

City of Big Falls

January 2019

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Demographic Data Overview

Sources of Data

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

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

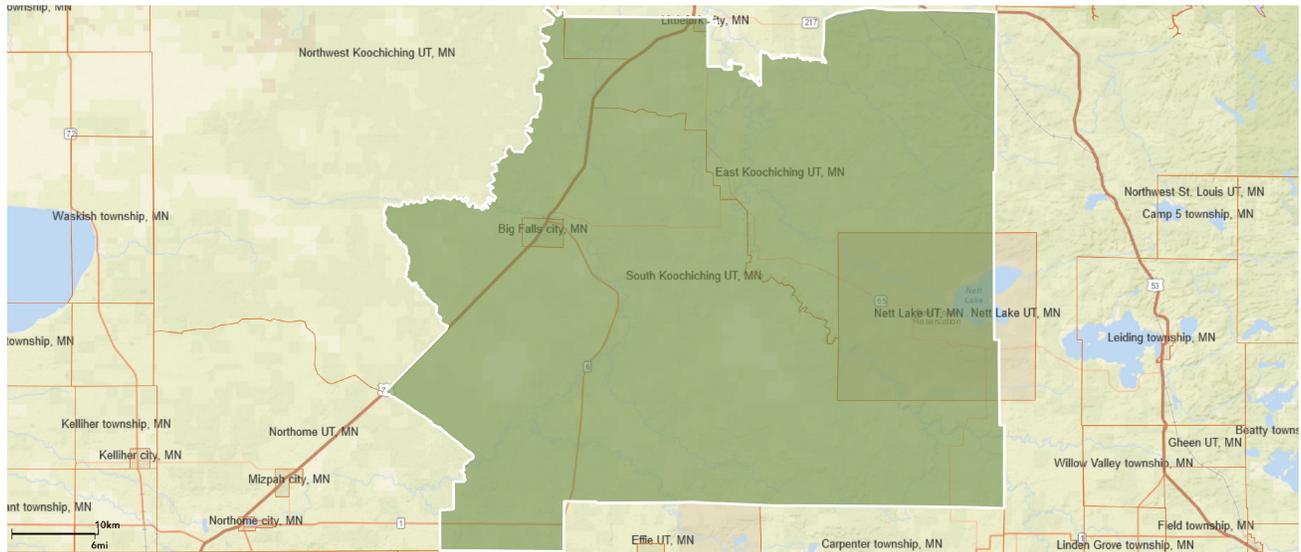
- ▶ ***Northwest Market Area*** - Northwest Koochiching Unincorporated Territory
- ▶ ***International Falls/Ranier Market Area*** - International Falls, Ranier, Rainy Lake Unincorporated Territory
- ▶ ***Littlefork/Big Falls Market Area*** - Big Falls, Littlefork, Nett Lake Unincorporated Territory,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

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

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

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

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



Littlefork/Big Falls Market Area

Population Data and Trends

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

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

Source: U.S. Census; Esri

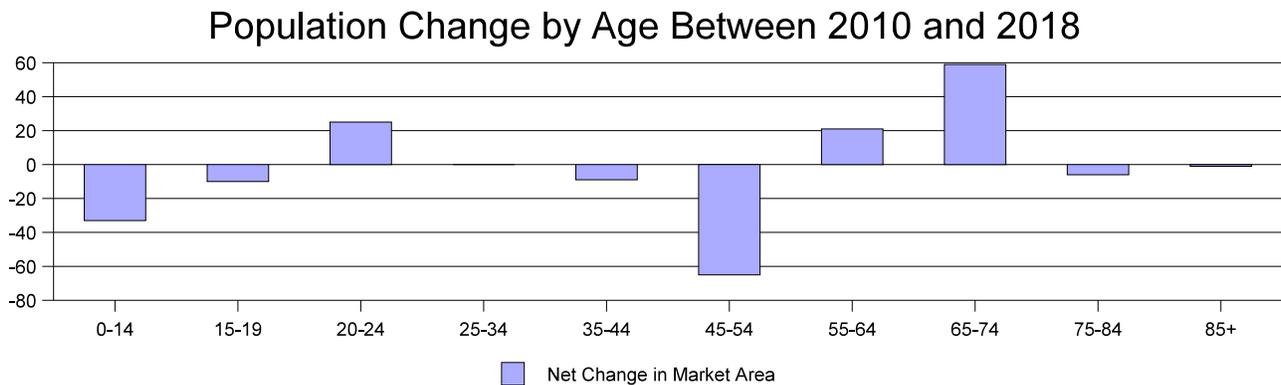
- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Ranier Market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

Population by Age Trends: 2010 to 2018

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

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

Source: U.S. Census; Esri

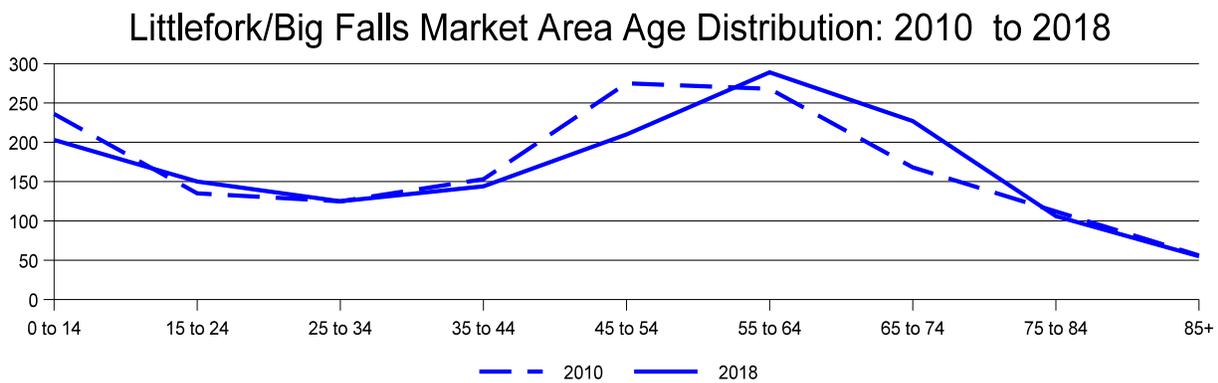


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in the Littlefork/Big Falls Market Area.

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

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

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



Population Projections

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

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

Source: U.S. Census; Esri

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

Household Data and Trends

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

Source: U.S. Census; Esri

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

Average Household Size

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

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

Source: U.S. Census; Esri

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

Household by Age Trends: 2010 to 2018

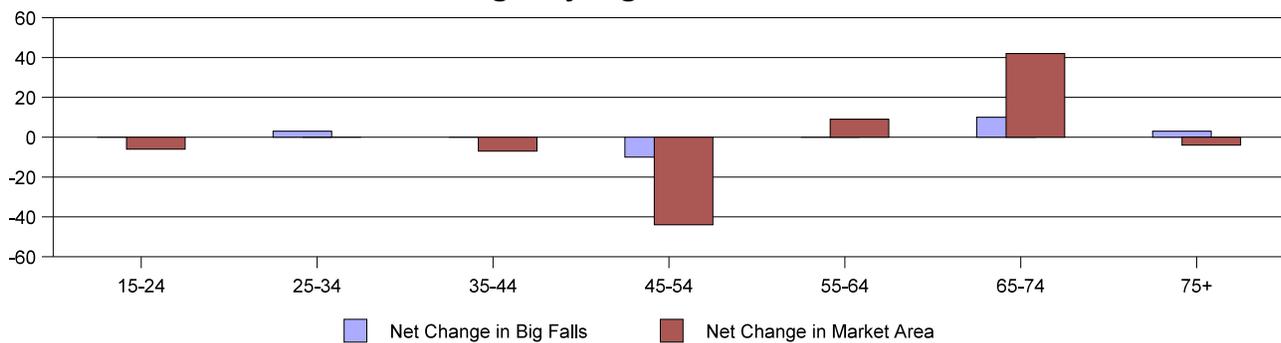
The 2018 Esri age data allows for some analysis of Big Falls and the Littlefork/Big Falls Market Area’s changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

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

Source: U.S. Census; Esri

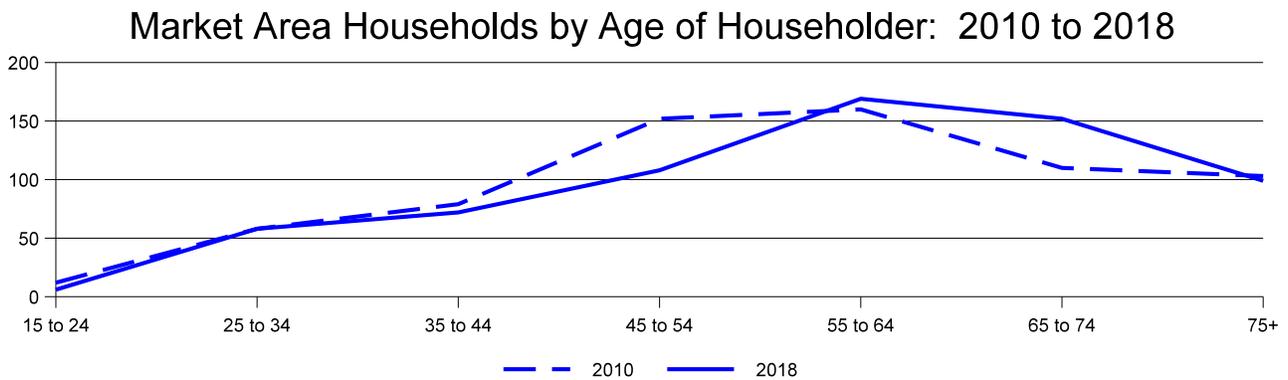
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Big Falls had an increase of 10 households and the Littlefork/Big Falls Market Area had an increase of 51 households in the 55 to 74 year age range.

Household Change by Age Between 2010 and 2018



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

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



Household Projections

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

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

Source: US Census; Esri

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

Big Falls Household by Age Projections: 2018 to 2023

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

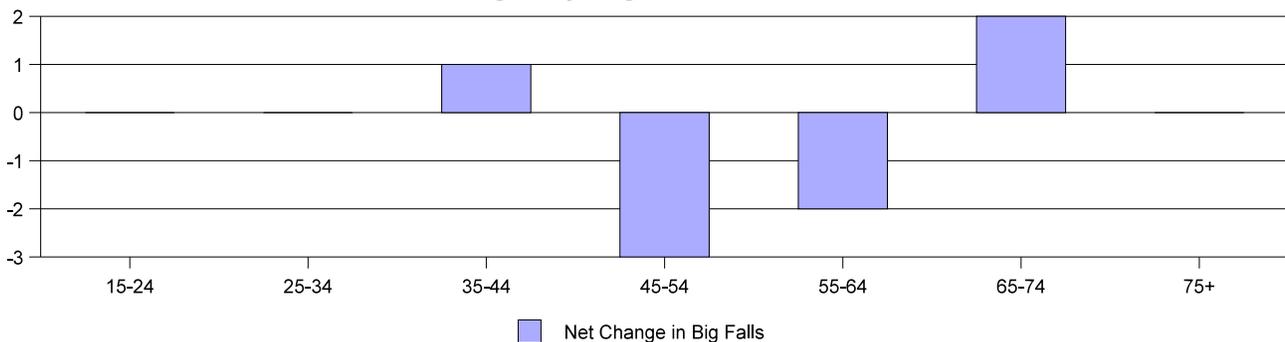
Table 8 Big Falls Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	2	2	0
25-34	11	11	0
35-44	14	15	1
45-54	23	20	-3
55-64	33	31	-2
65-74	31	33	2
75+	22	22	0
Total	136	134	-2

Source: Esri

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

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

Household Change by Age Between 2018 and 2023



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

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

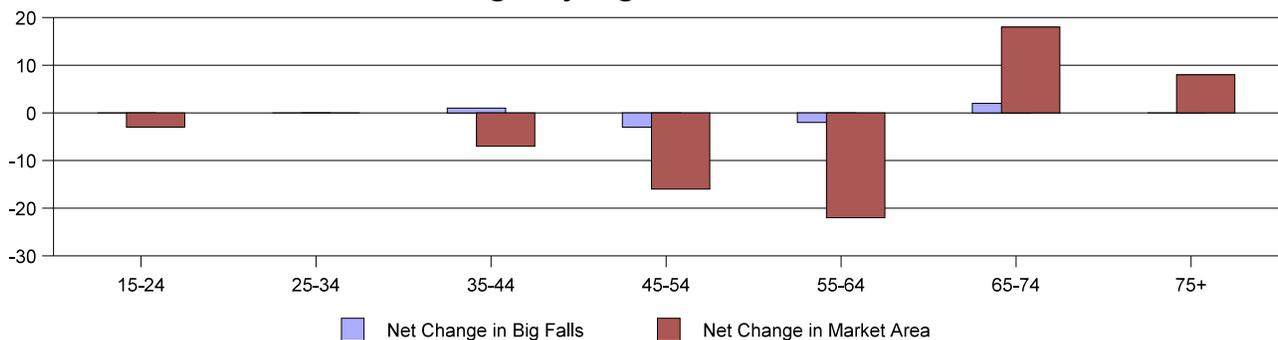
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	6	3	-3
25-34	58	58	0
35-44	72	65	-7
45-54	108	92	-16
55-64	169	147	-22
65-74	152	170	18
75+	99	107	8
Total	664	642	-22

Source: Esri

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

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

Household Change by Age Between 2018 and 2023



Households by Type

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

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

Source: U.S. Census

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

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

Housing Tenure

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

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

Source: U.S. Census

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

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

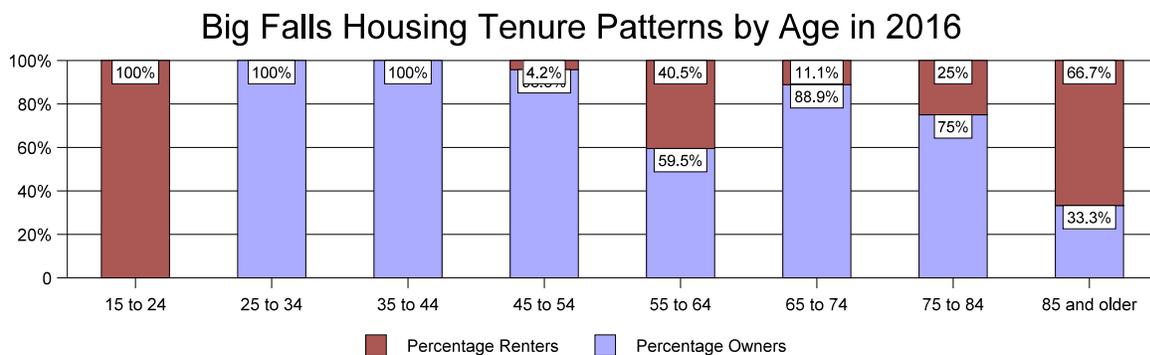
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota’s rental rate of 27%.

Big Falls Tenure by Age of Householder

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

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

Source: American Community Survey



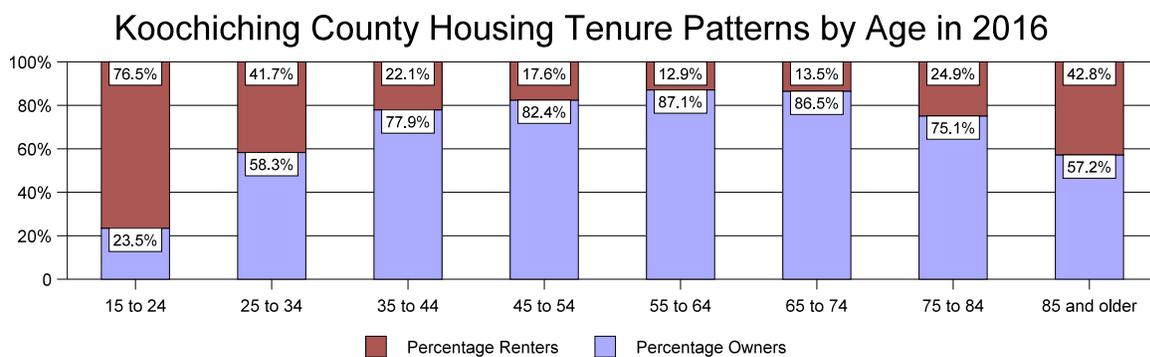
Within the defined age ranges, typical tenure patterns were present, with the households in the youngest and oldest age ranges showing a high percentage rental occupancy, while middle-aged and older adult households were primarily home owners. All (100%) of households age 24 and younger and approximately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

Koochiching County Tenure by Age of Householder

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

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

Source: American Community Survey



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

2016 Income Data

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

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

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

Source: American Community Survey

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

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

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

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

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

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

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

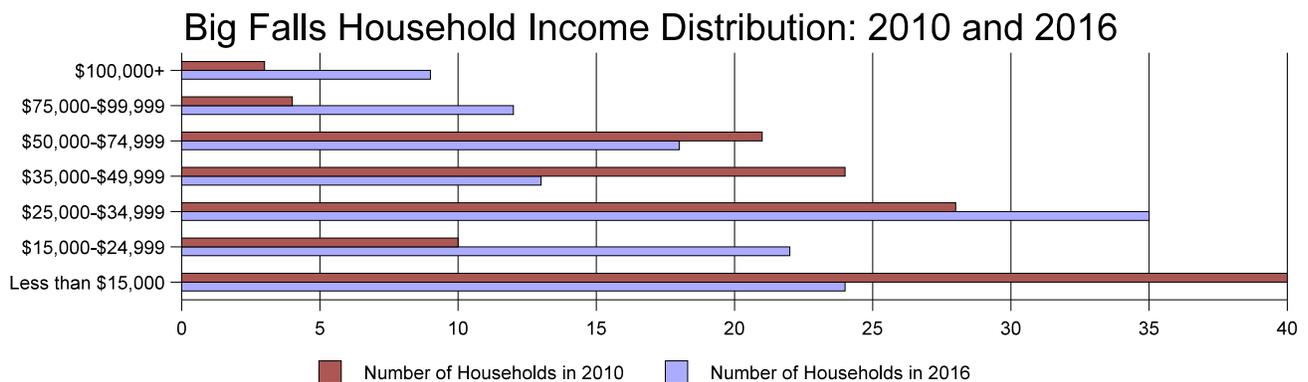
In 2016, the estimated median household income for renters in Koochiching County was approximately \$18,092. At 30% of income, a median income renter in the County could apply approximately \$452 to gross rent without experiencing a housing cost burden.

Big Falls Household Income Distribution

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

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

Source: American Community Survey



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

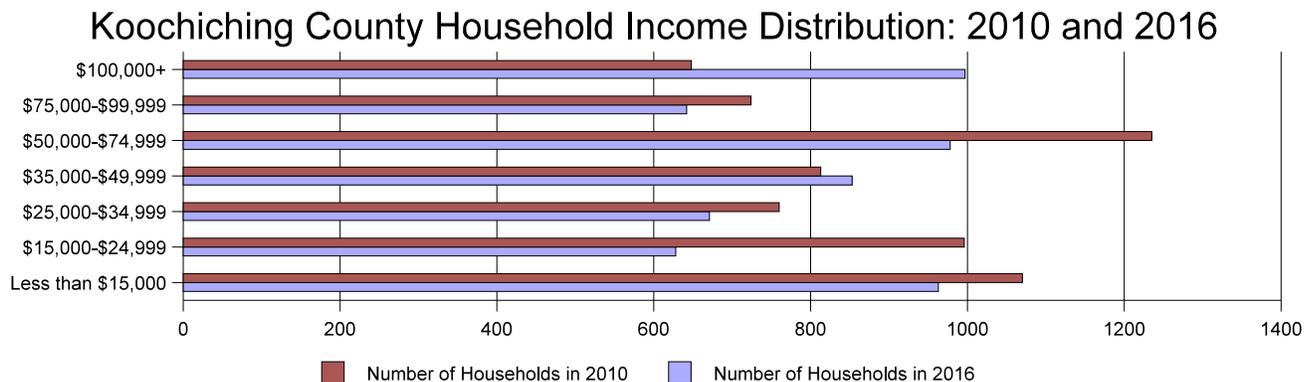
Koochiching County Household Income Distribution

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

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

Source: American Community Survey

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



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

Big Falls Income Distribution by Housing Tenure

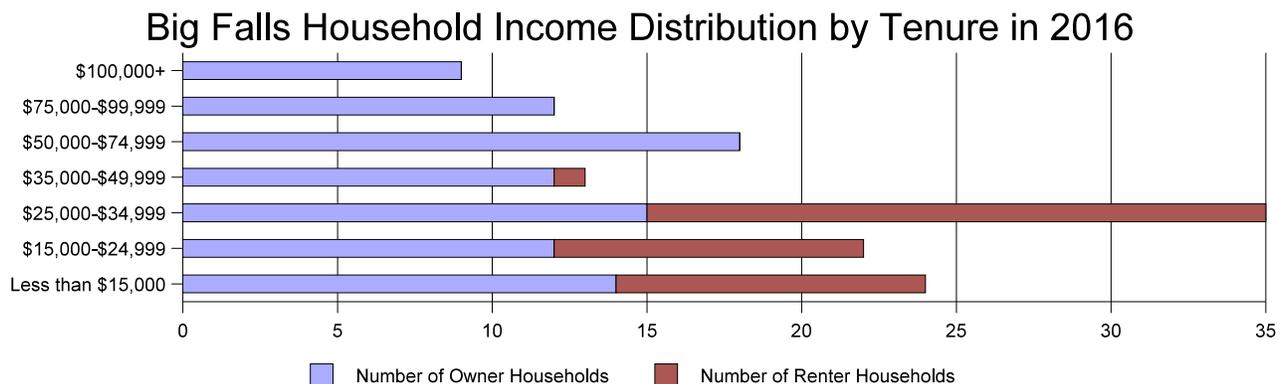
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Big Falls.

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

Source: American Community Survey

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

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



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

Koochiching County Income Distribution by Housing Tenure

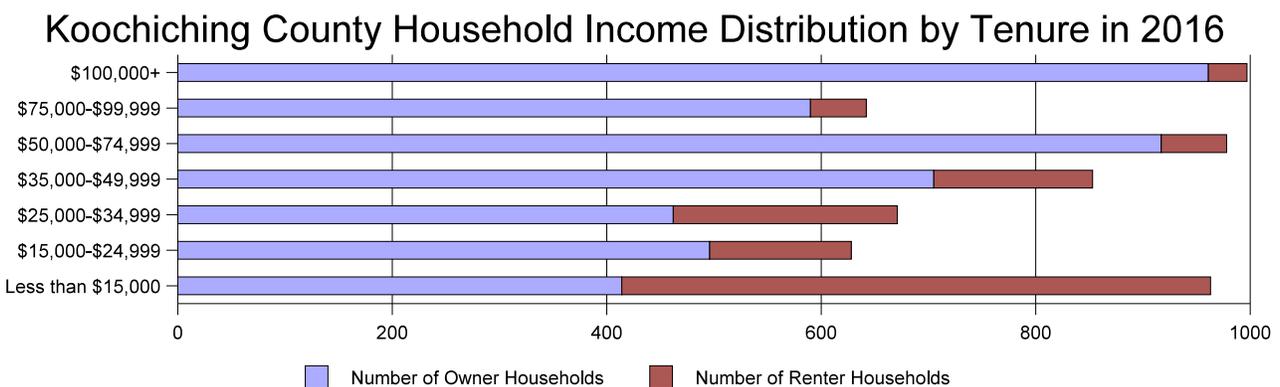
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

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

Source: American Community Survey

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

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



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

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

2016 Estimated Income and Rental Housing Costs - Big Falls

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

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

Source: American Community Survey

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

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

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

2016 Estimated Income and Rental Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

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

2016 Estimated Income and Ownership Housing Costs - Big Falls

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

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

Source: American Community Survey

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

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

2016 Estimated Income and Ownership Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

New Housing Construction

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

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

Koochiching County Housing Condition

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

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

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

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

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

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

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

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

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

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

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

Source: Community Partners Research, Inc.

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

Home Sales

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

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

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

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

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

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

Home Sales in Big Falls

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

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

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

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

* Partial-year

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

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

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

Occupancy Status of Housing Units - 2010

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

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

Source: U.S. Census

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

Rental Housing

U.S. Census Inventory

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

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

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

Rental Housing Survey

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

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

- ▶ 10 market rate units
- ▶ 32 subsidized units

Market Rate Summary

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

Unit Mix

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

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

Occupancy / Vacancy

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

Rental Rates

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

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

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

Tax Credit Summary

There are no tax credit rental units in Big Falls.

Subsidized Summary

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

The two subsidized rental projects in Big Falls include:

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

Rental Rates

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

Unit Mix

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

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

Occupancy / Vacancy

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

Subsidized Housing Gains/Losses

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

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

Housing Choice Vouchers

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

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

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

Senior Housing with Services

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

Table 26 Big Falls Multifamily Rental Housing Inventory

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

Table 26 Big Falls Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Subsidized					
Sunview Apartments	19 - 1 Bedroom <u>1 - 2 Bedroom</u> 20 Total Units	\$660 30% of Income	1 vacancy	General occupancy	Sunview Apartments is a USDA Rural Development family project constructed in 1974. Tenants pay 30% of their income up to a maximum rent of \$660. Two tenants are currently paying the maximum rent. The manager reports that the project needs many improvements. At the time of the survey, the manager reported one vacancy. However, this is due to temporary construction workers renting units. Typically, the project has had a high vacancy rate.
Big Falls Housing I & II	8 - 1 Bedroom <u>4 - 2 Bedroom</u> 12 Total Units	\$440 \$460 30% of Income	No vacancies	General occupancy	Big Falls Housing includes 12 USDA Rural Development family subsidized rental units. The subsidized units include 8 one-bedroom and 4 two-bedroom units. The units were constructed in 1970 and 1971 and rehabbed in 2000 with MHFA funds. Eight tenants have access to rent assistance allowing rent based on 30% of income, four tenants pay 30% of income but not less than a basic rent or more than a maximum rent of \$440 for a one-bedroom unit and \$460 for a two-bedroom unit. The manager reported no vacancies at the time of the survey.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Population

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

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

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

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

Households

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

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

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

Findings on Projected Growth

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Big Falls - Strengths and Barriers for Housing Development

Strengths for Housing Development

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

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

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

Barriers or Limitation to Housing Activities

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

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

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

Big Falls - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

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

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

Summary of Findings/Recommendations

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

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

The findings/recommendations for each category are as follows:

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

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

Big Falls - Recommendations Rental Housing Development

Rental Housing Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The two subsidized projects are as follows:

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

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

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

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

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

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

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

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

4. Preserve the existing supply of subsidized housing

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

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

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

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

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

5. Monitor the need for senior housing with services units

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

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

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

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

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

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

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

6. Utilize the Housing Choice Voucher Program

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

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

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

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

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

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

Big Falls - Home Ownership Recommendations

Home Ownership Recommendations

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

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

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

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

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

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

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

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

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

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

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

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

8. Consider the development of a Purchase/ Rehabilitation Program

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

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

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

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

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

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

Big Falls - New Housing Construction

New Housing Construction

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

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

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

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

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

9. Lot availability and lot development

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

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

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

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

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

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

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

Our recommendations to promote lots sales and housing development include:

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

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

11. Promote town house and twin home development

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

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

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

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

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

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

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

Big Falls - Housing Rehabilitation

Housing Rehabilitation

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

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

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

12. Promote rental housing rehabilitation programs

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

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

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

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

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

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

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

13. Promote owner-occupied housing rehabilitation programs

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

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

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

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

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

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

Big Falls - Other Housing Initiatives

Other Housing Initiatives

14. Acquire and demolish dilapidated structures

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

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

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

15. Create a plan and continue coordination among housing agencies

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

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

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

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

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

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

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

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