

City of Northome

January 2019

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Demographic Data Overview

Sources of Data

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

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

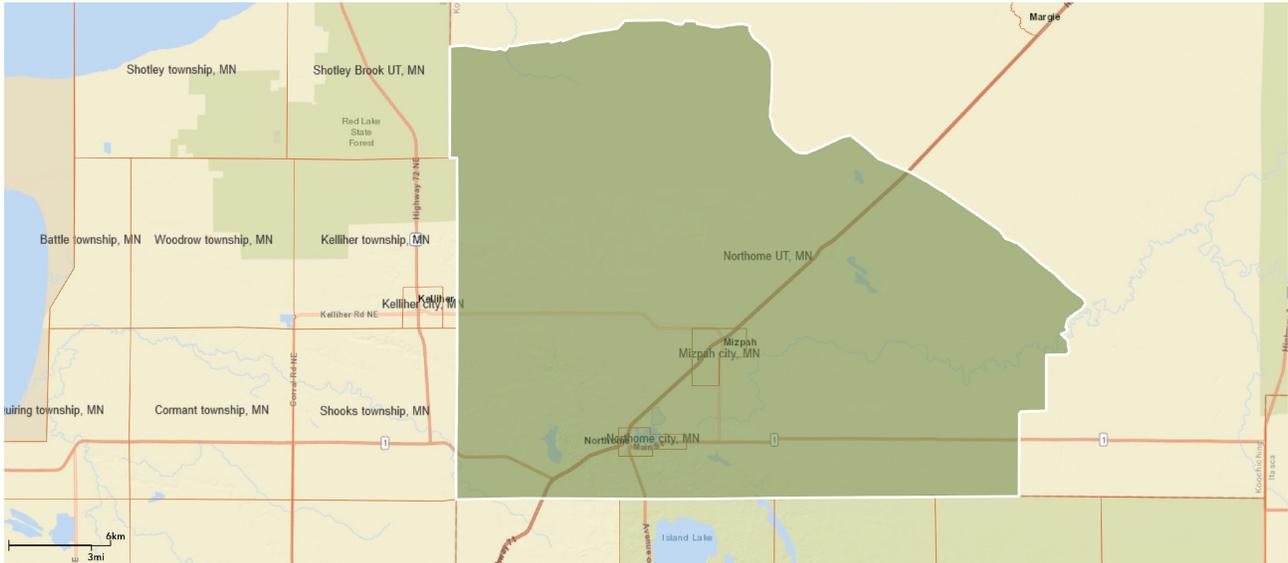
Koochiching County was divided into four Market Areas. The jurisdictions located in the Market Areas are as follows:

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

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

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

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



Northome/Mizpah Market Area

Population Data and Trends

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

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

Source: U.S. Census; Esri

- ▶ Esri has released 2018 population estimates for each city and market area and for the entire County. The State Demographer and the Census Bureau have released 2017 estimates for each city and the County.
- ▶ Esri estimates that International Falls, Littlefork, the International Falls/Big Falls Market Area, the Littlefork/Big Falls Market Area and Koochiching County all had population losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area each had small population gains from 2010 to 2018.
- ▶ The State Demographer and the U.S. Census Bureau's population estimates for 2017 showed population losses in all of the cities and in Koochiching County with the exception of Ranier. Ranier had substantial population gains due to an annexation.
- ▶ Esri's 2018 population estimate for Northome is 210 people. In comparison, the State Demographer's 2017 estimate for Northome was 179 people, and the Census Bureau's 2017 estimate was 192 people in the City.
- ▶ According to the 2000 and 2010 U.S. Census, all of the cities and market areas and all of Koochiching County lost population from 1990 to 2000 and from 2000 to 2010.
- ▶ Koochiching County's population is primarily White and non-Hispanic/Latino. According to the 2010 U.S. Census, approximately 94.6% of the City's residents were White, 0.6% were Black or African American, 2.3% were American Indian and 0.3% were Asian. Additionally, 2.1% of the Koochiching County population identified themselves as some other race or two or more races. Also, 1.1% of the population identified themselves as Hispanic or Latino.

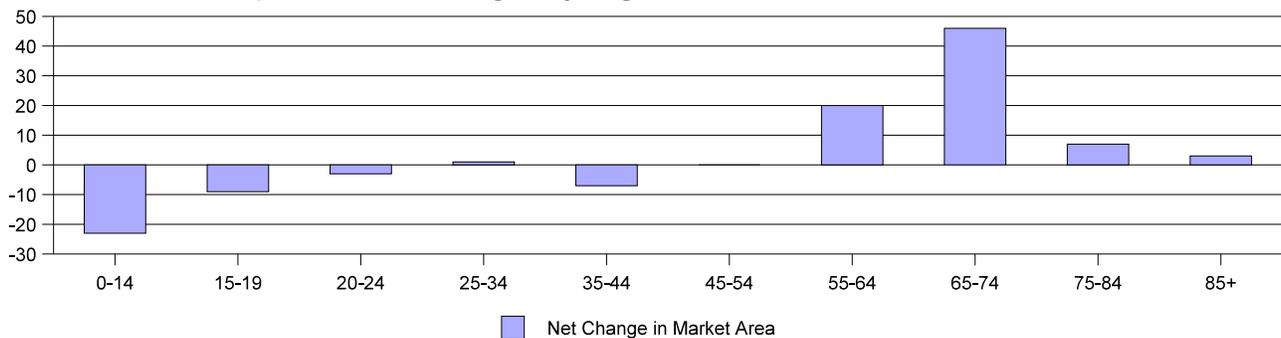
Population by Age Trends: 2010 to 2018

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

Table 2 Population by Age - 2010 to 2018			
Age	Northome/Mizpah Market Area		
	2010	2018	Change
0-14	116	93	-23
15-19	47	38	-9
20-24	26	23	-3
25-34	55	56	1
35-44	74	67	-7
45-54	115	115	0
55-64	134	154	20
65-74	73	119	46
75-84	42	49	7
85+	21	24	3
Total	703	738	35

Source: U.S. Census; Esri

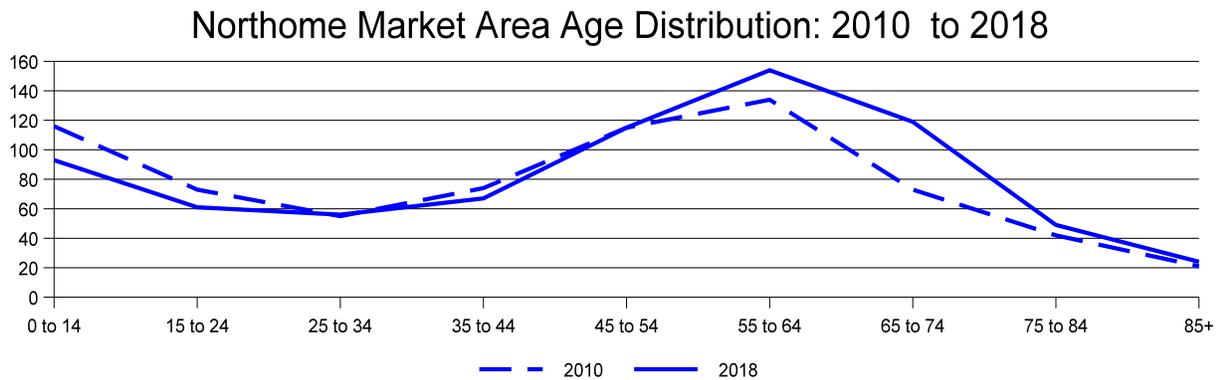
Population Change by Age Between 2010 and 2018



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

Between 2010 and 2018, the Northome/Mizpah Market Area had a gain of 66 people in the age ranges between 55 and 74 years old. In addition to the population gain in the 55 to 74 age ranges, the Market Area had a gain of one household in the 25 to 34 year old age range and a gain of 10 people in the 75 and older age ranges. The Northome/Mizpah Market Area had a loss of 35 people in the 0 to 24 age ranges and a loss of seven people in the 35 to 44 age range.

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



Population Projections

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

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

Source: U.S. Census; Esri

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

Household Data and Trends

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

Source: U.S. Census; Esri

- ▶ Esri has released 2018 household estimates for the cities, market areas and Koochiching County. The State Demographer has released 2017 household estimates for the cities and Koochiching County. The U.S. Census does not provide household estimates.
- ▶ Esri estimates that International Falls, the Littlefork/Big Falls Market Area, the International Falls/Ranier Market Area and Koochiching County had household losses from 2010 to 2018. Esri estimates that Big Falls, Ranier, Northome, Mizpah, the Northome/Mizpah Market Area and the Northwest Market Area had household gains from 2010 to 2018.
- ▶ The State Demographer estimates that from 2010 to 2017, International Falls, Big Falls, Northome and Koochiching County had household decreases. The State Demographer estimates that Littlefork, Ranier and Mizpah had household increases from 2010 to 2017.
- ▶ Esri estimates that Northome had 93 households in 2018, up by four households from the 2010 Census count. The estimate from the State Demographer showed 86 households in Northome in 2017, down by three households from the 2010 Census.
- ▶ The U.S. Census reported that from 1990 to 2000, Ranier had no change in its number of households, and the International Falls/Ranier Market Area, the Northwest Market Area and Koochiching County had household gains. The remaining jurisdictions all had household losses.
- ▶ The U.S. Census reported that from 2000 to 2010, all of the jurisdictions in Koochiching County had household losses with the exception of Northome, which had a gain of two households.

Average Household Size

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

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

Source: U.S. Census; Esri

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

Household by Age Trends: 2010 to 2018

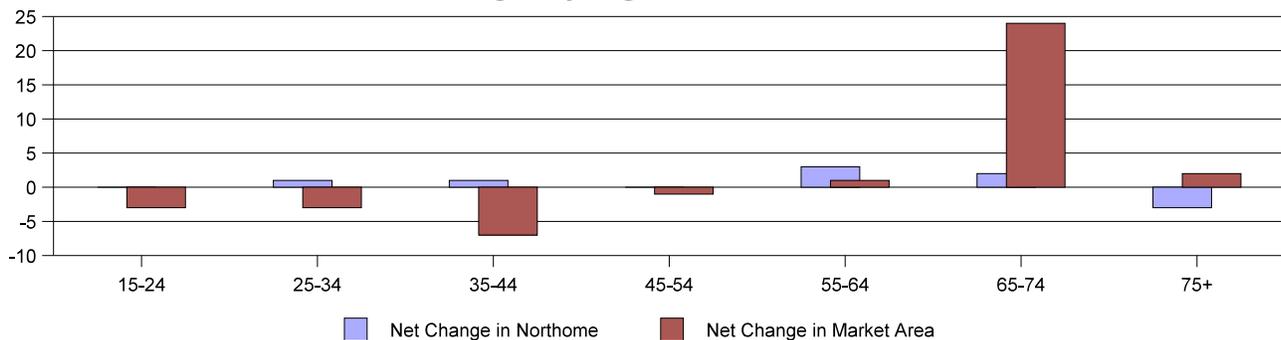
The 2018 Esri age data allows for some analysis of Northome and the Northome/Mizpah Market Area’s changing age patterns. The following table compares households by age of householder in 2010 and 2018, along with the numeric changes.

Table 6 Households by Age - 2010 to 2018						
Age	Northome			Northome/Mizpah Market Area		
	2010	2018	Change	2010	2018	Change
15-24	1	1	0	6	3	-3
25-34	7	8	1	26	23	-3
35-44	10	11	1	42	35	-7
45-54	17	17	0	58	57	-1
55-64	20	23	3	80	81	1
65-74	18	20	2	47	71	24
75+	16	13	-3	46	48	2
Total	89	93	4	305	318	13

Source: U.S. Census; Esri

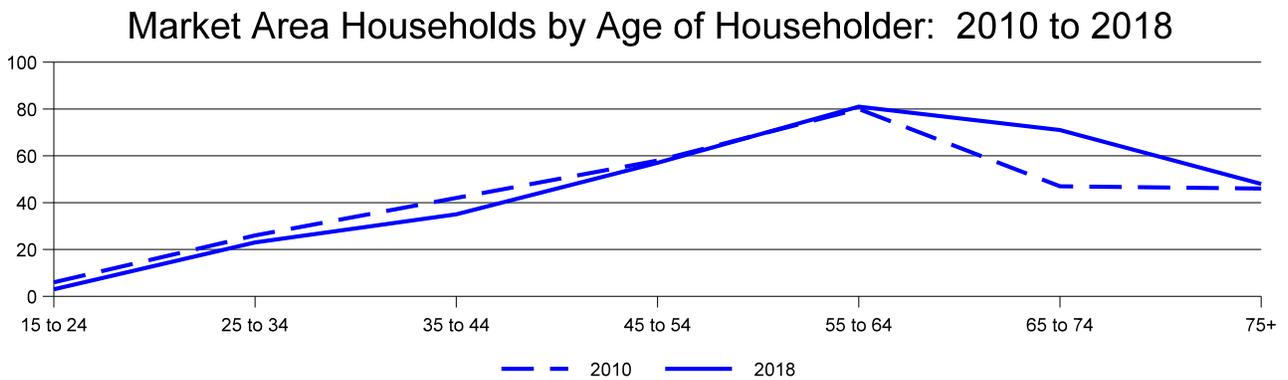
Consistent with the population by age data presented earlier, the household patterns show much of the change occurring in the baby boomer age groups. Northome had an increase of five households and the Northome/Mizpah Market Area had an increase of 25 households in the 55 to 74 year age ranges.

Household Change by Age Between 2010 and 2018



Northome also had a gain of two households in the 25 to 44 age ranges. Northome had a decrease of three households in the 75 and older age range. In addition to the household gains in the 55 to 74 age range, the Northome/Mizpah Market Area had a gain of two households in the 75 and older age ranges. The Northome/Mizpah Market Area had a reduction of 14 households in the 54 and younger age ranges.

As with the longer-term patterns for population, it is possible to track the “wave” progression of the baby boomer households so far this decade in the Northome/Mizpah Market Area using information by the age of householder.



Household Projections

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

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

Source: US Census; Esri

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

Northome Household by Age Projections: 2018 to 2023

The Northome household by age projections were created by Esri.

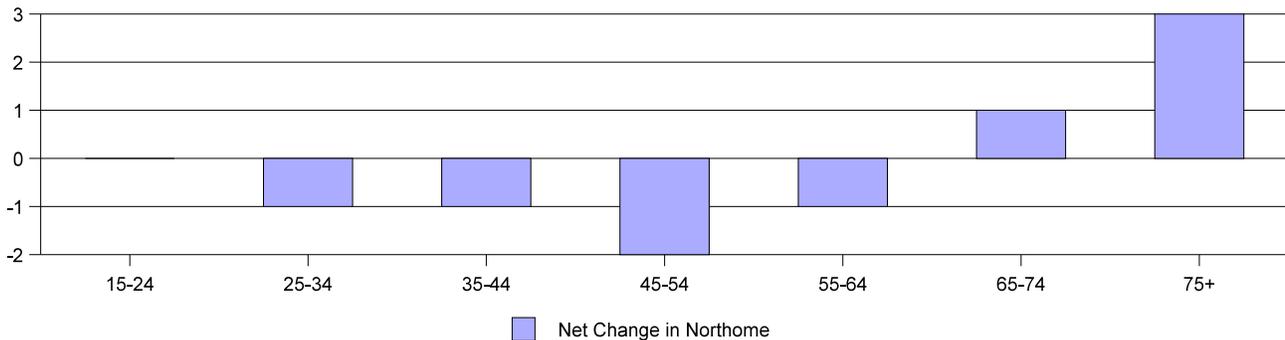
Table 8 Northome Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	1	1	0
25-34	8	7	-1
35-44	11	10	-1
45-54	17	15	-2
55-64	23	22	-1
65-74	20	21	1
75+	13	16	3
Total	93	92	-1

Source: Esri

Esri is projecting a loss of one household in Northome from 2018 to 2023. From 2018 to 2023, Esri projects a gain of four households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of five households in the 25 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Northome/Mizpah Market Area Household by Age Projections: 2018 to 2023

The Market Area household by age projections were created by Esri.

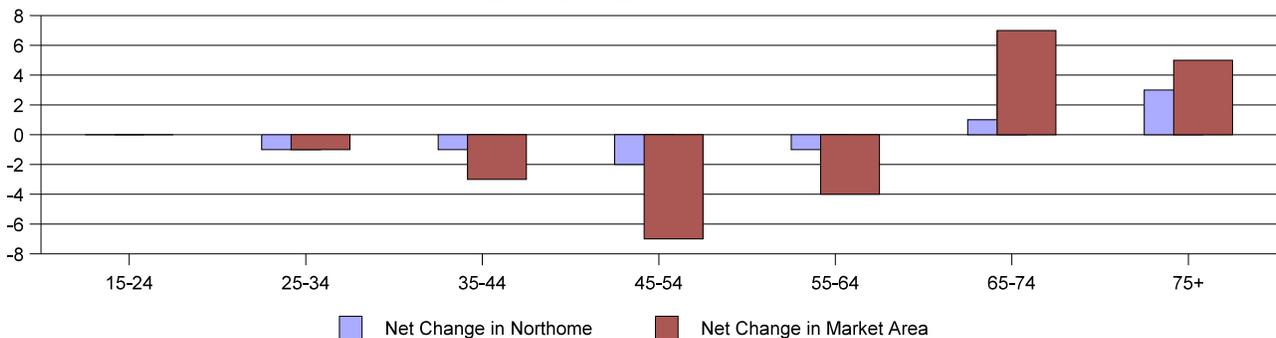
Table 9 Market Area Projected Households by Age: 2018-2023			
Age Range	2018 Estimate	2023 Projection	Change 2018 to 2023
15-24	3	3	0
25-34	23	22	-1
35-44	35	32	-3
45-54	57	50	-7
55-64	81	77	-4
65-74	71	78	7
75+	48	53	5
Total	318	315	-3

Source: Esri

The Northome/Mizpah Market Area is projected to lose three households from 2018 to 2023. However, Esri does project a gain of 12 households in the 65 and older age ranges.

Conversely, from 2018 to 2023, Esri estimates a loss of 15 households in the 25 to 64 age ranges.

Household Change by Age Between 2018 and 2023



Households by Type

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

Table 10 Northome Household Composition - 2000 to 2010			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	20	12	-8
Single Parent with own children	3	6	3
Married Couple without own children	22	28	6
Family Householder without spouse	1	7	6
Total Families	46	53	7
Non-Family Households			
Single Person	37	31	-6
Two or more persons	4	5	1
Total Non-Families	41	36	-5

Source: U.S. Census

Between 2000 and 2010, Northome experienced a gain of seven family households. The net gain was due to an increase of married couples without children, single parents with children and family householder without spouse households.

The City had a five-household decrease in “non-family” households. This was due to a decrease of six single person households.

Housing Tenure

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

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

Source: U.S. Census

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

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

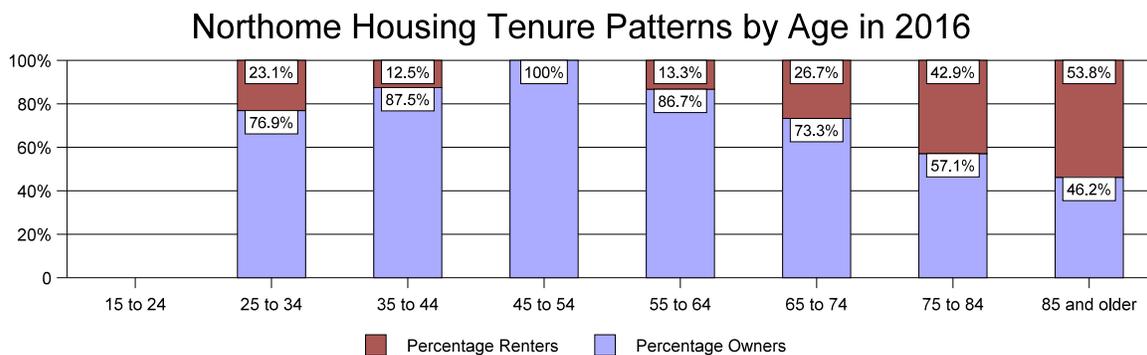
In 2010, International Falls, Littlefork, Big Falls and Northome all had rental tenure rates above the State of Minnesota’s rental rate of 27%.

Northome Tenure by Age of Householder

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

Table 12 Northome Tenure by Age of Householder - 2016				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	0	0%	0	0%
25-34	10	76.9%	3	23.1%
35-44	14	87.5%	2	12.5%
45-54	13	100%	0	0%
55-64	13	86.7%	2	13.3%
65-74	11	73.3%	4	26.7%
75-84	12	57.1%	9	42.9%
85+	6	46.2%	7	53.8%
Total	79	74.5%	27	25.5%

Source: American Community Survey



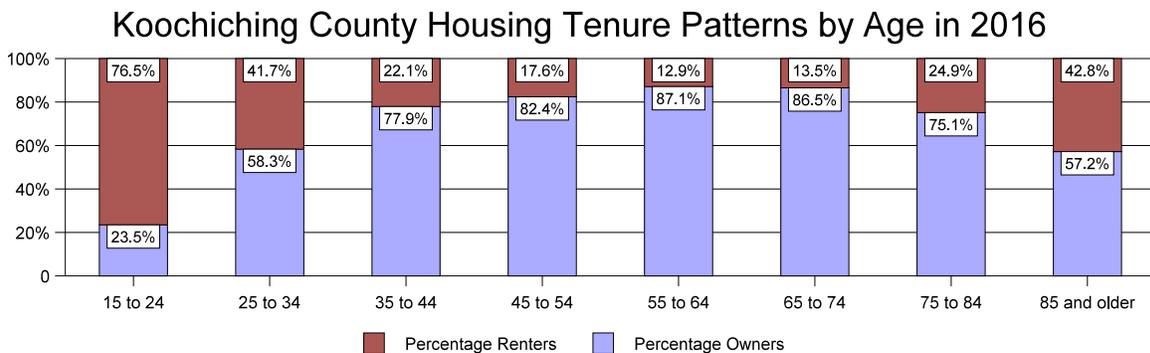
The households in the oldest age ranges show a high percentage rental occupancy. Approximately 43% of households in the 75 to 84 age range and 54% of the households age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts between ages 25 to 74 were approximately 73% or higher.

Koochiching County Tenure by Age of Householder

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

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

Source: American Community Survey



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

2016 Income Data

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

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

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

Source: American Community Survey

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

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

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

Family household incomes tend to be higher than the overall household medians, as families have at least two 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 Northome could afford approximately \$740 per month for ownership or rental housing in 2016. A family at the median income level for the City could afford approximately \$969 for housing costs.

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

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

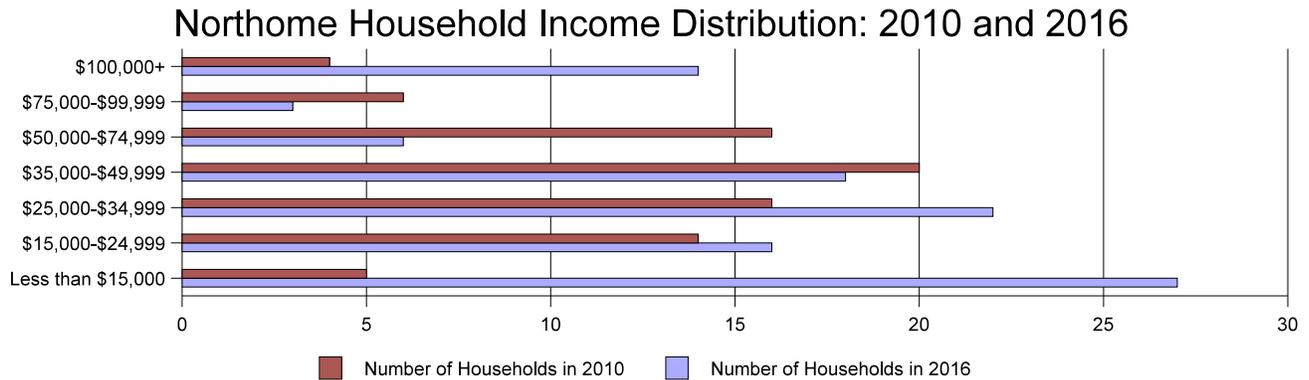
In 2016, the estimated median household income for renters in Koochiching County was \$18,092. At 30% of income, a median income renter in the City could apply approximately \$452 to gross rent without experiencing a housing cost burden.

Northome Household Income Distribution

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

Table 15 Northome Household Income Distribution: 2010 to 2016			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	5	27	22
\$15,000 - \$24,999	14	16	2
\$25,000 - \$34,999	16	22	6
\$35,000 - \$49,999	20	18	-2
\$50,000 - \$74,999	16	6	-10
\$75,000 - \$99,999	6	3	-3
\$100,000+	4	14	10
Total	81	106	25

Source: American Community Survey



The 2010 American Community Survey provides data on 81 households in Northome. The 2010 U.S. Census reported 89 households in the City. The 2016 American Community Survey provides data on 106 households and Esri estimates that in 2018 Northome has 93 households. Therefore, it appears that the American Community Survey undercounted the number of households in 2010 and overcounted the number of households in 2016. After reviewing the 2016 estimates, it does not appear that the information for Northome is accurate, due to the limited sampling.

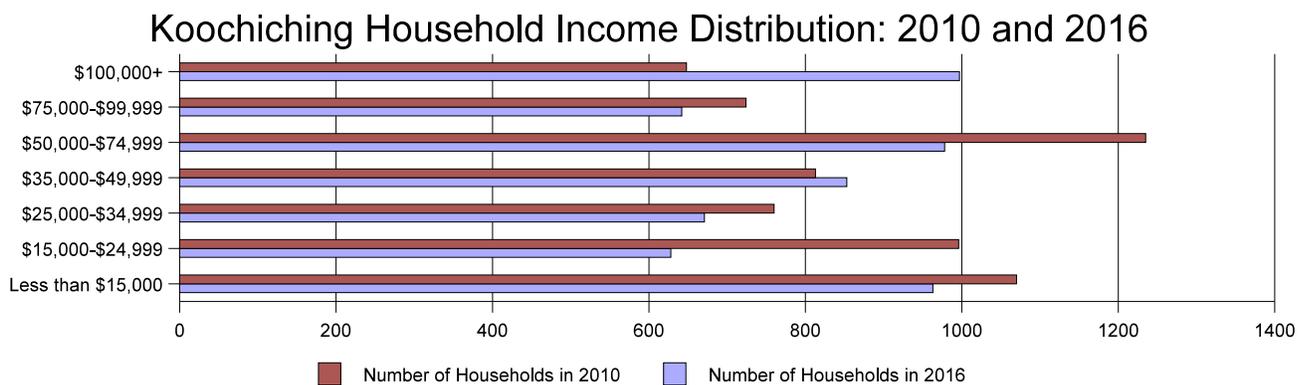
Koochiching County Household Income Distribution

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

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

Source: American Community Survey

The 2010 American Community Survey provided data on 6,246 households, compared to 5,874 households in Koochiching County counted in the 2010 U.S. Census. Therefore, it appears that the American Community Survey overestimated the number of households, but this is still the best available information on household income distribution.



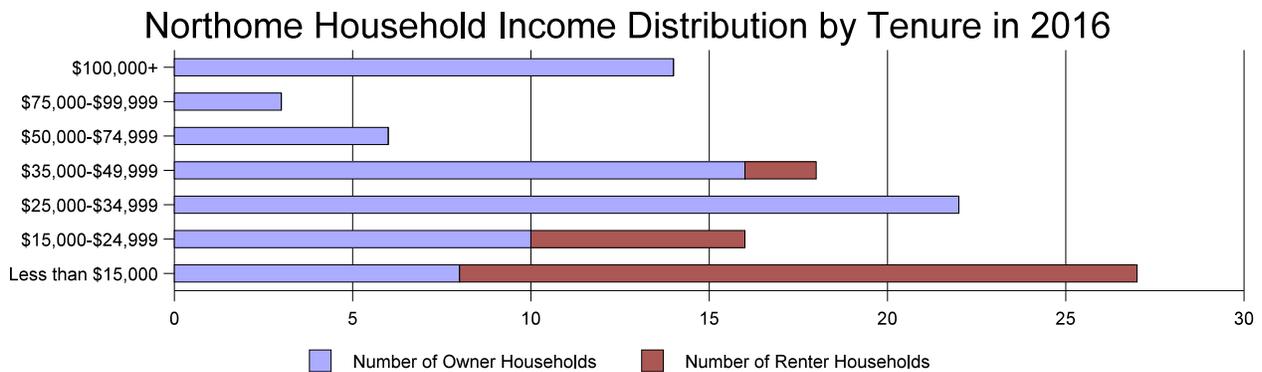
According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Koochiching County. When compared to the 2010 American Community Survey, there was a net increase of 50 households with an income of \$35,000, or more. Conversely, there was a decrease of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

Northome Income Distribution by Housing Tenure

The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Northome. As stated previously, the limited sampling that was done in Northome results in a margin of error, and it would appear that the number of lower income households may be overestimated.

Table 17 Northome Household Income by Tenure - 2016			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	8/29.6%	19/70.4%	27
\$15,000 - \$24,999	10/62.5%	6/37.5%	16
\$25,000 - \$34,999	22/100%	0/0%	22
\$35,000 - \$49,999	16/88.9%	2/11.1%	18
\$50,000 - \$74,999	6/100%	0/0%	6
\$75,000 - \$99,999	3/100%	0/0%	3
\$100,000+	14/100%	0/0%	14
Total	79	27	106

Source: American Community Survey



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

In 2016, approximately 93% of all renter households in Northome had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, a majority of the owner households had a substantially higher income level. Approximately 49% of all owner households had an annual income of \$35,000 or more. At 30% of income, these owners could afford approximately \$875 or more per month for housing costs.

Koochiching County Income Distribution by Housing Tenure

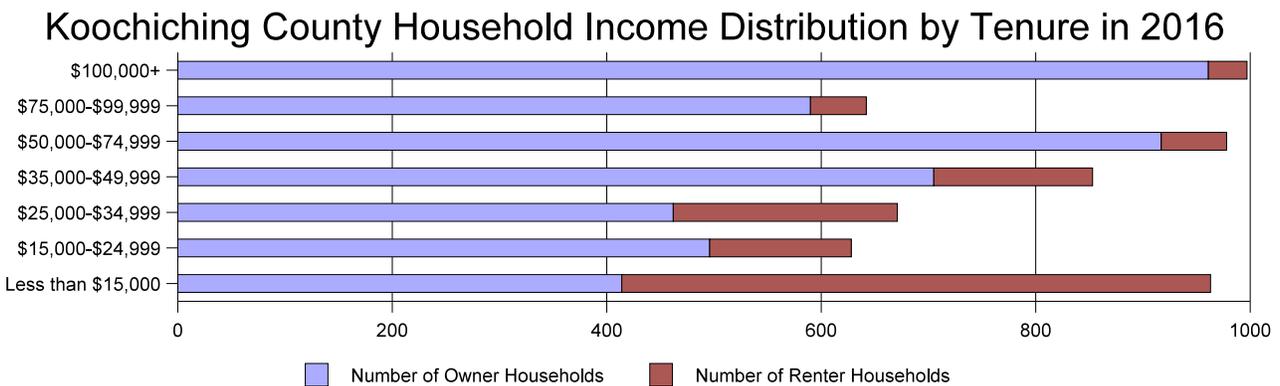
The 2016 American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within Koochiching County.

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

Source: American Community Survey

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

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



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

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

2016 Estimated Income and Rental Housing Costs - Northome Renters

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

Table 19 Gross Rent as a Percentage of Household Income - 2016			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	0/0%	0/0%	0/0%
20% to 29.9%	0/0%	9/45.0%	9/33.3%
30% to 34.9%	3/42.9%	5/25.0%	8/29.6%
35% or more	1/14.2%	6/30.0%	7/26.0%
Not Computed	3/42.9%	0/0%	3/11.1%
Total	7/100%	20/100%	27/100%

Source: American Community Survey

According to the American Community Survey, approximately 56% of all renters in the City were paying 30% or more of their income for rent. Federal standards for rent subsidy programs generally identify 30% of household income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

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

Senior citizen renters (age 65 and older) represented approximately 73% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 27% of all households with a rental cost burden.

2016 Estimated Income and Rental Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

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

2016 Estimated Income and Ownership Housing Costs - Northome

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

Table 21 Ownership Costs as a Percentage of Income - Northome		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	39	49.4%
20% to 29.9%	22	27.8%
30% to 34.9%	1	1.3%
35% or more	17	21.5%
Not Computed	0	0%
Total	79	100%

Source: American Community Survey

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 23% of all home owners reported that they paid more than 30% of their income for housing. The majority of these households were paying more than 35% of income for housing costs.

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

2016 Estimated Income and Ownership Housing Costs - Koochiching County

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

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

Source: American Community Survey

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

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

New Housing Construction

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

No single family attached (twinhome/townhome) units were constructed in Northome from 2010 to October 2018. However, a rental four-plex is under construction in 2018 in Northome.

Koochiching County Housing Condition

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

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

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

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

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

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

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

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

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

Source: Community Partners Research, Inc.

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

Home Sales

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

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

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

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

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

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

Home Sales in Northome

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

Over the period from 2010 through 2018, only seven good sales were listed. In the following table, the entire time period has been aggregated.

Table 24 Values of Residential Sales in Northome: 2010-2018*				
Year	Number of Sales	Median Price	Highest Price	Lowest Price
2010-2018*	7	\$47,100	\$78,000	\$21,500

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

* Partial-year

Over the 8-year time period reviewed, the median home sale price was \$47,100. Given the limited number of sales, the median may not be an accurate reflection of overall home values but does represent the best local estimate that is available.

The highest-valued sale that has been recorded was for \$78,000. Over the entire 8-year period, this was the only sale in Northome that was for more than \$70,000. The lowest-valued sale was for \$21,500, and three of the recorded sales were for less than \$40,000.

An alternate home value estimate is available from the 2016 American Community Survey. This source places the midpoint owner-occupied house value at \$60,500 in Northome, well above the recent median sale price of \$47,100. The American Community Survey estimate is based on the survey respondent’s estimate of the value of their home.

Occupancy Status of Housing Units - 2010

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

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

Source: U.S. Census

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

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

Rental Housing

U.S. Census Inventory

According to the 2010 U.S. Census, there were 25 occupied rental units and six vacant rental units in Northome for a total of 31 units.

At the time of the 2000 Census, the City had 27 occupied rental units and four vacant rental units, for a total estimated rental inventory of 31 units. Between the 2000 Census and the 2010 Census, the City had a loss of two renter households, but the number of units in the rental inventory was unchanged.

From 2000 to 2017, we are not aware of any rental housing construction that has occurred in Northome. However, a market rate rental four-plex was under construction in Northome in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of the two multifamily rental buildings in the City. Information was collected in September 2018.

A total of 19 rental units in two buildings were contacted in the survey. This represents a significant percentage of the rental units in the City. The breakdown of units surveyed is as follows:

- ▶ 3 market rate units
- ▶ 16 subsidized units for general occupancy

Market Rate Summary

Information was obtained on three market rate rental units in one mixed-use building, the Shining Light Café.

Shining Light Café Apartments includes three units in the second floor of a mixed-use building. The units include one one-bedroom and two two-bedroom units. The rent is \$400 for the one-bedroom unit and \$450 to \$650 for the two two-bedroom units. The unit with the \$650 rent includes a washer and dryer. The rent for all of the units include utilities. The owner reported no vacancies at the time of the survey and the units are usually fully occupied.

Tax Credit Summary

There are no tax credit rental units in Northome.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Northome that provides rental opportunities for lower income households. The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

Housing Choice Vouchers

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

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

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

Senior Housing with Services

There are no senior with services facilities in Northome. A skilled care nursing home was located in Northome, but has closed and been demolished.

Table 26 Northome Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Shining Light Café Apartments	1 Bedroom 2 Bedroom 3 Total Units	\$400 \$450-\$650	No vacancies	General occupancy	Shining Light Café Apartments includes three units in the second floor of a mixed-use building. The units include one one-bedroom and two two-bedroom units. The rent is \$400 for the one-bedroom unit and \$450 to \$650 for the two two-bedroom units. The unit with the \$650 rent includes a washer and dryer. The rent for all of the units include utilities. The owner reported no vacancies at the time of the survey and the units are usually fully occupied.
Subsidized					
Koochiching County Apartments Northome	12 - 1 Bedroom 4 - 2 Bedroom 16 Total Units	\$570 maximum rent 30% of Income	1 vacancy	Senior/ disabled	The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

Source: Community Partners Research, Inc.

Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for the City of Northome and Koochiching County over the past few decades. These historic growth trends have then been used as a basis for projecting future demographic changes in the area.

The population levels in Northome and Koochiching County population decreased from 2000 to 2010. The City's population was 200 in 2010, which was a loss of 30 people and Koochiching County's population was 13,311, which was a loss of 1,044 people.

The State Demographer's Office estimates that Northome had a loss of 21 people from 2010 to 2017 and the Census Bureau shows a loss of eight people during the same time period. Another source used in this Study, Esri, contradicts these estimates and shows the City gaining 10 people over an eight-year period from 2010 to 2018. The State Demographer estimates that Koochiching County had a loss of 671 people and the U.S. Census estimates that the County had a loss of 783 people from 2010 to 2017. Esri's estimate shows Koochiching County losing 447 people from 2010 to 2018. Esri estimates that the Northome/Mizpah Market Area had a gain of 30 people from 2010 to 2018.

Northome had household gains and the Northome/Mizpah Market Area and Koochiching County had household losses from 2000 to 2010. The City of Northome had a gain of two households, the Northome/Mizpah Market Area had a loss of five households and Koochiching County had a loss of 166 households during that decade.

The 2018 Esri estimate shows Northome gaining four households from 2010 to 2018, while the 2017 State Demographer estimate shows Northome losing three households. Esri estimates that Koochiching County had a loss of 420 households from 2010 to 2018 and the State Demographer estimates that the County had a loss of 54 households from 2010 to 2017. Esri estimates that the Northome/Mizpah Market Area had a gain of 13 households from 2010 to 2018.

Findings on Projected Growth

Esri projects that Northome will lose two people and one household from 2018 to 2023. Esri projects that Koochiching County will lose 467 people and 219 households from 2017 to 2022. Esri projects that the Northome/Mizpah Market Area will lose seven people and three households from 2010 to 2018.

Summary of the Northome Projections by Age: 2018 to 2023

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

The age-based projections from 2018 to 2023 for Northome expect a gain of four households in the senior age groups, 65 years old and older. There is a projected loss of five households in the combined age ranges 64 and younger.

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

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

Summary of the Northome/Mizpah Market Area Projections by Age: 2018 to 2023

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

The age-based projections from 2018 to 2023 for the Northome/Mizpah Market Area expect a loss of one household in the 15 to 34 age ranges and a loss of 14 households in the 35 to 64 age ranges. There is a projected gain of 12 households in the 65 and older age ranges.

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

<u>Age Range</u>	<u>Projected Change in Households 2018 to 2023</u>
15 to 24	0
25 to 34	-1
35 to 44	-3
45 to 54	-7
55 to 64	-4
65 to 74	7
75 and Older	<u>5</u>
Total	-3

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projection used for this Study expects no change in the number of households in the Northome/Mizpah Market Area in the 15 to 24 age range from 2018 to 2023. Past tenure patterns indicate that approximately 69% of the households in this younger range in the Market Area will rent their housing.

25 to 34 Years Old - The projection shows a loss of one household in this age cohort in the Northome/Mizpah Market Area by 2023. Within this age range, households often move from rental to ownership housing.

35 to 44 Years Old - This 10-year age cohort has a projected loss of three households between 2018 and 2023 in the Northome/Mizpah Market Area. In the past, this age group has had a relatively high rate of home ownership in the Market Area of approximately 78%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - By 2023, this age cohort will represent the front-end of the “baby bust” generation that followed behind the baby boomers. For the Market Area, the projection shows a significant decrease of seven households in this age range. This age group historically has had a high rate of home ownership and will often look for trade-up housing opportunities.

55 to 64 Years Old - The projection shows a loss of four households in this 10-year age range by the year 2023 in the Northome/Mizpah Market Area. This age range has traditionally had a high rate of home ownership in the Market Area at approximately 87%. Age-appropriate housing, such as town house or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - Most of the baby boom generation will be in this age range in 2023. Strong growth of seven households is expected in the Market Area within this age range by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. At the time of the 2010 Census, approximately 87% of households in this age range owned their housing in the Market Area. Preferences for age-appropriate units should increase from household growth within this age cohort.

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

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

Northome - Strengths and Barriers for Housing Development

Strengths for Housing Development

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

- ▶ **Northome serves as a small regional center** - Northome provides employment opportunities, retail/service options, health services, professional services, governmental services and recreational facilities for a geographical area that surrounds Northome.
- ▶ **Affordable priced housing stock** - The City has a stock of affordable, existing houses. Our analysis shows that the City's median home value based on the 2016 American Community survey is approximately \$60,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Available lots** - The City of Northome has in-fill lots and parcels that may be available for housing development.
- ▶ **Educational Facilities** - The City has an excellent public K-12 school.
- ▶ **Health facilities** - The City has a medical clinic and a pharmacy.
- ▶ **Infrastructure** - The City's water and sewer infrastructure can accommodate future expansion. Although some future upgrades are needed, the systems can support growth.
- ▶ **Commercial Development** - The City's commercial district is adequate to meet daily needs.
- ▶ **Recreational opportunities** - The Northome area provides recreational opportunities including trails, hunting, hiking, fishing, camping, snowmobiling, etc.
- ▶ **Small town atmosphere** - Northome has the real and perceived amenities of a small town. Small town living is attractive for some households.

- ▶ **Koochiching County Housing and Redevelopment Authority (HRA) and Koochiching Economic Development Authority (KEDA)** - The City has access to these agencies, which are active in addressing the County's housing, community development and economic development needs.
- ▶ **KOOTASCA Community Action** - KOOTASCA Community Action is the designated Community Action Agency for Koochiching County and is a certified Community Housing Development Organization (CHODO). KOOTASCA Community Action is active in addressing the area's housing needs and in providing funding for housing projects and programs.
- ▶ **Population and households** - Northome's population and number of households is projected to remain relatively stable over the next five years.
- ▶ **Commuters** - More than 100 workers commute into Northome daily for employment. These commuters are a potential market for future housing construction.

Barriers or Limitation to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Northome and the Northome/Mizpah Market Area are lower than the Statewide medians. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Some jobs in Northome are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Distance from a major regional center** - Many households desire to be near a large regional center because of the many amenities and jobs it can offer its residents. Northome is approximately 43 miles from Bemidji and 71 miles from International Falls. Some households consider it too far for commuting on a regular basis.
- ▶ **Value gap deters new owner-occupied construction** - Based on the American Community Survey, we estimate that the median priced home in Northome is valued at approximately \$60,500. This is below the comparable cost for new housing construction, which will generally be above \$175,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for new housing construction, unless the owner is willing to accept a potential loss on their investments.
- ▶ **Low rent structure** - The City's rent structure is relatively low, which makes it difficult to construct new rental housing.
- ▶ **Commercial/Retail Options** - Although Northome has a commercial district that is adequate to meet daily needs, the City has a limited number of commercial and retail opportunities when compared to larger cities in the Region.
- ▶ **Lack of new housing construction** - New housing construction has been limited over the past several years.

Northome - Recommendations and Opportunities

Recommendations, Strategies and Housing Opportunities

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

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

Summary of Findings/Recommendations

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

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

The findings/recommendations for each category are as follows:

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

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

Northome - Recommendations Rental Housing Development

Rental Housing Development

Overview: In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities. From 2010 to 2017, based on City data, no rental units have been constructed in Northome. However, four market rate rental units are under construction in September, 2018.

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

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

Esri’s household projections expect a slight loss of one household in Northome and a loss of three households in the Market Area from 2018 to 2023. Therefore, we are projecting limited demand for rental housing due to household growth over the next five years.

Demand created by replacement of lost units is more difficult to determine, but the best available evidence suggests that Northome will lose approximately two to three rental units over the next five years. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition. In other cases, this replacement is due to the deteriorating condition of older, substandard rental housing that is removed from the occupied stock.

As part of this study, a rental survey of rental units in Northome was conducted. In total, 19 rental units were contacted and surveyed. The survey found no vacancies in the general occupancy market rate units and one vacancy in the subsidized units.

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

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

▶ General Occupancy Market Rate	3-4 units
▶ Senior Independent	6-8 units
▶ Affordable/Conversions	2-3 units
▶ Subsidized/Moderate Rent	0 units
▶ Senior with Services	0 units
	<hr/>
Total	11-15 units

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

Findings: Based on U.S. Census data, there are approximately 31 rental units in Northome. Of this total, there are approximately 12 general occupancy market rate housing units. These units are free of any specific occupancy restrictions such as financial status or age. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The rental units are in one mixed-use building, single family homes and mobile homes. There are no market rate rental buildings in Northome.

Of the market rate rental units we surveyed in Northome, we found no vacant units. Housing stakeholders that were surveyed, stated the need for quality rental units in Northome.

A number of local employees are commuting into Northome daily for work. Some of these employees would potentially move to Northome if additional housing was available.

From 2000 to 2017, no market rate rental units were developed in Northome. However, several single family homes have converted from owner-occupied to rental units.

In 2018, four market rate rental units are under construction. This is a four-plex structure and all units will have two bedrooms. These units will have 900 sq ft of living space, and will have in-unit laundry and detached garage parking. The rent structure for these units is not yet available.

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

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

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

Currently, four market rate rental units are under construction. The success of these units will determine when and if additional units should be constructed over the next five years. Also, the new units can assist in determining the design, size, rent structure, etc. of any future projects.

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

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	1	650 - 800	\$650 - \$750
Two Bedroom	2-3	850 - 950	\$875 - \$975
Total	3-4		

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

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

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

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

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

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

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

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

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

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

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

3. Develop six to eight senior independent/light services market rate units

Findings: There are no senior independent and/or light services market rate rental projects in Northome or the Market Area. However, there is one subsidized senior/disabled rental project in Northome, Koochiching County Apartments. Koochiching County Apartments has 16 units, including 12 one-bedroom and four two-bedroom units.

In 2018, there are approximately 33 households age 65 and older in Northome and 119 households age 65 and older in the Northome/Mizpah Market Area. It is projected that there will be four additional households age 65 and older in Northome and an additional 12 households age 65 and older in Northome by the year 2023.

Recommendation: We are recommending the development of a six to eight-unit independent/light services market rate senior project in Northome. The project should be designed to allow seniors to live in a unit independently. The senior project could be a one level apartment building or townhome style.

The project's amenities and features should include:

- ▶ A small community room
- ▶ 24-hour call system
- ▶ A limited access security system
- ▶ Smoke alarms
- ▶ Enclosed parking
- ▶ Spacious corridor with a theme such as a street scape design (apartment design)

Apartment features should include:

- ▶ 8 to 10 units
 - ▶ 2 to 3 one-bedroom
 - ▶ 4 to 5 two-bedroom
- ▶ Fully equipped kitchen
- ▶ Large storage room
- ▶ Ample closet space
- ▶ Laundry hookups
- ▶ Open floor plan
- ▶ Private patio
- ▶ Individually controlled heat and AC
- ▶ Raised outlets, lever door handles, lowered kitchen cabinets
- ▶ Expansive windows

Optional services that could be provided by community organizations or agencies could include:

- ▶ Noon meal
- ▶ Weekly housekeeping
- ▶ Home healthcare
- ▶ Social activities

Tax increment financing, tax abatement and other subsidies and/or incentives could be utilized to make the project possible.

It is estimated that 50% of the units will be occupied when the project opens and one additional unit will be rented each following month for an absorption period of three to four months.

The location of the project should be close to services as the project will be occupied by seniors. A high amenity location would be ideal for a senior project. If possible, the project should have land available for future project phases.

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

Findings: There is one federally subsidized rental project in Northome. The Koochiching County Apartments in Northome is a 16-unit USDA Rural Development senior/disabled project constructed in 1980. The 16 units include 12 one-bedroom and four two-bedroom units. Tenants pay 30% of their income up to a maximum rent of \$570. At the time of the survey, the manager reported that there was one vacancy.

In addition to the project-based subsidized housing, Northome also has one household being assisted with the HUD Housing Choice Voucher Program.

Based on the 2016 American Community Survey, approximately 15 renter households reported that 30% or more of their income was required to pay housing costs. Most of these households had annual incomes of less than \$25,000, and needed a very affordable unit to avoid a housing cost burden. Also, the Voucher Program has a waiting list.

Recommendation: We do not recommend the development of additional subsidized rental housing at this time. Currently, there are 16 units of subsidized rental housing in Northome. Sixteen units of subsidized housing is a significant number of units for a City of Northome's size. Also, the rent structure in Northome is relatively low, which provides affordable housing for low income households. Additionally, it is difficult to obtain funding for subsidized rental housing.

We have recommended the construction of three to four market rate units. We also recommended two to three affordable/conversion market rate units. Also, four units of market rate rental housing are currently under construction. We do recommend that the City monitor the need for the production of subsidized housing in the future.

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

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

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

5. Preserve the existing supply of subsidized housing

Findings: The City of Northome has one "deep subsidy" rental housing project that allows tenants to pay rent based on 30% of income. This project was constructed in 1980 when the federal government was actively involved in producing low income housing.

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

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

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

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

6. Monitor the need for senior housing with services units

Findings: Northome has no senior with services housing facilities. A skilled nursing home was located in Northome, but has closed and has been demolished.

Based on 2018 estimates from Esri, there are 73 older senior citizens, age 75 and above, residing in the Northome/Mizpah Market Area. The projections contained in this Study anticipate a gain of approximately seven older seniors from 2018 to 2023.

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

Recommendation: Based on the research completed for this Study, we do not recommend the development of senior with services (skilled nursing home, assisted living, memory care) units/beds through the year 2023. The Northome/Mizpah Market Area does not have the older senior (75 and older) population to support a senior with services project.

We have, however, recommended a senior independent/light services project in an earlier recommendation.

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

7. Develop a Mixed-Use Commercial/Housing Project

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

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

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

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

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

8. Continue to utilize the Housing Choice Voucher Program

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

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

The Housing Choice Voucher Program in Northome and Koochiching County is administered by the Koochiching County HRA. Currently, the Koochiching County HRA has funding for approximately 111 Vouchers for Koochiching County. Of the total 111 Vouchers, one Voucher is being utilized by a Northome household at this time. Currently, approximately 15 Northome renter households are paying more than 30% of their income for rent, which is considered a housing cost burden. There is a waiting time of approximately 10 months for a Voucher.

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

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

Northome - Home Ownership Recommendations

Home Ownership Recommendations

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

The median owner-occupied home value in Northome is estimated to be \$60,500 based on the 2016 American Community Survey. With approximately 50% of the homes in Northome valued less than \$60,500, Northome has opportunities for first time home buyers and households seeking moderately priced homes.

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

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

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

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

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. With the City's median home value at \$60,500, there are lower valued houses in the community that appeal to first time buyers.

Also, home ownership counseling and training programs are available to households and these programs can play a significant role in helping marginal buyers achieve home ownership. Currently, KOOTASCA Community Action is offering a down payment assistance program in the County. Additionally, the Federal Home Loan Bank has funding for closing cost and down payment assistance.

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

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

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

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

10. Consider the development of a Purchase/ Rehabilitation Program

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

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

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

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

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

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

Northome - New Housing Construction

New Housing Construction

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

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

Northome is projected to lose one household and the Northome/Mizpah Market Area is projected to lose three households from 2018 to 2023. Although Northome and the Northome/Mizpah Market Area are projected to have an overall minimal loss in households from 2018 to 2023, the City is projected to gain four households and the Northome/Mizpah Market Area is projected to gain 12 households in the 65 and older age ranges. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced homes, trade-up housing and low maintenance housing such as town homes and twin homes.

It is our opinion that if the City of Northome, developers and builders, and regional and state housing agencies are proactive, a total of four to six owner-occupied housing units could be constructed in Northome from 2019 to 2024 to address demand. This is an average of approximately one new unit annually. Our projection for owner occupied single family housing starts includes single family detached homes and attached housing units, such as twin homes and town houses. The breakdown of our projection of four to six new owner-occupied housing units is as follows:

- | | |
|-------------------------------|------------------|
| ▶ Higher & medium price homes | 1 home |
| ▶ Affordable homes | 1 home |
| ▶ Twin homes/town homes | <u>2-4 units</u> |
| Total | 4-6 homes/units |

11. Lot availability and lot development

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

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

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

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

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

Findings: Northome is a very small community that has had limited new construction since 2010. So far in this decade, two homes have been constructed in the City.

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

Our recommendations to promote lots sales and housing development include:

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

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

13. Promote town house and twin home development

Findings: Northome has experienced no owner-occupied attached housing development from 2010 to 2018. Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making traditional single family homes available for families. In 2018, based on Esri estimates, there were 56 households in the City of Northome and 256 households in the Northome/Mizpah Market Area with a head of household in the 55 and older age ranges. It is estimated that the 55 and older age ranges will increase by three households in Northome and by eight households in the Northome/Mizpah Market Area from 2018 to 2023.

It is important for the City to offer seniors housing options as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that two to four new twin homes or town houses could be built over the next five years in Northome.

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

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

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

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

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

Northome - Housing Rehabilitation

Housing Rehabilitation

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

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

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

14. Promote rental housing rehabilitation programs

Findings: Based on 2010 U.S. Census data, the City of Northome has approximately 31 rental units. The rental units are in a multifamily building, a mixed-use building, single family houses and mobile homes. Some of the City's rental units could benefit from rehabilitation as approximately 78% of the rental structures are more than 40 years old and some rental units are in poor condition.

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

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

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

15. Promote owner-occupied housing rehabilitation programs

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

Approximately 81% of the owner occupied homes in Northome are over 40 years old and some of these homes need minor or major repairs. Our 2018 housing condition survey rated houses in the City of Northome. Our survey found 24 homes that need minor repair and 11 homes that need major repair.

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

KOOTASCA Community Action has assisted the City of Northome with obtaining SCDP funds in the past for owner-occupied housing rehabilitation. In 2018, the City of Northome worked with KOOTASCA Community Action to prepare another SCDP grant application for housing rehabilitation funds.

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

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

Northome - Other Housing Initiatives

Other Housing Initiatives

16. Encourage employer involvement in housing

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

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

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

17. Acquire and demolish dilapidated structures

Findings: Approximately 81% of the single family homes in Northome are over 40 years old. Our housing condition survey identified two single family houses in Northome that are dilapidated and too deteriorated to rehabilitate. We also identified 11 single family houses in Northome as needing major repair and some of these homes may be too deteriorated to rehabilitate. To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished.

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

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

18. Strategies for Downtown Redevelopment

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

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

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

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

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

19. Create a plan and continue coordination among housing agencies

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

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

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

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

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

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

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

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