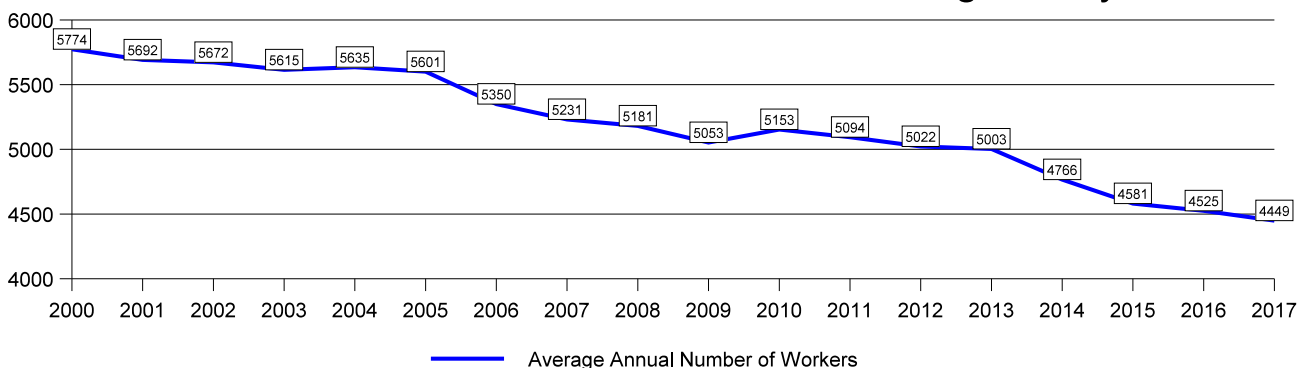
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Koochiching County back to the year 2000.

Table 2 Koochiching County Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	5,774	2009	5,053
2001	5,692	2010	5,153
2002	5,672	2011	5,094
2003	5,615	2012	5,022
2004	5,635	2013	5,003
2005	5,601	2014	4,766
2006	5,350	2015	4,581
2007	5,231	2016	4,525
2008	5,181	2017	4,449

Source: QCEW - MN Dept. of Employment and Economic Development

When viewed over a longer-term there has been a gradual loss of employment in the County, as tracked by unemployment compensation. If 2017 is compared to the year 2000, there had been a decrease of more than 1,300 jobs. It is important to note that not all employment is covered by unemployment insurance, including people that are self-employed.

Number of Covered Workers in Koochiching County



Labor Force, Work Force and Unemployment

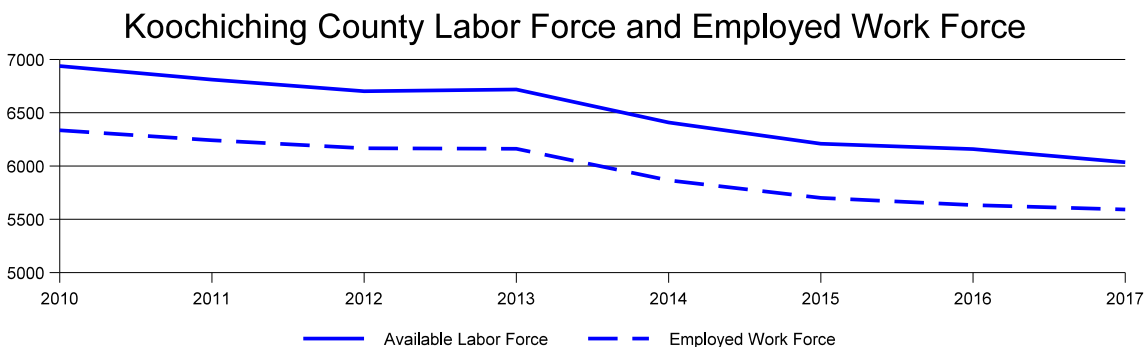
The Minnesota Department of Employment and Economic Development provides employment information for Counties in the State. The following table looks at statistics since 2010. This information tracks the status of people that live in the Koochiching County, regardless of the location of their job.

Table 3 County Labor Force and Employment: 2010 to 2017						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - City	Unemployment Rate - MN	Unemployment Rate - US
2010	6,938	6,336	602	8.7%	7.4%	9.6%
2011	6,811	6,242	569	8.4%	6.5%	8.9%
2012	6,702	6,167	535	8.0%	5.6%	8.1%
2013	6,718	6,162	556	8.3%	5.0%	7.4%
2014	6,409	5,866	543	8.5%	4.2%	6.2%
2015	6,209	5,701	508	8.2%	3.7%	5.3%
2016	6,159	5,634	525	8.5%	3.9%	4.9%
2017	6,036	5,592	444	7.4%	3.5%	4.4%

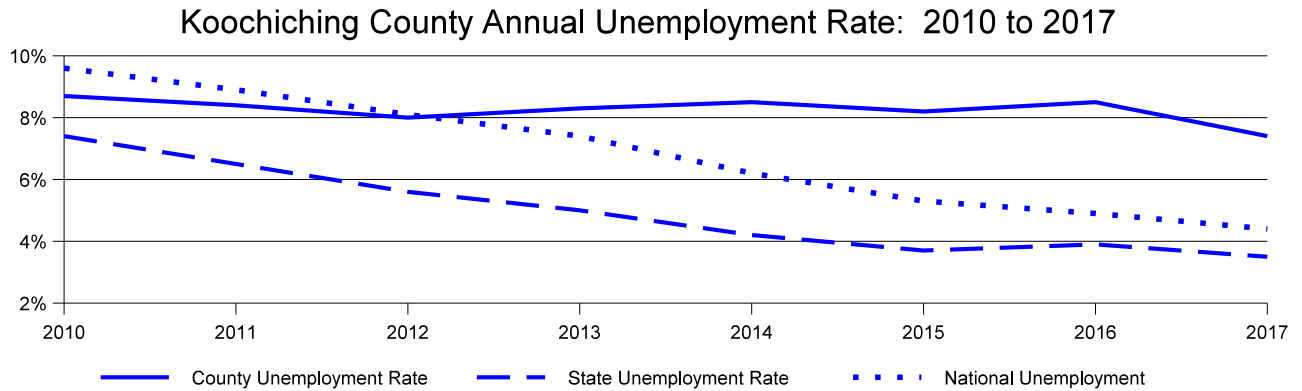
Source: MN Department of Employment and Economic Development

There has been a gradual decrease in the size of the County's available labor force so far this decade. When comparing 2017 to 2010, the resident labor force decreased by 902 people, or 13%.

There has also been some decrease in the employed resident work force, but that has declined at a slower rate. When comparing 2017 to 2010, the number of employed County residents had decreased by 744 people, or 11.7%. As a result, the unemployment rate has dropped over the past eight years, from 8.7% in 2010 to 7.4% in 2017.



The County's unemployment rate has remained well above the Minnesota average since 2010, and has remained above the national rate since 2013.



Commuting Patterns - International Falls

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of International Falls. This table only examines people that commuted, and excludes people that work at home.

Based on other data reviewed in this section, the City of International Falls is the location for most of the jobs that exist in Koochiching County. Using the unemployment compensation information, approximately 69% of all jobs in the County are in International Falls.

Table 4 Commuting Times for International Falls Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	1,637	62.4%
10 to 19 minutes	763	29.1%
20 to 29 minutes	107	4.1%
30 minutes or more	116	4.4%
Total	2,623	100%

Source: American Community Survey

The large majority of International Falls residents were working locally in 2016. Overall, more than 91% were commuting less than 20 minutes to work. Presumably, most residents were working within the City limits.

The American Community Survey also identifies travel time by location of employment. For people that worked in International Falls, the following travel times were identified.

Table 5 Commuting Times for International Falls Employees - 2016		
Travel Time	Number	Percent
Less than 10 minutes	1,955	53.0%
10 to 19 minutes	1,215	32.9%
20 to 29 minutes	260	7.0%
30 minutes +	261	7.1%
Total	3,691	100%

Source: American Community Survey

For people that worked in International Falls, only 14.1% traveled 20 minutes or more. Overall, nearly 86% traveled 19 minutes or less, including people that both lived and worked within International Falls.

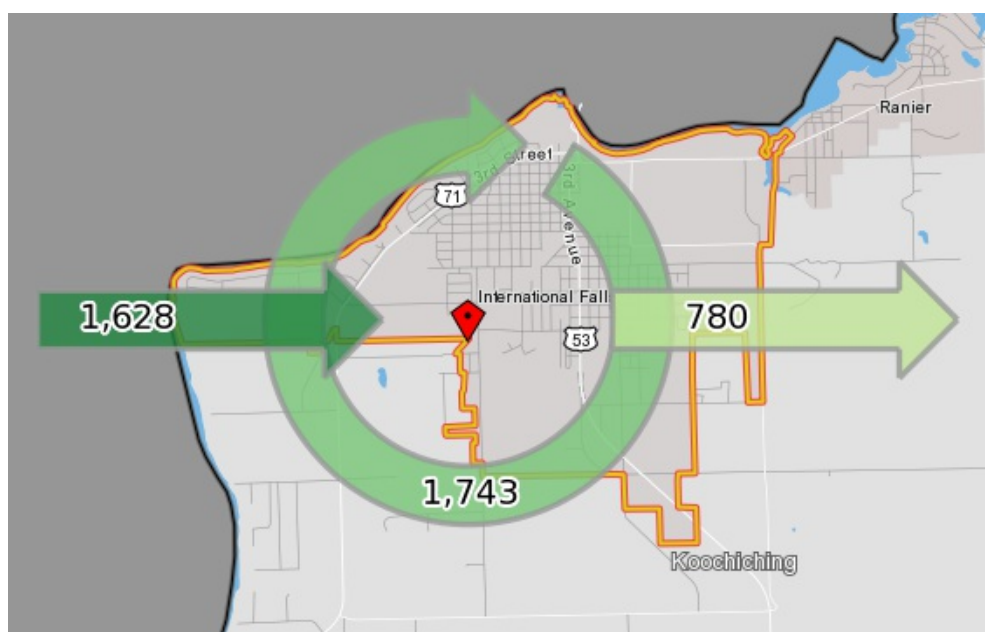
Census On the Map - International Falls

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns.

According to this source, there were 3,371 people that were employed within International Falls in 2015. Most of these city-based employees were also living in the City. Overall, nearly 52% of the city-based jobs were filled by residents.

However, there were 1,628 people were commuting in to fill jobs in the City. Overall, more than 48% of the jobs were filled by people not living in International Falls. The primary locations to the City were Rainy Lake UT, Ranier, Littlefork and East Koochiching UT. Most of the commuters to the City lived in Koochiching County.

There were also a number of City residents that left International Falls for employment. There were 780 people that worked outside of the City. Among the primary destinations were Rainy Lake UT, Littlefork, Duluth, Bemidji and Hibbing.



Commuting Patterns - Ranier

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of Ranier. This table only examines people that commuted, and excludes people that work at home.

This table only examines the travel times for Ranier residents. Due to the City's small size and limited employment opportunities, no similar information exists for inbound commuters that may work in the City.

Table 6 Commuting Times for Ranier Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	90	51.1%
10 to 19 minutes	72	40.9%
20 to 29 minutes	2	1.1%
30 minutes or more	12	6.8%
Total	176	100%

Source: American Community Survey

The large majority of Ranier's residents were working locally in 2016. Overall, 92% were commuting less than 20 minutes to work. Presumably, most residents were working in Ranier or International Falls.

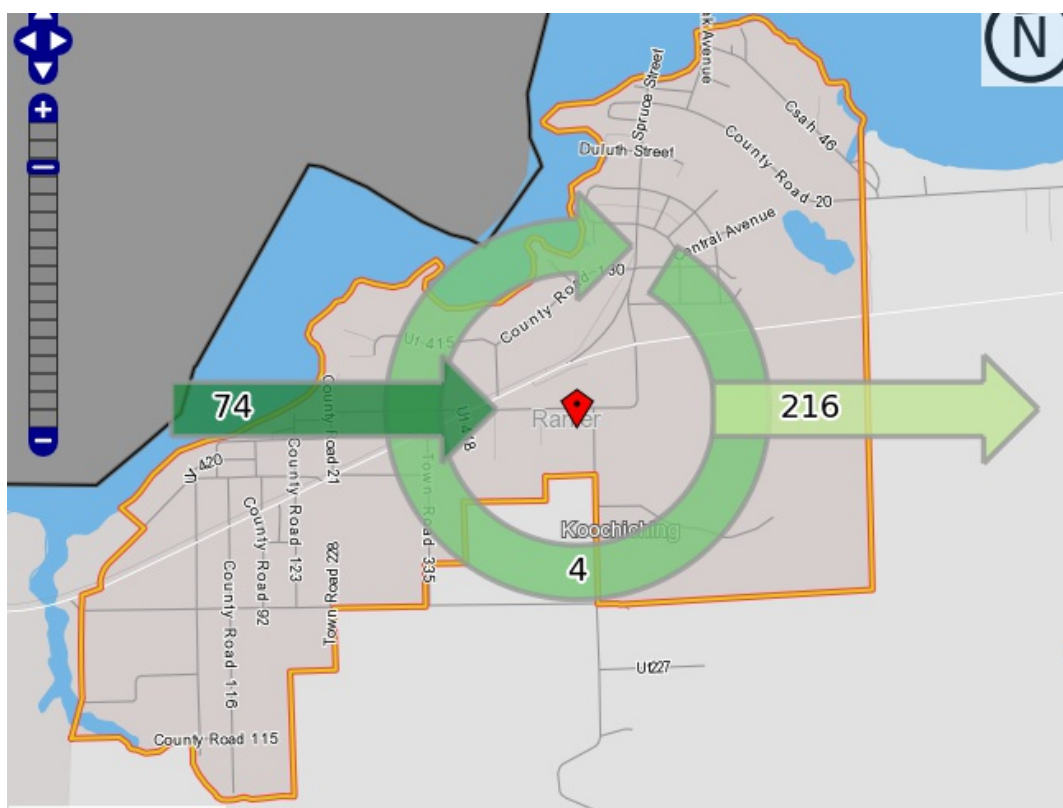
Although the limited sampling that is used for the American Community Survey can result in a wide margin of error, this source shows very few residents commuting longer distances for their primary job.

Census On the Map - Ranier

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns.

According to this source, there were 78 people that were employed within Ranier in 2015. However, very few of these city-based employees were also living in the City. Overall, nearly 95% of the city-based jobs were filled by people that did not live in Ranier. The primary residence locations for people working in Ranier were International Falls and Rainy Lake UT. Most of the commuters to the City lived in Koochiching County.

According to this source, most City residents left Ranier Falls for employment. There were 216 people that worked outside of the City. Among the primary destinations were International Falls, Duluth, Littlefork and Rainy Lake UT. But most outbound commuters were working in International Falls.



Commuting Patterns - Littlefork

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of Littlefork. This table only examines people that commuted, and excludes people that work at home. The first table examines travel times for City residents.

Table 7 Commuting Times for Littlefork Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	91	44.8%
10 to 19 minutes	27	13.3%
20 to 29 minutes	58	28.6%
30 minutes or more	27	13.3%
Total	203	100%

Source: American Community Survey

A majority of Littlefork residents were working locally in 2016. Overall, more than 58% were commuting less than 20 minutes to work. However, the City also had a number of residents that were traveling 20 minutes or more to their job.

The American Community Survey also identifies travel time by location of employment. For people that worked in Littlefork, the following travel times were identified.

Table 8 Commuting Times for Littlefork Employees - 2016		
Travel Time	Number	Percent
Less than 10 minutes	143	42.9%
10 to 19 minutes	72	21.6%
20 to 29 minutes	65	19.5%
30 minutes +	53	15.9%
Total	333	100%

Source: American Community Survey

For people that worked in Littlefork, nearly 65% traveled 19 minutes or less, but nearly 16% were traveling 30 minutes or more.

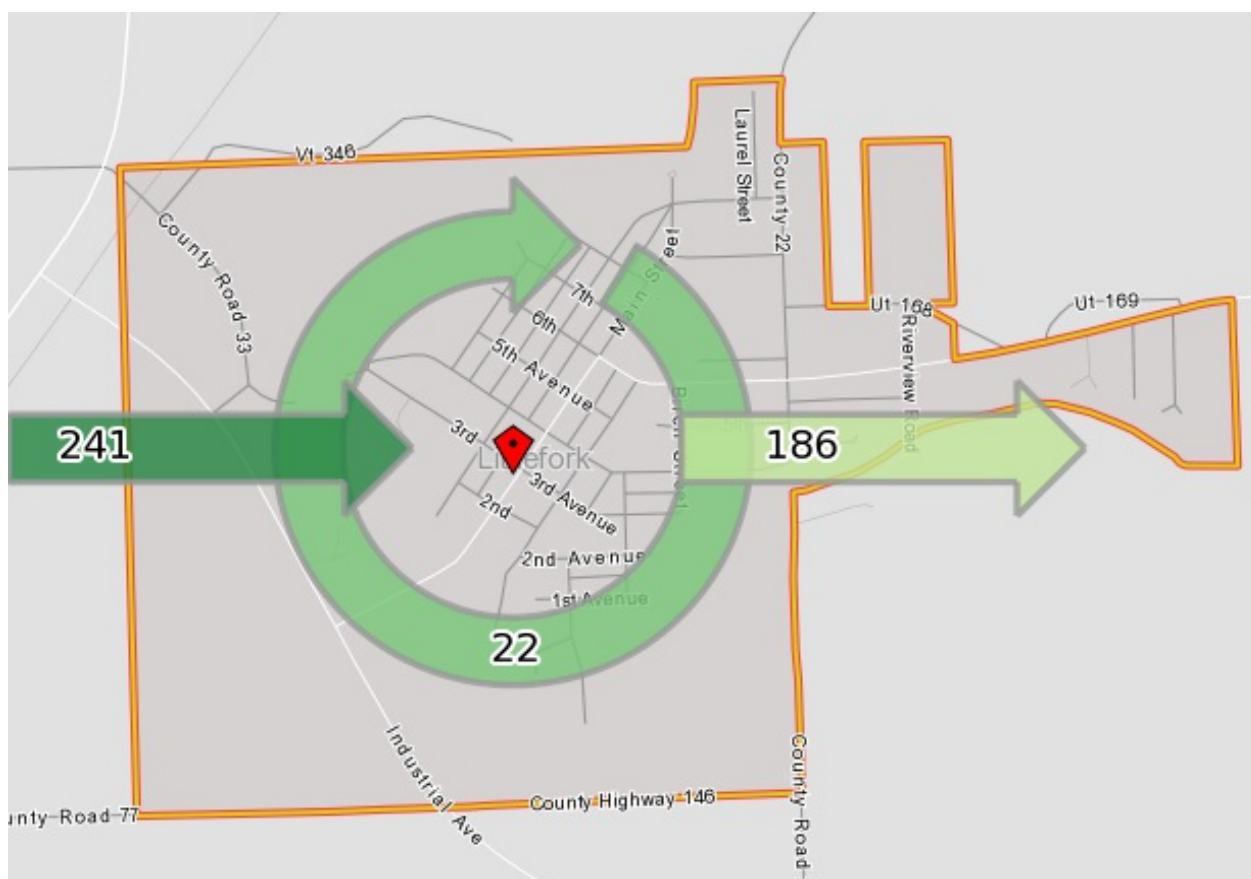
Census On the Map - Littlefork

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns.

According to this source, there were 263 people that were employed within Littlefork in 2015. Most of these city-based employees did not live in the City. Overall, this source estimates that fewer than 10% of the city-based jobs were filled by residents.

There were 241 people that were commuting in to fill jobs in the City. The primary locations supplying workers to the City were Rainy Lake UT, International Falls, Northome UT and Ranier. Most of the commuters to the City lived in Koochiching County.

There were also a number of City residents that left Littlefork for employment. There were more than 200 people that worked outside of the City. Among the primary destinations were International Falls, Rainy Lake UT and Ranier.



Commuting Patterns - Big Falls

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of Big Falls. This table only examines people that commuted, and excludes people that work at home. The first table examines travel times for City residents.

Table 9 Commuting Times for Big Falls Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	39	34.8%
10 to 19 minutes	5	4.5%
20 to 29 minutes	7	6.3%
30 minutes or more	61	54.5%
Total	112	100%

Source: American Community Survey

A majority of the residents of Big Falls were commuting greater distances in 2016. Overall, nearly 61% were commuting 20 minutes or more to work, and most were actually traveling 30 minutes or more. However, nearly 35% were working locally and traveling less than 10 minutes.

Due to the limited employment within the City, the American Community Survey did not show any information on inbound commuters into Big Falls.

Census On the Map - Big Falls

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns. However, due to the small size of the community, no usable information was available for Big Falls from this source.

Commuting Patterns - Northome

Information is available on area workers that commute for employment. The best information is from the 2016 American Community Survey, and has been examined for the City of Northome. This table only examines people that commuted, and excludes people that work at home. The first table examines commuting patterns for City residents.

Table 10 Commuting Times for Northome Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	39	53.4%
10 to 19 minutes	12	16.4%
20 to 29 minutes	1	1.4%
30 minutes or more	21	28.8%
Total	73	100%

Source: American Community Survey

While a majority of Northome residents were working locally in 2016, those that did commute often traveled 30 minutes or more. Overall, more than 53% were commuting less than 10 minutes to work. But nearly 29% were traveling 30 minutes or more.

The American Community Survey also identifies travel time by location of employment. For people that worked in Northome, the following travel times were identified.

Table 11 Commuting Times for Northome Employees - 2016		
Travel Time	Number	Percent
Less than 10 minutes	124	52.1%
10 to 19 minutes	68	28.6%
20 to 29 minutes	17	7.1%
30 minutes +	29	12.2%
Total	238	100%

Source: American Community Survey

For people that worked in Northome, only 12.2% traveled 30 minutes or more. Overall, nearly 81% traveled 19 minutes or less, including people that both lived and worked within Northome.

Census On the Map - Northome

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns.

According to this source, there were only 70 people that were employed within Northome in 2015. This number is substantially lower than other sources, and is viewed as unreliable for people working in the City.

Commuting Patterns - Mizpah

Given the small size of Mizpah, there is very limited information that exists for worker commuter patterns. The best information is from the 2016 American Community Survey, and has been examined for the City of Mizpah. This table only examines people that commuted, and excludes people that work at home.

The only available information is for the travel times for Mizpah residents.

Table 12 Commuting Times for Mizpah Residents - 2016		
Travel Time	Number	Percent
Less than 10 minutes	5	8.9%
10 to 19 minutes	22	39.3%
20 to 29 minutes	7	12.5%
30 minutes or more	22	39.3%
Total	56	100%

Source: American Community Survey

Given the small number of jobs within Mizpah, most residents were commuting for employment. Fewer than 10% were able to drive nine minutes or less to their job. The majority of Mizpah residents were commuting 20 minutes or more to work in 2016. Most of these were actually commuting 30 minutes or more.

Due to the limited employment within the City, the American Community Survey did not show any information on inbound commuters into Mizpah.

Census On the Map - Mizpah

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, and provides a further breakdown of worker movement patterns. However, due to the small size of the community, no usable information was available for Mizpah from this source.

Agencies and Resources

January 2019

Agencies and Resources

The following agencies administer programs or provide funds for housing programs and projects in the Region:

Koochiching County Housing and Redevelopment Authority

12060 Main St.
Northome, MN 56661
(218) 897-5242

KOOTASCA Community Action

2232 E. 2nd Ave.
International Falls, MN 56649
(218) 283-9491

USDA Rural Development

3217 Bemidji Ave. N
Bemidji, MN 56601
(218) 751-1942

Koochiching Economic Development Authority

405 3rd St.
International Falls, MN 56649
(218) 283-8585