

City of Littlefork

January 2019

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Demographic Data Overview

Sources of Data

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

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

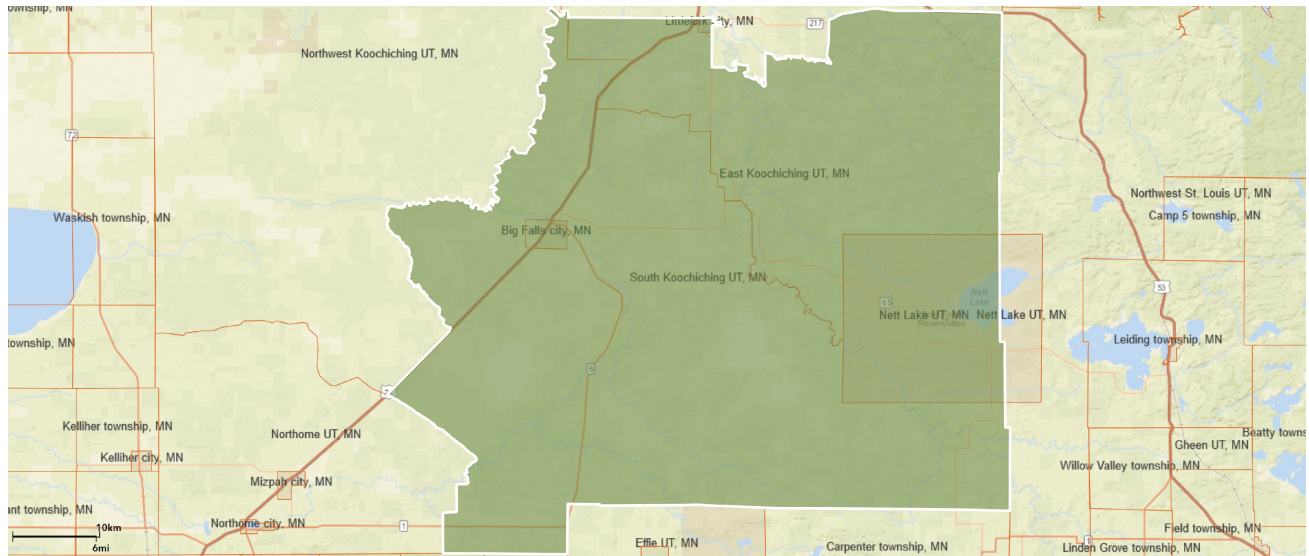
- ▶ **Northwest Market Area** - Northwest Koochiching Unincorporated Territory
- ▶ **International Falls/Ranier Market Area** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ **Littlefork/Big Falls Market Area** - Big Falls, Littlefork, Nett Lake Unincorporated Territory, East Koochiching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

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

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

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

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



Littlefork/Big Falls Market Area

Population Data and Trends

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

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

Source: U.S. Census; Esri

- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Littlefork is 622 people. In comparison, the State Demographer's 2017 estimate for the City was also 622 people, and the Census Bureau's 2017 estimate was 610 people. These three sources all share a similar view of recent change in the City.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

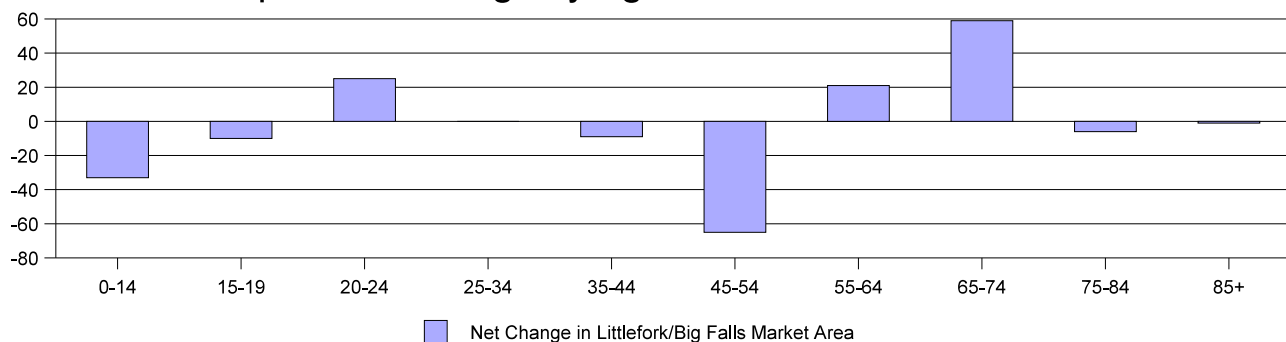
Population by Age Trends: 2010 to 2018

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

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

Source: U.S. Census; Esri

Population Change by Age Between 2010 and 2018

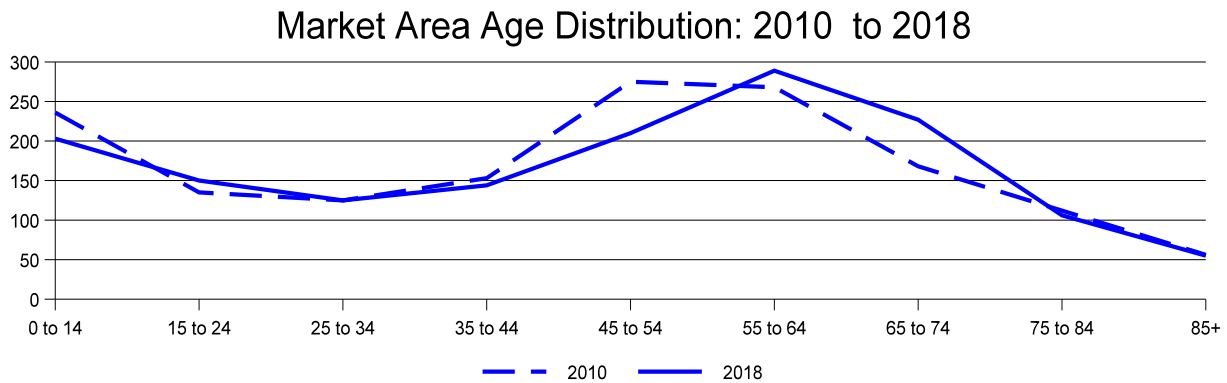


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Littlefork/Big Falls Market Area.

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

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

The aging trends for the Littlefork/Big Falls Market Area can be traced back over the previous decades to see the advancing “wave” created by the movement of the baby boom generation through the aging cycle. One other noticeable trend is the decreased population of younger residents in 2018, age 14 and under.



Population Projections

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

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

Source: U.S. Census; Esri

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

Household Data and Trends

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

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that Littlefork had 246 households in 2018, down by 12 households from 2010. The estimate from the State Demographer showed 264 households in Littlefork in 2017, up by six households from the 2010 Census. Despite a very similar population estimate from these two sources, they differ somewhat on the number of resident households.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

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

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

Source: U.S. Census; Esri

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

Household by Age Trends: 2010 to 2018

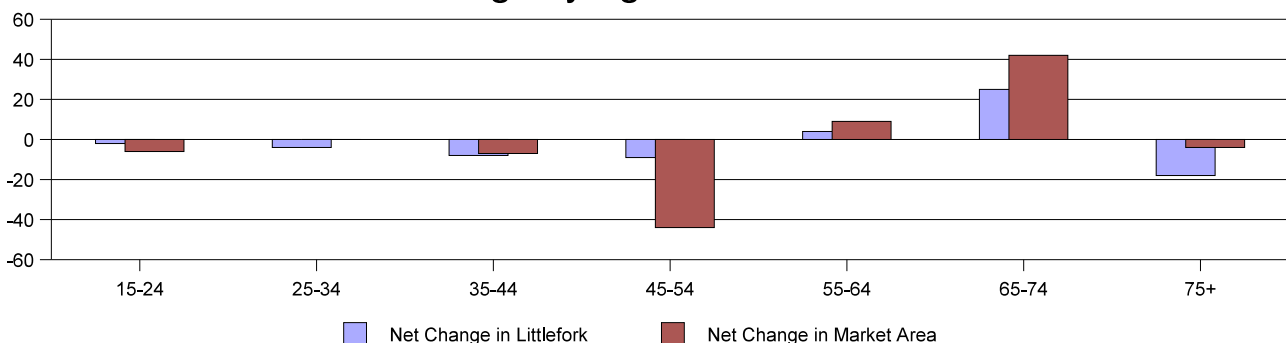
The 2018 Esri age data allows for some analysis of Littlefork and the Littlefork/Big Falls Market Area’s changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 - 2018						
Age	Littlefork			Littlefork/Big Falls Market Area		
	2010	2018	Change	2010	2018	Change
15-24	5	3	-2	12	6	-6
25-34	28	24	-4	58	58	0
35-44	36	28	-8	79	72	-7
45-54	47	38	-9	152	108	-44
55-64	58	62	4	160	169	9
65-74	31	56	25	110	152	42
75+	53	35	-18	103	99	-4
Total	258	246	-12	674	664	-10

Source: U.S. Census; Esri

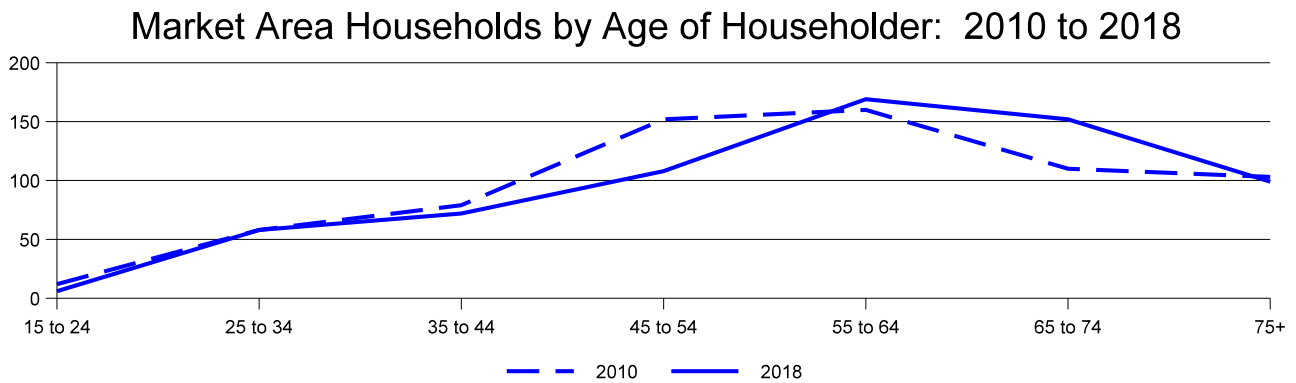
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Littlefork had an increase of 29 households and the Littlefork/Big Falls Market Area had an increase of 51 households in the 55 to 74 year age range.

Household Change by Age Between 2010 and 2018



Littlefork had household losses in all of the other age ranges. Littlefork had a decrease of 23 households in the 54 and younger age ranges and a loss of 18 households in the 75 and older age range. The Littlefork/Big Falls Market Area had a reduction of six households in the 15 to 24 age range, a loss of 51 households in the 35 to 54 age ranges and a loss of four households in the 75 and older age range.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households over the past 18 years in the Littlefork/Big Falls Market Area using information by the age of householder.



Household Projections

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

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

Source: US Census; Esri

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

Littlefork Household by Age Projections: 2018 to 2023

The Littlefork household by age projections were created by Esri.

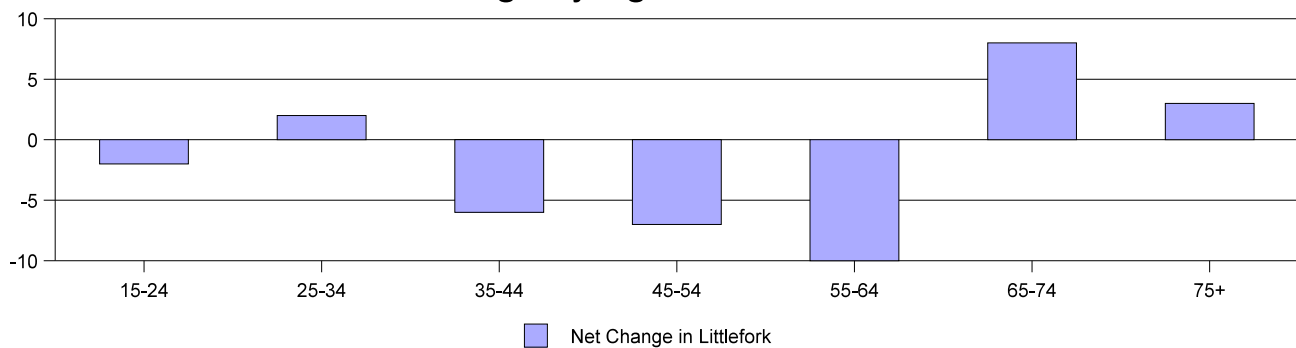
Table 8 Littlefork Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	3	1	-2
25-34	24	26	2
35-44	28	22	-6
45-54	38	31	-7
55-64	62	52	-10
65-74	56	64	8
75+	35	38	3
Total	246	234	-12

Source: Esri

Esri is projecting a loss of 12 households in Littlefork from 2018 to 2023. From 2018 to 2023, Esri projects a gain of two households in the 25 to 34 age range and an increase of 11 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri projects a loss of two households in the 15 to 24 age range and a loss of 23 households in the 35 to 64 age ranges.

Household Change by Age Between 2018 and 2023



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

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

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

Source: Esri

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

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

Household Change by Age Between 2018 and 2023



Households by Type

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

Table 10 Littlefork Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	63	44	-19
Single Parent with own children	21	14	-7
Married Couple without own children	84	83	-1
Family Householder without spouse	10	13	3
Total Families	178	154	24
Non-Family Households			
Single Person	82	86	4
Two or more persons	8	18	10
Total Non-Families	90	104	14

Source: U.S. Census

Between 2000 and 2010, Littlefork experienced a net loss of 24 family households. The net loss was due to a decrease of married couples with and without children and a loss of single parents with children.

The City had a 14-household increase in “non-family” households. This was due to an increase of four single-person households and an increase of 10 households with unrelated individuals living together.

Housing Tenure

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

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

Source: U.S. Census

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

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

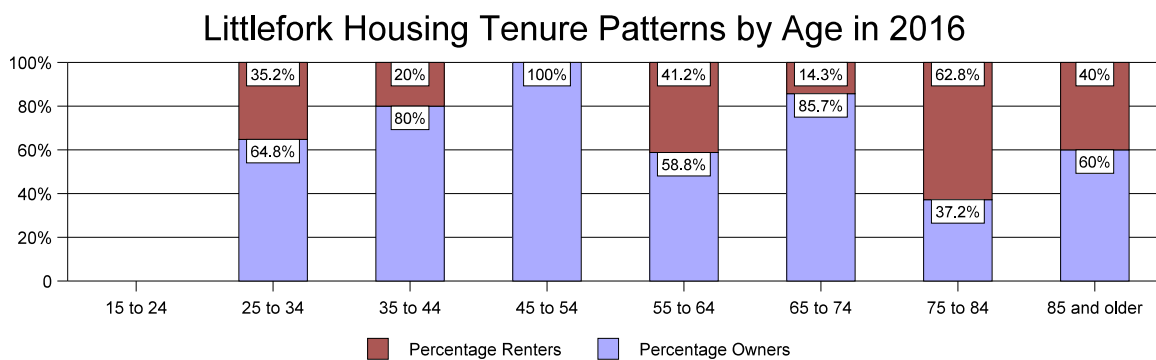
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota's rental rate of 27%.

Littlefork Tenure by Age of Householder

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

Table 12 Littlefork Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	0	0%
25-34	35	64.8%	19	35.2%
35-44	20	80.0%	5	20.0%
45-54	14	100%	0	0%
55-64	50	58.8%	35	41.2%
65-74	36	85.7%	6	14.3%
75-84	16	37.2%	27	62.8%
85+	6	60.0%	4	40.0%
Total	177	64.8%	96	35.2%

Source: American Community Survey



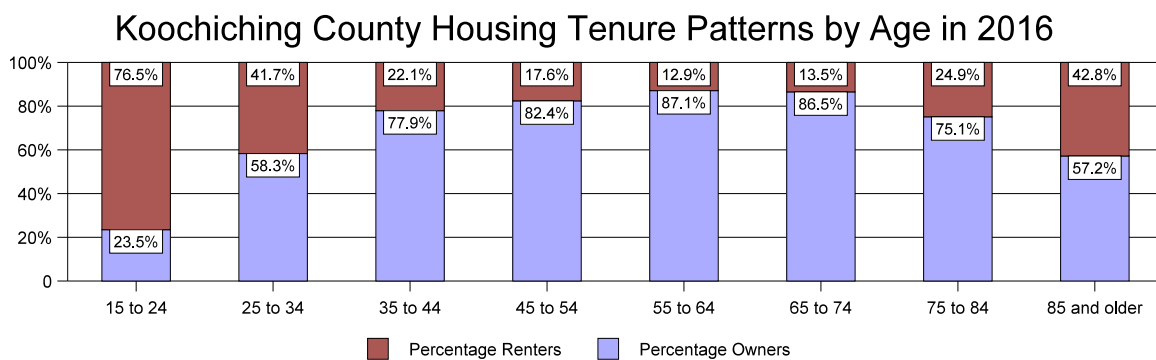
Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. Approximately 35% of households age 34 and younger, 63% of households in the 75 to 84 age range and 40% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 35 to 74 were approximately 59% or higher.

Koochiching County Tenure by Age of Householder

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

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

Source: American Community Survey



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

2016 Income Data

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

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

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

Source: American Community Survey

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

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

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

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

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in the City could afford approximately \$924 per month for ownership or rental housing in 2017. A family at the median income level for the City could afford approximately \$1,362 for housing costs.

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

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

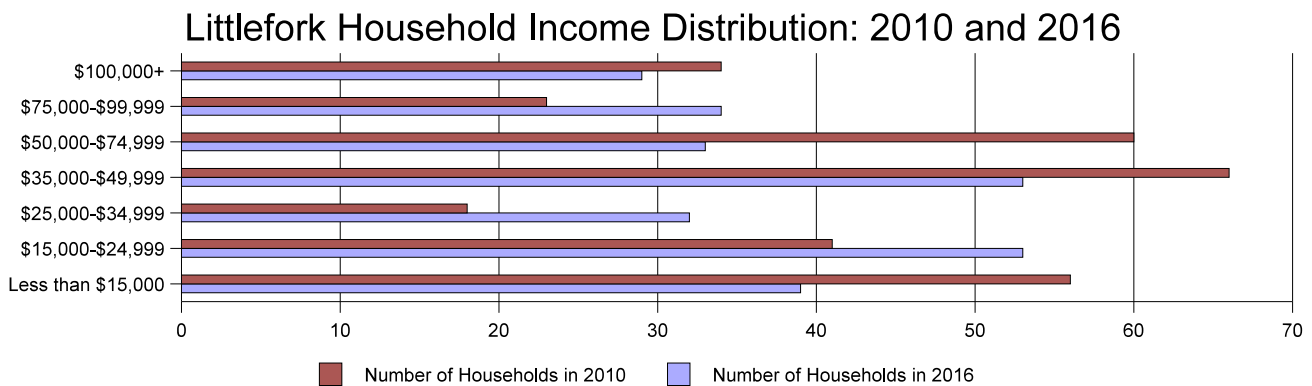
The estimated median household income for renters in Koochiching County in 2017 was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

Littlefork Household Income Distribution

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

Table 15 Littlefork Household Income Distribution: 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	56	39	-17
\$15,000 - \$24,999	41	53	12
\$25,000 - \$34,999	18	32	14
\$35,000 - \$49,999	66	53	-13
\$50,000 - \$74,999	60	33	-27
\$75,000 - \$99,999	23	34	11
\$100,000+	34	29	-5
Total	298	273	-25

Source: American Community Survey



The 2010 American Community Survey provides data on 298 households in Littlefork. The 2010 U.S. Census reported 258 households in the City. It also appears that the American Community Survey overcounted the number of households in Littlefork in 2016. However, it is still a good indicator of household income distribution.

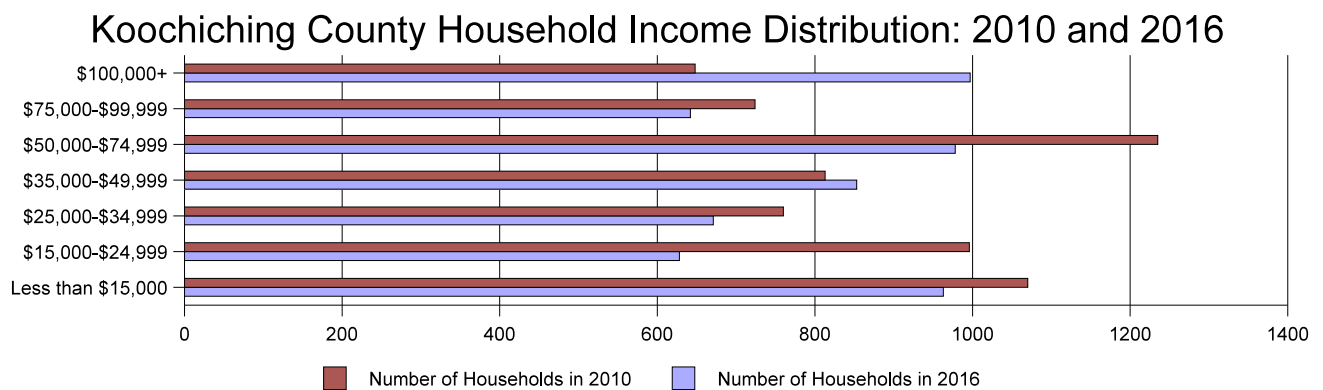
Koochiching County Household Income Distribution

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

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

Source: American Community Survey

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



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

Littlefork Income Distribution by Housing Tenure

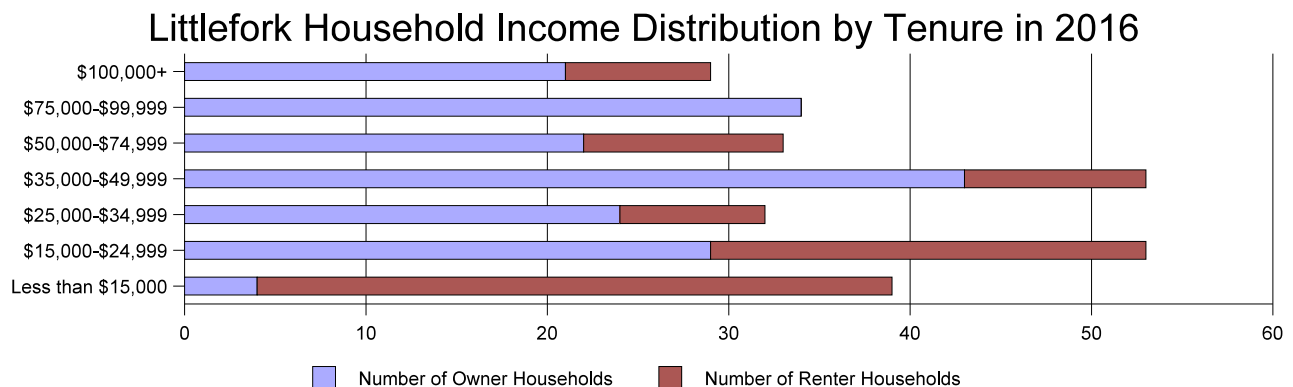
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Littlefork.

Table 17 Littlefork Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	4/10.3%	35/89.7%	39
\$15,000 - \$24,999	29/54.7%	24/45.3%	53
\$25,000 - \$34,999	24/75.0%	8/25.0%	32
\$35,000 - \$49,999	43/81.1%	10/18.9%	53
\$50,000 - \$74,999	22/66.7%	11/33.3%	33
\$75,000 - \$99,999	34/100%	0/0%	34
\$100,000+	21/72.4%	8/27.6%	29
Total	177	96	273

Source: American Community Survey

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

In 2016, approximately 70% of all renter households in Littlefork had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.



Conversely, a majority of the owner households had a substantially higher income level. Approximately 44% of all owner households had an annual income of \$50,000 or more. At 30% of income, these owners could afford approximately \$1,365 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

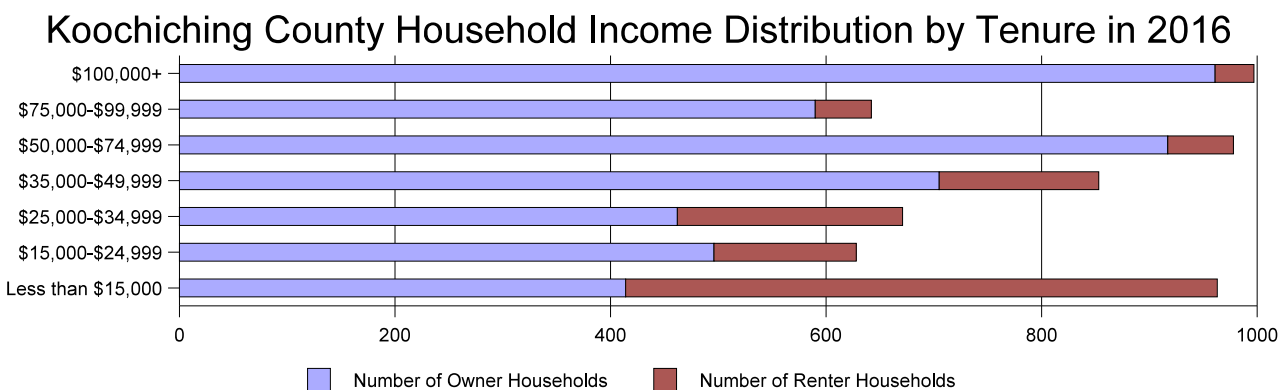
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

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

Source: American Community Survey

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

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



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

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

2016 Estimated Income and Rental Housing Costs - Littlefork

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

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	19/32.2%	7/18.9%	26/27.1%
20% to 29.9%	16/27.1%	3/8.1%	19/19.8%
30% to 34.9%	0/0%	3/8.1%	3/3.1%
35% or more	19/32.2%	24/64.9%	43/44.8%
Not Computed	5/8.5%	0/0%	5/5.2%
Total	59/100%	37/100%	96/100%

Source: American Community Survey

According to the American Community Survey, approximately 48% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

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

Senior citizen renters (age 65 and older) represented approximately 59% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 41% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

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

2016 Estimated Income and Ownership Housing Costs - Littlefork

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

Table 21 Ownership Costs as a Percentage of Income - Littlefork		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	101	57.0%
20% to 29.9%	46	26.0%
30% to 34.9%	6	3.4%
35% or more	24	13.6%
Not Computed	0	0%
Total	177	100%

Source: American Community Survey

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

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

2016 Estimated Income and Ownership Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

New Housing Construction

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

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

Koochiching County Housing Condition

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

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

- ▶ Neighborhood #1: North - 6th St.
South - 10th St.
East - 3rd Ave.
West - 9th Ave.

- ▶ Neighborhood #2: North - 6th St.
South - 10th St.
East - 9th Ave.
West - 13th Ave.

- ▶ The Ranier neighborhood that was surveyed includes all of the houses north of County Road 11. Although all of the houses in Littlefork were surveyed, the City was divided into two neighborhoods, north and south of Main Street.

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

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

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

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

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

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

Source: Community Partners Research, Inc.

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

Home Sales

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

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

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

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

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

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

Home Sales in Littlefork

A number of transactions were listed in Littlefork for the time period reviewed, but most were rejected as “unqualified sales”. Rejected sales included transactions between related parties, bank-owned sales and other types of unqualified sales. With a slightly larger volume of home sales, the following table provides information for each year.

Table 24 Values of Residential Sales in Littlefork: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2018*	2	-	\$112,000	\$83,500
2017	5	\$56,000	\$123,000	\$14,150
2016	2	-	\$27,500	\$22,000
2015	8	\$58,950**	\$129,500	\$22,500
2014	4	\$54,500**	\$134,500	\$25,600
2013	9	\$50,000	\$87,000	\$18,600
2012	5	\$48,500	\$111,000	\$28,500
2011	5	\$47,000	\$85,000	\$22,000
2010	7	\$58,000	\$73,000	\$15,000

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

* Partial-year

** Median calculated from two closest sales

Despite the limited number of sales that occur within any 12-month time period, the annual median has remained relatively similar, in a range between approximately \$47,000 and \$59,000. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded in Littlefork was for \$134,500. Over the entire 8-year period, this was the only sale in the City that was for more than \$130,000. The lowest-valued sale was for \$14,150, and excluding 2018, at least one house sold each year for less than \$30,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$75,400 in Littlefork, well above the recent median sale prices, which have been below \$60,000. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

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

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

Source: U.S. Census

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

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 78 occupied rental units and 14 vacant rental units in Littlefork for a total of 92 units.

At the time of the 2000 Census, the City had 61 occupied rental units and seven vacant rental units, for a total estimated rental inventory of 68 units. Between the 2000 Census and the 2010 Census, the City had a gain of 17 renter households and 24 rental units to the total inventory.

From 2010 to 2018, we are not aware of any rental housing construction that has occurred in Littlefork. Therefore, we are estimating that there are approximately 92 rental units in the City in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted in the City. Information was collected in September and October of 2018.

A total of 55 rental units were contacted in the survey. These units were in a 20-unit multifamily building, a five-plex, a triplex, six twin homes, and three single family rental houses. This represents a significant percentage of the rental units in the City. The breakdown of units surveyed is as follows:

- ▶ 23 market rate units
- ▶ 20 subsidized units for general occupancy
- ▶ 12 senior with services (assisted living)

The 49-bed skilled nursing facility was also surveyed.

Market Rate Summary

Usable information was obtained on 23 market rate rental units in a five-unit downtown apartment building, a triplex, six duplexes and three single family homes.

Unit Mix

We obtained bedroom mix information on the 23 market rate rental units. The bedroom mix is as follows:

- ▶ 5 one-bedroom (21.7%)
- ▶ 18 two-bedroom(78.3%)

Occupancy / Vacancy

We found two vacant units in the 23 market rate units that we surveyed. The two units represented a vacancy rate of 8.7%. At the time of the survey, Main Street Apartments and Lyle’s Rental Duplexes each had one vacancy.

Rental Rates

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

	<u>Unit Type</u>	<u>Rent Range</u>
▶	One-bedroom	\$575
▶	Two-bedroom	\$850-\$1,200

The unit with a \$1,200 monthly rent is a single family home occupied by power line workers.

Tax Credit Summary

There are no tax credit rental units in Littlefork.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Littlefork that provides rental opportunities for lower income households. Koochiching County Apartments in Littlefork is a 20-unit USDA Rural Development senior/disabled project constructed in 1979. The 20 units include 13 one-bedroom and seven two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there were four vacancies.

Housing Choice Vouchers

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

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

Currently, approximately 111 Koochiching County households are receiving assistance through the Housing Voucher Program, including four households in the City of Littlefork.

Senior Housing with Services

There are two senior with services facilities in Littlefork. The two facilities include:

- ▶ **Jackpine Littlefork Chateau** - Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home and the clinic. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.

- ▶ **Littlefork Care Center** - The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

Table 26 Littlefork Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Main Street Apartments	<u>5 - 1 Bedroom</u> 5 Total Units	\$575	1 vacancy	General occupancy	Main Street Apartments is located in downtown Littlefork and includes five one-bedroom units. Rent is \$575 and utilities are included in the rent. There was one vacancy at the time of the survey.
Lyle's Rentals	<u>15 - 2 Bedroom</u> 15 Total Units	\$650-\$1,200 +utilities	1 vacancy	General occupancy	Lyle's Rentals include six duplexes constructed between 1999 and 2005 and three single family homes. The duplexes include attached garages. The rent for duplex units ranges from \$750 to \$825. Rents on the single family homes are \$650, \$675 and \$1,200. The renter also pays heat and electricity. Snow removal and lawn care are included in the rent. The \$1,200 home is rented by power line workers. The owner reported one vacant duplex unit at the time of the survey.
Nordlund Triplex	<u>3 - 2 Bedroom</u> 3 Total Units	\$600-\$700	No vacancies	General occupancy	The Nordlund Triplex includes three two-bedroom units. Rent is \$600 for the two smaller units and \$700 for the larger unit. Tenants also pay utilities. The owner reported no vacancies at the time of the survey.
Subsidized					
Koochiching County Apartments Littlefork	13 - 1 Bedroom <u>7 - 2 Bedroom</u> 20 Total Units	\$570 30% of Income	Four vacancies	Senior/ disabled	The Koochiching County Apartments Project in Littlefork is a USDA Rural Development senior/disabled project constructed in 1979. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported four vacancies, however, the project usually averages one vacant unit.

Table 26 Littlefork Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Senior with Services					
Jackpine Littlefork Chateau	<u>12 - 1 Bedroom</u> 12 Total Units	Based on level of services	3 vacancies	Assisted living	Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home and the clinic. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.
Littlefork Care Center	49 Licensed Beds	Based on level of services	Average 90% occupancy rate	Skilled nursing home	The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

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

Esri, estimates that the City had a loss of 25 people over an eight-year period from 2010 to 2018. The State Demographer's estimate also shows a loss of 25 residents, but covers the time period from 2010 to 2017. The Census Bureau's estimate shows the largest loss, with a reduction of 37 residents from 2010 to 2017.

All three sources show a declining population for the City since 2010. If viewed as an annual average, the City has lost between three and five people per year.

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

The estimated loss of population in the area is a continuation of longer-term trends. Littlefork, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2000 to 2010. The City's population decreased by 33 people, the Littlefork/Big Falls Market Area's population decreased by 122 people and Koochiching County's population decreased by 1,044 people.

Households

There are also differences in the household estimates. The 2018 Esri estimate shows Littlefork losing 12 households from 2010 to 2018, while the 2017 State Demographer estimate shows Littlefork gaining six households.

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

Littlefork, the Market Area and all of Koochiching County had household losses from 2000 to 2010. The City of Littlefork had a loss of 10 households. The Market Area had a loss of 17 households and the County had a loss of 166 households during that decade.

Findings on Projected Growth

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

Esri projects that Littlefork will lose 30 people and 12 households from 2018 to 2023. Esri projects that the Littlefork Falls Market Area will lose 52 people and 22 households from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and lose 219 households from 2018 to 2023.

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

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

Summary of the Littlefork Projections by Age - 2018 to 2023

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

The age-based projections from 2018 to 2023 in Littlefork expect a two household gain in the 25 to 34 age range and a gain of 11 households in the 65 and older age ranges. There is a projected loss of two households in the 15 to 24 age range and a loss of 23 households in the 35 to 64 age ranges.

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

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	-2
25 to 34	2
35 to 44	-6
45 to 54	-7
55 to 64	-10
65 to 74	8
75 and Older	<u>3</u>
Total	-12

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

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

The age-based projections from 2018 to 2023 in the Littlefork/Big Falls Market Area expect a loss of three households in the 15 to 34 age ranges and a loss of 45 households in the 35 to 64 year old age ranges. There is a projected gain of 26 households in the 65 and older age ranges.

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

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

Findings on Unit Demand by Type of Housing

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

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

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

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

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

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

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

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

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

Littlefork - Strengths and Barriers for Housing Development

Strengths for Housing Development

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

- ▶ **Littlefork serves as a small regional center** - Littlefork provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a geographical area that surrounds Littlefork.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$75,400. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Educational Facilities** - The City has an excellent public K-12 school.
- ▶ **Health facilities** - The City has a medical clinic, assisted living and a nursing home.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion. The City has recently undertaken an extensive water and sewer project.
- ▶ **Commercial Development** - The City's commercial district is adequate to meet daily needs.
- ▶ **Recreational opportunities** - The Littlefork area provides recreational opportunities including trails, hunting, hiking, fishing, boating, camping, snowmobiling, etc.
- ▶ **Small town atmosphere** - Littlefork has the real and perceived amenities of a small town. Small town living is attractive for some households.

- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - Littlefork has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Commuters** - Approximately 240 workers are commuting into Littlefork daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Rental duplexes** - Seven rental duplexes were constructed in Littlefork from 1999 to 2005.
- ▶ **Proximity to International Falls** - Littlefork is approximately 21 miles from International Falls. International Falls provides employment opportunities, retail/service options, educational opportunities, healthcare facilities and cultural amenities.

Barriers or Limitation to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Littlefork and the Littlefork/Big Falls Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in Littlefork are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Value gap deters new owner-occupied construction** - Based on market values for recent residential sales, we estimate that the median priced home in Littlefork is valued at approximately \$75,400. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investments.
- ▶ **Commercial/Retail Options** - Although Littlefork has a commercial district that is adequate to meet daily needs, the City has a limited number of commercial and retail opportunities when compared to larger cities.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.
- ▶ **Available lots** - Littlefork only has a limited number of lots available for new housing construction.

Littlefork - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

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

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

Summary of Findings/Recommendations

The findings/recommendations for the City of Littlefork have been formulated through the analysis of the information provided in the previous sections and include a total of 20 recommendations divided into the following five categories:

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

The findings/recommendations for each category are as follows:

Findings and Recommendations for the City of Littlefork	
Rental Housing Development	
1.	Develop six to eight general occupancy market rate rental units
2.	Promote the development/conversion of three to four affordable market rate rental housing units
3.	Monitor the potential sale of six rental twinhomes in Littlefork
4.	Monitor the need for additional subsidized/moderate rent renter housing units
5.	Preserve the existing supply of subsidized housing
6.	Monitor the need for senior with services units
7.	Develop a mixed-use commercial/housing project
8.	Continue to utilize the Housing Choice Voucher Program
Home Ownership	
8.	Utilize and promote all programs that assist with home ownership
9.	Consider the development of a purchase/rehabilitation program
New Construction	
11.	Lot availability and lot development
12.	Strategies to encourage residential lot sales and new home construction
13.	Promote town house and twin home development

Findings and Recommendations for the City of Littlefork	
Housing Rehabilitation	
14.	Promote rental housing rehabilitation programs
15.	Promote owner-occupied housing rehabilitation programs
Other Housing Initiatives	
16.	Encourage employer involvement in housing programs
17.	Acquire and demolish dilapidated structures
18.	Strategies for downtown redevelopment
19.	Create a plan and continue coordination among housing agencies
20.	Develop home ownership and new construction marketing programs and strategies

Littlefork - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From the time of the 2010 Census through October 2018, based on City data, no rental units have been constructed in Littlefork. However, from 1999 to 2005, there were seven rental duplexes constructed in the City.

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

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

Esri’s household projections expect a loss of 12 households in Littlefork and a loss of 22 households in the Littlefork/Big Falls Market Area from 2018 to 2023. Therefore, we are projecting limited demand for rental housing due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Littlefork will lose approximately five to six rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock. Additionally, six rental duplexes in the City may be for sale in the future. Some or all of these units could convert from rental to owner-occupancy housing.

As part of this study, a rental survey of rental units in Littlefork was conducted. In total, 55 rental units were contacted and surveyed. The survey found two vacancies in the general occupancy market rate units and four vacancies in the subsidized units. The assisted living project had three vacancies at the time of the survey. The nursing home averages a 90% occupancy rate.

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

These demand generators, after factoring current vacancy rates, show a demand potential for 11 to 15 rental units over the projection period. Based on the factors stated above, we recommend the development of the following new rental units over the next five years, from 2019 to 2024.

▶ General Occupancy Market Rate	6-8 units
▶ Affordable/Conversions	3-4 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services	0 units
	<hr/>
Total	9-12 units

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

Findings: Based on U.S. Census data, there are approximately 92 rental units in Littlefork. Of this total, there are approximately 60 general occupancy market rate housing units. These units are free of any specific occupancy restrictions such as financial status or age. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The rental units are in small rental buildings, duplexes, single family homes and mobile homes.

Of the market rate rental units we surveyed in Littlefork, we found two vacant units. Housing stakeholders that were surveyed stated the need for additional quality rental units in Littlefork.

Approximately 240 employees are commuting into Littlefork daily for work. Some of these employees would potentially move to Littlefork if additional housing was available.

From 2000 to October 2018, no market rate rental units were developed in Littlefork. However, seven rental duplexes were constructed in Littlefork from 1999 to 2005.

Recommendation: As stated earlier in this section, rental housing demand is based on household growth, pent-up demand, replacement of housing units that have been demolished or removed from the rental stock and homes that have converted from rental to home ownership.

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

It is our opinion that town home-style units are the best option to address the need for market rate units. The project, to be successful, should have 'state of the art' amenities, such as attached parking, in-unit laundry, etc.

Currently, there are six high quality rental twinhomes in Littlefork. The owner may sell the twinhomes. It is possible that some or all of the twinhomes could be converted to owner occupancy. This would create a demand for more rental units than recommended.

The first option to develop market rate rental housing would be to encourage private developers to continue to construct market rate rental housing. If private developers do not proceed, a county or regional housing or economic development agency could potentially utilize essential function bonds or similar funding sources to construct market rate rental housing.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1-2	650 - 800	\$750 - \$850
Two Bedroom	4-5	850 - 950	\$875 - \$1,025
Three Bedroom	<u>1</u>	1,050 - 1,150	\$975 - \$1,250
Total	6-8		

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

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

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

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

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

We are estimating that Littlefork has lost some rental housing over the years and will continue to lose units due to deterioration, demolition, or from units converting from renter to owner-occupancy. Therefore, there is a need for additional rental units in Littlefork to provide for unit replacement. Unfortunately, the lost units are probably affordable, and new construction will not replace these units in a similar price range. Several homes have been purchased and rehabbed and are currently rentals.

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

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

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

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

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

3. Monitor the potential sale of six rental twinhomes in Littlefork

Findings: A local developer constructed seven rental twinhomes (14 units) from 1999 to 2005. The twinhomes are high quality and have been an asset to the City. The owner of the twinhomes has sold one twinhome and may sell the remaining six twinhomes in the future. The twinhome that was sold converted from rental to owner-occupied.

Recommendation: We recommend that the City of Littlefork monitor the potential sale of the twinhomes and their tenure if a sale takes place. If the twinhomes are sold and remain rentals, there will be no change in our rental and owner-occupancy new construction recommendations. If the twinhomes are sold and some or all of the units convert from rental to owner occupancy, this would have a significant impact on the rental and owner occupied housing stock in Littlefork. It would also alter the rental and owner-occupied new construction recommendations of this Study.

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

Findings: There is one federally subsidized rental project in Littlefork. The Koochiching County Apartments in Littlefork is a 20-unit USDA Rural Development senior/disabled project constructed in 1979. The 20 units include 13 one-bedroom and seven two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

In addition to the project-based subsidized housing, Littlefork also has four households being assisted with the HUD Housing Choice Voucher Program.

Based on the 2016 American Community Survey, approximately 46 renter households reported that 30% or more of their income was required to pay housing costs. Most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden. Also, the Voucher Program has a waiting list.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. Currently, there are 20 units of subsidized rental housing in Littlefork. Twenty units of subsidized housing are a large inventory for a City of Littlefork's size. Also, the rent structure in Littlefork is relatively low, which provides affordable housing for low income households. Additionally, it is difficult to obtain funding for subsidized rental housing.

We have recommended the construction of six to eight market rate units. We also recommended three to four affordable/conversion market rate units. We do recommend that the City monitor the need for the production of subsidized housing in the future.

Also, if Koochiching County Apartments has vacancies in the future, possibly a waiver could be obtained to allow families to rent units in the project.

Additionally, the Housing Choice Voucher Program is an opportunity to utilize privately owned rental housing for affordable rental housing.

We recommend that the housing stakeholders work together to continue to make its subsidized housing a community asset and that there are affordable housing options for its low/moderate income households.

5. Preserve the existing supply of subsidized housing

Findings: The City of Littlefork has one "deep subsidy" rental housing project that allows tenants to pay rent based on 30% of income. This project was constructed in 1979 when the federal government was actively involved in producing low income housing.

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

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

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

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

6. Monitor the need for senior housing with services units

Findings: Littlefork has two senior with services housing facilities.

- ▶ **Jackpine Littlefork Chateau** - Jackpine Littlefork Chateau is a 12-unit assisted living project constructed in 2004. The facility is connected to the nursing home. All 12 units are one-bedroom. Residents receive a base package of services and can purchase additional services. The facility provides the full array of assisted living services. At the time of the survey, the administrator reported three vacancies.
- ▶ **Littlefork Care Center** - The Littlefork Care Center is a 49-bed skilled nursing facility. The Care Center is connected to the assisted living facility and the clinic. The facility is licensed for 57 beds, however, eight beds are not utilized due to a lack of demand. The facility operates at an average 90% occupancy rate.

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

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

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services (skilled nursing home, assisted living, memory care) units/beds through the year 2023. The Littlefork/Big Falls Market Area does not have the older senior (75 and older) population to support additional senior with services units/beds. Also, there are vacancies in the existing senior with services facilities. In the future, if there are ongoing vacant units/beds, designating beds for memory care may be an option.

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

7. Develop a Mixed-Use Commercial/Housing Project

Findings: The City of Littlefork has an active commercial business district. The development of a new mixed-use rental housing/commercial project would complement the City's efforts to enhance the City's commercial and housing opportunities.

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

Recommendation: We recommend the development of a mixed-use building in Littlefork. We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, a portion of the commercial space should be leased to an anchor tenant that would complement the existing commercial businesses.

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

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

8. Continue to utilize the Housing Choice Voucher Program

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

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

The Housing Choice Voucher Program in Littlefork and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for the County. Of the total 111 Vouchers, four Vouchers are being utilized by a Littlefork household at this time. In 2016, approximately 46 renter households were paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting time of approximately 10 months for a Voucher.

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

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

Littlefork - Home Ownership Recommendations

Home Ownership Recommendations

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

The median owner-occupied home value in Littlefork is estimated to be \$75,400 based on the 2016 American Community Survey. With approximately 50% of the homes in Littlefork valued less than \$75,400, Littlefork has opportunities for first time home buyers and households seeking moderately priced homes.

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

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

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

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

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$75,400, there are lower valued houses in the community that appeal to first time buyers. Currently, KOOTASCA Community Action is offering a down payment assistance program in the County. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

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

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

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

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

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

10. Consider the development of a Purchase/ Rehabilitation Program

Findings: Littlefork has a stock of older, lower valued homes, some of which need repairs. Approximately 84% of the single family homes in Littlefork are more than 40 years old and some of these homes need repairs. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

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

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

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

Littlefork - New Housing Construction

New Housing Construction

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

The attractiveness of the area and the City of Littlefork’s amenities should result in the construction of new owner-occupied housing units over the next five years.

Littlefork is projected to lose 12 households and the Littlefork/Big Falls Market Area is projected to lose 22 households from 2018 to 2023. Although Littlefork and the Littlefork/Big Falls Market Area are projected to have an overall loss in households from 2018 to 2023, the City is projected to gain 11 households and the Littlefork/Big Falls Market Area is projected to gain 22 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as town homes and twin homes. Also, Littlefork is projected to gain two households in the 25 to 34 age range.

It is our opinion that if the City of Littlefork, developers and builders, and regional and state housing agencies are proactive, a total of five to seven owner-occupied housing units could be constructed in Littlefork from 2018 to 2023 to address demand. This is an average of approximately one to two new units annually. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of five to seven new owner-occupied housing units is as follows:

▶ Higher & medium price homes	1-2 home
▶ Affordable homes	2-3 home
▶ Twin homes/town homes	<u>2 units</u>
Total	5-7 homes/units

11. Lot availability and lot development

Findings: Based on information provided by the City of Littlefork, there is not an existing subdivision with available lots in Littlefork and there are only a limited number of infill lots and open parcels scattered around the City.

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

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace based on annual lot usage. With projections that approximately one to two new owner-occupied housing units could be constructed per year, the City should have approximately four residential lots available to meet the expected demand over the next 2 ½ years and up to 10 lots available over the next five years. Part of this demand would be for attached unit construction. For lots to be available, they should be buildable and for sale.

We recommend that the City of Littlefork inventory all of the lots and parcels in Littlefork to determine their availability, if they are buildable and the approximate costs to provide infrastructure to the lot or parcel. If there is not an adequate supply of lots, the City should work with lot and parcel owners to make lots and parcels available for new housing construction.

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

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

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

Our recommendations to promote lots sales and housing development include:

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

- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an available inventory of lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next decade. Lots should be available for twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Also, smaller infill lots with fewer amenities could be marketed for affordable homes.
- ▶ ***Incentives*** - The City of Littlefork could provide incentives for households to buy lots and construct homes including reduced hookup and permit fees, reduced lot prices, discounts at area businesses, tax abatement, construction financing, etc.
- ▶ ***Marketing*** - The City of Littlefork should develop a marketing strategy to sell available lots. All stakeholders including developers, realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Littlefork and its amenities should be marketed.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households and are often the new housing option of choice for households, especially in small communities, as often the homes are more affordable and home builders are not available.

13. Promote town house and twin home development

Findings: Littlefork has experienced no owner-occupied attached housing development from the time of the 2010 Census through October 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families.

In 2018, based on Esri estimates, there were 153 households in the City of Littlefork and 420 households in the Littlefork/Big Falls Market Area with a head of household in the 55 and older age ranges. It is estimated that the 55 and older age ranges will increase by one household in Littlefork and by four households in the Littlefork/Big Falls Market Area from 2018 to 2023. It is important for the City to offer seniors housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that two new twinhome units could be built over the next five years. If this twinhome project is successful, additional units could then be constructed.

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

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

The public sector's role in any owner-occupancy attached housing development could include land donations, tax increment financing, tax abatement, etc.

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

A corporation was developed in Arlington, MN, to construct twin homes that included local contractors, the local bank and local investors. They have been very successful.

The owner of six rental twinhomes (12 units) is considering selling the twinhomes. All or some of these twinhome units could be owner-occupied units. This may provide an opportunity for households seeking a twinhome, thus, limiting the future demand for new twinhome construction.

Littlefork - Housing Rehabilitation

Housing Rehabilitation

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

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

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

14. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Littlefork has approximately 92 rental units. The rental units are in small rental buildings, duplexes, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 70% of the rental structures are more than 40 years old and some rental units are in poor condition.

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

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

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

15. Promote owner-occupied housing rehabilitation programs

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

Approximately 84% of the owner-occupied homes in Littlefork are more than 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated houses in the City of Littlefork. Our survey found 70 homes that need minor repair and 21 homes that need major repair.

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

KOOTASCA Community Action has assisted the City of Littlefork with obtaining SCDP funds in the past for owner-occupied housing rehabilitation. Several homes were recently rehabilitated in Littlefork utilizing SCDP funds.

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

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

Littlefork - Other Housing Initiatives

Other Housing Initiatives

16. Encourage employer involvement in housing

Findings: The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers to the community. Housing for new employees is a concern for employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing the City's housing needs. Several funding sources have finance programs that include employers. The funding agencies often view applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as work force oriented rental housing, an affordable home ownership program or a new subdivision. Although Littlefork does not have large employers, it is still possible for smaller employers to participate in community housing programs and projects.

17. Acquire and demolish dilapidated structures

Findings: Approximately 84% of the single family homes in Littlefork are more than 40 years old. Our housing condition survey identified seven single family houses in Littlefork that are dilapidated and too deteriorated to rehabilitate. We also identified 21 single family houses in Littlefork as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

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

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

18. Strategies for Downtown Redevelopment

Findings: Littlefork’s Downtown has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that need rehabilitation. This recommendation provides an outline of actions that could be taken to maximize the usage of downtown buildings and to promote new downtown businesses.

Recommendation: We are recommending the following actions for downtown Littlefork:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
 - ▶ New mixed-use building
 - ▶ Re-use of any vacant parcels

- ▶ Identify funding sources
 - ▶ SCDP funds
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Federal Home Loan Bank
 - ▶ Tax increment financing
 - ▶ Tax abatement
 - ▶ KEDA
 - ▶ KOOTASCA Community Action

- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
 - ▶ Property owners
 - ▶ City of Littlefork
 - ▶ KEDA
 - ▶ KOOTASCA Community Action

19. Create a plan and continue coordination among housing agencies

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

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

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

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

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

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

Recommendation: The City of Littlefork has been active in promoting and marketing housing and the City, and we recommend the continuation or initiation of the following activities:

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