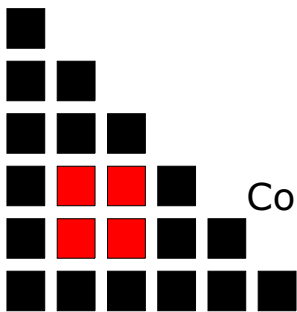


# Cass County HOUSING STUDY

**Central Cass County**  
December 2021 Draft

An updated analysis of the overall housing needs  
of the Central Cass County communities of  
Backus, Chickamaw Beach, Hackensack  
and Pine River



Community Partners Research, Inc.  
Faribault, MN

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# Introduction

## Overview

Community Partners Research, Inc., was hired by Cass County and the Cass County Housing and Redevelopment Authority to complete a comprehensive study of housing market conditions in the Cities in the County.

Due to the large geographic area, Cass County was divided into three subareas, identified as South, Central and North. This document addresses the Cities of Backus, Chickamaw Beach, Hackensack and Pine River, along with the Township areas in Central Cass County. Companion documents exist for the South and North portions of the County.

## Methodology

A variety of resources were utilized to obtain information for the Update. Community Partners Research, Inc., collected and analyzed data from June to December 2021. Data sources included:

- U.S. Census Bureau
- Demographic estimates from the State Demographer
- Esri, Inc., a private data services provider
- Records and data from the cities
- Records and data maintained by Cass County
- Data from the MN Dept. of Employment and Economic Development
- Data provided by the Multiple Listing Service
- Interviews with elected officials and/or staff from the cities
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- Rental property owner surveys
- Housing conditions surveys

## Limitations

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings 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 factors could change the findings and conclusions contained in this Study.

During the course of the research for this project, a global pandemic was still underway, which has had widespread impacts, including on economic, housing and educational conditions. The longer-term effects of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

This study was prepared by:  
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## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources. At the time that research was completed for this Study, the Census Bureau had only released initial information from the 2020 Census. The more detailed tables have a delayed release date because of the global health pandemic and will not become available until sometime in 2022. This Study has proceeded with the 2020 Census totals that are available, and utilized estimates from other sources where Census information is not available.

The global pandemic impacted the Census release schedule, and it also affected the data collection in 2020. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

The decennial Census no longer collects some demographic variables, such as income and housing cost information. Instead, estimates are generated through the Census Bureau's American Community Survey, an annual sampling of households. However, because the American Survey is an estimate, based on sampling data, there is a margin of error that exists for each estimate.

The most recent American Community Survey estimates are for the year 2019, and predate the 2020 Census collection. As a result, there can be differences in the American Community Survey estimates, which may be above or below the 2020 Census data. Despite possible differences, the 2019 American Community Survey estimates have been used for some demographic variables, if they are viewed by the analysts as the best available information on certain topics.

The analysts have also obtained demographic estimates and projections from Esri, Inc., a private data reporting service that is frequently used by financial institutions, including the Minnesota Housing Finance Agency. Esri's base-year estimates are for 2021, with projections to 2026.

It is important for readers to note that the Esri's estimates and projections were produced prior to the release of 2020 Census data, which will set a new benchmark for demographic variables. However, Esri will not be incorporating the new Census information until sometime later in 2022, and the data used in this document represent the best projection information currently available.

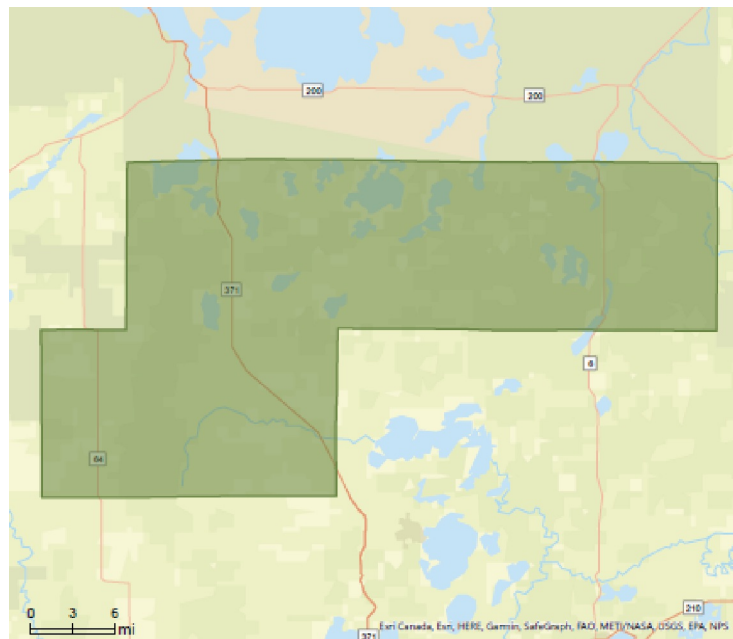
## Market Area Designation

Given the large geographic expanse of Cass County, this Study has divided the County into three sections, defined as North, Central and South. This provides some comparative information for the individual jurisdictions within each portion of the County.

The Central Cass County aggregation includes the following individual cities and townships:

- ▶ Backus
- ▶ Chickamaw Beach
- ▶ Hackensack
- ▶ Pine River
- ▶ Ansel Township
- ▶ Barclay Township
- ▶ Beulah Township
- ▶ Birch Lake Township
- ▶ Blind Lake Township
- ▶ Bull Moose Township
- ▶ Bungo Township
- ▶ Crooked Lake Township
- ▶ Deerfield Township
- ▶ Hiram Township
- ▶ McKinley Township
- ▶ Pine River Township
- ▶ Ponto Lake Township
- ▶ Powers Township
- ▶ Smokey Hollow Township
- ▶ Thunder Lake
- ▶ Trelipe Township
- ▶ Wabedo Township
- ▶ Walden Township
- ▶ Wilson Township
- ▶ Woodrow Township

## Central Cass County



## Population Estimates and Trends

Table 1 Population Trends - 1990 to 2020							
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census	% Change 2010-2020
Backus	240	311	29.6%	250	-19.6%	263	5.2%
Chickamaw Beach	132	148	12.1%	114	-23.0%	128	12.3%
Hackensack	245	285	16.3%	313	9.8%	294	-6.1%
Pine River	871	928	6.5%	944	1.7%	911	-3.5%
Combined Twps	5,728	7,673	34.0%	7,715	0.5%	8,153	5.7%
Central Cass	7,216	9,345	29.5%	9,336	-0.1%	9,749	4.4%
Cass County	21,791	27,150	24.6%	28,567	5.2%	30,066	5.2%

Source: U.S. Census

- ▶ The 2020 U.S. Census population data was released in late 2021. On April 1, 2020 the Census Bureau counted 263 permanent residents living in the **City of Backus**. When compared to the 2010 Census, the City had added 13 people over the previous decade, for growth of 5.2%.
- ▶ Longer-term, the population level in **Backus** has been fluctuating from decade to decade. In the 1990s, the City's population increased by nearly 30%, but then this pattern reversed between 2000 and 2010 and the City lost most of the gains from the prior decade. Based on the 2020 Census, the City had some growth in the 2010s, but the population level in 2020 was only 23 people higher than were counted in the 1990 Census.
- ▶ The 2020 Census counted 128 people in **Chickamaw Beach**, up by 14 people or 12.3% from the year 2010. Longer-term, the population level in the City has fluctuated in recent decades. Despite the recent growth, the population in 2020 was slightly smaller than recorded in the 1990 Census.
- ▶ On April 1, 2020 the Census Bureau counted 294 permanent residents living in the **City of Hackensack**. When compared to the 2010 Census, the City had lost 19 people over the previous decade, for a population decrease of 6.1%.



- ▶ Longer-term, the population level in **Hackensack** had been increasing gradually in past decades. In the 1990s, the City's population increased by 40 people, and then added 28 residents between 2000 and 2010. Based on the 2020 Census, this pattern has reversed, and the City only had nine more residents in 2020 than were counted in the 2000 Census.
- ▶ The 2020 Census counted 911 permanent residents living in the **City of Pine River**. When compared to the 2010 Census, the City had lost 33 people over the previous decade, for a decrease of 3.5%.
- ▶ Longer-term, **Pine River's** population had been growing from decade to decade, but the actual change in the number of residents has been small. In the 1990s, the City added 57 people, for growth of more than 6%. However, this pattern then slowed between 2000 and 2010, when the City added only 16 permanent residents over the 10-year time period. Based on the 2020 Census, the gains made in the 2000s have largely been reversed, and the City only had 40 more residents in 2020 than had been present in 1990.
- ▶ The aggregation of cities in townships that have been defined as **Central Cass County** had a combined population of 9,749 people at the time of the 2020 Census, up by 413 people from the 2010 count. This population growth was largely attributed to the **Townships** in this portion of the County. The four individual Cities had a combined population loss of 25 people between 2010 and 2020, while the combined Townships in this portion of the County had a gain of 438 people.
- ▶ For all of **Cass County**, the 2020 Census showed 30,066 permanent residents. This count was up by approximately 1,500 people from 2010, continuing a long-term pattern of growth Countywide. All three regions of the County added population over the decade. With a net gain of 413 people in **Central Cass County**, 453 people in **South Cass County**, and 633 people in **North Cass County**.
- ▶ **Cass County's** permanent resident population increased by nearly 26% in the 1990s, and then increased by more than 5% between 2000 and 2010. The 2020 Census tracked an increase of 5.2% over the most recent decade, matching the growth rate achieved in the 2000s.

## **Population Characteristics**

### **Group Quarters**

- ▶ The 2020 Census counted one person in **Backus** that was living in some type of “institutional” group quarters housing.
- ▶ The 2020 Census recorded one person in **Chickamaw Beach** in group quarters housing. This person was living in a non-institutional facility such as a group home.
- ▶ The 2020 Census counted nine people in **Hackensack** that were living in some type of “institutional” group quarters housing, such as a group home.
- ▶ The 2020 Census counted 67 people in **Pine River** that were living in some type of “group quarters” housing, down from 84 people in 2010. In 2020 there were 30 people in a nursing home, down from 77 people in 2010. There were 37 people in 2020 living in some form of non-institutional facility, such as a group home, up from 12 people in 2010.

### **Race/Ethnic Origin**

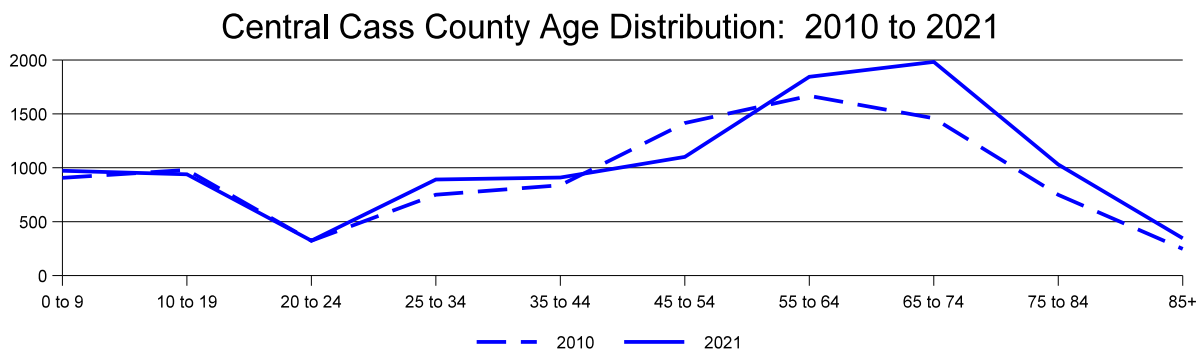
- ▶ In 2020, more than 91% of the residents of **Backus** listed their race as White. Less than 2.3% of the City’s residents were of Hispanic/Latino ethnic origin.
- ▶ In **Chickamaw Beach**, nearly 95% of the population was White according to the 2020 Census. Only one person in the City was of Hispanic/Latino ethnic origin.
- ▶ In 2020, more than 89% of the residents of **Hackensack** listed their race as White. Less than 2% of the City’s residents were of Hispanic/Latino ethnic origin.
- ▶ In 2020, nearly 92% of **Pine River’s** residents listed their race as White. Less than 2% of the City’s residents were of Hispanic/Latino ethnic origin.

## Central Cass County Population by Age: 2010 to 2021

The following table compares the population distribution in Central Cass County by age. The information from the 2010 Census is compared to estimates from Esri for 2021. Esri’s population estimate for 2021 was approximately 6% higher than the 2020 Census count, although, there is also a one-year time difference in the effective dates. However, in the opinion of the analysts the Esri estimates are probably too high but can be used to track the aging patterns of this portion of the County.

<b>Table 2 Persons by Age - 2010 to 2021</b>			
Age	Central Cass County		
	2010 Census	2021 Esri	Change
0-9	907	972	65
10-19	980	940	-40
20-24	323	324	1
25-34	750	891	141
35-44	838	910	72
45-54	1,415	1,101	-314
55-64	1,667	1,844	177
65-74	1,460	1,983	523
75-84	749	1,030	281
85+	247	346	99
<b>Total</b>	<b>9,336</b>	<b>10,341</b>	<b>1,005</b>

Source: U.S. Census; Esri



- ▶ Although some changes occurred in all of the defined age ranges in Central Cass County between 2010 and 2021, the largest growth generally occurred among senior citizens and near-seniors, as the number of people age 55 and older in this portion of the County is estimated to have increased by 1,080 people. While much of this pattern would reflect existing residents advancing through the aging cycle, it would also represent new people moving into this portion of the County in recent years.
- ▶ There were more limited changes in many of the younger age groups, although these estimates show an increase of more than 210 adults in the 20-year range between 25 and 44 years old. However, this was then offset by even larger losses in the 45 to 54 year old range. As a result, the Central portion of Cass County probably experienced no real growth in the number of adults between the ages of 20 and 54 years old.
- ▶ The population of children and young adults age 19 and younger probably changed very little since 2010, based on the Esri estimates.
- ▶ While growth occurred with all of the defined senior citizen age groups, the largest increase was due to younger seniors, in the age range between 65 and 74 years old.

## Population Projections

Two sets of population projections are provided to the year 2026. The first projections have been generated by Community Partners Research, Inc., and have been calculated from the annual growth trends that were present between 2010 and 2020, using the base information from the Census Bureau. The annualized growth rate has then been applied going forward to 2026.

The analysts have also reviewed demographic projections generated by Esri, Inc., a private data reporting service. These projections are for Central Cass County and for all of Cass County. They span the period from 2021 to 2026.

It is important to note that Esri created their 2021 estimates prior to the release of any 2020 Census data. Esri will make adjustments in their 2022 release based on the new Census benchmark, but these will not be available until 2022. The analysts have proceeded with the Esri projections, while recognizing that some minor changes may be needed within the base data.

<b>Table 3 Trend-based Population Projections Through 2026</b>			
	2020 Census	2026 Projection	Change 2020-2026
Backus	263	271	8
Chickamaw Beach	128	137	9
Hackensack	294	283	-11
Pine River	911	892	-19
Central Cass Co.	9,749	10,008	259
Cass County	30,066	31,013	947

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Applying the growth trends present between 2010 and 2020, a projection for the **City of Backus** would expect an increase of eight residents between 2020 and 2026.
- ▶ In the **City of Chickamaw Beach**, the addition of nine permanent residents would be projected. It should be noted that Chickamaw Beach has a fairly large inventory of seasonal/recreational use housing, and if more of these units are converted to year-round occupancy the City could easily exceed this projection.
- ▶ A trend-based projection for the **City of Hackensack** would expect a minor population reduction of 11 people going forward.

- ▶ A trend-based projection for the **City of Pine River** would expect a minor population reduction of 19 people by the year 2026.
- ▶ Most of the past population growth in **Central Cass County** has been due to the Townships. Going forward to the year 2026, a trend-based projection would anticipate growth of approximately 259 people in this portion of the County.
- ▶ A trend-based projection for all of **Cass County** would expect the addition of 947 people between 2020 and 2026, or an annual average of approximately 158 people in a typical year.

<b>Table 4 Esri Population Projections Through 2026</b>				
	2020 Population Census	2021 Estimate Esri	2026 Projection Esri	Change 2021-2026
Central Cass Co.	9,749	10,341	10,880	539
Cass County	30,066	32,243	34,133	1,890

Source: U.S. Census; Esri

- ▶ Based on the initial release of 2020 Census population counts, Esri appears to have overestimated the total population of **Central Cass County**. Without any adjustment for the one-year time difference in effective dates, the Esri 2021 estimate is approximately 6% higher than the 2020 Census.
- ▶ Esri is projecting future population growth for **Central Cass County** over the next five years. If reduced to an annual average, this portion of the County would be expected to add approximately 108 people per year. In the opinion of the analysts, this represents an optimistic expectation of population change in the near-future, but is within an achievable range. Central Cass County has a large number of seasonal/recreational use housing units. The conversion of some of these dwellings from seasonal use to permanent residency could occur over the next five years.
- ▶ Esri’s 2021 population estimate for **Cass County** was approximately 7.2% higher than the 2020 Census count, without any adjustment for the one-year time difference. Going forward, Esri is projecting that the County will add 1,890 people over the 5-year projection period, or approximately 378 people in an average year. Once again, this appears to be an optimistic expectation of population change in the near-future, but is within an achievable range, given the large volume of seasonal/recreational use housing that exists Countywide.

## Household Estimates and Trends

The following table displays the household count for the Cities and County as reported by the decennial Census back to the year 1990.

<b>Table 5 Household Trends - 1990 to 2020</b>							
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2020 Census	% Change 2010-2020
Backus	102	123	20.6%	112	-8.9%	114	1.8%
Chickamaw Beach	52	63	21.2%	58	-7.9%	55	-5.1%
Hackensack	117	132	12.8%	143	8.3%	151	5.6%
Pine River	354	438	23.7%	417	-4.8%	424	1.7%
Combined Twps	2,252	3,230	43.4%	3,450	6.8%	3,720	7.8%
Central Cass	2,877	3,986	38.5%	4,180	4.9%	4,464	6.8%
Cass County	8,302	10,893	31.2%	11,948	9.7%	12,614	5.6%

Source: U.S. Census

- ▶ The 2020 Census counted 114 resident households living in the **City of Backus**. When compared to the 2010 Census, the City had added two households over the decade, for an increase of 1.8%.
- ▶ The household level in **Backus** has fluctuated from decade to decade. In the 1990s the City added 21 households, for an annual average of approximately two households per year. However, between 2000 and 2010 the City had a decrease in households, with an average loss of approximately one household per year. Based on the 2020 Census, the number of households in City has remained relatively stable since 2010.
- ▶ The 2020 Census counted 55 households living in the **City of Chickamaw Beach**. When compared to the 2010 Census, the City had lost three households over the last decade, for a decrease of 5.1%. After adding some households in the 1990s, the City has seen a gradual decrease in the number of households since the year 2000.
- ▶ The 2020 Census counted 151 resident households living in the **City of Hackensack**. When compared to the 2010 Census, the City added 8 households over the last decade, for an increase of 5.6%.

- ▶ The household level in **Hackensack** has been growing gradually from decade to decade. In the 1990s the City added 15 households, for an annual average of approximately one to two households per year. Between 2000 and 2010 the City added 11 households or approximately one per year. Since 2010, average annual growth for the community has been just below one household per year.
- ▶ The 2020 Census counted 424 resident households living in the **City of Pine River**. When compared to the 2010 Census, the City added seven households over the last decade, for an increase of 1.7%.
- ▶ In the 1990s, **Pine River** added 84 households, or approximately eight to nine households in an average year. However, between 2000 and 2010, the City lost 21 households, or an average of approximately two fewer households per year. Since 2010, the County has added an average of less than one household per year.
- ▶ In the combined jurisdictions that form **Central Cass County**, there were 4,464 permanent resident households in 2020, up by 284 households from 2010. This portion of the County has continued to grow in recent decades, although the rate of growth since the year 2000 has been well below the level achieved in the 1990s.
- ▶ Similar to population growth presented earlier, the **Townships** in Central Cass County have been the primary location for household growth. From 2010 to 2020, the combined Townships added 270 households, while the combined Cities added 14 households.
- ▶ **Cass County** has been growing, with 12,614 households counted in the 2020 Census. Since 2010, the County added 666 households, for an increase of 5.6%. All of the regions of the County added households between 2010 and 2020, with a net gain of 284 households in **Central Cass County**, 185 households in **North Cass County** and 197 households in **South Cass County**.
- ▶ **Cass County** had been growing rapidly in the past. In the 1990s, the entire County added nearly 2,600 resident households, for an increase of more than 31%. Although the rate of growth slowed between 2000 and 2010, the County still added 1,055 households, for an increase of nearly 10%. The County's growth rate slowed even more between 2010 and 2020, with an increase of 666 households.



## Average Household Size

The following table provides U.S. Census information on average household size.

In most Minnesota communities, average household size has decreased in recent decades. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, fewer children per family, etc.

<b>Table 6 Average Number of Persons Per Household 1990 to 2020</b>				
	1990 Census	2000 Census	2010 Census	2020 Census
Backus	2.35	2.53	2.23	2.30
Chickamaw Beach	2.54	2.34	1.97	2.31
Hackensack	2.09	2.15	2.13	1.94
Pine River	1.97	2.06	2.06	1.99
Central Cass	2.45	2.31	2.21	2.16
Cass County	2.56	2.45	2.37	2.36

Source: U.S. Census

- ▶ **Backus** has moved counter to prevailing trends, as the City's average household size increased over the last decade, from 2.23 persons per household in 2010 to 2.30 persons in 2020. The average household size had also increased in the 1990s, but then did decline between 2000 and 2010. Despite the up and down movement over time, the average household size in Backus was smaller in 2020 than in 1990.
- ▶ The 2020 Census reported an average household size in **Chickamaw Beach** of 2.31 persons per household. After decreasing steadily in the 1990s and between 2000 and 2010, the City's average household size has rebounded and was only slightly below the Countywide average in 2020.
- ▶ Although **Hackensack** had an increase in its average household size between 1990 and 2000, the City's average has since been growing smaller, and has remained relatively small by comparative standards over recent decades. The 2020 Census reported an average household size of only 1.94 persons, well below the average size for all of Cass County.

- ▶ ***Pine River*** has not always followed the trend of smaller households over time, but this was largely due to the fact that the City's average household size has been comparatively small in recent decades, and was below 2.00 persons per household in 1990. The average did increase to 2.06 persons by 2000, and then remained stable through 2010. By 2020, the average household size had decreased to 1.99 persons, very similar to the average in 1990.
  
- ▶ The average household size for ***Central Cass County*** was 2.16 persons in 2020, well below the average for all of Cass County. This portion of the County has seen a gradual decrease in the number of people per household in recent decades.
  
- ▶ The 2020 Census reported that the average household size for ***Cass County*** was 2.36 people. The County's average household size has continued to decrease since 1990, but at a very slow rate, and was nearly unchanged over the past decade.

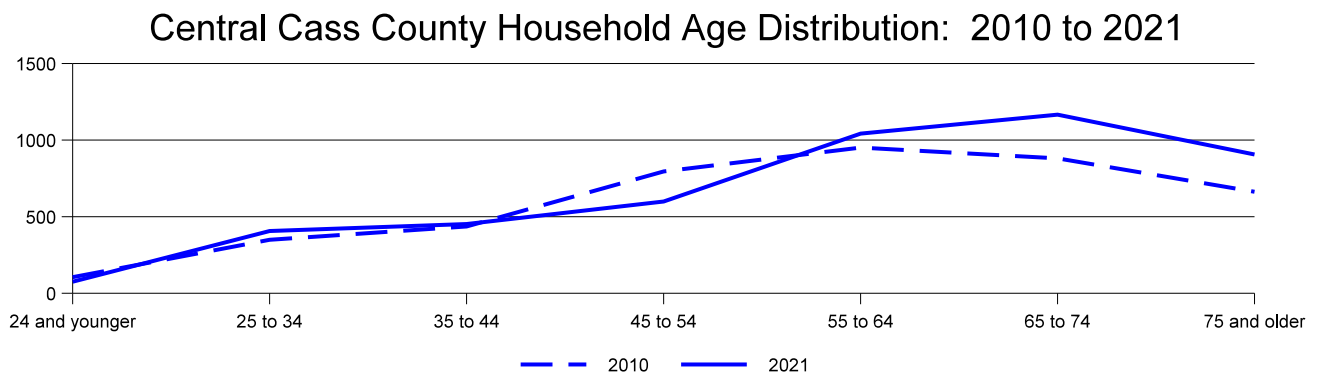
## Central Cass County Households by Age: 2010 to 2021

The following table compares household distribution patterns in Central Cass County by age. The information from the 2010 Census is compared to estimates from Esri for 2021.

Esri’s household estimate for 2021 was approximately 4% higher than the 2020 Census count, although there is also a one-year time difference in the effective dates. However, in the opinion of the analysts the Esri estimates are probably too high but can be used to track the aging patterns of this portion of the County.

<b>Table 7 Central Cass County Households by Age - 2010 to 2021</b>			
Age	Central Cass County		
	2010	2021	Change
Less than 25	105	75	-30
25-34	349	406	57
35-44	436	452	16
45-54	795	599	-196
55-64	951	1,042	91
65-74	881	1,166	285
75+	663	906	243
<b>Total</b>	<b>4,180</b>	<b>4,646</b>	<b>466</b>

Source: U.S. Census; Esri



- ▶ Although some changes occurred in all of the defined age ranges in Central Cass County between 2010 and 2021, the largest growth generally occurred among senior citizens and near-seniors, as the number of households age 55 and older in this portion of the County is estimated to have increased by 619 households. Much of this pattern would reflect existing resident households advancing through the aging cycle, but it would also represent new households moving into this portion of the County in recent years.
- ▶ There were more limited changes in many of the younger age groups, although these estimates show an increase of 73 households in the 20-year range between 25 and 44 years old. However, this was then offset by losses in the 45 to 54 year old range and in the 24 and younger group. As a result, Central Cass County probably experienced a reduction of more than 150 households in the age ranges 54 and younger.
- ▶ While growth occurred with all of the defined senior citizen age groups, the largest increase was due to younger seniors, in the age range between 65 and 74 years old.

## Household Projections

Two sets of household projections are provided to the year 2026. The first projections have been generated by Community Partners Research, Inc., and have been calculated from the annual growth trends that were present between 2010 and 2020, using the base information from the Census Bureau. The annualized growth rate has then been trended forward to 2026.

The analysts have also reviewed demographic projections generated by Esri, Inc., a private data reporting service. These projections are for Central Cass County and for all of Cass County. They span the period from 2021 to 2026.

It is important to note that Esri created their 2021 estimates prior to the release of any 2020 Census data. Esri will make adjustments in their 2022 release based on the new Census benchmark, but these will not be available until 2022. The analysts have proceeded with the Esri projections, while recognizing that some minor changes may be needed within the base data.

<b>Table 8 Trend-based Household Projections Through 2026</b>			
	2020 Census	2026 Projection	Change 2021-2026
Backus	114	115	1
Chickamaw Beach	55	53	-2
Hackensack	151	156	5
Pine River	424	428	4
Central Cass Co.	4,464	4,646	182
Cass County	12,614	13,036	422

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Applying the growth trends present between 2010 and 2020, a projection for the **City of Backus** would expect an increase of one additional household between 2020 and 2026. The City has been showing a larger increase in population, but recent household growth has been limited.
- ▶ In the **City of Chickamaw Beach**, the possible loss of two permanent resident households would be projected. It should be noted that Chickamaw Beach has a fairly large inventory of seasonal/recreational use housing, and if more of these units are converted to year-round occupancy the City could easily add some households.

- ▶ A trend-based projection for the **City of Hackensack** would expect the addition of five households going forward. The City’s population has not been growing due to a decrease in the number of people per household, but the City has experienced some household growth in recent years.
- ▶ A trend-based projection for the **City of Pine River** would expect a minor addition of four households by the year 2026. The City’s population has not been growing due to a decrease in the number of people per household, but the City has experienced some household growth in recent years.
- ▶ Most of the past household growth in **Central Cass County** has been due to the Townships. Going forward to the year 2026, a trend-based projection would anticipate growth of approximately 182 households in this portion of the County over the 6-year time period, or an annual average of approximately 30 households per year.
- ▶ A trend-based projection for all of **Cass County** would expect the addition of 422 households between 2020 and 2026, or an annual average of approximately 79 households in a typical year.

<b>Table 9 Esri Household Projections Through 2026</b>				
	2020 Population Census	2021 Estimate Esri	2026 Projection Esri	Change 2021-2026
Central Cass Co.	4,464	4,646	4,890	244
Cass County	12,614	13,520	14,321	801

Source: U.S. Census; Esri

- ▶ Based on the 2020 Census count, Esri’s 2021 estimate is somewhat high. Without adjustment for the one-year difference in effective dates, Esri’s total count for **Central Cass County** was approximately 4% higher than the Census. Going forward, Esri is projecting that this portion of the County will add 244 households over the next five years, or an annual average of approximately 49 households per year.
- ▶ In the opinion of the analysts, this represents an optimistic expectation of growth in the near-future, but is within an achievable range. **Central Cass County** has a large number of seasonal/recreational use housing units. The conversion of some of these dwellings from seasonal use to permanent residency could occur over the next five years.

- ▶ Esri's 2021 estimate for all of **Cass County** appears to have been too high. Without adjustment for the one-year difference in effective dates, Esri's total count for the County was approximately 7.2% higher than the Census. Going forward, Esri is projecting that the entire County will add 801 households over the next five years, or an annual average of approximately 160 households per year. Once again, this appears to be an optimistic expectation of change in the near-future, but is within an achievable range, given the large volume of seasonal/recreational use housing that exists Countywide.

## Households by Tenure

The 2020 Census has not yet released any information on home owner and renter status. The 2019 American Community Survey does provide an estimate of the tenure distribution patterns. In the following table, the 2019 estimates have been presented, along with the 2010 Census data for comparison.

Table 10 Households by Tenure - 2010 and 2019				
	2010 Census		2019 ACS	
	Percent Owned Units	Percent Rented Units	Percent Owned Units	Percent Rented Units
Backus	64.4%	35.6%	62.9%	37.1%
Chickamaw Beach	98.3%	1.7%	100%	0%
Hackensack	56.6%	43.3%	35.3%	64.7%
Pine River	48.7%	51.3%	39.3%	60.7%
Central Cass	85.2%	14.8%	83.0%	17.0%
Cass County	83.3%	16.7%	81.5%	18.5%

Source: U.S. Census; ACS

- ▶ At the time of the 2010 Census, more than 64% of all households in **Backus** were home owners, with nearly 36% renting their housing. Based on the American Community Survey estimate for 2019, the City's occupancy tenure pattern had changed very little over the decade, with nearly 63% home owners and 37% renters. After 2010, there is no indication that any new rental housing was constructed in Backus.
- ▶ In **Chickamaw Beach**, nearly all households were home owners in 2010, with only one renter occupancy household recorded by the Census. The American Community Survey estimate showed that all households owned their housing in 2019.
- ▶ In 2010, nearly 57% of all households in **Hackensack** were home owners, with more than 43% renting their housing. According to the American Community Survey estimate, the City's rental rate increased substantially, with nearly 65% of all households renting their housing by 2019. A large senior rental housing complex was constructed in Hackensack in 2007, but initially this project struggled with many vacancies. The growth of renter households in Hackensack after 2010 may be a reflection of improved occupancy in this 37-unit building.



- ▶ At the time of the 2010 Census, most households living in ***Pine River*** were renters, with a rental rate of more than 51%, compared to less than 49% home owners. The City's rental tenure rate then continued to increase over the decade, with 61% of all households renting their unit in 2019 with approximately 39% owning their housing. Very little new housing construction occurred in Pine River over the past decade and the increase in rental occupancy was probably due to tenure conversion, as houses that had previously been owner-occupied shifted to rental use.
- ▶ While some of the individual cities in ***Central Cass County*** have a high rental tenure rate, overall this portion of the County primarily offers home ownership opportunities. At the time of the 2010 Census, the home ownership rate was above 85% in this portion of the County. The 2019 American Community Survey estimate showed some decrease, but the home ownership rate was still estimated at 83%.

## Median Income Data

The 2020 Census did not collect income information, but the annual American Community Survey does contain median income estimates. The most recent estimates are for 2019. This can be compared to the data from 2010 to track changes over the decade. An estimate does not exist for the multiple jurisdictions that form Central Cass County, but an approximate estimate can be extrapolated from the income distribution data.

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

<b>Table 11 Median Income - 2010 to 2019</b>			
	2010 Median	2019 Median	% Change
Households			
Backus	\$29,250	\$40,804	39.5%
Chickamaw Beach	\$41,875	\$64,375	53.7%
Hackensack	\$22,500	\$25,662	14.1%
Pine River	\$29,125	\$31,990	9.8%
Central Cass*	\$38,624	\$49,438	28.0%
Cass County	\$42,445	\$52,204	23.0%
Minnesota	\$57,243	\$71,306	24.6%
Families			
Backus	\$31,875	\$40,682	27.6%
Chickamaw Beach	\$61,875	\$68,375	10.5%
Hackensack	\$44,375	\$40,000	-9.9%
Pine River	\$40,625	\$41,750	2.8%
Central Cass*	\$46,849	\$59,448	26.9%
Cass County	\$51,063	\$62,142	21.7%
Minnesota	\$71,307	\$89,842	26.0%

Source: American Community Survey

\* Extrapolated median

- ▶ The median household income in **Backus** for 2019 was estimated at \$40,804. Although the City's median household income had increased substantially between 2010 and 2019, it was well below the comparable household medians for the County and the State.
- ▶ The estimated median family income for **Backus** was \$40,682 in 2019, up by nearly 28% from 2010. In most communities, the median family income is higher than the median household income, as families often have more income-earners, but this was not the case in Backus as both medians were very similar. The City's median family income was also well below the comparable medians for Cass County and the State.
- ▶ Using the commonly accepted standard that 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household and median income family in **Backus** could afford approximately \$1,020 per month for ownership or rental housing in 2019.
- ▶ The median income levels in **Chickamaw Beach** were high by comparative standards. The City's 2019 median household income of \$64,375, and median family income of \$68,375 were the highest of any of the cities in Central Cass County and were well above the comparable Countywide medians.
- ▶ If 30% of gross income was applied to housing expenses, a median income household and median income family in **Chickamaw Beach** could afford approximately \$1,610 or more per month for ownership or rental housing in 2019.
- ▶ The median household income in **Hackensack** for 2019 was estimated at \$25,662. Although the City's median household income had increased between 2010 and 2019, it was still well below the comparable household medians for the County and the State in 2019.
- ▶ The estimated median family income for **Hackensack** was \$40,000 in 2019, down by nearly 10% from 2010. The City's median family income was also well below the comparable medians for Cass County and the State.
- ▶ If 30% of gross income was applied to housing expenses, a median income household in **Hackensack** could afford approximately \$642 per month for ownership or rental housing in 2019, and a median income family could apply approximately \$1,000.

- ▶ The median household income in ***Pine River*** for 2019 was estimated at \$31,990. This median had increased by less than 10% from 2010 and was more than \$20,000 less than the median household income for Cass County.
- ▶ The estimated median family income for ***Pine River*** was \$41,750 in 2019, up by less than 3% from the 2010 estimate. The median income for families in Pine River was more than \$20,000 lower than for all of Cass County.
- ▶ If 30% of gross income was applied to housing expenses, a median income household in ***Pine River*** could afford approximately \$800 per month for ownership or rental housing in 2019, and a median income family could afford \$1,044 per month.
- ▶ The median income levels in ***Central Cass County*** were \$49,438 for households and \$59,448 for families. Both medians had increased significantly when compared to 2010, but remained well below the comparable medians for all of Cass County.
- ▶ The median income levels in ***Cass County*** were \$52,204 for households and \$62,142 for families. Both medians had increased significantly when compared to 2010, but remained well below the comparable Statewide medians.

## Household Income Distribution in Backus

The 2019 American Community Survey also contains household income distribution estimates. This information is available by ownership or renter status. Based on the 2020 Census, the American Community Survey overestimated the number of households living in Backus in 2019, but the relative distribution of income is assumed to be generally accurate.

<b>Table 12 Backus Estimated Household Distribution - 2019</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	12	10	22
\$15,000 - \$24,999	11	4	15
\$25,000 - \$34,999	10	0	10
\$35,000 - \$49,999	26	26	52
\$50,000 - \$74,999	14	4	18
\$75,000 - \$99,999	5	5	10
\$100,000+	12	4	16
Total	90	53	143

Source: ACS

- ▶ Most home owners in **Backus** were in the low to moderate income ranges. Overall, nearly 66% of all owners had an income below \$50,000 in 2019. The estimated median income level for all home owners in the City was only \$41,667.
- ▶ The estimates showed that most renter households in **Backus** were in the moderate to higher income ranges in 2019, with most renters having an annual income of \$35,000 or more. The estimated median income for renter households was \$40,568, only slightly below the median income for home owners in the City. While this may be accurate, the limited number of surveyed households in Backus may have resulted in an overly high estimate of renter household income levels.

## Household Income Distribution in Chickamaw Beach

The 2019 American Community Survey contains household income distribution estimates. This information is available by ownership or renter status, but according to the 2019 estimates there were no renter households in the City. Based on the 2020 Census, the American Community Survey was relatively accurate in estimating the number of households living in the City in 2019, and the distribution of income is assumed to be generally accurate.

<b>Table 13 Chickamaw Beach Estimated Household Distribution - 2019</b>	
Household Income	Total Households
\$0 - \$14,999	6
\$15,000 - \$24,999	2
\$25,000 - \$34,999	8
\$35,000 - \$49,999	5
\$50,000 - \$74,999	20
\$75,000 - \$99,999	4
\$100,000+	8
Total	53

Source: ACS

- ▶ Most households in **Chickamaw Beach** were in the moderate to higher income ranges. Overall, more than 60% of all households had an income of \$50,000 or more in 2019.
- ▶ At the time of the 2010 Census, **Chickamaw Beach** had only one renter-occupancy household. The 2019 American Community Survey estimates showed no renter households living in the City.

## Household Income Distribution in Hackensack

The 2019 American Community Survey contains household income distribution estimates. This information is available by ownership or renter status. Based on the 2020 Census, the American Community Survey was relatively accurate in estimating the number of households living in the City in 2019, and the distribution of income is assumed to be generally accurate.

<b>Table 14 Hackensack Estimated Household Distribution - 2019</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	18	40	58
\$15,000 - \$24,999	4	17	21
\$25,000 - \$34,999	10	4	14
\$35,000 - \$49,999	24	2	26
\$50,000 - \$74,999	17	1	18
\$75,000 - \$99,999	6	7	13
\$100,000+	4	0	4
Total	83	71	154

Source: ACS

- ▶ Most home owners in **Hackensack** were in the low to moderate income ranges. Overall, approximately 67% of all owners had an income below \$50,000 in 2019. The estimated median income level for all home owners in the City was only \$41,250.
- ▶ The estimates showed that most renter households in **Hackensack** were in the lower income ranges in 2019, with more than 80% of renters having an annual income below \$25,000. The estimated median income for renter households was \$13,393.

## Household Income Distribution in Pine River

The 2019 American Community Survey contains household income distribution estimates. This information is available by ownership or renter status. Based on the 2020 Census, the American Community Survey was relatively accurate in estimating the number of households living in the City in 2019, and the distribution of income is assumed to be generally accurate.

<b>Table 15 Pine River Estimated Household Distribution - 2019</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	8	43	51
\$15,000 - \$24,999	37	58	95
\$25,000 - \$34,999	16	65	81
\$35,000 - \$49,999	32	46	78
\$50,000 - \$74,999	42	41	83
\$75,000 - \$99,999	22	0	22
\$100,000+	11	7	18
Total	168	260	428

Source: ACS

- ▶ Most home owners in **Pine River** were in the low to moderate income ranges in 2019. Overall, approximately 55% of all owners had an income below \$50,000. The estimated median income level for all home owners in the City was \$43,269.
- ▶ Most renter households in **Pine River** were in the lower income ranges in 2019, with nearly 64% having an annual income below \$35,000. The estimated median income level for all renters in the City was \$30,543.



## Income and Housing Costs - Renters

In addition to collecting income data, the Census Bureau also collected information on housing costs as part of the American Community Survey. The following table provides data on the number of renter households in Pine River that are paying different percentages of their gross household income for housing costs.

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 “cost burden”.

<b>Table 16 Gross Rent as a Percentage of Household Income - 2019</b>			
	Number of Renter Households	Renter Households with Cost Burden	Percent of All Renters Households
Backus	53	22	41.5%
Chickamaw Beach	0	-	-
Hackensack	108	65	60.2%
Pine River	260	92	35.4%

Source: American Community Survey

- ▶ The American Community Survey did not compute a housing cost estimate for approximately 30% of renter households in **Backus**. For the households that were computed, many reported a housing cost burden with 30% or more of income required for rent. A large majority of these households were actually paying 35% or more each month to housing costs.
- ▶ The American Community Survey did not show any renter households in **Chickamaw Beach** in 2019.
- ▶ The American Community Survey reported that most renter households in **Hackensack** had a housing cost burden in 2019. Overall, more than 60% of renters were applying 30% or more of income for rent. Most of these households were actually paying 35% or more each month to housing costs.
- ▶ Although a majority of the renter households did not have a housing cost burden in 2019, more than 35% of renters in **Pine River** were paying 30% or more of their income. Most of the cost-burdened households were actually paying 35% or more each month to housing costs.

## Income and Housing Costs - Owners

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 that are paying different percentages of their gross household income for housing costs.

It is important to note that mortgage lending practices generally attempt to keep housing costs at or below 30% of household income, but some households still have an ownership housing cost burden.

<b>Table 17 Ownership Costs as a Percentage of Income - 2019</b>			
	Number of Owner Households	Owner Households with Cost Burden	Percent of All Owner Households
Backus	90	31	34.4%
Chickamaw Beach	53	11	20.8%
Hackensack	59	16	27.1%
Pine River	168	39	23.2%

Source: American Community Survey

- ▶ A majority of owner-occupants in **Backus**, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, more than 34% of home owners reported that they paid 30% or more of their income for housing.
- ▶ A majority of owner-occupants in **Chickamaw Beach** reported paying less than 30% of their income for housing. However, nearly 21% of home owners reported that they paid 30% or more of their income for housing.
- ▶ A majority of owner-occupants in **Hackensack** reported paying less than 30% of their income for housing. However, more than 27% of home owners reported that they paid 30% or more of their income for housing.
- ▶ A majority of owner-occupants in **Pine River** reported paying less than 30% of their income for housing. However, more than 23% of home owners reported that they paid 30% or more of their income for housing.
- ▶ In each of these communities, most of the households reporting a cost burden had an annual income below \$50,000 in 2019.

## **Existing Housing Data**

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## Building Permit Trends: Backus

The following table identifies new housing units that have been issued a building permit since the year 2010.

<b>Table 18 Backus Housing Construction Activity: 2010 to 2020</b>			
Year	Single Family	Multifamily	Total Units Permitted
2020	1	0	1
2019	2	0	2
2018	1	0	1
2017	1	0	1
2016	1	0	1
2015	1	0	1
2014	0	0	0
2013	1	0	1
2012	0	0	0
2011	0	0	0
2010	1	0	1
<b>TOTAL</b>	<b>9</b>	<b>0</b>	<b>9</b>

Source: City of Backus; Census Bureau

Based on available reporting, there have been nine single family housing units constructed in Backus over the 11-year period spanning 2010 to 2020.

No multifamily unit construction could be identified in the City based on the records that were reviewed.

## **Building Permit Trends: Chickamaw Beach**

For some individual years since 2010, the City of Chickamaw Beach has submitted annual building permit reports to the U.S. Census Bureau, however, no actual units were reported in these years. Interviews with City staff indicated that no housing units have been permitted since 2010.

## Building Permit Trends: Hackensack

The following table identifies new housing units that have been issued a building permit since the year 2010.

<b>Table 19 Hackensack Housing Construction Activity: 2010 to 2020</b>			
Year	Single Family	Multifamily	Total Units Permitted
2020	2	0	2
2019	0	0	0
2018	0	0	0
2017	1	0	1
2016	1	0	1
2015	0	0	0
2014	1	0	1
2013	0	0	0
2012	0	0	0
2011	0	0	0
2010	1	0	1
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>6</b>

Source: City of Hackensack; Census Bureau

Based on available reporting, there have been six single family housing units constructed in Hackensack over the 11-year period spanning 2010 to 2020.

## Building Permit Trends: Pine River

The following table identifies new housing units that have been issued a building permit since the year 2010.

<b>Table 20 Pine River Housing Construction Activity: 2010 to 2020</b>			
Year	Single Family	Multifamily	Total Units Permitted
2020	1	0	1
2019	5	0	0
2018	0	0	0
2017	1	0	2
2016	0	0	0
2015	0	0	2
2014	0	0	1
2013	0	0	1
2012	1	0	0
2011	0	0	1
2010	0	0	0
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>8</b>

Source: City of Pine River; Census Bureau

Based on available reporting, there have been eight single family housing units constructed in Pine River over the 11-year period spanning 2010 to 2020.

The construction of new housing units in Pine River is very well-matched to the City's household growth, as seven occupied housing units were added between 2010 and 2020.

## 2020 Census Housing Unit Data: Backus

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

<b>Table 21 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Backus	183	181	-2	112	114	2	71	67	-4

Source: U.S. Census

- ▶ According to the Census, Backus had a reduction of two housing units between 2010 and 2020.
- ▶ Over the decade the City did add two occupied housing units. There were four fewer vacant units in 2020.
- ▶ Earlier in this section, information about residential permit issuance was provided. Based on available reports, there were nine single family houses permitted in Backus between 2010 and 2020. One of these was issued a permit in 2020 and presumably would not have been counted at the time of the Census in April. However, as many as eight new houses may have been constructed over the decade. The Census reconciliation showing a net loss of two housing units in the City between 2010 and 2020 indicates that older housing was lost at a faster rate than new construction. It is also possible that some of the new houses built in Backus involved the replacement of an existing home, as may occur on waterfront parcels.



## 2020 Census Housing Unit Data: Chickamaw Beach

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

<b>Table 22 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Chickamaw Beach	111	109	-2	58	55	-3	53	54	1

Source: U.S. Census

- ▶ The Census reported that **Chickamaw Beach** had a reduction of two housing units between 2010 and 2020.
- ▶ The City lost three occupied housing units over the decade and there was one additional vacant unit in the City in 2020.
- ▶ Over the decade the City did not report any building permit issuance to the Census Bureau.

## 2020 Census Housing Unit Data: Hackensack

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

<b>Table 23 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Hackensack	194	188	-6	143	151	8	51	37	-14

Source: U.S. Census

- ▶ According to the Census, Hackensack had a reduction of six housing units between 2010 and 2020.
- ▶ Over the decade the City added eight occupied housing units and there were 14 fewer vacant units in the City in 2020.
- ▶ Earlier in this section, information about residential permit issuance was provided. Based on available reports, there were six single family houses permitted in Hackensack between 2010 and 2020. Two of these were issued a permit in 2020 and presumably would not have been counted at the time of the Census in April. However, as many as four new houses may have been constructed over the decade. The Census reconciliation showing a net loss of six housing units in the City over the decade indicates that older housing was lost at a faster rate than new construction. It is also possible that some of the new houses built in Hackensack involved the replacement of an existing home, as may occur on water front parcels.

## 2020 Census Housing Unit Data: Pine River

The first housing counts released from the 2020 Census included information on occupancy and vacancy. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

<b>Table 24 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Pine River	457	481	24	417	424	7	40	57	17

Source: U.S. Census

- ▶ According to the Census, Pine River added 24 housing units to the local inventory between 2010 and 2020.
- ▶ Over the decade the City added 7 occupied housing units and added 17 vacant units by 2020.
- ▶ Earlier in this section, information about residential permit issuance was provided. Based on available reports, there were 8 new housing units permitted in Pine River between 2010 and 2020. The growth in the housing stock according to Census records exceeded the known construction of housing in the City. However, most of the additional units as tracked by the Census were vacant in 2020. Some of this may have been seasonal/recreational housing not used by permanent residents.

## **Housing Stock Characteristics: Backus**

### **Age of Housing**

The American Community Survey includes an estimate of the age of the housing stock.

For owner-occupancy units in Backus, the estimated median year of construction is 1964. Approximately 47% of the owner-occupancy stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1974. Nearly 23% of the rental inventory was constructed prior to 1960.

### **Units in Structure**

According to the American Community Survey, the large majority of housing options in the City exist in one unit structures. Overall, including both permanent resident and seasonal use housing, nearly 77% of the inventory exists in one unit structures, primarily detached single family homes.

If mobile homes are added to other single family units, nearly 92% of the City's housing stock is in one unit structures.

Only 5% of the City's housing options were in multifamily structures with five or more units in 2019.

### **Seasonal/Recreational Housing**

The American Community Survey estimated that at least 47 units in Backus were used as seasonal/recreational housing in 2019. This represented approximately 23% of all housing units in the City.

## **Housing Stock Characteristics: Chickamaw Beach**

### **Age of Housing**

The American Community Survey includes an estimate of the age of the housing stock. For owner-occupancy units, the estimated median year of construction is as follows:

For owner-occupancy units in Chickamaw Beach, the estimated median year of construction is 1976.

The City had no rental housing units in 2019 and no estimated median year of construction was provided.

### **Units in Structure**

According to the American Community Survey, nearly all of the housing options in Chickamaw Beach are in one unit structures.

### **Seasonal/Recreational Housing**

The American Community Survey estimated that Chickamaw Beach had at least 53 units that were used as seasonal/recreational housing in 2019. This represented approximately 49% of all housing units in the City.

## **Housing Stock Characteristics: Hackensack**

### **Age of Housing**

The American Community Survey includes an estimate of the age of the housing stock.

For owner-occupancy units in Hackensack, the estimated median year of construction is 1971. Nearly 34% of the owner-occupancy stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1978. Approximately 14% of the rental inventory was constructed prior to 1960.

### **Units in Structure**

According to the American Community Survey, the majority of housing options in the City exist in one unit structures. Overall, including both permanent resident and seasonal use housing, nearly 61% of the inventory exists in one unit structures, primarily detached single family homes and mobile homes.

Approximately 29% of the City's housing options were in multifamily structures with five or more units in 2019. The remaining housing was in structures with two to four units.

### **Seasonal/Recreational Housing**

The American Community Survey estimated that at least 50 units in Hackensack were used as seasonal/recreational housing in 2019. This represented approximately 23% of all housing units in the City.

## **Housing Stock Characteristics: Pine River**

### **Age of Housing**

The American Community Survey includes an estimate of the age of the housing stock.

For owner-occupancy units in Pine River, the estimated median year of construction is 1965. Approximately 48% of the owner-occupancy stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1980. Approximately 22% of the rental inventory was constructed prior to 1960.

### **Units in Structure**

According to the American Community Survey, the City of Pine River has a wide range of housing types. Overall, including both permanent resident and seasonal use housing, nearly 61% of the inventory exists in one unit structures, primarily detached single family homes and mobile homes.

However, the City also has multifamily housing options. Nearly 32% of the units in Pine River were in multifamily structures with five or more units in 2019. The remaining housing options were in structures with two to four units.

### **Seasonal/Recreational Housing**

The American Community Survey estimated that at least 40 units in Pine River were used as seasonal/recreational housing in 2019. This represented approximately 8% of all housing units in the City.

## Recent Home Sales: Backus

The Cass County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for sales years 2020 and 2021. The Assessor's sales year ends on October 31<sup>st</sup> each calendar year, so 2021 does not represent a full 12-month sales period.

For each year, only "qualified" sales were analyzed. 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.

In some of the Cities in Cass County, a range of residential properties may be sold, including seasonal/recreation homes, hunting properties, and lake shore parcels. The analysis that follows did not include seasonal/recreational homes or hunting properties. Lake shore parcels were included if identified as a single family home. In some communities, town house sales were included, but condominium sales were not used.

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.

In many of the communities, including Backus, only a limited number of good sales were recorded over the time period reviewed, and the houses that were sold may not be representative of overall home values in the City. The sales price used is an "adjusted" value, based on the removal of personal property and other seller concessions in the transaction.

Table 25 Values of Recent Residential Sales in Backus				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2020/21*	2	-	\$569,300	\$316,707

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

\*2021 is partial-year

- ▶ Only two good home sales were recorded in Backus, based on County records. Both of these were higher-priced sales. Both of these houses were lake shore properties.
- ▶ With few recent sales in Backus, a better home value estimate is available from the 2019 American Community Survey. ***This source places the midpoint owner-occupied house value at \$94,300.***



## Recent Home Sales: Chickamaw Beach

The Cass County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for sales years 2020 and 2021. The Assessor's sales year ends on October 31<sup>st</sup> each calendar year, so 2021 does not represent a full 12-month sales period.

For each year, only "qualified" sales were analyzed. 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.

In some of the Cities in Cass County, a range of residential properties may be sold, including seasonal/recreation homes, hunting properties, and lake shore parcels. The analysis that follows did not include seasonal/recreational homes or hunting properties. Lake shore parcels were included if identified as a single family home. In some communities, town house sales were included, but condominium sales were not used.

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.

In many of the communities, including Chickamaw Beach, only a limited number of good sales were recorded over the time period reviewed, and the houses that were sold may not be representative of overall home values in the City. The sales price used is an "adjusted" value, based on the removal of personal property and other seller concessions in the transaction.

**Table 26 Values of Recent Residential Sales in Chickamaw Beach**

Year	Number of Sales	Median Price	Highest Price	Lowest Price
2020/21*	2	-	\$300,000	\$262,700

Source: Cass County Assessor; Community Partners Research, Inc. \*2021 is partial-year

- ▶ Only two good home sales were recorded in Chickamaw Beach, based on County records. Both of these were higher valued sales, at \$262,700 and \$300,00, but neither appeared to be a lake shore property.
- ▶ An alternate home value estimate is available from the 2019 American Community Survey. ***This source places the midpoint owner-occupied house value at \$201,800.***

## Recent Home Sales: Hackensack

The Cass County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for sales years 2020 and 2021. The Assessor's sales year ends on October 31<sup>st</sup> each calendar year, so 2021 does not represent a full 12-month sales period.

For each year, only "qualified" sales were analyzed. 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. These are also referred to as good sales.

In some of the Cities in Cass County, a range of residential properties may be sold, including seasonal/recreation homes, hunting properties, and lake shore parcels. The analysis that follows did not include seasonal/recreational homes or hunting properties. Lake shore parcels were included if identified as a single family home. In some communities, town house sales were recorded and have been included in this analysis, but condominium sales were not used.

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.

In many of the communities, including Hackensack, only a limited number of good sales were recorded over the time period reviewed, and the houses that were sold may not be representative of overall home values in the City. The sales price used is an "adjusted" value, based on the removal of personal property and other seller concessions in the transaction.

<b>Table 27 Values of Recent Residential Sales in Hackensack</b>				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2020/21*	1	\$155,000	-	-

Source: Cass County Assessor; Community Partners Research, Inc. \*2021 is partial-year

- ▶ There was only one home sale recorded in Hackensack during the time period reviewed. This house sold for \$155,000.
- ▶ An alternate home value estimate is available from the 2019 American Community Survey. ***This source places the midpoint owner-occupied house value at \$108,000.***

## Recent Home Sales: Pine River

The Cass County Assessor's Office maintains annual residential sales records. For the following analysis, sales were reviewed for sales years 2020 and 2021. The Assessor's sales year ends on October 31<sup>st</sup> each calendar year, so 2021 does not represent a full 12-month sales period.

For each year, only "qualified" sales were analyzed. 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. These are also referred to as good sales.

In some of the Cities in Cass County, a range of residential properties may be sold, including seasonal/recreation homes, hunting properties, and lake shore parcels. The analysis that follows did not include seasonal/recreational homes or hunting properties. Lake shore parcels were included if identified as a single family home. In some communities, town house sales were recorded and have been included in this analysis, but condominium sales were not used.

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.

In many of the communities, including Pine River, only a limited number of good sales were recorded over the time period reviewed, and the houses that were sold may not be representative of overall home values in the City. The sales price used is an "adjusted" value, based on the removal of personal property and other seller concessions in the transaction.

<b>Table 28 Values of Recent Residential Sales in Pine River</b>				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2020/21*	12	\$121,400	\$1,496,000	\$32,000

Source: Cass County Assessor; Community Partners Research, Inc. \*2021 is partial-year

- ▶ There were 12 good home sales recorded in Pine River during the time period reviewed. The median price was \$121,400. The City did have a home that sold for more than \$1,000,000 in 2020. It was not identified as a lake shore property, but was the only recorded sale in Pine River for more than \$300,000.
- ▶ An alternate home value estimate is available from the 2019 American Community Survey. This source places the midpoint owner-occupied house value at \$96,700.

## Housing Condition Analysis: Backus

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 149 single family/duplex structures in the City of Backus. Houses that appeared to contain three or more units were not rated.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition was assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest condition rating given and these houses are generally considered to be beyond the point of economically feasible repair.

Major Repair houses need multiple major improvements such as roof, windows, siding, 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 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.

<b>Table 29 Backus Windshield Survey Results - 2021</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Backus	50 / 33.6%	60 / 40.3%	26 / 17.4%	13 / 8.7%	149

Source: Community Partners Research, Inc.

- ▶ Most of the houses in Backus are in good condition, with nearly 34% rated as Sound and 40% rated in the Minor Repair category.
- ▶ There were 26 houses that were rated as needing Major Repair. These structures will require a significant investment to be returned to standard condition.
- ▶ There were 13 houses rated as Dilapidated, the lowest rating used. These houses may be beyond the point of economically feasible repair.

## Mobile Homes

There were also eight mobile homes in Backus that were viewed and rated. The same rating condition scale was used.

**Table 30 Backus Mobile Home Windshield Survey Results - 2021**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Backus	1 / 12.5%	3 / 37.5%	2 / 25.0%	2 / 25.0%	8

Source: Community Partners Research, Inc.

- ▶ Only one mobile home in Backus was rated as Sound, the highest rating given. Three mobile homes were in the Minor Repair category.
- ▶ There were two mobile homes rated as needing Major Repair, and two units were viewed as Dilapidated.
- ▶ Although it may be possible to rehabilitate mobile homes, it is often difficult to substantially improve older units in a cost-effective manner.

## **Housing Condition Analysis: Chickamaw Beach**

No visual housing conditions survey was completed in Chickamaw Beach. The City contains a large number of lake shore homes, including many units intended for seasonal/recreational use. Home values are high in the community, and few units in poor condition are believed to exist.

## Housing Condition Analysis: Hackensack

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 119 single family/duplex structures in Hackensack. Houses that appeared to contain three or more units were not rated.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition was assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest condition rating given and these houses are generally considered to be beyond the point of economically feasible repair.

Major Repair houses need multiple major improvements such as roof, windows, siding, 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 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.

<b>Table 31 Hackensack Windshield Survey Results - 2021</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Hackensack	60 / 50.4%	41 / 34.5%	13 / 10.9%	5 / 4.2%	119

Source: Community Partners Research, Inc.

- ▶ Most of the houses in Hackensack are in good condition, with more than 50% rated as Sound, the best condition category, and nearly 35% rated as needing only Minor Repair.
- ▶ There were 13 houses that were rated as needing Major Repair. These structures will require a significant investment to be returned to standard condition. Five houses were rated as Dilapidated, the lowest rating used. These houses may be beyond the point of economically feasible repair.

## Housing Condition Analysis: Pine River

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 251 single family/duplex structures in Pine River. Houses that appeared to contain three or more units were not rated.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition was assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated was the lowest condition rating given and these houses are generally considered to be beyond the point of economically feasible repair.

Major Repair houses need multiple major improvements such as roof, windows, siding, 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 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.

<b>Table 32 Pine River Windshield Survey Results - 2021</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Pine River	92 / 36.7%	115 / 45.8%	40 / 15.9%	4 / 1.6%	251

Source: Community Partners Research, Inc.

- ▶ Most of the houses in Pine River are in good condition, with nearly 37% rated as Sound and nearly 46% rated as needing only Minor Repair.
- ▶ However, there were 40 houses citywide that were rated as needing Major Repair. These structures will require a significant investment to be returned to standard condition. Four houses were rated as Dilapidated, the lowest rating used. These houses may be beyond the point of economically feasible repair.
- ▶ Only a few mobile homes were identified in Pine River and these structures were not rated.



## **Rental Housing Data**

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## **Rental Housing Inventory: Backus**

### **Census Rental Inventory**

At the time of the 2010 Census, the City of Backus had 40 occupied rental units. The City also had two unoccupied units, for a total rental housing inventory of 42 units. The City's rental tenure rate was relatively high at 35.7% in 2010, compared to 64.3% for home ownership.

The 2020 Census will not release new information about housing tenure until some time in 2022. However, tenure estimates do exist in the American Community Survey data for 2019. According to this source, there were 53 renter-occupancy households living in Backus and no vacant rental units in the City. The rental tenure rate was estimated at 37.1% in 2019.

Based on the American Community Survey, Backus did add 13 renter households and 11 rental housing units between 2010 and 2019. As a result, the City's rental tenure rate increased slightly while the home ownership rate decreased.

Between 2010 and 2020, no new multifamily rental development projects were constructed in Backus. The last identified expansion of multifamily rental housing in City may have occurred in 2001 when the 4-unit Backus Townhomes project was built by the City as publicly-owned market rate housing.

The growth in the City's rental housing inventory would be attributed to tenure conversion, as housing units that had been owner-occupied in 2010 had switched to rental use by 2019.

### **Pending Projects**

We are not aware of any rental projects in Backus that are in the construction or planning phase.

## **Rental Housing Survey**

As part of this Housing Study, a telephone survey was conducted in October 2021. The survey attempted to contact multifamily rental projects in the City that contain four or more units. For purposes of new unit construction, it is assumed that most future development would be oriented toward multifamily projects with four or more units.

The telephone survey was successful in contacting nearly all of the multifamily projects that could be identified in Backus. In addition, two rental houses owned by the Cass County HRA were also surveyed. Usable information was collected from:

- ▶ 6 conventional market rate units
- ▶ 12 subsidized units for general occupancy

The rental survey was able to obtain information from 18 rental housing units in Backus, or approximately 34% of the City's estimated rental inventory in 2021.

There is also a small assisted living facility in Backus with capacity for 10 residents. Repeated attempts to contact this project were not successful. Based on the 2020 Census reports, it appears that this assisted living project may have been classified as rental housing, since the City did not have a significant "group quarters" population in 2020.

The findings of the survey are presented by market segment on the following pages.

## **Market Rate Rental Summary**

There was only one conventional market rate multifamily rental project identified in Backus. The Cass County HRA also has two houses that are offered as market rate rental housing. In total, usable information was obtained from six market rate rental units.

According to the American Community Survey, most of the conventional market rate housing in Backus exists in single family units, primarily rental houses and mobile homes. This rental stock can vary greatly in age, condition, size and amenities. No single family rental units were surveyed, other than those owned by the HRA.

### **Unit Mix**

There were six units contacted, and five were two-bedroom units and one was a three-bedroom house.

### **Occupancy/Vacancy**

On the date of the survey, all six units were occupied and good demand was reported.

### **Rental Rates**

The monthly gross rents ranged from approximately \$650 to \$850 per month for a two-bedroom unit, with the inclusion of tenant-paid utilities.

The American Community Survey contained an estimate of the median gross rent being charged in Backus in 2019. This placed the midpoint rent level at \$808 per month for all types of rental units in the City.

## **Subsidized Summary**

Backus has one federally subsidized rental project serving low and very low income households. Pine Mountain Apartments is a 12-unit HUD Public Housing project. It was originally designed with eight units intended as general occupancy housing and four units designated for senior/disabled tenant occupancy. A later HUD rule change made all units available as general occupancy housing, although a preference may be offered for senior/disabled applicants.

### **Unit Mix**

▶ One-bedroom	4 units (33.3%)
▶ Two-bedroom	5 units (41.7%)
▶ Three-bedroom	<u>3 units</u> (25.0%)
Total	12 units

### **Occupancy/Vacancy**

At the time of the rental survey there was a high rate of occupancy reported, and a waiting list exists for occupancy.

### **Rental Rates**

All of the tenants in Pine Mountain Apartments have access to project-based rent subsidy allowing rent based on 30% of household income.

### **Subsidized Housing Gains/Loses**

Most of the subsidized housing in Minnesota was constructed in the 1960s through 1990s, when the federal government was active in developing very affordable housing. Some of the projects had contracts or development agreements that required compliance for a specified number of years. In some communities, subsidized housing has been lost over time, as projects were able to convert to conventional market rate housing.

No projects in Backus have been converted to market rate housing. The City's only project, Pine Mountain Apartments, is publicly-owned and not at risk of ending its subsidy contract.

The Minnesota Housing Finance Agency maintains an "opt-out log" of subsidized projects that may be leaving their subsidy program. A review of this information did not show any projects in Cass County that are in the process of ending their subsidy contract.

## **Tenant-Based Rent Assistance Vouchers**

In addition to the rental housing with project-based subsidies, renter households in Backus can also access HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional amounts.

The Voucher program in Cass County is administered by the Cass County Housing and Redevelopment Authority (HRA). The program is available in both Cass and Hubbard Counties.

When contacted in October 2021, there were 75 Vouchers issued in the two-county program. In Cass County there were there were 35 households with Vouchers. The Voucher program has the authority to issue more than 75 Vouchers, but is limited by the program budget.

There were five Vouchers being used in Backus in late 2021. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

When the tenant-based Vouchers are combined with the project-based housing, there are as many as 17 households with access to some form of subsidized housing in Backus. This probably represents between 30% and 35% of all renter households in the City in 2021.

The County's Voucher program maintains a waiting list for assistance in 2021, although specific information on waiting list households was not obtained. Households on the waiting list may be currently living in Cass, Hubbard or other Counties.

## **Senior Housing with Services**

Specialized senior housing offering services is licensed by the State of Minnesota. The following project in Backus was identified using the MN Department of Health website and was contacted as part of the telephone survey.

### **Assisted Living**

There is one licensed provider of assisted living in Backus. Dignity and Grace is licensed for 10 assisted living residents. Repeated attempts to contact this property for more information were not successful.

## **Senior Housing Options in Central Cass County**

In addition to the specialized senior housing options in Backus there are other cities in Central Cass County with options.

Good Samaritan Pine River is the only skilled nursing home facility in this portion of the County. The Good Samaritan complex also includes both assisted living and lighter services senior housing in Riverside Assisted Living and Riverside Senior Living. There are 33 licensed nursing home beds, approximately 26 assisted living units, and 34 lighter services rental units in Pine River.

There are additional assisted living options in Hackensack. Birchview Gardens is a 37-units apartment-style project that is licensed for 41-resident capacity. However, this project can provide flexible levels of care, and it is believed that some residents are receiving lower levels of care. This information was not disclosed by the facility to the rental survey.

Birchview Gardens is also classified as providing assisted living with dementia care, and was the only identified memory care housing provider in Central Cass County. No specific information was available on the use of units for this specialized form of housing.

**Table 33 Backus Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate Rental Housing</b>					
Backus Town Homes	<u>4 - 2 Bedroom</u> 4 Total Units	\$800 +electric	No vacant units	Primarily senior tenants	Town house-style rental units developed by the City in 2001 but sold in 2017. Units offer 1-level living with 1 car attached garage. Rent includes heat, sewer, water and garbage, with tenant paying electric. Owner reported full occupancy - most tenants are seniors.
Cass County HRA Rentals	<u>1 - 2 Bedroom</u> <u>1 - 3 Bedroom</u> 2 Total Units	\$650 \$700 +electric	No vacant units	Mix of tenants	Two single family rental houses that are owned by the Cass County HRA. Rent includes heat, water, sewer and garbage with tenant paying electric. Full occupancy reported.
<b>Subsidized Rental Housing</b>					
Pine Mountain Apartments 101 Hazel St N	<u>4 - 1 Bedroom</u> <u>5 - 2 Bedroom</u> <u>3 - 3 Bedroom</u> 12 Total Units	\$528 \$592 \$642 30% of income	No vacant units, waiting list	General occupancy	HUD Public Housing project constructed in the 1970s. Originally built with 8 units for general occupancy and 4 units in a separate building for senior/disabled tenant occupancy, but later HUD rule change makes all units available for general occupancy. All tenants pay rent based on 30% of income up to maximum ceiling rents listed. Full occupancy reported with a waiting list.
Section 8 Housing Choice Vouchers	5 households in Backus	30% of income	N/A	N/A	Formerly the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In late 2021 there were 5 households in Backus participating in the Cass County program. Waiting list exists for Cass and Hubbard Counties.



<b>Table 33 Backus Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Housing Type</b>	<b>Comments</b>
<b>Senior Housing with Services</b>					
Dignity and Grace 823 State Hwy 371 NW	licensed for 10 residents	N/A	N/A	Assisted Living	Assisted living facility licensed for 10 residents in 2021. Unable to contact for additional information.

Source: Community Partners Research, Inc.

## **Rental Housing Inventory: Chickamaw Beach**

### **Census Rental Inventory**

At the time of the 2010 Census, the City of Chickamaw Beach had only one occupied rental unit. The City had no unoccupied units, for a total rental housing inventory of one housing unit in 2010.

The 2020 Census will not release new information about housing tenure until some time in 2022. However, tenure estimates do exist in the American Community Survey data for 2019. According to this source, there were no renter-occupancy households living in Chickamaw Beach in 2019 and there were no vacant rental units in the City.

### **Pending Projects**

We are not aware of any rental projects in Chickamaw Beach that are in the construction or planning phase.

### **Rental Housing Survey**

As part of this Housing Study, a telephone survey was conducted in October 2021. The survey attempted to contact multifamily rental projects in Cass County that contain four or more units. For purposes of new unit construction, it is assumed that most future development would be oriented toward multifamily projects with four or more units.

There are no known multifamily rental projects within the City of Chickamaw Beach and no rental telephone survey was completed.

## **Tenant-Based Rent Assistance Vouchers**

Although there may be no renter households living in Chickamaw Beach, the City does have access to the HUD Housing Choice Voucher Program. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional amounts.

The Voucher program in Cass County is administered by the Cass County Housing and Redevelopment Authority (HRA). The program is available in both Cass and Hubbard Counties.

When contacted in October 2021, there were 75 Vouchers issued in the two-county program. In Cass County there were there were 35 households with Vouchers. The Voucher program has the authority to issue more than 75 Vouchers, but is limited by the program budget.

There were no Vouchers being used in Chickamaw Beach in late 2021. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within any individual City can vary from month to month.

The County's Voucher program maintains a waiting list for assistance in 2021, although specific information on waiting list households was not obtained. Households on the waiting list may be currently living in Cass, Hubbard or other Counties.

## **Rental Housing Inventory: City of Hackensack**

### **Census Rental Inventory**

At the time of the 2010 Census, the City of Hackensack had 62 occupied rental units. The City also had four unoccupied units, for a total rental housing inventory of 66 units in 2010. The City's rental tenure rate was relatively high at 43.4% in 2010, compared to 56.6% for home ownership.

The 2020 Census will not release new information about housing tenure until some time in 2022. However, tenure estimates do exist in the American Community Survey data for 2019. According to this source, there were 108 renter-occupancy households living in Hackensack and no vacant rental units in the City. The rental tenure rate was estimated at 64.7% in 2019.

Based on the American Community Survey, Hackensack had an increase of 44 renter households and 42 rental housing units between 2010 and 2019. As a result, the City's rental tenure rate increased substantially while the home ownership rate dropped.

No new multifamily rental development projects were completed in the past decade. The last identified expansion of multifamily rental housing in City may have occurred in 2007 when Birchview Gardens, a specialized care senior housing project was constructed.

The change in the City's rental housing inventory may be due to formerly vacant units being occupied, or to tenure conversion, as housing that had been owner-occupied in 2010 had switched to rental use by 2019. If the American Community Survey estimates are accurate, Hackensack has lost a significant number of home owners since 2010.

### **Pending Projects**

We are not aware of any rental projects in Hackensack that are in the construction or planning phase.

## **Rental Housing Survey**

As part of this Housing Study, a telephone survey was conducted in October 2021. The survey attempted to contact multifamily rental projects in the City that contain four or more units. For purposes of new unit construction, it is assumed that most future development would be oriented toward multifamily projects with four or more units.

The telephone survey was successful in contacting all of the multifamily projects that could be identified in Hackensack. Usable information was collected from:

- ▶ 27 conventional market rate units
- ▶ 19 subsidized units for general occupancy
- ▶ 37 apartment-style units providing housing with services

Based on the 2020 Census reports, it appears that the senior housing with services units in Hackensack were classified as rental housing. With their inclusion, the rental survey was able to obtain information from 83 rental housing units in Hackensack, or nearly 77% of the City's estimated rental inventory in 2021.

The findings of the survey are presented by market segment on the following pages.

## **Market Rate Rental Summary**

There were four conventional market rate multifamily rental projects identified in Hackensack and all of these were successfully contacted. Usable information was obtained from 27 market rate rental units.

According to the American Community Survey, much of the conventional market rate housing in Hackensack exists in single family units, primarily rental houses. This rental stock can vary greatly in age, condition, size and amenities. Single family rental units were not surveyed.

### **Unit Mix**

There were 27 units contacted, with 26 two-bedroom apartments and 1 one-bedroom apartment.

### **Occupancy/Vacancy**

On the date of the survey, all 27 units were occupied and good demand was reported.

### **Rental Rates**

Twenty-six of the 27 market rate units that were surveyed have two-bedrooms. The monthly contract rents ranged from approximately \$590 to \$790 per month. The lower end of the reported range was typically charged to longtime tenants that had been in occupancy for many years.

The only one-bedroom unit that was surveyed had an estimated gross rent of approximately \$540 per month.

The American Community Survey contained an estimate of the median gross rent being charged in Hackensack in 2019. This placed the midpoint rent level at \$656 per month for all types of rental units in the City.

## **Subsidized Summary**

Hackensack has one federally subsidized rental project serving low and very low income households. Birch Lake Apartments utilized assistance from USDA Rural Development. This project has 19 rental units that are designated for general occupancy.

### **Unit Mix**

▶ One-bedroom	15 units (78.9%)
▶ Two-bedroom	<u>4 units</u> (21.1%)
Total	19 units

### **Occupancy/Vacancy**

At the time of the rental survey there was a high rate of occupancy reported. One unit was intentionally vacant to facilitate a planned major rehab project, but a waiting list exists for occupancy.

### **Rental Rates**

All of the tenants in Birch Lake Apartments have access to project-based rent subsidy allowing rent based on 30% of household income.

### **Subsidized Housing Gains/Loses**

Most of the subsidized housing in Minnesota was constructed in the 1960s through 1990s, when the federal government was active in developing very affordable housing. Some of the projects had contracts or development agreements that required compliance for a specified number of years. In some communities, subsidized housing has been lost over time, as projects were able to convert to conventional market rate housing.

No projects in Hackensack have been converted to market rate housing.

The Minnesota Housing Finance Agency maintains an “opt-out log” of subsidized projects that may be leaving their subsidy program. A review of this information did not show any projects in Cass County that are in the process of ending their subsidy contract.

## **Tenant-Based Rent Assistance Vouchers**

In addition to the rental project with project-based subsidies, renter households in Hackensack can also access HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional amounts.

The Voucher program in Cass County is administered by the Cass County Housing and Redevelopment Authority (HRA). The program is available in both Cass and Hubbard Counties.

When contacted in October 2021, there were 75 Vouchers issued in the two-county program. In Cass County there were there were 35 households with Vouchers. The Voucher program has the authority to issue more than 75 Vouchers, but is limited by the program budget.

There was one Voucher being used in Hackensack in late 2021. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

When the tenant-based Vouchers are combined with the project-based housing, there are as many as 20 households with access to some form of subsidized housing in Hackensack. This probably represents between 18% and 20% of all renter households in the City in 2021.

The County's Voucher program maintains a waiting list for assistance in 2021, although specific information on waiting list households was not obtained. Households on the waiting list may be currently living in Cass, Hubbard or other Counties.



## **Senior Housing with Services**

Specialized senior housing offering services is licensed by the State of Minnesota. The following project in Hackensack was identified using the MN Department of Health website and was contacted as part of the telephone survey.

### **Assisted Living**

There is one licensed provider of assisted living in Hackensack. Birchview Gardens Assisted Living has 37 apartment units and is licensed for 41 assisted living residents. However, this project can provide flexible levels of care, and it is believed that some residents are receiving lower levels of care. Details on the care levels being served were not disclosed by the facility to the rental survey.

Birchview Gardens reported full occupancy. The project does accept County assistance programs for lower income seniors needing services, including Elderly Waiver.

### **Memory Care**

Birchview Gardens is classified as providing assisted living with dementia care. However, no specific information was available on the use of units for this specialized form of housing.

### **Housing with Services**

While Birchview Gardens is licensed to provide assisted living and dementia care, residents can also access lower levels of care. When contacted, full occupancy was reported but no information was provided on the type of care being received by residents. "Flexible" care providers can allow residents to "age in place", by adding more services as they move through the aging cycle.

## **Senior Housing Options in Central Cass County**

In addition to the specialized senior housing options in Hackensack there are other cities in Central Cass County with options.

Good Samaritan Pine River is the only skilled nursing home facility in this portion of the County. The Good Samaritan complex also includes both assisted living and lighter services senior housing in Riverside Assisted Living and Riverside Senior Living. There are 33 licensed nursing home beds, approximately 26 assisted living units, and 34 lighter services rental units in Pine River.

In Backus, there is an assisted living facility that is licensed for 10-resident capacity. Repeated attempts to contact this facility were not successful.

**Table 34 Hackensack Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate Rental Housing</b>					
Town's Edge Apartments	<u>8 - 2 Bedroom</u> 8 Total Units	\$700 +heat, electric	No vacant units	Mix of tenants	Apartment building constructed in 1990s. Rent includes water, sewer and garbage, with tenant paying heat and electric. Amenities include dishwasher, garage parking and community laundry. Owner reported full occupancy. Mix of tenants including people that commute and work locally
4475 Poquet	<u>8 - 2 Bedroom</u> 8 Total Units	\$550-\$700 +heat, electric	No vacant units	Mix of tenants	Apartment building constructed in 1994. Rent includes water, sewer and garbage, with tenant paying heat and electric. Amenities include dishwasher, garage parking and community laundry. Owner reported full occupancy - lower end of the rent range is longtime tenants. Mix of tenants including people that commute and work locally.
5-plex 141 Hwy 371	1 - 1 Bedroom <u>4 - 2 Bedroom</u> 5 total units	\$500 \$650 +heat, electric	No vacant units	Mix of tenants	Apartment building constructed in the 1970s. Rent includes water, sewer and garbage, with tenant paying electric heat and electricity in 2-bedrooms, but heat included in 1-bedroom. Owner reported full occupancy and general mix of tenants.
4483 Poquet	<u>6 - 2 Bedroom</u> 6 Total Units	\$550-\$750 +electric	No vacant units	Mix of tenants	Apartment building constructed in 1994. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include dishwasher, garage parking and community laundry. Owner reported full occupancy - lower end of the rent range is longtime tenants. Mix of tenants including people that commute and work locally.

**Table 34 Hackensack Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized Rental Housing</b>					
Birch Lake Apartments 213 Hwy 371 N	15 - 1 Bedroom <u>4 - 2 Bedroom</u> 19 Total Units	\$607 \$759 30% of income	Any vacant units are filled from waiting list	General occupancy	USDA Rural Development apartment building for general occupancy constructed in 1979. Project-based rent assistance available for all units allowing rent based on 30% of income up to the market rents listed. Project is starting major rehabilitation with exterior and energy improvements and new appliances. One unit intentionally vacant for rehab but any turnover units are filled from existing waiting list.
Section 8 Housing Choice Vouchers	1 household in Hackensack	30% of income	N/A	N/A	Formerly the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In late 2021 there was 1 household in the City participating in the Cass County program. Waiting list exists for Cass and Hubbard Counties.
<b>Senior Housing with Services</b>					
Birchview Gardens Assisted Living 108 3 <sup>rd</sup> St N	34 - 1 Bedroom <u>3 - 2 Bedroom</u> 37 Total Units 41 resident capacity	N/A	Full occupancy reported	Assisted Living	Senior housing with services facility constructed in 2007 - project had ongoing vacancies and went into foreclosure with new ownership in 2011. Licensed for assisted living in 2021 with 41 resident capacity. Range of care can be provided. No information available on pricing or use patterns. No vacant units reported at time of survey. County assistance programs for lower income seniors are accepted.

Source: Community Partners Research, Inc.

## **Rental Housing Inventory: Pine River**

### **Census Rental Inventory**

At the time of the 2010 Census, the City of Pine River had 214 occupied rental units. The City also had seven vacant units, for a total rental housing inventory of 221 units in 2010. Most of the City's households lived in rental housing, with a rental tenure rate of 51.3%, compared to 48.7% for home ownership.

The 2020 Census will not release new information about housing tenure until some time in 2022. However, tenure estimates do exist in the American Community Survey data for 2019. According to this source, there were 260 renter-occupancy households living in Pine River and no vacant rental units in the City. The rental tenure rate was estimated at 60.7% in 2019.

Based on the American Community Survey, Pine River had an increase of 46 renter households and 39 rental housing units between 2010 and 2019. As a result, the City's rental tenure rate increased while the home ownership rate dropped.

Between 2010 and 2020, no new multifamily rental development projects were constructed in Pine River. The last identified expansion of multifamily rental housing in Pine River may have occurred in 2002 when the Kinler Square Townhomes project was constructed.

The change in the City's rental housing inventory would be attributed to tenure conversion, as housing units that had been owner-occupied in 2010 had switched to rental use by 2019. If the American Community Survey estimates are accurate, Pine River has continued to lose of home owners since 2010 and the City's home ownership rate was below 40% by 2019.

### **Pending Projects**

We are not aware of any rental projects in Pine River that are in the construction or planning phase.

## **Rental Housing Survey**

As part of this Housing Study, a telephone survey was conducted in October 2021, with some additional calls made in November in Pine River. The survey attempted to contact multifamily rental projects in the City that contain four or more units. For purposes of new unit construction, it is assumed that most future development would be oriented toward multifamily projects with four or more units.

The telephone survey was successful in contacting nearly all of the multifamily projects that could be identified in Pine River. Usable information was collected from:

- ▶ 10 conventional market rate units
- ▶ 24 income restricted/moderate rent tax credit units
- ▶ 60 subsidized units oriented to senior/disabled tenant occupancy
- ▶ 28 subsidized units for general occupancy
- ▶ 52 apartment-style units providing housing with services

Based on the 2020 Census reports, it appears that the senior housing with services units in Pine River were classified as rental housing. With their inclusion, the rental survey was able to obtain information from 174 rental housing units in Pine River, or nearly 67% of the City's estimated rental inventory in 2021.

The findings of the survey are presented by market segment on the following pages.

## **Market Rate Rental Summary**

Only one conventional market rate multifamily rental project was identified, with a total of 10 apartment units. Although this project offers market rate housing, it was originally developed as subsidized housing, but later ended its subsidy contract and now has no income or occupancy limitations.

According to the American Community Survey, most of the conventional market rate housing in Pine River exists in single family units, including houses and mobile homes. This rental stock can vary greatly in age, condition, size and amenities. Single family rental units were not surveyed.

### **Unit Mix**

All of the 10 units in Elm River Apartments have one bedroom.

### **Occupancy/Vacancy**

On the date of the survey, Elm River Apartments reported full occupancy.

### **Rental Rates**

The monthly contract rent ranged from \$500 to \$575 per month. Tenants also pay electricity and heat. Even with the inclusion of tenant-paid utilities in these units, gross rents would be less than \$600 in some of the units.

The American Community Survey contained an estimate of the median gross rent being charged in Pine River in 2019. This placed the midpoint rent level at \$655 per month for all types of rental units in the City.

## **Tax Credit/Moderate Rent Summary**

The federal low income housing tax credit program was created in the late 1980s to provide an incentive to develop low/moderate income rental housing. Tax credit units do have income limits and other occupancy restrictions, and generally have an affordable rent structure.

Since the tax credit program was created there have been three affordable rental projects developed in Pine River, Pine River Square Apartments in 1993, River Square Townhomes in 1997, and Kinler Square Townhomes in 2002. However, Pine River Square Apartments also utilized subsidy programs through USDA Rural Development, and this project has been included in the analysis of subsidized housing on the following page.

### **Unit Mix**

Combined, Pine River Square Townhomes and Kinler Square have 24 units. All of the units in Kinler Square are town house-style construction. In Pine River Square Townhomes, only four of the units are actually town house-style, with the remaining eight units in apartments. Both projects were developed as family housing with the following bedroom mix:

▶ Two-bedroom	16 units (66.7%)
▶ Three-bedroom	<u>8 units (33.3%)</u>
Total	24 units

### **Occupancy/Vacancy**

At the time of the rental survey both projects reported full occupancy with waiting lists.

### **Rental Rates**

Tax credit units have maximum rent limitations, generally based on serving households at no more than 60% of the median income level. The estimated gross rents in Pine River were as follows, with the 60% limits also provided.

<u>Unit Size</u>	<u>Estimated Gross Rent</u>	<u>Maximum Allowable Limit</u>
Two-bedroom	\$640-\$665	\$1,006
Three-bedroom	\$770-\$790	\$1,162

The rents being charged in Pine River in 2021 were well below the limits set at 60% of median income. The rents in Pine River Square and Kinler Square were below the limits set for households at 50% of the median income level.



## **Subsidized Summary**

Pine River has four federally subsidized rental projects serving low and very low income households. Heartland Apartments, Norway Brook Apartments and Public Housing Scattered Site units utilized subsidy programs through the Department of Housing and Urban Development (HUD). Pine River Square Apartments utilized assistance from USDA Rural Development, along with housing tax credits. Combined these projects have 88 rental units.

## **Occupancy Designation**

Heartland Apartments is designated for senior and/or disabled tenant occupancy. Norway Brook Apartments is general occupancy housing but does offer an occupancy preference to applicants that are senior and/or disabled. Combined these two projects have 60 apartments, with 57 one-bedroom and three two-bedroom units.

The Public Housing Scattered Site units and Pine River Square Apartments are available as general occupancy housing.

## **Unit Mix**

▶ One-bedroom	60 units (68.2%)
▶ Two-bedroom	16 units (18.2%)
▶ Three-bedroom	7 units (8.0%)
▶ Three-bedroom	<u>5 units (5.7%)</u>
Total	88 units

## **Occupancy/Vacancy**

At the time of the rental survey there was a high rate of occupancy in the subsidized projects in Pine River. There may have been a few unoccupied units but these were in the process of being filled. All of the projects maintain waiting lists for occupancy.

## **Rental Rates**

In Heartland Apartments, Norway Brook Apartment and the Public Housing Scattered Site units, all tenants have access to project-based rent subsidy allowing rent based on 30% of household income.

In Pine River Square Apartments there are 14 units with project-based rent assistance. In the remaining four units a basic rent applies, even if this amount exceeds 30% of the tenant's income. The basic rent amount for a two-bedroom unit in Pine River Square was \$528 per month.

### **Subsidized Housing Gains/Loses**

Most of the subsidized housing in Minnesota was constructed in the 1960s through 1990s, when the federal government was active in developing very affordable housing. Some of the projects had contracts or development agreements that required compliance for a specified number of years. In some communities, subsidized housing has been lost over time, as projects were able to convert to conventional market rate housing.

The Minnesota Housing Finance Agency maintains an "opt-out log" of subsidized projects that may be leaving their subsidy program. A review of this information did not show any projects in Cass County that are in the process of ending their subsidy contract.

## **Tenant-Based Rent Assistance Vouchers**

In addition to the four rental projects with project-based subsidies, renter households in Pine River can also access HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional amounts.

The Voucher program in Cass County is administered by the Cass County Housing and Redevelopment Authority (HRA). The program is available in both Cass and Hubbard Counties.

When contacted in October 2021, there were 75 Vouchers issued in the two-county program. In Cass County there were there were 35 households with Vouchers. The Voucher program has the authority to issue more than 75 Vouchers, but is limited by the program budget.

There were 11 Vouchers being used in Pine River in late 2021. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

When the tenant-based Vouchers are combined with the project-based housing, there are as many as 99 households with access to some form of subsidized housing in Pine River. This probably represents between 35% and 40% of all renter households in the City in 2021.

If income restricted tax credit housing is added, there may be as many as 123 renter households in Cass Lake that live in some form of assisted housing, although it is probable that some of the Vouchers are being used in Pine River Square and Kinler Square.

The County's Voucher program maintains a waiting list for assistance in 2021, although specific information on waiting list households was not obtained. Households on the waiting list may be currently living in Cass, Hubbard or other Counties.

## **Senior Housing with Services**

Specialized senior housing offering services is licensed by the State of Minnesota. The following projects in Pine River were identified using the Minnesota Department of Health website and were contacted as part of the telephone survey.

### **Skilled Nursing Home**

There is one skilled nursing home facility in Pine River. Good Samaritan Pine River is licensed for 33 beds in 2021. The facility does not have any specific set-asides for beds, but typically 27 to 29 beds are available for long-term care. The remaining beds are utilized by people needing shorter-term transitional care stays.

At the time of the rental survey, approximately 76% of the beds were occupied. According to representatives, both Covid and a staffing shortage have impacted occupancy rates.

### **Memory Care**

There are no projects in Pine River that are specifically classified as providing assisted living with dementia care.

### **Assisted Living**

At the time of the research for this Study there were two licensed providers of assisted living in Pine River. However, late in 2021, one of these providers was in the process of transitioning into a lighter services housing option.

Good Samaritan Society Pine River has two affiliated buildings. Riverside Assisted Living Apartments is licensed for 16 residents as an assisted living provider. Riverside Senior Living Apartments has offered flexible levels of care, including assisted living, but due to staffing shortages this building was dropping its assisted living option.

With the change at Riverside Senior Living, Good Samaritan is offering 16 units for people needing assisted living, down from approximately 21 units.

When the telephone survey was originally completed there was some unused assisted living capacity in Good Samaritan. However, with the change at Riverside Senior Living it is probable that a high rate of utilization now exists at Riverside Assisted Living.

The Riverside Assisted Living does accept County assistance programs for lower income seniors needing services, including Elderly Waiver.

There is another licensed provider of assisted living services in Pine River. Brookside Comfort Care is licensed for 10 residents in 2021. Repeated attempts to contact this provider by telephone were not successful.

### **Housing with Services**

With a change in care offerings at Good Samaritan Riverside Senior Living, all 34 apartment units will serve more independent seniors needing only light services with their housing.

Prior to the service change, Riverside Senior Living reported full occupancy and a waiting list when contacted by the rental survey.

### **Senior Housing Options in Central Cass County**

Pine River has the largest and most diverse inventory of specialized senior housing options of the cities in Central Cass County. Good Samaritan Pine River is the only skilled nursing home facility in this portion of the County.

Although there is no designated memory care in Pine River, Birchview Gardens in Hackensack is an assisted living facility with a Dementia Care classification.

There are assisted living options in both Hackensack and Backus. Birchview Gardens in Hackensack is licensed as an assisted living provider with 41-resident capacity. This would include dementia care. Only limited information was obtained from this facility but full occupancy was reported. It is probable that Birchview Gardens provides a range of care, including lighter services housing for more independent seniors.

In Backus, there is an assisted living facility that is licensed for 10-resident capacity. Repeated attempts to contact this facility were not successful.

Table 35 Pine River Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate Rental Housing</b>					
Elm River Apartments	<u>10 - 1 Bedroom</u> 10 Total Units	\$500-\$575 +heat, electric	No vacant units	Mix of tenants	Originally constructed as subsidized rental housing this building was later converted to market rate. Rent includes water, sewer and garbage, with tenant pay heat and electric. Manager reported full occupancy.
<b>Tax Credit Rental Housing</b>					
Kinler Square Townhomes 303 Gillespie Ave	<u>8 - 2 Bedroom</u> <u>4 - 3 Bedroom</u> 12 Total Units	\$575 \$670 +heat, electric	No vacant units, waiting list	General occupancy	Tax credit new construction town house project constructed in 2002. Project entered extended compliance phase in 2017. All units serve households at or below 60% of median income. Tenants pay heat and electric in addition to rent. Units are 2-level and have 1134 sq ft and 1270 sq ft respectively. Manager reported full occupancy and a waiting list.
Pine River Square Townhomes 250 Murray St	<u>8 - 2 Bdrm Apt</u> <u>4 - 3 Bdrm TH</u> 12 Total Units	\$600 \$680 +elect or +heat, electric	No vacant units, waiting list	General occupancy	Tax credit new construction project built in 1997. Project entered extended compliance phase in 2012. All units serve households at or below 60% of median income. Project includes 8 apartments and 4 town homes. Apartment tenants pay electric and town home tenants pay heat and electric in addition to rent. Units are 2-level and have 1074 sq ft and 1156 sq ft respectively. Manager reported full occupancy and a waiting list.

**Table 35 Pine River Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized Rental Housing</b>					
Heartland Apartments 445 Snell Ave	28 - 1 Bedroom <u>2 - 2 Bedroom</u> 30 Total Units	\$628 \$731 30% of income	No vacant units, waiting list	Senior/ disabled tenant occupancy	HUD Section 8/MHFA subsidized project constructed in 1978. Building is 3-level with elevator. Designated for senior/disabled tenant occupancy. All units have access to project-based rent assistance allowing tenants to pay rent based on 30% of income up to maximum rents listed. Manager reported full occupancy and waiting list.
Norway Brook Apartments 312 1 <sup>st</sup> St S	29 - 1 Bedroom <u>1 - 2 Bedroom</u> 30 Total Units	\$448 \$590 30% of income	No vacant units, waiting list	General occupancy with Preference for senior/ disabled tenants	HUD Public Housing project constructed in 1973. Two-level building with elevator. All tenants pay rent based on 30% of income up to maximum rent listed. Originally designated for senior/disabled tenant occupancy but later HUD rule change made it available as general occupancy housing - preference is given for senior, near-senior and disabled applicants and all tenants hold preference. Manager reported full occupancy and waiting list.
Pine River Square Apartments 730/770 1 <sup>st</sup> St S	3 - 1 Bdrm Apt 11 - 2 Bdrm Apt 2 - 2 Bdrm TH <u>2 - 3 Bdrm TH</u> 18 Total Units	\$478-\$638 \$528-\$698 \$528-\$698 \$573-\$742 30% of income	Open units filled from waiting list	General occupancy	USDA Rural Development and tax credit apartment building constructed in 1993. In extended compliance for tax credits. Project includes 14 apartments and 4 town homes. Project-based rent assistance available for 14 units allowing rent based on 30% or income; remaining tenants pay at least 30% of income but not less than basic or more than market rents listed. Units have 606 sq ft, 768 sq ft and 909 sq ft respectively. Manager reported 1 open unit at time of survey but waiting list exists and new applicant being processed.

<b>Table 35 Pine River Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Subsidized Rental Housing</b>					
Public Housing Scattered Site	5 - 3 Bedroom 5 - 4 Bedroom 10 Total Units	\$736 \$801 30% of income	Open units filled from waiting list	General occupancy	HUD Public Housing units in scattered site single family houses constructed in 1973. All tenants pay rent based on 30% of income up to maximum rents listed. One unit open at time of survey due to turnover but manager reported a 30-name waiting list this was being used to fill unit.
Section 8 Housing Choice Vouchers	11 households in Pine River	30% of income	N/A	N/A	Formerly the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In late 2021 there were 11 households in the City participating in the Cass County program. Waiting list exists for Cass and Hubbard Counties.



**Table 35 Pine River Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior Housing with Services</b>					
Riverside Assisted Living 2175 White Pine Point Rd SW	<u>16 - 1 Bedroom</u> 16 Total Units shared 58 resident capacity	N/A	3 vacant units, waiting list	Assisted living	Senior assisted living facility that is affiliated with Good Samaritan Home and Riverside Senior Apartments. Units are apartment-style but do not have kitchens. Residents receive assisted living services. Manager reported 3 open units but this is partly due to staffing. Waiting list exists. County assistance programs accepted for lower income seniors.
Riverside Senior Living Apartments 2189 White Pine Point Rd SW	<u>22 - 1 Bedroom</u> <u>12 - 2 Bedroom</u> 34 Total Units	N/A	No vacant units, waiting list	Housing with services	Senior housing facility constructed in 1995 - project has provided flexible levels of care in the past but assisted living will no longer be offered. Affiliated with Good Samaritan Home and Riverside Assisted Living. Units are apartments with kitchens. Manager reported full occupancy and waiting list exists. County assistance programs accepted for lower income seniors.
Brookside Comfort Care 2729 State 371 SW	10 resident capacity	N/A	N/A	Assisted living	Unable to contact.
Good Samaritan Pine River 518 Jefferson Ave	33 licensed beds	N/A	Approx. 76% occupancy	Skilled nursing home	Skilled nursing home facility that is affiliated with Riverside Assisted Living. No specific bed set-aside, but typically 27 to 29 beds are available for long-term care. Approx. 76% occupancy on date of survey but Covid and staffing has impacted occupancy.

Source: Community Partners Research, Inc.

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## **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.

The following pages contain information on labor force, employment, wage and worker commuting patterns for Cass County.

**Labor Force, Work Force and Unemployment**

The Minnesota Department of Employment and Economic Development provides employment information at the County level. The following table looks at information for Cass County since 2010, with partial year information for 2021.

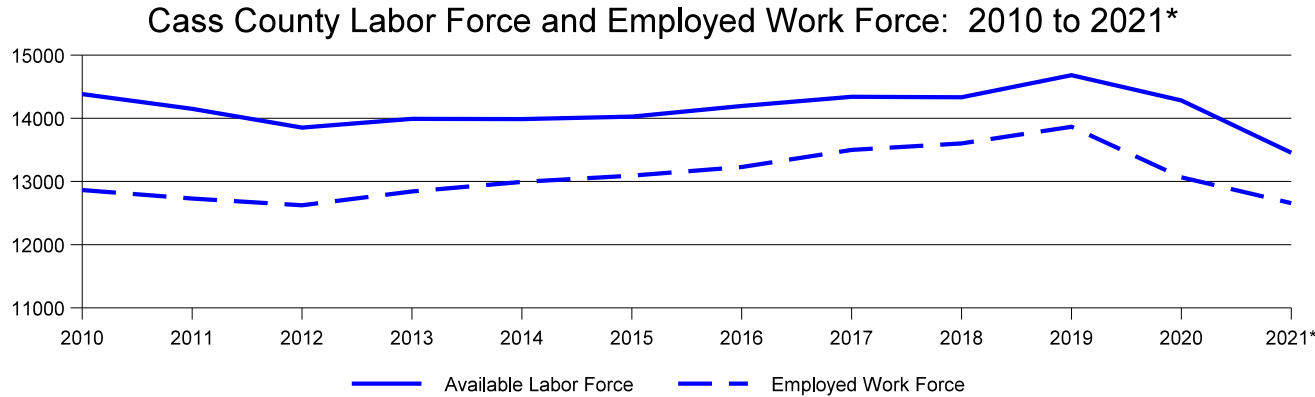
<b>Table 36 Cass County Labor Force and Employment: 2010 - 2021*</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	14,383	12,864	1,519	10.6%	7.4%	9.6%
2011	14,149	12,730	1,419	10.0%	6.5%	8.9%
2012	13,852	12,623	1,229	8.9%	5.6%	8.1%
2013	13,991	12,842	1,149	8.2%	5.0%	7.4%
2014	13,987	12,994	993	7.1%	4.2%	6.2%
2015	14,026	13,092	934	6.7%	3.8%	5.3%
2016	14,195	13,229	966	6.8%	3.9%	4.9%
2017	14,341	13,500	841	5.9%	3.4%	4.4%
2018	14,333	13,602	731	5.1%	3.0%	3.9%
2019	14,683	13,866	817	5.6%	3.2%	3.7%
2020	14,282	13,067	1,214	8.5%	6.2%	8.1%
2021*	13,454	12,657	797	5.9%	4.0%	5.8%

Source: MN Department of Employment and Economic Development  
 \*2021 statistics are through September

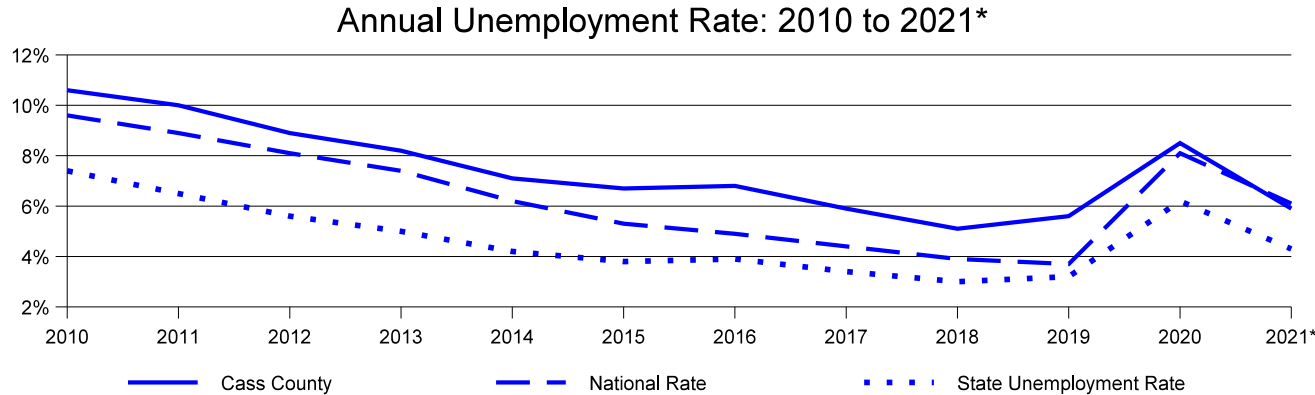
The labor force statistics provided above track people by place of residence, regardless of where they are employed. Since 2010, Cass County has experienced a somewhat cyclical pattern in the size of the resident labor force, After decreasing in size between 2010 and 2012, the County’s labor force then began to grow and reached a peak level in 2019. However, this was then reversed, presumably due to the global health pandemic, and the County’s labor force decreased after 2019.

If 2019 (pre-pandemic) is compared to 2010, the County’s available labor force increased by 300 people, or 2.1%. The pandemic then reduced the labor force size in 2020, and partial-year statistics for 2021 show the labor force continuing to grow smaller.

The County’s employed work force had generally experienced a similar pattern. The number of employed County residents reached a peak level in 2019, before decreasing in 2020, probably due to the impact of the pandemic. Year-to-date employment in 2021 was down further through September when compared to 2020.



Over the period of the 12 years reviewed (including partial year 2021) the County’s unemployment rate had reached its lowest level in 2018, at 5.1%. Although it had then increased slightly, 2019 was still the second lowest year for unemployment. The pandemic in 2020 then increased the County’s unemployment rate to 8.5%. Partial-year statistics for 2021 show the unemployment rate dropping again, but this is due in part to a reduction in the County’s overall labor force, as fewer people were employed in 2021 than in 2020.



Throughout the time period reviewed, the unemployment rate in Cass County has been higher than the National rate, and well above the rate for the State.

## Employment and Wages by Industry

The following table shows the annual employment and average wages for 2020, the last full year of data. The table provides information for all of Cass County. The previous table, which provides information on the County’s labor force, represents the location of the worker by their home residence. The following table, represents the location of the job as tracked by unemployment insurance.

<b>Table 37 Cass County Average Wages by Industry Detail - 2020</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	9,573	\$737
Natural Resources, Mining	54	\$773
Construction	534	\$1,136
Manufacturing	692	\$797
Trade, Transportation, Utilities	1,387	\$569
Information	92	\$487
Financial Activities	441	\$802
Professional and Business Services	351	\$959
Education and Health Services	2,028	\$821
Leisure and Hospitality	2,060	\$508
Other Services	194	\$365
Public Administration	1,737	\$859

Source: MN Department of Employment and Economic Development

There were 9,573 covered workers reported in Cass County in 2020. The average weekly wage in for all industry in 2020 was \$737. At full-time employment this yielded an annual average wage of \$38,324.

The highest paying wage sector was Construction, with an average weekly wage of \$1,136.

The County’s largest employment sectors were Leisure and Hospitality, and Education and Health Services. Leisure and Hospitality paid a low average weekly wage of \$508. Education and Health Services was above the overall County average at \$821 per week.

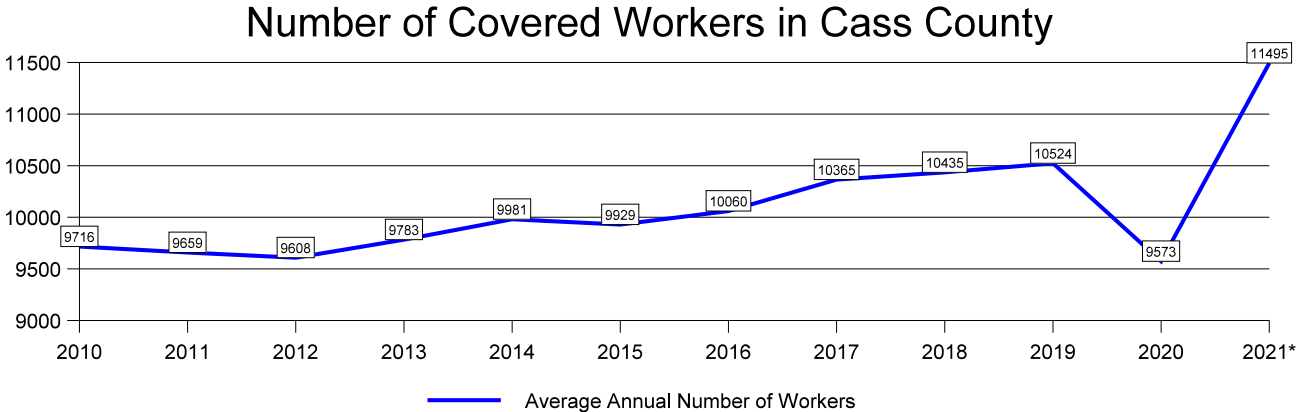
### Cass County Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the job, it is possible to examine longer-term patterns in employment. The following table displays the total number of workers reported in the County back to the year 2010.

<b>Table 38 Cass County Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2010	9,716	2016	10,060
2011	9,659	2017	10,365
2012	9,608	2018	10,435
2013	9,783	2019	10,524
2014	9,981	2020	9,573
2015	9,929	2021*	11,495

Source: QCEW - MN Department of Employment and Economic Development  
 \*2021 is through June

When viewed over a longer time period, back to the year 2010, there had been a gradual increase in the number of jobs in Cass County through the year 2019. This then reversed in 2020, presumably due to the pandemic. Between 2010 and 2019, the covered employment level in the County had increased by 808 jobs. Partial-year information for 2021 points to significant reported job growth, but this may change when the full year data become available.



## Commuting Patterns of Area Workers

Information on commuting patterns is from the American Community Survey and has been examined for the County. The first table looks at travel time for County residents, excluding people that work at home.

<b>Table 39 Commuting Times for Cass County Residents - 2019</b>		
Travel Time	Number	Percent
Less than 10 minutes	2,458	21.4%
10 to 19 minutes	3,280	28.6%
20 to 29 minutes	2,436	21.2%
30 minutes +	3,301	28.8%
Total	11,475	100%

Source: American Community Survey

Just over half of the County’s residents were commuting 20 minutes or more to work in 2019, with nearly 29% traveling 30 minutes or more. Fewer than 22% of all employed County residents worked close to their home and had a drive time of less than 10 minutes.

Travel times are also listed by location of employment. The following travel times were identified for people that worked in Cass County.

<b>Table 40 Commuting Times for Cass County-based Employees - 2019</b>		
Travel Time	Number	Percent
Less than 10 minutes	2,420	24.7%
10 to 19 minutes	2,955	30.1%
20 to 29 minutes	1,941	19.8%
30 minutes+	2,496	25.4%
Total	9,812	100%

Source: American Community Survey

Most people that worked at a job based in Cass County were traveling less than 20 minutes in 2019. Overall, nearly 55% of the jobs were filled by people traveling 19 minutes or less, including the people that both live and work within the County. However, more than 4,400 people were commuting in from greater distances, with a travel time of 30 minutes or more.

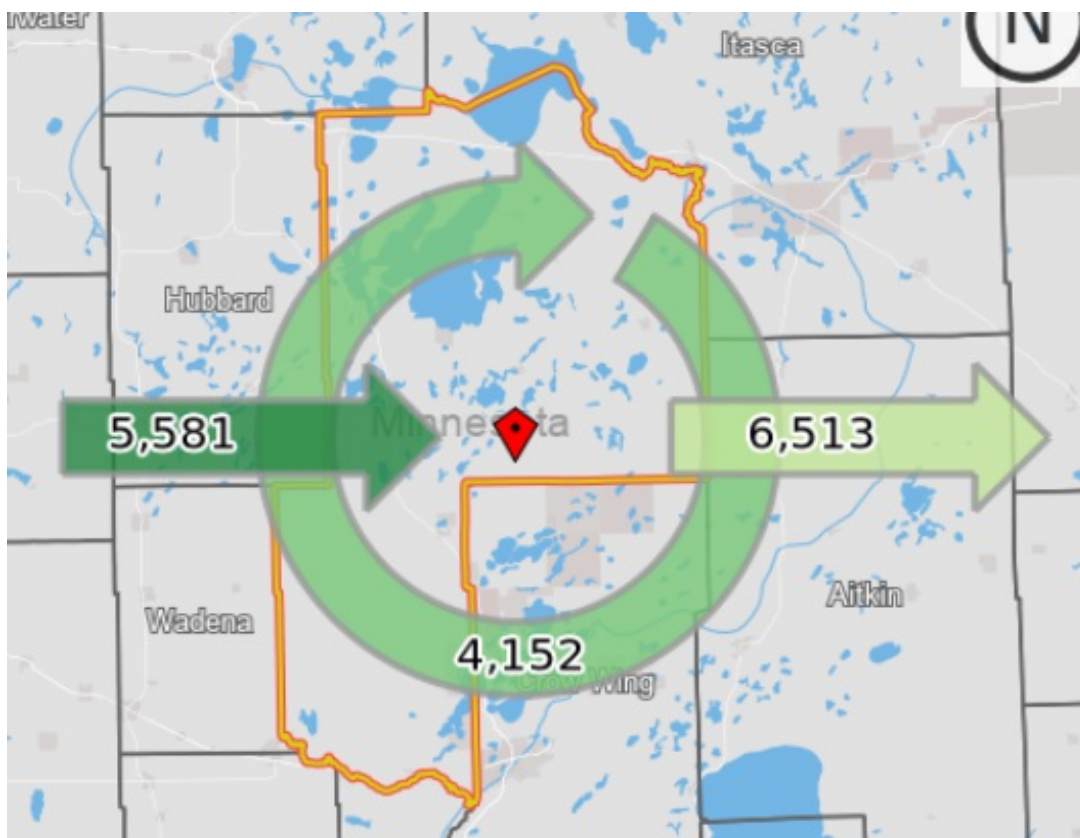


## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on data for the year 2018, but provides a further breakdown of worker movement patterns.

According to the report for Cass County, there were 9,733 people that were employed within Cass County in 2018. Approximately 43% of these County-based employees also lived within Cass County, with nearly 5,600 employees commuting in from outside the County limits. The primary identified jurisdictions supplying workers to the City were Bemidji, Brainerd and Bowstring Lake UT in Itasca County.

Many Cass County residents left the County to work elsewhere. In 2018, more than 6,500 of the County's employed residents worked outside the community. The primary locations listed for outbound commuters were Brainerd, Bemidji, Nisswa and Pequot Lakes.



## Backus

<b>Key Statistics: Backus</b>	
<b><i>Demographic</i></b>	
Population 2020:	263 people
Households 2020:	114 households
Household Size 2020:	2.30 persons per household
Population Trend:	Up by 13 people from 2010 to 2020
Household Trend:	Up by 2 households from 2010 to 2020
Household Projection:	1 to 5 households between 2020 and 2026
<b><i>Income</i></b>	
Median Household Income:	\$40,804 in 2019
Median Family Income:	\$40,682 in 2019
<b><i>Housing</i></b>	
Home Ownership Rate 2019:	62.9% home owners
Rental Rate 2019:	37.1% renters
Median Home Value:	\$94,300 based on the American Community Survey
New Construction:	9 single family houses from 2010 to 2021
<b><i>Housing Condition</i></b>	
Condition Rating: (Entire City)	Sound - 50 homes / 33.6%
	Minor Rehab - 60 homes / 40.3%
	Major Rehab - 26 homes / 17.4%
	Dilapidated - 13 homes / 8.7%
Median Year Built - Owner:	1964
Median Year Built - Rental:	1974

## **Summary of Growth Trends**

Based on the 2020 Census, the City of Backus has experienced very limited growth in recent years. Between 2010 and 2020, Backus added only two households and 13 people. Longer-term patterns for household change are largely similar to the most recent decade. Over the past 30 years, from 1990 to 2020, the City added only 12 households.

For this Housing Study, Backus has been grouped with other communities in the central portion of Cass County to allow for regional comparison. Between 2010 and 2020, the combined jurisdictions in Central Cass County added 284 permanent households, or an annual average of approximately 28 households per year. However, more than 95% of the net gain in households in this part of Cass County was located in the Townships. The combined cities in Central Cass added only 14 households over the decade.

This same pattern of rural household growth was also evident in all of Cass County. Between 2010 and 2020, the entire County added 666 permanent resident households, or an average of nearly 67 households per year. But more than 99% of the entire County's net household growth over the last decade was located in the Townships and Unorganized Territories. In all of the combined cities in Cass County, a net gain of only four permanent households was recorded by the 2020 Census.

## **Summary of Growth Projections**

This Study has focused on the potential future change in households as a major contributor to housing demand. For small communities, household growth projections are largely based on a continuation of recent patterns.

In the City of Backus, very little household growth has occurred in the past. A trend-based projection would yield the expectation that only one additional household will be added in the community by the year 2026. However, it is possible that more households could be added, especially if adequate housing options exist, and the analysts have assumed that approximately one new household per year can be added over the next five years.

Past growth patterns for the combined jurisdictions that form Central Cass County would yield an expectation that approximately 182 households would be added between 2020 and 2026, or approximately 30 households added in an average year. A growth projection obtained from Esri for the Central Cass County regions expects a gain of approximately 49 households per year through 2026.

Although the household forecast from Esri appears to be somewhat high, a range of annual household growth between 30 and 49 households per year is achievable for Central Cass County, in the opinion of the analysts. In the middle of this range, annual average growth of nearly 40 households per year is a realistic expectation. However, nearly all of this potential growth is likely to occur within the rural townships in Central Cass, with only a small share located within the cities in this portion of the County.

## **Backus - Strengths and Barriers for Housing Development**

## **Strengths for Housing Development**

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

- ▶ **Backus serves the immediate area** - Backus provides employment opportunities, retail/service options, governmental services and recreational opportunities for a geographical area that immediately surrounds Backus.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median existing home value, based on the American Community Survey, was approximately \$94,300 in 2019. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Backus 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.
- ▶ **Recreational opportunities** - The Backus area provides recreational opportunities including lakes, forests, trails, boating, hunting, hiking, snowmobiling, fishing, canoeing, etc.
- ▶ **Small town atmosphere** - Backus has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Cass County Housing and Redevelopment Authority (HRA), Cass Economic Development Corporation and the Region Five Development Commission** - Backus has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **Population and household gains** - The City of Backus is projected to have some limited population and household growth over the next five years.

- ▶ **Backus is located near larger communities** - Backus is located 22 miles from Walker, 10 miles from Pine River, 41 miles from Brainerd and 60 miles from Bemidji. These cities provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities.
- ▶ **BI-CAP** - BI-CAP is the designated Community Action Agency for Cass County. BI-CAP 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 Backus, Pine Mountain Apartments and Backus Townhomes. The Cass County also owns two houses in Backus that are offered as rental housing.
- ▶ **Commercial development** - The City's commercial district is adequate to meet most daily needs.

## **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 Backus.

- ▶ **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 Backus and Cass 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 Backus and the surrounding 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 2019 American Community Survey, the median priced home in Backus was valued at approximately \$94,300. This is well below the comparable cost for new housing construction, which will generally be above \$200,000 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.
- ▶ **Educational facilities** - Backus does not have a public school, however, there is a private school located in the City.
- ▶ **Limited commercial options** - Backus has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Medical facilities** - Backus does not have a clinic or a hospital.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.



# **Backus - 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 Backus. 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 Backus if there is continued proactive support from the City of Backus, local and regional housing agencies, economic development agencies and the Minnesota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Backus 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** - Backus has several assets including an affordable housing stock, recreational opportunities, several commercial businesses, etc. These are assets that make Backus 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 Cass County HRA, BI-CAP, the Cass County Economic Development Corporation, the Region Five Development Commission, The Minnesota Housing Finance Agency 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 Backus have been formulated through the analysis of the information provided in the previous sections and include a total of 15 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:

<b>Findings and Recommendations for the City of Backus</b>	
<b>Rental Housing Development</b>	
1.	Develop six to eight 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 additional subsidized/moderate rent housing units
4.	Consider the development of four senior independent/light services units
5.	Continue to utilize the Housing Choice Voucher Program
<b>Home Ownership</b>	
6.	Utilize and promote all programs that assist with home ownership
7.	Consider the development of a purchase/rehabilitation program
<b>New Construction</b>	
8.	Lot availability and lot development
9.	Strategies to encourage residential lot sales and new home construction
10.	Promote town house and twin home development

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

# **Backus - 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 2021, based on City data, no rental units have been constructed in Backus although, some owner occupied homes may have converted to rentals and vice versa.

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

Community Partners Research, Inc., household projections expect a gain of one to five households in Backus, and a significant gain of up to 244 households in the Central Cass County area from 2020 to 2026. Therefore, we are projecting the demand for approximately six rental housing units due to household growth through the year 2026 in Backus and the Central Cass County area.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Backus 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 survey of rental units in Backus was conducted. In total, 18 rental units were contacted and surveyed. The survey found no vacancies in either general occupancy market rate units or in subsidized rental housing.

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

These demand generators, after factoring current occupancy rates, show a demand potential for 12 to 15 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units through the year 2026.

▶ General Occupancy Market Rate	6-8 units
▶ Affordable/Conversions	2-3 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior (Independent/Light Services)	<u>4 units</u>
Total	12-15 units

**1. Develop six to eight general occupancy market rate rental units**

**Findings:** According to the American Community Survey, approximately 77% of the rental housing units in the City of Backus 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 53 total units in 2021. We believe that approximately 41 of these units are best described as market rate rental housing. We found no vacant units in the market rate units that were surveyed.

As stated earlier, the Central Cass County area is projected to gain up to 244 households. Although most of these households will be located on lakes and in rural areas, some of the new households will be seeking rental housing.

Although Backus has limited employment opportunities, the City is located in close proximity to Pine River, Hackensack and Walker, all of which have employment options and other amenities. Also, Pine River and Backus are in the same school district.

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

**Recommendation:** 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 six to eight market rate general occupancy rental units over the next five years, from 2021 to 2026.

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

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, the Cass County HRA, the Cass County Economic Development Corporation, or a regional housing 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 Backus  
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 - 750	\$750
Two-Bedroom	4-6	850 - 1,000	\$800 - \$900
Three-Bedroom	<u>1</u>	1,100 - 1,200	\$975
Total	6-8		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2021 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 2022 will be:

- ▶ 1 bedroom - \$603
- ▶ 2 bedroom - \$793
- ▶ 3 bedroom - \$1,014

## **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 Backus. Unfortunately, these units would tend to be beyond the financial capability of many Backus 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 Backus 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 Backus 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 encourage the City of Backus 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 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 additional subsidized/moderate rent rental housing units**

**Findings:** There is one federally subsidized rental project in Backus, Pine Mountain Apartments. Pine Mountain Apartments is a 12-unit HUD Public Housing general occupancy project constructed in the 1970s. The 12 units include 4 one-bedrooms, 5 two-bedrooms and 3 three-bedroom units. Pine Mountain Apartments is owned and managed by the Cass County HRA.

No vacant units were identified in Pine Mountain Apartments at the time of the survey and a waiting list exists.

Tenants in Pine Mountain Apartments pay rent based on 30% of their income up to the project's market rent.

In addition to the project-based subsidized housing, Backus 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 2019 American Community Survey, approximately 22 renter households in Backus reported that 30% or more of their income was required to pay housing costs.

**Recommendation:** With the existing number of existing subsidized units in Backus, 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 recommend that the Cass County HRA and the City of Backus continue to monitor the need for additional subsidized rental units in the future.

#### **4. Consider the development of four senior independent/light services rental units**

**Findings:** Currently, there is one senior housing with services project in Backus. Also, Pine River, Hackensack and Walker have senior housing with services facilities.

Based on Esri estimates for 2021, there are 2,072 households in Central Cass County that are age 65 or older. Also, as the baby boom generation continues to age, the senior population will continue to increase from 2021 to 2026.

There are 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.

**Recommendation:** Based on the research completed for this Study, we do not recommend the development of senior with services units in Backus, which provide a high level of services such as assisted living. The Backus area does not have the population, services and amenities to support additional senior with services projects. Also, senior with services housing options with a high level of services are available in cities in close proximity to Backus.

We do, however, recommend a small four-unit senior independent/light services project. The project's amenities and features should include:

- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking

Apartment features should include:

- ▶ 4 units
  - ▶ 1 one-bedroom
  - ▶ 3 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 include:

- ▶ noon meal
- ▶ weekly housekeeping
- ▶ home health care
- ▶ social activities

Tax increment financing, tax abatement, land donations, low interest loans and/or other subsidies and incentives could be utilized to make the project financially feasible.

It is estimated that 50% of the units will be occupied when the project opens and one to two additional units will be rented over the next two to three months.

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. 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 approximately 30% 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 Backus and Cass County is administered by the Cass County HRA. Currently, the HRA has funding for approximately 75 Vouchers for Cass and Hubbard Counties. In 2021 there were five Vouchers being used in Backus. Approximately 22 renter households in Backus are currently paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting list for the Voucher program.

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

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

# **Backus - 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-occupancy home value in Backus, based on the 2019 American Community Survey, was estimated at \$94,300. With approximately 50% of the homes in Backus valued less than \$94,300, Backus has opportunities for first time home buyers and households seeking moderately priced homes.

While many Backus 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:

### **6. Utilize and promote all programs that assist with home ownership**

**Findings:** We believe that affordable home ownership is one of the issues facing Backus. 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 Backus. 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 \$94,300, 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.

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:** The City of Backus, area financial institutions, the Cass County HRA and BI-CAP 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 Cass 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 the Cass County HRA and BI-CAP 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, the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Minnesota Small Cities Development Program.

## **7. Consider the development of a Purchase/Rehabilitation Program**

**Findings:** Backus has a stock of older, lower valued homes, some of which need repairs. Approximately 47% of the owner-occupancy stock was constructed before 1960 and some of these older 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. However, MHFA is no longer providing funding for the MURL Program.



**Recommendation:** We recommend that the City of Backus, the Cass County HRA and BI-CAP, along with other Cass County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. The City or an agency 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 city or agency ownership of the homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the home. Additionally, the City, the Cass County HRA and BI-CAP 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 a majority 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.

# **Backus - New Housing Construction**

## **New Housing Construction**

**Findings:** Backus has experienced limited single family owner-occupied housing construction over the past 12 years from 2010 to 2021. According to City and U.S. Census records, approximately nine single family owner-occupancy units have been constructed in Backus over this period. Many of these new homes were lake homes.

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. However, some new homes should continue to be constructed, including houses which will replace older homes that are demolished.

Backus is projected to gain one household and the Central Cass County area is projected to gain up to 244 households from 2021 to 2026. Central Cass County is projected to gain households in the 35 to 44 age range. Households in this age range tend to be first-time home buyers or are looking for trade-up housing.

The Central Cass County area is also projected to gain 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 Backus, developers and builders, and local, regional and state housing agencies are proactive, a total of six to eight owner-occupied housing units could be constructed or moved into Backus from 2021 to 2026 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	2-3 homes
▶ Affordable homes	2-3 homes
▶ Twin homes/town homes	<u>2 units</u>
Total	6-8 homes/units

## **8. Lot availability and lot development**

**Findings:** Based on information provided by the City of Backus, there is not an existing subdivision with available lots in Backus, however, there are in-fill lots and open parcels scattered around the City. Also, several lots may come available on the lake as older homes are demolished to provide lots for new housing.

**Recommendation:** With projections that approximately six to eight new owner-occupancy housing units could be constructed over the next five years, the City should have approximately 10 to 12 residential lots available to meet the expected current and future demand. This will provide building options for households looking to build a new house. 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 Backus inventory all of the lots and parcels in Backus 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 currently available, or that can become available due to demolition of existing structures, 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.

## **9. Strategies to encourage continued residential lot sales and new home construction in Backus**

**Findings:** From 2010 to 2021, approximately nine owner-occupancy single family units have been constructed in Backus.

**Recommendation:** We recommend that the City of Backus, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lots sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the area. To attract new home construction in Backus, lots should continue to be available and competitively-priced compared to other options in the area.

- ▶ ***User-Friendly*** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available 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.
- ▶ ***Long-term planning*** - The City of Backus should conduct long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout Minnesota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Incentives should be considered to promote new 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 should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Backus and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Realtors, financial institutions, builders, employers, etc., should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Backus and its amenities should continue to be marketed.
- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.

## **10. Promote town house and twin home development**

**Findings:** Backus has experienced no owner-occupancy attached housing development from 2010 to 2021. 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 2020, based on Esri estimates, there are 2,072 households in the Central Cass County area with a head of household age 65 and older.

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 twin home (two units) could be built over the next five years with the projection that additional twin homes/town homes 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.

# **Backus - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** The City of Backus 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.

### **11. Promote rental housing rehabilitation programs**

**Findings:** The City of Backus has approximately 53 rental units. The rental units are in multi-family buildings, mixed-use structures, duplexes, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as many of the rental units in Backus are more than 40 years old and some 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 Backus 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, and local funds.

## **12. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability of the existing housing stock in Backus 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 47% of the owner-occupancy stock in Backus was constructed before 1960 and some of these homes need minor or major repairs. Our housing condition survey rated the 149 houses in Backus. Our survey found 60 homes that need minor repair and 26 houses that need major repair.

The Cass County HRA and BI-CAP administer housing rehabilitation programs in Backus and Cass County. Housing rehabilitation programs include the Minnesota Housing Finance Agency programs, the Minnesota Small Cities Development Program, USDA Rural Development programs and the Weatherization Program. In the past, the City of Backus has been awarded MN Small Cities Development Program funding to rehabilitate single family houses.

**Recommendation:** We recommend that the City of Backus 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.

# **Backus - Other Housing Initiatives**

## **Other Housing Initiatives**

### **13. Acquire and demolish dilapidated structures**

**Findings:** Approximately 47% of the owner-occupancy stock was constructed before 1960. Our housing condition survey identified 13 single family houses in Backus that are dilapidated and too deteriorated to rehabilitate. We also identified 26 single family houses in Backus 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 Backus 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, Minnesota Housing Finance Agency funds, and SCDP funds are potential funding sources for this initiative. Funding may be available for both acquisition/demolition and new construction activities.

### **14. Create a plan and continue coordination among housing agencies**

**Findings:** The City of Backus 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 the Cass County HRA, BI-CAP, the Cass County Economic Development Corporation and the Region Five Development Commission. 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 Backus 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.

#### **15. 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 Backus has been active in promoting the community 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 (Backus and the area) to provide employees (especially new employees) with housing opportunities in Backus
- ▶ 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 builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

## Chickamaw Beach

<b>Key Statistics: Chickamaw Beach</b>	
<b><i>Demographic</i></b>	
Population 2020:	128 people
Households 2020:	55 households
Household Size 2020:	2.31 persons per household
Population Trend:	Up by 14 people from 2010 to 2020
Household Trend:	Down by 3 households from 2010 to 2020
Household Projection:	0 to -2 households between 2020 and 2026
<b><i>Income</i></b>	
Median Household Income:	\$64,375 in 2019
Median Family Income:	\$68,375 in 2019
<b><i>Housing</i></b>	
Home Ownership Rate 2019:	100% home owners
Rental Rate 2019:	0% renters
Median Home Value:	\$201,800 based on American Community Survey
New Construction:	0 single family housing starts from 2010 to 2021
Change in Housing Stock:	-2 housing units from 2010 to 2020
<b><i>Housing Condition</i></b>	
Median Year Built - Owner:	1976
Median Year Built - Rental:	N/A

## **Summary of Growth Trends**

Based on the 2020 Census, the City of Chickamaw Beach has remained a relatively stable community in recent years. Between 2010 and 2020, Chickamaw Beach had a reduction of three permanent resident households, but did add 14 people, as the City's average household size increased over the decade.

Longer-term patterns for household change are largely similar to the most recent decade. Over the past 30 years, from 1990 to 2020, the City has remained relatively stable, and has added only three households. However, after growing somewhat in the 1990s, the City has seen a gradual but consistent reduction in the number of permanent resident households over the last 20 years.

Like a number of other communities in Cass County, Chickamaw Beach has a relatively large inventory of housing that is not occupied by permanent residents. Much of this appears to be housing units that are used for seasonal/recreational occupancy. Going forward, any significant gains or losses in permanent resident households will be linked in part to occupancy patterns in this housing stock. If more seasonal use housing is converted to permanent occupancy, the City will add population and households. But it is also possible that more houses will be converted to seasonal occupancy, and the City could decrease in size.

For this Housing Study, Chickamaw Beach has been grouped with other communities in the central portion of Cass County to allow for regional comparison. Between 2010 and 2020, the combined jurisdictions in Central Cass County added 284 permanent households, or an annual average of approximately 28 households per year. However, more than 95% of the net gain in households in this part of Cass County was located in the Townships. The combined cities in Central Cass added only 14 households over the decade.

This same pattern of rural household growth was also evident in all of Cass County. Between 2010 and 2020, the entire County added 666 permanent resident households, or an average of nearly 67 households per year. But more than 99% of the entire County's net household growth over the last decade was located in the Townships and Unorganized Territories. In all of the combined cities in Cass County, a net gain of only four permanent households was recorded by the 2020 Census.

## **Summary of Growth Projections**

This Study has focused on the potential future change in households as a major contributor to housing demand. For small communities, household growth projections are largely based on a continuation of recent patterns.

In the City of Chickamaw Beach, minor household losses have occurred over the past 20 years. A trend-based projection would yield the expectation that the City will lose up to two additional households by the year 2026. However, it is possible that the City's household count will remain unchanged, or that a few households could be added, especially if some seasonal use housing is instead occupied by permanent residents. For this Housing Study, the analysts have assumed that the community will remain largely stable over the next five years, with no significant gains or losses in the permanent household count.

Past growth patterns for the combined jurisdictions that form Central Cass County would yield an expectation that approximately 182 households would be added between 2020 and 2026, or approximately 30 households in an average year. A growth projection obtained from Esri for the Central Cass County regions expects a gain of approximately 49 households per year through 2026.

Although the household forecast from Esri appears to be somewhat high, a range of annual household growth between 30 and 49 households per year is achievable for Central Cass County, in the opinion of the analysts. In the middle of this range, annual average growth of nearly 40 households per year is a realistic expectation. However, nearly all of this potential growth is likely to occur within the rural townships in Central Cass, with only a small share located within the cities in this portion of the County.



## **Chickamaw Beach - 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 City of Chickamaw Beach's local housing stock.

- ▶ **Recreational opportunities** - The Chickamaw Beach area provides recreational opportunities including lakes, forests, trails, boating, hunting, hiking, snowmobiling, fishing, canoeing, etc.
- ▶ **Small town atmosphere** - Small town living is attractive for some households.
- ▶ **Cass County Housing and Redevelopment Authority (HRA) and Cass County Economic Development Corporation and the Region Five Development Commission** - Chickamaw Beach has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **BI-CAP** - BI-CAP is the designated Community Action Agency for Cass County. BI-CAP is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Chickamaw Beach is located near larger communities** - Chickamaw Beach is located immediately adjacent to Pine River and 28 miles from Brainerd. These cities provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities.
- ▶ **Regional growth potential** - Although Chickamaw Beach has had limited growth in recent decades, the area defined as Central Cass County has been adding households and housing units in recent decades. Growth projections indicate that the townships in the central portion of the County will continue to grow over the next five years.
- ▶ **High median home value** - The median value of the houses in Chickamaw Beach based on the 2019 American Community Survey is \$201,800. This high median value makes the new construction of housing in Chickamaw Beach very feasible.
- ▶ **Age and condition of the housing stock** - The condition of the existing housing stock in Chickamaw Beach is very good.

## **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 Chickamaw Beach.

- ▶ **Competition from surrounding rural areas and lakes** - Nearly all of the past household growth and housing construction activity in Central Cass County has been located in the rural townships. This includes lake shore locations and other rural settings.
- ▶ **Educational facilities** - Chickamaw Beach does not have a public or private school.
- ▶ **No commercial options** - Chickamaw Beach does not have commercial and retail options to meet daily needs.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Medical facilities** - Chickamaw Beach does not have a clinic, hospital or senior housing with services options.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Available lots** - There are very few buildable lots available in Chickamaw Beach.
- ▶ **Infrastructure** - The City does not have municipal water and sewer infrastructure.

# **Chickamaw Beach - 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 Chickamaw Beach. 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 housing construction will more likely occur in Chickamaw Beach if there is proactive support from the City of Chickamaw Beach; local and regional housing agencies; economic development agencies and the Minnesota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Chickamaw Beach 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.
- ▶ **Develop a realistic action plan with goals and time lines** - The City should prioritize any housing issues it may identify 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 Cass County HRA, BI-CAP, the Cass County Economic Development Corporation, the Region Five Development Commission, the Minnesota Housing Finance Agency and USDA Rural Development. These resources should be accessed as needed to assist with housing activities.

## Summary of Findings/Recommendations

The findings/recommendations for the City of Chickamaw Beach have been formulated through the analysis of the information provided in the previous sections and include a total of 8 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:

<b>Findings and Recommendations for the City of Chickamaw Beach</b>	
<b>Rental Housing Development</b>	
1.	Monitor the need to develop new market rate or subsidized rental units
2.	Monitor the future need to utilize the Housing Choice Voucher Program
<b>Home Ownership</b>	
3.	Utilize and promote all programs that assist with home ownership
<b>New Construction</b>	
4.	Lot availability and lot development
<b>Housing Rehabilitation</b>	
5.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
6.	Acquire and demolish dilapidated structures
7.	Coordination among housing agencies
8.	Develop home ownership and new construction marketing programs and strategies

# **Chickamaw Beach - 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 2021, based on City data, no rental units have been constructed in Chickamaw Beach. Also, based on 2019 American Community Survey data, there are no rental units in the City of Chickamaw Beach.

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

Community Partners Research, Inc., household projections expect a loss of two households in Chickamaw Beach and a significant gain of up to 244 households in the Central Cass County area from 2021 to 2026. Therefore, there is no demand for rental housing units due to household growth over the next five years in Chickamaw Beach.

The City of Chickamaw Beach had no rental units based on 2019 American Community Survey data, thus, no rental units have been lost and there is no need to replace lost rental units.

As part of this study, a rental survey of rental units was conducted in each Cass County City. Chickamaw Beach has no rental units, therefore, a rental survey was not conducted.

Based on our research, we have identified no demand for market rate rental units, subsidized units or senior with services units.

The three rental demand generators show no demand for rental units over the five-year projection period from 2021 to 2026.



**1. Monitor the need to develop new market rate or subsidized rental housing**

**Findings:** From 2020 to 2026, Chickamaw Beach is projected to have a loss of two households, thus, the City has no growth-generated demand for rental housing. Also, Chickamaw Beach lacks amenities to attract rental households including employment, commercial, health care, retail and service opportunities. Chickamaw Beach historically has been a City with a very high owner occupancy rate. Additionally, Chickamaw Beach is located adjacent to Pine River, which has rental housing options.

**Recommendation:** We do not recommend the construction of market rate or subsidized rental housing at this time. We do recommend that Chickamaw Beach monitor the need for the production of market rate or subsidized housing in the future.

**2. Monitor the future need 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 approximately 30% 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 Chickamaw Beach and Cass County is administered by the Cass County HRA. Currently, the Cass County HRA has funding for approximately 75 Vouchers for Cass and Hubbard Counties.

Because there are no rental households in Chickamaw Beach, no Chickamaw Beach renter households are currently paying more than 30% of their income for rent, which is considered a housing cost burden.

**Recommendation:** From a practical standpoint, the Housing Choice Voucher Program is the single best way that Chickamaw Beach can provide affordable housing, if the need for affordable rental housing is identified in Chickamaw Beach in the future. HUD does not make new incremental assistance available every year, but when new allocations are authorized, the Cass County HRA should be encouraged to continue to apply for additional Vouchers.

Also, the Cass County HRA should publicize the Housing Choice Voucher Program in Chickamaw Beach to assure that City households have access to and are aware of the Program, if there are rental households in Chickamaw Beach in the future.

# **Chickamaw Beach - Home Ownership Recommendations**

## **Home Ownership Recommendations**

**Findings:** Providing 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.

According to 2019 American Community Survey data, the City's median home value is \$201,800. With approximately 50% of the homes in Chickamaw Beach valued less than \$201,800, Chickamaw Beach has some limited opportunities for first time home buyers and households seeking moderately priced homes.

While all current Chickamaw Beach households already own their housing, households moving into the community may need the assistance of special programs to help them purchase a home.

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

### **3. 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 continue to promote home ownership in Chickamaw Beach. 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 \$201,800, there are some moderate valued houses in the community that appeal to home 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.

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:** Chickamaw Beach, area financial institutions, the Cass County HRA and BI-CAP 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 Cass 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 the Cass County HRA and BI-CAP 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, the Minnesota Housing Finance Agency and the Greater Minnesota Housing Fund.

# **Chickamaw Beach - New Housing Construction**

## **New Housing Construction**

**Findings:** Chickamaw Beach experienced no single family owner-occupied housing construction over the past 11 years from 2010 to 2021.

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.

It is our opinion that new housing construction will be limited in Chickamaw Beach over the next five years. However, it is our projection that two to three homes could be constructed over the next five years from 2021 to 2026. The new construction could be on vacant lots, or homes could be constructed as replacements to homes that are demolished.

### **4. Lot availability and lot development**

**Findings:** Based on information provided by the City of Chickamaw Beach, there is not an existing subdivision with available lots in Chickamaw Beach, however, there are two to three in-fill lots available in the City. However, these lots may not be feasible for new construction. Also, lots may come available as older homes are demolished to provide lots for new housing.

**Recommendation:** We recommend that the City of Chickamaw Beach inventory vacant lots and parcels in Chickamaw Beach to determine their availability, if they are buildable and approximate costs to purchase the lots. It is our assumption that there is an adequate number of lots currently available, and additional lots may become available due to demolition in the City of Chickamaw Beach to meet the limited expected demand.

# **Chickamaw Beach - Housing Rehabilitation**



## **Housing Rehabilitation**

**Findings:** The City of Chickamaw Beach 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.

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.

### **5. Promote owner-occupied housing rehabilitation programs**

**Findings:** Although the City of Chickamaw Beach housing is in good condition, approximately 50% of the owner-occupied homes in Chickamaw Beach are more than 45 years old and some of these homes may need minor or major repairs.

The Cass County HRA and BI-CAP administer housing rehabilitation programs in Chickamaw Beach and Cass County. Housing rehabilitation programs include the Minnesota Housing Finance Agency programs, USDA Rural Development programs and the Weatherization Program.

**Recommendation:** We recommend that the City of Chickamaw Beach utilize available funding sources to rehabilitate homes that need repairs. USDA Rural Development, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund and the Federal Home Loan Bank.

# **Chickamaw Beach - Other Housing Initiatives**

## **Other Housing Initiatives**

### **6. Acquire and demolish dilapidated structures**

**Findings:** Approximately 50% of the single family homes in Chickamaw Beach are more than 45 years old. Although Chickamaw Beach’s housing inventory is in good condition, there may be homes that are dilapidated and 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 Chickamaw Beach take an aggressive approach to demolishing any severely dilapidated structures that may exist in the community. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots could potentially be utilized for the construction of new affordable housing units.

### **7. Coordination among housing agencies**

**Findings:** The City of Chickamaw Beach may need resources in addition to existing staff to plan and implement any housing initiatives that are identified. The City has access to the Cass County HRA, BI-CAP, the Cass County Economic Development Corporation and the Region Five Development Commission. 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 Chickamaw Beach 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 address any housing needs that may be identified.

## **8. 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 Chickamaw Beach 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 (Chickamaw Beach and the area) to provide employees (especially new employees) with housing opportunities in Chickamaw Beach
- ▶ 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
- ▶ 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
- ▶ Review the City's building policies and fees to assure that they are user-friendly, fair and reasonable for builders and households.

## Hackensack

<b>Key Statistics: Hackensack</b>	
<b><i>Demographic</i></b>	
Population 2020:	294 people
Households 2020:	151 households
Household Size 2020:	1.94 persons per household
Population Trend:	Down by 19 people from 2010 to 2020
Household Trend:	Up by 8 households from 2010 to 2020
Household Projection:	5 to 7 households between 2020 and 2026
<b><i>Income</i></b>	
Median Household Income:	\$25,662 in 2019
Median Family Income:	\$40,000 in 2019
<b><i>Housing</i></b>	
Home Ownership Rate 2019:	35.3% home owners
Rental Rate 2019:	64.7% renters
Median Home Value:	\$108,000 based on American Community Survey
New Construction:	6 single family housing starts from 2010 to 2021
<b><i>Housing Condition</i></b>	
Condition Rating: (Entire City)	Sound - 60 homes / 50.4% Minor Rehab - 41 homes / 34.5% Major Rehab - 13 homes / 10.9% Dilapidated - 5 homes / 4.2%
Median Year Built - Owner:	1971
Median Year Built - Rental:	1978

## **Summary of Growth Trends**

Based on the 2020 Census, the City of Hackensack has been adding some households but losing population in recent years, as the average number of people per household has continued to grow smaller. Between 2010 and 2020, Hackensack added eight permanent resident households, but experienced a decline of 19 people. In 2020 the City's average household size was very small at only 1.94 persons per household.

Longer-term patterns for household change are largely similar to the most recent decade. Over the past 30 years, from 1990 to 2020, the City has continually added households, with an increase of 34 total households over the past 30 years. Although this annual average is just over one household per year, Hackensack has gradually been growing. The City had also been slowing adding population, but this pattern reversed after 2010, although the loss of people was less than two residents per year.

Some of the recent household growth can be linked to new housing unit construction, as the City had six new homes built over the past 11 years. But overall, Hackensack has a relatively small inventory of vacant housing, and the City actually had a net reduction of available housing units as some older units may have been lost between 2010 and 2020. Going forward, any significant gain of permanent resident households may be linked to housing availability in the community.

For this Housing Study, Hackensack has been grouped with other communities in the central portion of Cass County to allow for regional comparison. Between 2010 and 2020, the combined jurisdictions in Central Cass County added 284 permanent households, or an annual average of approximately 28 households per year. However, more than 95% of the net gain in households in this part of Cass County was located in the Townships. The combined cities in Central Cass added only 14 households over the decade, including the growth in Hackensack.

This same pattern of rural household growth was also evident in all of Cass County. Between 2010 and 2020, the entire County added 666 permanent resident households, or an average of nearly 67 households per year. But more than 99% of the entire County's net household growth over the last decade was located in the Townships and Unorganized Territories. In all of the combined cities in Cass County, a net gain of only four permanent households was recorded by the 2020 Census.

## **Summary of Growth Projections**

This Study has focused on the potential future change in households as a major contributor to housing demand. For small communities, household growth projections are largely based on a continuation of recent patterns.

In the City of Hackensack, minor household growth has been occurring for at least the past three decades. A trend-based projection would yield the expectation that the City will continue to add approximately one household per year through 2026, for a total of between five and seven additional households.

It is certainly possible for Hackensack to exceed this projection, but it would probably require a higher level of future housing unit creation. Census data points to an overall decrease in the number of housing units in the City, despite some limited home building since 2010. Without available housing units, future household growth is less likely as few vacant housing units remain in the community.

Past growth patterns for the combined jurisdictions that form Central Cass County would yield an expectation that approximately 182 households would be added between 2020 and 2026, or approximately 30 households in an average year. A growth projection obtained from Esri for the Central Cass County regions expects a gain of approximately 49 households per year through 2026.

Although the household forecast from Esri appears to be somewhat high, a range of annual household growth between 30 and 49 households per year is achievable for Central Cass County, in the opinion of the analysts. In the middle of this range, annual average growth of nearly 40 households per year is a realistic expectation. However, nearly all of this potential growth is likely to occur within the rural townships in Central Cass, with only a small share located within the cities in this portion of the County.

## **Hackensack - 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 City of Hackensack' local housing stock.

- ▶ **Hackensack serves the immediate area** - Hackensack provides employment opportunities, retail/service options, governmental services and recreational opportunities for a geographical area that immediately surrounds Hackensack.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. According to the 2019 American Community Survey, the City's median home value is \$108,000. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Hackensack 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.
- ▶ **Recreational opportunities** - The Hackensack area provides recreational opportunities including lakes, forests, trails, boating, hunting, hiking, snowmobiling, fishing, canoeing, etc.
- ▶ **Small town atmosphere** - Hackensack has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Cass County Housing and Redevelopment Authority (HRA) and Cass Economic Development Corporation and the Region Five Development Commission** - Hackensack has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **BI-CAP** - BI-CAP is the designated Community Action Agency for Cass County. BI-CAP is active in addressing the area's housing needs and in providing funding for housing projects and programs.

- ▶ **Hackensack is located near larger communities** - Hackensack is located 13 miles from Walker, 48 miles from Brainerd and 52 miles from Bemidji. These cities provide employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities.
- ▶ **Regional growth potential** - Although Hackensack has had limited growth in recent decades, the area defined as Central Cass County has been adding households and housing units in recent decades. Growth projections indicate that the townships in the central portion of the County will continue to grow over the next five years.
- ▶ **Rental housing projects** - Five rental housing projects are located in Hackensack, which provide rental housing options for households.
- ▶ **Specialized senior housing** - There is one licensed assisted living provider based in Hackensack. This provides a local housing option for seniors that need assistance with daily living
- ▶ **Commercial development** - Hackensack's commercial district is adequate to meet most daily needs.
- ▶ **Birch Lake** - Hackensack is located on Birch Lake which provides recreational and lake home opportunities.
- ▶ **Mann Lake Bee & Ag Supply** - Mann Lake Bee & Ag Supply is a major employer that is located in Hackensack.
- ▶ **Hwy 371** - Hackensack is located on Hwy 371, which provides efficient access for commuting to and from Hackensack.
- ▶ **Household growth** - Hackensack is forecast to add households over the next five years.
- ▶ **Hackensack Resilient Housing Project** - Hackensack is participating in the Resilient Housing Project which may provide energy efficient affordable housing for area households.

## **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 Hackensack.

- ▶ **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 Hackensack and Cass 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 Hackensack and the 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** - According to the American Community Survey, the City's median home value is \$108,000. This is below the comparable cost for new housing construction, which will generally be above \$200,000 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.
- ▶ **Competition from surrounding rural areas and lakes** - Nearly all of the past household growth and housing construction activity in Central Cass County has been located in the rural townships. This includes lake shore locations and other rural settings. The incorporated cities in the County have been less successful in attracting households and new home construction.
- ▶ **Educational facilities** - Hackensack does not have a public school, however, Hackensack is in the Walker-Hackensack-Akeley School District. The preschool-Grade 12 school is located in Walker.

- ▶ **Limited commercial options** - Hackensack has commercial and retail options to meet daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Lack of available lots** - The number of available buildable lots is limited in Hackensack.

# **Hackensack - 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 Hackensack. 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 Hackensack if there is continued proactive support from the City of Hackensack; local and regional housing agencies; economic development agencies and the Minnesota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Hackensack 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** - Hackensack has several assets including an affordable housing stock, recreational opportunities, commercial businesses, employers, etc. These are assets that make Hackensack 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 Cass County HRA, BI-CAP, the Cass County Economic Development Corporation, the Region Five Development Commission, the Minnesota Housing Finance Agency 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 Hackensack have been formulated through the analysis of the information provided in the previous sections and include a total of 18 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:

<b>Findings and Recommendations for the City of Hackensack</b>	
<b>Rental Housing Development</b>	
1.	Develop 10 to 14 general occupancy market rate rental units
2.	Promote the development/conversion of three to four affordable market rate rental housing units
3.	Develop 8 to 10 additional subsidized/moderate rent housing units
4.	Consider the development of 10 to 12 senior independent/light services units
5.	Utilize the Housing Choice Voucher Program
6.	Develop a mixed-use commercial/housing project
<b>Home Ownership</b>	
7.	Utilize and promote all programs that assist with home ownership
<b>New Construction</b>	
8.	Lot availability and lot development
9.	Strategies to encourage residential lot sales and new home construction
10.	Promote town house and twin home development

<b>Findings and Recommendations for the City of Hackensack</b>	
<b>Housing Rehabilitation</b>	
11.	Promote rental housing rehabilitation programs
12.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
13.	Encourage employer involvement in housing
14.	Hackensack Resilient Housing Project
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
18.	Strategies for Downtown Redevelopment



# **Hackensack - 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 2021, based on City data, no rental units have been constructed in Hackensack although, some owner occupied homes may have converted to rentals and vice versa.

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

Community Partners Research, Inc., household projections expect a gain of approximately five to seven households in Hackensack and a significant gain of up to 244 households in the Central Cass County area from 2020 to 2026. Therefore, we are projecting the demand for approximately 10 rental housing units due to household growth over the next five years in Hackensack and in the Central Cass County area.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Hackensack will lose approximately five 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 Hackensack was conducted. In total, 46 rental units were contacted and surveyed. The survey found no vacancies in the general occupancy market rate and subsidized units. All of the rental projects are fully occupied.

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

These demand generators, after factoring current vacancy rates, show a demand potential for 31 to 40 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 2021 to 2026.

▶ General Occupancy Market Rate	10-14 units
▶ Affordable/Conversions	3-4 units
▶ Subsidized/Moderate Rent	8-10 units
▶ Senior with Services (Independent/Light Services)	<u>10-12 units</u>
Total	31-40 units

### **1. Develop 10 to 14 general occupancy market rate rental units**

**Findings:** Most of the rental housing in the City of Hackensack 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.

We found no vacant units in the 27 market rate units in the City’s four market rate rental projects that were surveyed. The owners reported ongoing excellent occupancy rates.

The gross rent for a two-bedroom unit in the market rate projects is in the \$550 to \$750 range plus heat and electricity.

Of the 27 market rate units in the four market rate rental projects, 26 are one-bedroom and one unit is a two-bedroom.

As stated earlier, the Central Cass County area is forecast to gain up to 244 households. Although most of these households will be located on lakes and in rural areas, some of the new households will be seeking rental housing.

The City of Hackensack and the Central Cass County area have employment opportunities, including Mann Lake Bee & Ag Supply, which is a major employer.

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

**Recommendation:** 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 10 to 14 market rate general occupancy rental units over the next five years, from 2021 to 2026. Although the majority of the rental units should be two-bedroom, one and three-bedroom units should also be constructed.

Town home-style units are the preferred option for addressing the need for market rate units. Although, a high quality apartment building would also be a viable option. Also, the project, to be successful, should have 'state of the art' amenities.

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, the Cass County HRA, the Cass County Economic Development Corporation, or a regional housing 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 Hackensack 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 - 750	\$775 - \$875
Two-Bedroom	6-9	850 - 1,000	\$900 - \$1,000
Three-Bedroom	<u>2</u>	1,100 - 1,200	\$1,050 - \$1,200
Total	10-14		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2021 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 2022 will be:

- ▶ 1 bedroom - \$603
- ▶ 2 bedroom - \$793
- ▶ 3 bedroom - \$1,014

**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 market rate rental units in Hackensack. Unfortunately, these units would tend to be beyond the financial capability of many Hackensack 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 Hackensack 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 Hackensack 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 encourage the City of Hackensack to promote the development/conversion of more affordable 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 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 8 to 10 subsidized or moderate rent/general occupancy rental housing units**

**Findings:** There is one federally subsidized rental project in Hackensack. Birch Lake Apartments includes 19 USDA Rural Development general occupancy units. The project has 15 one-bedroom and four two-bedroom units. The project is currently undertaking a major renovation including exterior improvements, energy improvements and appliances.

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.

The manager reported that at the time of the survey, the project had no vacancies and a waiting list.

Based on the 2020 American Community Survey, approximately 60% of the renter households in the City of Hackensack 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.

**Recommendation:** We recommend that the City of Hackensack, the Cass County HRA and BI-CAP 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 eight to 10 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 very limited and it remains very difficult to produce new units for low income renters. The actual number of units that can be developed will be dependent upon access to financial resources. In the opinion of the analysts, the highest priority would be to create larger two and three-bedroom subsidized general occupancy units for families and younger households.

#### **4. Consider the development of 10 to 12 senior independent/light services units**

**Findings:** Currently, there is one senior with services housing project in Hackensack. Birchview Gardens Assisted Living is a 37-unit (41-resident capacity) assisted living project. The project was constructed in 2007. The project provides the full array of senior services including meals, medication management, housekeeping, laundry, bathing, etc. At the time of the survey, the project was fully occupied.

Based on the 2021 Esri data, there are 2,017 households in Central Cass County age 65 and above. Also, as the baby boom generation continues to age, the senior population will continue to increase from 2021 to 2026.

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.

**Recommendation:** Based on the research completed for this Study, we do not recommend the development of additional senior with services units, which provide a high level of services such as assisted living, in Hackensack through the year 2026, as the City and surrounding area are adequately served by Birchview Gardens.

We do, however, recommend a 10 to 12-unit senior independent/light services project. The City of Hackensack area has a significant senior population living in rural areas and on lakes. Some of these senior households will seek senior housing. The project's amenities and features should include:

- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking

Apartment features should include:

- ▶ 10-12 units
  - ▶ 3-4 one-bedroom
  - ▶ 7-8 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 include:

- ▶ noon meal
- ▶ weekly housekeeping
- ▶ home health care
- ▶ social activities



Tax increment financing, tax abatement, land donations, low interest loans and/or other subsidies and incentives could be utilized to make the project financially feasible.

It is estimated that 50% of the units will be occupied when the project opens and one to two additional units will be rented over the next three to four months.

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. 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 approximately 30% 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 Hackensack and Cass County is administered by the Cass County HRA. Currently, Cass County HRA has funding for approximately 75 Vouchers for Cass and Hubbard Counties. Approximately 62% Hackensack renter households are currently paying more than 30% of their income for rent, which is considered a housing cost burden. Approximately 35 Cass County households are currently utilizing a Voucher, including one household in Hackensack. There is a waiting list for a Voucher.

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

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

## **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 Hackensack. 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, the County, the Cass County HRA and the Cass County Economic Development Corporation may have a role in the project by providing tax increment financing (TIF), tax abatement, land at a reduced price and other funds.

# **Hackensack - 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.

Based on the 2019 American Community Survey, the City's median home value is \$108,000. With approximately 50% of the homes in Hackensack valued less than \$108,000, Hackensack has opportunities for first time home buyers and households seeking moderately priced homes.

While many Hackensack 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 Hackensack. 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 Hackensack. 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 \$108,000, 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.

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:** Hackensack, area financial institutions, the Cass County HRA and BI-CAP 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 Cass 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 the Cass County HRA and BI-CAP 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, the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Minnesota Small Cities Development Program.

# **Hackensack - New Housing Construction**

## **New Housing Construction**

**Findings:** Hackensack has experienced limited single family owner-occupied housing construction over the past 11 years from 2010 to 2021. According to City and Census Bureau records, approximately six single family owner-occupied units have been constructed in Hackensack over this period. Many of these new homes were lake homes.

With limited services, employment opportunities, projected household growth, availability of residential lots, and minimal new home construction over the past decade, Hackensack is forecast to have minimal City construction of new owner-occupied housing units over the next several years. However, new homes will continue to be constructed if residential lots are available. Also, new homes may be constructed to replace older homes that are demolished.

Hackensack is projected to gain five to seven households and the Central Cass County area is projected to gain up to 244 households from 2021 to 2026. The City and Central Cass County area are projected to gain households in the 35 to 44 age range and households in the 65 and older age ranges. Households in the 35 to 44 age ranges tend to be first-time home buyers or are looking for trade-up housing. Households in the 65 and older age range 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 Hackensack, developers, builders, and local, regional and state housing agencies are proactive, a total of 10 to 16 owner-occupied housing units could be constructed or moved into Hackensack from 2021 to 2026 to address demand. This projection is based on the availability of buildable residential lots and ongoing construction of new housing replacing older homes. 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 | 4-6 homes         |
| ▶ Affordable homes            | 4-6 homes         |
| ▶ Twin homes/town homes       | 2-4 units         |
| Total                         | 10-16 homes/units |

## **8. 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 Hackensack. Currently, there is not an existing subdivision in the City that has water and sewer infrastructure.

However, there are miscellaneous infill lots and parcels scattered around the City. We do not know the availability of some of these infill lots and parcels. Also, there are a number of dilapidated homes in the City. If these homes are demolished, some of the cleared lots could be sites for new construction.

**Recommendation:** We use a standard that a three-year supply of lots should be available in the marketplace based on annual lot usage. With projections that two to four new owner-occupancy housing units could be constructed per year, the City should have approximately 10 to 12 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With only miscellaneous in-fill lots potentially available, the City currently does not have an adequate supply of lots to meet expected demand over the next several years. If projected demand comes to fruition, it will be necessary to develop additional lots.

To achieve the level of new home construction potential that as been identified and to have lots available over an extended period of time, we recommend the development of 12 to 14 additional residential lots over the next five years. Land may need to be annexed into the city limits for lot development. 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.
- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, home builders, developers, the City of Hackensack, the Cass County HRA, the Cass County Economic Development Corporation and the Region Five Development Commission. 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 twin home/town house development

**9. Strategies to encourage continued residential lot sales and new home construction in Hackensack**

**Findings:** From 2010 to 2021, approximately six owner-occupied single family units have been constructed in Hackensack. We are projecting that 10 to 16 units will be constructed in Hackensack from 2021 to 2026.

**Recommendation:** We recommend that the City of Hackensack, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lots sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the area. To attract new home construction in Hackensack, lots should continue to be available and competitively-priced compared to other options in the area.
- ▶ ***Alternative to rural and lakeshore development*** - The large majority of the new housing construction in the Central Cass County area is projected to be on lakes and in rural areas. As lake and rural area building sites become more limited and cost prohibitive, the City can provide an attractive and affordable option.
- ▶ ***User-Friendly*** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available 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.
- ▶ ***Long-term planning*** - The City of Hackensack should conduct long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout Minnesota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Incentives should be considered to promote new 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 should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Hackensack and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Realtors, financial institutions, builders, employers, etc., should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Hackensack and its amenities should continue to be marketed.

- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.
- ▶ ***Hackensack Resilient Housing Project*** - The Hackensack Resilient Project is working to develop energy efficient affordable housing. The City of Hackensack and area agencies could support this endeavor with funding, land donations, etc.

## **10. Promote town house and twin home development**

**Findings:** Hackensack has experienced no owner-occupied attached housing development from 2010 to 2021. 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 2021, based on the Esri data, there are 2,072 households in the Central Cass County area with a head of household in the 65 and older 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 two to four units in twin homes or town homes could be built over the next five years with the projection that additional twin homes/town homes 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.

# **Hackensack - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** The City of Hackensack 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.

### **11. Promote rental housing rehabilitation programs**

**Findings:** The City of Hackensack has approximately 108 rental units. The rental units are in multi-family buildings, duplexes and single family houses. Some of the City's rental units could benefit from rehabilitation as more than 50% of the rental units are more than 40 years old, and some of these 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 Hackensack 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 Minnesota Small Cities Development Program (SCDP) funds, the Federal Home Loan Bank, the Minnesota Housing Finance Agency (MHFA), the Greater Minnesota Housing Fund, and local funds.

## **12. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability of the existing housing stock in Hackensack 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 34% of the owner-occupied homes in Hackensack were constructed before 1960 and some of these homes need minor or major repairs. Our housing condition survey rated the 119 houses in Hackensack. Our survey found 41 homes that need minor repair and 13 houses that need major repair.

The Cass County HRA and BI-CAP administer housing rehabilitation programs in Hackensack and Cass County. Housing rehabilitation programs include the Minnesota Housing Finance Agency Programs, the Minnesota Small Cities Development Program, USDA Rural Development Programs and the Weatherization Program.

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

# **Hackensack - Other Housing Initiatives**



## **Other Housing Initiatives**

### **13. 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.

Additionally, employers can continue to support other city projects, such as parks, trails, ballfields, educational facilities, etc. that will have a positive impact on housing in Hackensack.

### **14. Hackensack Resilient Housing Project**

**Findings:** The Hackensack Resilient Housing Project is a joint venture involving the University of Minnesota Design Center and the Hackensack Building Corps.

The mission of the project is to develop energy efficient, quality, sustainable, affordable housing. To accomplish this mission, the project is developing housing that will have a better design, use new technology, utilize joint purchasing and where possible, utilize local projects and labor.

**Recommendation:** We recommend that all stakeholders including the City of Hackensack, the Cass Co. HRA, the Cass County Economic Development Corporation, Region Five Development Commission, BI-CAP, builders, suppliers, etc. support the ongoing efforts of the Hackensack Resilient Housing Project.

The support could include funding, grant writing assistance, land donations, tax increment financing, tax abatement, etc.

## **15. Acquire and demolish dilapidated structures**

**Findings:** Approximately 34% of the single family homes in Hackensack were built before 1960. Our housing condition survey identified five single family houses in Hackensack that are dilapidated and too deteriorated to rehabilitate. We also identified 13 single family houses in Hackensack 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 Hackensack 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, Minnesota Housing Finance Agency 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 Hackensack 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 the Cass County HRA, BI-CAP and the Cass Economic Development Corporation and the Region Five Commission. The City also has access to the Minnesota Housing Finance Agency and USDA Rural Development. These agencies all have experience with housing and community development programs.

**Recommendation:** The City of Hackensack 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 Hackensack has been active in promoting housing and its amenities 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 (Hackensack and the area) to provide employees (especially new employees) with housing opportunities in Hackensack
- ▶

- ▶ 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 builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

## **18. Strategies for Downtown Redevelopment**

**Findings:** Hackensack’s Downtown has buildings that have been renovated and have high quality commercial and/or housing space. Also, infrastructure improvements including lead pipe replacement and street reconstruction are currently being undertaken. 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 Hackensack:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Continue to 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
  - ▶ Mixed-use building development
  
- ▶ Identify funding sources
  - ▶ SCDP funds
  - ▶ Property owner funds
  - ▶ City funds
  - ▶ Cass County HRA funds
  - ▶ Cass County Economic Development Corporation funds
  - ▶ Federal Home Loan Bank
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Minnesota Department of Employment and Economic Development
  - ▶ Minnesota Housing Finance Agency funds
  - ▶ BI-CAP funds
  
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Hackensack
  - ▶ Cass County Economic Development Corporation
  - ▶ Cass County HRA

**Pine River**

<b>Key Statistics: Pine River</b>	
<b><i>Demographic</i></b>	
Population 2020:	911 people
Households 2020:	424 households
Household Size 2020:	1.99 persons per household
Population Trend:	Down by 33 people from 2010 to 2020
Household Trend:	Up by 7 households from 2010 to 2020
Household Projection:	4 households between 2020 and 2026
<b><i>Income</i></b>	
Median Household Income:	\$31,990 in 2019
Median Family Income:	\$41,750 in 2019
<b><i>Housing</i></b>	
Home Ownership Rate 2019:	39.3% home owners
Rental Rate 2019:	60.7% renters
Median Home Value:	\$121,400 based on recent sales
New Construction:	8 single family housing starts from 2010 to 2021
<b><i>Housing Condition</i></b>	
Condition Rating: (Entire City)	Sound - 92 homes / 36.7%
	Minor Rehab - 115 homes / 45.8%
	Major Rehab - 40 homes / 15.9%
	Dilapidated - 4 homes / 1.6%
Median Year Built - Owner:	1965
Median Year Built - Rental:	1980

## **Summary of Growth Trends**

Based on the 2020 Census, the City of Pine River has been adding some households but losing population in recent years, as the average number of people per household has continued to grow smaller. Between 2010 and 2020, Pine River added seven permanent resident households, but experienced a decline of 33 people. In 2020 the City's average household size was very small at only 1.99 persons per household.

Longer-term patterns for household change are not consistent, as the City has added households in some decades, but then lost households in others. Over the past 30 years, from 1990 to 2020, the City has added 70 total households. But most of this growth was recorded in the 1990s. Over the past 20 years the City has seen a net reduction of 14 households.

There is also some inconsistency in the City's housing stock, as the 2020 Census showed greater growth in housing units than can be tracked by building permit issuance.

Only eight new single family houses can be identified from annual construction reports since 2010. This is very similar to the growth of seven households that was reported by the 2020 Census. Although Pine River did have some vacant housing in 2020, there was not a large inventory of unoccupied units. Going forward, any significant gain of permanent resident households may be linked to housing availability in the community.

For this Housing Study, Pine River has been grouped with other communities in the central portion of Cass County to allow for regional comparison. Between 2010 and 2020, the combined jurisdictions in Central Cass County added 284 permanent households, or an annual average of approximately 28 households per year. However, more than 95% of the net gain in households in this part of Cass County was located in the Townships. The combined cities in Central Cass added only 14 households over the decade, including the growth in Pine River.

This same pattern of rural household growth was also evident in all of Cass County. Between 2010 and 2020, the entire County added 666 permanent resident households, or an average of nearly 67 households per year. But more than 99% of the entire County's net household growth over the last decade was located in the Townships and Unorganized Territories. In all of the combined cities in Cass County, a net gain of only four permanent households was recorded by the 2020 Census.

## **Summary of Growth Projections**

This Study has focused on the potential future change in households as a major contributor to housing demand. For small communities, household growth projections are largely based on a continuation of recent patterns.

In the City of Pine River, minor household growth did occur in the most recent decade, although longer term patterns are less consistent. A recent trend-based projection would yield the expectation that the City will add less than one household per year through 2026, for a total of between four and five additional households.

It is certainly possible for Pine River to exceed this projection, but it would probably require a higher level of future housing unit creation. The City is the largest community in the Central portion of Cass County and is a rental center to the immediate area. It is therefore possible that a larger volume of housing units will be constructed at some point in the future, potentially resulting in greater than projected growth.

Past growth patterns for the combined jurisdictions that form Central Cass County would yield an expectation that approximately 182 households would be added between 2020 and 2026, or approximately 30 households in an average year. A growth projection obtained from Esri for the Central Cass County regions expects a gain of approximately 49 households per year through 2026.

Although the household forecast from Esri appears to be somewhat high, a range of annual household growth between 30 and 49 households per year is achievable for Central Cass County, in the opinion of the analysts. In the middle of this range, annual average growth of nearly 40 households per year is a realistic expectation. However, nearly all of this potential growth is likely to occur within the rural townships in Central Cass, with only a small share located within the cities in this portion of the County.



## **Pine River - 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 City of Pine River's local housing stock.

- ▶ **Pine River serves the immediate area** - Pine River provides employment opportunities, retail/service options, governmental services, medical facilities and recreational opportunities for a geographical area that surrounds Pine River.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. According to recent existing home sales data, the City's median home value is \$121,400. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion.
- ▶ **Recreational opportunities** - The Pine River area provides recreational opportunities including lakes, forests, trails, boating, hunting, hiking, snowmobiling, fishing, canoeing, etc.
- ▶ **Small town atmosphere** - Pine River has the real and perceived amenities of a small town. Small town living is attractive for some households.
- ▶ **Cass County Housing and Redevelopment Authority (HRA), Cass Economic Development Corporation and the Region Five Development Commission** - Pine River has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **Pine River Housing and Redevelopment Authority (HRA)** - The Pine River HRA provides housing for low and moderate income households.
- ▶ **BI-CAP** - BI-CAP is the designated Community Action Agency for Cass County. BI-CAP is active in addressing the area's housing needs and in providing funding for housing projects and programs.

- ▶ **Highway #371** - Pine River is located on Highway #371, which provides efficient access to and from Pine River.
- ▶ **Household growth** - Pine River is forecast to add households over the next five years.
- ▶ **Pine River is located near Brainerd** - Pine River is located 31 miles from Brainerd, which is a regional center. The Brainerd area provides employment opportunities, retail/service options, educational opportunities, health care facilities and cultural amenities. Many households prefer to live near, but not in a regional center.
- ▶ **Regional growth potential** - Although Pine River has had limited growth in recent decades, the area defined as Central Cass County has been adding households in recent decades. Growth projections indicate that the townships in the central portion of the County will continue to grow over the next five years.
- ▶ **Rental housing projects** - Several rental housing projects are located in Pine River, including market rate, subsidized and tax credit projects.
- ▶ **Specialized senior housing** - There are three licensed assisted living providers based in Pine River. This can provide a local housing option for local seniors that need assistance with daily living
- ▶ **Commercial Development** - Pine River's commercial district is adequate to meet most daily needs.
- ▶ **Employers** - Pine River has several significant employers that provide jobs for area residents.
- ▶ **Educational Facility** - Pine River has preschool through grade 12 public schools.
- ▶ **Recent new home construction** - Six new homes were constructed in Pine River in 2019 and 2020.
- ▶ **Medical Clinic** - Pine River residents have access to a new medical clinic.

## **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 Pine River.

- ▶ **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 Pine River and Cass 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 Pine River and the 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** - According to recent home sales the City's median home value is \$121,400. This is below the comparable cost for new housing construction, which will generally be above \$200,000 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.
- ▶ **Competition from surrounding rural areas and lakes** - Nearly all of the past household growth and housing construction activity in Central Cass County has been located in the rural townships. This includes lake shore locations and other rural settings. The incorporated cities in the County have been less successful in attracting households and new home construction.
- ▶ **Staff capacity limitations** - Although the City has access to several housing and economic development agencies, it is difficult to develop and implement housing initiatives with limited resources.
- ▶ **Lack of available lots** - The number of available lots is limited in Pine River.

# **Pine River - 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 Pine River. 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 Pine River if there is continued proactive support from the City of Pine River; local and regional housing agencies; economic development agencies and the Minnesota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Pine River 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** - Pine River has several assets including an affordable housing stock, recreational opportunities, commercial businesses, employers, preschool through grade 12 public schools, etc. These assets make Pine River 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 Cass County HRA, BI-CAP, the Cass County Economic Development Corporation, the Region Five Development Commission, the Minnesota Housing Finance Agency 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 Pine River have been formulated through the analysis of the information provided in the previous sections and include a total of 18 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:

<b>Findings and Recommendations for the City of Pine River</b>	
<b>Rental Housing Development</b>	
1.	Develop 16 to 20 general occupancy market rate rental units
2.	Promote the development/conversion of four to six affordable market rate rental housing units
3.	Develop 10 to 12 additional subsidized/moderate rent housing units
4.	Consider the development of 12 to 16 senior independent/light services units
5.	Utilize the Housing Choice Voucher Program
6.	Develop a Mixed-Use Commercial/Housing Project
<b>Home Ownership</b>	
7.	Utilize and promote all programs that assist with home ownership
8.	Consider the development of a purchase/rehabilitation program
<b>New Construction</b>	
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

<b>Findings and Recommendations for the City of Pine River</b>	
<b>Housing Rehabilitation</b>	
12.	Promote rental housing rehabilitation programs
13.	Promote owner-occupied housing rehabilitation programs
<b>Other Housing Initiatives</b>	
14.	Encourage employer involvement in housing
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
18.	Strategies for Downtown Redevelopment



# **Pine River - 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 2021, based on City data, no rental units have been constructed in Pine River, although, some owner occupied homes may have converted to rentals and vice versa.

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

Community Partners Research, Inc., household projections expect a gain of four households in Pine River and a significant gain of up to 244 households in the Central Cass County area from 2020 to 2026. Therefore, we are projecting the demand for approximately 12 rental housing units due to household growth over the next five years in Pine River and the Central Cass County area.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Pine River will lose approximately six to eight 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 Pine River was conducted. In total, 100 rental units were contacted and surveyed. The survey found no vacancies in the general occupancy market rate and subsidized units. All of the units are fully occupied and several rental projects have waiting lists.

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

These demand generators, after factoring current vacancy rates, show a demand potential for 42 to 54 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 2021 to 2026.

▶ General Occupancy Market Rate	16-20 units
▶ Affordable/Conversions	4-6 units
▶ Subsidized/Moderate Rent	10-12 units
▶ Senior with Services (Independent/Light Services)	<u>12-16 units</u>
Total	42-54 units

### **1. Develop 16 to 20 general occupancy market rate rental units**

**Findings:** Approximately 57% of the rental housing in the City of Pine River 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 260 total units in 2021. We believe that approximately 148 of these units are best described as market rate rental housing.

We found no vacant units in the market rate rental units that were surveyed.

Pine River is expected to gain approximately four households over the next five years. Also, as stated earlier, the Central Cass County area is forecast to gain up to 244 households. Although most of these households will be located on lakes and in rural areas, some of the new households will be seeking rental housing.

Pine River has employment opportunities. Also, the City is located within commuting distance to the Brainerd area, which has employment opportunities. Pine River also has the infrastructure and services to support additional rental housing.

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

**Recommendation:** 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 16 to 20 market rate general occupancy rental units over the next five years, from 2021 to 2026.

Town home-style units are the preferred option for addressing the need for market rate units, although a high quality apartment building would also be a viable option. Also, the project, to be successful, should have 'state of the art' amenities.

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 would be to encourage private developers to construct market rate rental housing. If private developers do not proceed, the Pine River HRA, the Cass County HRA, the Cass County Economic Development Corporation, or a regional housing 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 Pine River  
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 - 750	\$775 - \$875
Two-Bedroom	10-12	850 - 1,000	\$900 - \$1,000
Three-Bedroom	3-4	1,100 - 1,200	\$1,050 - \$1,200
Total	16-20		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2021 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 in 2022 will be:

- ▶ 1 bedroom - \$603
- ▶ 2 bedroom - \$793
- ▶ 3 bedroom - \$1,014

## **2. Promote the development/conversion of four to six affordable market rate rental housing units**

**Findings:** The previous recommendation addressed the market potential to develop market rate rental units in Pine River. Unfortunately, these units would tend to be beyond the financial capability of many Pine River 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 Pine River 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 Pine River 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 encourage the City of Pine River to promote the development/conversion of more affordable units. A goal of four to six 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 the 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, 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 10 to 12 subsidized or moderate rent/general occupancy rental housing units**

**Findings:** There are five federally subsidized rental projects and one tax credit project in Pine River. These six projects have a combined 112 units. Five of the projects with 82 units are general occupancy and one project with 30 units is for senior/disabled occupancy.

The five subsidized projects are as follows:

- ▶ **Norway Brook Apartments** - Norway Brook Apartments includes 30 general occupancy HUD Public Housing units with a preference for senior/disabled tenants. The project includes 29 one-bedroom units and one two-bedroom unit. The project was constructed in 1973.
- ▶ **Heartland Apartments** - Heartland Apartments is a Section 8/MHFA 30-unit senior/disabled project. The project has 28 one-bedroom and 2 two-bedroom units. The project was constructed in 1978.
- ▶ **Kinler Square Townhomes** - Kinler Square is a 12-unit general occupancy tax credit project that was constructed in 2002. The project has eight two-bedroom and four three-bedroom units.
- ▶ **Pine River Square Apartments** - Pine River Square Apartments is an 18-unit USDA Rural Development general occupancy project that includes three one-bedroom, 13 two-bedroom and two three-bedroom units. There are both apartment and town house units. The project was constructed in 1993.

- ▶ **Public Housing Scattered Site** - This project includes 10 single family public housing houses. There are five three-bedroom and five four-bedroom houses. The houses were constructed in 1973.
- ▶ **Pine River Square Townhomes** - Pine River Square Townhomes is a 12-unit general occupancy tax credit project constructed in 1997. The project has eight two-bedroom and four three-bedroom units.

Four 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. The tax credit projects, Pine River Square Townhomes and Kinler Square Townhomes, have rents of \$575 to \$600 for a two-bedroom unit and \$670 to \$680 for a three-bedroom unit.

At the time of the rental survey, there were no vacancies in the 112 income-restricted subsidized and tax credit units. Several of the projects have waiting lists.

Based on the 2019 American Community Survey, approximately 35% of the 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.

**Recommendation:** We recommend that the City of Pine River, the Cass County and Pine River HRA's and BI-CAP look for opportunities to expand the supply of a realistic goal would be the construction of 10 to 12 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 very limited and it remains very difficult to produce new units for income renters.

The actual number of units that can be developed will be dependent upon access to financial resources. In the opinion of the analysts, the highest priority would be to create larger two and three-bedroom subsidized general occupancy units for families and younger households.

#### **4. Consider the development of 12 to 16 senior independent/light services units**

**Findings:** Currently, there are three senior assisted living housing projects with a capacity of 60 residents and 33-bed skilled nursing facility. One of the assisted living facilities provides flexibility, which allows residents with minimal senior service needs to live in the facility.

Based on 2021 Esri data, there are 3,359 Central Cass County senior citizens, age 65 and above. Also, as the baby boom generation continues to age, the senior population will continue to increase from 2021 to 2026.

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.

**Recommendation:** Based on the research completed for this Study, we do not recommend the development of senior with services units, which provide a high level of services such as assisted living, in Pine River through the year 2026 as there currently are four senior with services facilities serving Pine River and the surrounding area.

We do, however, recommend a 12 to 16-unit senior independent/light services project. The City of Pine River area has a significant senior population living in rural areas and on lakes. Some of these households will seek senior housing. The project's amenities and features should include:

- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking

Apartment features should include:

- ▶ 12 to 16 units
  - ▶ 3 to 5 one-bedroom
  - ▶ 9 to 11 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 include:

- ▶ noon meal
- ▶ weekly housekeeping
- ▶ home health care
- ▶ social activities

Tax increment financing, tax abatement, land donations, low interest loans and/or other subsidies and incentives could be utilized to make the project financially feasible.

It is estimated that 50% of the units will be occupied when the project opens and one to two additional units will be rented over the next four to five months.

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. 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 approximately 30% 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 Pine River and Cass County is administered by the Cass County HRA. Currently, the Cass County HRA has funding for approximately 75 Vouchers for Cass and Hubbard Counties. Approximately 35 Cass County households are currently utilizing a Voucher, including 11 Pine River households in 2021. There is a waiting list for the Voucher program.

Approximately 35% of Pine River's renter households are paying more than 30% of their income for rent, which is considered a housing cost burden.

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

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

## **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 Pine River. 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, the County, the Cass County and Pine River HRA's and Cass County Economic Development Corporation may have a role in the project by providing tax increment financing (TIF), tax abatement, land at a reduced price and other funds.

# **Pine River - 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.

Based on recent sales data, the City's median home value is \$121,400. With approximately 50% of the homes in Pine River valued less than \$121,400, Pine River has opportunities for first time home buyers and households seeking moderately priced homes.

While many Pine River 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 Pine River. 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 Pine River. 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 \$121,400, 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.

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:** Pine River, area financial institutions, the Cass County HRA and BI-CAP 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 Cass 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 the Cass County HRA and BI-CAP 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, the Minnesota Housing Finance Agency, the Greater Minnesota Housing Fund and the Minnesota Small Cities Development Program.

## **8. Consider the development of a Purchase/Rehabilitation Program**

**Findings:** Pine River has a stock of older, lower valued homes, some of which need repairs. Approximately 48% of the owner-occupancy stock was constructed before 1960 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. However, the Minnesota Housing Finance Agency is no longer providing funding for the MURL Program.

**Recommendation:** We recommend that the City of Pine River, Cass County and Pine River HRA's and BI-CAP, along with other Cass County cities, consider the creation of a purchase/rehab program for existing houses that is similar to the previous MURL Program. The City or an agency 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 City or agency 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, the Cass County HRA and BI-CAP 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 a majority 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.

# **Pine River - New Housing Construction**



## **New Housing Construction**

**Findings:** Pine River has experienced limited single family owner-occupied housing construction over the past 11 years from 2010 to 2021. According to City and Census Bureau records, approximately eight single family owner-occupancy units have been constructed in Pine River. However, six of the eight homes were constructed over the past five years.

Pine River has commercial/retail services, educational facilities, medical facilities and employment opportunities in the City, therefore, some limited construction of new owner-occupied housing units is projected over the next several years. However, for new homes to continue to be constructed, buildable residential lots must be available.

Pine River is projected to gain four households and the Central Cass County area is projected to gain up to 244 households through the year 2026. Since 2010 the Central Cass County area has added some households in the younger age ranges between 25 and 44 years old and substantial growth has occurred in the 65 and older age ranges. Households in the younger age groups tend to be first-time home buyers or are looking for trade-up housing. Households in the senior age groups 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 Pine River, developers and builders, and local, regional and state housing agencies are proactive, a total of 12 to 16 owner-occupied housing units could be constructed or moved into Pine River from 2021 to 2026 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 12 to 16 new owner-occupied housing units is as follows:

▶ Higher & medium price homes	3-4 homes
▶ Affordable homes	5-6 homes
▶ Twin homes/town homes	<u>4-6 units</u>
Total	12-16 homes/units

## **9. 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 Pine River. Currently, there is not an existing subdivision in the City that has an adequate number of lots to meet demand.

However, there are also miscellaneous infill lots and parcels 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 some dilapidated homes in the City. If these homes are demolished, some of the cleared lots could be sites for new construction.

**Recommendation:** We use a standard that a three-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 10 to 12 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction.

With only miscellaneous infill lots potentially available, the City currently does not have an adequate supply of lots to meet expected demand over the next several years. However, if projected demand comes to fruition, it will be necessary to develop additional lots.

To achieve the level of new home construction potential that has been identified and to have lots available over an extended period of time, we 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.
- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, home builders, developers, the City of Pine River, the Cass County and Pine River HRA's, the Cass County Economic Development Corporation and the Region Five Development Commission. 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 twin home/town house development

#### **10. Strategies to encourage continued residential lot sales and new home construction in Pine River**

**Findings:** From 2010 to 2021, approximately eight owner-occupied single family units have been constructed in Pine River. We are projecting that 12 to 16 units will be constructed in Pine River from 2021 to 2026.

**Recommendation:** We recommend that the City of Pine River, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

Our recommendations to continue to promote lots sales and housing development include:

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the area. To attract new home construction in Pine River, lots should continue to be available and competitively-priced compared to other options in the area.
- ▶ ***Alternative to rural and lakeshore development*** - The large majority of the new housing construction in the Central Cass County area is projected to be on lakes and in rural areas. As lake and rural area building sites become more limited and cost prohibitive, the City can provide an attractive and affordable option.
- ▶ ***User-Friendly*** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available 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.
- ▶ ***Long-term planning*** - The City of Pine River should conduct long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout Minnesota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc. Incentives should be considered to promote new 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 should be marketed for affordable homes.
- ▶ ***Marketing*** - The City of Pine River and all housing stakeholders will need to continue marketing the sale of available lots and new home construction. Realtors, financial institutions, builders, employers, etc., should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Pine River and its amenities should continue to be marketed.

- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.

## **11. Promote town house and twin home development**

**Findings:** Pine River has experienced no owner-occupied attached housing development from 2010 to 2021. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family houses available for families. In 2021, based on Esri data, there are 2,072 households in the Central Cass County area with a head of household in the 65 and older age ranges.

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

**Recommendation:** It is our projection that four to six units in twin homes or town homes could be built over the next five years with the projection that additional twin homes/town homes 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 units.

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.

# **Pine River - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** The City of Pine River 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 Pine River has approximately 260 rental units. The rental units are in a multi-family building, mixed-use buildings, duplexes and single family houses. Some of the City's rental units could benefit from rehabilitation as more than 50% of the rental units are more than 40 years old and some 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 Pine River 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, and local funds.

### **13. Promote owner-occupied housing rehabilitation programs**

**Findings:** The affordability of the existing housing stock in Pine River 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 48% of the owner-occupancy stock was constructed before 1960 and some of these homes need minor or major repairs. Our housing condition survey rated the 251 houses in Pine River. Our survey found 115 homes that need minor repair and 40 houses that need major repair.

The Cass County HRA and BI-CAP administer housing rehabilitation programs in Pine River and Cass County. Housing rehabilitation programs include the Minnesota Housing Finance Agency Programs, the Minnesota Small Cities Development Program, USDA Rural Development Programs and the Weatherization Program. The City of Pine River has received MN Small Cities Development Program funding in the past for housing rehabilitation programs.

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



# **Pine River - 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.

Additionally, employers can continue to support other city projects, such as parks, trails, ballfields, educational facilities, etc., that have a positive impact on housing in Pine River.

### **15. Acquire and demolish dilapidated structures**

**Findings:** Approximately 48% of the owner-occupancy stock was constructed before 1960. Our housing condition survey identified four single family houses in Pine River that are dilapidated and too deteriorated to rehabilitate. We also identified 40 single family houses in Pine River 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 Pine River 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, Minnesota Housing Finance Agency 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 Pine River 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 the Cass County HRA, BI-CAP and the Cass Economic Development Corporation and the Region Five Commission. The City also has access to the Minnesota Housing Finance Agency and USDA Rural Development. These agencies all have experience with housing and community development programs.

**Recommendation:** The City of Pine River 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 Pine River has been active in promoting housing and its amenities 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 (Pine River and the area) to provide employees (especially new employees) with housing opportunities in Pine River
- ▶ 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 builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.

## **18. Strategies for Downtown Redevelopment**

**Findings:** Pine River’s 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 Pine River:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Continue to 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
  - ▶ Mixed-use building development
- ▶ Identify funding sources
  - ▶ SCDP funds
  - ▶ Property owner funds
  - ▶ City funds
  - ▶ Cass County HRA funds

- ▶ Cass County Economic Development Corporation funds
  - ▶ Federal Home Loan Bank
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Minnesota Department of Employment and Economic Development
  - ▶ Minnesota Housing Finance Agency funds
  - ▶ BI-CAP funds
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- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
    - ▶ Property owners
    - ▶ City of Pine River
    - ▶ Cass County Economic Development Corporation
    - ▶ Pine River HRA
    - ▶ Cass County HRA