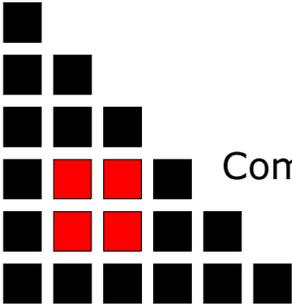


City of Nashwauk HOUSING STUDY

November 2019

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



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City of Nashwauk Executive Summary

Overview

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

Demographic Highlights

- ▶ There are some differing opinions about recent population and household growth in Nashwauk. However, even the most optimistic estimates show only limited changes in the community since 2010. If the City has added population and households this decade, it would be due to the occupancy of housing units that had been vacant at the time of the 2010 Census. There is no evidence that the City's available housing stock has increased by more than a few units in the past 10 years.
- ▶ In the opinion of the analysts, the most reliable recent estimate is from the Minnesota State Demographer's Office. This source shows the City adding one household after 2010, but with 21 fewer residents, as the number of people per household has continued to decrease over time.
- ▶ The best information on the City's average household size shows a relatively small average, probably between 2.12 and 2.17 persons per household. This number of persons per household is consistent with an older population and fewer children in the City.
- ▶ In 2010, more than 51% of all households in the Nashwauk Market Area had a head of household that was age 55 or older. By 2019, these older adult households represented more than 58% of all households. By 2024, the Esri projections indicate that nearly 61% of all households in the Market Area will be headed by a person age 55 or older.
- ▶ Household income levels for the City are very similar to the Countywide, although the median family income is lower than for all of Itasca County. The estimated median household income was \$58,083 for Nashwauk in 2017, and a median of \$56,250 for families. The medians in Nashwauk had been increasing rapidly, probably due to improved economic conditions through the course of the current decade.
- ▶ In the City of Nashwauk, the estimated median renter household income was \$30,938 in 2017, with a median of \$59,333 for home owners.

- ▶ A comparatively high median income level for renter households resulted in only 29% having a housing cost burden, with more than 30% of income needed for rent. Only 12% 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 Nashwauk, average annual growth of approximately two to three households per year would be expected. For the entire Market Area, including Nashwauk, an approximate average of eight households per year is being projected.
- ▶ 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

- ▶ City records show only three houses constructed in Nashwauk since 2010. No information exists on housing unit losses but some deteriorated structures have been demolished in recent years. As a result any possible growth in the City's housing stock is assumed to be minimal.
- ▶ The City has added an 11-lot subdivision, but so far only one lot sale has occurred with one new house added.
- ▶ Home value estimates can vary due to limited annual sales. For all home sales since 2018, the estimated median price was \$75,000.
- ▶ Nashwauk's single family housing stock is older than average with a median year of construction in 1946.
- ▶ As part of the research for this Study a visual housing condition analysis was completed in two of the City's oldest neighborhoods. There were 76 houses rated as needing major repair, and an additional 11 houses that were rated even lower, and possibly beyond the point of feasible repair.
- ▶ Mobile homes in Nashwauk were rated in generally poor condition, with more than 79% rated in the two lowest condition categories.

Rental Housing

- ▶ Nashwauk has a limited inventory of rental housing that exists in multifamily structures. All of the conventional market rate stock is in smaller properties such as rental single family houses and mobile homes.
- ▶ No direct information was obtained from market rate units in Nashwauk. The estimated median gross rent for all units in the City in 2017 was \$789, according to the American Community Survey.
- ▶ The only two multifamily projects identified in the City are Deering Manor, a 41-unit HUD subsidized property for senior/disabled tenant occupancy, and Hillcrest Nashwauk, a 40-unit senior housing facility offering housing with services including assisted living.
- ▶ Deering Manor has had persistent vacancy problems in recent years. According to the manager there is limited demand from seniors. Most of the tenants in the building are younger people with disabilities.
- ▶ There were also a number of vacancies in Hillcrest, although applications were being processed to fill most of the units.

Employment/Economic Highlights

- ▶ Statistics on Nashwauk-based employment show some job growth in recent years. The number of jobs covered by State unemployment insurance in 2018 was 69 jobs higher than in 2009. However, the recent peak was reached in 2015, and since that time there are 74 fewer jobs based in Nashwauk.
- ▶ The average annual wage for all employment sectors in Nashwauk was approximately \$37,900 in 2018.
- ▶ Most Nashwauk residents are employed locally. Commuting statistics from 2017 showed that 60% of City residents were traveling fewer than 20 minutes for their primary job. However, 40% of the City's residents were traveling 20 minutes or more. The primary destination for outbound commuters was Hibbing.
- ▶ Although most of the employment options in Nashwauk are filled by people that do not live in City, approximately 58% of these jobs are filled by people with a drive time of less than 20 minutes. The primary identified jurisdictions supplying workers were Hibbing, Keewatin, Greenway Township and Coleraine.

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 Nashwauk:

Home Ownership

- 1. Promote the Affordable Lot Options in the City** - There are affordable lots in the Bozich subdivision that can be used for single family home construction, including lower-priced home options. At \$5,500 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 12 to 14 Units of Market Rate Rental Housing** - To help expand the housing options in Nashwauk, the construction of market rate rental units is recommended. Different rental styles could be used to meet this goal. Many similar-sized communities have had success with one-level town house rental projects that include a private entrance and attached garage. This style of housing can serve as a bridge between home ownership and rental housing, and has generally been very successful with seniors. 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. Promote the Creation/Conversion of 6 to 8 Affordable Market Rate Rental Housing Units** - New construction units would tend to be beyond the financial capability of most area renters. Even moderately-priced two-bedroom units would typically require the household to have an annual income of \$35,000 or more. In 2017, a majority of Nashwauk's renter households had an annual income below \$32,000, and would need a unit at \$800 per month or less. It may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in commercial buildings, or through the rehabilitation of deteriorated rental housing.
- 7. Monitor the Supply and Demand for Subsidized Rental Housing** - Nashwauk has only one federally subsidized housing project, which is designated for senior/disabled tenant occupancy. This project has had insufficient demand over time and vacancies are typical. There were also has 5 tenant-based Vouchers in use. 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** - Nashwauk has a specialized housing option for seniors in Hillcrest Nashwauk, which is part of a larger senior complex with facilities in Hibbing and Chisholm. There has been unused capacity in Nashwauk in surveys completed in 2019 and 2015, although applications were in process in 2019 to fill most open units. Although some growth is projected within the area target market, the numeric change is relatively small, with a projected increase of 65 households age 75 and older 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** - Nearly all of the conventional market rate housing in Nashwauk exists in smaller structures such as single family houses or mobile homes. Excluding mobile homes, most of these units were constructed before 1960. 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** - Nashwauk's single family housing stock is older than average, with an estimated median year of construction in 1946. A housing condition survey in two of Nashwauk's oldest neighborhoods identified 76 houses rated as needing major repair and 11 houses rated as dilapidated. Dilapidated structures may be beyond the point of economically feasible repair. The City has participated in concentrated SCDP rehab programs in the past but ongoing efforts to rehabilitate single family houses are encouraged.
- 11. Continue to Demolish Dilapidated Structures** - The housing condition survey found 11 single family houses in the City that are dilapidated and possibly too deteriorated to rehabilitate. Records obtained from the City indicate that some substandard structures 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 24 mobile homes that were viewed and rated in Nashwauk. Most of these units are in poor condition, with 10 rated in the major repair category and nine 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 Nashwauk, Grand Rapids, Bigfork and Cohasset. This document specifically focuses on the City of Nashwauk, 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
- City of Nashwauk Housing Study 2015
- 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, which 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.

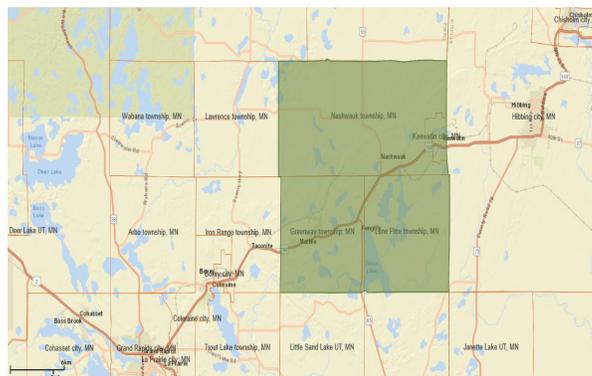
The annual population and household estimates from the Minnesota State Demographer, effective for 2018, have also been reviewed. While these are available for cities, townships and counties, they are not provided for specific Unorganized Territories (UT).

An additional data provider, Esri, Inc., has been used for the current-year, 2019 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 2024.

Market Area Designations

In addition to presenting demographic information for Nashwauk, the analysts have also examined an aggregated Market Area that surrounds the City. Given Nashwauk's location between the substantially larger Cities of Hibbing and Grand Rapids, the defined Market Area is rather compact. However, it is recognized by the analysts that there are large population centers near Nashwauk which can offer some potential for housing development within the City.

As used in this Study, the Nashwauk Market Area includes the Cities of Nashwauk and Keewatin, and the Townships of Greenway, Lone Pine and Nashwauk. All of these jurisdictions are in Itasca County.



Population Trends Analysis

The following table tracks population change over time, using the decennial censuses data back to the year 1990. 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 - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Nashwauk	1,026	935	-8.9%	983	5.1%	1,028
Market Area	5,335	5,374	0.5%	5,098	-5.1%	5,234
Itasca Co.	40,863	43,992	7.7%	45,058	2.4%	46,530

Source: U.S. Census Bureau; Esri

Esri’s 2019 population estimate shows 1,028 people living in the City of Nashwauk, up by 45 residents from the count recorded in the 2010 Census. This estimate is higher than other available data sources, although the effective date is one year forward from the other estimates.

The most recent estimate from the Minnesota State Demographer’s Office has an effective date in 2018. It showed 962 people living in Nashwauk. When compared to the 2010 Census benchmark, the City had lost 21 residents between 2010 and 2018. A third estimate source, the Census Bureau’s annual population estimates program, placed the City’s population at 952 people in 2018, down by 31 people from 2010.

Although some differences do exist between the recent estimates, they tend to show limited population change so far this decade. If reduced to an annual average, the City has experienced a range from -4 to +5 people per year since 2010. Some of the variation is due to differences in the average household size estimates for the community, which has then impacted the total population estimates presented.

The Market Area aggregation, which includes the adjoining cities and townships had experienced changes from decade to decade, but over a longer time period has largely maintained a stable population level. If Esri’s 2019 estimate is compared to the 1990 Census count, the Market Area’s population has only decreased by approximately 100 people.

However, the State Demographer's 2018 estimate for the combined Market Area jurisdictions was only 4,924 residents, down by 174 people from the 2010 Census count.

There are also some differences between the available 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 is the impact of seasonal versus permanent residents.

Esri believes that growth has been occurring within the jurisdictions outside of Grand Rapids. 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 in the remaining County jurisdictions outside of Grand Rapids and Nashwauk.

Population by Race/Ethnicity

Historically, Nashwauk has had a relatively small population within racial and ethnic minority groups. According to the 2010 Census, more than 96% 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 there was only one group quarters resident identified in Nashwauk, living in a noninstitutionalized home. There has been no identified increase in group quarters residents since that time.

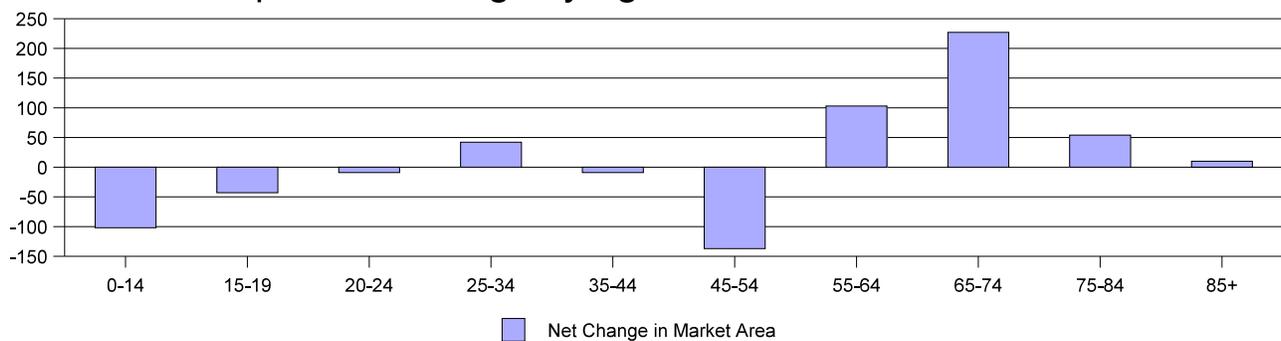
Population by Age Trends: 2010 to 2019

The following table compares population by age changes in the Nashwauk Market Area between 2010 and 2019, using the 2010 Census and 2019 estimates from Esri.

Table 2 Population by Age - 2010 to 2019			
Age	Market Area		
	2010	2019	Change
0-14	889	787	-102
15-19	315	272	-43
20-24	232	223	-9
25-34	542	584	+42
35-44	574	565	-9
45-54	811	674	-137
55-64	833	936	+103
65-74	491	718	+227
75-84	296	350	+54
85+	115	125	+10
Total	5,098	5,234	+136

Source: U.S. Census; Esri

Population Change by Age Between 2010 and 2019

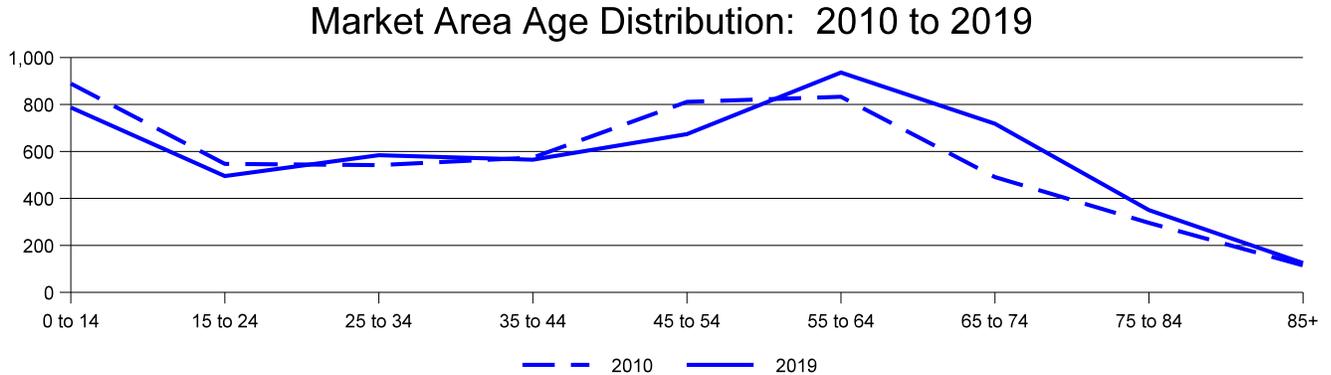


According to Esri, the Market Area has added population from 2010 through 2019, but many of the defined age groups actually decreased in size over this time period.

Nearly all of the net population growth can be attributed to an increase in the 20-year age range between 55 and 74 years old. This group, largely reflecting the baby boom generation, added 330 people according to Esri. Trailing behind the advancing baby boomers was a smaller demographic group, resulting in a decrease in the population age 45 to 54 years old. Changes were much more limited in most of the other age ranges.

Overall, the Esri estimates show an increase of nearly 400 people age 55 and older, but a net decrease of more than 250 people age 54 and younger. This included a decrease of more than 140 children and young adults under the age of 20.

The aging trends can be tracked back to the year 2010 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 Through 2024			
	2019 Estimate Esri	2024 Projection Esri	Projected Change
Nashwauk	1,028	1,052	14 / 2.3%
Market Area	5,234	5,317	83 / 1.6%
Itasca County	46,530	47,462	932 / 2.0%

Source: Esri

Esri’s projection for Nashwauk expects the City to continue growing, but at a low numeric pace between 2019 and 2024. On an average annual basis, the City would be expected to add approximately three people in a typical year. This forecast is consistent with Esri’s estimated change in the past, as they believe that the City’s population has been growing by approximately five people per year so far in the current decade.

Very limited growth is also being projected for the entire Market Area, with the expected addition of 83 residents over the next five years. On an annual average basis, this equates to approximately 17 people per year.

Esri is more optimistic about future growth Countywide, expecting more than 600 permanent residents to be 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 has 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 1990. 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 - 1990 to 2019						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Nashwauk	436	434	-0.5%	452	4.1%	473
Market Area	2,168	2,306	6.4%	2,248	-2.5%	2,308
Itasca County	15,461	17,789	15.1%	18,773	5.5%	19,371

Source: U.S. Census; Esri

Esri’s 2019 estimate for Nashwauk shows the City adding 21 households since 2010. This estimated increase in households exceeds the identified growth in the City’s housing stock during that same time period. While it is possible that Esri has overestimated household growth in the community, Nashwauk did have between 40 and 50 vacant rental and owner-occupancy units in 2010. To the extent these were later occupied by permanent residents, the addition of 21 households is also possible.

According to the State Demographer, there were only 453 resident households in the City in 2018. When compared to the 2010 Census, the City had added only one household so far this decade. This estimate is a better match to the known growth of the housing stock, but would also imply that the units recorded as vacant in the 2010 Census are still not occupied.

The Census Bureau does not issue annual household estimates, but based on the population in 2018, this source would have shown a household count that was slightly lower than the State Demographer’s, and would indicate almost no change in recent years.

For the Market Area, Esri shows that 2,308 households are present in 2019, up by 60 households from 2010. Once again, this estimate is higher than the State Demographer’s, which showed 2,228 households in the aggregated Market Area in 2018. The Demographer’s latest estimate shows 20 fewer households than were counted in 2010.

The primary estimating sources 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 the City.

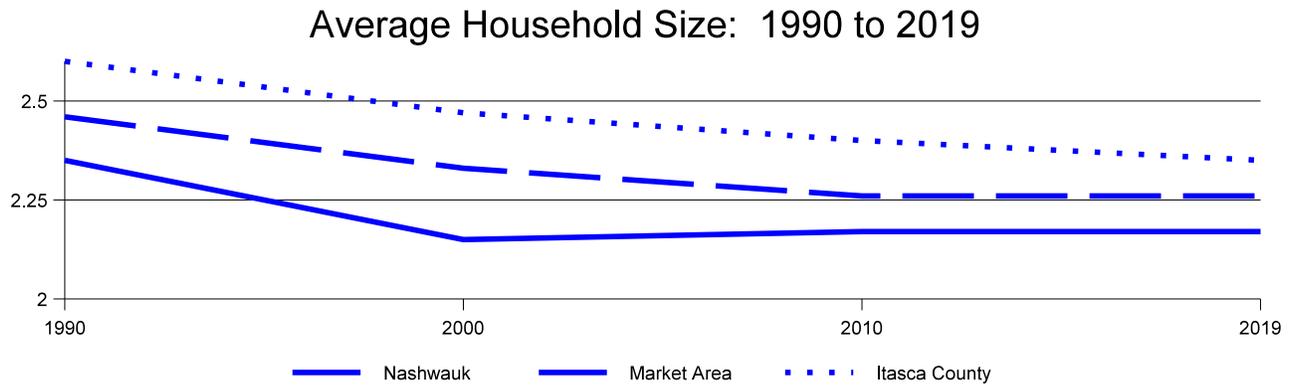
Average Household Size

The following table provides decennial Census information on average household size dating back to 1990. The 2019 estimates from Esri are also provided.

Table 5 Average Number of Persons Per Household 1990 to 2019				
	1990 Census	2000 Census	2010 Census	2019 Estimate
Nashwauk	2.35	2.15	2.17	2.17
Market Area	2.46	2.33	2.26	2.26
Itasca County	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 largely stabilized in Nashwauk as the City’s average household size in 2019 was unchanged from 2010. However, other data sources, including the State Demographer’s Office, have been tracking a reduction, with an estimated household size of 2.12 persons in Nashwauk in 2018.

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

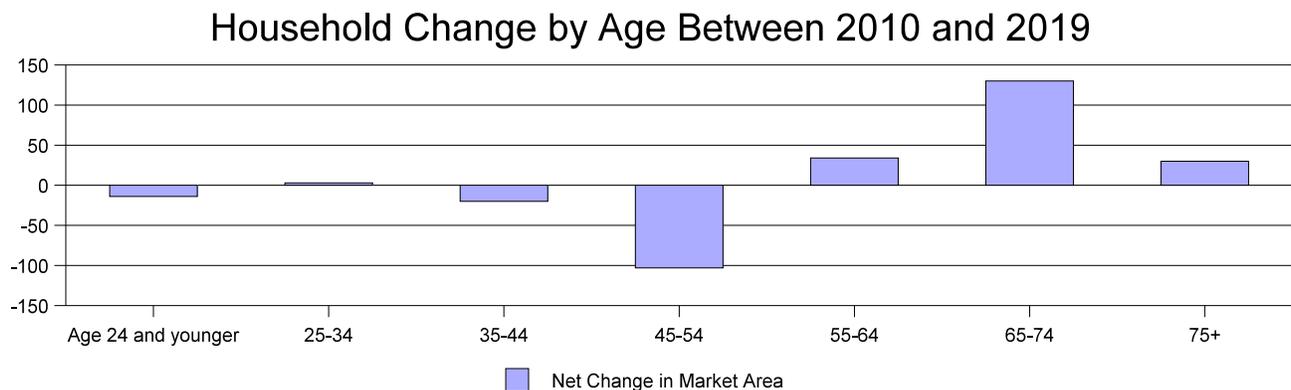
Household Characteristics: Age Trends

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 is for the entire Nashwauk Market Area.

Table 6 Market Area Households by Age - 2010 to 2019			
Age	Market Area		
	2010	2019	Change
15-24	65	51	-14
25-34	268	271	+3
35-44	298	278	-20
45-54	467	364	-103
55-64	514	548	+34
65-74	323	453	+130
75+	313	343	+30
Total	2,248	2,308	+60

Source: U.S. Census; Esri

So far this decade, the Nashwauk Market Area has added 60 households, according to Esri. While the overall increase is somewhat limited, there have been fairly large changes within some of the defined 10-year age ranges.

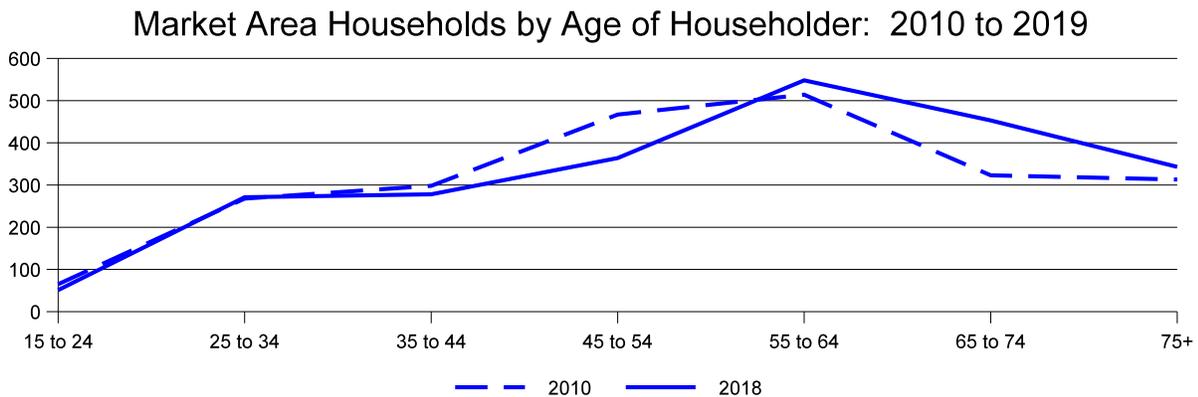


Much of the positive change occurred in the prime “baby boomer” age groups, between 55 and 74, with especially strong growth in households age 65 to 74 years old.

The age group trailing behind the baby boomers was much smaller in size, with an estimated reduction of more than 100 households in the age group between 45 and 54 years old.

Only one of the younger age ranges, between 25 and 34 years old, has increased in size according to Esri, and this numeric change was limited. Overall, Esri shows a decrease of 134 households age 54 and younger so far this decade, but an increase of 194 households age 55 and older.

It is possible to track the “wave” progression of the baby boomer households in Market Area back to the year 2010, 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
Nashwauk	473	485	12 / 2.5%
Market Area	2,308	2,348	40 / 1.7%
Itasca County	19,371	19,758	387 / 2.0%

Source: Esri

Esri’s projection for the Nashwauk expects modest growth, with 12 resident households added over the next five years. This annual growth, averaging between two and three households per year, would be very consistent with Esri’s estimate of past patterns.

However, other data sources including the Minnesota State Demographer, have been tracking almost no recent household growth in Nashwauk. To reach the projected annual level of up to three households per year would require a change in this pattern, if accurate.

Esri is also optimistic about the Market Area, projecting an increase of 40 households, or an average of eight per year over the projection period. Once again, this pattern of growth would differ from the State Demographer’s most recent estimates, which show a small decrease in the number of households.

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.

Projected Households by Age

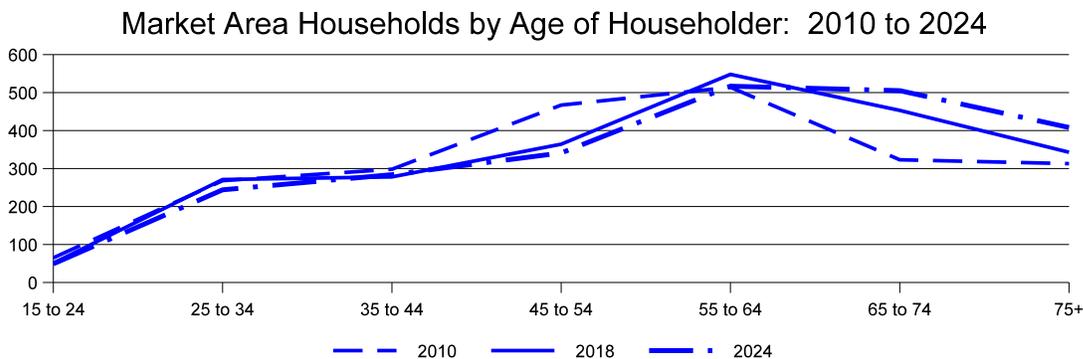
Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. The following table is for the entire Nashwauk Market Area.

Table 8 Market Area Projected Households by Age: 2019 to 2024			
Age Range	2019 Estimate	2024 Projection	Change
15-24	51	49	-2
25-34	271	244	-27
35-44	278	284	+6
45-54	364	341	-23
55-64	548	517	-31
65-74	453	505	+52
75+	343	408	+65
Total	2,308	2,348	+40

Source: Esri

The age-based projections to 2024 expect most of the net increase in households to occur from households age 65 and older in the Nashwauk Market Area. Households age 75 years old and older will show the largest numeric increase of any age cohort, adding 75 households. The other senior age group, 65 to 74 years old, is projected to grow by nearly 52 households.

Although the number of younger adult households in the 35 to 44 age group is also expected to increase slightly, losses are projected within all of the other ranges below age 65. As a result, approximately 117 additional households are projected in the combined age groups age 65 and older, but 77 fewer households are expected in the age groups 64 and younger.



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, no median levels are available.

In 2014, Community Partners Research, Inc., had completed a housing study for Nashwauk that included income estimates for 2013. In the table below, information from 2017 has been compared to 2013 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 - 2013 to 2017			
	2013 Median	2017 Median	% Change
Households			
Nashwauk	\$36,250	\$52,083	43.7%
Itasca County	\$46,912	\$52,050	14.1%
Minnesota	\$59,836	\$65,699	14.8%
Families			
Nashwauk	\$43,625	\$56,250	28.9%
Itasca County	\$56,705	\$61,216	7.6%
Minnesota	\$74,683	\$82,785	16.1%

Source: ACS

Information contained in the 2017 American Community Survey showed that the City’s median household income level had increased substantially since 2013, and was very similar to the Countywide median for 2017. The City’s median family income had also increased at a substantial rate, but was still nearly \$5,000 lower than the median for all of Itasca County.

There was also some growth between 2013 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 Nashwauk could apply nearly \$1,300 per month, and a median income family could apply approximately \$1,405 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.

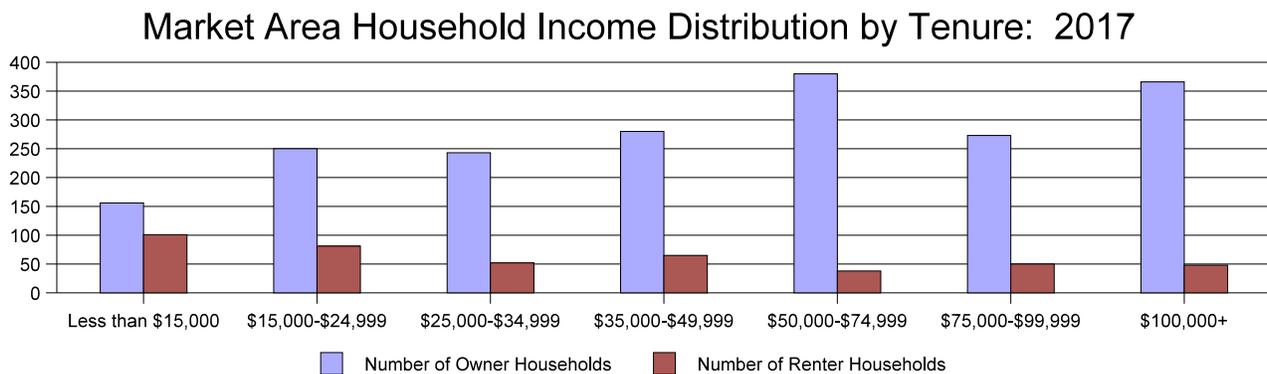
Household Income Distribution by Tenure: 2017

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

The 2017 American Community Survey estimates for the Nashwauk Market Area show more households than any of the other available data sources. However, this still represents the best information on household income by housing tenure.

Table 10 Market Area Income Distribution by Tenure: 2017			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	156	101	257
\$15,000 - \$24,999	250	81	331
\$25,000 - \$34,999	243	52	295
\$35,000 - \$49,999	280	65	345
\$50,000 - \$74,999	380	38	418
\$75,000 - \$99,999	273	50	323
\$100,000+	366	48	414
Total	1,948	435	2,383

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 88%, with fewer than 12% 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 nearly 27%. For low income households below \$25,000 for annual income the rental rate was approximately 31%.

Since the Nashwauk 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 renter households, the estimated median income level in 2017 was approximately \$31,826. For all home owners, the estimated median income was approximately \$52,960.

For just the City of Nashwauk, the estimated median renter household income was \$30,938 in 2017, compared to a median of \$59,333 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 Nashwauk.

Table 11 Nashwauk Renter Household Cost Burden - 2017		
Percent of Income for Housing	Number of Households	Percentage of All Renters
Less than 20%	65	34.4%
20% to 29.9%	34	18.0%
30% to 34.9%	2	1.1%
35% or more	53	28.0%
Not Computed	35	18.5%
Total	189	100%

Source: American Community Survey

Using a standard that 30% of income for housing defines a cost burden, most renter households in Nashwauk did not have a cost burden for rental housing in 2017. However, this was partly due in part to a relatively high number of households where the cost to income percentage was not computed. Overall, more than 29% of all renters were paying 30% or more of their income for housing.

Cost burden was generally the result of a lower household income. The large majority of all 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 Nashwauk 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 Nashwauk Owner Household Cost Burden - 2017			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	96	109	205
20% to 29.9%	42	0	42
30% to 34.9%	7	0	7
35% or more	22	7	29
Not Computed	11	0	11
Total	178	116	294

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 12% of all home owners reported that they paid more than 30% of their income for housing, and most of these households were actually paying more than 35% of income for housing costs.

Most of the cost-burdened home owners had a mortgage, but some 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.

Table13 Nashwauk Housing Construction Activity: 2010 to 2019*			
Year	Single Family	Multifamily Rental	TOTAL
2019*	0	0	0
2018	1	0	1
2017	0	0	0
2016	0	0	0
2015	1	0	1
2014	0	0	0
2013	0	0	0
2012	0	0	0
2011	0	0	0
2010	1	0	1
TOTAL	3	0	3

Source: City of Nashwauk, Census Bureau

* Partial-year

Based on available records, it is probable that only three new single family houses have been constructed in the City so far in the current decade. However, it is possible that one additional house was moved into Nashwauk, with the potential that the housing stock has increased by four units, before adjusting for any unit losses.

The previous housing study completed for Nashwauk had tracked a much greater level of new construction activity in the 2000s, with 26 single family houses constructed in the years from 2002 through 2009. The 42-unit Hillcrest senior project was also built in 2008. Hillcrest provides specialized care, including assisted living and housing for people with memory loss.

Lots and Land

In recent years the City developed a publicly-owned residential subdivision with 11 lots, known as Bozich Addition. IRRRB assistance was used in this land development project. These lots are priced at \$5,500. One has been sold and a new modular home has been constructed.

There are some identified issues that may be negatively impacting lot sales in Bozich. One is the absence of natural gas service. This requires houses to use electric heat or propane, both viewed as a more expensive option than natural gas. Another issue is a radar tower adjoining the property, which some people may view as potentially lowering the property value.

City staff also indicated that approximately five infill lots may be available around the community. These may also be suitable for new home construction.

Existing Home Sales

This section examines houses that have been sold within recent years in the City of Nashwauk. 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 did have 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 Nashwauk Residential Sales Activity - 2010 to 2019*

Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2019*	7	\$108,100	\$259,500	\$38,600
2018	15	\$75,000	\$213,050	\$16,000
2017	12	\$72,500**	\$157,774	\$10,000
2016	9	\$75,000	\$93,000	\$10,000
2015	9	\$100,000	\$177,439	\$35,000
2014	6	\$57,450**	\$66,000	\$25,000
2013	14	\$73,725**	\$218,500	\$10,000
2012	9	\$78,400	\$241,000	\$20,000
2011	6	\$62,250**	\$111,500	\$32,500
2010	7	\$83,500	\$300,000	\$29,000

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

* 2019 is through August

** Extrapolated median from two nearest sales

With a limited number of good sales occurring within any single year, there can be wide variation in the annual median price. In 2018, when 15 sales were recorded, the median price was \$75,000. A similar median was reached in 2016 and 2017. But year-to-date in 2019, a higher median price has been reached, although this may change when a full year of activity is recorded.

Some higher valued home sales can occur in Nashwauk, but since 2013 there have only been three home sales for more than \$200,000. Some lower valued sales also occur, and in each of the years reviewed at least one house was sold for less than \$50,000.

Although not displayed in the table above, the County records also listed some rejected sales. From 2010 through 2014 there were some bank-owned home sales in the community, but since that time only one distressed property sale has been recorded.

An alternate home value estimate exists in the American Community Survey, although the most recent information is for 2017. According to this source, the median owner-occupied home value in Nashwauk was \$85,200, generally similar to the recent sales medians.

Active Residential Listings

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Nashwauk. On August 22, 2019, there were eight single family homes that were listed for sale in the City limits of Nashwauk. The following table examines the MLS listings by listing price, as posted on Realtor.com.

It is important to note that the active properties are those included in the Multiple Listing Service (MLS) and would generally be offered through a real estate agent. There are other properties that are posted for sale that would not be part of the MLS, including most homes being offered "for sale by owner".

Asking Price	Number of Listings	Percent of Listings
Less than \$75,000	1	12.5%
\$75,000 - \$99,999	2	25%
\$100,000 - \$124,999	2	25%
\$125,000 - \$149,999	1	12.5%
\$150,000 +	2	25%
Total	8	100%

Source: Realtor.com; Community Partners Research, Inc.

Overall, 75% of active listings in were priced at less than \$150,000. The two houses listed above this level were for \$179,000 and \$315,000. The listing with the highest price was on a large 1.63 acre lot, but was connected to City sewer and appeared to be within the city limits.

Nashwauk Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in Nashwauk's two oldest neighborhoods.

The boundaries of the two neighborhoods are as follows:

Neighborhood #1:	North - Hawkins Ave. East - 4 th St.	South - Roberts Ave. West - 1st St.
Neighborhood #2:	North - Roberts Ave. East - 4th St.	South - Hwy 169 West - 1st St.

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

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

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

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

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

Table 16 Windshield Survey Condition Estimate - 2019					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood #1	54 / 22.7%	110 / 46.2%	63 / 26.5%	11 / 4.6%	238
Neighborhood #2	38 / 33.5%	56 / 52.3%	13 / 12.2%	0 / 0%	107
Total	92 / 26.7%	166 / 48.1%	76 / 22.0%	11 / 3.2%	345

Source: Community Partners Research, Inc.

- ▶ Overall, approximately 27% of the houses that were viewed in the City’s two older neighborhoods were rated as sound, with no significant exterior repairs identified.
- ▶ More than 48% of the houses needed only minor repair, while 22% needed major repairs.
- ▶ There were 11 houses rated in the dilapidated category, and are possibly not economically feasible to repair. All of the dilapidated houses were in Neighborhood #1.

Nashwauk Mobile Home Housing Condition

Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of 24 mobile homes located in the mobile home court.

Mobile homes were categorized in one of four levels of physical condition, Sound, Minor Repair, Major Repair, and Dilapidated as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

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

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

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

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

Table 17 Windshield Survey Condition Estimate - 2019					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile homes	0 / 0%	5 / 20.8%	10 / 41.7%	9 / 37.5%	24

Source: Community Partners Research, Inc.

- ▶ The mobile homes in Nashwauk are generally in poor condition. No mobile homes were rated as sound and fewer than 21% were rated as needing only minor repair. Nearly 42% were rated as needing major repair and nine mobile homes were viewed as dilapidated and probably beyond repair.

Age of Housing

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

For owner-occupancy units in Nashwauk, the estimated median year of construction is 1946. Approximately 68% of the stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1968. Approximately 47% of the rental units were constructed prior to 1960.

The housing stock in Nashwauk is relatively old. For comparison, the median age for owner-occupancy units Countywide is 1976, and 1977 for rental housing.

Mobile Home Data

The American Community Survey also provides some details on the mobile homes in the City. According to this source, the median value for home homes in the community was \$61,000 in 2017. While this estimate may be accurate, it would be inconsistent with the mobile home condition information provided earlier. That review had found that most of the mobile homes in the City are in poor physical condition.

Rental Housing Data

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 118 occupied rental units and 39 unoccupied rental units in Nashwauk, for a total estimated rental inventory of 157 units. The City's rental tenure rate was 26.1%, slightly below the Statewide rental rate of 27.0% in 2010. However, with nearly 40 vacant rental units, the rental tenure rate would have been higher if more of these units had been occupied.

Based on available records, no new rental housing has been constructed in the City since 2010. It is possible that some level of tenure conversion may have occurred. According to City staff, there has been some increased use of single family houses for rentals.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in the City of Nashwauk. Information was tallied separately for different rental market segments. The survey was conducted August 2019.

Very few multifamily rental projects could be identified in Nashwauk. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

The units that were successfully contacted include:

- ▶ 0 market rate units
- ▶ 41 federally subsidized units in Nashwauk
- ▶ 35 federally subsidized units in Keewatin
- ▶ 40 senior with services units/beds

The findings of the survey are provided below.

Market Rate Summary

There are no market rate rental units in multifamily (4+ units) that could be identified in Nashwauk. Nearly all of the market rate inventory exists in single family houses used for rentals or in rented mobile homes.

The estimated median gross rent for all units in Nashwauk in 2017 was \$789, according to the American Community Survey.

Subsidized Summary

There is one federally subsidized rental project in Nashwauk. Deering Manor has 41 units and is designated for senior and/or disabled tenant occupancy. In the neighboring community of Nashwauk there is a 35-unit project, Keewatin Apartments, that provides general occupancy housing. Both of these buildings were contacted in the rental survey.

Rental Rates

All of the units in both Deering Manor and Keewatin Apartments have access to project-based rent assistance. These units charge rent based on 30% of the tenant's household income. For more moderate income tenants, a maximum rent cap applies.

Unit Mix

In Deering Manor there are 40 one-bedroom apartments and one two-bedroom unit. This project is designated for senior/disabled tenant occupancy.

Although Keewatin Apartments is designated as general occupancy housing, 33 of the 35 total units have only one bedroom. There are also two two-bedroom apartments.

Occupancy / Vacancy

There were 12 vacant units in Deering Manor at the time of the 2019 survey. The survey completed as part of the 2015 Study had found 15 vacancies. According to the property manager most seniors want to live in the larger cities in the region, with limited demand in Nashwauk from senior households. Approximately 70% of the current tenants are younger people with a disability.

A much higher occupancy rate was reported in the Keewatin Apartments. Only one unit was vacant at the time of the survey and was in the process of being filled from a waiting list.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960, 1970s and 1980s. Some of the older projects around the State have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing. Neither Deering Manor nor Keewatin Apartments are in the process of leaving their subsidy program.

Housing Choice Vouchers

In addition to subsidized rental projects, Nashwauk households have access to the Housing Choice Voucher Program. The Itasca County HRA administers the Housing Voucher Program in Nashwauk 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.

At the time of the research for this Study there were five households with a Nashwauk mailing address and four households with a Keewatin address receiving Voucher assistance. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating renters within each 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.

Senior Housing with Services

Hillcrest Nashwauk Assisted Living is located in Nashwauk and was constructed in 2008. The facility includes 40 one-bedroom units and provides housing with services.

Hillcrest has 24-hour staffing and assisted living services can be provided. All tenants receive basic services such as laundry and housekeeping assistance, 3 meals daily and access to staffing. Higher levels of care can then be purchased as needed.

Rental Rates

The lowest entry point is approximately \$3,000 per month for the basic service package. Additional services are then acquired as needed.

The facility will accept County assistance programs such as Elderly Waiver, and the number of recipients is not capped. These types of programs allow lower income residents the ability to acquire needed services.

Occupancy/Vacancy

There were eight units that were unoccupied at time of survey, but seven applications were in process.

Table 18 Nashwauk Market Rate Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Income-Restricted - General Occupancy					
Deering Manor Apartments Nashwauk	40 - 1 bedroom <u>1 - 2 bedroom</u> 41 - total units	\$803 30% of income	12 vacant units	Senior/ disabled occupancy	HUD Section 8 apartment project constructed in 1979 and designated for senior or disable tenant occupancy. All units have access to rent assistance allowing rent based on 30% of income up to maximum rent listed. 12 units were vacant at time of survey but 3 applications in process - some level of vacancy is typical. Manager says that most seniors want to be in larger cities - approx. 30% of tenants are seniors and 70% younger and disabled.
Keewatin Apartments Keewatin	33 - 1 bedroom <u>2 - 2 bedroom</u> 35 total units	\$586 \$600 30% of income	1 vacant unit, waiting list	General occupancy	HUD Section 8 subsidized apartments constructed in 1980 and designated for general occupancy - but most units have only 1 bedroom. Tenants pay 30% of their income up to market rents listed. Amenities include stove, refrigerator and wall AC. One-bedrooms have 665 sq ft and 1 bathroom. One unit vacant at time of survey due to turnover but waiting list exists. Manager reported a mix of tenants.

Table 18 Nashwauk Market Rate Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Housing with Services					
Hillcrest Communities Nashwauk	<u>40 - 1 bedroom</u> 40 total units	\$3,000+ additional services as needed	8 vacant units but 7 applications in process	Housing with services	Hillcrest Nashwauk was constructed in 2009 and is part of the Hillcrest Communities that also has facilities in Hibbing and Chisholm. Apartment-style units with kitchenette and private bathroom. Facility has 24-hour staffing and assisted living services can be provided. All tenants receive basic services such as laundry and housekeeping assistance, 3 meals and access to 24-hour staffing. Higher levels of care can then be purchased as needed. Eight units were unoccupied at time of survey but 7 applications were in process. County assistance is accepted and use is not capped. Many residents come from Nashwauk area.

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

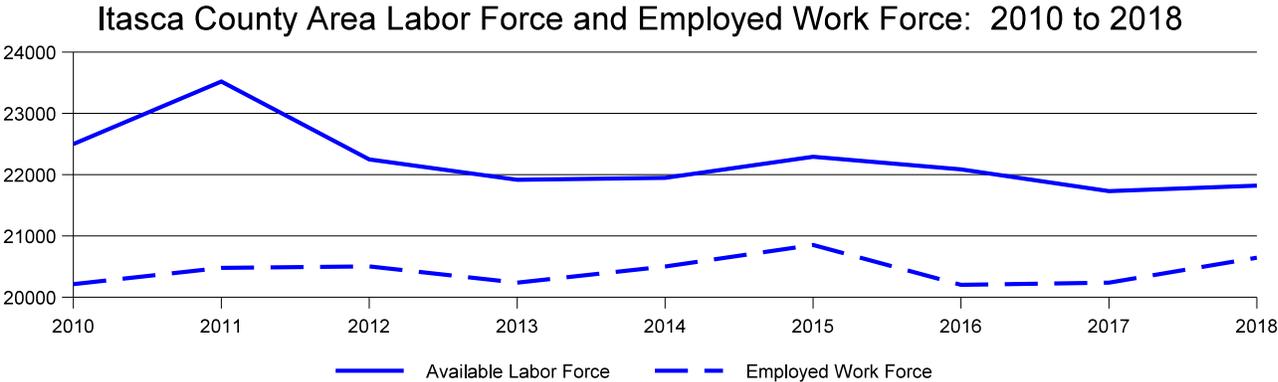
The Minnesota Department of Employment and Economic Development does not provide employment information at the City level for Nashwauk. The following table looks at statistics since 2010 for all of Itasca County.

Table 19 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

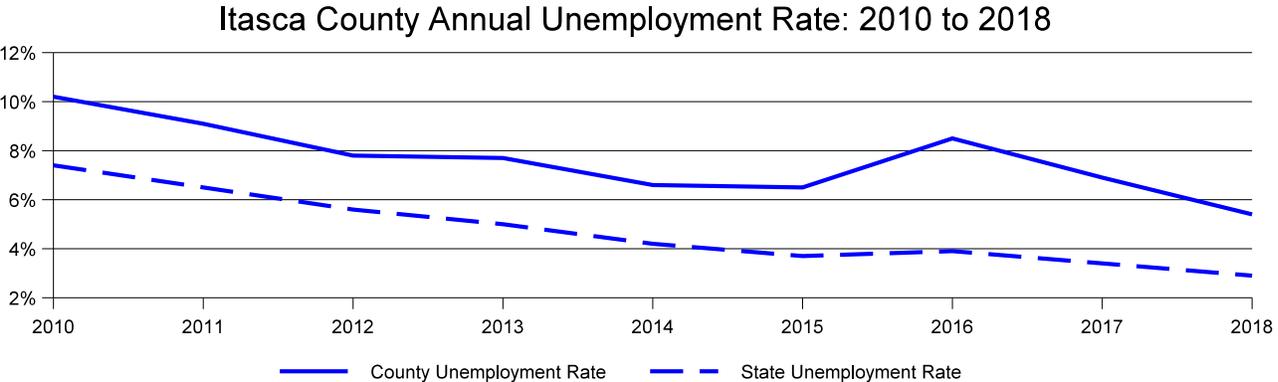
The Local Area Unemployment Statistics (LAUS) tracks employment by place of residence. It shows how many County residents are actively in the labor force, and their employment status, regardless of where they actually work.

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.



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.



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 Nashwauk. 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 20 Nashwauk Average Annual Wages by Industry - 2018		
Industry	Employment	Average Annual Wage
Total All Industry	381	\$37,908
Trade, Transportation, Utilities	39	\$29,900
Financial Activities	46	\$51,792
Leisure and Hospitality	28	\$7,800
Public Administration	52	\$16,224

Source: MN Department of Employment and Economic Development

For all industry, the average annual wage was \$37,908 in 2018. For comparative purposes, the average annual wage for all employment Countywide was approximately \$41,600 in 2018.

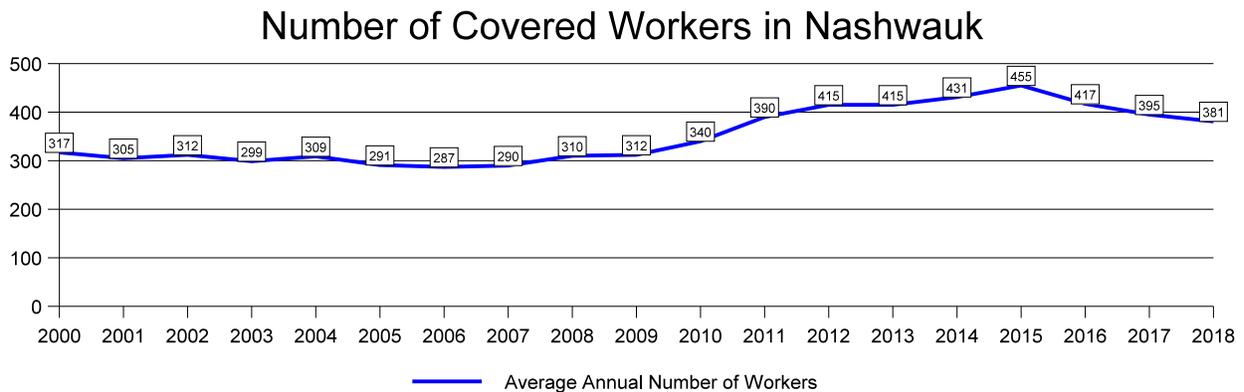
Due to the limited number of covered workers in the City, the detailed reporting on industry sectors showed only four subgroups. Public Administration was the largest defined industry sector for employment. However, the average annual wage was only \$16,224, the second lowest of any industry sector. Financial Activities had the highest wage, at nearly \$51,800 for full-time employment in 2018.

Nashwauk 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 Nashwauk back to the year 2000.

Table 21 Nashwauk Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
-	-	2009	312
2000	317	2010	340
2001	305	2011	390
2002	312	2012	415
2003	299	2013	415
2004	309	2014	431
2005	291	2015	455
2006	287	2016	417
2007	290	2017	395
2008	310	2018	381

Source: QCEW - MN Department of Employment and Economic Development



When viewed over a longer time period, back to the year 2000, there has been some growth in the number of jobs in Nashwauk. However, employment reached its recent peak in 2015, and has decreased every year since then.

Commuting Patterns of Area Workers

While jobs exist in Nashwauk, 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 22 Commuting Times for Nashwauk Residents - 2017		
Travel Time	Number	Percent
Less than 10 minute	137	33.3%
10 to 19 minutes	110	26.7%
20 to 29 minutes	74	18.0%
30 minutes +	91	22.1%
Total	412	100%

Source: American Community Survey

Given the City’s size, it is assumed that residents that also worked in Nashwauk would have a drive time that was less than 10 minutes. However, most City residents were traveling more than 10 minutes, including approximately 22% that were traveling 30 minutes or more to their primary job in 2017.

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

Table 23 Commuting Times for Nashwauk Employees - 2017		
Travel Time	Number	Percent
Less than 10 minutes	152	30.0%
10 to 19 minutes	144	28.4%
20 to 29 minutes	108	21.3%
30 minutes+	103	20.3%
Total	507	100%

Source: American Community Survey

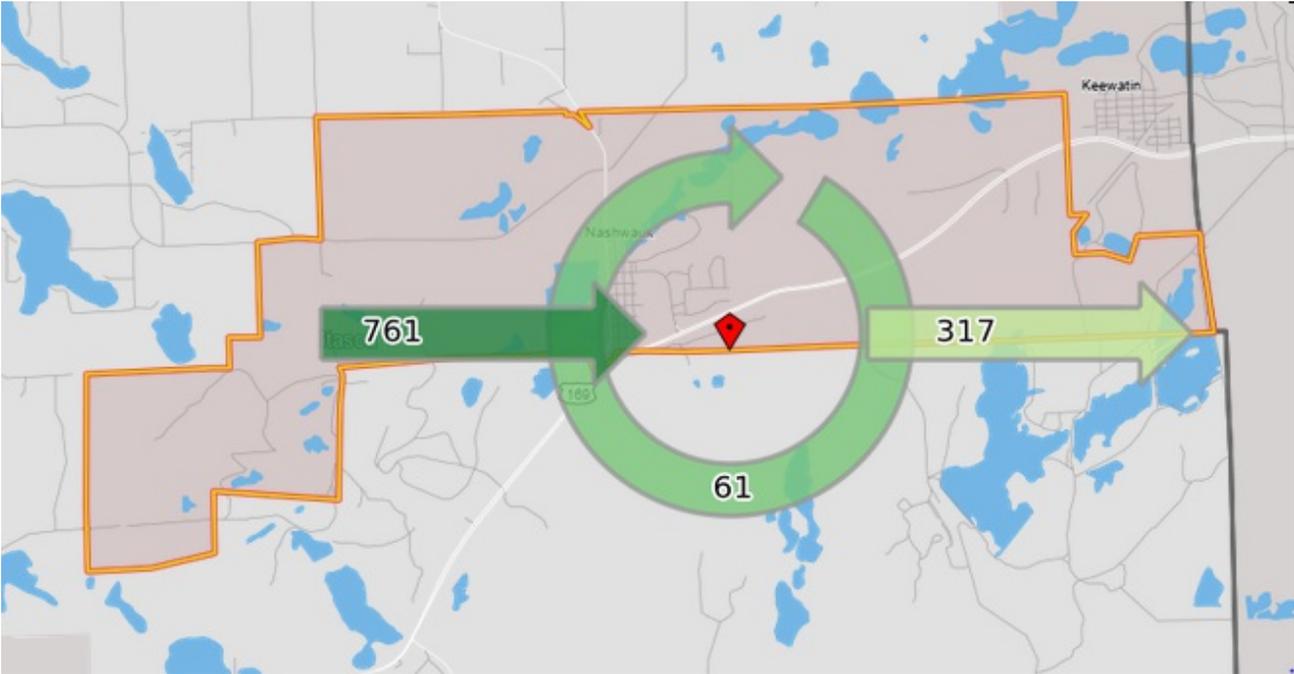
Most people that work in Nashwauk were traveling less than 20 minutes. Overall, more than 58% of the jobs were filled by people traveling less than 20 minutes, including the people that both live and work within Nashwauk. However, nearly 42% were filled by people traveling 20 minutes or more.

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.

According to the report for Nashwauk, there were 822 people that were employed within the city limits in 2017, higher than the other available estimates. Only 76 of these Nashwauk-based employees also lived within the City, with nearly 750 employees commuting into the City. The primary identified jurisdictions supplying workers to the City were Hibbing, Keewatin, Greenway Township, Coleraine, Northern Itasca UT and Grand Rapids.

Most Nashwauk residents left their home community to work elsewhere. In 2017, nearly 84% of the City’s employed residents actually worked outside the city limits. The primary location listed for outbound commuters was Hibbing, with approximately 34% of all commuters working in that community. Other employment locations included Grand Rapids, Mt. Iron and Duluth.



Findings and Recommendations

Overview

Community Partners Research, Inc., had also completed a housing study for Nashwauk in 2015. The research work completed in 2019 serves as an update to that previous document. Many of the initiatives and issues identified in 2015 are still relevant for the community. The 2019 project has provided the newest information on demographic and growth patterns as well as housing market conditions.

Prior to addressing the specific housing recommendations, some summary information has been presented, based on the details in the previous demographic, existing housing and employment sections contained in earlier sections of this document.

Growth Trends Summary

The Demographic section of this report has presented information on the current estimates for the City and the surrounding area, referred to as the Nashwauk Market Area.

For the City of Nashwauk, some conflicting growth estimates exist. One source, Esri, shows the City adding a moderate level of people and households since 2010. But other sources, including the Minnesota State Demographer and the U.S. Census Bureau, show a more stable community, with no real increase in households, and the probable loss of some residents over time.

It is known that the housing stock in Nashwauk has not changed significantly in recent years. Very few housing units have been added through new construction. With an older housing stock, it is possible that the City has lost some housing due to age and obsolescence.

At the time of the 2010 Census, Nashwauk had a fairly large number of vacant housing, much of it identified as rental units by Census takers. If this vacant housing was occupied in the years after 2010, it is possible that the City has grown. But there is little evidence to support this. The City's largest multifamily apartment building reported a number of vacancies in 2019. It is also possible that some of the other vacant units in 2010 were unoccupied due to condition and quality, and this may not have changed.

For Nashwauk to add households and people going forward, it is likely that some new housing creation will be needed. To help promote this, the City did develop an 11-lot residential subdivision in recent years. However, only one modular home has been placed in this area, despite attractive lot pricing.

A generally similar pattern has existed for the larger Market Area. Esri tends to show some population and household growth, while the State Demographer shows a much more stable pattern. The age distribution patterns for both Nashwauk and the Market Area show an above-average number of older adults. As the existing residents age, and there are fewer people per household, the Demographer tends to show some decrease in the total population, even if the number of households remains more stable.

Countywide there has been some growth, but most of this is probably located in the City of Grand Rapids, which has seen a housing expansion through both rental and owner-occupancy new construction.

There is no available information on housing construction activity in the rural areas of the County. The rural parts of Itasca County have historically contained a large number of seasonal/recreational housing units. Some of the permanent household growth in the rural areas may be due to the conversion of seasonal use housing into occupancy by permanent year-round residents. The availability of attractive rural and lake front locations has helped to attract and retain households, including retirees.

Growth Projections Summary

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

According to Esri's projection for the year 2024 for Nashwauk, average annual growth of approximately two to three households per year would be expected. For the entire Market Area, including Nashwauk, an approximate average of eight households per year is being projected.

Although these forecasts are probably higher than what has been achieved in the recent past, they are generally realistic. Nashwauk has some newer single family lots and some unoccupied rental units. Construction of two to three additional housing units per year going forward is very possible.

Likewise, growth for the entire Market Area is also possible. This would include households locating in the rural areas outside the primary cities of Nashwauk and Keewatin.

It is also possible that the area's future growth potential could significantly exceed expectations. Large-scale economic development projects have been underway in the area for many years. If successful in the future, employment growth could result in greater demand for housing near the location of the jobs.

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 changes that will be expected due to age patterns of the area population.

In general terms, most of the projected net growth between 2019 and 2024 will occur among people age 65 and older. In 2010, more than 51% of all households in the Nashwauk Market Area had a head of household that was age 55 or older. By 2019, these older adult households represented more than 58% of all households. By 2024, the Esri projections indicate that nearly 61% of all households in the Market Area will be headed by a person age 55 or older.

The largest age-based changes will occur in the specific age group between 65 and 74 years old. This would reflect many of the “baby boomers”, nearly all of whom will be age 60 or older by the year 2020. Some growth is also expected in the number of older senior citizen households (age 75+) over the next five years.

Some minor growth is projected within select younger 10-year age groups, but overall, there will probably be a net reduction in the number of households age 64 or younger living in the Nashwauk Market Area by 2024. Locally and regionally there have been a declining number of younger residents. These patterns could change if a substantial number of younger households migrate to the area for employment, but in many parts of Greater Minnesota there are fewer young adults than in the past.

Summary of Housing Unit Demand and Tenure Projections

Nashwauk is located between two of the region's primary employment centers, Hibbing and Grand Rapids. While there are also jobs within Nashwauk, it appears that most City residents leave the community for their primary employment.

The best information on commuting indicates that more than 66% of Nashwauk's employed residents are leaving the City for their primary job. For commuters, Hibbing was the most likely destination, although some were also traveling to Grand Rapids and other locations. The ability to live in Nashwauk and be employed in the regional centers has helped to maintain the relative stability of the community.

The City's home ownership rate has generally remained unchanged, although this is also a reflection of very little new construction activity of either single family or multifamily units. The rate of home ownership is estimated to be above 70% in 2019.

From a perspective of market potential, the past patterns indicate that only a limited amount of new housing construction is probable in Nashwauk over the next five years. The City does have a supply of lots for single family home construction. While a small-scale rental project is also feasible, Nashwauk primarily provides owner-occupancy housing and a stable distribution of 70% to 75% home ownership is probable in the City.

Nashwauk is home to a large-scale economic development project known as Mesabi Metallics which has the potential to create a large number of jobs and activity in the surrounding region. The development activity has been delayed in recent years, and the future of the project is not known at the time of the research for this Study. But the potential demand for housing in the community could be impacted by this project in future years.

Home Ownership Recommendations

Overview: The City of Nashwauk has experienced only a limited amount of new home construction and development in the past several years. Records from 2010 forward show only three single family houses permitted in the City. There were at least 26 houses constructed in the prior decade, but most of this activity had occurred before 2006. Since 2006, the City has averaged less than one single family housing start per year.

The experience in Nashwauk is generally consistent with other small cities in the region, as the level of new home construction in the early to mid-2000s was not sustained, and by the late 2000s significantly fewer houses were being built. This largely mirrored broader regional and national trends. But even as national housing markets have recovered, new home building in Nashwauk has not rebounded.

There are multiple reasons for the limited new construction activity, but demographic patterns are one contributing factor. In the early 2000s, the area had a larger percentage of younger households and families. By 2019, a very large share of the households in the Nashwauk area are age 55 and older. These empty-nester and senior households may be looking for new construction options, but increasingly this group will be looking for age appropriate housing choices.

In the past few years, a publicly-developed subdivision was created in Nashwauk. Bozich Addition has 11 single family lots, but only one new modular home has been placed in the development.

Going forward, the household growth projections used for this Study expect some limited demand for owner-occupied housing construction to the year 2024. The forecasts show that growth-generated demand should yield the potential for approximately 12 to 15 additional housing units in Nashwauk. In the past, the City has had an ownership tenure rate of 70% or higher, indicating demand for approximately 8 to 10 owner-occupancy units over the five-year projection period.

Growth will also continue to occur within the surrounding jurisdictions that form the Market Area, creating some additional demand for houses in the rural areas.

Some production may also be needed for unit replacement or pent-up demand for certain unit styles, but we would not expect this to be large. Overall, a realistic projection would be for the average annual construction of between one and three owner-occupancy housing units per year within the City.

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

1. Promote the Affordable Lot Options in the City

Findings: Like many communities in Minnesota, Nashwauk was interested in promoting a higher level of new home construction to help the City grow. A publicly-sponsored subdivision was created, with 11 lots in the first phase. Known as Bozich Addition, this area benefitted from IRRRB investment and has single family lots available for \$5,500. Additional land exists for future phases as needed.

Within the first few years, demand for these lots has been limited, and only one new modular house has been placed in Bozich. The lots are not served by natural gas, and the houses need either electric heat or propane, which has contributed to only one lot sale. There is also a radar tower on an adjoining property, which some view as detracting from the site.

According to City staff, there are as many as five additional residential lots in Nashwauk that are in scattered infill locations around the community. The City has been aggressive in acquiring and removing substandard structures, which could result in some additional infill building sites.

Recommendation: The projections being used in this Study do indicate some limited home ownership demand over the next five years. While some of the demand will probably be met through housing options in the rural areas around Nashwauk, the City should continue to capture a portion of the new construction, especially in the lower and moderate price ranges. Annual production of one to three owner-occupancy housing units per year represents a realistic forecast for new home construction in Nashwauk.

The City has at least 15 vacant lots, including 10 in the Bozich Addition. This should represent an adequate supply of attractive options to meet near-term demand. New subdivision development should not be needed within the next five years unless the annual demand for new houses exceeds our projections.

2. Consider the Creation of Housing Construction Incentives

Findings: As stated above, new home construction has been limited to less than one new house annually in Nashwauk in recent years. Despite the potential for increased demand for housing 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.

Recommendation: The City has already made an investment in a publicly-owned subdivision. To help see these lots sold and used for new construction, there may be 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: Given the City's investment in a new subdivision, it may be appropriate to take further action in the direct construction of affordable homes in the Bozich Addition. 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 Nashwauk, a value-gap would be expected, which may require a sale price that is less than the costs of construction.

Recommendation: The projections used for this Study do expect some continued demand for entry-level home construction, but this demand will probably remain at only one or two homes per year. Working with an area nonprofit may allow the City to capture a share of 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 publicly-owned lots, the provision of more affordable home ownership options, and adding to the number of home owners living in Nashwauk. 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 City-owned subdivision are potential locations for future homes.

The City of Nashwauk 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 Nashwauk back to the year 2010. Over that time the median home sale price in the City has only exceeded \$100,000 in 2015. Year-to-date activity in 2019 does indicate that the median price may exceed \$100,000 this year, but that could change as additional sales are recorded.

Comparative home value information from the American Community Survey indicates that prices in Nashwauk are substantially lower than in Hibbing or Grand Rapids. According to the American Community Survey, the median value for an owner-occupied home in Nashwauk was \$82,500 in 2017, compared to \$103,800 in Hibbing and \$141,800 in Grand Rapids. Lower-valued existing homes can represent a very attractive ownership option for potential home buyers in the larger region.

Recommendation: Nashwauk has job opportunities within the City and can also serve as a bedroom community to the region's larger employment centers. One of the community goals is to attract a larger share of the regional worker force to live in the City. Promotion of the affordable ownership options can help achieve this goal. Nashwauk 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. The City has taken action to clear 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.

Promotion of affordable options is encouraged. 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 Nashwauk has historically had a high rate of owner-occupancy, rental housing is an important part of the local market. At the time of the 2010 Census, approximately 26% of all households in the City were renting their housing. This percentage could potentially have been higher, but the City also had a number of rental units that were recorded as vacant by Census takers.

One of the contributing factors to a relatively low rental tenure rate has been the limited rental housing development in recent decades. Going back to the year 2002, the only new construction project that can be identified is the Hillcrest Nashwauk Assisted Living project in 2008. Hillcrest provides a very specialized form of rental housing with services. No independent living rental projects have been built in many years.

No multifamily rental projects could be identified in Nashwauk that provide conventional market rate housing. Nearly all of the market rate inventory probably exists in single family houses and mobile homes. Although these units may have a moderate rent structure, gross rents would tend to be higher when tenant-paid utilities are included.

There are only two multifamily rental buildings in Nashwauk. Deering Manor provides federally subsidized housing for senior and/or disabled tenant households, and has 41 apartment units. Hillcrest provides housing with services for seniors and has 40 apartment-style units.

The 2015 Housing Study had recommended the development of 18 to 22 additional rental units in Nashwauk, primarily oriented to the conventional market rate segment. Since that time, no new units have been developed in the City.

Although the growth projections used for this 2019 Study expect limited household growth over the next five years, there are still reasons to develop additional rental housing in Nashwauk. The following recommendations address specific segments of the Nashwauk rental market.

5. Promote the Production of 12 to 14 Units of Market Rate Rental Housing

Findings: There are no market rate projects in Nashwauk with more than four units. However, a significant number of market rate rental projects exist in Hibbing and Chisholm. Area renters looking for an apartment-style unit have generally lived in one of the neighboring communities.

One of the newer market rate projects in the area is Marshview Meadows in Hibbing, which opened in 2015. Marshview Meadows is a multi-level building, with one, two and three-bedroom apartments. Rent includes heat, but tenants pay electric. The current contract rents are \$795 for a one-bedroom, \$895 to \$945 for two-bedrooms, and \$1,050 for the three-bedrooms. There was only one open unit when surveyed in September 2019, and the manager reported good demand from a mix of different tenant households.

The rental rates being charged in Hibbing are generally similar to some of the more moderately-priced apartment construction in Grand Rapids. The River Hills Apartments have one-bedrooms from \$795 and two-bedrooms at \$915 to \$965, plus tenant-paid electricity. River Hills also reported a high rate of occupancy with good demand.

Recommendation: The 2015 Housing Study had recommended the construction of 12 to 14 market rate rental units in Nashwauk. Since that time, no rental production has occurred. Based on the research completed in 2019, this recommendation is still applicable, and a small-scale rental project would still be appropriate in Nashwauk.

The previous Study had identified different rental styles as possible in Nashwauk, including apartment units. This type of rental housing could appeal to a broad range of potential renters. The recent apartment projects in Hibbing and Grand Rapids would serve as a model for possible development of market rate units in Nashwauk.

Given the City's large population of empty-nesters and seniors, a town house style project could also be considered. Similar-sized communities have had success with one-level town house rental projects that include a private entrance and attached garage. This style of housing can serve as a bridge between home ownership and rental housing, and has generally been very successful with seniors. Some of these recent projects have been able to achieve gross rents below \$1,000 for two-bedroom units and \$1,100 for three-bedrooms.

As stated previously, the age-based projections for the Nashwauk area expect that nearly 61% of all Market Area households will be age 55 or older by the year 2024. Any new rental construction in Nashwauk 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. However, private developers have not advanced market rate rental housing projects in Nashwauk in the past. 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 Nashwauk.

6. Promote the Creation/Conversion of Six to Eight Affordable Market Rate Rental Housing Units

Findings: The previous recommendation addressed the market potential to develop high quality rental units in Nashwauk. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Even moderately-priced two-bedroom units would typically require the household to have an annual income of \$35,000 or more.

In 2017, a majority of Nashwauk's renter households had an annual income below \$32,000. These households would need a rental unit at \$800 per month or less. Although it may be possible to produce some one-bedroom units near this price range, two-bedroom units would generally be well above the level that is considered to be affordable for a majority of area renters.

Given Nashwauk'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. While these types of funding sources can produce more affordable housing, the awards are typically made to regional centers and areas with strong job growth.

There is evidence that some of the rental housing stock in Nashwauk has been underutilized. The 2010 Census recorded an above-average level of rental vacancy. The 2017 American Community Survey continued to show some unoccupied rental housing in the City. Given the demand for affordable options, it is probable that the vacancies that have existed over time may be a reflection of condition and quality.

Recommendation: In addition to high quality market rate housing, the City would benefit from additional units in a more affordable price range. Consistent with the 2015, Study, the City would be encouraged to promote the development/conversion of more affordable rental housing. A goal of six to eight units would help to expand choices for more moderate income households and would help to replace any affordable housing that has been lost over time.

It will be difficult to create affordable units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in commercial buildings, or through the rehabilitation of deteriorated rental housing.

Creating additional units with gross rents below the Voucher Payment Standards would allow households with tenant-based rent assistance the opportunity to access this housing. In 2019, the Payment Standards are at \$645 for a one-bedroom and \$850 for a two-bedroom unit, including tenant-paid utilities.

It is probable that achieving this lower rent structure would require financial commitments from other sources, such as tax increment financing, IRRRB involvement, or resources from the Minnesota Housing Finance Agency.

7. Monitor the Supply and Demand for Subsidized Rental Housing

Findings: There is only one federally subsidized rental project in Nashwauk. Deering Manor is a 41-unit apartment building oriented to senior/disabled tenant occupancy. The project is subsidized through HUD Section 8. There is also one subsidized building in Keewatin. Keewatin Apartments is a 35-unit apartment building designated for general occupancy and is also subsidized through the HUD Section 8 program.

In addition to buildings with project-based subsidies, renter households in Nashwauk also have access to the tenant-based Voucher program. Rent assistance Vouchers allow the tenant household to pay approximately 30% of income to rent, with the remaining amount provided through the program. In September 2019, there were five Vouchers in use with a Nashwauk mailing address.

Between project-based and tenant-based assistance, approximately 46 renter households in Nashwauk would have access to some form of subsidized housing. This may represent nearly 40% of all renters in the City in 2019.

Despite the relatively large percentage of subsidized resources that exist, the 2017 American Community Survey showed that approximately 29% of all renter households in Nashwauk 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.

Deering Manor has had persistent vacancy problems over the years. There were 12 unoccupied units in September when the building was contacted, although three applications were being processed, and it is possible that some of these vacancies will be filled soon. The manager indicated that most area seniors appear to be more interested in living in the larger nearby communities of Hibbing and Grand Rapids, and therefore reduced demand exists in Nashwauk.

Keewatin Apartments reported better occupancy, with only one unoccupied unit in September. Keewatin Apartments is designated as general occupancy housing, despite the fact that most units have only one bedroom, but this does expand the potential target market which includes both younger households and seniors.

Recommendation: In recent decades there have been very few resources for the development of new “deep subsidy” housing. Although Nashwauk could benefit from some additional units with two or more bedrooms for families, it is highly unlikely that these resources could be secured. Consistent with the 2015 Study, we would recommend that Nashwauk monitor the subsidized rental market, but should not pursue the development of subsidized units at this time.

If resources could be found, an expansion of units oriented to families, with two or more bedrooms, would be the preferred option. The existing projects in Nashwauk and Keewatin both have mainly one-bedroom apartments. Deering Manor is designated to serve seniors, although younger households with a disabled member can also qualify.

A more realistic approach to providing subsidized 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.

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: Nashwauk does have some specialized senior housing in Hillcrest, a housing with services facility that primarily provides assisted living. Hillcrest Nashwauk is part of a larger group of companion facilities operating in Hibbing and Chisholm. In these other communities other types of specialized care can be provided, including memory care options.

Hillcrest Nashwauk has 40 one-bedroom apartments. The units have kitchenettes, but the basic monthly rent includes three meals daily, along with light services such as housekeeping and laundry assistance. Although some residents may only acquire the basic service package, the lowest monthly charge is in excess of \$3,000, making this a less likely option for fully independent seniors.

When contacted in September, there were eight unoccupied units, although seven applications were being processed. Projects serving seniors needing services can experience periods of high unit turnover, resulting in vacancies. When a similar occupancy survey was completed by Community Partners Research in 2015, several vacancies were reported, although more specific information was not obtained.

Hillcrest does accept County assistance programs, such as Elderly Waiver, which can help lower income seniors acquire services with their housing. Use of public assistance is not capped, and Hillcrest may benefit from lower income seniors coming from other communities where the use of Elderly Waiver is more limited.

The estimates and projections used for this Study do recognize the older adult population living in Nashwauk and the surrounding Market Area. Esri's estimates for 2019 show 343 households with a head-of-household age 75 or older. To fill the 40 available units in Hillcrest, a capture rate of approximately 11.7% would be required. The 32 occupied units in September actually represented a capture rate of 9.3% among older senior households living in the Market Area. These capture rates are high, when compared to other assisted living providers and help explain the open units that have been reported.

Esri's projections extending to 2024 show that the Market Area will add approximately 65 households age 75 and older. If accurate, the required capture rate in Nashwauk would drop below 10% by the year 2024 to fill all 40 apartments.

Although no other housing with services providers exist within the Market Area jurisdictions, there is competition in the region. This includes the other Hillcrest facilities in Hibbing and Chisholm. There are also many specialized care options in Grand Rapids, and another large-scale senior complex is in the planning stages.

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 project, Hillcrest Nashwauk, primarily provides assisted living, although some units may be occupied by people needing only a lower level of services. There are no specific designated wings for memory care residents, but Hillcrest Nashwauk has companion facilities in the region that do cater to memory care needs.

The primary Market Area for Nashwauk is not overly large, although a large percentage of area residents are in the age ranges 55 and older. To fill the 40 units currently available does require a high capture rate among local older senior households. While this should decrease over the next five years due to aging patterns, the area is well-served by Hillcrest Nashwauk.

The facility is a good resource for lower income senior households needing services. The use of Elderly Waiver and similar assistance programs is not capped.

Housing Rehabilitation

Findings: The City of Nashwauk 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.

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

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

9. Promote Rental Housing Rehabilitation Programs

Findings: There is no exact inventory of the rental housing stock in Nashwauk in 2019, but at the time of the 2010 Census there were as many as 157 rental units in the City, although a number of these were unoccupied. There are two major rental properties, Deering Manor with 41 apartments and Hillcrest with 40 apartment-style units. Most of the remaining rental units exist in single family houses, duplexes or other two-unit structures, or possibly in mobile homes.

Excluding the two large multifamily projects, most of the remaining rental housing was probably built before 1960, based on American Community Survey estimates. 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: Consistent with the recommendation made in the 2015 Study, the City of Nashwauk 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 Nashwauk, this is likely to be "spot" rehab activity, as few multi-unit buildings are believed to exist.

10. Promote Owner-occupied Housing Rehabilitation Programs

Findings: A new housing conditions survey completed in 2019 continued to find houses in need of repair in Nashwauk. The windshield survey was completed in two of the City's oldest neighborhoods.

Most of the houses in the oldest parts of the City are in need of repair. More than 48% of the houses need only minor repair, while 22% needed major repairs. Overall, approximately 27% of the houses that were viewed were rated as sound, with no significant exterior repairs identified.

There were 11 houses rated in the dilapidated category. These houses are very deteriorated and are possibly not economically feasible to repair. These structures may need to be cleared, with a plan to re-use the lot.

According to City staff, Nashwauk participated in SCDP rehabilitation grants in 2010 and 2013. These were administered by Kootasca Community Action. The programs were multi-city, but some houses in Nashwauk were rehabilitated through the program.

Recommendation: We would continue to recommend that the City of Nashwauk prioritize the rehabilitation of the older housing stock in the community. According to the American Community Survey, the median year built for owner-occupancy houses in Nashwauk is 1946. Countywide, the median year of construction is 1976, so single family houses in Nashwauk are significantly older than average.

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 Nashwauk in developing a future SCDP application.

There is also some information that indicates that some older, lower valued homes have been sold to investors over time and then converted to rental use. Deteriorated single family home may be less marketable to owner-occupants, and have a chance to convert to rental use. Rehabilitation may help limit this activity.

11. Continue to Demolish Dilapidated Structures

Findings: The housing condition survey in 2019 found 11 single family houses in the City's two oldest neighborhoods that are dilapidated and possibly too deteriorated to rehabilitate. While this is a significant number of houses in a small community, it is less than the 22 dilapidated houses identified at the time of the 2015 Study. Since that time, it appears that part of this issue has been addressed. According to City staff, approximately six to eight deteriorated structures have been cleared in recent years, often with IRRRB assistance.

Recommendation: The City of Nashwauk 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 24 mobile homes that were also viewed and rated. Most of these units are in poor condition, with 10 rated in the major repaired category and nine rated as dilapidated, and probably beyond repair. No mobile homes were rated as sound, the highest rating used, and only five were judged to be in need of only minor repair.

According to the American Community Survey estimates, nearly half of the mobile homes in Nashwauk were built before 1980. According to this source, none of the inventory was built after the 1990s. Despite the age of most units, they do retain some value, as the American Community Survey placed the median value at \$61,000 in 2017.

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.

Consistent with the 2015 Study, we would continue to recommend initiatives aimed at mobile homes in Nashwauk. 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