

# Rugby COMPREHENSIVE HOUSING STUDY

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# Introduction

## Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Rugby and Pierce County are privately owned and were constructed with private funds. On an increasing scale, however, the public is demanding that public officials control what happens in this largely private housing market by eliminating blight, protecting individual investments, and generating new housing growth to meet economic development needs.

Community Partners Research, Inc., was hired by the Rugby Job Development Authority to update the 2011 Rugby Comprehensive Housing Study.

## Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for future housing development
- ▶ Provide housing recommendations and findings

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from October 2017 to February 2018. Data sources included:

- ▶ U.S. Census Bureau
- ▶ American Community Survey
- ▶ Esri, a private data company
- ▶ Records and data from the City of Rugby
- ▶ Records and data maintained by Pierce County
- ▶ 2016 Statewide Housing Needs Assessment
- ▶ Interviews with City officials, community leaders, housing stakeholders, etc.
- ▶ Area housing agencies
- ▶ State and Federal housing agencies
- ▶ Rental property owner surveys

## **Limitations**

This Housing Study represents an analysis performed with the data available at the time of the Study. The findings and recommendations are based upon current solutions and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, Federal or State tax policy or other related factors could change the conclusions and recommendations contained in this Housing Study.

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# **Demographic Data Overview**

## **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Rugby and Pierce County.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics. However, because the American Survey is 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. For most jurisdictions in North Dakota, the 2016 estimates 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 and projections are included in this demographic data section.

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2017</b>						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2017 Esri Estimates
Rugby	2,960	2,939	-0.7%	2,876	-2.1%	2,848
Pierce Co.	5,052	4,675	-7.5%	4,357	-6.8%	4,299

Source: U.S. Census; Esri, Inc.

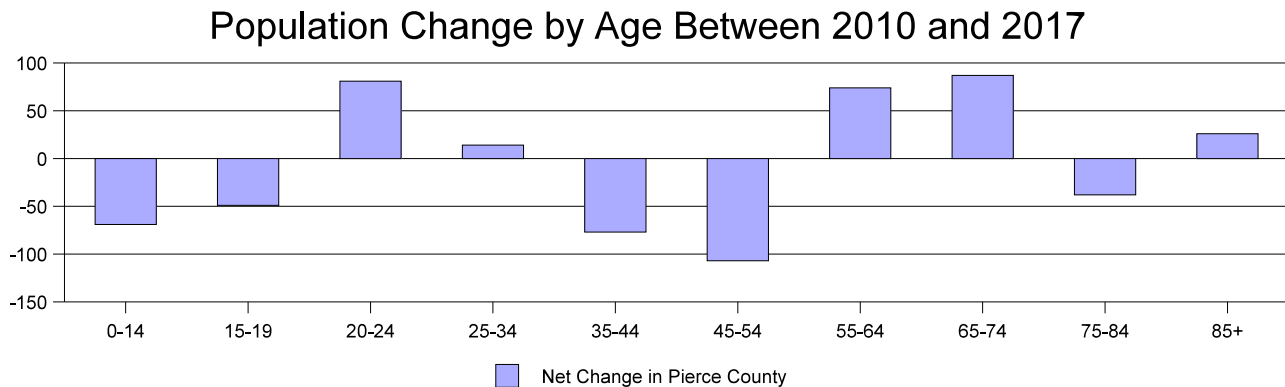
- ▶ Esri, a private data reporting service, has released 2017 population estimates. The estimate for the City of Rugby is 2,848, a decrease of 28 people from 2010 to 2017.
- ▶ The U.S. Census Bureau also releases annual population estimates. The most recent estimate for Rugby is effective July 1, 2016. According to the Census Bureau, the City's population in 2016 was 2,815 people, a decrease of 61 people from 2010 to 2016.
- ▶ Esri's 2017 estimate for Pierce County is 4,299, a loss of 58 people since 2010. The Census Bureau's 2016 estimate for Pierce County was 4,267, a decrease of 90 people from the population reported in the 2010 Census.
- ▶ According to the 2010 U.S. Census, Rugby's population was 2,876 people in 2010. When compared to the 2000 Census, the City had a population loss of 63 people from 2000 to 2010. The 63-person loss from 2000 was a population decrease of 2.1%.
- ▶ Pierce County's population was 4,357 in 2010. This was a decrease of 318 people from 2000, for a population loss of 6.8%.
- ▶ Rugby and Pierce County also experienced population losses in the 1990s. Rugby's population decreased by 21 people and Pierce County's population decreased by 377 people from 1990 to 2000.
- ▶ Rugby's population is primarily White and non-Hispanic/Latino, however, the City has a significant American Indian population. According to the 2010 U.S. Census, approximately 91.9% of the City's residents were White and 5.8% Native American Indian. Additionally, 0.3% identified themselves as Black or African American, and 2.1% identified themselves as some other race or two or more races. Also, 1.3% of the population identified themselves as Hispanic or Latino.

## Population by Age Trends: 2010 to 2017

The 2017 demographic information from Esri allows for some analysis of the changing age patterns for Pierce County. The following table compares population by age in 2010 and 2017, along with the numeric changes.

<b>Table 2 Population by Age - 2010 to 2017</b>			
Age	Pierce County		
	2010	2017	Change
0-14	764	695	-69
15-19	265	216	-49
20-24	157	238	81
25-34	383	397	14
35-44	482	405	-77
45-54	678	571	-107
55-64	599	673	74
65-74	411	498	87
75-84	387	349	-38
85+	231	257	26
<b>Total</b>	<b>4,357</b>	<b>4,299</b>	<b>-58</b>

Source: U.S. Census; Esri





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

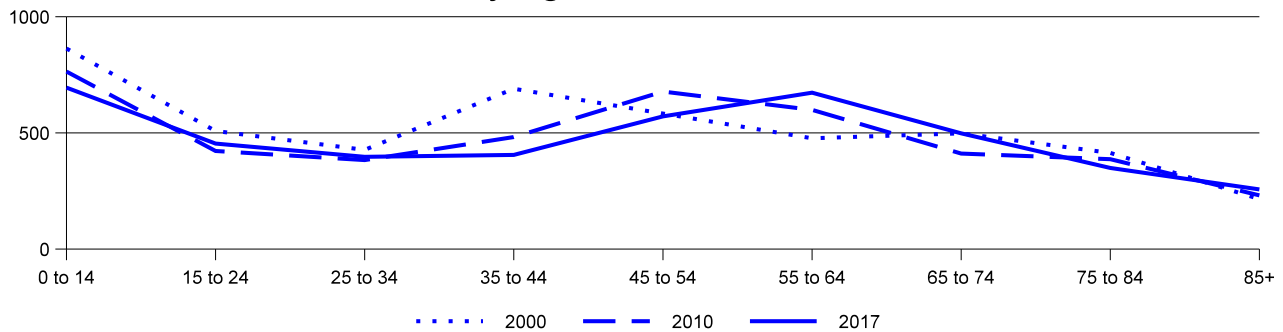
Between 2010 and 2017, Pierce County had a gain of 161 people in the age ranges between 55 and 74 years old. In 2017, all of the baby boomers were within these age ranges.

In addition to the 55 to 74 age ranges, Pierce County also had a population gain of 95 people in the 20 to 34 age ranges and a gain of 26 people in the 85 and older age range.

Pierce County had a population loss of 118 people in the 0 to 19 age ranges, a loss of 184 people in the 35 to 54 age ranges and a loss of 38 people in the 75 to 84 age range.

The aging trends present in the County can be traced back to the year 2000 to see the continued “wave” advancement of the baby boom generation.

**Pierce County Age Distribution: 2000 to 2017**



## Population Projections

The following table presents population projections using two different sources. Estimates and projections have been obtained from Esri and span the five-year period from 2017 to 2022. The 2016 Statewide Housing Needs Assessment had included some projection information for Counties in the State. Population projections exist for the years 2019 and 2024. This document did not contain projections at the city level.

<b>Table 3 Population Projections Through 2022/2024</b>				
	2017 Esri Estimate	2022 Esri Projection	2019 Projection Statewide Assessment	2024 Projection Statewide Assessment
Rugby	2,848	2,787	N/A	N/A
Pierce County	4,299	4,195	4,502	4,439

Source: Esri; 2016 Statewide Housing Needs Assessment

- ▶ Esri’s growth projections expect a population loss of 61 people in Rugby from 2017 to 2022.
- ▶ Esri’s population projection for Pierce County forecasts a loss of 104 people from 2017 to 2022.
- ▶ The 2016 Statewide Housing Needs Assessment had expected the population in Pierce County to reach 4,502 people by the year 2019. When compared to the 2010 Census count, this projection had expected the County to add 145 people during the current decade. However, recent annual estimates issued by both the Census Bureau and Esri do not show the County growing, and instead both sources show some loss of population after 2010.
- ▶ The 2016 Statewide Housing Needs Assessment had also included a forecast to the year 2024. When compared to the 2019 projection for Pierce County, this source expects the County’s population to decrease slightly over that five-year period, and reach 4,439 people by 2024. While that would be lower than the 2019 forecast, it would still show the County having a larger population in 2024 than was present at the time of the 2010 Census. This contrasts with the Esri data which show the population decreasing in past years and continuing to decrease in the future.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2017</b>						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2017 Esri Estimate
Rugby	1,243	1,291	3.9%	1,239	-4.0%	1,236
Pierce Co.	1,974	1,964	-0.5%	1,835	-6.6%	1,822

Source: U.S. Census; Esri, Inc.

- ▶ Esri estimates that Rugby had a loss of three households and Pierce County had a loss of 13 households from 2010 to 2017.
- ▶ Although the Census Bureau does not issue annual estimates for households, their population estimates would indicate a similar pattern of probable household losses after 2010. The Census Bureau showed a minor reduction in the total population for both Rugby and Pierce County from 2010 to 2016. While some of this may be due to a decrease in the average number of people within each household, a minor reduction in the total number of households is also implied.
- ▶ According to the 2010 U.S. Census, Rugby and Pierce County both had household losses from 2000 to 2010. Rugby had 1,239 households in 2010, a decrease of 52 households from 2000, for a household loss of 4.0%. Pierce County had 1,835 households in 2010. This was a decrease of 129 households, or a household loss of 6.6%.
- ▶ Rugby had a gain of 43 households and Pierce County had a loss of 10 households during the 1990s.

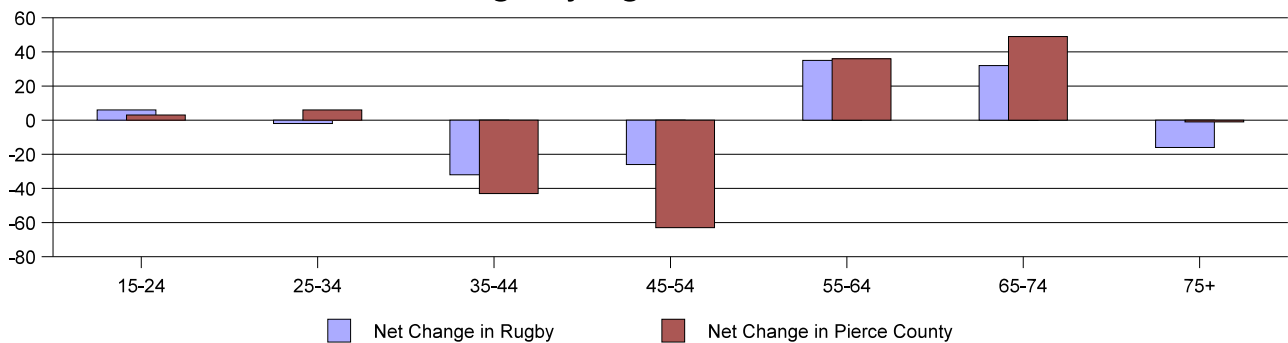
## Household by Age Trends: 2010 to 2017

Esri has also produced household estimates for 2017 by age of householder which can be compared to the 2010 Census to track the changing age patterns for Rugby and Pierce County.

Table 5 Households by Age - 2010 to 2017						
Age	Rugby			Pierce County		
	2010	2017	Change	2010	2017	Change
15-24	42	48	6	55	58	3
25-34	119	117	-2	162	168	6
35-44	171	139	-32	247	204	-43
45-54	245	219	-26	383	320	-63
55-64	207	242	35	360	396	36
65-74	161	193	32	258	307	49
75+	294	278	-16	370	369	-1
Total	1,239	1,236	-3	1,835	1,822	-13

Source: U.S. Census; Esri

Household Change by Age Between 2010 and 2017



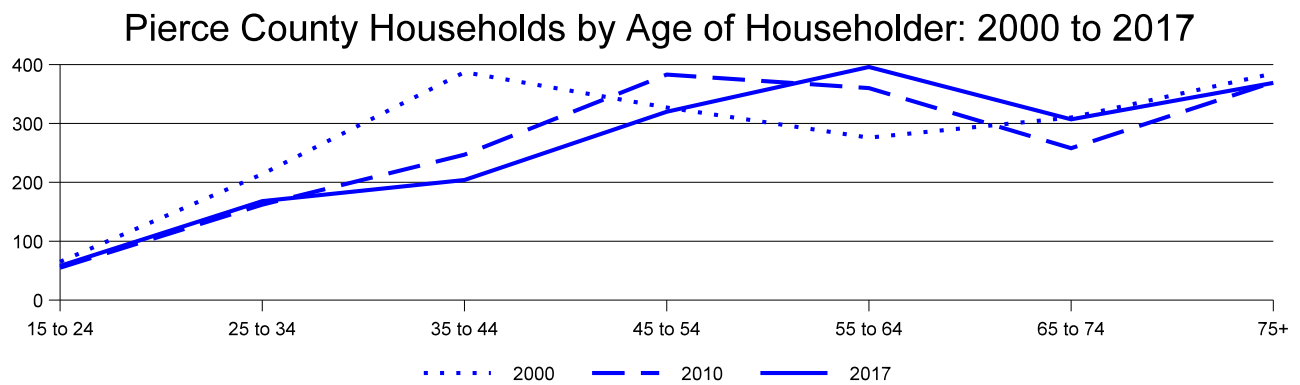
Based on Esri estimates, from 2010 to 2017, Rugby added 67 households in the 55 to 74 year old age ranges. Rugby also added six households in the 15 to 24 age range.

Rugby had a decrease of 60 households in the 25 to 54 age ranges and a loss of 16 households in the 75 and older age ranges.

Pierce County experienced a gain of 85 households in the 55 to 74 age ranges and a gain of nine households in the 15 to 34 age ranges. Pierce County had a loss of 106 households in the 35 to 54 age ranges and a one household decrease in the 75 and older age range.

If aggregated into larger groupings, there was an overall increase of 51 households age 55 or older in Rugby, but a net decrease of 54 households age 54 or younger living in the City between 2010 and 2017.

As with population, it is possible to track the “wave” progression of the baby boomer households over time in Pierce County using information for households by the age of householder.



## Average Household Size

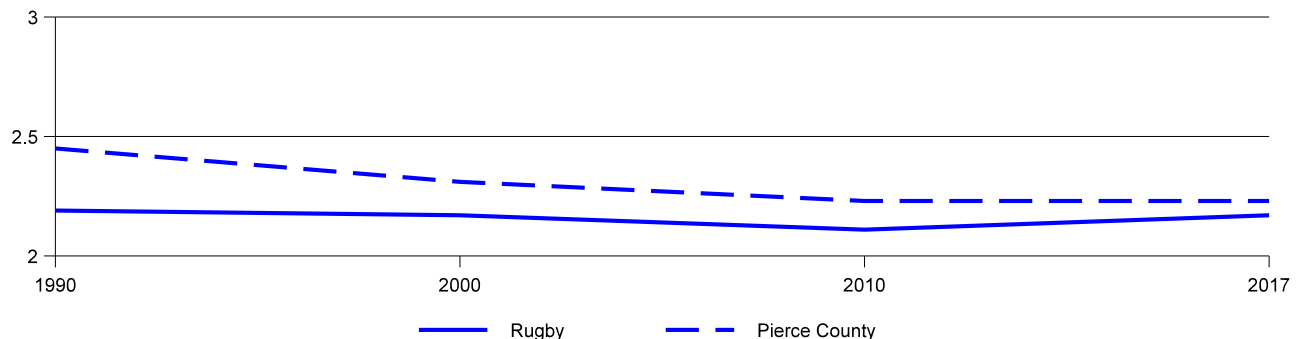
The following table provides decennial Census information on average household size. The 2017 estimates from Esri are also provided.

	1990 Census	2000 Census	2010 Census	2017 Esri Estimate
Rugby	2.19	2.17	2.11	2.17
Pierce County	2.45	2.31	2.23	2.23
North Dakota	N/A	2.32	2.33	2.31

Source: U.S. Census; Esri, Inc.

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

Average Household Size: 1990 to 2017



In Rugby, the average household size decreased slightly from 2.19 persons per household in 1990 to 2.11 in 2010, but according to Esri has increased from 2.11 in 2010 to 2.17 in 2017. Despite Esri's belief that the City's average household size has increased somewhat in recent years, it is still relatively small.

Pierce County's average household size decreased from 2.45 in 1990 to 2.23 in 2017. In 2017, Rugby and Pierce County's average household size were significantly below the Statewide average.

## Household Projections

Household projections are available from the same two sources as population projections, although the Statewide Housing Needs Assessment only includes forecasts at the County level. The following table presents Esri's 2017 household estimates and 2022 household projections for Rugby and Pierce County. The Statewide Housing Needs Assessment projections are for the years 2019 and 2024.

<b>Table 7 Household Projections Through 2022/2024</b>				
	2017 Esri Estimate	2022 Esri Projection	2019 Projection Statewide Assessment	2024 Projection Statewide Assessment
Rugby	1,236	1,209	N/A	N/A
Pierce County	1,822	1,778	1,927	1,895

Source: U.S. Census; Esri

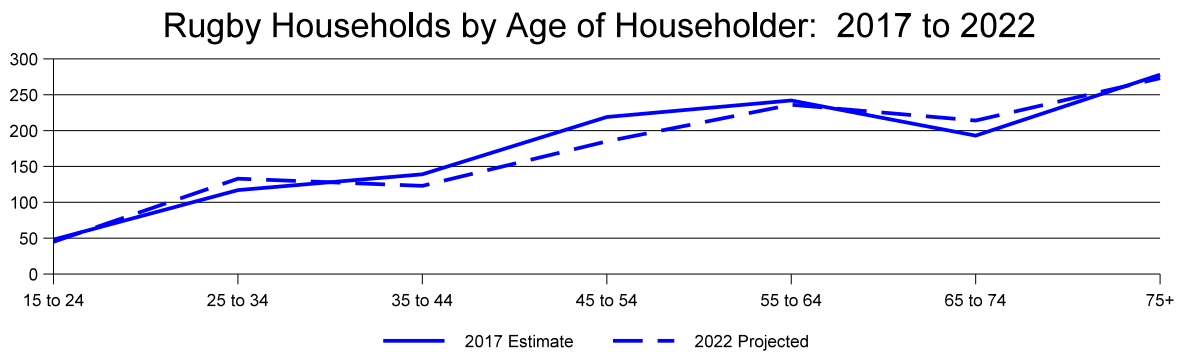
- ▶ The growth projections calculated by Esri expect household losses in Rugby and Pierce County from 2017 to 2022.
- ▶ Esri estimates that Rugby had a loss of three households from 2010 to 2017, and projects that the City will lose 27 households from 2017 to 2022.
- ▶ Esri's 2017 estimate for Pierce County is 1,822 households, a decrease of 13 households from 2010. Esri projects that Pierce County will lose an additional 44 households from 2017 to 2022.
- ▶ The household projections for Pierce County contained in the 2016 Statewide Housing Needs Assessment are much more optimistic. When compared back to the 2010 Census count, this document expected the County to add 92 households between 2010 and 2019. However, other data sources, including Esri and the Census Bureau, do not show that this growth has actually been occurring after 2010. Instead, these sources show a minor reduction in the number of resident households.
- ▶ Looking forward to the year 2024, the Statewide Housing Needs Assessment has forecasted a reduction of 32 households Countywide from 2019 to 2024. Despite this reduction, that document still expected Pierce County to have more households in 2024 than had been present at the time of the 2010 Census.

## Rugby Household by Age Projections: 2017 to 2022

The following table presents Esri's 2022 household by age projections for Rugby, and the expected changes from 2017 to 2022.

<b>Table 8 Rugby Projected Households by Age - 2017 to 2022</b>			
	2017 Estimate	2022 Projection	Change
15-24	48	45	-3
25-34	117	133	16
35-44	139	123	-16
45-54	219	185	-34
55-64	242	236	-6
65-74	193	214	21
75+	278	273	-5
Total	1,236	1,209	-27

Source: Esri



Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate household growth in households in the 65 to 74 age range. Esri’s projections expect an increase of 21 households in Rugby from 2017 to 2022 in the 65 to 74 age range. Esri also projects a gain of 16 households in the 25 to 34 age range. Esri projections expect a loss of three households in the 15 to 24 age range, a loss of 56 households in the 35 to 64 age ranges and a loss of five households in the 75 and older age ranges.

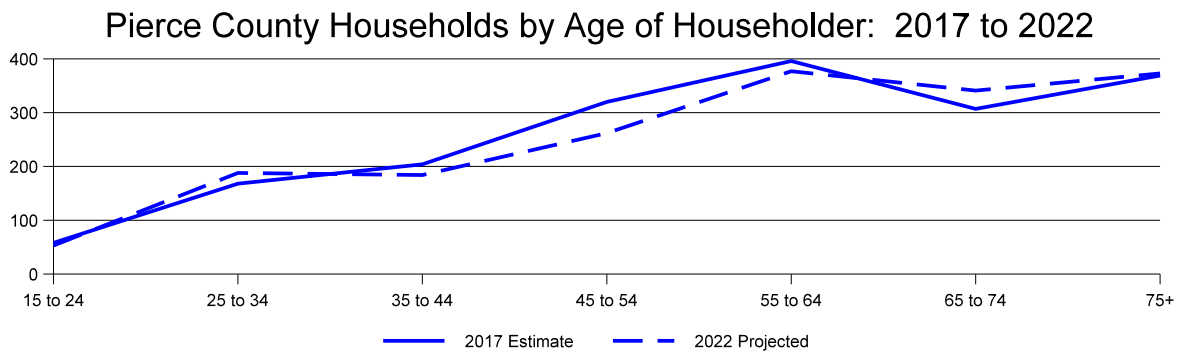


## Pierce County Household by Age Projections: 2017 to 2022

The following table present's Esri's 2022 household by age projections for Pierce County, and the household changes from 2017 to 2022.

<b>Table 9 Pierce County Projected Households by Age - 2017 to 2022</b>			
	2017 Estimate	2022 Projection	Change
15-24	58	53	-5
25-34	168	188	20
35-44	204	184	-20
45-54	320	262	-58
55-64	396	377	-19
65-74	307	341	34
75+	369	373	4
<b>Total</b>	<b>1,822</b>	<b>1,778</b>	<b>-44</b>

Source: Esri



Once again, the movement of the “baby boom” generation through the aging cycle should generate household growth in households in the 65 and older age ranges. These projections expect an increase of 38 households in Pierce County from 2017 to 2022 in the 65 and older age ranges. Esri also projects a gain of 20 households in the 25 to 34 age range. Esri projections expect a loss of five households in the 15 to 24 age range and a loss of 97 households in the 35 to 64 age ranges.

## 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 Rugby.

<b>Table 10 Rugby Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	249	203	-46
Single Parent with own children	95	71	-24
Married Couple without own children	384	369	-15
Family Householder without spouse	38	54	16
Total Families	766	697	-69
Non-Family Households			
Single Person	482	492	10
Two or more persons	43	50	7
Total Non-Families	525	542	17

Source: U.S. Census

Between 2000 and 2010, Rugby experienced an overall net decrease of 69 “family” households. There was a decrease of 46 married couple families with children, a loss of 24 single parent with children households and a loss of 15 married couple families without children. The City had an increase of 16 single family householder without spouse households.

The City of Rugby had an increase of 17 “non-family” households. There was an increase of 10 one-person households and an increase of seven households that had unrelated individuals living together.

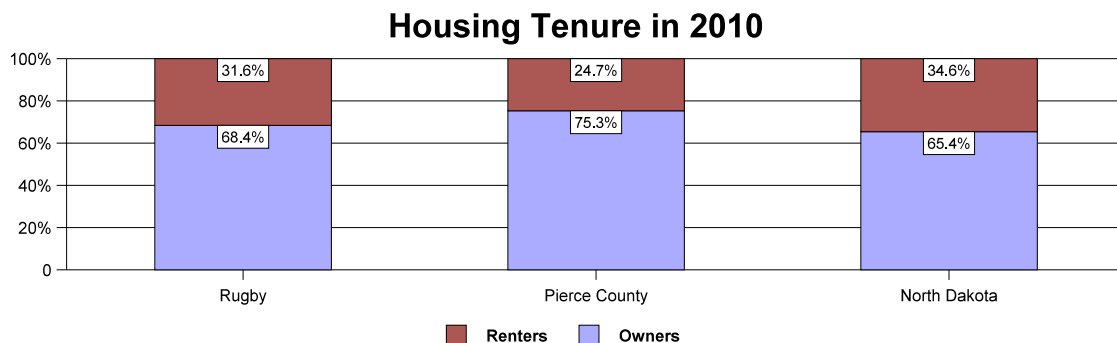
## Housing Tenure

The 2010 Census provided data on housing tenure patterns. The following tables examine tenure rates, along with changes that have occurred.

<b>Table 11 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Rugby	847	68.4%	392	31.6%
Pierce County	1,381	75.3%	454	24.7%
State	183,943	65.4%	97,249	34.6%

Source: U.S. Census

According to the 2010 Census, the ownership tenure rate in Rugby was 68.4% and Pierce County's ownership rate was 75.3%. Rugby's rental tenure rate of 31.6% was below the Statewide rate of 34.6% renter households.



<b>Table 12 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Rugby			Pierce County		
	2000	2010	Change	2000	2010	Change
Owners	859/66.5%	847/68.4%	-12	1,432/72.9%	1,381/75.3%	-51
Renters	432/33.5%	392/31.6%	-40	532/27.1%	454/24.7%	-78
Total	1,291	1,239	-52	1,964	1,835	-129

Source: U.S. Census

The City of Rugby's ownership tenure rate increased from 66.5% in 2000 to 68.4% in 2010. For Pierce County, the ownership tenure rate increased from 72.9% in 2000 to 75.3% in 2010.

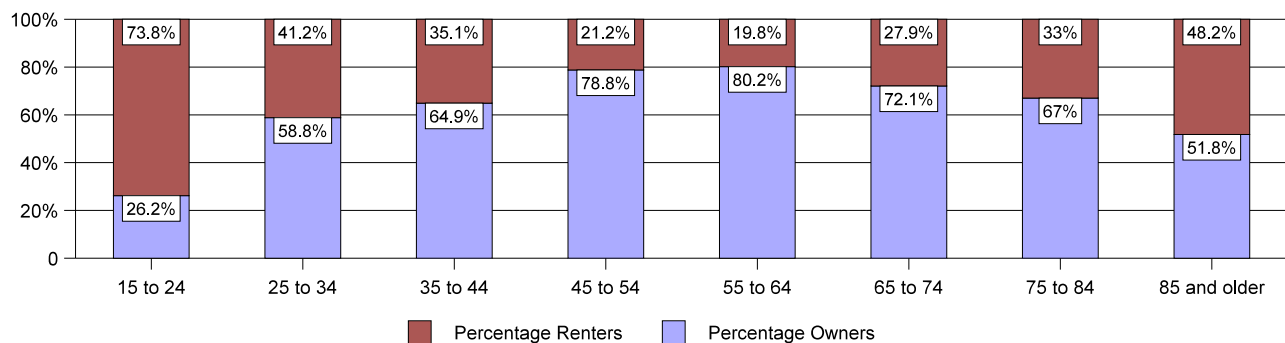
## Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of Rugby households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in Rugby.

Table 13 Rugby Tenure by Age of Householder - 2010				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	11	26.2%	31	73.8%
25-34	70	58.8%	49	41.2%
35-44	111	64.9%	60	35.1%
45-54	193	78.8%	52	21.2%
55-64	166	80.2%	41	19.8%
65-74	116	72.1%	45	27.9%
75-84	122	67.0%	60	33.0%
85+	58	51.8%	54	48.2%
Total	847	68.4%	392	31.6%

Source: U.S. Census

Rugby Housing Tenure Patterns by Age in 2010



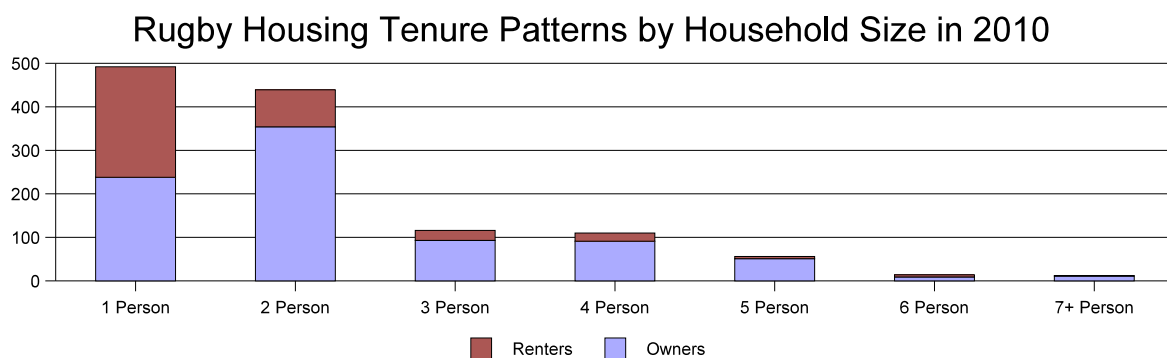
Households at the lowest end and highest end of the age spectrum had a significant percentage of renters. Approximately 74% of households age 15 to 24, 41% of households age 25 to 34, and 48% age 85 and older rented their unit. Home ownership rates for each of the 10-year age cohorts from age 35 to 84 were above 64%.

## Tenure by Household Size

The 2010 Census provided information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Rugby.

Table 14 Rugby Tenure by Household Size - 2000 to 2010						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	218	238	20	264	254	-10
2-Person	341	354	13	96	85	-11
3-Person	124	93	-31	38	23	-15
4-Person	110	91	-19	19	19	0
5-Person	44	51	7	9	5	-4
6-Person	15	9	-6	4	5	1
7-Persons+	7	11	4	2	1	-1
Total	859	847	-12	432	392	-40

Source: U.S. Census



From 2000 to 2010, there was a decrease in the number of owner households and renter households in Rugby. There was a decrease of 50 owner households with three or four household members and a decrease of six owner households with six household members. There was a gain of 33 owner households with one or two people, a gain of seven households with five household members and a gain of four households with seven or more household members.

There was a loss of 36 renter households with one to three household members, a loss of four renter households with five household members, and a loss of one household with six or more household members. There was a gain of one renter household with seven or more household members.

Approximately 86% of the renter households in Rugby were one or two-person households in 2010.

## 2016 Income Data

The 2010 Census did not collect information on household income. However, annual estimates are available at the city and county level through the American Community Survey. The following table compares median income levels for 2010 and 2016.

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.

<b>Table 15 Median Household Income - 2010 to 2016</b>			
	2010 Median	2016 Median	% Change
Median Household Income			
Rugby	\$28,857	\$37,450	29.8%
Pierce County	\$37,091	\$43,086	16.2%
North Dakota	\$46,781	\$59,114	26.4%
Median Family Income			
Rugby	\$55,417	\$56,364	1.7%
Pierce County	\$55,304	\$56,746	2.6%
North Dakota	\$62,920	\$77,277	22.8%

Source: ACS 5-year survey

Information contained in the 2016 American Community Survey shows that the household and family median incomes have increased from 2010 to 2016 in Rugby and Pierce County. However, Rugby and Pierce County's family and household incomes were significantly below the statewide medians.

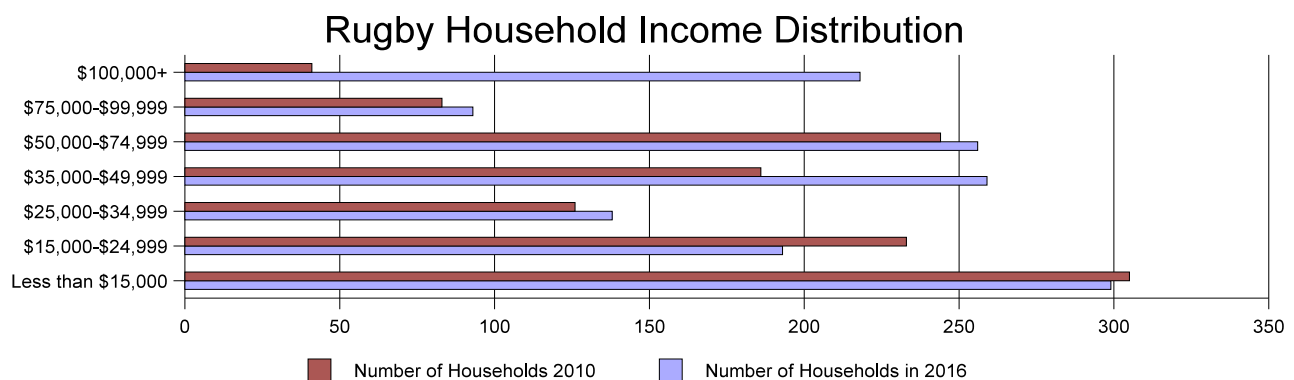
Generally, family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners. Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Rugby could afford approximately \$936 per month and a median income family household could afford \$1,409 per month for ownership or rental housing in 2016.

## Rugby Household Income Distribution

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

<b>Table 16 Rugby Household Income Distribution - 2010 to 2016</b>			
Household Income	Number of Households 2010	Number of Households in 2016	Change 2010 to 2016
\$0 - \$14,999	305/25.0%	299/20.5%	-6
\$15,000 - \$24,999	233/19.1%	193/13.2%	-40
\$25,000 - \$34,999	126/10.4%	138/9.5%	12
\$35,000 - \$49,999	186/15.3%	259/17.8%	73
\$50,000 - \$74,999	244/20.0%	256/17.6%	12
\$75,000 - \$99,999	83/6.8%	93/6.4%	10
\$100,000+	41/3.4%	218/15.0%	177
<b>Total</b>	<b>1,218/100%</b>	<b>1,456/100%</b>	<b>238</b>

Source: ACS



The 2016 American Community Survey estimated that there were 1,456 households in Rugby. Esri estimated that in 2017 there were 1,239 households in Rugby. Therefore, there may be an overcount of households in this table. However, it is still the best available indicator of household income distribution.



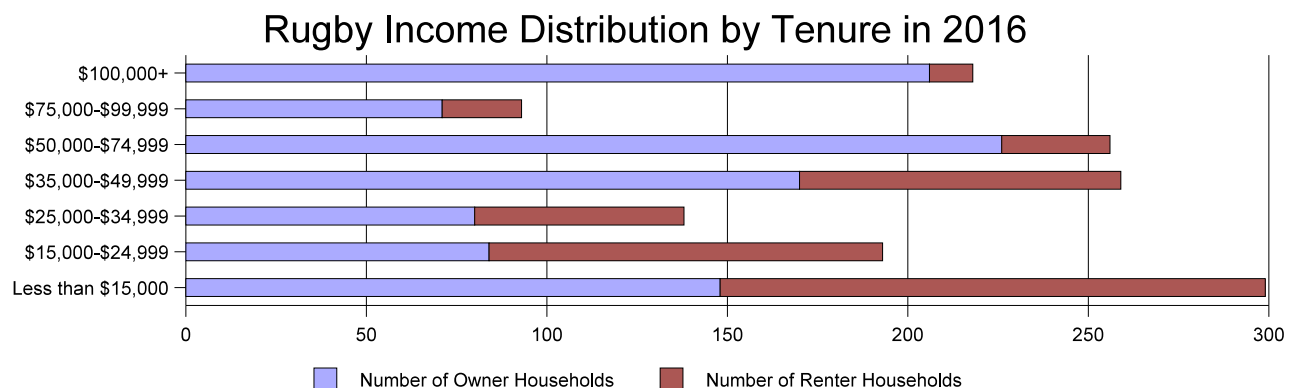
According to income estimates contained in the 2016 American Community Survey, household incomes have improved in Rugby. When compared to 2010 estimates, the number of households with an income of \$50,000, or more, has increased by 199 households. Conversely, there was a decrease of 46 households with annual incomes less than \$25,000. However, there were still 496 households in Rugby with an annual income below \$25,000 in 2016, which represented 33.9% of all households in Rugby.

## Rugby Income Distribution by Housing Tenure

The 2016 American Community Survey provides income data by owner and renter status. The following table examines income distribution in Rugby. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2017 Esri estimate. The 2016 American Community Survey reported income information on 1,456 households and Esri reported that there were 1,239 households in Rugby in 2017.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	148/49.5%	151/50.5%	299
\$15,000 - \$24,999	84/43.5%	109/56.5%	193
\$25,000 - \$34,999	80/58.0%	58/42.0%	138
\$35,000 - \$49,999	170/65.6%	89/34.4%	259
\$50,000 - \$74,999	226/88.3%	30/11.7%	256
\$75,000 - \$99,999	71/76.3%	22/23.7%	93
\$100,000+	206/94.5%	12/5.5%	218
<b>Total</b>	<b>985</b>	<b>471</b>	<b>1,456</b>

Source: 2016 American Community Survey



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

In 2016, approximately 68% of all renter households in Rugby 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. The median income for all renter households was approximately \$22,888 in 2016. At 30% of income, a renter at the median level could afford approximately \$572 per month or less for housing costs.

Most owner households had a higher income level than renter households. Approximately 51% of all owner households had an annual income of \$50,000 or more. The estimated median household income for owners in 2016 was approximately \$52,824. At 30% of income, an owner at the median income level could afford approximately \$1,320 per month for housing costs.

## 2016 Estimated Income and Housing Costs - 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 Rugby.

<b>Table 18 Gross Rent as a Percentage of Household Income - 2016</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	127/43.3%	33/18.5%	160/34.0%
20% to 29.9%	79/27.0%	59/33.1%	138/29.3%
30% to 34.9%	0/0%	6/3.4%	6/1.3%
35% or more	78/26.6%	76/42.7%	154/32.7%
Not Computed	9/3.1%	4/2.3%	13/2.7%
Total	293/100%	178/100%	471/100%

Source: 2016 American Community Survey

According to the American Community Survey, approximately 34% of the renters in the City were paying 30% or more of their income for rent. A significant majority of these renters were actually paying more than 35% 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".

A majority of the renter households with a housing cost burden had an annual income below \$20,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$500 or less.

Senior citizen renters (age 65 and older) represented approximately 51% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 49% of all households with a rental cost burden.

## 2016 Estimated Income and Housing Costs - Owners

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

<b>Table 19 Ownership Costs as a Percentage of Income - Rugby</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2016	Percent of All Owner Households 2016
0% to 19.9%	631	64.1%
20% to 29.9%	180	18.3%
30% to 34.9%	27	2.7%
35% or more	128	13.0%
Not Computed	19	1.9%
Total	985	100%

Source: 2016 ACS

Most owner-occupants in Rugby, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 16% of all home owners reported that they paid more than 30% of their income for housing. The majority of these homeowners were actually paying more than 35% of their income for housing.

## Occupancy Status of Housing Units - 2010

<b>Table 20 Occupancy Status of Housing Units - 2010</b>						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Rugby	847	392	60	26	15	67
Pierce Co.	1,381	454	64	38	78	184

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 78 seasonal housing units in Pierce County including 15 units in Rugby.
- ▶ In addition to the seasonal units in 2010, there were 286 vacant housing units in Pierce County, including 153 units in Rugby.

## Existing Home Sales

This section examines houses that have been sold within recent years. It is important to note that in some years, the number of residential sales is limited, and may not be an accurate indicator of overall home values. However, this sample does provide some insight into those units that are turning-over in the City.

The sales information has been provided by the Pierce County Equalization Office. The information primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

The records maintained by the County are presented by calendar year. As a result, 2017 did not yet represent a full 12-months of activity. The County analyzes each sale and only uses those sales that are determined to be "fair market transactions". However, the review of "good" and "bad" sales for 2017 had not been completed when the file was obtained, and all residential sales have been used for 2017. The County also makes adjustments for any personal property that may be included in the sale, and subtracts this to arrive at an adjusted sale price for each home. When available, the adjusted sale price has been used, but this is not consistent from year to year.

The Housing Study completed for the City of Rugby in 2011 had tracked home sales activity between 2007 and 2010. The following table examines sales between 2013 and 2017. Due to a change in the reporting systems, similar information could not be obtained for 2011 or 2012.

<b>Table 21 Median Value of Recent Residential Sales - 2013 - 2017*</b>				
Calendar Year	Number of Sales	Median Sale Price	Highest Valued Sale	Lowest Valued Sale
2017*	38**	\$103,500	\$250,000	\$3,100
2016	40	\$92,625	\$315,000	\$5,000
2015	53	\$80,000	\$257,000	\$8,500
2014	55	\$80,000	\$250,000	\$10,000
2013	30	\$79,500	\$252,000	\$10,000

Source: Pierce County Equalization; Community Partners Research, Inc.

\* Less than 12 months of sales activity

\*\* Some sales may not be fair market transactions

Readers should be aware that the reporting on annual sales is not consistent from year to year, due to staffing changes at the County and the method used to record the sales. For example, in some years there was less information available about the type of property, or personal property that was transferred. The analysts attempted to analyze this information accurately, but were limited by the reporting details provided.

Using the information available, there is evidence that home values are beginning to rise in Rugby. After the median home sale price moved above \$92,000 in 2016, partial-year information for 2017 indicates that the median had moved above \$103,000. Since additional sales may yet be recorded in 2017, this median may change when a full 12-months of transactions become available.

In each of the years reviewed, at least one house in the City has been sold for \$250,000 or more. It also appears that at least one sale has been recorded each year for \$10,000 or less. However, since some of the years did not provide additional details, it is possible that some of these lower valued sales were residential parcels but possibly not a house.

Similar information contained in the 2011 Housing Study had found that the median sales price had not reached \$70,000 in any of the years from 2007 to 2010. Since 2014, the median price has now been at \$80,000 or more.



## Home Sales by Price Range

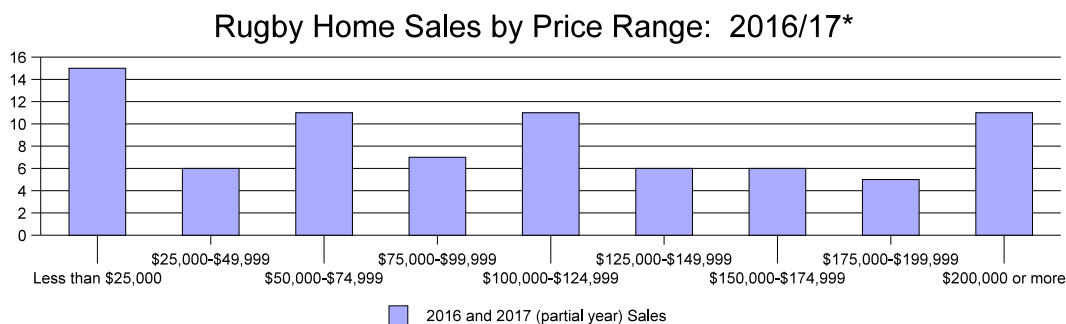
To examine sales by price range, the partial-year sales for 2017 have been combined with the 2016 sales.

Table 22 Home Sales by Price Range - 2016/17*		
Sale Price	Number of Sales	Percent of Sales
Less than \$25,000	15	19.2%
\$25,000 - \$49,999	6	7.7%
\$50,000 - \$74,999	11	14.1%
\$75,000 - \$99,999	7	9.0%
\$100,000 - \$124,999	11	14.1%
\$125,000 - \$149,999	6	7.7%
\$150,000 - \$174,999	6	7.7%
\$175,000 - \$199,999	5	6.4%
\$200,000+	11	14.1%
Total	78	100%

Source: Pierce County Equalization; Community Partners Research, Inc.

A majority of recent residential sales were priced less than \$100,000. In the approximate two-year sales period, more than 51% of all existing homes were sold in the price range of \$99,999, or less. Approximately 73% of the home sales were in the price ranges below \$150,000.

The 2011 Housing Study had found few higher-priced home sales at that time. Between 2007 and 2010, only two houses had been sold for more than \$150,000, and neither of these had exceeded \$200,000. In the most recent two-year sales sample, more than 14% of the homes had been sold for \$200,000 or more.



## **Rugby Housing Condition**

As part of the 2011 Rugby Housing Study, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 446 single family/duplex houses in three of Rugby's oldest neighborhoods. Houses that appeared to contain three or more units were excluded from the survey. The boundaries for the three neighborhoods are:

**Neighborhood No. 1** - North-City limits, South-1st St. E., West-4th Ave. NW and East-Western Ave.

**Neighborhood No. 2** - North-Railroad tracks, South-6th St. SE, West-S. Main Ave. and East-7th Ave. SE

**Neighborhood No. 3** - North-2nd St. SW, South-6th St. SW, West-4th Ave. SW and East-S. Main Ave.

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

Dilapidated houses are generally considered beyond repair.

Major Repair houses need 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 Rugby Windshield Survey Condition Estimate - 2011**

Neighborhood	Sound	Minor Repair	Major Repair	Dilapidated	Total
No. 1	45 (32.9%)	51 (37.2%)	34 (24.8%)	7 (5.1%)	137
No. 2	111 (45.5%)	97 (39.8%)	32 (13.1%)	4 (1.6%)	244
No. 3	29 (44.6%)	22 (33.9%)	13 (20%)	1 (1.5%)	65
Total	185 (41.5%)	170 (38.1%)	79 (17.7%)	12 (2.7%)	446

Source: Community Partners Research, Inc.

In 2011, the existing housing stock in the three neighborhoods was in fair to good condition. Approximately 42% of the houses were rated as Sound, while approximately 38% of the houses were judged to be in need of Minor Repair and 18% needed Major Repair.

Twelve homes in the three neighborhoods were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance.

## Rugby Mobile Home Condition

As part of the 2011 Housing Study, representatives from Community Partners Research, Inc., also conducted a visual 'windshield' survey of the mobile homes in Rugby's two mobile home parks, Parkland Court and Eastside Estates.

Mobile homes were rated in one of four levels of physical condition. 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 units are generally considered beyond repair. Major Repair units need multiple major improvements such as roof, windows, siding, etc. Units in this condition category may or may not be economically feasible to rehabilitate. Minor Repair units are judged to be generally in good condition and require less extensive repair, such as one major improvement. Units in this condition category will generally be good candidates for rehabilitation programs because they are economically feasible to repair. Sound units are judged to be in good, 'move-in' condition. Sound units may contain minor code violations and still be considered Sound.

**Table 24 Rugby Mobile Home Condition Estimate - 2010**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Parkland Court	19 (46.3%)	9 (22%)	10 (24.4%)	3 (7.3%)	41
Eastside Estates	4 (19%)	8 (38.1%)	9 (42.9%)	0 (0%)	21
Total	23 (37.1%)	17 (27.4%)	19 (30.7%)	3 (4.8%)	62

Source: Community Partners Research, Inc.

Of the 62 mobile homes in Rugby, approximately 37% were rated as being in sound condition, and 27% required minor repair. Approximately 31% of the mobile homes needed major repairs and three mobile homes were dilapidated and beyond repair.

## Building Permit Trends

Rugby has had some new housing construction activity in recent years. The following table identifies the units that have been issued a building permit from 2000 to 2017.

<b>Table 25 Rugby Housing Unit Construction Activity: 2000 to 2017*</b>				
Year	Single Family Detached	Single Family Attached	Multifamily	Total Units
2017*	5	0	0	5
2016	6	0	0	6
2015	1	0	0	1
2014	2	0	0	2
2013	3	3	0	6
2012	2	0	2	4
2011	1	2	2	5
2010	1	0	0	1
2009	1	2	0	3
2008	0	2	0	2
2007	1	0	0	1
2006	4	0	0	4
2005	3	0	0	3
2004	0	0	0	0
2003	1	0	0	1
2002	6	0	0	6
2001	2	0	0	2
2000	3	2	0	5
Total	42	11	4	57

Source: City of Rugby

\* 2017 is through November

Over the past 18 years, 57 new housing units have been constructed in Rugby, based on building permit issuance. Of these units, 42 are identified as detached single family homes, and 11 are single family attached twin homes and town houses. Four units were constructed in two mixed-use buildings.

From 2000 to 2008, the City averaged approximately three new units per year. From 2009 to 2017, the City has averaged approximately three to four new units per year.

## **Rental Housing Inventory**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 392 occupied rental units and 60 unoccupied rental units in Rugby, for a total estimated rental inventory of 452 units. The City's rental tenure rate in 2010 was 31.6%, below the Statewide rental rate of 34.6%.

At the time of the 2000 Census, Rugby had 432 occupied rental units, and 51 vacant rental units, for a total estimated rental inventory of 483 units. The rental tenure rate in 2000 was 33.5%.

Based on a Census comparison, the City had a gain of 40 renter-occupancy households, and a loss of approximately 31 rental units from 2000 to 2010.

From 2010 to 2017, only four rental units were constructed in Rugby. These units were constructed in downtown mixed-use buildings. However, in addition to four new units, two rental projects with 62 units converted from subsidized to market rate.

### **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily projects in Rugby. Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. The units are in multifamily rental projects, single family homes, duplexes, mixed-use buildings and mobile homes. The survey was conducted in December 2017.

Information was tallied separately for different types of rental housing, including market rate units, subsidized, and senior housing with services units/beds.

There were 173 rental housing units of all types that were contacted in the survey. In addition to the 173 rental units, the assisted living facilities with 97 units/beds and the nursing home, which has 60 beds, were also surveyed.

The breakdown of the units/beds surveyed is as follows:

- ▶ 153 general occupancy market rate units
- ▶ 20 subsidized units
- ▶ 0 tax credit units
- ▶ 97 senior with services units
- ▶ 60 skilled nursing beds



## Market Rate Rental Summary

Eight market rate rental projects with four or more units were contacted with a total of 122 rental units. An additional 31 market rate rental units in single family homes, duplexes and mobile homes were also contacted.

### Occupancy/Vacancy

Overall, we found 13 vacant market rate units in the 153 units we surveyed for a vacancy rate of 8.5% in the market rate segment. Seven of the 13 vacancies were in the two rental projects that were subsidized, but have converted to market rate. Additionally, Eastside Plaza had three vacancies, Blomster Rentals had one vacancy in a duplex, and Kirchofner Mobile Homes and St. Michael Apartments each had one vacancy. Five rental projects reported no vacancies. The 2011 Rugby Housing Study reported no vacant units in the 141 market rate units that were surveyed.

### Unit Mix

The following information provides the approximate bedroom mix for the 153 market rate rental units surveyed:

- ▶ 44 (28.8%) one-bedroom
- ▶ 99 (64.7%) two-bedroom
- ▶ 10 (6.5%) three-bedroom
- ▶ 0 (0%) four-bedroom

### Rental Rates

The units in the survey included the City's newest buildings as well as buildings that are 45 or more years old, resulting in a wide variation in the type and price of market rate units. The payment of utilities varies greatly from the tenant paying all utilities to the rental property owner paying all utilities. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of the estimated tenant-paid utilities. The following gross rental ranges have been identified based on information collected in the telephone survey:

1 Bedroom	\$300-\$725
2 Bedroom	\$575-\$975
3 Bedroom	\$750-\$850

## **Tax Credit Summary**

There are no tax credit assisted rental projects in the City of Rugby.

## **Subsidized Summary**

The survey contacted the one subsidized rental project in Rugby. Courtland Apartments is a USDA Rural Development elderly/disabled project with 20 total units. The 20 units include 11 one-bedroom and nine two-bedroom units. Rugby had two additional subsidized projects, Eastside Village and Heartland Homes. The two projects are general occupancy and have a combined total of 62 units. Both projects have opted out of their subsidy contract and have converted to market rate.

## **Occupancy/Vacancy**

At the time of the survey, Courtyard Apartments had three vacant one-bedroom units, for a 15% vacancy rate. The 2011 Rugby Housing Study reported that Courtyard Apartments had no vacancies and a waiting list. There were some other subsidized vacancies in 2011, but the projects with vacant units at that time have since converted to market rate housing.

## **Unit Mix**

The unit mix of the 20 units is Courtland Apartments is:

- ▶ 11 (55.0%) one-bedroom
- ▶ 9 (45.0%) two-bedroom

## **Rental Rates**

Courtyard Apartment tenants pay 30% of their income up to a maximum rent.

## **Housing Choice Voucher Program**

In addition to subsidized rental properties with project-based rent assistance, Rugby renters have access to tenant-based rent assistance through the Housing Choice Voucher Program. Voucher assistance is available through the McHenry/Pierce County Housing Authority and can be used in any suitable private market rental unit in the service area. The Minot Housing Authority provides staffing for the Voucher program. With a Voucher, the household pays approximately 30% of income toward rent, with the Voucher paying the difference.

In December 2017, there were approximately 80 renter households utilizing a Housing Choice Voucher in McHenry and Pierce Counties. At the time of the 2011 Rugby Housing Study, approximately 40 households were utilizing a voucher. The voucher increase is due to Eastside Village converting from subsidized to market rate. The households residing in Eastside Village at the time of the conversion to market rate, received a Housing Choice Voucher, which enabled the households to continue to pay 30% of their income for rent.

As the households move out of Eastside Village, it is estimated that the number of households utilizing a voucher in the two counties will be reduced to 45 to 50 vouchers.

## **Senior Housing with Services Summary**

Rugby has three senior housing with services projects. The three projects include:

- ▶ **Haaland Estates - Assisted Living** - Haaland Estates - Assisted Living has 37 units including 17 one-bedroom and 20 two-bedroom units. This project offers housing with light services and the monthly rent and fees include one daily meal, housekeeping, laundry and an alarm system. Additional service levels can be purchased as needed from the adjoining Haaland Estates - Basic Care facility.
- ▶ **Haaland Estates - Basic Care** - Haaland Estates - Basic Care provides basic nursing home care including three daily meals, medication management, housekeeping, laundry, 24-hour nursing care, etc. The facility has 60 total beds including 50 single and five double units. In 2018, this project will convert 13 of the existing beds to dedicated memory care use. Monthly rent and fees are \$2,980 for the basic nursing home care, but may be higher for the new memory care beds.
- ▶ **Heart of America Care Center** - Heart of America Care Center is a 60-bed skilled nursing home. The nursing home provides a high level of senior services. Heart of America Care Center is part of the Heart of America campus that includes the hospital and clinic.

### **Occupancy/Vacancy**

The Director reported several vacancies in Haaland Estates - Assisted living and no vacancies in Haaland Estates - Basic Care. The administrator of the Heart of America Care Center reported four vacant beds at the time of the survey.

**Table 26 Rugby Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units / Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy / Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Pinewood Apartments	1 - 1 bedroom 11 - 2 bedroom 12 Total Units	\$630	No vacancies	General occupancy	Twelve-unit building. Tenants pay electricity. All other utilities included in rent. Complex is about 45 years old. Owner reported that the units were fully occupied at the time of the survey.
Eastside Plaza	16 - 2 bedroom 16 Total Units	\$595	3 vacancies	General occupancy	Sixteen units are in four four-plexes. Units are approximately 35 years old. Water and garbage are included in rent. All other utilities paid by the tenant. Manager reported three vacancies at the time of the survey.
South Town & Midtown Apartments	20 - 2 bedroom 20 Total Units	\$730-\$780	No vacancies, waiting list	Seniors 60 & over	Utilities and garage included in rent. Age of units range from 25 to 40 years old. Owner reports no vacancies and an overall 95% vacancy rate. Tenants must be age 60 or older.
Blomster Rentals	2 - 1 bedroom 4 - 2 bedroom 2 - 3 bedroom 8 Total Units	\$250-\$625	1 vacancy	General occupancy	Blomster Rentals includes six single family homes and one duplex. Tenants pay utilities. The owner reported one vacancy in the duplex.
Pfan Rentals	1 - 2 bedroom 1 Total Unit	\$600	No vacancies	General occupancy	One single family home with two bedrooms. Rent is \$600 plus utilities. The home is occupied.
120 1/2 2 <sup>nd</sup> St. SE	4 - 1 bedroom 4 Total Units	\$250-\$300	No vacancies	General occupancy	Four units on the upper floor of a downtown mixed-use building. All of the units are one-bedroom. Rents are \$250 to \$300. Tenants also pay electricity. The owner reports no vacancies.
822 2 <sup>nd</sup> St. SW	4 - 2 bedroom 4 Total Units	\$565	No vacancies	General occupancy	Four-plex, all two bedroom units. The tenants pays heat and electricity. Washer and dryer in some units. Garage included in rent. Manager reports no vacancies at the time of the survey, but one unit will be available next month.
427 5 <sup>th</sup> Ave.	4 - 2 bedroom 4 Total Units	\$575	No vacancies	General occupancy	Four-plex with all two-bedroom units. Some utilities are included in rent. The manager reported no vacancies at the time of the survey.

**Table 26 Rugby Multifamily Rental Housing Inventory**

<b>Name</b>	<b>Number of Units / Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy / Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Kirchofner Mobile Homes	Primarily 2 & 3 bedroom 20 Total Units	\$485-\$685	1 vacancy	General occupancy	Approximately 20 mobile homes in the City's two mobile home parks. Tenants pay utilities in addition to rent. Rent is based on quality and size of the unit. Owner reports one vacancy at the time of the survey.
Northside Plaza	6 - 2 bedroom <u>2 - 3 bedroom</u> 8 Total Units	\$625 \$750	2 vacancies	General occupancy	Northside Plaza is an eight-unit project that was previously a Rural Development/Section 8 subsidized project, but has converted to market rate. The project has been renovated. There are six two-bedroom and two three-bedroom units. Tenants pay electricity in addition to rent. The manager reports two vacancies.
Village Apartments	36 - 1 bedroom <u>18 - 2 bedroom</u> 54 Total Units	\$507 \$657	5 vacancies	General occupancy	Village Apartments was a 54-unit subsidized general occupancy Section 8 project. Recently the project has opted out of its subsidy contract and has converted to market rate. Rents are \$507 for a one-bedroom unit and \$657 for a two-bedroom unit. The rent includes utilities. The project was constructed in two phases in the 1970s. The 54 units include 36 one-bedroom units and 18 two-bedroom units. The manager reported five vacancies at the time of the survey.
St. Michael Apartments	<u>2 - 2 bedroom</u> 2 Total Units	\$800-\$850	1 vacancy	General occupancy	St. Michael Apartments include two two-bedroom high quality units on the upper floor of a mixed-use building. Tenants pay utilities in addition to the rent. The units were constructed within the past five years. The owner reported one vacancy at the time of the survey.
<b>Subsidized</b>					
Courtyard Apartments	11 - 1 bedroom <u>9 - 2 bedroom</u> 20 Total Units	\$645-\$682 \$627-\$682 30% of income	3 one-bedroom vacancies	Elderly/Disabled	Courtyard Apartments is a Rural Development Elderly/Disabled project with 20 units managed by Lutheran Social Services. There are 11 one-bedroom and nine two-bedroom units. Manager reports three vacant one-bedroom units at the time of the survey. Some tenants receive home health care and other services, but tenants arrange for these services on their own. Tenants pay 30% of their income up to the maximum rents.

<b>Table 26 Rugby Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units /Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Senior Housing with Services</b>					
Haaland Estates - Assisted Living	17 - 1 bedroom <u>20 - 2 bedroom</u> 37 Total Units	Based on type of unit and level of services	Several vacancies	Senior housing with services	Haaland Estates is an independent living senior project that was converted into senior assisted living in November 2008. Rent includes one daily meal, housekeeping, laundry and alarm system. Additional services can be purchased ala carte. Garages can be leased for an additional fee per month. The Director reported several vacancies at the time of the survey.
Haaland Estates - Basic Care	50 - private <u>5 - semi-private</u> 60 Total units	\$2,980	No vacancies	Assisted living	Heartland Estates provides basic nursing home care, including three daily meals, medication management, housekeeping, laundry, nursing care, etc. There are 60 total beds including 50 single and five double units. The double units are for married couples. At the time of the survey, the Director reported that the facility was at full occupancy. In 2018 13 of the beds will be dedicated specifically as memory housing.
Heart of America Care Center	<u>60 beds</u> 60 Total Units	Based on level of services	4 vacancies	Skilled nursing home	The Heart of America Care Center is part of the Heart of America campus that includes the hospital and clinic. The Care Center has 60 skilled nursing beds. The Director reported four vacant beds at the time of the survey.

Source: Community Partners Research, Inc.

## **Employment and Local Economic Trends Analysis**

While many factors influence the need for housing, employment opportunities represent a predominant demand generator. Without jobs and corresponding wages, the means to afford housing is severely limited.

Employment opportunities may be provided by a broad range of private and public business sectors. Jobs may be available in manufacturing, commercial services, agriculture, public administration, and other industries. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

The largest employers in Rugby include:

### **Company**

- ▶ Heart of America Medical Center
- ▶ TBEI (Rugby Manufacturing)
- ▶ Rugby Public School Systems
- ▶ Pierce County
- ▶ Farmers Union Elevator
- ▶ Farmers Union Oil Company
- ▶ MTI (telemarketing)
- ▶ Heart of America Correctional & Treatment Center
- ▶ Rugby Veterinary Service, PC

Source: Rugby Jobs Development Authority



## Labor Force and Unemployment Rates

Employment information is available at the County level. Data in the table that follows is for all of Pierce County and was obtained from the North Dakota Labor Market Information Center. The 2011 Housing Study had contained information dating back to the year 2000. The following table tracks labor market information between 2010 and 2017 (partial-year).

<b>Table 27 Pierce County Average Annual Labor Force: 2010 - 2017*</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - ND	Unemployment Rate - US
2010	1,997	1,891	106	5.3%	3.8%	9.6%
2011	1,936	1,843	93	4.8%	3.5%	8.9%
2012	1,875	1,794	81	4.3%	3.1%	8.1%
2013	1,834	1,757	77	4.2%	2.9%	7.4%
2014	1,811	1,734	77	4.9%	2.7%	6.2%
2015	1,841	1,763	78	4.2%	2.8%	5.3%
2016	1,898	1,821	77	4.1%	3.2%	4.9%
2017*	1,895	1,834	61	3.2%	2.5%	4.4%

Source: North Dakota Labor Market Information Center

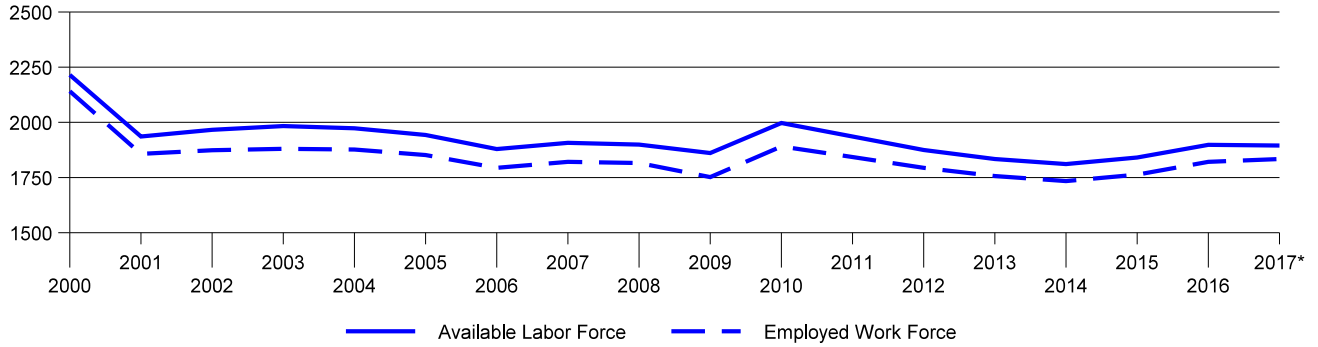
Note: Not Seasonally Adjusted

\* 2017 is through November

Pierce County has continued to see a gradual decline in the size of the available labor force in recent decades. As tracked by the 2011 Housing Study, between 2000 and 2009 the County’s labor force had decreased by 354 people, or 16%. From 2010 through 2017, the available labor force decreased by 102 people, or more than 5%. However, the labor force reached its smallest size in 2014 and had rebounded by more than 80 people since that time.

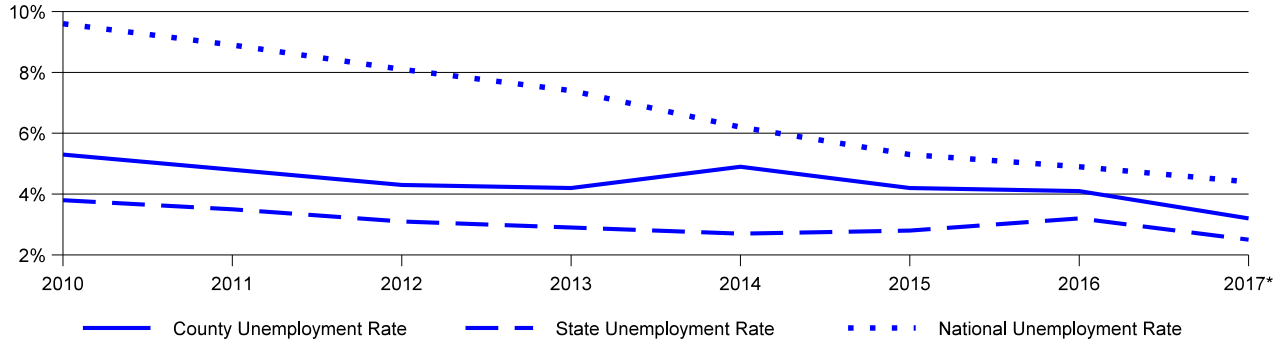
The employed work force decreased gradually between 2010 and 2014, before the number of employed County residents started to increase again. Through the first 11 months of 2017, the County’s unemployment rate had reached its lowest point so far this decade, at only 3.2%.

### Pierce County Labor Force and Employed Work Force



Since 2010, the County’s unemployment rate has remained above the Statewide rate, but has remained at or below the national unemployment rate.

### Pierce County Annual Unemployment Rate: 2010 to 2017\*



## Employment and Wages by Industry

The following table shows the average annual employment and average wages by industry supersector in 2016, the last full year of data for Pierce County. It is important to note that the supersectors sectors listed do not represent all employment in the County, as certain types of employment, including self-employed people, would not be included. There were also some sectors where the information was suppressed as “confidential”.

<b>Table 28 Pierce County Average Employment and Wages by Industry</b>		
Industry	2016 Annual Employment	2016 Average Annual Wage
Total All Industry	1,747	\$38,688
Construction	82	\$47,372
Financial Activities	173	\$48,048
Goods Producing Industries	195	\$44,720
Leisure and Hospitality	145	\$13,572
Other Services	56	\$22,880
Professional and Business Services	65	\$32,396
Public Administration	118	\$38,428
Service Producing Industries	1,553	\$37,908
Trade, Transportation, Utilities	467	\$41,860

Source: Job Service North Dakota QCEW

The average weekly wage for all industry sectors in Pierce County for 2016 was \$744. At full-time employment, this equates to an annual wage of \$38,688.

The highest paying wage sectors were Financial Activities at \$48,048 and Construction at \$47,372. However, the number of people employed in these sectors was limited. The largest employment sector, Service Producing Industries, appeared to have also included some of the other sectors, and had an average wage of \$37,908

There were only two sectors, Leisure and Hospitality and Other Services that had an annual average wage below \$25,000.

## Annual Covered Employment

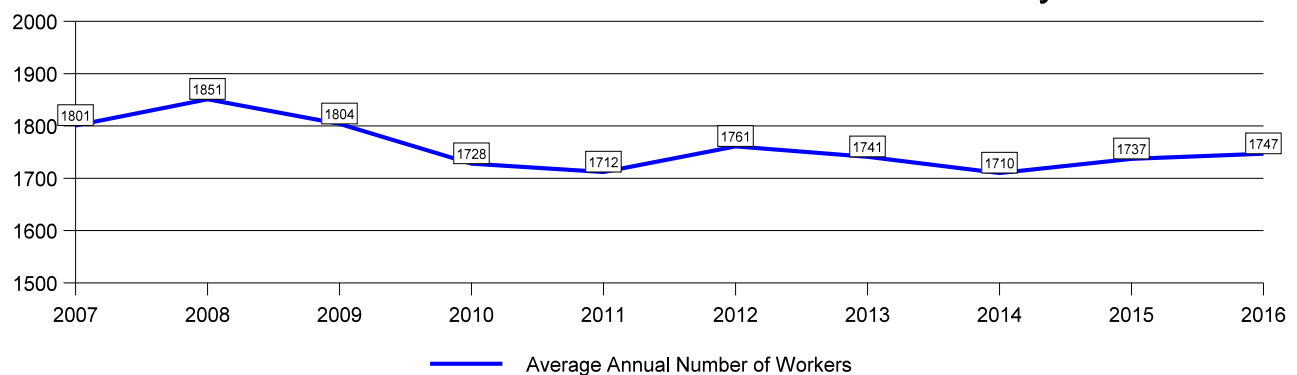
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location, it is possible to examine longer-term patterns in the employment level. The following table displays a 10-year history of the total number of workers reported in Pierce County.

<b>Table 29 Rugby Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2007	1,801	2012	1,761
2008	1,851	2013	1,741
2009	1,804	2014	1,710
2010	1,728	2015	1,737
2011	1,712	2016	1,747

Source: Job Service North Dakota QCEW

When viewed over a 10-year period, there has been a gradual reduction in the number of employees in Pierce County that are covered by unemployment insurance. If total employment in 2007 is compared to the year 2016, the last full year of data, there was a decrease of 54 jobs, or 3% over this longer period. However, the number of jobs actually reached its lowest level in 2014, and has since rebounded by 37 jobs.

**Number of Covered Workers in Pierce County**



## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment through the 2016 American Community Survey. The first table examines the travel time to work for Rugby residents, while the second table examines the travel time for people that are employed within the City.

<b>Table 30 Commuting Times for Rugby Residents - 2016</b>		
Travel Time	Number	Percent
Less than 10 minutes	947	67.4%
10 to 19 minutes	193	13.7%
20 to 29 minutes	106	7.5%
30 minutes +	159	11.3%
Total	1,405	100%

Source: American Community Survey

The large majority of Rugby residents were commuting less than 10 minutes to work in 2016, as most residents were working within the City limits, or in the immediately surrounding area. Overall, more than two-thirds of residents commuted less than 10 minutes to work, and more than 81% had a travel time less than 20 minutes. Only 11.3% of the City’s residents commuted 30 minutes or more for employment.

For people working in Rugby, the following travel times were identified.

<b>Table 31 Commuting Times for Rugby Employees - 2016</b>		
Travel Time	Number	Percent
Less than 10 minutes	898	58.7%
10 to 19 minutes	230	15.0%
20 to 29 minutes	191	12.5%
30 minutes +	212	13.8%
Total	1,531	100%

Source: American Community Survey

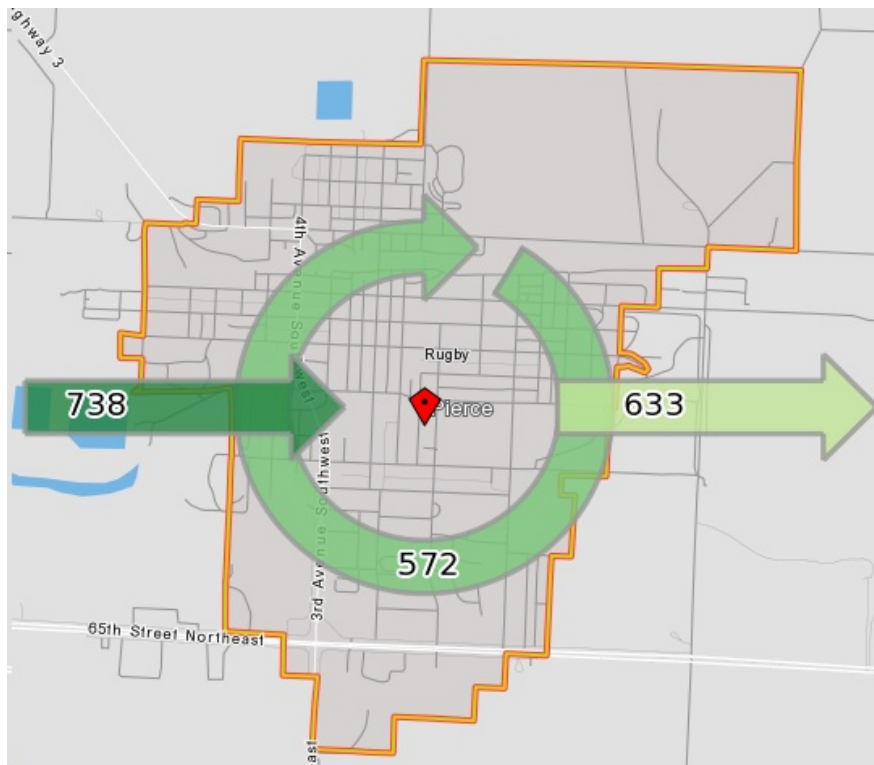
A large majority of the people working in Rugby lived either within the City or within the surrounding area, as nearly 74% had a travel time of less than 20 minutes.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is self-reported by people responding to the American Community Survey and is based on reports for the year 2015. It provides a further breakdown of worker movement patterns.

According to the report for Rugby, there were 1,310 people that were employed within the city limits in 2015. Approximately 44% of these Rugby-based employees also lived within the City, but nearly 740 employees lived outside the City limits and commuted in daily. North Pierce UT, Bottineau, Devils Lake, Hagel Township and Meyer Township were all locations that were supplying workers to Rugby. As highlighted on the previous page, the large majority of these inbound workers were traveling less than 30 minutes to work in Rugby.

Nearly 48% of Rugby’s residents also worked within the City, but more than 52% actually left the community for their primary employment. The commuting time information presented on the previous page would indicate that most of these people were working in nearby jurisdictions, and traveling less than 20 minutes. Specific destinations for Rugby commuters were listed as North Pierce UT, Minot, Fargo, Bismark, Harvey and Devils Lake.



## Findings on Growth Trends

As part of this Study, Community Partners Research, Inc., has examined growth patterns for Rugby and Pierce 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.

Rugby's population decreased slightly by 0.7% from 1990 to 2000. The population decreased from 2,960 in 1990 to 2,939 in 2000. From 2000 to 2010, Rugby's population decreased by 63 people, which was a population loss of 2.1%.

Pierce County's population decreased from 5,052 in 1990 to 4,675 in 2000, which was a decrease of 7.5%. The population decreased in the 2000s from 4,675 in 2000 to 4,357 in 2010, which was a population loss of 6.8%.

Household levels in Rugby increased from 1990 to 2000, but decreased from 2000 to 2010. Rugby experienced a gain of 48 households from 1990 to 2000 and a loss of 52 households from 2000 to 2010. Pierce County had a decrease of 10 households from 1990 to 2000 and a loss of 129 households from 2000 to 2010.

Esri estimates that Rugby had a loss of 28 people and a slight loss of three households from 2010 to 2017. Esri estimates that Pierce County had a loss of 58 people and a loss of 13 households from 2010 to 2017.

## Findings on Projected Growth

This Study has utilized Esri's projections for Rugby and Pierce County. Esri projects that Rugby's population will decrease by 61 people from 2017 to 2022. The household projections expect a loss of 27 households from 2017 to 2022.

Pierce County is expected to lose approximately 104 people from 2017 to 2022. Pierce County's household projections expect a loss of 44 households from 2017 to 2022.

Alternate projections do exist in the 2016 Statewide Housing Needs Assessment. This document had anticipated some population and household growth in Pierce County through the year 2019. However, annual estimates that have been released this decade by both the Census Bureau and Esri do not show that growth has been occurring after 2010, and the State's projections now appear to be overly optimistic.

## Summary of Rugby's Growth Projections by Age Group

The Demographic section of this Study presented Rugby projection information on anticipated changes by age group from 2017 to 2022. This information can be informative in determining the housing that may be needed due to age patterns of the City's population.

Consistent with the age distribution data presented earlier, the movement of the "baby boom" generation through the aging cycle should generate much of the City's household growth in the age range between 65 and 74 years old. Age projections would expect the City to add approximately 21 households in the 65 to 74 age range from 2017 to 2022.

The Esri age-based projections also expect an increase of 16 households in the 25 to 34 age range.

Rugby is projected to lose three households in the 15 to 24 age range. Rugby is also expected to lose 56 households in the 35 to 64 age ranges and five households in the 75 and older age range.

The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If Rugby adds population at a rate that is faster or slower than past patterns would suggest, traditional age-based forecasts would be altered.

<u>Age Range</u>	<u>Projected Change in Households 2017 to 2022</u>
15 to 24	-3
25 to 34	16
35 to 44	-16
45 to 54	-34
55 to 64	-6
65 to 74	21
75 and older	<u>-5</u>
Total	-27



## **Findings on Unit Demand by Type of Housing**

Based on the household by age projections presented earlier, the changing age composition of Rugby's population through the projection period will have an impact on demand for housing.

**Age 24 and Younger** - The projections used for this Study expect a loss of three households in the 15 to 24 age range from 2017 to 2022. Past tenure patterns indicate that approximately 74% of households in Rugby in this age range will rent their housing. A minimal decrease in the number of households in this age range should mean that rental demand from younger households will remain relatively stable during the projection period.

**25 to 34 Years Old** - The projections show a gain of 16 households in this age range by 2022. Within this age range households often move from rental to ownership housing. The ownership rate among these households in Rugby was approximately 59% in 2010. A gain of 16 households within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will increase during the projection period.

**35 to 44 Years Old** - The projections for this 10-year age cohort expect a loss of 16 households between 2017 and 2022 in Rugby. In the past, this age group has had a 65% ownership rate in Rugby. 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 2022, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a much smaller segment of the population than the baby boom age group. For Rugby, the projections show a loss of 34 households in this age range. This age group typically has had a high rate of home ownership, approximately 79% in Rugby in 2010, and will often look for trade-up housing opportunities. A loss in the number of households in this age group indicates that the demand for trade-up housing from this age range will decrease during the projection period.

**55 to 64 Years Old** - This age range is part of the baby boom generation. The projections show a decrease of six households in this 10-year age range in Rugby by the year 2022. This age range has traditionally had a high rate of home ownership in Rugby, at approximately 80% in 2010. 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** - A significant gain of 21 households is expected by the year 2022 in the 65 to 74 age range. 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 72% of the households in this age range owned their housing in Rugby. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

**75 Years and Older** - There is a projected loss of five households in Rugby in this age range between 2017 and 2022. In the past, the older households within this age range have had a relatively low rate of home ownership in Rugby. An expansion of 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.

## **Findings on Housing Unit Demand and Tenure**

Calculations for total future housing need are generally based on three demand generators; household growth, replacement of lost housing units, and pent-up, or existing demand for units from households that already exist but are not being served.

***Demand from Growth*** - The household projections used for this Study expect Rugby to lose 27 households and Pierce County will lose 44 households from 2017 to 2022. Therefore, there will be no demand for new housing production in Rugby based on anticipated household growth.

***Replacement of Lost Owner-Occupancy Units*** - It is difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. In Rugby, a significant number of dilapidated housing units have been demolished, and more units will be removed in the future. As a result, we have included an allowance for unit replacement in the recommendations that follow.

***Replacement of Lost Renter-Occupancy Units*** - It is also difficult to accurately quantify the number of units that are lost from the rental housing stock on an annual basis, however, we are projecting that rental units will be removed from the rental inventory over the next several years. As a result, we have included a minor allowance for unit replacement in the recommendations that follow.

***Pent-Up Demand*** - The third primary demand-generator for new housing is caused by unmet need among existing households, or pent-up demand. Shifting age patterns have created demand for certain types of housing in Rugby. We have included our estimates of pent-up demand into the specific recommendations that follow later in this section.

## **Strengths for Housing Development**

The following strengths were identified for Rugby through statistical data, local interviews, research, on-site review of the local housing stock, and strengths identified in the 2011 Rugby Housing Study.

- ▶ **Rugby is the regional center for the area** - Rugby is the regional center serving Pierce County and portions of surrounding counties. The City provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities for the surrounding trade area.
- ▶ **Affordably priced housing stock** - The City has a relatively large stock of affordable, existing houses. Our analysis shows that the City's median home value based on 2017 sales is \$103,500. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Housing developers in the City** - Rugby has housing developers that are willing to invest in housing projects in the community, including rental housing, attached ownership housing and single family housing development.
- ▶ **Rugby Job Development Authority** - The Rugby Job Development Authority has been active in assisting with commercial and industrial development.
- ▶ **Rugby is located within commuting distance of Devils Lake and Minot** - The City is located within commuting distance of Devils Lake and Minot, which have employment, service, health care, commercial and entertainment opportunities.
- ▶ **School system** - The City has an excellent public K-12 school system and an elementary parochial school.
- ▶ **Infrastructure** - Rugby's water and sewer infrastructure is in good condition and can accommodate future expansion.
- ▶ **Housing Agencies** - Several housing agencies have the capacity to provide financing and administrative services for housing projects and programs in the City of Rugby.

- ▶ **Health facilities** - Rugby has excellent health facilities including a hospital, medical, dental and optical clinics, and senior with services facilities.
- ▶ **Employers** - Rugby has several large employers.
- ▶ **Available lots** - The Rugby Job Development Authority has developed 54 lots for owner-occupied and rental housing development. There are also some infill lots that exist around the community.
- ▶ **Adequate land for development** - The City has adequate land for both residential and commercial/industrial development.
- ▶ **Commuters** - Approximately 740 employees are commuting into Rugby daily for work. These commuters are a potential market for future housing construction.
- ▶ **Commercial Development** - Rugby's commercial district is adequate to meet most daily needs. Several new commercial developments have been undertaken over the past several years.
- ▶ **Small town atmosphere** - Rugby has the real and perceived amenities of a small town. Small town living is attractive for some households.

## **Barriers or Limitation to Housing Activities**

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

- ▶ **Age of the rental housing stock** - While the existing stock is very affordable, most of the rental housing is more than 25 years old and may need substantial improvements to meet expectations of potential renters.
- ▶ **Housing agencies with expertise** - Although the City has access to several housing agencies, the level of housing activity in the City of Rugby has been limited. Some of these agencies have expertise in housing programs but most of these agencies have not been active in the community. As a result, there is a lack of expertise available for initiating housing activities.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Competition with Devils Lake and Minot** - Although it is an asset to be located within commuting distance of Devils Lake and Minot, it can also be a barrier to new housing construction. Devils Lake and Minot have more employment, service, medical, retail and entertainment opportunities. The amenities that Devils Lake and Minot have to offer will often make them preferred locations for many households.
- ▶ **Population and household losses** - Rugby's population and number of households have decreased.
- ▶ **Housing costs** - A significant gap exists between the median sales price of existing homes in the City of Rugby and the cost of constructing a new home.
- ▶ **Staff capacity limitations** - The City of Rugby and the Rugby Job Development Authority operate with limited personnel. It is very difficult for existing staff with current responsibilities to develop new housing initiatives.
- ▶ **Distance from a large regional center** - The nearest large regional center is Minot, which is 66 miles from Rugby. Some households desire to be or need to be in close proximity to a large regional center.

## **Recommendations, Strategies and Housing Market 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 the City of Rugby. They are based on the following strategies:

- ▶ **Focus heavily on the preservation, maintenance and improvement of the housing stock that already exists** - While some housing construction will occur in coming years, most of the housing opportunities will continue to be provided by the housing stock that is already on the ground. This is especially important for affordable housing opportunities, as it will almost always be less expensive to offer an affordable unit through rehabilitation versus new construction. Units that are lost due to deterioration and obsolescence cannot be replaced for a similar price. Evidence suggests that the majority of the existing stock is generally being well maintained, however, a significant percentage of housing needs repair. Emphasis on continued improvement will be important to meet future housing needs.
- ▶ **Develop life cycle housing** - It is vital for a community that serves as a regional center to provide housing opportunities for all ages and household types. These housing opportunities enable a community to thrive, promote economic development and allow households to live in the community throughout their lives.
- ▶ **Promote new construction** - New construction provides housing opportunities, stimulates the economy and upgrades the community's housing stock. Both new owner-occupied single family homes and rental units are needed to provide households in Rugby with housing options and to assure a healthy housing stock.
- ▶ **Promote home ownership** - Home ownership is the preferred option for most households. Home ownership assists in creating community stability and commitment to the community. There are many younger families that are renting their housing. These households may be interested in home ownership, if an affordable opportunity is available.
- ▶ **The market for new housing development will generally not occur without proactive community involvement** - Much of the housing development that has occurred in the past has involved some form of public involvement or subsidy. Future public involvement will continue to be required for certain types of housing.

- ▶ **Prioritize community housing goals** - Many of the recommendations in the Study will require staff-intensive efforts. The City should prioritize its housing goals and work with area housing agencies to establish a plan to achieve its goals.

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Rugby.



## **Summary of Findings/Recommendations**

The findings/recommendations for the City of Rugby have been formulated through the analysis of the information provided in the previous sections and include 27 recommendations. The findings/recommendations have been 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:

### **Rental Housing Development**

1. Develop 12 to 15 general occupancy market rate rental units
2. Develop eight to 10 subsidized / moderate rent / rent restricted rental housing units
3. Develop 10 to 12 senior designated market rate rental units
4. Senior with services rental units
5. Promote the renovation / conversion of existing buildings to create four to six affordable market rate rental units
6. Preservation / Renovation of Heartland Homes
7. Apply for Housing Choice Voucher / Section 8 Existing Program allocations from HUD
8. Maintain and preserve the existing supply of subsidized housing

### **Home Ownership**

9. Utilize and promote all programs that assist with home ownership
10. Develop a Purchase/Rehabilitation Program
11. Develop a local down payment assistance program

**New Construction**

12. Lot Availability and Development
13. Strategies to encourage continued residential lot sales and new home construction in Rugby
14. Continue to promote townhome and twin home housing development
15. Utilize in fill lots for housing development
16. Develop spec homes and a Spec Home Incentive Program

**Housing Rehabilitation**

17. Promote rental housing rehabilitation programs
18. Promote owner-occupied housing rehabilitation programs
19. Develop a Neighborhood Revitalization Program

**Other Housing Initiatives**

20. Acquire and demolish dilapidated structures
21. Create a plan and continue coordination among housing agencies
22. Utilize the City's Renaissance Zone Program
23. Encourage employer involvement in housing
24. City of Rugby's Comprehensive Land Use Plan
25. Rugby Mobile Home Recommendations
26. Strategies for Downtown Redevelopment
27. Develop home ownership and new construction marketing programs and strategies

# **Rugby - Rental Housing Development**

## **Rental Housing Development**

**Findings:** It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, high construction costs and low rental rates have all contributed to making rental housing production difficult to achieve, especially in small cities. While Rugby has had some private rental production, a significant percentage of the rental units constructed in the past 45 years have utilized Federal or State production programs. Units produced with public subsidies generally have income and rent restrictions that limit occupancy to low and moderate income people.

Since the 2011 Housing Study, only four rental units in two mixed-use buildings have been constructed in Rugby. The final phase of the South Town/Midtown market rate project was completed approximately 25 years ago and this was the last multifamily rental project constructed in Rugby.

As part of this study a rental survey was conducted. A total of 239 rental units in 11 multifamily buildings and 31 single family homes, duplexes and mobile homes were contacted. The survey showed an 8.5% vacancy rate in the market rate units, a 15% vacancy rate in the subsidized project, and senior with services facilities had several vacant units/beds. A vacancy rate range of 3% to 5% is considered a healthy market to allow for unit choice and availability and to also assure the viability and profitability of the rental project. Some rental projects had a vacancy rate above this range, however, there is a pent-up demand for certain types of rental housing.

The City of Rugby is projected to lose approximately 27 households and all of Pierce County is projected to lose approximately 44 households through 2022. With the projected loss of households in Rugby and Pierce County, as we did in the 2011 Housing Study, we continue to recommend several strategies to continue a healthy rental market in the City of Rugby. These strategies include:

- ▶ **Reverse household losses** - The City and all stakeholders should continue to implement all strategies possible to reverse household losses including job creation, marketing the community, assuring a healthy housing stock, etc. These efforts will continue to make the City of Rugby an attractive and viable City.
- ▶ **Rehabilitate rental housing** - A large majority of Rugby's rental housing stock was constructed in the 1960s, 1970s and 1980s. Many of these rental projects need rehabilitation. Rental rehabilitation programs should be created to rehabilitate the rental projects when it is economically feasible.

- ▶ **Demolish dilapidated rental housing** - Rental housing that is substandard and no longer feasible for renovation, should be demolished and eliminated from the rental housing stock.
- ▶ **Develop new rental housing** - It may appear to be counter productive to construct new rental housing in a community that is projected to lose households, however, new rental housing can achieve several goals which include:
  - ▶ Addressing pent-up demand for certain housing types
  - ▶ Upgrading the overall quality of the rental stock
  - ▶ Increasing the City’s rental rates
  - ▶ Addressing gaps in the City’s rental stock
  - ▶ Attracting new households to the City

Based on the strategies stated above, we recommend the development of the following new rental units over the next five years from 2018 to 2023:

▶ General Occupancy Market Rate	12-15 units
▶ Subsidized/Moderate Rent	8-10 units
▶ Senior Designated Market Rate	10-12 units
▶ Senior with Services	0 units /beds
▶ Conversions	<u>4-6 units</u>
Total	34-43 units/beds

**1. Develop 12 to 15 general occupancy market rate rental units**

**Findings:** The most recent market rate rental project constructed in Rugby was the final phase of the South Town/Midtown project, which was constructed approximately 25 years ago. However, since the 2011 Housing Study, four units have been constructed in mixed-use buildings. Also, since the 2011 Rugby Housing Study, two subsidized rental projects, Eastside Village (Village Apartments) with 54 units and Heartland Homes (Northside Plaza) with eight units, converted to market rate. Therefore, 62 units have been added to Rugby’s market rate inventory.

Rugby has a market rate rental housing vacancy rate of 8.5% in the market rate units we surveyed, which is above the healthy market range of 3% to 5%. We found 13 vacancies in the 153 market rate units that we surveyed. Seven of the 13 vacancies were in the two rental projects that have converted subsidized to market rate. Several projects had no vacancies. At the time of the 2011 Rugby Housing Study, there were no vacancies in the market rate units we surveyed.

Although there are vacancies in the market rate rental inventory, there is a pent-up demand for high quality market rate units that have state of the art amenities. Additional high quality market rate units may attract households to the City and prevent some households from seeking housing in other communities.

There is a variation in rental rates in the market rate segment in Rugby. The existing rents including utilities range from \$300 to \$725 for one-bedroom units, \$575 to \$975 for two-bedroom units and \$750 to \$850 for three-bedroom units.

Only 10 of the market rate units surveyed were three-bedroom units. However, it is assumed that there are three and four-bedroom single family rental homes that were not surveyed. There is a shortage of high quality three-bedroom units in Rugby.

**Recommendation:** As stated earlier in this section, rental housing demand is based on household growth, pent-up demand and replacement of housing units that have been demolished or converted. Based on this combination of demand generators, we believe that it is reasonable to plan for the production of a total of 12 to 15 market rate rental units over the next five years from 2018 to 2023. At the time of the 2011 Rugby Housing Study, we recommended the construction of 20 to 24 market rate units. However, with the current market rate vacancy rate and the conversion of two subsidized rental projects to market rate housing, we reduced our recommendation to 12 to 15 units.

Based on our research, there is a need for all unit sizes, thus, the new units constructed over the next five years should include one, two and three-bedroom units.

Town home style units or high quality apartment buildings are both options in addressing the need for market rate units. The projects, to be successful, should have 'state of the art' amenities. It may be advantageous for new units to be constructed in smaller project phases. This strategy allows the new units to be absorbed into the market.

There are two market rate rental segments in Rugby. One segment is seeking a high quality unit and can afford a higher rent. The second segment is seeking work force housing at a more modest rent. This segment may not qualify for subsidized units, but affordability is still an issue.

There is a need to construct both types of market rate rental housing. There is a wide rent range in the following table reflecting the two segments. To construct the workforce housing and charge affordable rents, financial assistance, such as land donations, tax abatement, tax increment financing and other resources may be needed.

The first option to developing market rate housing would be to encourage private developers to undertake the construction of market rate rental housing.

If private developers cannot develop affordable workforce rental housing, the Rugby JDA or a regional housing agency could potentially utilize essential function bonds, or similar funding sources, to construct market rate units.

Also, the Rugby JDA or a regional housing agency could partner with private developers to construct additional units. The City and/or County could assist with land donations, tax increment financing, tax abatement, reduced water and sewer hookup fees, etc.

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

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	2-3	600 - 800	\$600 - \$800
Two Bedroom	8-9	800 - 1,000	\$750 - \$950
Three Bedroom	2-3	1,000 - 1,200	\$875 - \$1,100
Total	12-15		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2018 dollars. It is assumed that rents will increase later in the five-year projection period.

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 2017 fair market rents for Rugby and Pierce County are:

- ▶ 1 bedroom - \$633
- ▶ 2 bedroom - \$829
- ▶ 3 bedroom - \$1,157

## **2. Develop eight to ten general occupancy moderate rent/income restricted housing units**

**Findings:** At the time of the 2011 Rugby Housing Study, the City had three subsidized projects and no moderate rent/income restricted projects.

The three subsidized projects had a combined total of 82 units, including 62 general occupancy units and 20 elderly/disabled units. Since the 2011 Housing Study, the two general occupancy subsidized projects with 62 units have opted out of their subsidy and have converted to market rate projects. Therefore, the City's subsidized rental housing stock has been reduced by 62 units. The one remaining subsidized rental project is Courtyard Apartments, which is a 20-unit elderly/disabled USDA Rural Development project. At the time of the 2017 rental survey, Courtyard Apartments had three vacant one-bedroom units.

Based on the 2016 American Survey, approximately 160 renter households reported paying more than 30% of their income for rent. This represented 34% of renters that were surveyed. At that time, most of these households had annual incomes of less than \$25,000, and need an affordable unit to avoid a housing cost burden.

**Recommendation:** We recommend that the City of Rugby, the Rugby JDA or a regional housing agency look for opportunities to expand the supply of affordable rental housing. Although the need is greater, a realistic goal would be the construction of eight to 10 general occupancy two and three-bedroom subsidized or moderate rent/income restricted units over the next five years. The eight to 10 subsidized units would replace only a small portion of the 62 units that have converted from subsidized to market rate.

This recommendation represents a modest goal, since substantially more low income households exist in the City with a cost burden. However, over the past few decades, very few subsidy sources have been available for the construction of 'deep subsidy' rental housing. The actual number of units that can be developed will be dependent upon access to financial resources. The best available options are to layer various subsidies together in an attempt to produce some very affordable units.

The Minot Housing Authority has successfully developed moderate rent rental housing in the past and may be a resource for the development of future affordable rental housing. The City of Rugby could assist with land donations, reduced water and sewer hook up fees, etc.



### **3. Develop 10 to 12 senior designated market rate rental units**

**Findings:** The City of Rugby has one senior designated market rate rental project, South Town and Midtown Apartments with 20 units. The units range from 25 to 40 years old. The rent structure ranges from \$730 to \$780. At the time of our survey, there were no vacancies.

Although this rental option exists for senior households in Rugby, it is our opinion that a 10 to 12-unit senior designated market rate rental project would address a gap that currently exists in the Rugby rental inventory.

According to Esri estimates, Pierce County has approximately 676 households age 65 and over. By the year 2022, the number of households 65 and older, is expected to increase by 38 households. We estimate that approximately 5% of the households age 65 and over would prefer senior designated market rate units, which is a market need of approximately 34 senior designated market rate units. With the aforementioned rental units available in Rugby and the probability that a project will not capture all of the Market Area demand, it is our opinion that a 10 to 12-unit project is feasible.

**Recommendation:** We recommend the construction of a 10 to 12-unit market rate project with 'state of the art' amenities.

In the 2011 Rugby Housing Study, we recommended 16 to 20 units, but we have reduced the recommended number of units based on the current number of senior households in Pierce County. Also, in 2011, South Town and Mid-Town Apartments had an extensive waiting list, but currently have no waiting list.

The preferred project design for a senior independent market rate project is a townhome style. Unit features should include ample closet space since prospective tenants will have numerous belongings they will be moving from single family homes. At a minimum, a walk-in closet should be included with each unit. If possible, a separate storage room should also be incorporated into each unit. Washer and dryers should be provided in each unit. Other standard design features for senior buildings should be included such as an open floor plan, raised outlets, lever door handles and lowered kitchen cabinets. Expansive window area is an asset for senior units since many seniors spend a significant portion of their time in their units and enjoy ample daylight and views to the outdoors. Patios for each unit are also strongly recommended.

The location of the project should be close to services as the project will be primarily occupied by older seniors. A prime site would be the vacant parcel adjacent to Haaland Estates. It would be feasible that a project on this site would have access to senior services provided by Haaland Estates. Another excellent site would be the Chalmers Subdivision.

The recommended rents are \$950 to \$1,050 for a one-bedroom unit and \$1,100 to \$1,200 for a two-bedroom unit. If possible, subsidies and/or incentives should be utilized to lower rents and expand the available senior market.

#### **4. Senior housing with services units/beds**

**Findings:** Pierce County has three specialized senior housing projects, serving residents as they move through the aging cycle. The three existing senior housing with services projects are:

- ▶ **Haaland Estates - Assisted Living** - Haaland Estates - Assisted Living has 37 units including 17 one-bedroom and 20 two-bedroom units. This project offers housing with light services and the monthly rent and fees include one daily meal, housekeeping, laundry and an alarm system. Additional service levels can be purchased as needed from the adjoining Haaland Estates - Basic Care facility.
- ▶ **Haaland Estates - Basic Care** - Haaland Estates - Basic Care provides basic nursing home care including three daily meals, medication management, housekeeping, laundry, 24-hour nursing care, etc. The facility has 60 total beds including 50 single and five double units. In 2018, this project will convert 13 of the existing beds to dedicated memory care use. Monthly rent and fees are \$2,980 for the basic nursing home care, but may be higher for the new memory care beds.
- ▶ **Heart of America Care Center** - Heart of America Care Center is a 60-bed skilled nursing home. The nursing home provides a high level of senior services. Heart of America Care Center is part of the Heart of America campus that includes the hospital and clinic.

We have defined Pierce County as the market area for senior housing with services in Rugby. While the defined County may not be a perfect indicator of overall demand, it does provide an informative look at planning for specialized senior housing. Based on 2017 estimates from Esri, there are approximately 606 older senior citizens, age 75 and above, residing in Pierce County. The projections contained in this Study anticipate that the number of older seniors from 2017 to 2022 in Pierce County will remain stable.

***Skilled Nursing Beds*** - When compared to the older senior population in Pierce County in 2017, the total supply of 60 skilled nursing beds in the Heart of America Care Center, would require a capture rate of approximately 9.9% of the total population of older seniors (age 75+).

***Assisted Living*** - There are approximately 550 older senior citizens, age 75 and older in Pierce County in 2017, excluding those estimated to be living in the Heart of America Care Center (nursing home). After the conversion of some beds to memory care, there will be 47 assisted living beds in Haaland Estates - Basic Care. In 2018, a capture rate of approximately 8.5% will be required among older seniors in Pierce County to fully occupy the assisted living beds.

***Light Services*** - Haaland Estates - Assisted Living has 37 units and provides a basic level of senior services including a daily meal, housekeeping, laundry and an alarm system. In 2017, a capture rate of 7.4% is required among older seniors to fully occupy the existing units.

***Memory Care*** - We are not aware of any memory care projects that have beds in a secured facility in 2017. At the time of the 2011 Rugby survey, the Heart of America Care Center had 12 memory care beds, however, the Care Center no longer has designated memory care beds. However, all three senior with services projects serve residents with less severe forms of memory loss. In 2018, Haaland Estates - Basic Care will convert 13 existing beds to memory care use. Based on the population of older senior citizens in Pierce County, a capture rate of approximately 2.2% will be required to fill these new beds.

***Recommendation:*** Based on the research completed for this Study, and the planned creation of some memory care beds in 2018, it is our opinion that the current specialized care options in Rugby are adequate to meet the near-term demand. However, over time it will be necessary to monitor changes in the number of older senior citizens in the County, as well as occupancy patterns for existing housing.

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

**5. Promote the renovation/conversion of existing buildings to create four to six affordable market rate rental units**

**Findings:** The market rate rental housing recommendation addressed the market potential to develop high quality rental units in Rugby. Unfortunately, these units would tend to be beyond the financial capability of many area renters. A majority of Rugby's renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

There is evidence that Rugby has lost rental housing over the years due to redevelopment or due to deterioration and demolition. Part of the need for additional rental units in Rugby is to provide for unit replacement of lost units. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

**Recommendation:** We encourage the City of Rugby and the Rugby JDA to promote the conversion of buildings to affordable rental units. A goal of four to six units over the next five years would help to replace affordable housing that has been lost.

It would be difficult to create affordable units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings, or through the purchase and rehabilitation of existing single family homes.

Several of Rugby's downtown buildings have potential on the upper floors to convert space into rental housing or to rehabilitate rental housing that has been vacant.

Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of Rugby's renter households.

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing, property tax deferral, and other financial resources from funding agencies such as the North Dakota Housing Finance Agency.

## **6. Preservation/Renovation of Heartland Homes (2011 Housing Study Recommendation)**

**Findings:** At the time of the 2011 Housing Study, Heartland Homes was an eight-unit Section 8/Rural Development Project. The eight units included six two-bedroom and two three-bedroom units.

Heartland Homes was in foreclosure and was unoccupied. Also, Rural Development staff stated that the units could be purchased by the private sector or by an area housing agency.

**Recommendation:** Heartland Homes has been purchased, renovated and has been converted from subsidized to market rate. The project still has eight units. Rents are \$625 for a two-bedroom unit and \$750 for a three-bedroom unit. Tenants also pay electricity. The project has been renamed Northside Plaza.

## **7. Apply for Housing Choice Vouchers/Section 8 Existing Program allocations from HUD**

**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 minimal 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 Pierce County is administered by the McHenry/Pierce County Housing Authority. The McHenry/Pierce Housing Authority is staffed by the Minot Housing Authority. At the time of the 2011 Rugby Housing Study, the McHenry/Pierce County Housing Authority was administering approximately 40 vouchers in McHenry and Pierce Counties. The majority of these vouchers were utilized by Rugby households.

When Eastside Village converted from subsidized to market rate, the Eastside Village tenants had access to a Housing Choice Voucher in an effort to keep their rents affordable. Therefore, the McHenry/Pierce County Housing Authority is currently administering approximately 80 vouchers. The Housing Authority is estimating that through attrition, the long-term number of Vouchers available in the two counties will eventually drop to approximately 48 Vouchers.

**Recommendation:** From a practical standpoint, the Housing Choice Voucher Program is the single best way that Rugby can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, we would encourage the City to work with the Minot Housing Authority to apply for additional vouchers. With the number of renter households paying more than 30% of their income for housing, there is an ongoing demand for vouchers.

Also, the Minot County Housing Authority should continue to publicize the Housing Choice Voucher Program in Rugby and Pierce County to assure that Rugby and Pierce County households have access to the Program. Currently, there are only seven households on the housing voucher waiting list.

**8. Maintain and preserve the existing supply of subsidized housing**

**Findings:** At the time of the 2011 Rugby Housing Study, Rugby had three “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. Since the 2011 Study, two projects with 62 units, Eastside Village and Heartland Homes, have converted from subsidized to market rate housing. The only remaining subsidized rental project in Rugby is Courtyard Apartments, a USDA Rural Development elderly/subsidized project with 20 units.

Subsidized housing represents the most affordable option available to lower income households. Since these units charge rent based on income, even extremely low income households can afford their housing. Subsidized housing that is lost cannot be cost effectively replaced with the low income housing production resources that are available today.

**Recommendation:** The City of Rugby, the Rugby JDA and area housing agencies should monitor Courtyard Apartments so they are aware if the project is considering opting out of its subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost and, therefore, preserving their affordable housing resources.

# **Rugby - Home Ownership**



## **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 Rugby based on recent sales is \$103,500. With approximately 50% of the homes in Rugby valued less than \$103,500, Rugby has a good market for first time home buyers and households seeking moderately priced homes. The affordable price of Rugby homes, is very attractive when compared to prices in some of the larger cities within commuting distance of Rugby.

The analysis of Rugby demographic trends shows an increase of approximately 21 households from 2017 to 2022 in the traditionally strong home ownership age ranges between 65 and 74 years old. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. Some older households may eventually move out of Rugby to move into other housing options in larger communities, if these options don't exist in Rugby.

Also, the number of households in the 25 to 34 age range is expected to increase by approximately 16 households in Rugby from 2017 to 2022. Households in these age ranges are typically first-time home buyers. Some households in these age ranges as well as other age ranges 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 and will be seeking affordable homes such as the homes in Rugby.

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 Rugby. Home ownership is generally the preferred housing option for most households and most communities. As discussed previously, the demographic make-up of Rugby is conducive to the promotion of home ownership opportunities. There are a number of strategies and programs that can be used to promote home ownership in Rugby. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the City's median home value based on recent sales at \$103,500, most of the homes in the existing housing stock in Rugby are valued under purchase price limits for first-time home buyer assistance programs. Also, according to the 2016 American Community Survey there was a significant number single family homes within the Rugby rental market. Many of these homes could be converted to owner-occupied homes. Conversely, home ownership programs may prevent owner-occupied homes from being converted to rentals.

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. To become homeowners and/or to remain homeowners, many households need financial counseling to improve their credit score, to save for a down payment and to properly budget household income.

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:** Rugby and area housing agencies, should utilize all available home ownership assistance programs to promote home ownership. The City, in coordination with other Pierce County Cities, should also explore the possibility of obtaining specific program set-asides for home ownership programs from the North Dakota 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. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity.

The City could work with the area's housing agencies to develop programs that provide financial assistance for households to purchase a home and to assure the City of Rugby is receiving its share of resources that are available in the Region. Local financial institutions should also continue to have a significant role in assisting households with purchasing a home.

Funding sources for home ownership programs include USDA Rural Development, the North Dakota Housing Finance Agency, the Federal Home Loan Bank and local funds.

## **10. Develop a Purchase/Rehabilitation Program**

**Findings:** Rugby has a limited stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that approximately 50% of the homes in Rugby are valued less than \$103,500. As some 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.

Some communities with a stock of older homes that need rehabilitation have developed a purchase/rehabilitation program. Under a purchase/rehabilitation program, the city or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low/moderate income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family.

In many cases, the cost of acquisition and rehab will exceed the house's after-rehab value, thus, a subsidy is needed. Although a public subsidy may be involved, the cost to rehab and sell an existing housing unit is generally lower than the subsidy required to provide an equally affordable unit through new construction.

**Recommendation:** We recommend that the City of Rugby work with a housing agency to develop and implement a purchase/rehab program. 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, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

A purchase/rehabilitation program achieves several goals. The program encourages home ownership, prevents substandard homes from becoming rental properties and rehabilitates homes that are currently substandard.

Because a purchase/rehabilitation program can be expensive and its cost effectiveness in some cases may be marginal, it may be advantageous in some cases to directly assist low and moderate income households with purchasing and rehabilitating homes. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with first-time home buyer programs to make the City's older housing a more attractive option for potential home buyers. Also, the North Dakota Housing Finance Agency, USDA Rural Development and the Federal Home Loan Bank provide purchase/rehabilitation loans to low and moderate income buyers.

There may be an opportunity for local and regional housing agencies to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that can economically be rehabilitated and sold.

## **11. Develop a local down payment assistance program**

**Findings:** One of the identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true if lending institutions have tightened their lending criteria. There are numerous examples of cities providing down payment assistance to assist home owners with a down payment. For example, the City of Faribault, MN, developed a program that provided a maximum of \$4,000 in local funds to households for down payment assistance. Twenty-four local households utilized this program to purchase a home over a nine-month period.

**Recommendation:** The City of Rugby and the Rugby Job Development Authority should consider the development of a local Down Payment Assistance Program.

The City of Rugby, the Rugby Job Authority, the North Dakota Housing Finance Agency, local employers and the Federal Home Loan Bank may be sources that could potentially contribute to the fund.

# **Rugby - Single Family Housing Development**

## **Single Family Housing Development**

**Findings:** Rugby has experienced some single family housing and twin home construction in recent years. From 2000 to 2010, 28 housing units in single family and two family structures were constructed in Rugby, which is an average of approximately three housing units per year. From 2011 to 2017, 25 single family units were constructed, which is an average of three to four units annually. The peak years for new construction since 2011 were 2013 and 2016 when six units were constructed, and 2011 and 2017 when five units were constructed.

The attractiveness of the community, the City’s status as a small regional center, the area’s amenities, job availability and the existence of high quality residential lots, should result in the continued construction of new homes annually.

Overall household projections for Rugby and Pierce County indicate household losses and limited demand for owner-occupied housing construction. However, limited growth is anticipated through 2022 among households in the age ranges between 65 and 74 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes. The number of households in the 25 to 34 year old range is also expected to grow through 2022. Many of the households in these age ranges are first time home buyers.

It is our opinion that if the City of Rugby, the Rugby JDA, developers and builders are proactive, seven to nine owner-occupancy homes can be constructed annually in Rugby over the next five years. Our projection for single family housing starts includes homes built in the new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of seven to nine new owner-occupied housing units annually is as follows:

▶ Higher & medium priced homes	2-3 homes
▶ Affordable homes	2-3 homes
▶ Homes on In-Fill lots	1 home
▶ Twin homes/Town homes	<u>2 units</u>
Total	7-9 units

## **12. Lot Availability and Development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Rugby. Since the 2011 Rugby Housing Study, the Rugby JDA has developed a 54-lot subdivision. Nine lots have been sold, thus, 45 lots are available in the subdivision. There are also approximately five lots remaining in the Prairie View Subdivision. Therefore, there are an estimated 50 lots available in the two subdivisions that have city utilities.

There are also several miscellaneous privately owned infill lots scattered around the City that we did not attempt to count. We also do not know the availability of some of these infill lots.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that between seven to nine new housing units will be constructed per year, the City should have approximately 17 to 23 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. The available inventory can include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Rugby, with approximately 50 available lots, plus in fill lots, currently has an adequate number of available lots to meet projected demand for the next six to seven years. Therefore, we are not recommending the development of additional lots over our five-year projection period.

## **13. Strategies to encourage continued residential lot sales and new home construction in Rugby**

**Findings:** Over the past seven years, from 2011 to 2017, an average of approximately three to four owner-occupied single family units have been constructed in the City annually. Five units were constructed in 2011 and 2017 and six units were constructed in 2013 and 2016. We are projecting that seven to nine units can be constructed annually over the next five years.

**Recommendation:** We recommend that the City of Rugby, the Rugby JDA, developers, builders, realtors, financial institutions and other housing stakeholders continue to coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ ***Competitive pricing*** - There are lots available in communities throughout the region. To attract new home construction in Rugby, lots should continue to be competitively priced with other options in the region.
- ▶ ***User-Friendly*** - The lot purchase and home building process must be 'user friendly.' This includes an inventory of available lots, the construction of spec homes, builders that are readily available to build custom homes, financing options and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction. This will continue the momentum that has been created for new housing construction.
- ▶ ***Promote spec home construction*** - Spec houses attract a buyer that is not interested in going through the home building process, but instead wants a turnkey unit. A spec home can also serve as a model, allowing potential home buyers to examine specific floor plans and features in the home before committing to buy.
- ▶ ***Incentives*** - Some cities and counties throughout North Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. Incentives should continue to be considered to promote new home construction. Currently, households that build a home in Rugby can apply for a two-year property tax exemption.
- ▶ ***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 continue to be available for a twin home/town home development.
- ▶ ***Range of house prices and designs*** - Lots should be available to as wide a range of home designs, 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.



- ▶ **Marketing** - The City of Rugby, the Rugby JDA and all housing stakeholders should develop a comprehensive marketing strategy to sell available lots. Developers, realtors, financial institutions, builders, employers, the Chamber of Commerce, etc. should all be involved in developing marketing strategies. In addition to marketing the lots, the City of Rugby and its amenities should continue to be marketed.

#### **14. Continue to promote townhouse and twin home development**

**Findings:** Rugby has experienced attached housing development in recent years. From 2000 to the present, 13 attached housing units, in the form of twin homes and townhomes have been constructed in Rugby. There were also twin homes constructed in Rugby in the 1990s. Many communities have seen attached housing take an increasingly large share of new construction activity over the last decade. In Rugby, 24% of the housing starts from 2000 to the present have been twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that the number of households in the 65 and older age ranges in Rugby will increase from 2017 to 2022. It is important for the City to offer a range of life-cycle housing options to these households as many of these households will be seeking low maintenance housing options.

**Recommendation:** It is our projection that approximately 22% to 29% of the City of Rugby's new single family construction will be twin home/town home construction over the next five years, which is approximately two units annually for a total of 10 units during the five-year period.

We recommend a town home and twin 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 are at a price that is acceptable to the market

The Chalmers and Prairie View subdivisions would both be potential locations for a twin home/townhome development. Also, it may be possible to land pool several parcels in older neighborhoods for twin home/townhome development.

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

## **15. Utilize infill lots for housing development**

**Findings:** There are several vacant infill lots in the City that already have access to municipal services. These lots represent an affordable option for new home construction.

Also, our 2011 housing condition analysis of the single family homes in three Rugby neighborhoods identified 12 homes that were dilapidated and beyond repair. There were also 79 houses identified in 2011 that needed major rehabilitation and some of these homes may be beyond repair. In a separate recommendation, we have promoted the acquisition and clearance of substandard houses. Once demolished, some of the cleared lots could be suitable for reuse.

Several new homes have been constructed on infill lots in Rugby since 2000.

**Recommendation:** We recommend that the City and the JDA coordinate with builders and households to construct affordable homes on infill lots. The City and area housing agencies may be able to access funds from several sources to assist with affordable housing development. Also, nonprofit organizations may have an interest in developing housing on infill lots.

The City of Rugby can contribute to infill development through land negotiations, land donations, grant writing, project coordination, TIF funding, tax abatement, etc.

A goal of constructing one new moderately priced home annually over the next five years on an infill lot appears to be realistic.

## **16. Develop Spec Homes and a Spec Home Incentive Program**

**Findings:** The Rugby JDA should consider the construction of spec homes either independently or through a partnership with a private developer.

Some cities have developed spec builder programs to encourage developers to construct spec homes. These programs include:

- ▶ Reduced lot prices
- ▶ Interest free or low interest construction financing for a specified time period
- ▶ Developer doesn't pay for the lot until the home is sold
- ▶ Waive water/sewer hookup fees and/or permit fees

**Recommendation:** We recommend the construction of spec homes by private developers, the Rugby JDA or through a private/public partnership.

We also recommend that the City of Rugby and the Rugby JDA create a Spec Home Incentive Program that provides incentives for spec home construction.

# **Rugby Housing Rehabilitation and Neighborhood Revitalization**

## **Housing Rehabilitation**

**Findings:** Rugby 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.

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

**Findings:** Based on American Community Survey data and our estimates, the City of Rugby has approximately 471 rental units in 2017. These rental units are in multifamily projects, small rental buildings, mixed use buildings, duplexes, single family homes and mobile homes. Many of these rental structures could benefit from rehabilitation as approximately 341 or 72% of the rental units in Rugby are more than 45 years old and some of the 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.

Since the 2011 Housing Study, Northside Plaza (Heartland Homes), which has eight units, was renovated. Also, several single family rental homes have been rehabilitated.

**Recommendation:** The City of Rugby and area housing agencies should seek funds to rehabilitate rental units. The funds should allow for program design flexibility, which will make a rental rehabilitation workable.

Potential funding sources include Community Development Block Grant funds, the Federal Home Loan Bank, the North Dakota Housing Finance Agency, USDA Rural Development and local funds.

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

**Findings:** The affordability of the existing housing stock in Rugby 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.

Our 2011 housing condition survey rated 446 houses in three Rugby neighborhoods. Our survey found that 170 homes need minor repairs and 79 homes need major repairs. Also, based on American Community Survey data in 2016, approximately 759 or 77% of the owner occupied housing units in Rugby were more than 45 years old. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Rugby.

Currently, Community Action Partnership-Minot Region administers the housing rehabilitation and weatherization programs in Pierce County.

**Recommendation:** We continue to recommend that the City of Rugby and area housing agencies identify and apply for funds to develop an ongoing housing rehabilitation program. USDA Rural Development, the North Dakota Housing Finance Agency, the Federal Home Loan Bank, the Community Development Block Grant Program and HOME funds are all potential funding sources.

Also, homeowners who rehabilitate their homes in the City's Renaissance Zone are eligible for tax incentives.

## **19. Develop a Neighborhood Revitalization Program**

**Findings:** The City of Rugby continues to have several neighborhoods that are on the bubble. These neighborhoods have a significant number of homes that need rehabilitation and have a significant number of low/moderate income households. The neighborhoods could deteriorate or could be revitalized to continue to be strong vital neighborhoods.

**Recommendation:** We recommend that the City of Rugby, area housing agencies, and the private housing sector develop and implement a Neighborhood Revitalization Program.

Redevelopment strategies and opportunities should be identified for the Neighborhood including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Purchase/ Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)

As a neighborhood is revitalized, a new neighborhood can be selected for revitalization.

# **Rugby - Other Housing Initiatives**



## **Other Housing Initiatives**

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

**Findings:** The housing condition survey of three Rugby neighborhoods that was conducted as part of the 2011 Housing Study identified 12 homes that are dilapidated and too deteriorated to rehabilitate. The survey also identified 79 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. There were also homes in other Rugby neighborhoods that were deteriorated and beyond repair. A brief visual inspection of these neighborhoods in 2017 as part of the research for this Study still identified homes that are dilapidated or need major repair.

Based on City of Rugby permit data, up to 15 dilapidated structures have been demolished in Rugby since the 2011 Housing Study.

**Recommendation:** We recommend that the City of Rugby 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 possibly be utilized for the construction of new affordable housing units. The City could also develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Additionally, the demolition of dilapidated rental units will upgrade the City's rental housing stock.

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

**Findings:** The City of Rugby and the Rugby Job Development Authority need staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City and the Rugby JDA have access to the Community Action Partnership-Minot Region, Souris Basin Planning Council, the McHenry/Pierce Housing Authority and the Minot Housing Authority. The City also has access to the North Dakota Housing Finance Agency and the USDA Rural Development Office. These agencies all have experience with housing and community development programs.

**Recommendation:** The City of Rugby is fortunate to have access to several agencies that can assist with addressing 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 Pierce County Cities to address housing issues. With the number of small 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.

## **22. Utilize the City's Renaissance Zone Program**

**Findings:** When households are selecting a City to purchase a home in, they often determine if the City's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

The City's Renaissance Zone Program provides incentives to make building improvements, building additions, etc. Houses that are physically located within the Renaissance Zone boundaries can also qualify for improvement incentives.

**Recommendation:** We recommend that the City of Rugby and the Rugby Job Development Authority continue to improve, expand and promote its Commercial District with assistance from the Renaissance Zone Program.

## **23. Encourage employer involvement in housing programs**

**Findings:** The City of Rugby has several large employers. The connection between economic development and housing availability has become an increasingly important issue as local employers have the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing.

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 Rugby'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 a rental housing project or the development of affordable lots.

#### **24. City of Rugby's Comprehensive Land Use Plan**

**Findings:** In the 2011 Housing Study, we recommended that the City of Rugby update its Comprehensive Land Use Plan. The City updated its Comprehensive Land Use Plan in 2014.

A Comprehensive Land Use Plan serves as a guide in determining many zoning and land use issues.

A Land Use Plan assures that a City is:

- ▶ Planned in a manner that does not pose barriers to the City's future growth patterns
- ▶ Planned for creation of quality street and utility systems
- ▶ Planned to protect the environment and agricultural land from unnecessary development

**Recommendation:** We recommend that the City of Rugby continue to periodically update its Comprehensive Land Use Plan.

## **25. Rugby Mobile Home Recommendations**

**Findings:** Rugby has approximately 60 mobile homes located in two mobile home parks and on miscellaneous lots in the City. The condition of the mobile homes ranges from excellent condition to dilapidated and beyond repair.

**Recommendation:** It may be appropriate for the community and the mobile home park's owner/residents to initiate programs to improve the quality and to encourage the location of more mobile homes in the park. There are some empty lots in the mobile home parks. A mobile home is an affordable housing option for many households.

Some of the innovative programs that have been used in other communities to address mobile home conditions and mobile home parks issues include:

- ▶ ***Down Payment Assistance Program*** - Develop a Down Payment Assistance Program that assists households with the purchase of a mobile home.
- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed and demolished/salvaged. The owner can then use the funds from the sale to help purchase a new home. Mobile home dealerships in some areas have participated by buying the salvaged homes.
- ▶ ***Time of Sale/Rent Inspection Program*** - This inspection program is designed to provide safe living conditions through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale/rent. All identified safety hazards must be corrected before the unit is sold, rented or occupied.
- ▶ ***Age of mobile/manufactured homes*** - Some cities have implemented an ordinance which stipulates that a mobile home must have been manufactured after a designated year to be moved into the City. This prevents older units from being moved into the City.

## 26. Strategies for Downtown Redevelopment

**Findings:** Downtown Rugby has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard. This recommendation provides an outline of actions that could be taken to continue downtown redevelopment, to maximize the usage of downtown buildings and to promote new downtown businesses.

When households are selecting a city to purchase a home in, they often determine if the city's commercial sector is sufficient to serve their daily needs. A viable commercial district is an important factor in their decision making process.

**Recommendation:** We are recommending the following actions for downtown Rugby:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for 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
- ▶ Identify funding sources
  - ▶ City of Rugby Renaissance Zone Program
  - ▶ Property owner funds
  - ▶ City of Rugby
  - ▶ Federal Home Loan Bank
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Funds from North Dakota State Agencies
  - ▶ Rugby Job Development Authority
  - ▶ Main Street Initiative Program

- ▶ Maximize utilization of the Rugby Renaissance Program
  - ▶ Develop a plan to promote the program
  - ▶ Changes to the program that encourage participation
- ▶ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Rugby
  - ▶ Rugby Job Development Authority
  - ▶ Rugby Chamber of Commerce

## **27. Develop home ownership and new construction marketing programs and strategies**

**Findings:** Cities that invest in marketing have a competitive 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 intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

The City of Rugby, the Rugby Job Development Authority, the Chamber of Commerce, other organizations, and private builders and developers have been active in promoting the City, including housing opportunities.

**Recommendation:** We recommend that the stakeholders continue to promote and market housing in Rugby as follows:

- ▶ Determine 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 (Rugby and the area) to provide employees (especially new employees) with housing opportunities in Rugby
- ▶ Work with housing agencies to provide down payment assistance and closing cost assistance, low interest loans, home owner education and home owner counseling and other housing programs

- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities that make the City a “full service” community
- ▶ Continue to provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services, etc.
- ▶ Review the City’s policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households.
- ▶ Develop a coordinated housing plan with the private sector area housing stakeholders

## **Agencies and Resources**

The following local and state agencies administer programs or provide funds for programs and projects in the City of Rugby.

### **Rugby Job Development Authority**

126 2<sup>nd</sup> Avenue SW  
Suite 101  
Rugby, ND 58368  
(701) 776-7655

### **McHenry/Pierce County Housing Authority**

\*Minot Housing Authority-Administrator  
108 Burdick Expressway East  
Minot, ND 58701  
(701) 852-0485

### **Community Action Partnership-Minot Region**

2020 8<sup>th</sup> Avenue SE  
Minot, ND 58701  
(701) 839-7221

### **Souris Basin Planning Council**

P.O. Box 2024  
925 20<sup>th</sup> Avenue SW  
Minot, ND 58701  
(701) 839-6641

### **North Dakota Housing Finance Agency**

2624 Vermont Avenue  
P.O. Box 1535  
Bismarck, ND 58502  
(701) 328-8080

### **USDA Rural Development**

Federal Building, Room 208  
220 East Rosser Avenue  
P.O. Box 1737  
Bismarck, ND 58502  
(701) 530-2037