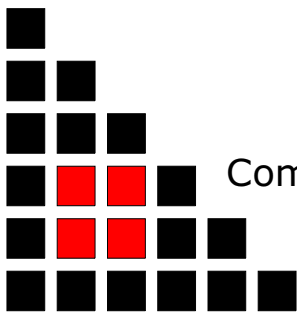


City of Bigfork HOUSING STUDY

November 2019

An analysis of the overall housing needs
of the City of Bigfork, MN



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City of Bigfork Executive Summary

Overview

This Housing Study has examined information on the demographic trends and the housing stock in the City of Bigfork and a surrounding Market Area, and made recommendations for housing opportunities and initiatives in the future.

Demographic Highlights

- ▶ The best available demographic information for Bigfork points to a stable community that has experienced only limited changes in recent decades. Since 2010, there has probably been a minor reduction in the population, due in large part to a gradual decrease in the average household size.
- ▶ The number of resident households has also remained stable, based on the most recent estimates, but it is possible that Bigfork may have added some households which are not being tracked by demographic sources, due to probable growth in the available housing stock.
- ▶ The best information on the City's average household size shows a relatively small average, probably between 1.95 and 2.01 persons per household. This small number of persons per household is consistent with an older population and fewer children in the City.
- ▶ In 2010, nearly 63% of all households in the Bigfork Market Area had a head of household that was age 55 or older. By 2019, these older adult households represented more than 67% of all households. By 2024, the Esri projections indicate that more than 69% of all households in the Market Area will be headed by a person age 55 or older.
- ▶ Household income levels for the City are relatively low, but this may be due in part to a number of retired households living on a fixed income. The estimated median household income was \$28,036 for Bigfork in 2017, and a median of \$43,500 for families.
- ▶ In the City of Bigfork, the estimated median renter household income was \$22,500 in 2017, with a median of \$36,397 for home owners.
- ▶ These lower income levels resulted in most renter households having a housing cost burden, with more than 30% of income needed for rent. More than 34% of home owners also reported that 30% or more of income was required for housing costs.

Projection Highlights

- ▶ Projections for small communities are largely based on past patterns, and are an informed prediction of future growth potential.
- ▶ The projections used for this Study expect limited household growth over the next five years, mirroring the limited change of the past two decades. For Bigfork, growth of less than one household per year would be expected. For the entire Market Area, one to two households per year is a realistic expectation.
- ▶ Projections show substantially more growth for all of Itasca County, but this is primarily located in the Grand Rapids area.
- ▶ Age-based projections to 2024 for the Market Area show continued growth among households age 65 and older, and probable loss of households age 64 and younger.

Housing Highlights

- ▶ Housing construction has occurred in Bigfork but the City has averaged less than two units per year this decade, and some of this may have been negated by the loss of some older housing to demolition or other causes.
- ▶ Most of the construction since 2010 has created rental units in twin home configurations. The City has historically had a high rate of renter-occupancy (nearly 44% in 2010) and this rate has probably increased as more rental units than owner-occupancy units have been added.
- ▶ Home value estimates vary from year to year, and reflect limited annual sales. For all home sales since 2014, the estimated median price is \$91,250.
- ▶ As part of the research for this Study a visual housing condition analysis was completed. Citywide, more than 20% of the single family houses were rated as needing major repair, and an additional seven houses were rated even lower, and are possibly beyond the point of economically feasible repair.
- ▶ Mobile homes in Bigfork were rated in generally poor condition, with 65% rated in the two lowest condition categories.

Rental Housing

- ▶ With the exception of Condor Apartments, rental housing occupancy rates were reported to be high, with generally good demand.
- ▶ The newest twin home rentals constructed by Horseshoe Homes reported full occupancy and the builder was looking at adding additional units.
- ▶ Condor Apartments, the City's primary subsidized housing project, had a high rate of vacancy. Much of this was attributed to design issues, as the building was designated for senior/disabled tenant occupancy but had half of the units on a second floor with no elevator. In 2019 the building had changed to offer general occupancy housing, although still income-restricted. In the future it is possible that a waiver may be pursued allowing over-income tenants to live in the building.
- ▶ Wildercrest Townhomes, an income-restricted moderate rent project, reported full occupancy but this was due in part to six tenants using rent assistance Vouchers (both project and tenant-based). Over time, this project has had some vacancy issues due to the income limits that apply.
- ▶ The Bigfork Valley community offers a wide range of senior housing options for such a small community - ranging from largely independent living to skilled nursing home care. Occupancy rates were reported as high in each of the various housing segments.

Employment/Economic Highlights

- ▶ Statistics on Bigfork-based employment show a very stable pattern in recent years. The number of jobs covered by State unemployment insurance in 2018 was only eight jobs lower than in 2008.
- ▶ The average annual wage for all employment sectors in Bigfork was approximately \$41,300 in 2018.
- ▶ Most Bigfork residents are employed locally. Commuting statistics from 2017 showed that 80% of City residents were traveling fewer than 20 minutes for their primary job.
- ▶ With the number of employment options in Bigfork, most of the City-based jobs are filled by people that do not live in Bigfork. However, 60% of these jobs are filled by people with a drive time of less than 30 minutes. Most of the remaining jobs are actually filled by people traveling 40 minutes or more to work in Bigfork.

Findings and Recommendations

Overview

Although growth-generated demand is projected to be limited over the next five years, there are additional factors that will create a need for new housing construction, including pent-up demand and older unit replacement. The following recommendations and initiatives are offered for the City of Bigfork:

Home Ownership

- 1. Promote the Affordable Lot Options in the City** - There are affordable lots in the Scenic Estates subdivision that can be used for single family home construction, including lower-priced home options. In 2019, an affordable speculative house was constructed but remains unsold. At \$5,000 with assessments paid, these lots are significantly lower in price than lots in the area's regional centers.
- 2. Consider the Creation of Housing Construction Incentives** - If new home building does not occur naturally, it may be appropriate to look at new construction incentives that could be offered. Communities that have used these approaches have generally seen some increased activity. The cost per home may limit the scale of any incentives. A goal of one to two houses per year is recommended.
- 3. Explore Options for Affordable New Home Construction Partnerships** - In addition to private sector activity, some communities have worked with housing agencies or nonprofit groups to construct very affordable homes. This may be an option for infill parcels created when deteriorated structures are removed. In many cases, a value-gap may exist with the total development cost exceeding the end sale price, requiring the need for subsidy sources. A goal of one house per year is recommended.
- 4. Promote the Affordable Existing Housing Stock in the City** - The estimated median value for most of the existing houses in the City would be less than \$100,000, making these a very affordable option for potential home buyers. However, lower values can also result in houses shifting to rental occupancy, or deteriorating due to lack of maintenance. Promoting affordable home ownership will help achieve multiple community goals, including the retention of a stable work force.

Rental

- 5. Promote the Production of 8 to 12 Units of Market Rate Rental Housing** - To help expand the housing options in Bigfork, the construction of market rate rental units is recommended. Different rental styles could be used to meet this goal, including a small apartment project. Given the success of past duplex/twin home units, this style of housing also has proven to be successful with area renters. But unless significant cost write-downs can be achieved, the required gross rents will be above the level that is affordable for most area renter households. While general occupancy units are encouraged, any new housing should have design features that would appeal to senior households.
- 6. Explore the Possibility of an Income Waiver at Condor Apartments** - While subsidized housing is a valuable community resource, there have been vacancy issues at Condor Apartments. If the change in designation to general occupancy does not reduce the vacancy rate, an income waiver may be possible to make unoccupied units available to the larger market.
- 7. Monitor the Supply and Demand for Income-restricted Rental Housing** - Bigfork has a relatively large inventory of income-restricted housing in Condor Apartments, Wildernest Townhomes and rent assistance Vouchers. However, some vacancy issues have existed, at both Condor Apartments and to a lesser extent at Wildernest. Securing additional resources for affordable housing development may be difficult, but the tenant-based Voucher program should be promoted to assist lower income renter households with a housing cost burden.
- 8. Monitor Demand for Senior Housing With Services** - Bigfork has an array of specialized housing options for seniors on the Bigfork Valley campus. Utilization rates are high in 2019. Although some growth is projected within the area target market, the numeric change is small, with a projected increase of 88 senior citizens and 42 senior-headed households in the Market Area between 2019 and 2024. This will yield some increase in demand but only incremental unit increases should be needed due to projected growth.

Housing Rehabilitation

- 9. Promote Rental Housing Rehabilitation Programs** - A large share of the housing in Bigfork is used for renter-occupancy, as the City is the rental center for the surrounding region. Efforts to maintain the condition and quality of the rental stock are encouraged to preserve the area's most affordable housing options.
- 10. Promote Owner-occupied Housing Rehabilitation Programs** - A housing condition survey in Bigfork identified 19 houses rated as needing major repair and 7 houses rated as dilapidated. Dilapidated structures may be beyond the point of economically feasible repair. Ongoing efforts to rehabilitate single family houses are encouraged.
- 11. Continue to Demolish Dilapidated Structures** - The housing condition survey found 7 single family houses in the City that are dilapidated and possibly too deteriorated to rehabilitate. Records obtained from the City indicate that some houses have been demolished and cleared in recent years, but some substandard buildings also remain.
- 12. Consider Programs to Improve the Condition and Quality of Mobile Homes** - As part of the housing conditions analysis, there were also 23 mobile homes that were also viewed and rated in Bigfork. Most of these units are in poor condition, with nine rated in the major repair category and six rated as dilapidated, and probably beyond repair. Improving older mobile homes is difficult, but some communities have initiated programs to improve both units and mobile home parks.

Introduction

Overview

Community Partners Research, Inc., was hired by the Housing and Redevelopment Authorities of Itasca County and Grand Rapids to complete an analysis of housing market conditions in the Cities of Bigfork, Grand Rapids, Cohasset and Nashwauk. This document specifically focuses on the City of Bigfork, with separate documents completed for the other Cities.

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from July to October 2019. Data sources included:

- U.S. Census Bureau
- Minnesota State Demographer
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Itasca County
- Data from the MN Dept. of Employment and Economic Development
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the cities
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions
- Area housing agencies
- Rental property owner surveys

Limitations

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings are based upon current programs 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 findings and conclusions contained in this Study.

This Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices, with modifications that are appropriate for the current conditions.

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Demographic and Projection Data

Sources of Data

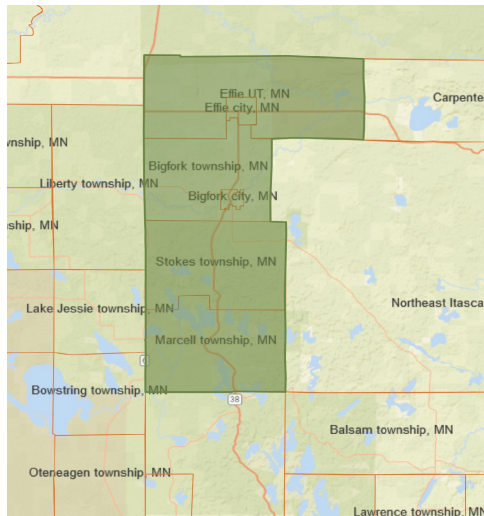
A variety of data sources have been reviewed for this Update. One of the primary sources is the U.S. Census Bureau. The Census produces annual population estimates and annual detailed reports through the American Community Survey. However, there is a data lag on the release and the most recent estimates from the American Community Survey are for 2017, based on surveys collected over a five-year period from 2013 to 2017.

The annual population and household estimates from the Minnesota State Demographer, effective for 2018, have also been reviewed. While these are available for cities, townships and counties, they are not provided for individual Unorganized Territories (UT). As a result, no specific estimate for the Bigfork Market Area can be generated from this source due to the inclusion of Effie UT in the defined geography.

An additional data provider, Esri, Inc., has been used for the current-year estimates. Esri is a private company that produces demographic data reports that are often used by financial institutions and the Minnesota Housing Finance Agency. Esri's 5-year projections extend to the year 2024.

Market Area Designations

In addition to presenting demographic information for the City of Bigfork, the analysts have also examined an aggregated area referred to as the Bigfork Market Area. This Market Area includes the Cities of Bigfork and Effie; the Townships of Bigfork, Marcell and Stokes; and Effie Unorganized Territory.



Population Trends Analysis

The following table tracks population change over time, using the decennial censuses data back to the year 1980. The current-year estimate is from Esri, Inc., a private data reporting service. Other recent estimates are provided in the text that follows.

Table 1 Population Trends - 1980 to 2019							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Bigfork	457	384	469	22.1%	446	-4.9%	445
Market Area	1,803	1,581	1,724	9.0%	1,790	3.8%	1,775
Itasca Co.	43,069	40,863	43,992	7.7%	45,058	2.4%	46,530

Source: U.S. Census Bureau; Esri

Esri’s 2019 population estimate shows 445 people living in the City of Bigfork, nearly identical to the count recorded in the 2010 Census. This estimate is generally consistent with other available data sources.

The most recent estimate from the Minnesota State Demographer’s Office has an effective date that is one year earlier than Esri. It showed 439 people living in Bigfork. When compared to the 2010 Census benchmark, the City lost seven residents between 2010 and 2018. A third estimate source, the Census Bureau’s annual population estimates program, placed the City’s population at 442 people in 2018, down by four people from 2010.

Although minor differences do exist between the recent estimates, they largely show that Bigfork has remained stable during the current decade. As will be discussed later in this section, the average household size in the community has probably been decreasing, and the minor population reduction is a reflection of fewer people living in some households.

The neighboring City of Effie has also remained largely stable, based on recent estimates. The State Demographer shows Effie adding eight people between 2010 and 2018, while the Census Bureau shows the City losing five residents during this same time period.

Consistent with Bigfork and Effie, the Market Area aggregation has also remained relatively stable when viewed over a longer time period. The most recent estimates do show the possibility of some minor population loss in recent years, but any changes are small.

The Market Area does include an Unorganized Territory, Effie UT, and some of the demographic sources including the State Demographer, do not provide intercensal estimates for UTs. As a result, no direct comparisons can be made.

The only recent estimate that can be obtained for the Market Area is from Esri. In 2019, Esri believes that the entire Market Area has 1,775 permanent residents. When compared to 2010, the area has lost 15 people, or an annual average of approximately one or two people per year.

Despite the similarity that exists between the available estimates for Bigfork, there are significant differences in the recent estimates for all of Itasca County. Esri is showing fairly strong population growth Countywide, while both the Minnesota State Demographer and the Census Bureau show very little change this decade for Itasca County. Part of the difficulty of making population estimates for the County may be the impact of seasonal versus permanent residents.

Esri believes that growth has been occurring within the jurisdictions outside of Bigfork. Based on Esri's 2019 estimate, the County has added 1,472 people since 2010, with 893 of these residents living outside of Grand Rapids.

According to the State Demographer, there were 45,191 County residents in 2018, an increase of only 133 people since 2010. The remainder of Itasca County has actually lost population in the current decade if the City of Grand Rapids is removed.

The Census Bureau's County level estimate for 2018 was even lower, showing all of Itasca County adding only added 50 people from 2010. Consistent with the Demographer's estimate, the Census Bureau also shows a population decrease if Grand Rapids is separated from the remainder of the County.

Population Characteristics

Population by Race/Ethnicity

Historically, Bigfork has had a relatively small population within racial and ethnic minority groups. According to the 2017 estimate from the American Community Survey, nearly 95% of the City's residents were White for race, and more than 99% were not of Hispanic/Latino ethnicity. Due to the limited diversity evident in the official data sources, no further demographic details have been provided by race/ethnicity.

Group Quarters

At the time of the 2010 Census, Bigfork had 55 residents living in some type of group quarters housing. Most were identified as living in the Bigfork Valley nursing home, but 16 people also lived in noninstitutional facilities, presumably Riverside Residence. The State Demographer's 2018 population estimate assumes that no changes have occurred since 2010.

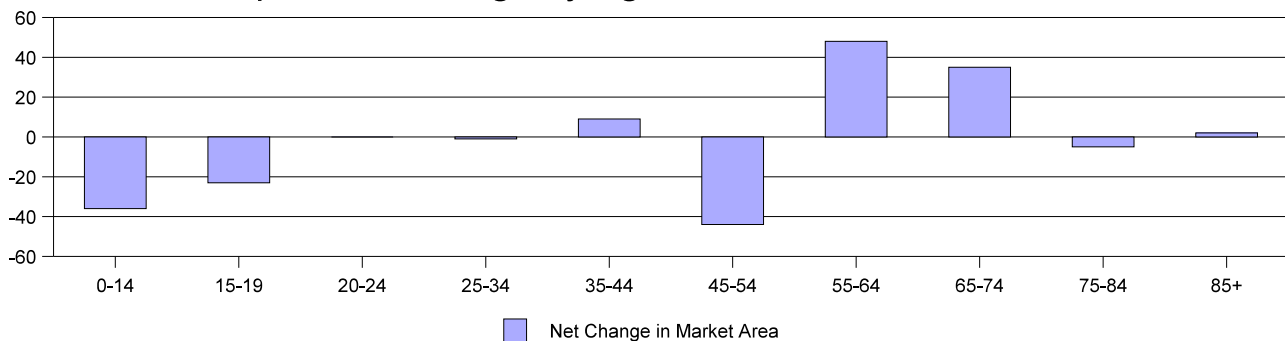
Population by Age Trends: 2010 to 2019

The following table compares population by age changes in the Bigfork Market Area using the 2010 Census and 2019 estimates from Esri. It is important to note that Esri has a higher estimate of the recent population growth in Itasca County, especially many of the jurisdictions outside of Grand Rapids. As a result, the total Market Area population is probably higher than other available data sources.

Table 2 Population by Age - 2010 to 2019			
Age	Market Area		
	2010	2019	Change
0-14	255	219	-36
15-19	100	77	-23
20-24	67	67	0
25-34	150	149	-1
35-44	155	164	+9
45-54	246	202	-44
55-64	306	354	+48
65-74	264	299	+35
75-84	174	169	-5
85+	73	75	+2
Total	1,790	1,775	-15

Source: U.S. Census; Esri

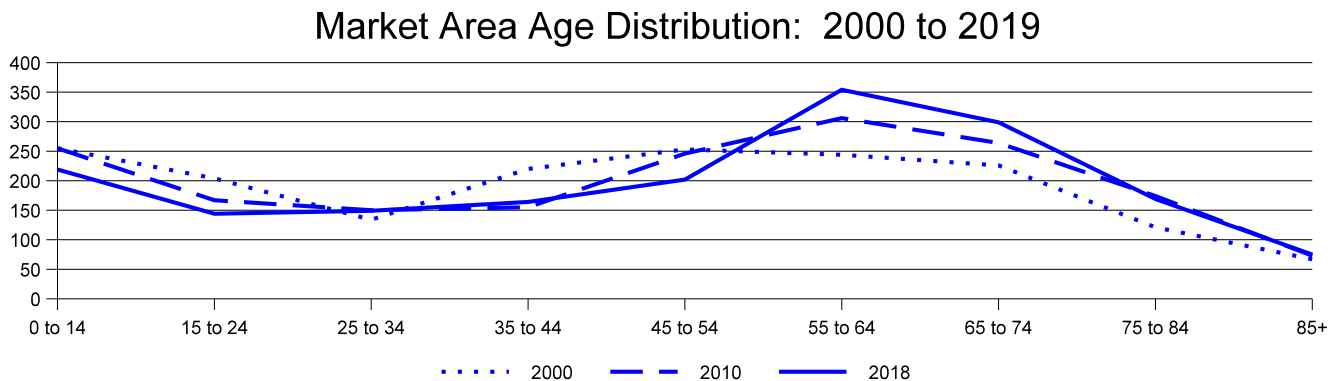
Population Change by Age Between 2010 and 2019



Despite the relatively stable population level for the Market Area in recent years, there have been shifts within the defined age groups. The 10-year age groups between 55 and 64, and 65 and 74 years old have experienced the largest numeric growth during the current decade. Within this 20-year grouping, more than 80 permanent residents have been added. These age ranges primarily represent the large “baby boom” generation as it moves through the aging cycle.

The 10-year age cohort trailing behind the baby boomers showed the largest population decrease. The 45 to 54 year old range is much smaller in size, resulting in a reduction within this 10-year range. There was also some estimated decrease in the number of children and young adults, age 19 and younger.

The aging trends can be tracked back to the year 2000 to see the advancing “wave” created by the movement of the baby boom generation.



Population Projections

The following table presents population projections generated by Esri, and span the five-year period from 2019 to 2024.

Table 3 Population Projections To 2024			
	2019 Estimate Esri	2024 Projection Esri	Projected Change
Bigfork	445	447	2 / 0.4%
Market Area	1,775	1,781	6 / 0.3%
Itasca County	46,530	47,462	932 / 2.0%

Source: Esri

Esri’s projection for Bigfork expects the City to remain relatively stable between 2019 and 2024. On an average annual basis, the City would be expected to add less than one person per year. This forecast is very consistent with the estimated change in the past, as the City’s population has changed very little in recent decades.

A similar pattern is projected for the entire Market Area, with average annual growth of approximately one additional resident per year.

Esri is more optimistic about future growth Countywide, expecting more than 930 people to be added over the five-year time period, including 600 permanent residents added in the remainder of the County outside of Grand Rapids. As stated previously, this forecast would generally differ from other sources, as both the State Demographer and the Census Bureau have been tracking recent population losses in the areas outside of Grand Rapids. However, Itasca County does have a large volume of seasonal/recreational properties, and it is very possible that more of these housing units will be converted to permanent resident use over time.

Household Trends Analysis

The following table tracks household change over time, using the decennial census data back to the year 1980. The current-year estimate is from Esri, a private data reporting service. Other recent estimates are provided in the text that follows.

Table 4 Household Trends - 1980 to 2019							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Bigfork	160	152	208	36.8%	195	-6.3%	194
Market Area	634	622	731	17.5%	785	7.4%	777
Itasca County	14,970	15,461	17,789	15.1%	18,773	5.5%	19,371

Source: U.S. Census; Esri

Esri’s 2019 estimate for Bigfork shows the City losing one household since 2010. As with population, Esri believes that the City has generally remained stable in recent years in the number of permanent households.

According to the State Demographer, there were 197 households in Bigfork in 2018. When compared to the 2010 Census, the City had added two households so far this decade.

The neighboring City of Effie has also stayed relatively stable, with a gain of four households this decade, according to the State Demographer.

For the combined jurisdictions that form the Market Area, Esri believes that 777 households are present in 2018. Over the course of the current decade, the Market Area has been losing an average of approximately one household per year.

As stated previously, the State Demographer does not issue annual estimates for Unorganized Territories. However, if Effie UT is removed, the Demographer shows that the remainder of the Market Area has added four households from 2010 to 2018. Both Esri and the State Demographer are showing stability in the area’s household count, with only very minor year to year change.

The primary estimating sources also had similar opinions on the level of growth countywide. According to Esri, there are 19,371 households in 2019. When compared to the 2010 Census, this shows average annual growth of more than 66 households per year.

According to the State Demographer, there were 19,321 households in Itasca County in 2018. When compared to the 2010 Census, this shows average annual growth of nearly 69 households per year.

If used to form a range, both Esri and the Demographer see average annual growth of approximately 66 to 69 households Countywide during the current decade. However, these sources differ on the location of this growth, as the State Demographer places most of the net growth within Grand Rapids, while Esri places most of the growth outside that City.

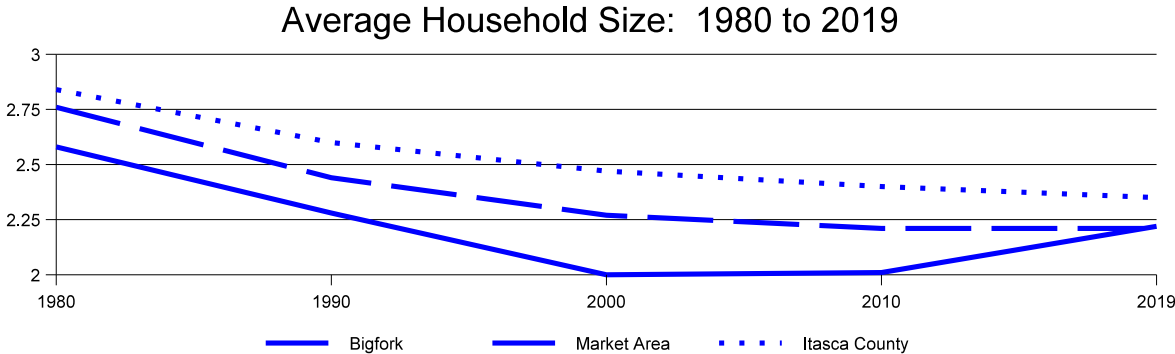
Average Household Size

The following table provides Census information on average household size dating back to 1980. The 2019 estimates from Esri are also provided.

Table 5 Average Number of Persons Per Household 1980 to 2019					
	1980 Census	1990 Census	2000 Census	2010 Census	2019 Estimate
Bigfork	2.58	2.28	2.00	2.01	2.22
Market Area	2.76	2.44	2.27	2.21	2.21
Itasca County	2.84	2.60	2.47	2.40	2.35

Source: U.S. Census; Esri

In most communities, 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.



According to Esri, this trend has reversed in Bigfork and the City’s average household size has increased since 2010. However, other data sources, including the State Demographer’s Office, have been tracking a decrease, with an estimated household size of only 1.95 persons in Bigfork in 2018. Esri’s 2019 estimate appears to be flawed due to an undercount of group quarters residents living in the nursing home. If an assumption is made that Bigfork has 55 group quarters residents in 2019, Esri’s average household size estimate would drop to only 2.01 persons per household.

The average household sizes for both the Market Area and all of Itasca County have consistently been larger than in the City of Bigfork, but also have been gradually growing smaller in recent decades.

Household Characteristics: Age Trends

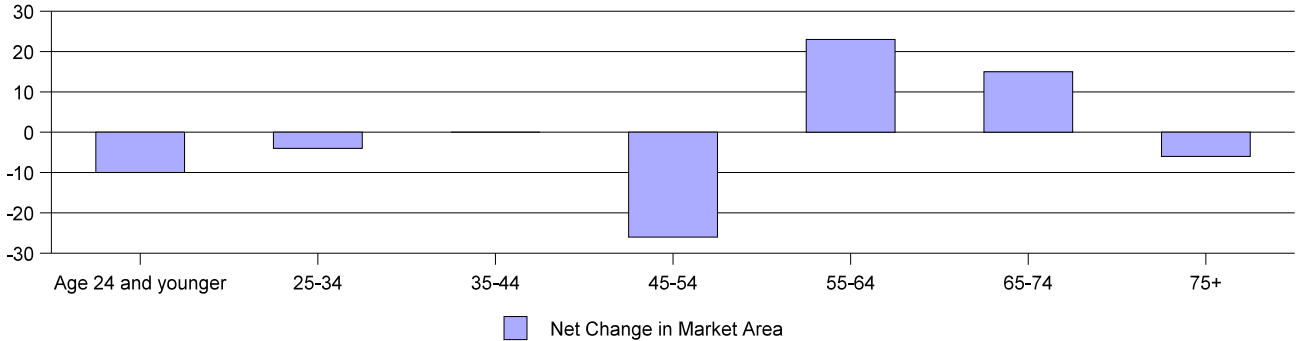
The following table examines the area’s changing age patterns. The 2019 age-based estimates from Esri are compared to the 2010 Census to track recent changes. This information has been analyzed for the entire Bigfork Market Area.

Table 6 Market Area Households by Age - 2010 to 2019			
Age	Market Area		
	2010	2019	Change
15-24	19	9	-10
25-34	69	65	-4
35-44	76	76	0
45-54	130	104	-26
55-64	170	193	+23
65-74	165	180	+15
75+	156	150	-6
Total	785	777	-8

Source: U.S. Census; Esri

So far this decade, the Market Area has lost eight households, according to Esri. Despite the relatively stable number of households, there was some change in most of the defined age ranges.

Household Change by Age Between 2010 and 2019

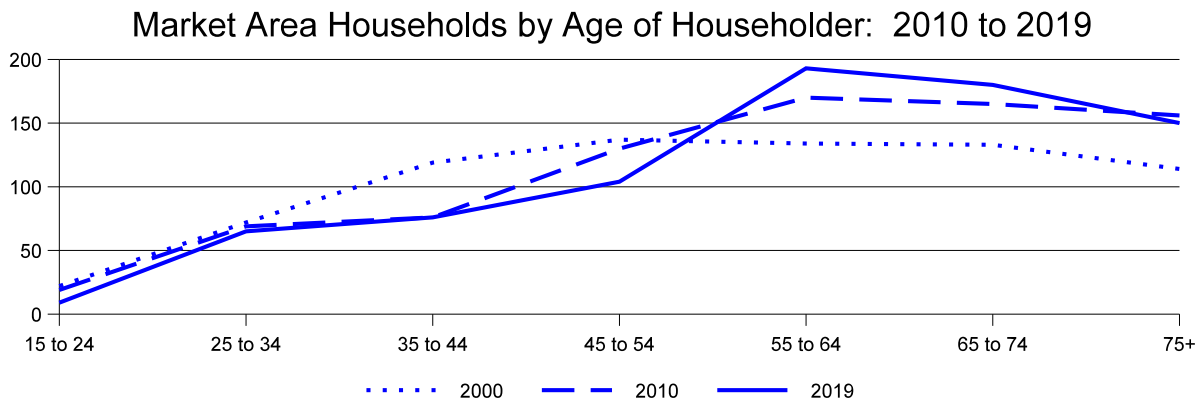


Much of the change occurred in the prime “baby boomer” age groups, between 55 and 74 years old, with especially strong growth from households age 55 to 64 years old.

Only one of the younger age groups remained stable, between 35 and 44 years old. All of the other younger age ranges decreased in size. Overall, Esri estimates that there was a net loss of 40 households age 54 and younger, but a net increase of 32 households age 55 and older so far this decade.

It should also be noted that the oldest senior citizen age range, age 75 and older, has decreased in size during the current decade. For a small community, Bigfork does offer a range of senior housing options, which has helped to retain many older seniors in the area, but a minor decrease may have occurred.

It is possible to track the “spike” created by the baby boomer households in Market Area dating back to the year 2000, using information for households by the age of householder.



Household Projections

The following table presents household projections from Esri, for the period between 2019 and 2024.

Table 7 Household Projections Through 2024			
	2019 Estimate Esri	2024 Projection Esri	Projected Change
Bigfork	194	194	0
Market Area	777	780	3 / 0.4%
Itasca County	19,371	19,758	387 / 2.0%

Source: Esri

Esri’s projection for Bigfork expects no change in the number of resident households over the next five years. This stability would be consistent with past patterns, as the City’s household count has remained relatively unchanged in recent years.

Limited change is also being projected for the entire Market Area. Esri is forecasting that this area will add less than one household per year.

Esri’s projection for all of Itasca County is more optimistic, with the expectation that nearly 390 households will be added over a five-year period. To reach this projection, the County would need to average approximately 77 households per year. This projection is generally consistent with past patterns, as the County has probably been averaging annual growth of 66 to 69 households per year since 2010. However, much of the Countywide growth would be expected to locate in or near the City of Grand Rapids.

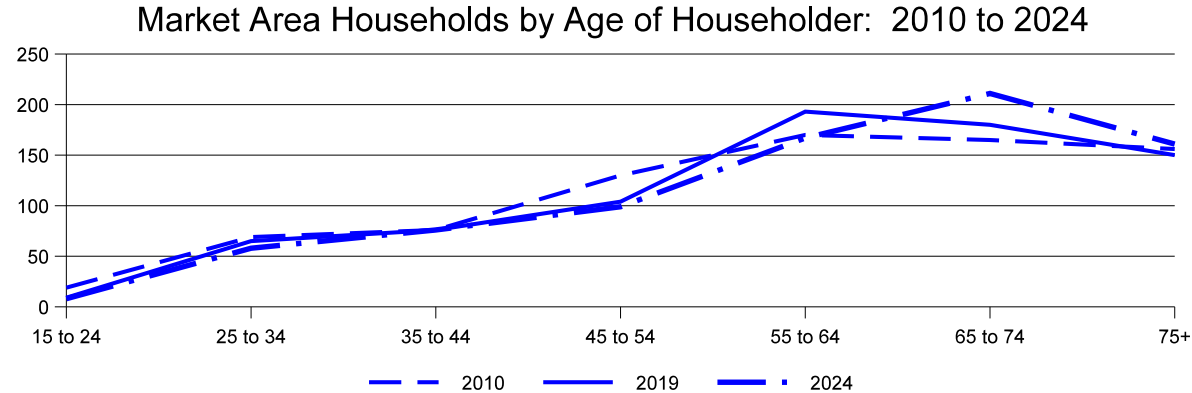
Projected Households by Age

Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. The following table is for the entire Bigfork Market Area.

Table 8 Market Area Projected Households by Age: 2019 to 2024			
Age Range	2019 Estimate	2024 Projection	Change
15-24	9	8	-1
25-34	65	58	-7
35-44	76	76	0
45-54	104	99	-5
55-64	193	167	-26
65-74	180	211	+31
75+	150	161	+11
Total	777	780	+3

Source: Esri

The age-based projections to 2024 expect all of the net increase in households to occur from households age 65 and older in the Market Area. All of the age groups below 65 years old are expected to remain stable or decrease in size over the next five years.



2017 Median Income Data

Annual median income estimates are available at the city, township and county level through the American Community Survey. Since the Market Area represents an aggregation of individual jurisdictions, including an Unorganized Territory, no Market Area medians are available. Information from 2010 is compared to 2017 to track recent income trends.

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. Family incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

Table 9 Median Household Income - 2010 to 2017			
	2010 Median	2017 Median	% Change
Households			
Bigfork	\$29,668	\$28,036	-5.5%
Itasca County	\$45,621	\$52,050	14.1%
Minnesota	\$57,243	\$65,699	14.8%
Families			
Bigfork	\$45,694	\$43,500	-4.8%
Itasca County	\$56,890	\$61,216	7.6%
Minnesota	\$71,307	\$82,785	16.1%

Source: ACS

Information contained in the 2017 American Community Survey showed that the City’s median income levels have decreased since 2010, for both households and families. It is possible that these estimates are flawed, based on the limited sampling that is done in a small community such as Bigfork. However, the estimates could also be a reflection of an aging population in the community, with more households and families moving to fixed retirement income and away from earned income such as employment.

There was some growth between 2010 and 2017 for the County’s median income levels, especially for households. However, the medians for Itasca County were well below the comparable Statewide medians in 2017.

A general standard is that 30% of income can be applied to housing costs. At this level, a median income household in Bigfork could apply approximately \$700 per month and a median income family could apply approximately \$1,090 per month. However, as will be detailed later, there is often a significant difference between renter and owner household income levels, with many renter households in the lower income ranges, with significantly less income that can be applied to housing costs.

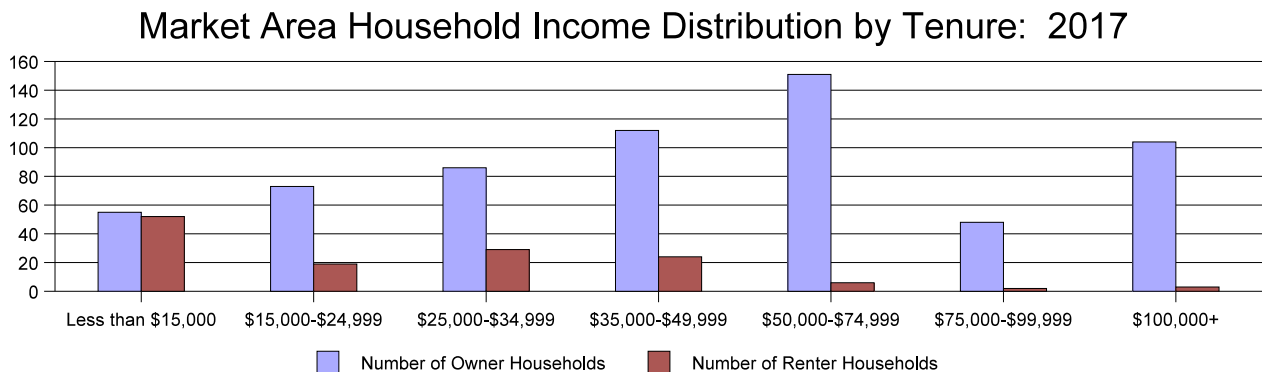
Household Income Distribution by Tenure: 2017

Although median income information is not available for the Market Area, the American Community Survey does contain household income distribution estimates for each of the individual jurisdictions which can be aggregated. This information is available by ownership or renter status.

Table 10 Market Area Income Distribution by Tenure: 2017			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	55	52	107
\$15,000 - \$24,999	73	19	92
\$25,000 - \$34,999	86	29	115
\$35,000 - \$49,999	112	24	136
\$50,000 - \$74,999	151	6	157
\$75,000 - \$99,999	48	2	50
\$100,000+	104	3	107
Total	629	135	764

Source: American Community Survey

Within the moderate to higher income ranges, there was a strong preference for home ownership. For households with an annual income of \$50,000 or more, the rate of home ownership was above 96%, with fewer than 4% of these households renting their unit.



This pattern changed somewhat in the lower and moderate income ranges. For all households with an annual income below \$35,000, the rental rate was above 31%. For low income households below \$25,000 for annual income the rental rate was nearly 36%.

Since the Bigfork Market Area is an assembled geography, the American Community Survey does not provide an estimated median income by housing tenure. However, an approximate median can be extrapolated from the distribution data.

For all Market Area renter households, the extrapolated median income level in 2017 was approximately \$23,157. For all home owners, the estimated median income was approximately \$48,459.

The American Community Survey does provide estimates for just the City of Bigfork, with an estimated median renter household income of \$22,500 in 2017, compared to a median of \$36,397 for home owners.

Renter Housing Cost Burden

The 2017 American Community Survey includes information on housing costs for renter households. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending.

This information is only for the City of Bigfork. In 2017, more than 60% of all Market Area renter households were living in Bigfork.

Table 11 Bigfork Renter Household Cost Burden - 2017		
Percent of Income for Housing	Number of Households	Percentage of All Renters
Less than 20%	12	13.0%
20% to 29.9%	21	22.8%
30% to 34.9%	17	18.5%
35% or more	32	34.8%
Not Computed	10	10.9%
Total	92	100%

Source: American Community Survey

Using a standard that 30% of income for housing defines a cost burden, most renter households in Bigfork did have a cost burden for rental housing in 2017. Overall, more than 53% of all renters were paying 30% or more of their income for housing.

Cost burden was generally the result of a lower household income. Nearly all of the households that were paying 30% or more of their income for housing had a household income that was below \$35,000 per year.

Owner Housing Cost Burden

The American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Bigfork owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home. Percentages are calculated for each column.

Table 12 Bigfork Owner Household Cost Burden - 2017			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	24	21	45
20% to 29.9%	15	9	24
30% to 34.9%	7	11	18
35% or more	10	8	18
Not Computed	0	0	0
Total	56	49	105

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income. However, more than 34% of all home owners reported that they paid more than 30% of their income for housing. Half of these households were actually paying more than 35% of income for housing costs.

A small majority of cost-burden home owners did not have a mortgage on their home. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that owned their home but lived on a fixed income.

Building Permit Trends

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

Table 13 Bigfork Housing Construction Activity: 2010 to 2019*					
Year	Single Family	Single Family Attached	Multifamily Rental	Demolitions	Total Net Gain
2019*	3	0	0	1	2
2018	0	0	0	0	0
2017	0	0	0	0	0
2016	0	0	0	0	0
2015	1	0	0	0	1
2014	1	0	0	2	-1
2013	1	6	0	0	7
2012	0	4	0	0	4
2011	0	2	0	0	2
2010	0	0	0	0	0
TOTAL	6	12	0	3	15

Source: City of Bigfork *2019 activity is through July

There has been some new housing construction in the City during the current decade. Based on City reports, there have been six single family houses and 12 twin home/duplex units constructed.

Three of the six new houses were permitted in 2019. This included one speculative modular home that was listed for sale at \$159,000.

The twin homes/duplexes are used as rental housing. Six of these units are in Bigfork Valley Twin Homes, independent living options for seniors adjacent to the senior campus. The other six units are in Horseshoe Homes, available as market rate general occupancy housing.

Although as many as 18 new housing units have been built in Bigfork since 2010, some unit losses have also occurred in the older housing stock. City records identify as many as three houses that have been removed during the decade, for estimated net growth of 15 units in the local housing inventory.

Lots and Land

The research completed for this Study identified some capacity for new home construction.

Scenic Estates is the City's newest and most active subdivision. Most of the new houses constructed in Bigfork after 2010 have been located in this subdivision, including the recent spec home that is for sale in 2019.

Scenic Estates was privately-developed as an 18-lot subdivision, but the original owner sold the remaining lots to a second owner. The current owner is selling lots for \$5,000 with special assessments paid. The low price per lot has resulted in some people acquiring more than one lot for a larger yard. At the time of the research for this Study there were five lots still available for purchase. Discussions had been underway to sell all of the remaining lots to a developer, but that now appears unlikely.

There are deteriorated houses in the community that potentially could be removed to create redevelopment sites.

There are also areas outside the city limits that could be used for new home construction. This includes some parcels near the golf course. However, these would need a private well and septic system.

Some additional land may also be available for development on the Bigfork Valley senior campus. Five twin home structures had once been planned but only three have been built.

Home Sales

This section examines houses that have been sold within recent years in the City of Bigfork. Information was obtained from the Itasca County Assessor's Office.

Itasca County collects and utilizes information from residential sales for the County's sales ratio study. The County compares the fair market sale price to the estimated taxable value for each home. As a result, the County information for sales primarily reflects existing homes that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and already had an established tax value.

The County also sorts the sales data into "qualified" and "unqualified" groupings. Qualified sales are also referred to as good sales, because they are fair market transactions. Unqualified sales are rejected because they are not considered to be fair market transactions. There are multiple reasons for rejecting a sale, but include sales of "bank-owned" properties and foreclosures/short sales. Additional reasons for rejection would include transfers between related parties, or sales that were not conducted in the open market.

It is important to note that the sales records that are available do not contain detailed information on each recorded transaction. The sales were identified as "improved residential" parcels, but this does not guarantee that an actual house was sold. Sales that appeared to be property other than a house have been excluded.

Information was available for each calendar year, from 2010 through 2018. Partial-year information was also available for 2019, and has been presented, although this will change as additional sales are recorded.

Table 14 Bigfork Residential Sales Activity - 2010 to 2019*				
Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2019*	1	\$60,000	-	-
2018	4	\$72,500	\$169,000	\$25,000
2017	4	\$105,500**	\$170,000	\$69,000
2016	4	\$62,650**	\$130,000	\$18,000
2015	3	\$85,000	\$97,500	\$22,900
2014	2	-	\$275,000	\$160,000
2013	6	\$116,000**	\$159,000	\$65,000
2012	3	\$50,000	\$99,000	\$18,000
2011	1	\$77,000	-	-
2010	7	\$94,900	\$125,000	\$49,900

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

* Partial-year ** Median calculated from 2 nearest sales

With a small number of good sales occurring within any single year, there can be some variation in the annual median price. Since 2014, there have been 16 sales recorded. Over this time, the calculated median was \$91,250.

For the entire time period reviewed, dating back to the year 2010, only one house in Bigfork has been sold for more than \$200,000. In 2014, a sale was recorded for \$275,000.

Although not displayed in the table above, the County records also listed some rejected sales. From 2011 through 2015 there were some bank-owned home sales in the community, but since 2016 only one distressed property sale has been recorded.

An alternate home value estimate exists in the American Community Survey. In 2017, the estimated median value for an owner-occupied house in Bigfork was \$75,000.

According to the American Community Survey, home values in Bigfork are relatively low by comparative standards. The estimated median for all of Itasca County was \$156,100. In Grand Rapids the estimated median was \$141,800, and \$103,800 in Hibbing.

Housing Condition Analysis

In August 2019, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses. In the City of Bigfork, 93 houses were viewed and rated. The City was divided into two neighborhoods, west and east of Main Street. Houses that appeared to contain three or more units were excluded from the survey. Mobile homes were rated separately, and presented on the next page.

Houses were rated in one of four levels of physical condition, as defined below. The survey analyzed only the physical condition of the visible exterior of each home. 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., and 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 problems and still be considered Sound.

Table 15 Windshield Survey Condition Estimate - 2019					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Main	11 / 23.4%	22 / 46.8%	9 / 19.2%	5 / 10.6%	47
East of Main	21 / 46.7%	12 / 26.7%	10 / 22.2%	2 / 4.4%	45
Total	33 / 35.5%	34 / 36.6%	19 / 20.4%	7 / 7.5%	93

Source: Community Partners Research, Inc.

The housing condition survey completed for this Study found that most of the houses in Bigfork are generally in good condition, with more than 72% rated in the Sound or Minor Repair categories.

There were 19 houses rated as needing Major Repair, and 7 houses rated as Dilapidated, and possibly beyond the point of economically feasible repair.

Mobile Home Condition

The visual conditions survey also examined mobile homes. There were 23 mobile homes that were viewed and rated in Bigfork. All of these were in a mobile home park. The same condition ratings were used, as detailed on the previous page.

Table 16 Mobile Home Windshield Survey Condition Estimate - 2019					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	2 / 8.7%	6 / 26.1%	9 / 39.1%	6 / 26.1%	23

Source: Community Partners Research, Inc.

The mobile homes in Bigfork are generally in need of repair or replacement. Only eight of the 23 structures were rated in the best condition categories of Sound or Minor Repair.

Nine of the units were rated as needing Major Repair. Six mobile homes were viewed as Dilapidate, and probably beyond the point of any economically feasible repairs.

Additional details on mobile homes, taken from the American Community Survey, are presented on the following page.

Age of Housing

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

For owner-occupancy units in Bigfork, the estimated median year of construction is 1973. Approximately 35% of the stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1990. Approximately 18% of the rental inventory was constructed prior to 1960.

The housing stock in Bigfork is relatively new, especially for rental housing. A number of the larger rental projects have been constructed in the last 20 years, including Wilderrest Townhomes, Horseshoe Homes, Bigfork Valley Twin Homes and Bigfork Valley Villa.

Mobile Home Data

The American Community Survey also provides some details on the mobile homes in the City. According to this source, all of the mobile homes in Bigfork were manufactured before 1999. No median value estimate was provided, based on the small sampling that was done.

Rental Housing Data

Census Bureau Rental Inventory

At the time of the 2010 U.S. Census, there were 85 occupied rental units and 11 unoccupied rental units in Bigfork, for a total estimated rental inventory of 96 units. The City's rental tenure rate was 43.6%, well above the Statewide rental rate of 27.0% in 2010.

According to the 2017 American Community Survey, there were 92 occupied rental units, along with 15 unoccupied units, for a total inventory of 107 units. If accurate, the City has added 11 total rental units to the inventory since 2010.

Based on building permit reports from the City, at least 12 rental units have been constructed since 2010, in the Horseshoe Homes and Bigfork Valley Twin Home projects. Other than possible tenure conversion in single family houses or mobile homes, no other changes have been identified in the rental housing inventory.

With more rental units constructed than owner-occupancy housing since 2010, it is probable that the rental tenure rate in 2019 is higher than the level of 43.6% recorded at the time of the 2010 Census.

Rental Housing Survey

As part of this Study, a telephone survey was conducted of multifamily projects in Bigfork. The survey was primarily conducted in July 2019, but some followup information was obtained in August and September.

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.

Information was tallied separately for different types of rental housing, including conventional market rate, subsidized, moderate rent tax credit and senior housing with services.

The findings of the survey are provided by market segment on the pages that follow.

Market Rate Summary

Information was obtained from four conventional market rate rental projects in Bigfork with a combined 18 units. The largest of these projects are Bigfork Valley Twin Homes and Horseshoe Homes, each with six units in twin home configurations. The Bigfork Valley units adjoin the other facilities on the Bigfork Valley senior campus.

The Bigfork Valley Twin Homes and the Horseshoe Homes projects were constructed after 2010 and represent the newest market rate housing in the community.

Unit Mix

The bedroom mix information for the market rate units that were contacted is as follows:

- ▶ One-bedroom - 2 units (11.1% of total)
- ▶ Two-bedroom - 14 units (77.8%)
- ▶ Three-bedroom - 2 units (11.1%)

Occupancy / Vacancy

There were no vacant units identified within the market rate segment. Owners/managers reported good demand from people that worked in the area. The senior-designated project, Bigfork Valley Twin Homes, reported that a waiting list exists.

Rental Rates

There is a wide variation in rental rates in Bigfork, representing the differences in age, amenities and style of housing within this market segment.

The Bigfork Valley Twin Homes have substantially higher rents than any other project, with a gross rent of \$1,782 for a two-bedroom twin home unit with 2-car attached garage. Although this project provides independent housing for seniors, it is part of a senior campus that can provide housing with services.

The Horseshoe Homes twin home units have monthly contract rents of \$800 for a two-bedroom, with the tenant paying all utilities. The estimated gross rent would approach or exceed \$1,000 per month.

Many of the remaining market rate units in Bigfork are in single family houses, where tenants typically pay the major utilities.

Tax Credit/Moderate Rent Summary

Bigfork has one rental project constructed through the federal low income housing tax credit program. Wilderndest Townhomes was placed in service in 2007, and has 12 moderate rent units. All of the units are tax credit assisted, so income limits and rent caps apply. Three of the units have project-based Vouchers, allowing tenants to pay rent based on 30% of income.

Occupancy/Vacancy

This project reported no vacant units in July 2019. However, vacancies can occur at times, due to the difficulty of finding tenants that are below the allowable income limits, yet able to pay the moderate monthly rents required. This difficulty in finding tenants with a suitable income only applies to nine units, as three project-based Vouchers allow lower income households to qualify.

At the time of the research for this Study, there were also three tenant-based Vouchers being used in Wilderndest, so only six units needed to be filled by households that were both below the maximum income limits but still able to afford the monthly rent without a Voucher subsidy.

Rental Rates

Contract rents are \$625 for a two-bedroom and \$725 for a three-bedroom, with the tenant paying heat, hot water and electric. With the inclusion of tenant-paid utilities, we would estimate the gross unit rents at approximately \$750 for a two-bedroom and \$875 for a three-bedroom unit.

For 2019, the maximum allowable gross rents under the tax credit program, at the 60% of median income level are \$978 and \$1,129, for a two-bedroom and three-bedroom, respectively. The actual gross rents being charged at Wilderndest are below the 50% of median income levels.

Subsidized Summary

Bigfork has two projects that can provide subsidized rental housing. One of these, Wilderrest Townhomes, was described on the preceding page, but three of the 12 units in Wilderrest have project-based Vouchers and can operate as subsidized housing.

The largest subsidized project in Bigfork is Condor Apartments, a USDA Rural Development subsidized building constructed in 1979. It was originally designated for senior/disabled tenant occupancy but changed to general occupancy in July 2019 due to insufficient demand from the senior/disabled target market. Based on its original design, 21 of the 23 total units have only one bedroom. There are also two two-bedroom apartments.

Occupancy/Vacancy

The rental survey found 11 vacant one-bedroom units in July. However, the project had just been allowed to accept tenants that did not meet the senior/disabled designation, and marketing to younger applicants was underway.

Although the age change should result in improved occupancy, the manager did indicate that many inquiries come from people that are over the income limits. In the future, the project may pursue an income waiver that would allow a portion of the units to be rented to over-income households.

Rental Rates

All of the units in Condor Apartments have access to project-based rent assistance, allowing tenants to pay rent based on 30% of income. The maximum contract rents are \$521 for a one-bedroom and \$631 for a two-bedroom apartment.

Tenant-based Rent Assistance Vouchers

In addition to Condor Apartments and Wilderrest Townhomes, low and moderate income Bigfork residents also have access to tenant-based Vouchers through the Itasca County program. The Itasca County HRA administers the Housing Voucher Program in Big Fork and Itasca County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute approximately 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.

In September 2019 there were four households with a Bigfork mailing address that were using tenant-based Vouchers. Three of these were being used in Wilderrest Townhomes, in addition to the three units with project-based Vouchers. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating renters within the City can vary from month to month.

There are 248 traditional Vouchers in the Itasca County Program. In 2019, 28 additional Mainstream Vouchers were awarded, targeted to non-elderly households with a disabled person. In total, authority exists for 276 tenant-based Vouchers. The waiting list for the Voucher program had 355 names in September 2019.

When tenant-based assistance is combined with the units in Condor Apartments, there are potentially 30 households with access to some form of subsidized housing, allowing rent based on income.

If the remaining tax moderate rent credit units in Wilderrest are added to the available inventory of assisted housing, as many as 36 households may be living in some form of income-restricted housing. This represents approximately 35% of all rental options in Bigfork.

Senior Housing with Services Summary

Bigfork has a senior housing campus, known as Bigfork Valley, that can offer a continuum of care for seniors in different residential facilities. The senior housing offerings are also next to the hospital.

Independent Living

The campus has six units in town homes, with an attached two-car garage. These units are designed for independent seniors but are adjacent to the other senior housing choices and facilities. Full occupancy was reported along with a waiting list. Unit rents are at \$1,782, including utilities and maintenance.

Housing with Services

Bigfork Valley Villa is an apartment-style project that was constructed in 1992. There are 30 apartments and flexible levels of care can be offered, from largely independent housing with only light services to assisted living care. At the time of the rental survey, the manager estimated that approximately half of the tenants were accessing a higher level of services and the other half were living more independently.

Full occupancy was reported along with a waiting list. Households on the waiting list are typically looking for more independent living, with the ability to add services over time.

The entry level pricing for a one-bedroom starts at \$845 per month, before any meals or services are added. Prices are substantially higher for assisted living care, but County assistance is accepted and many tenants are on Elderly Waiver or a similar program for services.

Memory Care

In 2014, half of the Bigfork Valley Home was dedicated to memory care use. Utilization rates were reported as high, with some residents coming from outside the immediate area.

Skilled Nursing Home

Bigfork Valley Communities is a skilled nursing home that is licensed for 40 beds in 2019, but 20 beds are in a dedicated memory care wing. The remaining 20 beds can be used for short-term transitional care or for long-term care. At the time of the survey, most residents were reported as long-term.

Table 17 Big Fork Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Profile	Comments
Market Rate					
Anselmo Rentals	1 - 2 bedroom <u>1 - 3 bedroom</u> 2 total units	\$800 \$800 +heat, electric	No vacant units	Mix of tenants	Two single family houses that are used as rentals - one house is from the 1950s and the other from 1980s. Tenants pay heat, hot water and electric in addition to rent. Owner reported full occupancy and good demand from people that work locally.
Bigfork Valley Twin Homes	<u>6 - 2 bedroom</u> 6 total units	\$1782	No vacant units, waiting list	Age 50 and older	Three twin homes constructed in phases since 2010 offering independent living for households age 50 and older. Part of the Bigfork Valley campus that includes assisted living, skilled nursing home and hospital complex. Twin home rent includes utilities and maintenance. Amenities include dishwasher, disposal, AC, in-unit laundry and 2-car garage. Units have 2 bathrooms. Manager reported full occupancy and waiting list, but limited turnover. Original plan had been for two more structures but construction has not proceeded.
Horseshoe Homes	<u>7 - 2 bedroom</u> 7 total units	\$800 +utilities	No vacant units	Mix of tenants	Rental units in 3 twin homes constructed in 2012 and 1 older single family house. Tenants pay all utilities. The twin homes have a 2-car attached garage. Owner reported full occupancy and good demand. Most working-age people are employed locally.
Post Office Rentals	2 - 1 bedroom <u>1 - 3 bedroom</u> 3 total units	\$450 \$600	No vacant units	Mix of tenants	Rental units in building that also has the post office. Rent includes all utilities. Owner reported full occupancy. No additional details obtained.
Madsen Apartments	4 - 1 Bedroom <u>1 - 2 Bedroom</u> 5 total units	N/A	N/A	N/A	Unable to contact in 2019 - information presented is from secondary sources. One bedroom units in converted motel, 2 bedroom unit in adjoining house.

Table 17 Big Fork Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Profile	Comments
Tax Credit					
Wilderness Townhomes 306 Golf Course Ln	8 - 2 bedroom <u>4 - 3 bedroom</u> 12 total units	\$625 \$725 +heat, hot water, electric	No vacant units	60% or less of median income	Town house-style units constructed in 2007 using low income housing tax credits. All units serve households at or below 60% of median income. Three project-based Vouchers available. Rent includes water, sewer and garbage, with tenant paying heat, hot water and electric. Unit amenities include dishwasher, central AC, in-unit coin laundry and attached garage. Two-bedrooms have 1008 sq ft and 3-bedrooms have 1343 sq ft. Manager reported full occupancy and ongoing demand from moderate income households working in the community. Three tenant-based Vouchers also in use in 2019. Contract rents will increase by \$15 in 2020.
Subsidized					
Condor Apartments 400 Rajala Mill Rd	21 - 1 bedroom <u>2 - 2 bedroom</u> 23 total units	\$521 \$631 30% of income	11 vacant units 11 - 1 bdrm	General occupancy	USDA Rural Development subsidized apartments built in 1979. Originally designated for senior/disabled occupancy but changed to general occupancy in July 2019 due to lack of demand. Two story apartment building with no elevator and upper floor units were largely vacant. All tenants pay rent based on 30% of income up to market rents listed. Manager reported 11 vacant units on date of survey but marketing was just beginning for younger tenants. Frequent calls from over-income applicants and project will pursue income waiver for some units in 2020.

Table 17 Big Fork Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Profile	Comments
Senior Housing					
Bigfork Valley Twin Homes	<u>6 - 2 bedroom</u> 6 total units	\$1782	No vacant units, waiting list	Age 50 and older	Three twin homes constructed in phases since 2010 offering independent living for households age 50 and older. Part of the Bigfork Valley campus that includes assisted living, skilled nursing home and hospital complex. Twin home rent includes utilities and maintenance. Amenities include dishwasher, disposal, AC, in-unit laundry and 2-car garage. Units have 2 bathrooms. Manager reported full occupancy and waiting list, but limited turnover. Original plan had been for two more structures but construction has not proceeded.
Bigfork Valley Villa 258 Pine Tree Dr	16 - 1 bedroom 8 - 1 bdrm deluxe <u>6 - 2 bedroom</u> 30 total units	\$845+ \$980+ \$1125+ +meals and services as needed	No vacant units, waiting list	Housing with services	Senior housing project constructed in 1992 and part of the nursing home and hospital complex. Flexible care offered with independent housing offered at rents listed with option to add meals, light services or assisted living care. Rent includes utilities. Manager estimates that approx. 50% of tenants are more independent and 50% assisted living. Full occupancy reported with waiting list - waiting list is often for more independent tenants looking to move into complex. County assistance is used for assisted living and is not capped.
Bigfork Valley Aspen Circle	20 licensed beds	N/A	High utilization rate with waiting list	Memory care	Dedicated wing of the Bigfork Valley skilled nursing facility which is licensed for 40 beds in 2019 with 20 beds for memory care. This wing opened in 2014. High rate of occupancy reported, with a waiting list. Some residents come from communities such as International Falls and Northome.
Bigfork Valley Tamarack	20 licensed beds	N/A	High utilization rate at time of survey	Skilled Nursing Home	Dedicated wing of the Bigfork Valley skilled nursing facility which is licensed for 40 beds in 2019 with 20 beds for traditional nursing home care. Beds can be used for transitional or long-term, but at time of survey nearly all were LTC. All beds were occupied at time of survey but turnover can result in unused beds.

Table 17 Big Fork Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Profile	Comments
Specialized Care Housing					
Riverside Residence 200 Huskie Blvd	16 resident capacity	N/A	15 beds occupied	Board and Lodging w/services	Adult board and lodging facility with special services in converted hospital. Most residents have mental health issues. Rent includes meals, medication reminders, assistance with daily living. Most residents receive County assistance and are placed through the County. Capacity can be as high as 16 residents but typically attempt to keep at 14 people.

Source: Community Partners Research, Inc.

Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is limited. Employment opportunities are provided by a broad range of private and public business sectors. 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.

Itasca County Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development does not provide employment information at the City level for Bigfork. The following table looks at statistics since 2010 for all of Itasca County.

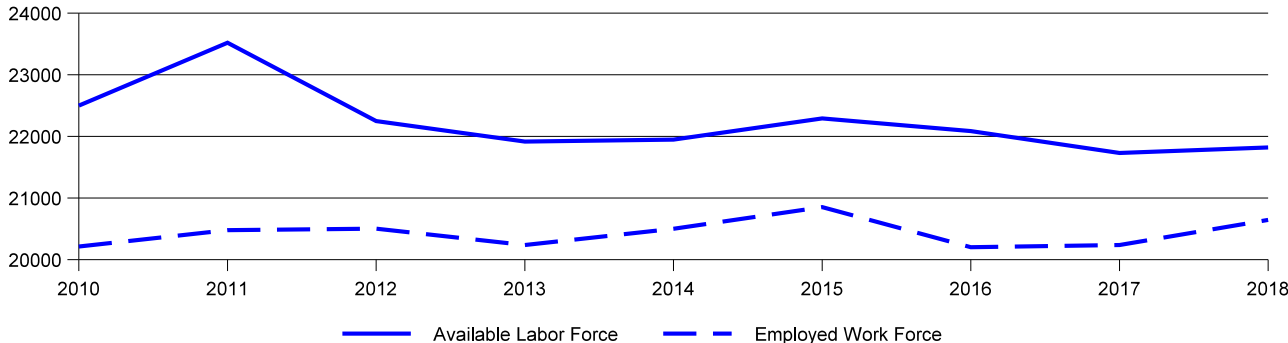
Table 18 County Labor Force and Employment: 2010 to 2018						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	22,499	20,214	2,285	10.2%	7.4%	9.6%
2011	23,519	20,478	2,041	9.1%	6.5%	8.9%
2012	22,248	20,502	1,746	7.8%	5.6%	8.1%
2013	21,916	20,238	1,678	7.7%	5.0%	7.4%
2014	21,948	20,500	1,448	6.6%	4.2%	6.2%
2015	22,291	20,852	1,439	6.5%	3.7%	5.3%
2016	22,086	20,201	1,885	8.5%	3.9%	4.9%
2017	21,731	20,238	1,493	6.9%	3.4%	4.4%
2018	21,820	20,645	1,175	5.4%	2.9%	3.9%

Source: MN Department of Employment and Economic Development

The Local Area Unemployment Statistics (LAUS) tracks employment by place of residence. It shows how many County residents are actively in the labor force, and their employment status, regardless of where they actually work.

When viewed over the current decade, there has been some decrease in the size of Itasca County’s available labor force. When comparing 2018 to 2010, the total resident labor force decreased by 679 people, or 3%. However, the labor force actually reached its recent peak in 2011, and since that time has decreased by nearly 1,700 people.

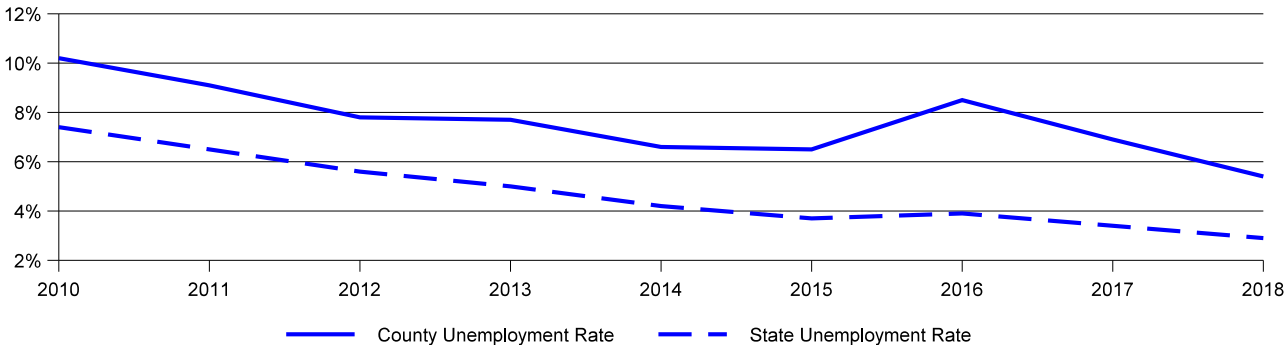
Itasca County Area Labor Force and Employed Work Force: 2010 to 2018



Although the County’s labor force has gradually been growing smaller, the employed work force has remained more stable. If 2018 is compared to 2010, there were 431 more County residents that were employed, or an increase of 2.1%. However, the recent peak for employment was reached in 2015, and has since declined slightly since that time.

The County’s unemployment rate has fluctuated from year to year, but has generally been on a downward trend. The lowest unemployment rate was reached in the year 2018 at 5.4%. The highest rate was reached in 2010 at 10.2%. During the entire time period reviewed, Itasca County’s unemployment rate has remained higher than the Statewide average, and since 2013 has been higher than the national rate.

Itasca County Annual Unemployment Rate: 2010 to 2018



Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector for 2018, the last full year of data. Because of the size of the community, only a few industry sectors are listed.

The table only provides information for the City of Bigfork. The previous table, which provided information on the County’s labor force, represents the location of the worker by their home residence. The following table, represents the location of the job.

Table 19 Bigfork Average Annual Wages by Industry - 2018		
Industry	Employment	Average Annual Wage
Total All Industry	394	\$41,288
Trade, Transportation, Utilities	55	\$36,400
Leisure and Hospitality	15	\$11,232
Public Administration	10	\$42,172

Source: MN Department of Employment and Economic Development

For all industry, the average annual wage was \$41,288 in 2018. Due to the limited number of covered workers in the City, the detailed reporting on industry sectors showed only three subgroups. Trade, Transportation and Utilities was the largest defined industry sector. The average annual wage in Bigfork for all industry in 2018 was \$36,400. Leisure and Hospitality had the lowest wage, at only \$11,232 for full-time employment in 2018.

For comparative purposes, the average annual wage for all employment Countywide was approximately \$41,600 in 2018, very similar to the average wage in Bigfork.

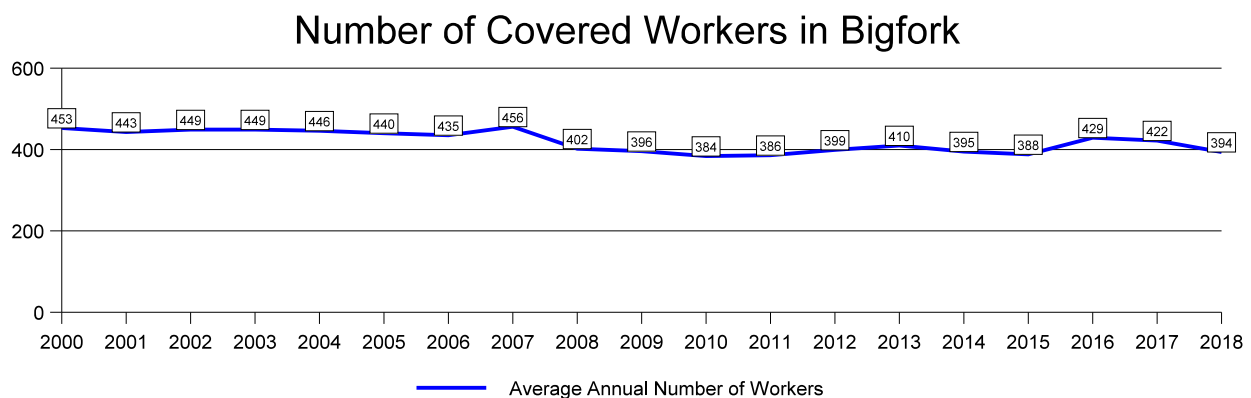
This data source did not provide any specific information for the Education and Health Services industry sector, which is believed to be the largest employment sector in Bigfork.

Bigfork Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Bigfork back to the year 2000.

Table 20 Bigfork Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
-	-	2009	396
2000	453	2010	384
2001	443	2011	386
2002	449	2012	399
2003	449	2013	410
2004	446	2014	395
2005	440	2015	388
2006	435	2016	429
2007	456	2017	422
2008	402	2018	394

Source: QCEW - MN Department of Employment and Economic Development



Despite some year-to-year movement, the number of covered workers reported in Bigfork has remained relatively stable over time. While the number of jobs has decreased if compared back to the early 2000s, since 2008 the number of workers in the City has remained generally unchanged.

Commuting Patterns of Area Workers

While a number of jobs exist in Bigfork, most City residents commute for employment. Information on commuting patterns is from the 2017 American Community Survey, and has been examined for the City. The first table looks at travel time for City residents, excluding people that work at home.

Table 21 Commuting Times for Bigfork Residents - 2017		
Travel Time	Number	Percent
Less than 10 minute	65	65%
10 to 19 minutes	15	15%
20 to 29 minutes	5	5%
30 minutes +	15	15%
Total	100	100%

Source: American Community Survey

Given the City’s location away from other employment centers, most Bigfork residents work locally, with 80% traveling less than 20 minutes for their primary employment. Fifteen percent of the workers did travel greater distance of more than 30 minutes for employment in 2017.

Travel times are also listed by location of employment. For people that worked in Bigfork, the following travel times were identified.

Table 22 Commuting Times for Bigfork Employees - 2017		
Travel Time	Number	Percent
Less than 10 minutes	106	21.7%
10 to 19 minutes	77	15.8%
20 to 29 minutes	109	22.3%
30 minutes +	196	40.2%
Total	488	100%

Source: American Community Survey

A large number of people that work in Bigfork are traveling from greater distances. Overall, fewer than 38% of the jobs are filled by people that travel less than 20 minutes. More than 40% of the jobs are filled by people traveling 30 minutes or more, with most of these commuting 40 minutes or more.

Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is also based on reports for the year 2017, and provides a further breakdown of worker movement patterns. However, after examining the reports for Bigfork, the analysts have concluded that this information is flawed, and significantly undercounts the number of jobs in the community. As a result, it has not been presented for Bigfork.

Findings and Recommendations

Overview

Prior to addressing specific housing recommendations for Bigfork, some summary information has been presented, based on the details in the previous sections of this document.

Growth Trends Summary

The demographic section of this report has provided information on the current estimates for the City and the surrounding area, referred to as the Bigfork Market Area.

For the City of Bigfork there is consistency in the growth estimates that exist. The three primary sources reviewed in this Study show that Bigfork has generally remained stable in recent years, with no significant upward or downward changes in the number of people or households residing in the City.

Although none of the data sources show any significant household growth in Bigfork since the 2010 Census was completed, there has potentially been some growth in the available housing stock. Building permit reports show that as many as 18 housing units have been constructed in the City, so there is probably some capacity for growth.

There is some limited information on potential unit losses during the decade. The housing conditions survey completed as part of this Study found severely deteriorated houses and mobile homes in the City. It is possible that some of these are vacant. There were also a large number of vacant rental units in Condor Apartments. As a result, vacancies and/or lost housing units may have negated some of the new construction activity. As a result, no real growth can be documented in the number of resident households so far this decade.

These same patterns of stability have also been present in the larger Market Area, representing the rural areas around Bigfork and Effie. Very minor losses in population and households may have occurred since 2010, but the annual change has probably been one or fewer households per year.

For Bigfork to remain stable going forward, it is likely that some new housing creation will need to continue. A goal of adding two to three new housing units per year would help to prevent household losses, with the possibility of actually adding some population and households over time.

Growth Projections Summary

A primary method for projecting future household growth is based on the continuation of past trends and patterns. For both Bigfork and the surrounding Market Area, very limited change over recent decades yields a similar expectation for growth patterns going forward.

According to Esri's 2024 projection for Bigfork, no household growth would be expected. For the entire Market Area, including Bigfork, an approximate average of one or fewer households per year is being projected.

Although these forecasts are consistent with changes in the recent past, the City does have some growth potential, especially if some expansion occurs in the City's housing stock. Construction of two to three additional housing units per year going forward is very possible, in the opinion of the analysts.

While growth for the entire Market Area is also possible, this will largely represent owner-occupancy households that would elect to live in the rural areas outside of Bigfork. In the Market Area there is a large inventory of seasonal/recreational housing. Some growth may occur as seasonal properties are converted to year-round occupancy.

It is possible that the area's future growth potential could exceed expectations. However, the longer-term patterns do not generally support this scenario. Bigfork has fewer households in 2019 than were present in the year 2000, and the entire Market Area has added fewer than two households per year since that time.

As will be discussed further on the following page, the aging patterns for the area are also changing, with a very large population of older adults and fewer children living in the Bigfork area. Unless younger households move in, there is the potential that the Market Area's population will grow smaller, even if some stability exists for occupied households.

Summary of Growth Projections by Age Group

The Demographic section of this Study presented projection information on anticipated changes by age group over the next few years. This information can be informative in determining the housing changes that will be expected due to aging patterns.

In general terms, most of the projected net growth between 2019 and 2024 will occur among households age 65 and older, especially in the 65 to 74 year old age range. The number of households age 75 and older will also increase.

In 2010, nearly 63% of all households in the Bigfork Market Area had a head of household that was age 55 or older. By 2019, these older adult households represented more than 67% of all households. By 2024, the Esri projections indicate that more than 69% of all households in the Market Area will be headed by a person age 55 or older. While this is due in part to the popularity of the area as a retirement location, with lakes and wilderness living opportunities, it also is a reflection of the age progression of longtime residents.

Esri is actually projecting a net reduction in the number of households age 64 and younger living in the Market Area over the next five years. Locally and regionally there have been declining numbers of younger residents. These patterns could change if a substantial number of younger households migrate to the Bigfork area for employment, but in many parts of Greater Minnesota there are fewer young adults than in the past.

Summary of Employment and Work Force Demand

Bigfork is located away from any of the area's larger regional centers. It is approximately 41 miles from Grand Rapids, 53 miles from Hibbing, 78 miles from International Falls, and 80 miles from Bemidji. This remote location has resulted in Bigfork developing as a relatively full-service community, despite its small population of less than 500 people. There is a hospital and a nursing home, as well as various rental housing segments present.

The combination of institutional, public and private employment has created job opportunities in and around Bigfork. Although there are longer-distance commuters coming to the City for employment, a majority of the jobs are being filled by people living in and around Bigfork and Effie. Like other aspects of the community, the employment level has also remained largely stable in Bigfork over the past 10 years, contributing to a sustained demand for housing.

The best information on commuting indicates that approximately 80% of Bigfork's employed residents are traveling less than 20 minutes for their job. However, nearly 40% of the jobs located in Bigfork are being filled by commuters that are traveling 30 minutes or more to the City, and most of these are actually traveling 40 minutes or more.

Potentially, some of the commuters may opt to move to Bigfork if more housing choices were present. It is important to note, however, that many of these long-distance commuters may be coming from nearby regional centers, including Grand Rapids and Hibbing, and they would not be interested in relocating to a much smaller community for easier drive times to their job. There are also other locational options that are closer to Bigfork, so the willingness to drive more than 40 minutes may generally reflect people unwilling to relocate based on employment.

Summary of Housing Unit Demand and Tenure Projections

As the largest city in the area, Bigfork has historically had an above-average distribution of renter households. This is counterbalanced by high rates of owner-occupancy in the surrounding jurisdictions. In 2019, it is possible that the City's rental tenure rate has reached 45%.

The City's home ownership rate has probably decreased slightly since 2010, as more rental units were constructed than single family houses. However, the amount of construction has been limited, for either owner or renter units, so the tenure distribution rates have not changed significantly.

From a perspective of market potential, the past patterns indicate that only a limited amount of new housing construction is probable in Bigfork over the next five years. The City has a small supply of lots for single family home construction, although a developer may be in the process of acquiring the remaining inventory. A small-scale rental project is feasible, given the success of rental housing construction in past years.

However, the expected scale of new construction is not large. An annual average of two to three housing units per year is a reasonable expectation. This would be largely consistent with or slightly greater than the housing production since 2010.

It is important to recognize some level of risk that exists in developing housing in Bigfork, as much of the community's long-term stability can be directly linked to employment opportunities. A downturn in locally-based jobs would require the local work force to travel greater distances to work, and would lessen the residential appeal of living in or around Bigfork. Most of the region's major job centers could be as long as an hour drive from Bigfork.

Home Ownership Recommendations

Overview: The City of Bigfork has experienced a very limited volume of new home construction and development in the past several years. Records from 2010 forward show only six single family houses permitted in the City. Going back as far as 1990, the best available records indicate that the City has averaged less than one new single family house per year.

In 2019, a very large share of the households in the Bigfork area are age 55 and older. These empty-nester and senior households may consider the construction of a new single family home as a way to upgrade their housing, but increasingly this group will be looking for age appropriate choices. This would include no/low maintenance options, including rental housing. With fewer younger families with children, there is a smaller potential market than in the past for ownership of traditional single family houses.

Bigfork does have some good quality lots available, primarily in the Scenic Estates subdivision. This was privately developed, but is under second ownership. The current owner has been attempting to sell the lots at a low price, but few lots have been sold for new houses. Discussions had been underway to sell all of the remaining lots to a developer, but that now appears unlikely.

Going forward, the household growth projections used for this Study expect some limited demand for owner-occupied housing construction to the year 2024. This Study has proceeded with the potential for approximately 10 to 15 additional housing units in Bigfork over a five-year period. In the recent past, the City has had more success with rental development than home ownership housing, and a realistic goal is to see one to two new single family houses constructed annually over the five-year projection period.

The rate of home ownership is significantly higher in the rural jurisdictions that surround Bigfork, as the City serves as the primary rental center. It is also important to note that the rural areas contain a large number of seasonal/recreational use housing units. An increase in the number of Market Area home owners will not necessarily require a commensurate level of new home construction, as some units may simply convert from seasonal use to occupancy by permanent residents.

The demand forecast and recommendations that follow are specific to the City of Bigfork. Different issues impacting home ownership will be addressed in the individual recommendations that follow.

1. Promote the Affordable Lot Options in the City

Findings: Bigfork does have attractive lot options for new home construction. At the time of the research for this Study, there were five vacant lots still for sale in the Scenic Estates subdivision. The asking price was \$5,000, with special assessments paid.

Despite the low price, lot sales have been slow. One new modular home had been placed in the subdivision in 2019 as a speculative project, and the house was listed at approximately \$160,000.

There was discussion in 2019 that the remaining lot inventory in Scenic Estates could be sold to a developer that has a past history of constructing rental duplexes. This now appears unlikely.

The City may also have other locations for home construction, including infill parcels or redevelopment sites. City records do show ongoing demolition of some older housing this decade and the removal of substandard structures could result in some additional building sites.

Recommendation: The City should actively promote the attractive and affordable lot options that exist for new home construction. The projections being used in this Study do indicate some limited home ownership demand over the next five years. While part of the demand will probably be met through housing options in the rural areas around Bigfork, the City should continue to capture a portion of the new construction, especially in the lower and moderate price ranges.

At the time of the research for this Study there were at least five vacant lots in Scenic Estates. Other locations may also exist, or could be created in the future as older substandard structures are removed. Bigfork is a good location for low and moderately-priced new homes, and very affordable lots can help to keep costs down for new construction projects.

2. Consider the Creation of Housing Construction Incentives

Findings: As stated above, new home construction has been limited to an average of less than one new house annually in Bigfork in recent decades. Going forward, there may be proactive efforts needed to attract a larger market share.

One successful approach used by other communities is to offer some types of financial incentives for new construction. There are many ideas that have been used, including a waiver of municipal fees for building permits or water/sewer connections. If allowable, some cities have used a property tax abatement or tax increment financing programs to pay for improvement costs. Others have used a direct cash incentive, such as a down payment assistance program. Bigfork is eligible to access IRRRB resources, and this organization has assisted with housing activities in the past.

Recommendation: The City has a strong interest in adding to its housing stock, to provide housing options for a local work force and to help replace older housing that has been lost. The City may wish to consider incentives that could be offered to accelerate home building in the community.

Home ownership promotes community stability. While costly, financial incentives could provide the community with a competitive advantage over other housing opportunities available in the region.

3. Explore Options for Affordable New Home Construction Partnerships

Findings: There are five vacant lots in Scenic Estates. Although these are being offered at a low price, sales have been slow. These do represent an option for the construction of affordable houses. New home building may also be able to use infill lots, redevelopment parcels or other sites that could exist.

It may be appropriate to take direct public action in the construction of affordable homes. In other parts of the State, communities have partnered with housing nonprofit groups to promote new construction. In some cases, financial resources from IRRRB, the Minnesota Housing Finance Agency, the Greater MN Housing Fund or other similar agencies have been utilized to write-down the end sale price.

These types of approaches generally focus on modest homes. To keep the initial costs low, the lower level of the house is often not finished. Other features, such as a detached garage, are optional and can also be added later, depending on the financial ability of the end home buyer.

It should be noted, however, that despite the cost-cutting efforts that may be applied, even modestly-priced new homes may have had a higher development cost than can be charged to the buyer. Given the relatively low values for existing houses in Bigfork, a value-gap would be expected, which may require a sale price that is less than the costs of construction. It is probable that the median home value in Bigfork in 2019 is below \$100,000, creating a significant price gap between existing home values and the prices associated with new construction.

It should also be Stated that a private builder had advanced a speculative home project in 2019, but at the time of the research for this Study, the modular home had not yet been sold. This house had a very modest price below \$160,000.

Recommendation: The projections used for this Study do expect some continued demand for new home construction, but this demand will probably remain at only one or possibly two homes per year. Working with an area nonprofit may allow the City to capture this potential demand. The difficulty with this approach will be securing adequate funding for the development subsidy that may be needed.

Despite the difficulties, affordable new construction can help to achieve multiple community goals, including the use of available lots, the provision of more affordable home ownership options, and adding to the number of home owners living in Bigfork. To the extent that adequate outside funding can be secured, this effort should be supported.

Based on actual market evidence, a realistic goal would be to construct one affordable house per year. Both redevelopment parcels and lots in the Scenic Estates subdivision are potential locations for future homes.

The City has access to multiple regional housing agencies including the Itasca County HRA, Arrowhead Economic Opportunity Agency (AEOA) and Kootasca Community Action. These entities may be able to assist the community in efforts to create home ownership assistance programs.

4. Promote the Affordable Existing Housing Stock in the City

Findings: Although lower values for existing homes serve as a deterrent to new construction, older homes do offer a very affordable ownership option. This Study tracked the sales activity in Bigfork back to the year 2010.

Given the limited annual sales activity, an aggregated median price for all sales since 2014 has been used as an indicator of home values. Over that time the median home sale price in the City has been \$91,250. Looking back as far as the year 2010, only one house has been sold in Bigfork for more than \$200,000.

Comparative home value information from the American Community Survey indicates that prices in Bigfork are substantially lower than in the area's closest regional centers, such as Hibbing or Grand Rapids. According to the American Community Survey, the median value for an owner-occupied home in Bigfork was \$75,000 in 2017, compared to \$103,800 in Hibbing and \$141,800 in Grand Rapids. The estimated median for all of Itasca County was \$156,100. Lower-valued existing homes can represent a very attractive ownership option for potential home buyers in the larger region.

Recommendation: Bigfork has job opportunities within the City. One of the community goals is to attract a larger share of the regional worker force to live in the community. Promotion of the affordable ownership options can help achieve this goal. Bigfork does have a competitive advantage in attracting home buyers, with lower average values for single family houses.

There is some evidence that over time, some of the City's older, lower-valued homes have slipped into disrepair. Action has been taken to clear some of these substandard structures, but it is in the City's best long-term interest to maintain and improve the older housing stock to attract home owners, and maintain the rate of home ownership.

As will be discussed later in this section, programs and assistance that can be offered to improve the quality and condition of older houses will also make this affordable stock more appealing to potential home buyers. There have been efforts in the past by housing agencies to offer special financing options that combined the home mortgage and rehabilitation assistance into a single loan. Borrowers can use these types of programs to purchase a house in need of repair and make the necessary improvements with the rehabilitation component.

Rental Housing Recommendations

Overview: Although most households living in Bigfork own their housing, the City does serve as the primary rental center for the surrounding region. At the time of the 2010 Census, approximately 44% of all households in the City were renting their housing. This percentage has probably increased since 2010, as Bigfork has added more rental units than owner-occupancy units through new construction since 2010.

While no large-scale rental projects have proceeded since Wildercrest Townhomes in 2007, there has been incremental growth in the rental inventory, primarily through duplex/twin home construction. There were 12 units permitted between 2011 and 2013 in duplex structures that have been offered as rental housing. Six of these are part of the Bigfork Valley senior complex, and offered as independent rental housing adjoining the campus. The remaining six units have been constructed as general occupancy rental housing oriented to the area's work force.

These recent projects have been successful, despite the higher rent structure that is required for newly-built housing. When contacted as part of the rental survey, both of these recent projects reported full occupancy and good demand.

In addition to the newer rental housing, Bigfork also has a relatively large inventory of income-restricted housing for a community of its size. This can once again be attributed to the City's remote location, well away from any regional center. Lower income renters living in this part of the State are being served by the affordable opportunities that have been created in Bigfork.

Most of the City's rental inventory does exist in larger rental developments, including Bigfork Valley Villa and Twin Homes with a combined 36 units, Condor Apartments with 23 units, Wildercrest Townhomes with 12 units, and the Horseshoe Homes with six units. With a probable rental stock containing between 100 and 110 total units in 2019, between 75% and 80% exist within these larger identified projects. There are also some rental houses and mobile homes in the community, along with miscellaneous structures with two to four units, but most of the rental inventory exists in the larger complexes.

Looking at the growth potential for the City to the year 2024 yields a reasonable projection that between 8 and 12 additional rental units would be needed to keep pace with expected growth and current unmet demand. Even more production may be appropriate, but given the City's remote location, new housing development must be oriented to serve the locally-generated demand. It is highly unlikely that workers would elect to live in Bigfork if they are employed in one of the larger regional centers that may require a log commute.

The following recommendations address specific segments of the Bigfork rental market.

5. Promote the Production of 8 to 12 Units of Market Rate Rental Housing

Findings: Small-scale market rate rental housing production has been successful in Bigfork so far in the current decade. Since 2010, twelve units have been constructed in duplex/twin home configurations.

There have been three duplexes constructed that offer general occupancy rental housing. These units have amenities of single family living, including an attached 2-car garage. Monthly rent is \$800, but with the inclusion of utilities, which are tenant-paid, the estimated gross rent probably reaches or exceeds \$1,000 per month. According to the property owner, many of the tenants are in the local work force.

The other recent success in twin home production is part of the Bigfork Valley senior campus. The Twin Homes project has six senior-designated (age 50+) units, built in phases over the past 10 years. Although these are intended for independent living, they are part of the larger senior campus which includes The Villa, Tamarack Lodge and Aspen Circle, all of which can provide housing with services. While the Twin Home part of the campus is oriented to completely independent senior households, a substantially higher rent structure applies reflecting the connection to the "continuum of care" campus. The current gross rent is \$1,782 per month, inclusive of all utilities.

Although these projects are successful, the required rent levels are above the ability to pay for most renter households in the area. According to American Community Survey income data for the Market Area, approximately 74% of all renter households had an annual income below \$35,000 in 2017. For these households, a monthly gross rent payment of \$875 or less is considered to be affordable. Only a small percentage of existing renter households can afford the rates being charged in the newest twin home projects.

Recommendation: To help expand the housing options in Bigfork, the construction of 8 to 12 market rate rental units is recommended over the next five years. Different rental styles could be used to meet this goal, including a small apartment project. Given the success of past duplex/twin home units, this style of housing also has proven to be successful with area renters. An advantage of the duplex style is that units could also be added in smaller increments.

Given the Market Area's large population of empty-nesters and seniors, a town house style project would serve households looking for a life-cycle change from home ownership. A number of small communities have had success with one-level town house-style rental projects that include a private entrance and attached garage. This type of housing can serve as a bridge between home ownership and rental housing, and has generally been very successful with seniors.

As an alternate plan, a small-scale apartment building could probably achieve a lower rent structure, that would be better matched to the income levels of area renter households. Gross rents of \$800 or less may be possible for one-bedroom units, and below \$900 for two-bedrooms.

As stated previously, the age-based projections for the Market Area expect that more than 69% of all Market Area households will be age 55 or older by the year 2024. Any new rental construction in Bigfork should contain amenities and features that would appeal to this older adult segment of the market.

The first option to developing market rate rental housing would be to encourage the private sector to construct this housing. The developer of the Horseshoe Homes twin home units has expressed an interest in building more units.

It is also possible that two additional twin homes (4 units) could be constructed at the Bigfork Valley Twin Homes site. Five structures had originally been planned, although only three have been built, despite the fact that a waiting list was reported for the current units. No information was obtained on why the final twin homes have not been built.

If private-sector activity does not occur, the City or a regional housing agency could utilize essential function bonds or similar funding sources to construct market rate rental housing in Bigfork.

One of the risks that must be identified with rental development in Bigfork is the City's remote location, well removed from any larger regional center. If job contractions were to occur in the future, there would be less demand for housing, especially from working-age residents. Conversely, job growth would add to the pressure for housing for people wishing to live near the location of their job.

Some of the area's larger employers would benefit from better housing choices for their workers. It might be possible to look at arrangements where some of the new units are master-leased for the work force to provide additional incentive for private market development.

6. Explore the Possibility of an Income Waiver at Condor Apartments

Findings: At the time of the research for this Study, there was an underutilized housing resource in Bigfork, with multiple vacancies in Condor Apartments. This 23-unit project is federally subsidized, and was constructed to serve senior and/or disabled tenant households. Design decisions made in the 1970s when the project was constructed resulted in a two-level structure without an elevator. The upper level units were largely vacant in July 2019, and an age waiver had just been obtained to allow younger, non-disabled tenants to be admitted.

While the age waiver may resolve the chronic vacancy issues with upper floor units, nearly all of these apartments have only one bedroom, and it will be necessary to find income-eligible households with only one or two household members to fill the units. It is therefore very possible that the age waiver may still result in some level of vacancy.

Recommendation: Federally subsidized rental housing is a valuable resource that cannot easily be replaced if lost. However, having vacant units in an existing building also represents a lost opportunity, by removing this housing option from moderate to higher income people looking to live in Bigfork. If the recent age waiver does not resolve the vacancy problems at Condor Apartments, it would be appropriate to explore the options for an income waiver, which could make vacancies available to higher income households. This could help to address some of the work force housing issues without the significant investment required for new construction.

7. Monitor the Supply and Demand for Income-restricted Rental Housing

Findings: There are two rental projects in Bigfork that provide affordable housing but have income restrictions for tenants. Condor Apartments has 23 units and is federally subsidized through USDA Rural Development. Wildercrest Townhomes was constructed using more shallow subsidy sources, including federal low income housing tax credits. While both have income limits, there are differences in the target markets.

Condor Apartments has access to project-based rent assistance, allowing tenants to pay rent based on 30% of household income. This provides affordable housing even for very low income renters. Condor had been designated for senior/disabled occupancy, but recently changed to allow for general occupancy. Nearly all of the apartments have only one bedroom.

Wilderness Townhomes also applies income limits to tenants, but can only offer project-based rent assistance Vouchers in three of the 12 units in the project. For the remaining nine units, a moderate rent structure applies, with estimated gross rents approaching \$800 for a two-bedroom and \$900 for a three-bedroom town house. While these represent below-market rents when compared to similar private market housing, it still requires households to have an income that is sufficiently high to pay the rent, yet still below the limits set at 60% of median income.

As stated earlier, Condor Apartments has had chronic vacancy issues, but the age waiver obtained in 2019 may help to improve occupancy by attracting younger renters that are income eligible. Wilderness did report full occupancy in July 2019, but this project has experienced vacancy issues in the past, attributed to the narrow band of qualifying income levels that apply. These vacancy issues have existed despite the fact that only nine units are subject to the narrow band of qualifying income, as three project-based Vouchers are available. At the time of the research for this Study, there were three tenant-based Vouchers also being used in Wilderness. With both tenant-based and project-based Vouchers in use, only six current tenants needed to be within the qualifying income range.

In addition to these income-restricted properties, there was one additional tenant-based rent assistance Voucher being used in Bigfork in a property other than Wilderness Townhomes.

With some overlap in resources in Wilderness, there would be 36 renter households in Bigfork that have access to some form of assisted housing in 2019. This represents nearly 35% of all rental opportunities in the City.

Despite the relatively large percentage of subsidized resources that exist, the 2017 American Community Survey showed that approximately 53% of all renter households in Bigfork were applying 30% or more of their income for housing, and most of these were applying 35% or more. These households also tended to have lower incomes, and would generally be eligible for subsidized housing.

Recommendation: In recent decades there have been very few resources for the development of new “deep subsidy” housing, similar to Condor Apartments. There have been some resources for “shallow subsidy” projects such as Wilderness. For a small community, Bigfork has been successful in securing these types of resources, and a relatively large share of the City’s rental stock has income restrictions for tenants.

Although the City could probably benefit from some “deep subsidy” units with two or more bedrooms for families, it is highly unlikely that these resources could be secured in the future. The existing projects have faced vacancy issues at times, and Condor Apartments has had to change its occupancy designation to expand its market potential.

Given Bigfork’s small size, it would probably not be successful in competing for affordable housing development programs, including low income housing tax credits or State work force housing grants. These types of funding awards are typically made to regional centers and areas with strong job growth.

We would recommend that Bigfork monitor the existing supply of tax credit and subsidized rental housing. At this time, it would not be necessary to pursue the development of additional income-restricted housing in the City.

A more realistic approach to providing affordable housing is to expand the local use of the tenant-based Voucher program. There is a lengthy waiting list for Vouchers, but continued promotion of this resource to area renter households should be encouraged. With only four current households in Bigfork utilizing this program, there should be opportunities to expand its use.

The Itasca County HRA has had some recent success in securing additional rent assistance funding, with the award of 28 Mainstream Vouchers in 2019. Mainstream Vouchers assist non-elderly households that include a person with disabilities. HUD had not made new funding awards under this program since 2005. Although this assistance is targeted to specific qualifying households, it does expand the overall pool of rent assistance resources available to County residents.

8. Monitor Demand for Senior Housing With Services

Findings: For a City with fewer than 500 residents, Bigfork has a surprisingly diverse set of housing options for seniors as they move through the aging cycle. The Bigfork Valley Community has developed over time around the hospital and clinic complex, offering a wide range of housing, from independent living to skilled nursing home care.

The Twin Homes are six units oriented to independent seniors. Adjoining the senior campus, the units offer the benefits of single family living while giving access to the campus resources.

The Villa is an apartment-style project offering housing with services. Flexible levels of care can be offered, from largely independent living with access to optional services, to full-service assisted living care.

The skilled nursing facility is licensed for 40 total beds. Twenty of these are in Tamarack, a traditional long-term care wing that can also be utilized for shorter-term transitional care stays. The remaining 20 beds are in Aspen Circle, a secured memory care wing that was opened in 2014.

This campus allows seniors to largely age-in-place. Although they may need to move between the various buildings, they remain as part of the Bigfork Valley Community.

This Study has examined a Market Area that immediately surrounds the City of Bigfork. While this geography serves as the primary draw area for housing in Bigfork, it appears that a secondary market area is also supplying seniors to the various specialized housing options that are present in Bigfork.

In 2019, the primary Market Area contained 543 senior citizens age 65 and older, according to the age-based estimates from Esri. However, nearly 300 of these seniors were in the 10-year range between 65 and 74 years old. While these younger seniors may access some specialized forms of housing, the utilization rates increase significantly among older seniors, age 75 and above.

In 2019, there were approximately 245 older seniors living in the Market Area, including the existing residents of Bigfork Valley Community. There were 330 senior-headed households in the Market Area, including 150 households age 75 and older.

The age-based projections from Esri expect the older senior population to grow by 27 people over the next five years, and by 11 households. Greater growth will take place if all seniors, age 65 and older are examined, with a projection of 88 additional people and 42 additional senior-headed households.

The following calculations have been made on the current distribution of units in Bigfork compared to these senior demographics:

Independent Living - Independent living options are available in the Twin Homes and in The Villa. A reasonable estimate is that between 18 and 23 total units on the campus are typically used for independent living. Since this type of housing could appeal to younger seniors, a comparison has been made to households age 65 and older. To maintain full occupancy, a capture rate of approximately 5.7% to 7.3% is required among all senior households.

Assisted Living - Some residents of The Villa acquire only minimal services, but approximately 15 units are typically used for assisted living. For older senior households age 75 and above, a capture rate of approximately 10% is required to maintain full occupancy.

Memory Care - This very specialized form of housing serves people in the advanced stages of memory loss that cannot live successfully in other types of senior housing. In 2019, 20 beds are utilized for memory care. Excluding seniors that are living in the skilled nursing home, a capture rate of approximately 8.9% is required in the older senior population for full bed utilization.

Long-Term Care - Twenty beds are also devoted to traditional nursing home care. At times, some of these are being used for transitional care stays, but in general, a similar capture rate of more than 8% would be required for this type of housing within the Market Area's primary target group.

In the opinion of Community Partners Research, these are high capture rates for a small community. It highlights the fact that some seniors are coming to Bigfork from outside of the immediate area. The memory care wing reported residents from home communities including Grand Rapids and International Falls, despite the fact that these cities also have memory care facilities. This may be due to a shortage of open beds within their home community, or it could be that this level of care is more affordable in Bigfork.

The Villa will accept County assistance programs, including Elderly Waiver, and the use is not capped. This may help to attract lower income seniors that cannot find a unit within their home community that will accept these types of programs.

Despite the large concentration of units, high occupancy rates were reported. Both the Twin Homes and The Villa have waiting lists. The memory care beds have a high utilization rate and even the traditional nursing home beds were fully utilized when contacted in September 2019.

Recommendation: Based on the research completed for this Study, we would recommend that the City monitor the need for additional senior housing with services. The current senior campus is adequately serving the primary senior housing segments.

Although some level of pent-up demand may exist in 2019, based on the presence of waiting lists, the distribution of units is already high compared to the local senior population. Some growth can be expected in the coming years, but in numeric terms this expected increase is small. The entire Market Area is projected to add approximately 27 people and 11 households in the age ranges 75 and older by the year 2024. This will not yield a significant change in the demand for specialized care units.

Longer-term, there will probably be some decline in the area's population of seniors. The generations immediately following the baby boom were smaller in size. With Bigfork's remote location, any future development plans should be cognizant of the limited population density of the surrounding areas.

Housing Rehabilitation

Findings: The City of Bigfork has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the City's 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.

As the existing housing stock ages, more maintenance and repair will be 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.

9. Promote Rental Housing Rehabilitation Programs

Findings: Much of the rental stock in Bigfork exists in multifamily projects, including some newer developments, income-restricted housing, and on the senior campus. However, the City also has some rental options in single family houses, mobile homes, and small structures containing four or fewer units. Much of the inventory in small structures is older housing.

Based on American Community Survey estimates, approximately 27% of all rental units in the City were constructed prior to 1970. This may include older, lower-valued houses may have been acquired by investors over time, and then converted to rental use.

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

Recommendation: Bigfork should continue to promote the rehabilitation of older housing. Working with regional housing agencies such as the Itasca County HRA, Kootasca Community Action and AEOA, the City should seek funds to rehabilitate rental units. In Bigfork, this is likely to be "spot" rehab activity, as most of the older rental housing will be in single family houses or small rental structures.

10. Promote Owner-occupied Housing Rehabilitation Programs

Findings: A housing conditions survey completed in 2019 found some houses in need of repair in Bigfork. In total, 93 single family houses were viewed and rated for condition.

Most of the houses in Bigfork are generally in good condition, with more than 72% rated in the sound or minor repair categories. However, there were 19 houses rated as needing major repair, and 7 houses rated as dilapidated. Dilapidated structures may be beyond the point of economically feasible repair. These structures may need to be cleared, with a plan to re-use the lot.

Housing rehabilitation programs available in Itasca County include the Minnesota Small Cities Development Program (SCDP), the Fix-Up Fund, the Single Family Rehabilitation Program and the Weatherization Program.

Recommendation: We would recommend that the City of Bigfork prioritize the rehabilitation of the older housing stock in the community. The Small Cities Development Program is a funding source that can be used for a larger-scale rehabilitation effort. The Itasca County HRA is currently administering an SCDP grant in Grand Rapids that includes an owner-occupied housing activity, and may be a resource for Bigfork in developing an SCDP application.

11. Continue to Demolish Dilapidated Structures

Findings: The housing condition survey in 2019 found 7 single family houses in the City that are dilapidated and possibly too deteriorated to rehabilitate. Records obtained from the City indicate that some houses have been demolished and cleared in recent years, but some substandard buildings also remain.

Recommendation: The City should continue to work with property owners to demolish or repair dilapidated structures. The appearance of the City is enhanced when blighted buildings are removed. It may also be possible to re-use cleared lots for redevelopment.

12. Consider Programs to Improve the Condition and Quality of Mobile Homes

Findings: As part of the housing conditions analysis, there were also 23 mobile homes that were also viewed and rated in Bigfork. Most of these units are in poor condition, with nine rated in the major repair category and six rated as dilapidated, and probably beyond repair. Only two mobile homes were rated as sound, the highest rating used, and only six were judged to be in need of only minor repair.

Recommendation: Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective. Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition.

We recommend that the City or area housing agencies consider the possible use of the following ideas:

- ▶ ***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 from the park and demolished or salvaged. The owner could then use the funds from the sale to help purchase a new home. In some cases, housing agencies have provided funding for down payment assistance or gap financing programs to purchase new mobile homes. Also, mobile home dealerships have participated with buying the salvaged homes.
- ▶ ***Time of Sale Inspection Program*** - This inspection program is designed to provide safe living conditions to community residents through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ ***Cooperative/Land Trust*** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.

Agencies and Resources

The following regional and state agencies administer programs or provide funds for housing programs and projects:

Arrowhead Economic Opportunity Agency, Inc.

702 3rd Avenue South
Virginia, MN 55792
(218) 749-2912

Iron Range Resources and Rehabilitation Board

P.O. Box 441
Eveleth, MN 55734
(218) 735-3000

Itasca County Housing and Redevelopment Authority

102 NE 3rd Street
Suite 160
Grand Rapids, MN 55744
(218) 326-7978

Kootasca Community Action

201 NW 4th Street
Suite 130
Grand Rapids, MN 55744
(218) 999-0800

Greater Minnesota Housing Fund

332 Minnesota Street
Suite 1201 East
St. Paul, MN 55101
info@gmhf.com
General contact: (800) 277-2258, (651) 221-1997

Minnesota Housing Partnership

2446 University Avenue
Suite 140
St. Paul, MN 55114
<http://www.mhponline.org/information-email-at-mhp>
General contact: (800) 728-8916, (651) 649-1710

Minnesota Housing Finance Agency

400 Sibley Street

Suite 300

St. Paul, MN 55101

mn.housing@state.mn.us

General contact: (800) 657-3769, (651) 296-7608

USDA Rural Development

Virginia Service Center

1202 8th Street South

Virginia, MN 55792

(218) 741-3929