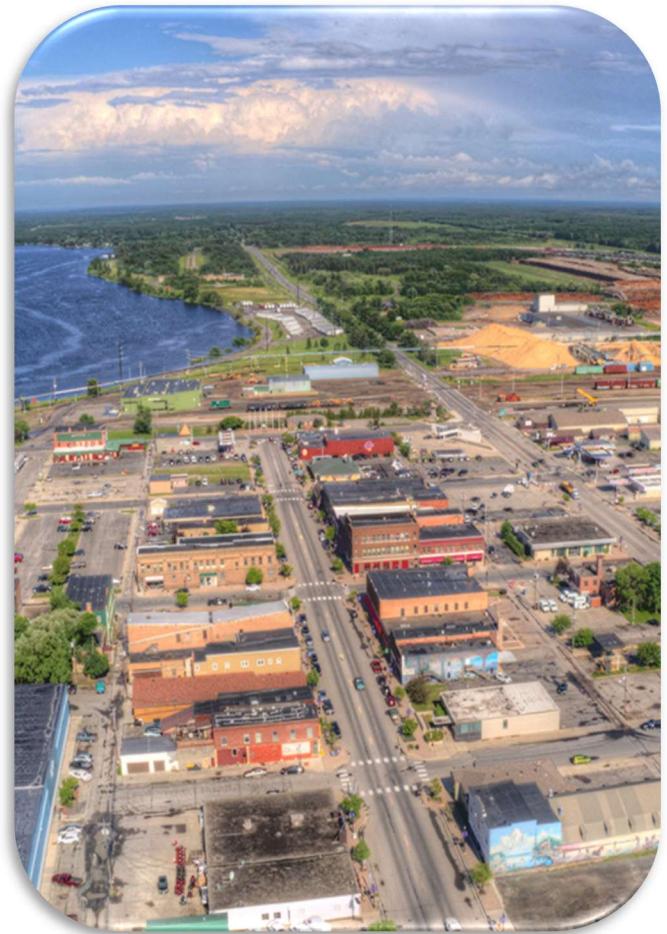


# CONCEPTUAL HOUSING DEVELOPMENTS

City of International Falls, MN



## ABSTRACT

CONCEPTUAL HOUSING DEVELOPMENTS FOR 3 SITES  
IN THE CITY OF INTERNATIONAL FALLS, MN

MAY 2025

## ACKNOWLEDGEMENTS

This project would not have been completed without the insight and support of elected officials and City Staff:

### CITY COUNCIL

Drake Dill, Mayor  
Walt Buller, West Ward Councilor  
Pete Kalar, East Ward Councilor  
Tim Wegner, Center Ward Councilor  
Mike Holden, At-Large Councilor

### CITY STAFF

Betty Bergstrom, City Administrator  
Lisa Riggs, Deputy City Administrator  
Kelly Meyers, Building and Zoning Official  
Ted Brokaw, Public Works Director



*Source: Explore Up North*

### STUDY CONSULTANTS

Mojra Hauenstein, Senior Planner, NCARB, LEED ND, AICP  
Sarah Swedburg, Planner, AICP  
Jason Fisher, Municipal Project Manager (Civil)



Real People. Real Solutions.



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## EXECUTIVE SUMMARY

The housing market in International Falls, MN, has experienced notable changes over the past year. The median sale price of homes in 2023 was approximately \$147,000, reflecting a significant decrease of 39.4% compared to the previous year. As of mid-2024, the average home value is around \$144,486, indicating a 7.1% decrease over the past year. Despite the overall decline in home values, the median price per square foot has increased by 15.2%, now standing at \$91.

International Falls is currently considered a buyer's market, with homes typically staying on the market for about 44 days.

## HOUSING MARKET ANALYSIS

International Falls Housing Site Development



**5,615**  
Total Population

**45.0**  
Median Age

**2.01**  
Average Household Size

**~51%**  
Of Population is Male

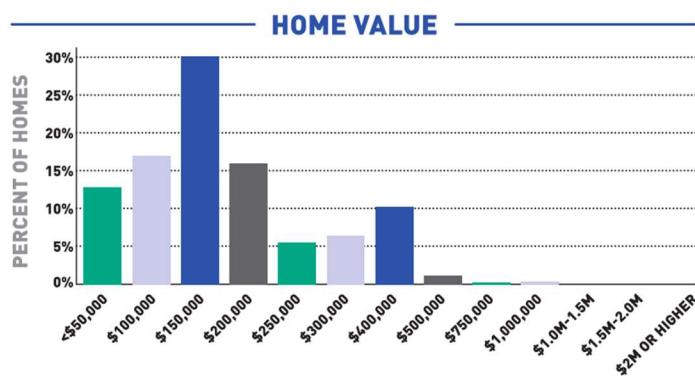
**~49%**  
Of Population is Female

**MEDIAN HOME SALE PRICE:**  
**\$147,000**  
for 2023

**HOMES IN THE AREA TYPICALLY SELL WITHIN**  
**20-44 Days**



**MEDIAN HOUSEHOLD INCOME: \$54,680**  
**PER CAPITA INCOME: \$32,425**



### HOUSING STOCK AGE:



**18%**  
Homes built before 1940



**34.9%**  
Homes built between 1940 - 1996



**38.7%**  
Homes built between 1970 - 1999



**8.5%**  
Homes built since 2000

## PROJECT SITES OVERVIEW

### Site 1: Market Rate Larger Homes

- Zoning:** R-1B Residential
- Setbacks:** Front: 30 feet, Side: 5 feet, Rear: 35 feet, Corner: 10 feet
- Building Coverage:** 30%
- Building Height:** 35 feet max
- Parking:** 1 space per dwelling
- Infrastructure Costs:** Estimated at \$2,032,800 (Road: \$510,550, Water: \$203,800, Sanitary: \$207,750, Storm: \$328,900)

## **SITE 2: SMALLER STARTER HOMES WITH ACCESSORY DWELLINGS**

- **Zoning:** R-1A Residential
- **Setbacks:** Front: 30 feet, Side: 5 feet, Rear: 35 feet, Corner: 10 feet
- **Building Coverage:** 35%
- **Building Height:** 35 feet max
- **Parking:** 1 space per dwelling
- **Wetland Requirements:** Wetland delineation, permits, mitigation, buffer zones
- **Infrastructure Costs:** Estimated at \$833,535 (Road: \$196,800, Water: \$86,875, Sanitary: \$139,700, Storm: \$32,000)

## **SITE 3: INFILL SMALL HOMES AND LOTS**

- **Zoning:** R-1A Residential
- **Setbacks:** Front: 30 feet, Side: 5 feet, Rear: 35 feet, Corner: 10 feet
- **Building Coverage:** 35%
- **Building Height:** 35 feet max
- **Parking:** 1 space per dwelling
- **Infrastructure:** Existing utilities ready for site laterals

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## **CONCLUSION**

The market dynamics in International Falls require strategic planning and targeted investments to address the needs of different demographics and improve the housing stock's quality and availability. Specifically, the development of Site 1 (market rate larger homes), Site 2 (smaller starter homes with accessory dwellings), and Site 3 (infill small homes and lots) will play a crucial role in meeting the demand for diverse housing options and revitalizing neighborhoods.

## MARKET ANALYSIS

The housing market in International Falls, MN, is currently favorable for buyers, with competitive pricing and a steady supply of homes. Future trends indicate moderate growth in home values and a stable market environment. Developers and investors should focus on affordable housing options and be prepared for gradual absorption of new developments.

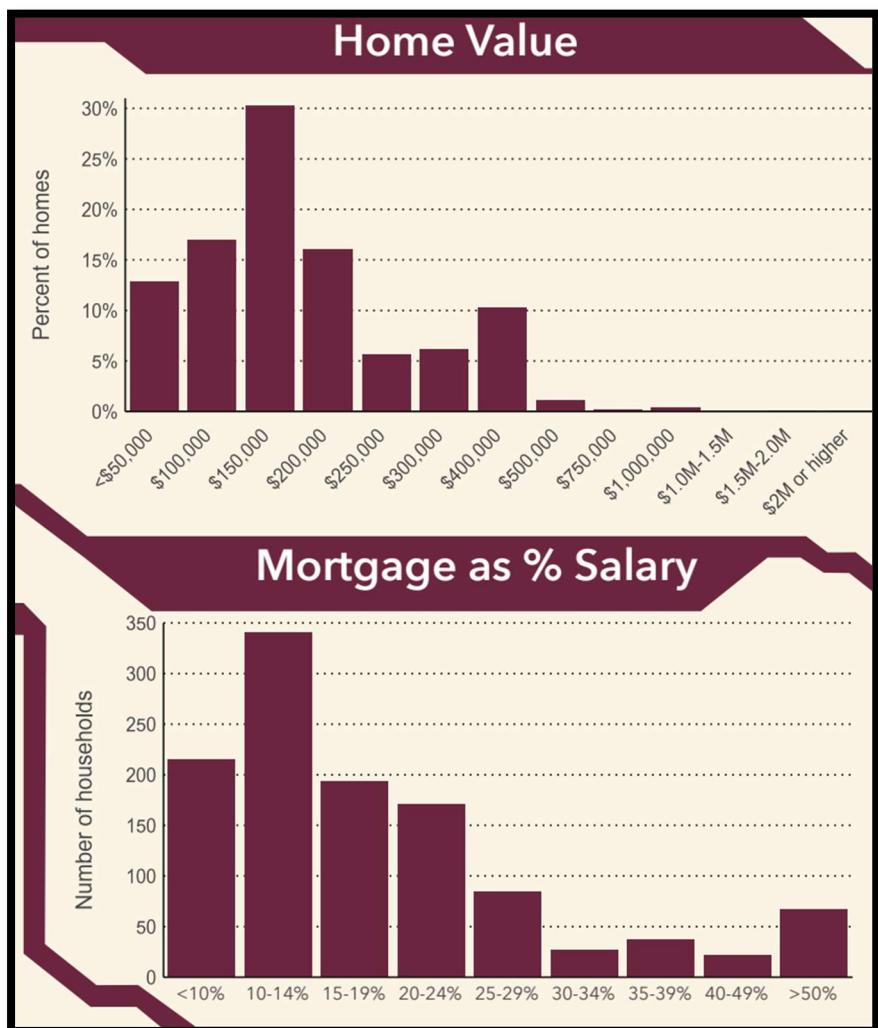
All graphics sources for infographic contains data provided by U.S. Census (2000, 2010, 2020), Esri (2024, 2029), ACS (2018-2022). © 2024 Esri

### CURRENT MARKET OVERVIEW

- Median Sale Price:** The 2023 median sale price of homes in International Falls is around \$147,000, reflecting a significant decrease of 39.4% compared to last year<sup>1</sup>.
- Average Home Value:** As of mid-2024, the average home value is reported at around \$144,486, indicating a 7.1% decrease over the past year.<sup>1</sup>
- Price per Square Foot:** The median price per square foot has increased by 15.2% over the past year, now standing at \$91<sup>1</sup>.

### RESEARCH LOCAL REAL ESTATE TRENDS, DEMAND, AND SUPPLY DYNAMICS

- Market Type:** International Falls is currently considered a buyer's market<sup>2</sup>. This means there are more homes available than there are buyers, giving buyers more negotiating power.
- Days on Market:** Homes in International Falls typically stay on the market for about 44 days<sup>2</sup>. This is a slight decrease from previous months, indicating a moderate level of activity.
- Sale Price Trends:** Homes generally sell for about 3% below the list price<sup>1</sup>. However, "hot" homes can sell for about 1% above the list price and go pending in around 9 days<sup>1</sup>.

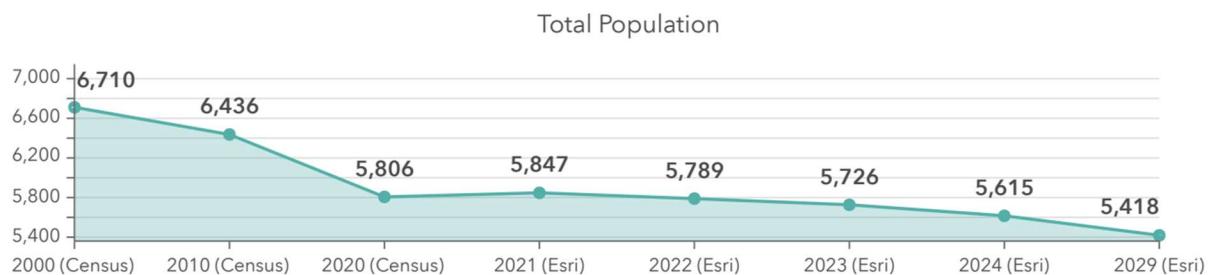


## DEMOGRAPHICS

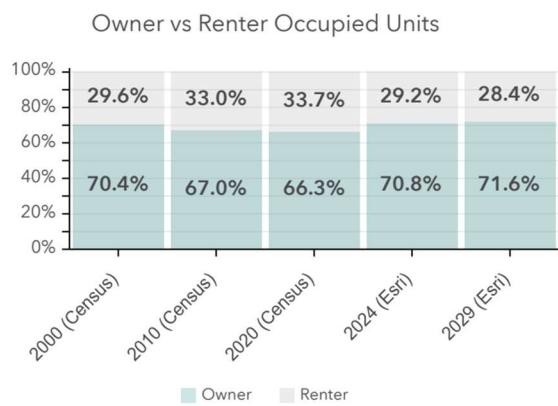
- **Population:** International Falls has a population of approximately 5,795<sup>3</sup>.



- **Age Distribution:** The median age in International Falls is 45 years. The population is fairly evenly distributed across different age groups, with a notable percentage of residents aged 50-59 and 60-69<sup>3</sup>.
- **Gender and Ethnicity:** The population is about 51% male and 49% female. The racial composition is predominantly White (91%), with small percentages of Black, Native American, and other races<sup>3</sup>.



As population growth has decreased by -0.72% (2000-2020), so are owner occupied housing units are projected to decrease less than 1% in 2029.



## INCOME LEVELS

- **Median Household Income:** The median household income in International Falls is approximately \$54,680<sup>4</sup>.
- **Per Capita Income:** The per capita income is around \$32,425<sup>3</sup>.
- **Income Distribution:** A significant portion of households earn between \$50,000 and \$100,000 annually<sup>4</sup>.

## WHAT CAN MEDIAN HOUSEHOLD INCOME AFFORD?

For a median household income of \$54,680:

### HOME PURCHASE

A common rule of thumb is that one can afford a home priced at 2.5 to 3 times your annual income. Based on this guideline:

2.5 times your income: \$54,680 \* 2.5 = \$136,700

3 times your income: \$54,680 \* 3 = \$164,040

A median household income of \$54,680 can afford a home priced between \$136,700 and \$164,040.

### RENTAL

For renting, a typical recommendation is to spend no more than 30% of your gross monthly income on rent. Here's how that works out:

Monthly income: \$54,680 / 12 = \$4,556.67

30% of monthly income: \$4,556.67 \* 0.30 = \$1,367

A median household income of \$54,680 can afford rental price of around \$1,367 per month.



## WHAT CAN AN INDIVIDUAL PER CAPITA MEDIAN INCOME AFFORD?

### HOME PURCHASE

For a per capita median annual income of \$32,425:

For Home purchase using the same rule of thumb (2.5 to 3 times your annual income):

2.5 times your income:  $\$32,425 * 2.5 = \$81,062.50$

3 times your income:  $\$32,425 * 3 = \$97,275$

A per capita median annual income of \$32,425 may afford a home priced between \$81,062.50 and \$97,275.

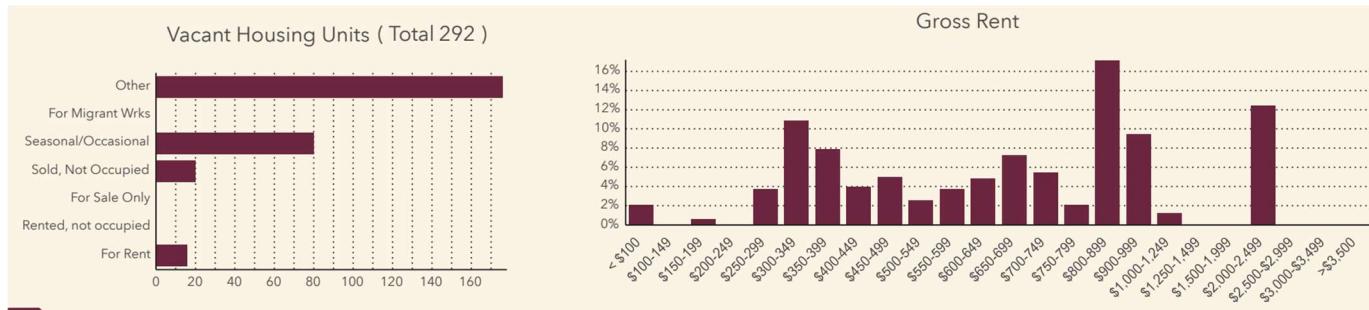
### RENTAL

For renting, the recommendation is to spend no more than 30% of your gross monthly income on rent:

Monthly income:  $\$32,425 / 12 = \$2,702.08$

30% of monthly income:  $\$2,702.08 * 0.30 = \$811$ .

A per capita median annual income of \$32,425 may afford a rental price of around \$811 per month.



### HOUSING STOCK AGE

- Age of Homes:** The housing stock in International Falls is relatively old, with 18% of homes built before 1940, 34.9% built between 1940 and 1969, and 38.7% built between 1970 and 1999<sup>5</sup>. Only 8.5% of homes have been built since 2000<sup>5</sup>.
- Almost 60% of rental housing is occupied by 1-person households.
- 21% of rentals are occupied by those 25-34 years old (young families/young professionals)
- 21% of owner homes are currently occupied by those 65-74 years old (retirees)

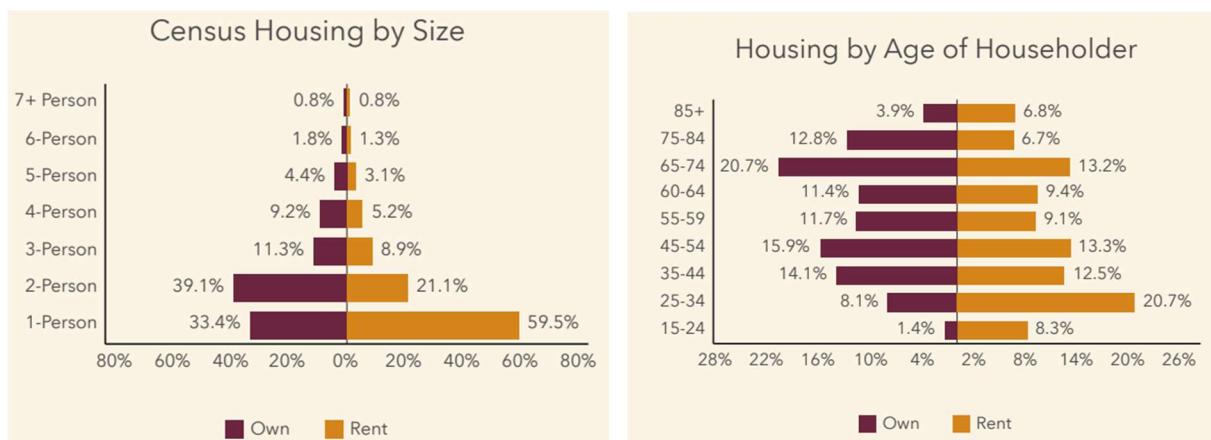
The breakdown of housing stock by age provides valuable insights into the real estate landscape of International Falls. The percentages indicate that:

- 18% of homes were built before 1940,

- 34.9% were constructed between 1940 and 1969,
- 38.7% were built between 1970 and 1999,
- Only 8.5% of homes have been built since 2000.

This distribution highlights a significant portion of the housing stock is relatively old, which can have several implications for market dynamics:

1. **Renovation and Maintenance Needs:** Older homes may require more frequent repairs and updates to meet modern standards. This can lead to increased costs for homeowners and may deter potential buyers who prefer move-in-ready properties.
2. **Market Demand for Newer Homes:** As buyers increasingly seek modern amenities and energy-efficient designs, the limited supply of newer homes (only 8.5%) may create a competitive market for these properties. This could drive up prices for newer constructions, making them more desirable.
3. **Impact on Property Values:** The age of the housing stock can influence property values. Homes that are well-maintained may retain their value better than those that show signs of aging. Conversely, a significant number of older homes in need of repair could lead to a decrease in overall neighborhood values if not addressed.
4. **Demographic Considerations:** The aging housing stock may attract specific demographics, such as retirees looking for affordable options or investors interested in renovation projects. Understanding these trends can help developers tailor their offerings to meet market demands.
5. **Potential for Development:** The presence of older homes may present opportunities for redevelopment or infill projects. Investors and developers might find value in purchasing and renovating these properties, contributing to the revitalization of neighborhoods.



## MARKET ABSORPTION RATES AND PRICING TRENDS

The market absorption rate in International Falls indicates a somewhat competitive market. Homes in this area typically sell within 20-44 days. This suggests a balanced market where homes are being sold at a steady pace relative to the number of homes available.

## RECENT SALES EXAMPLES:

- **312 Shorewood Dr:** Sold for \$345,000 after 20 days on the market.
- **905 9th St:** Sold for \$38,000 after 25 days on the market.
- **143 Riverview Blvd:** Sold for \$190,000 after 40 days on the market.
- **609 5th St:** Sold for \$77,250 after 35 days on the market.
- **504 10th St:** Sold for \$77,000 after 28 days on the market.

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## FUTURE TRENDS AND OUTLOOK

### MARKET STABILITY AND GROWTH

- **Economic Factors:** The local economy in International Falls is expected to remain stable, with modest growth in employment opportunities. This stability will likely support a steady demand for housing.
- **Population Trends:** While the population growth is expected to remain relatively flat, the greatest influence for an increase in population growth will be due to new job opportunities and improved local amenities.

### HOUSING DEMAND AND SUPPLY

- **Affordable Housing:** There is a growing demand for affordable housing options, particularly among first-time homebuyers and retirees. Developers may focus on creating more starter homes, empty nesters preferences with single-level, smaller square footage and common maintenance as well as affordable housing units to meet this demand.
- **New Developments:** The introduction of new housing developments could increase competition in the market. However, these developments are expected to be absorbed gradually, maintaining a balanced market.

### PRICING TRENDS

- **Moderate Price Increases:** Home prices are expected to increase moderately over the next few years. This is due to a combination of stable demand and limited supply of new homes.
- **Investment Opportunities:** The current buyer's market presents opportunities for investors to purchase properties at lower prices, with the potential for appreciation as the market stabilizes.

### MARKET DYNAMICS AND INFLUENCES

- **Buyer's Market:** The market is expected to remain a buyer's market in the near future, with a steady supply of homes and moderate demand<sup>2</sup>. This will continue to give buyers more negotiating power.

- **Interest Rates:** Interest rates are anticipated to remain relatively low, making home financing more accessible and potentially boosting home purchases
- **Employers impacting housing:**
  - PCA Paper Mill: The largest employer in International Falls, this paper mill has been central to the local economy for over a century. Despite recent downsizing, it remains a significant player.
  - UnitedHealth Group: This insurance claims processing center was recruited to diversify the local economy and now provides around 210 jobs.
  - KOOTASCA Community Action: Involved in the adaptive reuse of the Alexander-Baker building, this organization is creating 30 affordable housing units, addressing the housing shortage and potentially attracting new residents and workers.
  - Community Housing Development Corporation: Partnering with KOOTASCA, they are working on the Alexander-Baker project, which could influence the local housing market and economy.

## COMP PLAN & 3 SITES

The City's 2020 Comprehensive Plan makes the following housing recommendations which this study aligns with by focusing on variety of housing types and accessory dwellings:

### HOUSING RECOMMENDATIONS

- Adopt the recommendations of the 2019 Housing Study
  - Use the recommendations of the Housing Study as a foundation for City actions to address and improve housing supply and conditions
- Ensure all housing meets or exceeds standards established in City ordinances
  - Building code enforcement
  - Housing preservation and rehabilitation
- Encourage development of a variety of housing types and styles
  - Flexible zoning for supply, diversity, and density
  - Housing for the aging and elderly
  - Allow development of accessory dwelling units
  - High School building trades
- Ensure a wide array of quality workforce housing options
  - Support the development and preservation of affordable housing
  - Ensure non-discrimination

---

### SITE 1

#### SITE 1: EAST SIDE

International Falls Housing Site Development



#### Site 1: East Side

- It is suited for factory-assembled homes, lower- to middle-income, single-level.
- 5th Ave East.
- Two blocks. Tax forfeited.

Factory-assembled housing refers to homes that are constructed in a factory setting and then transported to their final location. This category includes manufactured homes and modular homes, which are built to different standards and codes.

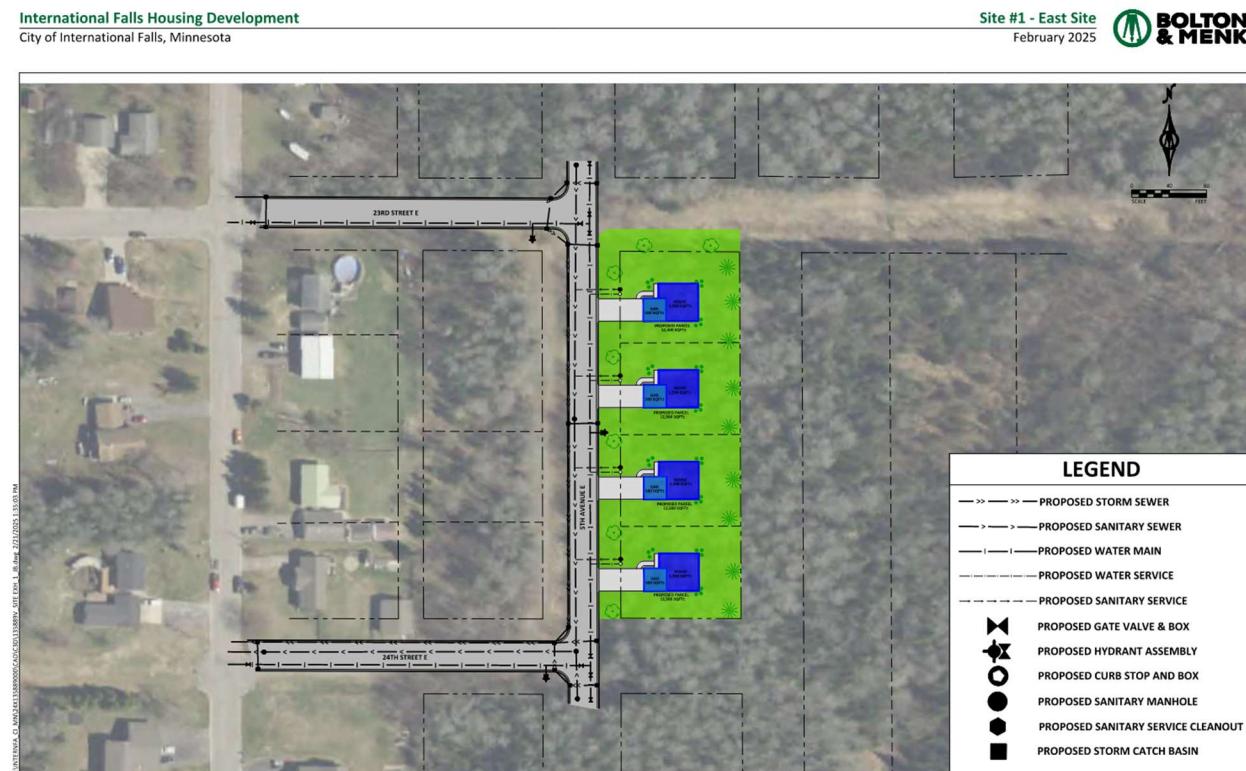
### ZONING: R-1B RESIDENTIAL WITH SETBACKS

- Front: 30 feet
- Side yards: 5 feet

- Rear yards: 35 feet.
- Corner : 10' feet.
- Building Coverage: 30%.
- Building Height: 35' max.
- 1 parking space per dwelling.
- Check with Link to code: <https://www.ci.international-falls.mn.us/services/building-zoning/>

## SITE 1 INFRASTRUCTURE

The road and utilities are not existing but are shown below as proposed.



## SITE 1 INFRASTRUCTURE COST ESTIMATE

The road and utilities are not existing but ballpark cost estimate is shown. Please see *Funding and Resources* section to help with development costs.



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## ENGINEER'S PRELIMINARY COST ESTIMATE

HOUSING DEVELOPMENT - EAST SIDE

CITY OF INTERNATIONAL FALLS

BMI Project No. : 24X.135889000

[https://boltonmenk-my.sharepoint.com/:p/personal/mojra\\_hauenstein\\_bolton-menk\\_com/Documents/International%20Falls/Development%20Concept/Site](https://boltonmenk-my.sharepoint.com/:p/personal/mojra_hauenstein_bolton-menk_com/Documents/International%20Falls/Development%20Concept/Site)

2/20/2025

Item No.	Item	Estimated Quantity	Unit	Unit Price	Amount
1	MOBILIZATION	1	LS	\$96,000.00	\$96,000.00
2	CLEARING & GRUBBING	1	LS	\$50,000.00	\$50,000.00
3	COMMON EXCAVATION	2750	CU YD	\$25.00	\$68,750.00
4	AGGREGATE BASE (CV) CLASS 5	1375	CU YD	\$40.00	\$55,000.00
5	SELECT GRANULAR EMBANKMENT (CV)	1375	CU YD	\$30.00	\$41,250.00
6	GEOTEXTILE FABRIC TYPE 10	4100	SQ YD	\$8.00	\$32,800.00
7	B618 CURB & GUTTER	2375	LF	\$50.00	\$118,750.00
8	ROCK EXCAVATION (CV)	400	CU YD	\$200.00	\$80,000.00
9	STABILIZING AGGREGATE (CV)	400	CU YD	\$30.00	\$12,000.00
10	TYPE SP 12.5 WEARING COURSE MIX (2,B)	425	TON	\$120.00	\$51,000.00
11	TYPE SP 12.5 NON-WEARING COURSE MIX (2,B)	425	TON	\$120.00	\$51,000.00
12	CONNECT TO EXISTING WATERMAIN	2	EACH	\$2,500.00	\$5,000.00
13	6" PVC C900 WATERMAIN	70	LF	\$75.00	\$5,250.00
14	8" PVC C900 WATERMAIN	1350	LF	\$80.00	\$108,000.00
15	8" GATE VALVE & BOX	10	EACH	\$3,800.00	\$38,000.00
16	HYDRANT ASSEMBLY	3	EACH	\$7,500.00	\$22,500.00
17	WATERMAIN FITTINGS	450	POUND	\$25.00	\$11,250.00
18	1" WATER SERVICE	120	LF	\$60.00	\$7,200.00
19	1" CURB STOP AND BOX	4	EACH	\$1,000.00	\$4,000.00
20	1" CORPORATION STOP	4	EACH	\$650.00	\$2,600.00
21	CONNECT TO EXISTING SANITARY SEWER	1	EACH	\$1,200.00	\$1,200.00
22	CONSTRUCT SANITARY STRUCTURE DESIGN 4020-48"	5	EACH	\$10,000.00	\$50,000.00
23	CASTING ASSEMBLY (SANITARY)	5	EACH	\$1,000.00	\$5,000.00
24	8" PVC SANITARY SEWER PIPE	975	LF	\$130.00	\$126,750.00
25	6" PVC SANITARY SERVICE PIPE	200	LF	\$85.00	\$17,000.00
26	8"X6" PVC WYE	4	EACH	\$1,500.00	\$6,000.00
27	6" PVC PIPE DRAIN CLEANOUT	4	EACH	\$450.00	\$1,800.00
28	CONNECT TO EXISTING STORM SEWER	2	EACH	\$1,200.00	\$2,400.00
29	CONSTRUCT DRAINAGE STRUCTURE DESIGN 4020-48"	18	EACH	\$8,500.00	\$153,000.00
30	CASTING ASSEMBLY (STORM)	18	EACH	\$1,000.00	\$18,000.00
31	12" RC PIPE SEWER	500	LF	\$90.00	\$45,000.00
32	18" RC PIPE SEWER	525	LF	\$120.00	\$63,000.00
33	4" PERF TP PIPE DRAIN	2375	LF	\$20.00	\$47,500.00
34	EROSION CONTROL	1	LS	\$20,000.00	\$20,000.00
35	TURF ESTABLISHMENT	1	LS	\$25,000.00	\$25,000.00
36	TRAFFIC CONTROL	1	LF	\$10,000.00	\$10,000.00
					Subtotal \$1,452,000.00
					20% Contingency \$290,400.00
					20% Engineering & Administration \$290,400.00
					<b>Total Estimated Construction Cost \$2,032,800.00</b>

Site 1 total Estimated Construction Costs for utilities & infrastructure including engineering, mobilization, site preparation: **\$2,032,800.**

- **Road: \$510,550**
- **Water: \$203,800**
- **Sanitary: \$207,750**
- **Storm: \$328,900**

## PUBLIC INPUT ON SITE 1

- **Cost Concerns:** Builders noted that the cheapest they can build is \$250k-\$300k, which is a barrier given the housing crisis and slow construction rates.
- **Risk and Commitment:** Builders are hesitant due to the risks involved, and seniors are often unwilling to commit to the price of new homes.
- **Senior Housing:** There is interest in smaller slab-on-grade homes or condos for seniors, but cost remains an issue.
- **Wetland Issues:** Potential wetland issues on Keenan Dr. and other areas.
- **Community Integration:** Emphasis on housing that blends with the community, with a max height of 3 stories and courtyards.
- **Frustration with Affordable Housing:** Concerns about the Alexander Baker Apartments and their lottery system for filling units.
- **Infrastructure Grants:** Questions about whether electricity counts for infrastructure grants.
- **Collaborative Efforts:** The Koochaching Housing Collaborative has lost momentum, and there is a need for renewed partnership efforts.

## SITE 2

### SITE 2: SHOREWOOD

International Falls Housing Site Development



#### Site 2: Shorewood

- It is suited for market-rate single-family homes.
- The property owner is willing to collaborate with the City.
- Privately owned not platted (preliminary plat only).

## ZONING: R-1A RESIDENTIAL WITH SETBACKS

- Front: 30 feet
- Side yards: 5 feet
- Rear yards: 35 feet.
- Corner : 10' feet.
- Building Coverage 35%.
- Building Height: 35' max.
- Dwellings: Typically, a minimum setback of **30 feet** from the ordinary high water level (OHWL) is required.
- 1 parking space per dwelling.
- Wetland requirements may apply due to location of site.
- Check with Link to code: <https://www.ci.international-falls.mn.us/services/building-zoning/>

## WETLAND REQUIREMENTS

The City of International Falls, MN, has specific requirements for developing parcels that include wetlands. Wetland requirements may apply to this site:

1. **Wetland Identification:** Developers must identify any wetlands on the property. This often requires a wetland delineation study conducted by a qualified professional[1].
2. **Permits and Approvals:** Any development impacting wetlands requires permits from both local and state authorities. This includes the Minnesota Wetland Conservation Act (WCA) and possibly federal permits from the U.S. Army Corps of Engineers[1].

3. **Mitigation Requirements:** If development impacts wetlands, mitigation is required. This typically involves creating, restoring, or enhancing wetlands elsewhere to compensate for the loss[1].
4. **Buffer Zones:** There are often buffer zone requirements around wetlands to protect them from development impacts. The specific width of these buffers can vary based on the type and quality of the wetland[1].
5. **Exemptions and Variances:** Certain small-scale impacts or specific types of development may be exempt from some requirements, but this usually requires a detailed review and approval process[1].

For detailed and specific information, it's best to consult the [International Falls Zoning Code](#) or contact the city's zoning official directly[2].

## WETLAND CREDITS

The City of International Falls, MN, follows the State of Minnesota Wetland Conservation Act (WCA) for wetland management and credits. This site may qualify for wetland credits:

1. **Wetland Identification:** Developers must conduct a wetland delineation study to identify any wetlands on the property[3].
2. **Permits and Approvals:** Development impacting wetlands requires permits from local, state, and possibly federal authorities[3].
3. **Mitigation Requirements:** If wetlands are impacted, developers must create, restore, or enhance wetlands elsewhere to compensate for the loss[3].
4. **Wetland Credits:** Wetland credits can be purchased from wetland banks approved by the Minnesota Board of Water and Soil Resources (BWSR). These credits are used to offset the impact of development on wetlands[3].
5. **Buffer Zones:** Buffer zones around wetlands are required to protect them from development impacts[3].

For detailed and specific information, it's best to consult the [International Falls Zoning Code](#) or contact the city's zoning official directly[4].

## Footnote References

- [1] [Building & Zoning - City of International Falls, Minnesota](#)
- [2] [Code of Ordinances | International Falls, MN - Municode Library](#)
- [3] [Wetlands Management - City of International Falls, Minnesota](#)
- [4] [Code of Ordinances | International Falls, MN - Municode Library](#)

## SITE 2 INFRASTRUCTURE

The road and utilities are not existing but are shown below as proposed.

International Falls Housing Development  
City of International Falls, Minnesota

Site #2A - Shorewood  
February 2025



## SITE 2 INFRASTRUCTURE COST ESTIMATE

The road and utilities are not existing, but ballpark cost estimate is shown. Please see *Funding and Resources* section to help with development costs.



## ENGINEER'S PRELIMINARY COST ESTIMATE

HOUSING DEVELOPMENT - SHOREWOOD

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CITY OF INTERNATIONAL FALLS

BMI Project No. : 24X.135889000

[https://boltonmenk-my.sharepoint.com/personal/moira\\_hauenstein\\_bolton-menk\\_com/Documents/International%20Falls/Development%20Concept/Sites- late](https://boltonmenk-my.sharepoint.com/personal/moira_hauenstein_bolton-menk_com/Documents/International%20Falls/Development%20Concept/Sites- late)

2/20/2025

Item No.	Item	Estimated Quantity	Unit	Unit Price	Amount
1	MOBILIZATION	1	LS	\$40,000.00	\$40,000.00
2	CLEARING & GRUBBING	1	LS	\$50,000.00	\$50,000.00
3	COMMON EXCAVATION	1400	CU YD	\$25.00	\$35,000.00
4	AGGREGATE BASE (CV) CLASS 5	700	CU YD	\$40.00	\$28,000.00
5	SELECT GRANULAR EMBANKMENT (CV)	700	CU YD	\$30.00	\$21,000.00
6	GEOTEXTILE FABRIC TYPE 10	2050	SQ YD	\$8.00	\$16,400.00
7	ROCK EXCAVATION (CV)	200	CU YD	\$200.00	\$40,000.00
8	STABILIZING AGGREGATE (CV)	200	CU YD	\$30.00	\$6,000.00
9	TYPE SP 12.5 WEARING COURSE MIX (2,B)	210	TON	\$120.00	\$25,200.00
10	TYPE SP 12.5 NON-WEARING COURSE MIX (2,B)	210	TON	\$120.00	\$25,200.00
11	CONNECT TO EXISTING WATERMAIN	1	EACH	\$2,500.00	\$2,500.00
12	6" PVC C900 WATERMAIN	35	LF	\$75.00	\$2,625.00
13	8" PVC C900 WATERMAIN	560	LF	\$80.00	\$44,800.00
14	8" GATE VALVE & BOX	2	EACH	\$3,800.00	\$7,600.00
15	HYDRANT ASSEMBLY	2	EACH	\$7,500.00	\$15,000.00
16	WATERMAIN FITTINGS	250	POUND	\$25.00	\$6,250.00
17	1" WATER SERVICE	80	LF	\$60.00	\$4,800.00
18	1" CURB STOP AND BOX	2	EACH	\$1,000.00	\$2,000.00
19	1" CORPORATION STOP	2	EACH	\$650.00	\$1,300.00
20	CONNECT TO EXISTING SANITARY SEWER	1	EACH	\$1,200.00	\$1,200.00
21	CONSTRUCT SANITARY STRUCTURE DESIGN 4020-48"	5	EACH	\$10,000.00	\$50,000.00
22	CASTING ASSEMBLY (SANITARY)	5	EACH	\$1,000.00	\$5,000.00
23	8" PVC SANITARY SEWER PIPE	560	LF	\$130.00	\$72,800.00
24	6" PVC SANITARY SERVICE PIPE	80	LF	\$85.00	\$6,800.00
25	8"X6" PVC WYE	2	EACH	\$1,500.00	\$3,000.00
26	6" PVC PIPE DRAIN CLEANOUT	2	EACH	\$450.00	\$900.00
27	12" CMP CULVERT	40	LF	\$50.00	\$2,000.00
28	DITCHING	1	LS	\$30,000.00	\$30,000.00
29	EROSION CONTROL	1	LS	\$20,000.00	\$20,000.00
30	TURF ESTABLISHMENT	1	LS	\$20,000.00	\$20,000.00
31	TRAFFIC CONTROL	1	LF	\$10,000.00	\$10,000.00
					Subtotal \$595,375.00
					20% Contingency \$119,080.00
					20% Engineering & Administration \$119,080.00
					<b>Total Estimated Construction Cost \$833,535.00</b>

Site 2 total Estimated Construction Costs for utilities & infrastructure including engineering, mobilization, site preparation: **\$833,535.**

- **Road: \$196,800.**
- **Water: \$86,875.**
- **Sanitary: \$139,700.**
- **Storm: \$32,000**

## SITE 2 PUBLIC INPUT

- **High-End Employee Housing:** PCA Paper Mill and Rainy Lake Medical Center struggle to attract higher-end employees due to a lack of suitable housing.
- **Development Incentives:** There is a need for incentives for developers, as past informal agreements have led to formalized processes that place costs on developers.
- **Wetland Challenges:** Wetlands pose significant challenges to development, particularly in the Shorewood area.
- **Community Preferences:** People prefer tangible developments over conceptual plans.

## SITE 3

### SITE 3: INFILL DEVELOPMENT

International Falls Housing Site Development



#### Site 3: Infill Development

- It is suited for a smaller footprint home on vacant parcels in developed areas of town.
- Some tax forfeited parcels, blighted, potential for reversion to acreage, joining multiple lots.
- Opportunity to explore unique housing solutions like Boxable or Icon, with the understanding that it must be suitable for a cold-weather climate.

### ZONING: R-1A RESIDENTIAL WITH SETBACKS

- Front: 30 feet
- Side yards: 5 feet
- Rear yards: 35 feet.
- Corner : 10' feet.
- Building Coverage 35%.
- Building Height: 35' max.
- Dwellings: Typically, a minimum setback of **30 feet** from the ordinary high water level (OHWL) is required.
- 1 parking space per dwelling.
- Check with Link to code: <https://www.ci.international-falls.mn.us/services/building-zoning/>

### SITE 3 INFRASTRUCTURE

Utilities are existing in the road ready for site laterals. There is an 8" water main and an 8" sanitary sewer main located in the street and accessible for connecting to this lot. Please see *Funding and Resources* section to help with development costs.

### SITE 3 PUBLIC INPUT

- **Perception Issues:** Building higher-value homes in areas with lower-value homes poses perceptual challenges.

- **Redevelopment vs. Infill:** Preference for redevelopment over infill, with a focus on updating old infrastructure.
- **Accessory Dwelling Units:** Interest in accessory dwelling units as a housing option.
- **Infrastructure Concerns:** Existing infrastructure needs updating to support new construction.

## ENGAGEMENT SUMMARY

Public engagement was a key component of this study. Resident feedback provided deeper context for the data and analysis as well as an understanding of the amount of resident support for each identified site.

## PROJECT MANAGEMENT TEAM

Throughout the project, the Project Management Team met monthly to review progress, design public engagement, and provide feedback on analysis. This team consisted of the project consultant team, city staff (Administrator, Building and Zoning Official, and Public Works Director), and two city council members.

## FOCUS GROUP

On March 6, 2025, the project team met with a stakeholder focus group at City Hall to get targeted feedback on the market analysis and three sites identified for future development. This group consisted of thirteen attendees representing large local employers, financial institutions, International Falls Housing and Redevelopment Authority, Koochiching County Economic Development, local property owners, and local developers.

## OPEN HOUSE AND PUBLIC SURVEY

The public was invited to attend an evening open house on March 6, 2025 at City Hall. Attendees were asked to review the three sites and market analysis and rank their support for each site on a scale of “Support” to “Don’t Support.” There were approximately 25 people in attendance, including additional local developers and housing renovators who were not at the focus group. Seven of the attendees were city council members and city staff.

This public open house was coupled with an online public survey that asked respondents to also review the market analysis and rank the three sites. We received 6 responses to the online survey that was coupled with feedback from the open house.

## COMMUNICATIONS

Throughout the project, several communication tools were used to share about the project and public feedback opportunities. A project website was maintained throughout the duration of the project and linked to the City’s website. Additional communication tools used included press releases, and social media.

## CONCLUSION

The public input highlights the need for strategic planning and targeted investments for the development of Site 1 (market-rate larger homes), Site 2 (smaller starter homes with accessory dwellings), and Site 3 (infill small homes and lots). Addressing cost concerns, providing development incentives, and overcoming wetland requirements are crucial for successful housing projects in International Falls. Additionally, updating existing infrastructure and ensuring community integration will be key to meeting the diverse housing needs of the area. A detailed summary of engagement for each site can be found in Site 1, Site 2, and Site 3 sections above.

## FUNDING & RESOURCES

There are Minnesota funding sources for the development of infrastructure and construction of homes in International Falls, MN. These funding sources and programs are designed to support a variety of types of housing development in the City:

### 1. MARKET RATE LARGER HOMES

- **Housing Infrastructure Bonds (HIB):** These bonds are the largest state source of capital for housing development. In 2022, \$250 million was allocated for Housing Infrastructure Bonds, with similar amounts expected in subsequent years [1].
- **Minnesota Housing Finance Agency (MHFA) Programs:** MHFA runs various programs that provide loans and grants to create and maintain housing. For the 2022-2023 period, MHFA had a budget of approximately \$100 million from state bonding proceeds, and many of these programs are being rolled out beginning in 2025. Particularly of note is the Greater Minnesota Housing Infrastructure Grant [2].

### 2. SMALLER STARTER HOMES WITH ACCESSORY DWELLINGS

- **Minnesota Starter Home Act:** This legislative act aims to increase housing availability by allowing increased density without costly variance processes. It supports the development of smaller homes and accessory dwelling units (ADUs) in residential zones. The act was approved in 2025 [3].
- **Yes to Homes Legislative Agenda:** This agenda includes policy proposals to support upzoning in transit-accessible areas, facilitating the construction of starter homes and ADUs. The agenda was introduced in 2025 and is currently under legislative review [4].

### 3. INFILL SMALL HOMES AND LOTS

- **Green Homes North Program:** This program provides development gap assistance and homebuyer assistance to build homes on city-owned infill vacant lots. In 2022, the program received \$500,000 from the city budget, matched with \$500,000 from Minnesota Housing [5].
- **Small Cities Development Program:** This program helps cities with funding for housing, public infrastructure, and commercial rehab projects that benefit low- and moderate-income households, eliminate slum and blight conditions, or eliminate an urgent threat to public health or safety.

#### Footnote References

- [1] RCA-2017-00149 - Infill development of new construction homes - Minneapolis
- [2] Bloomington Affordable Homeownership | City of Bloomington MN
- [3] Project Selections - mnhousing.gov
- [4] Yes to Homes Legislative Agenda: What It Means for the Industry
- [5] 'Minnesota Starter Home Act' wins approval in housing committee
- [6] Small Cities Development Program / Minnesota DEED

## CONCLUSION

The housing market in International Falls, MN, presents both challenges and opportunities. The significant decrease in median sale prices and average home values indicates a buyer's market, providing potential buyers with more negotiating power. However, the increase in the median price per square foot suggests that certain segments of the market remain competitive.

The aging housing stock, with a large percentage of homes built before 2000, highlights the need for renovation and maintenance. This presents opportunities for investors and developers to focus on redevelopment and infill projects, potentially revitalizing neighborhoods and meeting the demand for modern amenities and energy-efficient designs.

Understanding the income distribution and affordability metrics is crucial for both buyers and developers. The median household income can afford homes priced between \$136,700 and \$164,040, while the per capita income can afford homes priced between \$81,062.50 and \$97,275. For rentals, the median household income can afford a rental price of around \$1,367 per month, and the per capita income can afford a rental price of around \$810.62 per month.

Overall, the market dynamics in International Falls require strategic planning and targeted investments such as the types of housing developments in site 1-3 which can be supported by grants and funding provided in this report to address the needs of different demographics and improve the housing stock's quality and availability.