



Comprehensive Housing Needs Analysis for Four East Iron Range Communities

**Aurora, Minnesota
Biwabik, Minnesota
Hoyt Lakes, Minnesota
White Township, Minnesota**

**Prepared for
East Range Joint Powers Board**

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Executive Summary

The East Range area is not projected to see population or household growth over the next five years. However, even without new households coming into the area, population shifts within the market are driving demand for different types of housing.

The Baby Boomers continue to age into their 60s and 70s, many retiring and leaving the workforce. These typically one- and two-person households want single-level, maintenance-free homes. Younger age groups—younger Millennials and Generation Z—are moving into the workforce but in smaller number than the Boomers, resulting in labor shortages. Younger buyers are often seeking updated rental options and first-time, single-family starter homes to buy.

These shifts create demand for new housing at a time when finding contractors to build the housing and acquiring construction materials has become more costly. Adding to all this, the East Range area has an older, often dilapidated, housing stock compared to the rest of the state. Almost 60% of the housing units in the East Range area were built before 1960. At a minimum, reinvestment in the existing stock may be required.

Purpose

The purpose of this market analysis is to estimate demand for housing in the East Iron Range communities of Aurora, Biwabik, Hoyt Lakes, and White township, Minnesota. The study includes an analysis of the demographic and economic trends, a review of the housing market in and near the East Range area, interviews with real estate professionals and housing advocates, and calculations of demand for housing units between 2022 and 2027. Recommendations can be found in the conclusions section at the end of this report.

Here are key findings from the analysis.

Findings

Demographics

- The East Range Primary Market Area (PMA) is a rural area made up of three small cities and one large township. The area is characterized by hills and ridges surrounding picturesque lakes and rivers. There are plenty of year-round outdoor recreational opportunities that make the area a desirable place to live and visit. (A map of the PMA is located on Page 11.)
- The East Range communities in this analysis include Aurora, Biwabik, Hoyt Lakes, and White Township. The area is located in northern St. Louis County on the eastern end of the Iron Range, just east of the Quad Cities of Eveleth, Gilbert, Mountain Iron, and Virginia.
- The total population of the East Range PMA was estimated to be 6,125 people in 2022.
- Unlike the state as whole, the East Range PMA is projected to slight population and household declines between 2022 and 2027. Population and household declines in the PMA are similar to the rest of St. Louis County.
- Household incomes for East Range communities are lower than the rest of the county and the state. Median incomes in these communities range from \$49,000 to \$60,000. The median household income in the St. Louis County is about \$64,000, about 21% lower than the state of Minnesota.
- Household growth is projected to occur in households over age 65 and in higher income groupings between 2022 and 2027. Many of these households are resident households aging into these groups, not new households to the area.
- The largest employers in East Range PMA are in healthcare, grocery, hospitality, and education industries.

- Employment is strong in the region. The unemployment rate was 3.3% in Virginia and 3.1% in Hibbing in November 2022.
- Households that pay more than 30% of their incomes for housing are often referred to as “cost burdened.” About 169 renter households in the PMA—about 45% of all renters—pay rent that exceeds 30% of their household income. The highest concentrations of cost-burdened households are in age groups between 25 years old and 34 years old and above age 55.

Owner-Occupied Housing Market

- Only a handful of single-family homes are constructed in the PMA each year. Between 2010 and 2021, communities in the East Range PMA have issued building permits for an average of 3.5 units each year.
- Almost all new housing units are built by custom homebuilders for homeowners who have purchased a developable lot.
- Because of high construction costs, it is very difficult to build for-sale housing that is affordable to workforce households.
- Median home values for existing homes in East Range communities are much lower than the state as a whole. The median home values for existing homes range from \$68,000 to \$97,000 in 2020. The median home value in East Range communities is about 61% to 73% lower than the state as a whole.
- About 53% of homes in the East Range PMA are owned free and clear, meaning no mortgage secures the property. For the state of Minnesota, that percentage is about 34%.
- A significant portion of the East Range PMA’s housing stock was built prior to 1960. About 59% of all units were constructed over 60 years ago.
- With low interest rates, single-family home sales transactions across the Iron Range region were strong in 2020 and 2021.
- According to the Iron Range Realtors association, transactions in 2022 across the region are not showing signs of a significant slowdown in 2022,

as might be expected considering the rise interest rates.

- Median sale prices have increased significantly between 2019 and 2022. The median sale price for non-waterfront homes for homes sold in northern St. Louis County was \$131,900 between January and November of 2022, an increase of about 26% from 2020. The median sale price for waterfront homes increased 23% over the same period.

Rental Housing Market

- Overall rents for existing properties in the PMA are affordable for most households. The median rents for communities in the East Range PMA range from between \$428 and \$717 per month. Rents in the area are between half and three-quarters of the median rent for the state as whole. It is estimated that about 81% of rents in 2020 were below \$1,000 in the East Range PMA.
- There are only a handful of rental buildings in the PMA. We identified only one general-occupancy income restricted rental housing property. Three general-occupancy rental projects were identified in the area with a total of 68 units.
- The vacancy rate for affordable housing units in the East Range is 8.3%. The vacancy rate for workforce/market-rate rental units is 7.1%.
- Apartment owners and manager interviewed said that the current vacancy rate is not unusual for the market. Most said that openings do come available but that they are generally filled quickly.
- Rents at workforce/market-rate properties range from \$600 to \$825 per month, or between \$0.71 and \$1.01 per square foot.

Senior Housing

- The senior housing market is facing significant staffing challenges that has made operating more service intensive housing difficult.
- There are limited affordable housing options for low-income seniors. One affordable senior housing property was inventoried in the East Range with a total of 62 units. There were 2

vacant unit of affordable senior housing, for a vacancy rate of 3.2%.

- One owner-occupied property was identified in the East Range that can be classified as active adult. There were no available units in that eight-unit property.
- There are limited housing options for senior wanting age-restricted, market-rate housing with limited services. There are no active adult rental properties in the East Range PMA. No independent living properties were identified in the East Range PMA.
- Two assisted living and memory care facilities were identified in the PMA—*Carefree Assisted Living* in Aurora and *New Journey Residence* in Biwabik.
- Both projects offer assisted living and memory care levels of service. However, *New Journey Residence* has temporarily suspended memory care services due to staffing issues. Those eight units are currently out of service.
- The vacancy rate for assisted living in the PMA is 0.0%. The vacancy rate for memory care in the PMA is 41.7%. That calculation includes only the 12 units in service at *Carefree Assisted Living* in Aurora.
- *Carefree Assisted Living and Memory Care* in Hoyt Lakes closed in Spring of 2020. The 20-bed community was built in 2010 and acquired by Carefree Spectrum in 2018. Sources interviewed said that the facility closed because of staffing and occupancy challenges.

Demand Estimates and Conclusions

Overall, LOCi Consulting found demand for housing across almost all of the housing types in the East Range area. The figures that follow show summaries of the demand calculations.

For-Sale Housing

- The figure that follows shows the summary of the demand calculations for for-sale housing in East Range. We find demand for between 25 and 35 units of for-sale housing in the East Range between 2022 and 2027.

- Based on the distribution of income—most of the household growth is projected to occur in higher-income households age 55 and over—much of the demand for newly constructed, for-sale homes will be for homes priced above \$325,000.
- Almost all of the new for-sale home development in the PMA is occurring on lots purchased by homeowners and built by custom builders. Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers. Most of these homes are priced above \$400,000.
- Production of for-sale units priced between \$175,000 and \$325,000 will likely be constrained simply because it is difficult to supply new homes desired by the market at those price points. There have been some efforts across Greater Minnesota to develop housing that would serve this market in recent years. But development of this type of housing has been a challenge.

Rental Housing

- The figure that follows shows the summary of demand for rental housing in the East Range PMA between 2022 and 2027. The analysis found demand for between 255 and 305 units of rental housing targeted to households with incomes less than 80% of AMI. The analysis found demand for between five and 10 market-rate units.
- For affordable housing—namely housing targeted to households below 50% of AMI—demand is primarily driven by cost-burdened households who need better housing options. There is very limited supply to satisfy this need in the East Range PMA.
- Combining the workforce housing demand with market-rate demand, we estimate there is demand for between 25 and 35 units.
- We recommend that developers focus on one-, two-, and three-bedroom units in apartment style buildings to meet the affordable and market-rate rental demand.

For-Sale Housing Demand Summary for the East Range PMA, 2022-2027

	Estimated Base Price	Estimated Demand
Market-Rate For-Sale Units 80% of AMI and Higher	\$185,000 - \$450,000	25 - 35

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

Rental Housing Demand Summary for the East Range PMA, 2022-2027

	Estimated Rents	Estimated Demand
Affordable Rental Housing Units		
Up to 50% AMI	\$0 - \$960	200 - 225
50% to 60% AMI	\$960 - \$1,150	5 - 10
60% to 80% AMI	\$1,150 - \$1,500	20 - 25
Market-Rate Rental Units	Greater than \$1,500	5 - 10

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

Senior Housing Demand Summary for the PMA, 2022-2027

	Estimated Demand
Affordable Senior Housing	30 - 35
Market-Rate Active Adult	
For-Sale Senior Housing	10 - 15
Rental Senior Housing	15 - 20
Market-Rate Independent Living/Congregate	10 - 15
Market-Rate Assisted Living	
Assisted Living	0 - 0
Memory Care	5 - 15

Source: LOCi Consulting LLC

Senior Housing

- The figure on the previous page shows the estimated demand for senior housing in the East Range PMA. There is demand for between 40 and 65 market-rate senior housing units and between 30 and 35 affordable senior housing units.
- As with the general occupancy housing demand, the greatest portion of demand is in affordable senior housing units.
- No additional demand was found for assisted living units in the PMA, but additional demand was found for memory care units.

Housing for Special Needs Populations

- There is a need for housing serving special needs populations across the Iron Range region.
- The overall lack of affordable housing options for cost burdened households in the greater Iron

Range region has ripple effects through organizations serving special need populations. All of the sources interviewed for this analysis said housing challenges make serving these populations particularly difficult.

- Sources said there is need for emergency and transitional housing, along with permeant housing solutions that offer supportive programming to stabilize individuals and families experiencing a crisis.
- While sources said that they often serve individuals and families in the East Range PMA, it may be more effective to provide services and shelter beds in communities with larger populations—like Virginia and Hibbing—rather than attempting to serve a regional population in Aurora, Biwabik, or Hoyt Lakes.

Introduction

The purpose of this market analysis is to estimate demand for housing the East Iron Range communities of Aurora, Biwabik, Hoyt Lakes, and White township, Minnesota. This market analysis includes:

- An analysis of key demographic and economic trends in the area along with comparisons to the state and country as a whole.
- A review of the housing market in East Range communities, including an inventory of existing supply and housing units that are currently being marketed.
- A discussion of planned and pending housing projects in the area.
- Interviews with real estate agents, housing developers, and special need housing advocates in the East Iron Range.
- Estimates of demand for for-sale, market-rate rental, affordable rental, and senior housing units.

Data Resources and Study Limitations

The data in this market analysis are compiled from a variety of sources, including interviews with property owners, developers, real estate agents, city officials and others, along with secondary demographic, economic, and competitive resources. Sources are identified in the figures.

LOCi Consulting believes that these sources are reliable. However, there is no way to authenticate this data and information. LOCi Consulting does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgement. The data in this analysis includes the most up-to-date information available at the time of this analysis.

The conclusions and recommendations in this market analysis are based on the best judgements and analysis at the time of the study. LOCi Consulting makes no guarantees or assurances that the projections or conclusions will be realized as stated.

1. Demographic and Economic Analysis

LOCi Consulting reviewed demographic and economic trends in the East Iron Range to understand demand for housing. This section provides an overview of those trends for the overall market and discusses how they will affect demand.

Primary Market Areas for the four East Range Communities

LOCi Consulting defined the primary market area (PMA) for housing in the four East Range Communities as the communities themselves.

- City of Aurora
- City of Biwabik
- City of Hoyt Lakes
- White township

The East Iron Range area typically includes the quad cities of Eveleth, Virginia, Gilbert, and Mountain Iron to the west of the PMA, along with the communities of Babbitt and Ely to northeast of the PMA. While there is clearly overlap between housing across the eastern portion of the Iron Range, there is some distinction between the submarkets.

We believe that the future supply of housing within the PMA has the potential to capture all of the demand generated within its boundary along with some demand from outside the PMA. It is estimated that demand from outside the area would account for about 10% of total demand. Maps 1.1 and 1.2 show the East Iron Range and the PMA.

Population and Households

Figures 1.3 and 1.4 show population and household growth for the East Range PMA, St. Louis County, the state of Minnesota, and the U.S. Figures 1.5 and 1.6 show visualizations for this data with the blue bars showing the totals and the orange triangles showing the growth (right axis).

The data is from ESRI, a nationally recognized data provider used by governments, real estate

developers, and retailers for location analytics. Data for 2022 are estimates and data for 2027 are projections.

- Overall, the PMA is projected to see a slight population decline between 2022 and 2027. Hoyt Lakes is the only community projected to see slight growth.
- Similar trends are seen in the household data. Households are projected to decline slightly in the PMA, with slight increases in the number of households in Hoyt Lakes.
- The East Range PMA is projected to lose about 28 people and eight households between 2022 and 2027.
- Population and household declines in the PMA are similar to St. Louis County as a whole.

Age by Gender

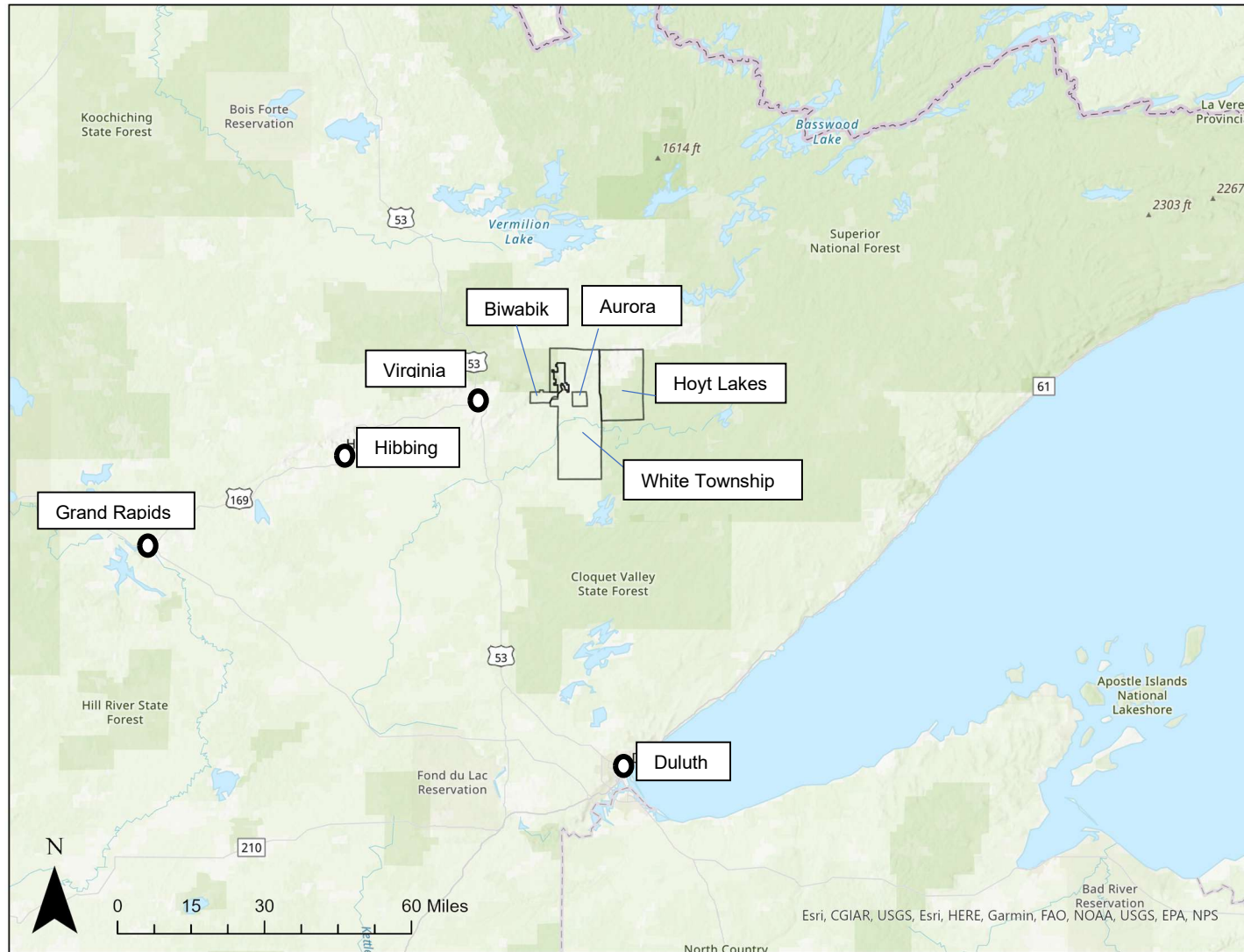
Figures 1.7 shows population by age and gender for the East Range PMA. Figures 1.8 and 1.9 are population pyramids that visualize the data from Figure 1.7.

- The largest age groups are between the ages of 55 and 74.
- Between 2020 and 2030, the population growth of seniors is expected to significantly outpace growth of the overall population across the country. But between 2030 and 2040, that population is projected to decline as a percentage of the whole.

Household Type and Size

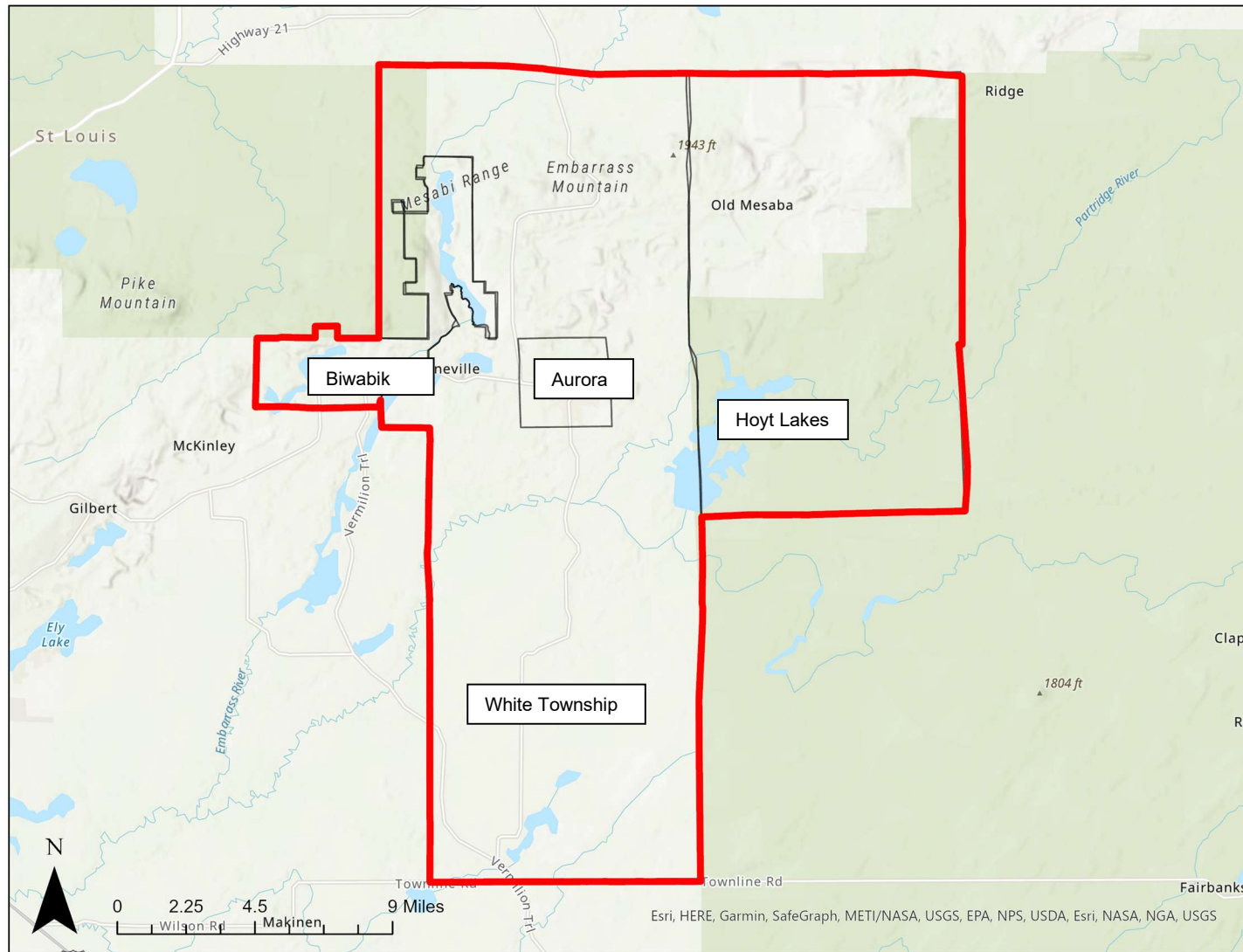
Figure 1.10 shows the distribution of households by type and by size for the East Range PMA and Minnesota. The data is from ESRI and estimated based on the American Community Survey from the U.S. Census Bureau and is based on households surveyed between 2015 and 2020.

Map 1.1: Aurora, Biwabik, Hoyt Lakes, and White Township, Minnesota



Source: ESRI, LOCi Consulting LLC

Map 1.2: East Range Primary Market Area (PMA)



Source: ESRI, LOCi Consulting LLC

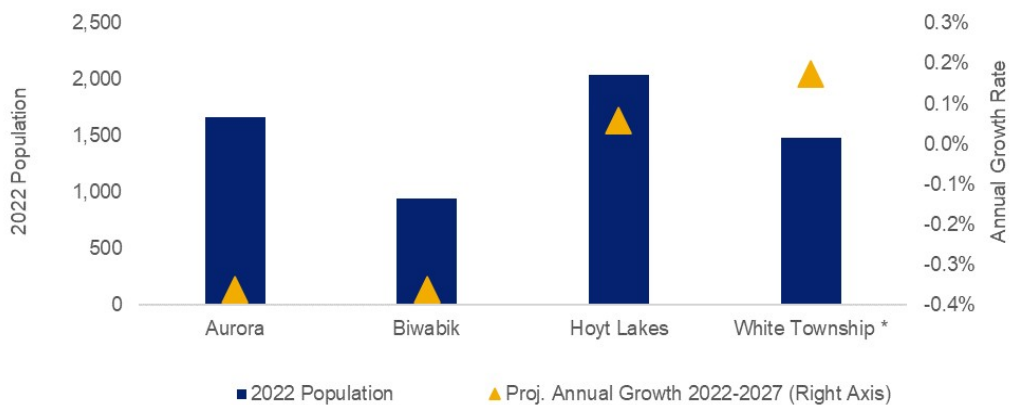
1.3 Population and Population Growth

	Census	Census	Estimate	Forecast	Annual Growth Rate	
	2010	2020	2022	2027	2010-2022	2022-2027
Aurora	1,682	1,678	1,662	1,632	-0.1%	-0.4%
Biwabik	1,036	961	946	929	-0.8%	-0.4%
Hoyt Lakes	2,017	2,020	2,039	2,045	0.1%	0.1%
White Township *	1,514	1,458	1,478	1,491	-0.2%	0.2%
East Range PMA	6,249	6,117	6,125	6,097	-0.2%	-0.1%
St. Louis County	200,226	200,231	199,278	197,677	0.0%	-0.2%
State of Minnesota	5,303,925	5,706,494	5,780,843	5,856,228	0.7%	0.3%
United States	308,745,538	331,449,281	335,707,897	339,902,796	0.7%	0.2%

* Excludes portion that is the City of Aurora.

Source: US Census Bureau; ESRI; LOCi Consulting LLC

1.4 Population and Projected Growth



* Excludes portion that is the City of Aurora

Source: US Census Bureau; ESRI; LOCi Consulting LLC

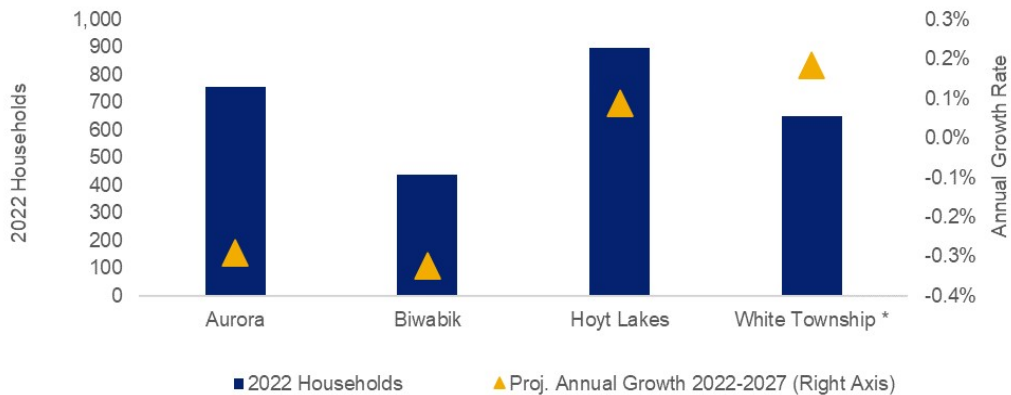
1.5 Households and Household Growth

	Census	Census	Estimate	Forecast	Annual Growth Rate	
	2010	2020	2022	2027	2010-2022	2022-2027
Aurora	777	763	758	747	-0.2%	-0.3%
Biwabik	445	441	437	430	-0.2%	-0.3%
Hoyt Lakes	885	886	898	902	0.1%	0.1%
White Township *	639	640	652	658	0.2%	0.2%
East Range PMA	2,746	2,730	2,745	2,737	0.0%	-0.1%
St. Louis County	84,783	86,540	86,235	85,702	0.1%	-0.1%
State of Minnesota	2,087,227	2,253,990	2,284,103	2,314,482	0.8%	0.3%
United States	116,716,292	126,817,580	128,657,669	130,651,872	0.8%	0.3%

* Excludes portion that is the City of Aurora.

Source: US Census Bureau; ESRI; LOCi Consulting LLC

1.6 Households and Projected Growth



* Excludes portion that is the City of Aurora

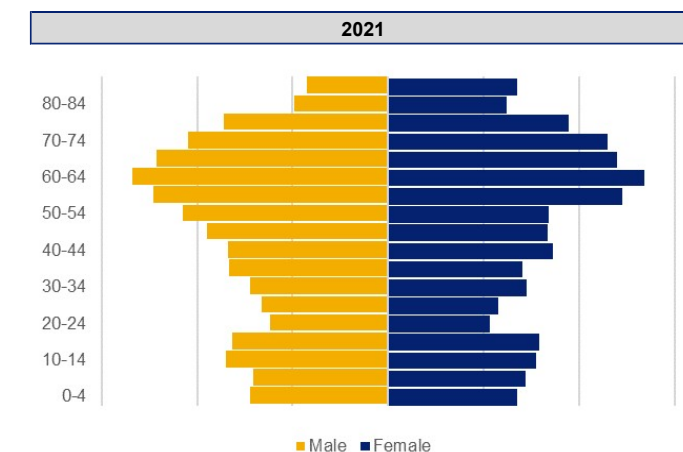
Source: US Census Bureau; ESRI; LOCi Consulting LLC

1.7 Age and Gender in East Range PMA

Age	2022			2027		
	Female	Male	Total	Female	Male	Total
0-4	135	145	280	132	143	275
5-9	144	141	285	149	146	295
10-14	155	170	325	155	159	314
15-19	158	163	321	145	178	323
20-24	107	124	231	130	121	251
25-29	115	133	248	109	129	238
30-34	145	145	290	126	136	262
35-39	141	167	308	138	149	287
40-44	173	168	341	162	190	352
45-49	167	190	357	197	195	392
50-54	168	215	383	155	197	352
55-59	245	246	491	192	212	404
60-64	268	268	536	234	229	463
65-69	240	243	483	269	268	537
70-74	230	210	440	235	245	480
75-79	189	172	361	196	162	358
80-84	124	98	222	145	127	272
85+	135	85	220	148	93	241

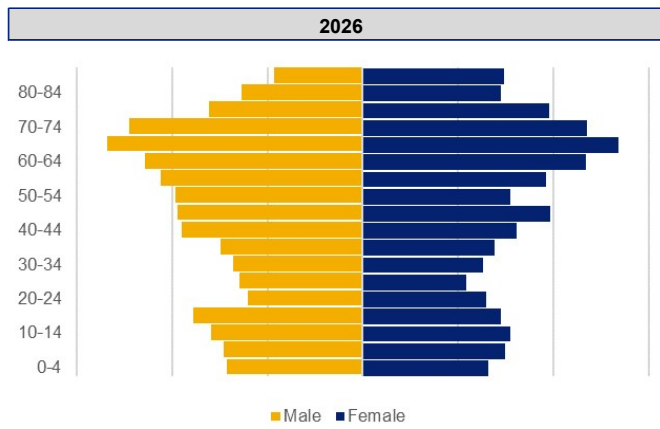
Source: ESRI; LOCi Consulting LLC

1.8 Population Pyramid, 2022



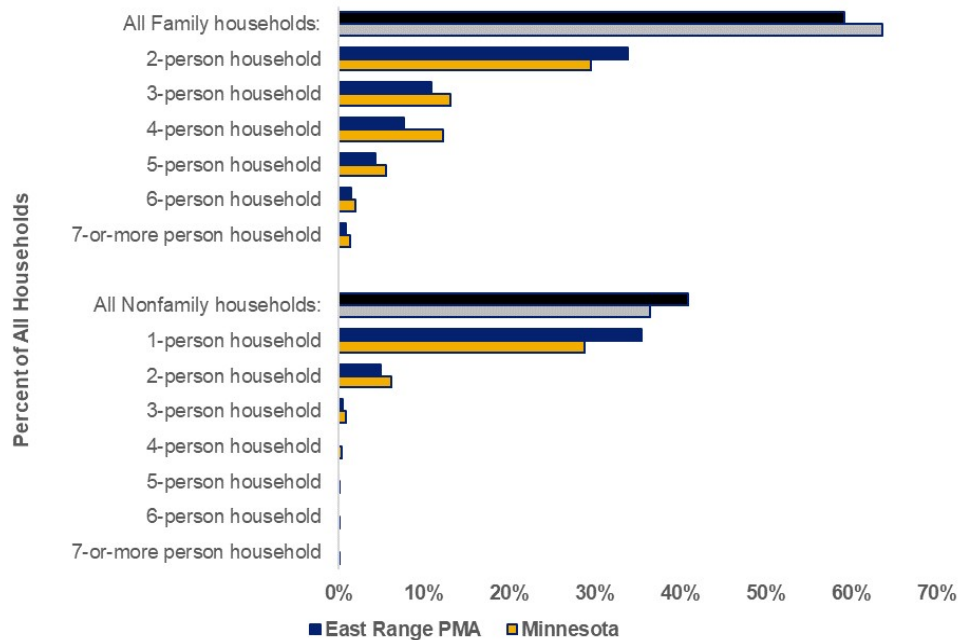
Source: ESRI; LOCi Consulting LLC

1.9 Population Pyramid, 2027



Source: ESRI; LOCi Consulting LLC

1.10 Household Size by Type of Household, 2020



Source: ESRI; American Community Survey, US Census Bureau; LOCi Consulting LLC

- The Census defines family as a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and living together. The percentage of households defined as family is 59% for the East Range PMA compared to 64% for Minnesota.
- The East Range PMA has a larger percentage of single person households than the state as whole (35% of households compared to 29%). Many of these households are single seniors who live alone.

Median Household Income

Figures 1.11 shows the median household income for cities and townships in the East Range PMA, St. Louis County, the state of Minnesota, and the U.S. Figure 1.12 shows a visualization of this data with the blue bars representing the median incomes and the orange triangles showing the annual projected growth (right axis).

- Household incomes for communities in the East Range PMA are lower than the rest of the county and the state as a whole. Median incomes in these communities range from \$49,000 to \$60,000.
- The median household income in the St. Louis County is about \$64,000, about 21% lower than the state of Minnesota.
- Income growth and decline can be caused by new households moving into or out of the PMA, or by changes in incomes that occur as households in an area age. Inflation is also driving increases. In the PMA, median incomes are projected to grow by about 1.9% to 5.0% over the period.
- Using a median household income of \$60,000, the median household could afford to spend about \$18,000 on housing per year—or about \$1,500 per month. (This assumes these households spend 30% of their income on housing.)

Households by Age and Income

Figure 1.13 shows households by age and income for the East Range PMA. Figure 1.14 shows median household income by age for the PMA and the state of Minnesota.

- The majority of household growth is projected to occur in households over age 65 and in higher income groupings. Many of these households are resident households aging into these groups, not new households to the area.
- The income threshold for market-rate housing is based on 80% of area median income shown in Figure 4.3. This limit is set by Department of Housing and Urban Development (HUD) for affordable housing in the PMA.
- For market-rate for-sale and rental housing in 2022, the age- and income-qualified market is defined as households under age 65 with incomes above \$61,450 plus 85% of households over age 65 with incomes above \$61,450. It is assumed that 15% of households over age 65 will choose age-restricted housing.
- To determine the market-rate housing market for 2027, the same methodology is used. However, incomes are increased by 3% each year to account for inflation. In 2022, there are 1,265 households that meet the market-rate household criteria. By 2027, it is projected that that base of households will remain about the same.
- For the affordable housing market, the age- and income qualified market is households under age 65 with incomes below \$61,450 plus 85% of households over age 65 with incomes below \$61,450. In 2022, there are 1,321 households that meet the affordable household criteria. By 2027, it is projected that that base of households will decline by about 30 households.
- Figure 1.14 shows the distribution of income across age groups. Incomes increase as householders age into their 40s and 50s—their peak earning years—and then begin to decline as those householders begin to move out of the labor market.

Daytime Population

Figure 1.15 shows the daytime population for communities in the East Range PMA. This data shows the base of workers in each community. Areas with strong employment have greater demand for new housing.

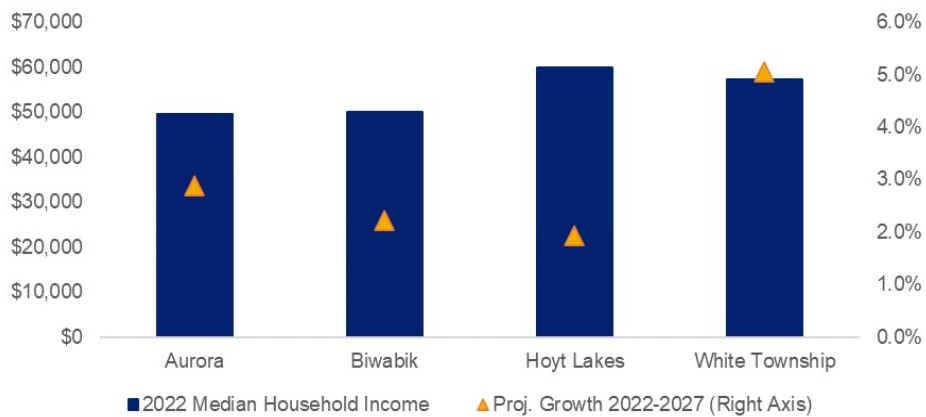
1.11 Median Household Income and Income Growth

	Estimate	Forecast	Annual Growth Rate
	2022	2027	2022-2027
Aurora	\$49,442	\$57,004	2.9%
Biwabik	\$50,000	\$55,805	2.2%
Hoyt Lakes	\$59,999	\$66,056	1.9%
White Township *	\$57,204	\$73,168	5.0%
St. Louis County	\$64,270	\$76,448	3.5%
State of Minnesota	\$81,851	\$94,855	3.0%
United States	\$72,414	\$84,445	3.1%

* Includes portion that is the City of Aurora

Sources: US Census Bureau; ESRI; LOCi Consulting LLC

1.12 Median Household Income, 2022



Source: US Census Bureau; ESRI; LOCi Consulting LLC

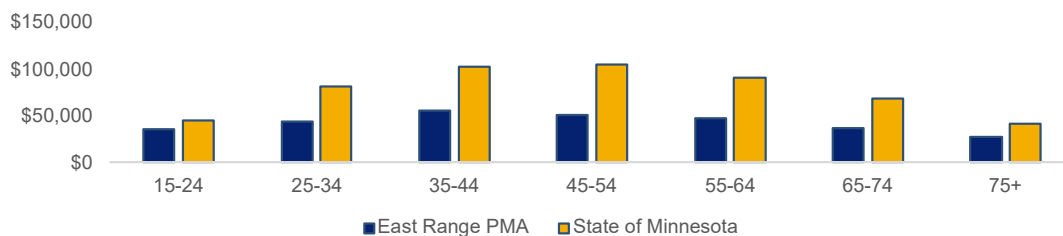
1.13 Households by Age and Income in East Range PMA

2022							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	12	27	22	33	48	52	79
\$15,000-\$24,999	8	17	10	15	31	35	100
\$25,000-\$34,999	4	19	11	20	26	49	63
\$35,000-\$49,999	10	30	25	43	73	111	137
\$50,000-\$74,999	20	76	89	117	171	165	61
\$75,000-\$99,999	9	38	77	68	81	63	33
\$100,000-\$149,999	7	38	87	95	119	56	47
\$150,000-\$199,999	0	3	15	10	22	8	22
\$200,000+	0	0	7	7	17	8	4
Median HH Inc.	\$35,529	\$43,558	\$55,656	\$51,265	\$47,401	\$37,245	\$27,864
State of Minnesota	\$45,574	\$81,570	\$102,980	\$104,717	\$91,106	\$69,172	\$41,797

2027							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	12	18	12	20	24	36	62
\$15,000-\$24,999	9	16	7	12	22	30	79
\$25,000-\$34,999	3	24	14	24	28	71	84
\$35,000-\$49,999	7	22	19	30	46	105	137
\$50,000-\$74,999	13	48	58	79	106	151	57
\$75,000-\$99,999	11	36	73	69	70	81	43
\$100,000-\$149,999	12	58	121	144	151	100	83
\$150,000-\$199,999	0	5	25	17	33	15	41
\$200,000+	0	0	10	11	22	14	9
Median HH Inc.	\$35,908	\$49,858	\$68,028	\$65,166	\$61,592	\$40,670	\$30,698
State of Minnesota	\$51,989	\$94,966	\$111,718	\$114,221	\$105,435	\$82,690	\$53,091

Source: ESRI; LOCi Consulting LLC

1.14 Median Income by Age of Householder, 2022



Sources: ESRI; LOCi Consulting LLC

1.15 Daytime Population, 2022

	Resident Population	Daytime Population	Daytime Population: Workers	Daytime Population: Residents
Aurora	1,662	1,577	549	1,028
Biwabik	946	968	424	544
Hoyt Lakes	2,039	1,576	338	1,238
White Township *	1,478	939	133	806
East Range Communities	6,125	5,060	1,444	3,616

* Excludes City of Aurora

Source: US Census Bureau; ESRI; LOCi Consulting LLC

- Daytime population can be broken down into residential population and worker population. Note that this data may underrepresent hybrid workers as it is built on surveys completed prior to and during the COVID19 pandemic. The data is still valuable because it is expected that many of these trends will continue with possibly more hybrid workers in the future.
- Each day more people commute out of the East Range PMA than commute in. The daytime population decreases from 6,125 to 5,060.

Employment by Industry

Figure 1.16 shows employment by industry for St. Louis County. The estimates are from the Quarterly Census for Employment and Wages from Minnesota Department of Employment and Economic Development (DEED). Detailed data is not reported for communities in the East Range PMA.

- Education, healthcare, trade, transportation, utilities, and hospitality make up the largest base of employment across the county.
- Overall employment has decline about 2.4% per year between 2019 and 2022. Most of that decline occurred in 2020 during the start of the COVID19 pandemic. However, the data shows that workforce has yet to return to full capacity.

Major Employers

Figure 1.17 shows the largest employers in the East Range PMA. The base data is from Database USA and has been updated by sources familiar with employers in the PMA.

- The largest employers are in healthcare, grocery, hospitality, and education industries.

Unemployment Rate

Figure 1.18 shows the unemployment rate for the communities of Virginia and Hibbing and the state of Minnesota from January 2019 to November 2022. Data is not reported for communities in the East Range PMA specifically.

- Employment is strong in the region. The unemployment rate was 3.3% in Virginia and 3.1% in Hibbing in November 2022.
- The unemployment rate in Iron Range communities tends to be higher than the state of Minnesota as a whole.
- The data shows the impact the COVID19 shutdown had on in employment in March and April of 2020. Since April 2020, both the county and the state have seen their unemployment rates return to normal.

1.16 Estimated Employment by Industry for St. Louis County

	Estimate			Annual Growth Rate
	2019	2021	2022	2019-2022
Natural Resources and Mining	3,573	3,531	3,522	-0.5%
Construction	4,719	4,678	4,499	-1.6%
Manufacturing	5,058	4,729	4,877	-1.2%
Trade, Transportation and Utilities	17,515	16,356	16,371	-2.2%
Information	1,039	873	823	-7.5%
Financial Activities	4,132	3,613	3,678	-3.8%
Professional and Business Services	6,540	6,313	6,418	-0.6%
Education and Health Services	33,880	31,838	31,940	-1.9%
Leisure and Hospitality	12,273	10,083	10,505	-5.1%
Other Services	3,576	3,061	3,169	-3.9%
Public Administration	6,128	5,711	5,613	-2.9%
Total	98,435	90,788	91,416	-2.4%

Notes:

1. Data for 2022 includes only quarters 1 and 2.

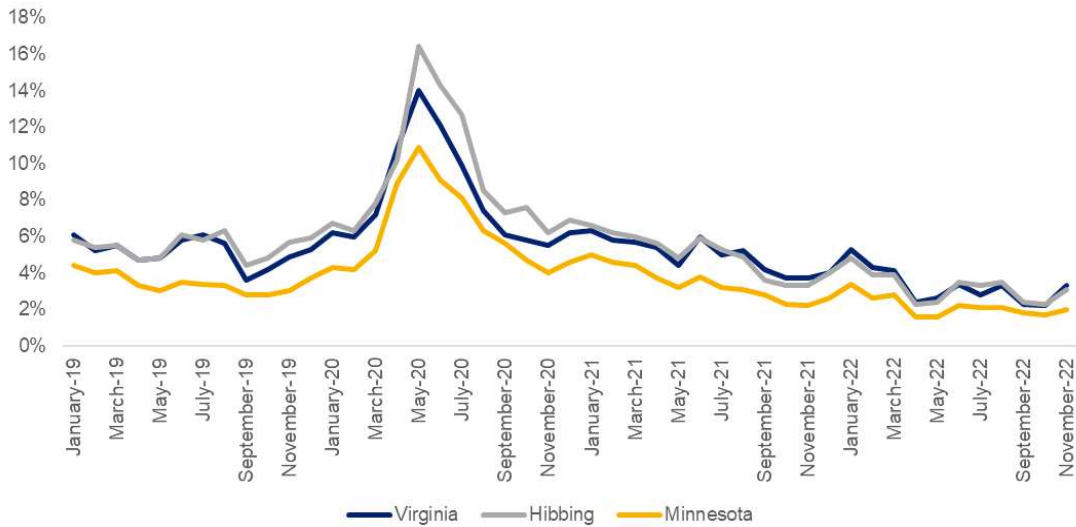
Source: Minnesota Department of Employment and Economic Development; Quarterly Census of Employment and Wages; Employment Outlook; LOCi Consulting LLC

1.17 Major Employers in the East Range PMA

Employer	Industry	Estimated Employees
Essentia Health	Hospitals	115
Super One Foods	Grocery Stores	97
Guest Services (Giant Ridge Ski Resort manager)	Hospitality	95
New Journey Residence	Assisted Living	60
Masabi East School District 2711	Elementary & Secondary Schools	46
The Lodge at Giants Ridge	Hospitality	42
Northridge Community Credit Union	Credit Unions	26
Floe International	Manufacturing	20

Source: Database USA; East Range Joint Powers Board; LOCi Consulting LLC

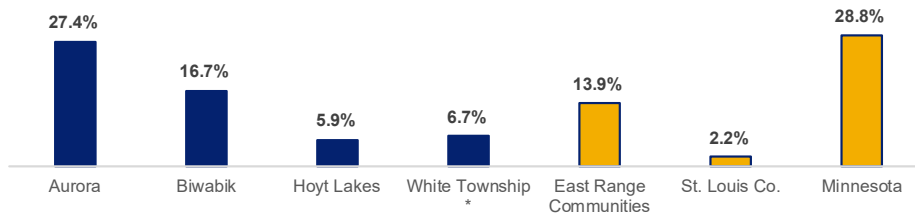
1.18 Unemployment Rate in Iron Range Communities, Jan. 2019 to Nov. 2022



* Data is not seasonally adjusted.

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics; LOCi Consulting LLC

1.19 Household Rental Rates in the East Range PMA, 2020



* Excludes the portion that is the City of Aurora

Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC

Renter and Owner Households

Figure 1.19 (on the previous page) shows the percentage of households that rent their homes for communities in the East Range PMA and the county as a whole. This data is from the American Community Survey of the US Census.

- The estimated number of rental housing units for each community in 2020 follows:
 - Aurora: 224
 - Biwabik: 54
 - Hoyt Lakes: 53
 - White Township: 44
- The overall rental rate for the East Range PMA is 13.9%—about 15 percentage points lower than the state of Minnesota as a whole.
- The highest household rental rate in the East Range PMA is in Aurora, with 27.4%.
- The data shows a strong affinity toward homeownership in the market, driven by consumer preferences and affordability of existing for-sale homes.

Figures 1.20 and 1.21 show renters and owners by age for the PMA. This data is projected by LOCi Consulting based on ESRI estimates and data from the American Community Survey Public Use Microdata for Cook, Koochiching, Lake, and northern St. Louis counties. The rental rate data is used in the demand calculations in the Appendix.

- There are significant numbers of renter households distributed across all age groups. But the rental rate is lowest among households age 55 to 64 years old.
- There are more renter households in lower income households (incomes below \$35,000) than in higher income households.

Housing Turnover

Figure 1.22 shows the move-in year for the households that own their own home in the East Range PMA and the state of Minnesota in 2020.

Figure 1.23 shows the same information for households that rent their homes. This data is used

to estimate housing market turnover—a key driver of housing demand, as households move and seek newer housing options to replace less-desirable options.

- In the East Range PMA, 52% of homeowners have lived in their homes since 1999, a rate much higher than the state as a whole (36%)
- For renter households, almost two-thirds (65%) of households living in rental units in 2020 moved into those units between 2015 and 2020.

Cost-Burdened Renters

Figure 1.24 shows the estimated number of rental households that pay greater than 30% of their income in rent for the East Range PMA. This data is projected by LOCi Consulting based on ESRI estimates and data from the American Community Survey Public Use Microdata for Cook, Koochiching, Lake, and northern St. Louis counties.

- About 169 households—about 45% of all renters—pay rent that exceeds 30% of their household income.
- The highest concentrations of cost-burdened households are in age groups between 25 years old and 34 years old and above age 55.

1.20 Owner and Renter Households in the PMA by Age and Income, 2022

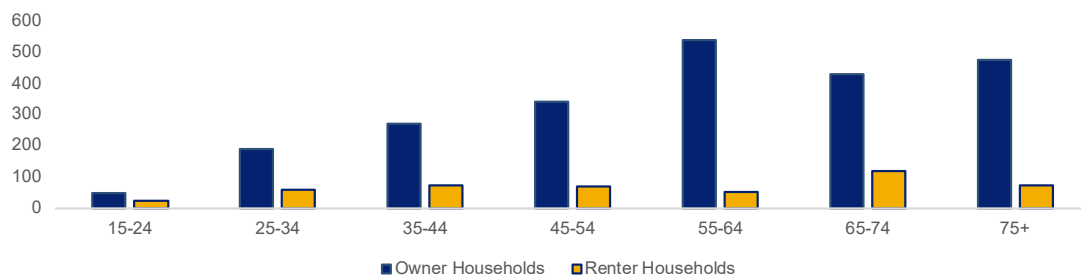
Owner Households							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	10	16	0	3	16	6	73
\$15,000-\$24,999	8	3	6	9	31	35	73
\$25,000-\$34,999	0	9	0	20	20	21	24
\$35,000-\$49,999	0	23	22	41	66	104	137
\$50,000-\$74,999	13	68	74	98	168	131	61
\$75,000-\$99,999	9	32	58	55	81	63	33
\$100,000-\$149,999	7	38	87	95	119	54	47
\$150,000-\$199,999	0	0	15	10	20	8	22
\$200,000+	0	0	7	7	17	5	4
All Incomes	47	190	269	339	537	427	474

Renter Households							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	2	11	22	30	32	46	6
\$15,000-\$24,999	0	14	4	6	0	0	27
\$25,000-\$34,999	4	10	11	0	6	28	39
\$35,000-\$49,999	10	7	3	2	7	7	0
\$50,000-\$74,999	7	8	15	19	3	34	0
\$75,000-\$99,999	0	6	19	13	0	0	0
\$100,000-\$149,999	0	0	0	0	0	2	0
\$150,000-\$199,999	0	3	0	0	2	0	0
\$200,000+	0	0	0	0	0	3	0
All Incomes	23	58	74	69	51	120	72

* Data is estimated by applying ACS estimates for northeastern Minnesota to the ESRI data for the PMA.

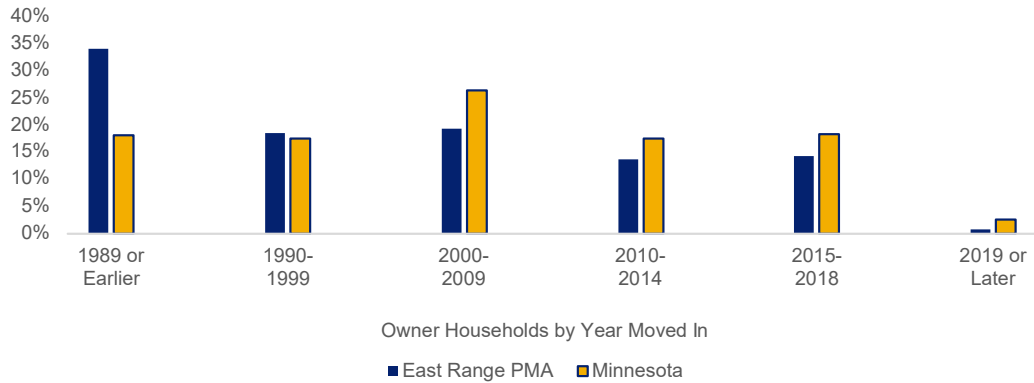
Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

1.21 Estimated Owner and Renter Households by Age in the East Range PMA, 2022



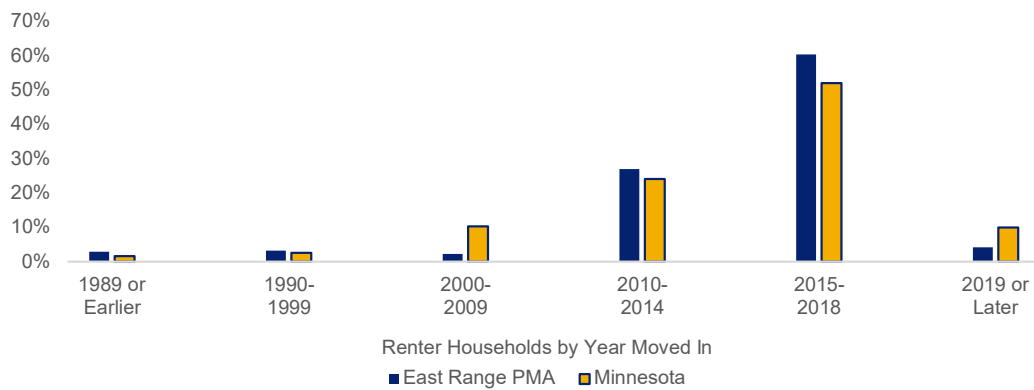
Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

1.22 Move-In Year for Households that Own in the East Range PMA, 2020



Source: American Community Survey, US Census Bureau; ESRI; LOCi Consulting LLC

1.23 Move-In Year for Rental Households in the East Range PMA, 2020



Source: American Community Survey, US Census Bureau; ESRI; LOCi Consulting LLC

1.24 Cost-Burdened Renters in the East Range PMA by Age and Income, 2022

	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	1	11	1	2	26	46	2
\$15,000-\$24,999	0	14	2	2	0	0	9
\$25,000-\$34,999	2	7	2	0	0	7	25
\$35,000-\$49,999	0	4	0	0	7	0	0
\$50,000-\$74,999	0	0	0	0	0	0	0
\$75,000-\$99,999	0	0	0	0	0	0	0
\$100,000-\$149,999	0	0	0	0	0	0	0
\$150,000-\$199,999	0	0	0	0	0	0	0
\$200,000+	0	0	0	0	0	0	0
All Incomes	3	35	5	4	34	53	36

Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

2. Land Use and Housing Characteristics

This section presents data on land use and housing characteristics in the East Range Primary Market Area (PMA). It includes a review of the existing land uses, data on seasonal homes, building permit data, and a summary of the housing characteristics data from the American Community Survey.

Land Use

LOCi Consulting gathered data from St. Louis County’s parcel database to determine land use in the PMA. Figure 2.1 shows number of parcels by classification in the East Range PMA. Figure 2.2 shows the acreage for each classification. LOCi Consulting has combined use classifications from the county records into larger categories for simplification purposes.

Figure 2.3 shows a summary of single-family properties by homestead status and properties that are classified as non-commercial seasonal—vacation homes. This homestead status allows property owners who occupy their property as their primary residence to receive a property tax credit on their tax bill.

- Residential uses—not including vacant residential land—account for about 17,000 acres, or about 15% of the land use. Of that, about 3,800 acres is seasonally occupied vacation property.
- Figure 2.3 shows that the majority of single-family properties are homesteaded, meaning that the owners are using these properties as their primary residence.

2.1 Land Use in the East Range PMA, Parcels, 2022

	Aurora		Biwabik		Hoyt Lakes		White Twنشp.		Total PMA	
	Acres	Pct.	Acres	Pct.	Acres	Pct.	Acres	Pct.	Acres	Pct.
Residential Uses										
Single-Family Residential	923	67%	584	41%	1,010	50%	829	32%	3,346	45%
Multifamily Residential (4+)	6	0%	5	0%	3	0%	1	0%	15	0%
Manufactured Housing	0	0%	0	0%	1	0%	0	0%	1	0%
Non-Commercial Seasonal	1	0%	256	18%	38	2%	138	5%	433	6%
Low Income Residential	6	0%	0	0%	0	0%	0	0%	6	0%
Vacant Residential	226	16%	43	3%	60	3%	61	2%	390	5%
Non-Residential Uses										
Agricultural	0	0%	0	0%	0	0%	88	3%	88	1%
Commercial	59	4%	57	4%	29	1%	6	0%	151	2%
Mining and Industrial	19	1%	38	3%	102	5%	41	2%	200	3%
Federal, State, or Local Govt.	71	5%	158	11%	170	8%	161	6%	560	8%
Rural Vacant Land	32	2%	54	4%	552	27%	1,047	41%	1,685	23%
Other	44	3%	215	15%	67	3%	190	7%	516	7%
Total Acreage	1,387		1,410		2,032		2,562		7,391	

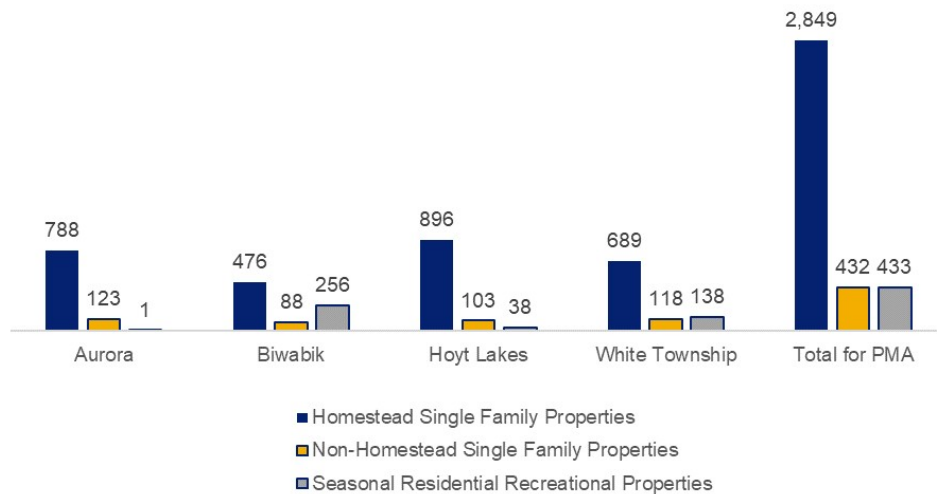
Source: St. Louis County GIS; LOCi Consulting LLC

2.2 Land Use in the East Range PMA, Acres, 2022

	Aurora		Biwabik		Hoyt Lakes		White Twnshp.		Total PMA	
	Acres	Pct.	Acres	Pct.	Acres	Pct.	Acres	Pct.	Acres	Pct.
Residential Uses										
Single-Family Residential	536	23%	1,530	18%	379	1%	11,108	16%	13,553	12%
Multifamily Residential (4+)	14	1%	10	0%	11	0%	6	0%	41	0%
Manufactured Housing	0	0%	0	0%	26	0%	0	0%	26	0%
Non-Commercial Seasonal	0	0%	807	10%	371	1%	2,594	4%	3,772	3%
Low Income Residential	49	2%	0	0%	0	0%	0	0%	49	0%
Vacant Residential	106	5%	28	0%	483	1%	25	0%	641	1%
Non-Residential Uses										
Agricultural	0	0%	0	0%	0	0%	3,094	4%	3,094	3%
Commercial	65	3%	12	0%	24	0%	12	0%	114	0%
Mining and Industrial	85	4%	1,094	13%	2,778	7%	1,251	2%	5,208	4%
Federal, State, or Local Govt.	639	27%	2,392	29%	12,610	34%	9,053	13%	24,694	21%
Rural Vacant Land	780	33%	1,329	16%	19,292	52%	32,892	48%	54,292	46%
Other	72	3%	1,188	14%	1,352	4%	9,134	13%	11,746	10%
Total Acreage	2,346		8,389		37,327		69,168		117,230	

Source: St. Louis County GIS; LOCi Consulting LLC

2.3 Homestead, Non-Homestead, and Seasonal Single Family Properties, 2022



* Not included in this table are 3 Homesteaded agricultural properties.

Source: Cook County GIS; LOCi Consulting LLC

Seasonal Homes

Figure 2.3 shows that there are about 433 properties classified as Non-Commercial Seasonal Residential, Mentioned previously, these properties total about 3,770 acres.

Building Permits

Figure 2.4 shows building permits issued for single-family homes in the East Range PMA between 2010 and 2021. There were no duplex, triplex, or other multifamily building permits issued over this period. The data is from the US Department of Housing and Urban Development (HUD).

- Over this period, communities in the PMA have issued building permits for an average of 3.5 units each year.
- Most of the building permits issued in the PMA are for newly constructed, single-family homes located in the City of Biwabik, primarily in the Giants Ridge development.

- Cities in the PMA also issued permits for building alterations and additions. Some of this data is reported to the Minnesota Department of Labor and Industry. In 2021, the City of Biwabik issued 25 permits for alterations and additions, totaling \$482,000 in value.

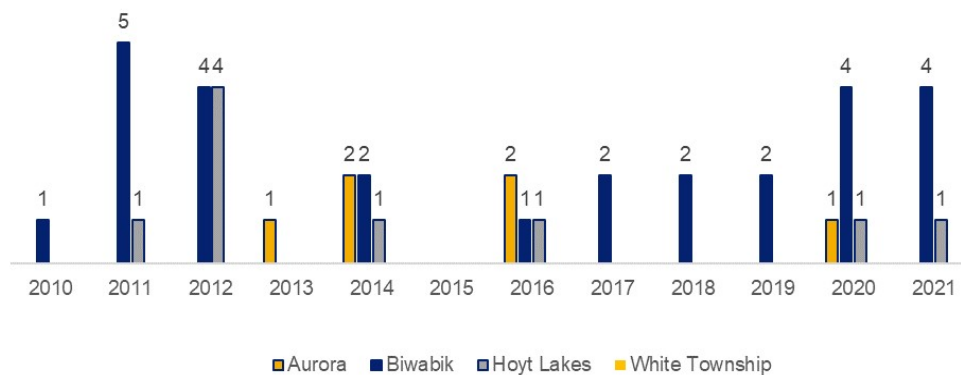
Housing Characteristics

LOCi Consulting collected data on housing characteristics in East Range PMA. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2015 and 2020 and is meant to provide an estimate for 2020. This data includes existing owner-occupied, rental, and seasonal housing.

Units in the Structure

- Figure 2.5 shows the number of units in the structure for housing units in the East Range PMA. Compared to the state as a whole, the PMA has a larger percentage of one-unit detached structures. There are also fewer multifamily units relative to the state.

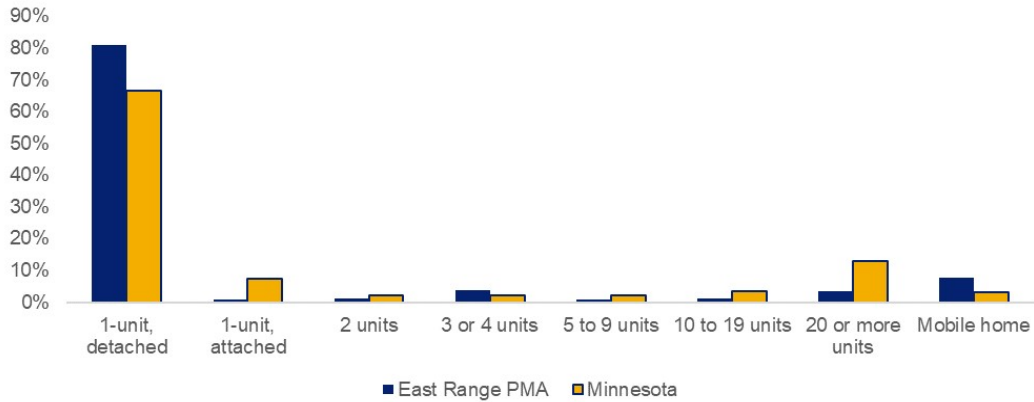
2.4 Single-Family Building Permits Issued in the East Range PMA



* Over the period, there were not duplexes, triplexes, or multifamily building permits in the PMA.

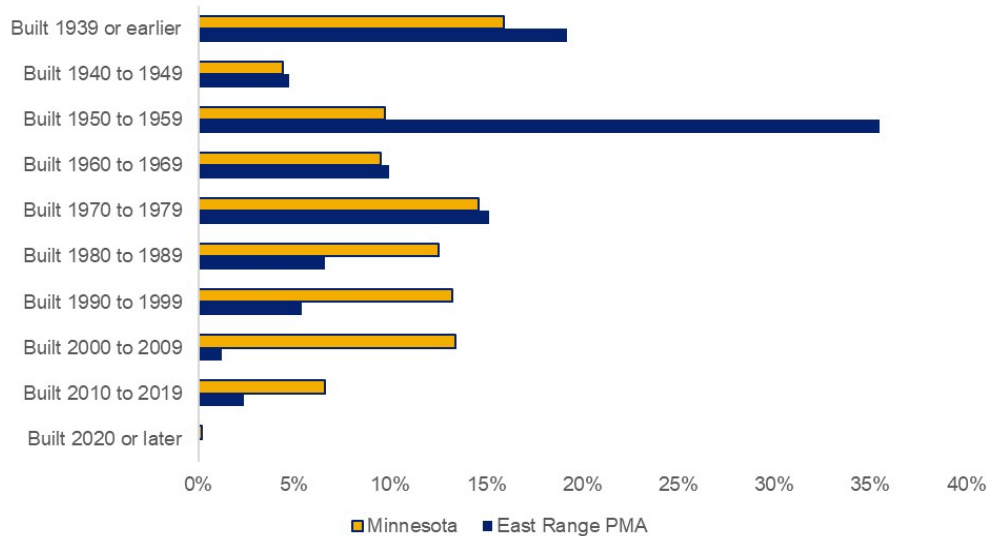
Source: HUD User, Building Permit Database; LOCi Consulting LLC

2.5 Units in the Structure, 2020



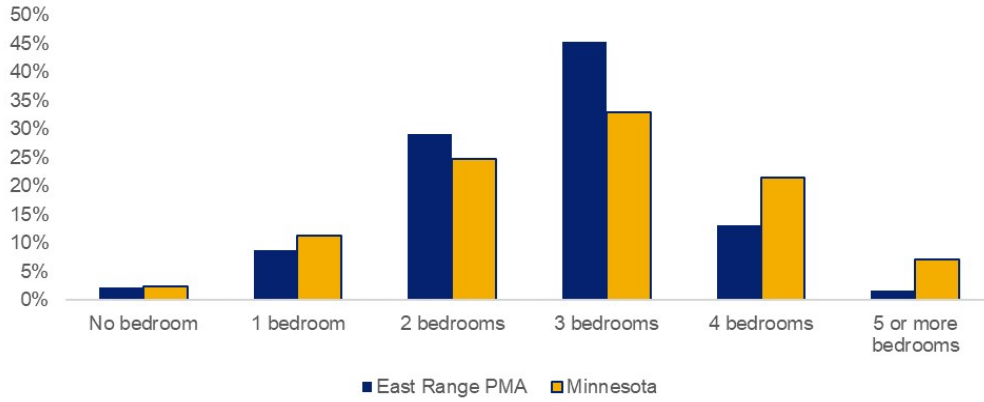
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

2.6 Year the Structure Was Built, 2020



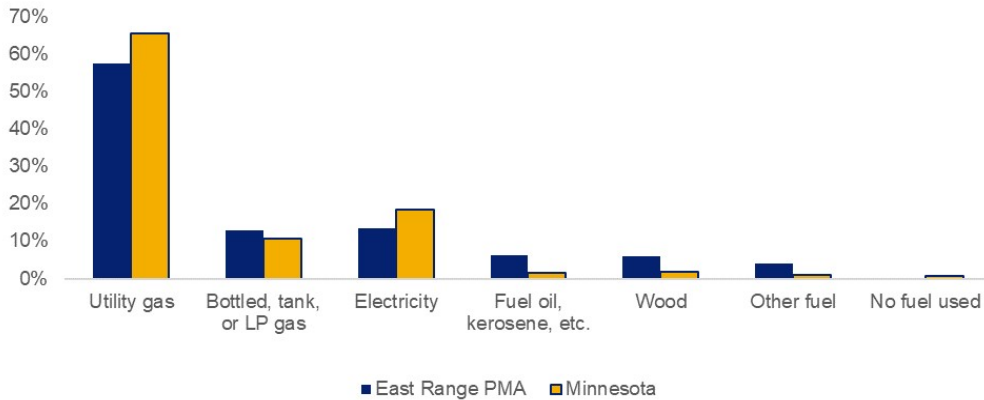
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

2.7 Number of Bedrooms in the Unit, 2020



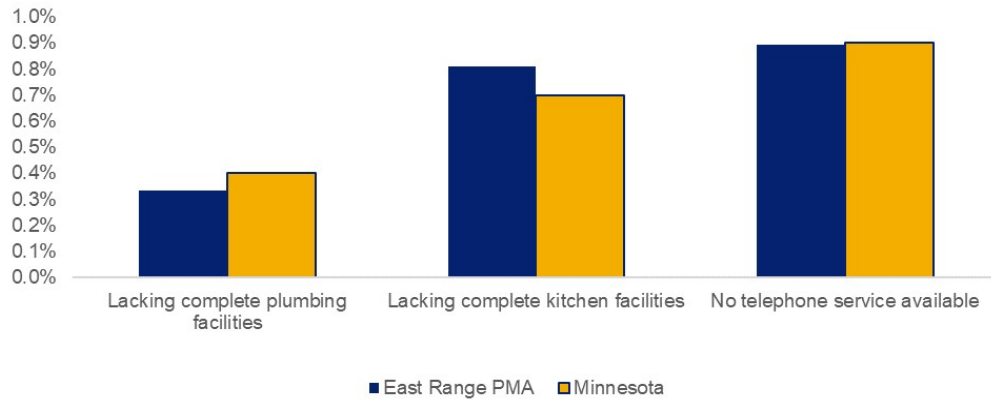
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

2.8 Heating Fuel Used in the Unit, 2020



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

2.9 Units without Plumbing, Kitchen Facilities, or Phone Service, 2020



Source: American Community Survey, US Census Bureau; LOCI Consulting LLC

Year Structure Built

- Figure 2.6 shows the year that the structure was built.
- A significant portion of the East Range PMA’s housing stock was built prior to 1960. About 59% of all units were constructed over 60 years ago.

Number of Bedrooms

- Figure 2.7 shows the distribution of housing units by number of bedrooms in the unit.
- Existing housing units in the East Range PMA have more two- and three-bedroom units than the state as whole.

Other Characteristics

- Figure 2.8 show the distribution of units by heating source used. Because proportion of the homes in the PMA are spread out across a large rural area, the area has a smaller percentage of

housing units that use utility gas that would be offered within a municipality.

- Figure 2.9 shows units without plumbing, kitchen facilities, or phone service. The East Range PMA has higher percentages than the state a whole for units that lack kitchen facilities, although these numbers represent only a handful of residential units.

3. Owner-Occupied Housing Market

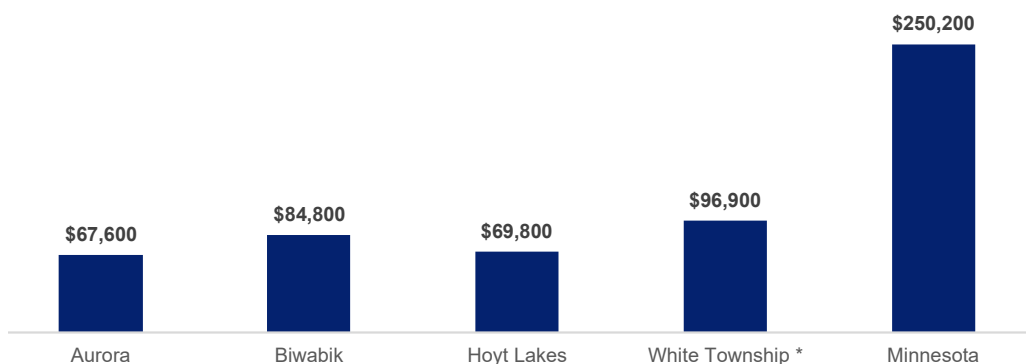
This section presents data on the for-sale housing market in the East Range Primary Market Area (PMA). It includes a review of the existing for-sale market, a discussion of the market for new market-rate and affordable for-sale housing, and a summary of interviews with local real estate sources.

Median Home Values for Existing Homes

Figure 3.1 shows the estimated median home value for existing homes in communities in the East Range PMA and the state of Minnesota. Figure 3.2 shows a distribution of those home values. Figure 3.3 shows the percentage of homes with a mortgage. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2015 and 2020 and is meant to provide an estimate for 2020.

- Median home values in the East Range PMA are much lower than the state as a whole.
- The median home values for existing homes in East Range communities range from \$68,000 to \$97,000 in 2020. The median home value in East Range communities is about 61% to 73% lower than the state as a whole.
- Shown in Figure 3.2, the East Range PMA has a higher percentage of homes valued between below \$150,000 than the state as a whole.
- About 53% of homes in the East Range PMA are owned “free and clear,” meaning no mortgage secures the property. For the state of Minnesota, that percentage is about 34%.

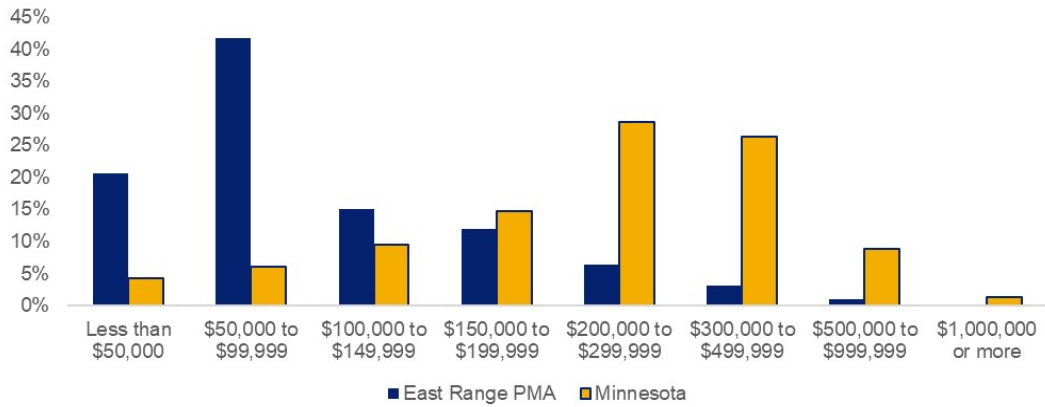
3.1 Median Home Value in the East Range PMA, 2020



* Includes the portion that is the City of Aurora

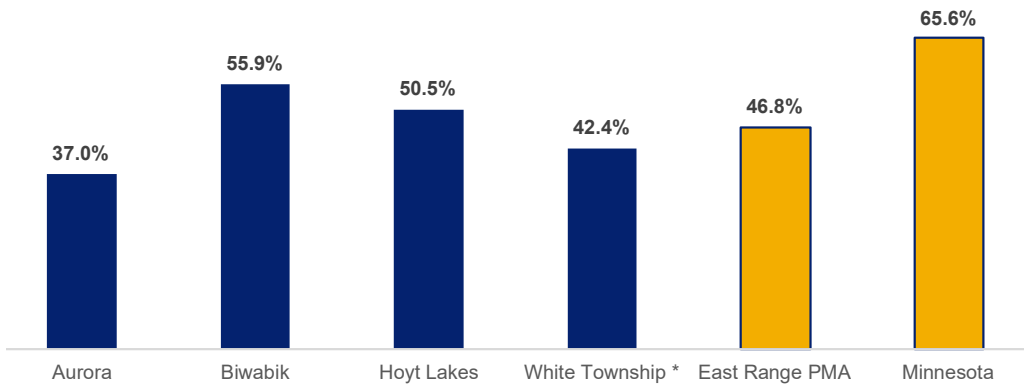
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

3.2 Distribution of Owner-Occupied Home Values, 2020



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

3.3 Percentage of Owner-Occupied Homes with a Mortgage, 2020



* Includes the portion that is the City of Aurora

Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

New and Existing Home Sales in the Iron Range

LOCi Consulting collected data on the for-sale home market—both new construction and existing homes—in the Iron Range region. This data is collected from the Range Area Association of Realtors and covers a geographic area that generally includes all of St. Louis County north Duluth and its adjacent communities and townships.¹

Figure 3.4 shows closed real estate transactions in the region 2020 to November 2022. Figure 3.5 shows the median sale price for those transactions. Figure 3.6 shows the months of supply available in these markets over this period.

- Transactions increased slightly in 2020 and 2021 for non-waterfront properties. Over this period, northern St. Louis County communities have averaged about 1,000 transactions per year.
- Transactions in 2022 are not showing signs of a significant slowdown in 2022, as might be

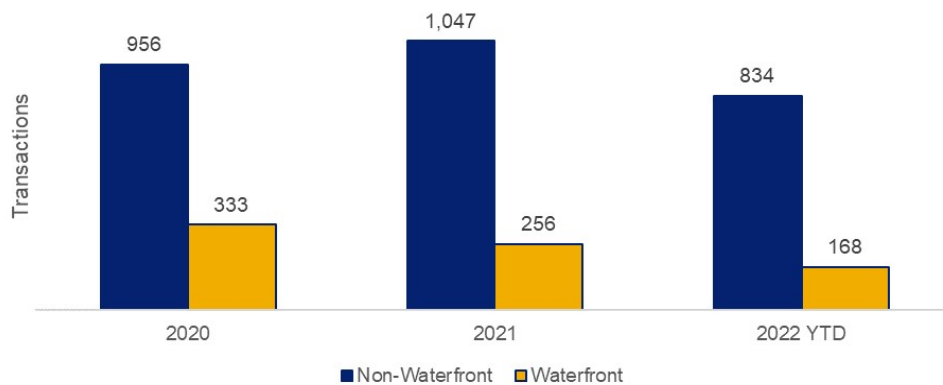
expected considering the rise interest rates. Between January and November of 2022, there were 834 non-waterfront transactions in northern St. Louis County.

- Median sale prices have increased significantly over this period. The median sale price for non-waterfront homes for homes sold in northern St. Louis County was \$131,900 between January and November of 2022, an increase of about 26% from 2020. The median sale price for waterfront homes increased 23% over the same period.
- Average days on the market—a measure of the time it takes for homes to sell—declined over the period and showed no signs of increasing in 2022.

For-Sale Home Developments

Almost all of the new for-sale home development in the East Range PMA is occurring on lots purchased by homeowners and built by custom builders.

3.4 Closed Residential Transactions, Iron Range Realtors Assoc.

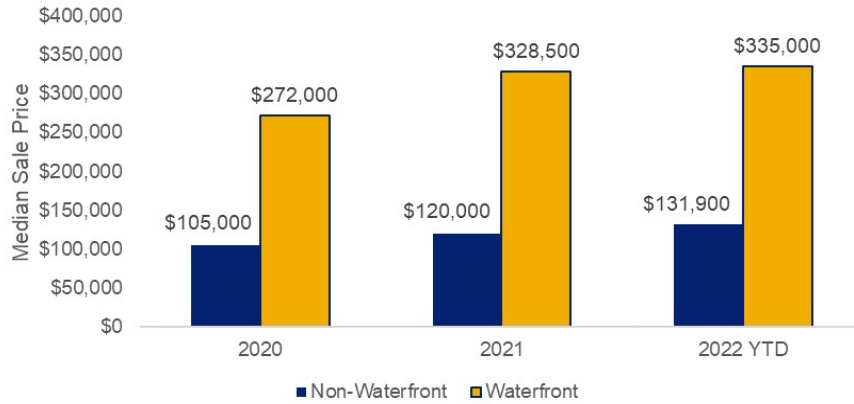


* 2022 YTD data is from January 2022 through November 2022

Source: Range Area Association of Realtors; LOCi Consulting LLC

¹ Detailed description of the Range Area Association of Realtor's coverage area can be found at <https://www.raor.org/about-us/jurisdiction>.

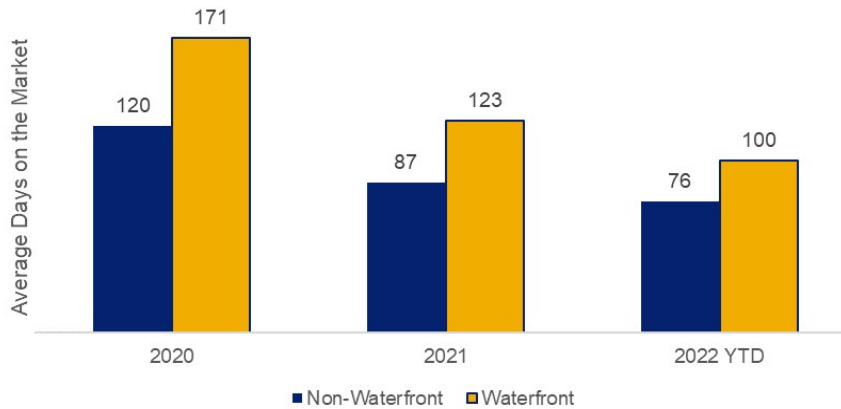
3.5 Median Sale Price of Closed Transactions, Iron Range Realtors Assoc.



* 2022 YTD data is from January 2022 through November 2022

Source: Lake Superior Association of Realtors; LOCi Consulting LLC

3.6 Average Days on the Market for Transactions, Iron Range Realtors Assoc.



* 2022 YTD data is from January 2022 through November 2022

Source: Lake Superior Association of Realtors; LOCi Consulting LLC

Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers. Most of the new home building permits over the past five years have been located on lakes. Although almost all of these homes are custom homes, when they are built as spec home, they are often marketed at price points \$600,000 and greater.

Figure 3.7 show subdivisions that are currently marketing available lots to buyers looking to build on them.

- LOCi Consulting inventoried seven subdivision developments in the East Range PMA. All but one are in the City of Biwabik.

- There are 145 vacant lots with a total of 349 acres that could accommodate new home construction in the PMA.
- Typical lot sizes are 0.3 to 2.0 acres. Pricing typically depends on whether the particular lot is on lakeshore or not.

Affordable For-Sale Housing

Because of cost challenges, it is difficult to finance and build affordable for-sale housing. The North St. Louis County chapter of Habitat for Humanity has built nine single family homes in the region. However, none of those were built in the PMA. The

3.7 Subdivision Developments in the East Range PMA, December 2022

Subdivision	Year Platted	Total Lots			Vacant Lots			List Prices or Recent Transactions (Per Lot)
		Lots	Acres	Avg. Acres per Lot	Lots	Acres	Avg. Acres per Lot	
The Narrows Biwabik	2016	9	NA	NA	6	NA	NA	
Aultman Project Biwabik	2009	6	NA	NA	6	NA	NA	
The Residence Club Biwabik	2009	27	7.4	0.3	26	7.1	0.3	
Voyagers Retreat Biwabik	2005	215	383.8	1.8	75	318.0	4.2	\$23K-\$30K \$125k-150k (lakeshore)
Vermillion Trail Estates Biwabik	2002	15	28.4	1.9	9	13.0	1.4	\$88k (lakeshore)
The Woodlands Biwabik	1998	21	12.3	0.6	16	8.7	0.5	\$29K
Colby Lakes Hoyt Lakes	NA	25	6.7	0.3	7	2.0	0.3	\$7k
		<u>318</u>	<u>438.6</u>		<u>145</u>	<u>348.8</u>		

Source: City of Biwabik; City of Hoyt Lakes; St. Louis County GIS; LOCi Consulting LLC

last home built in the PMA by Habitat for Humanity was done in 2019 in Biwabik.

Habitat for Humanity works with local households with incomes below 60% of the area median income. Applicants must commit to providing labor toward the construction of their new home. Applicants must then finance the home with a mortgage. The costs to develop the home can be kept affordable through land contributions from the city where the home is built and volunteer labor.

The organization does not produce significant numbers of new owner-occupied homes each year and has already committed to applicants through 2023.

Pending For-Sale Developments in the East Range PMA

LOCi Consulting contacted city and county staff to identify planned and pending for-sale developments in and near the PMA. Not counting projects where a homebuyer purchases a single lot and hires a custom homebuilder to build on that lot, no significant for-sale subdivision or single-family home developments are planned or pending in the PMA.

Interviews

LOCi Consulting interviewed sources familiar with the owner-occupied housing market. Key points from those interviews follow.

Demand for single-family homes was very strong in 2020 and 2021 but is now starting to show signs of slowing.

- Realtors interviewed said that the existing resale housing market has slowed down in the last six months as interest rates have increased. But prior to that the housing market was very heated. “Houses were flying off the shelf to be honest with you. I talked to a bunch of older Realtors, and they said they hadn’t seen anything like it.”
- One government official said that the area is still seeing strong demand for vacant land purchases in rural areas from buyers from outside the area.

She said she thinks they are looking to hold the land to be built on in the future.

Realtors said, in 2020 and 2021, they saw more demand from buyers from outside of the area.

- Realtors said demand for housing came from both within the market but also from outside the market. One estimated that about half of their business in 2021 and early 2022 was from outside of the area, with most coming from the Minneapolis-St. Paul Metropolitan Area but a handful coming from outside of the state. “A lot of people are looking to escape the rat race, and now they can because they can work from home.”
- Many of those buyers were in their 40s with professional jobs that allowed them the flexibility to do hybrid work.
- A key feature buyers from outside of the area want is high speed internet connectivity, said a Realtor. Homes listed in areas with high-speed internet availability were moving fast in 2021 and 2022.

The combination of strong demand in 2020 and 2021 that pushed prices up and rising interest rates have made homeownership more challenging for working families.

- Interest rates have also impacted the ability for first-time homebuyers to enter the market. One realtor said that homes between \$80,000 and \$100,000 were within reach for many workforce households when rates were around 3%. But now they are not affordable. “I cringe with I list a house that is \$80,000, \$90,000, or \$100,000. Buyers who could afford that last year cannot make the monthly payment this year. It’s a big difference.”
- Prior to the increase in interest rates, homes priced at around \$200,000 were desirable, according to Realtors. But now, those home sit on the market much longer.
- New construction is a challenge in the area because there are few households who can afford it, said one Realtor. “We don’t have the people with the high paying jobs that can afford a \$400,000 house. We have younger kids—I call

them younger kids—who are just getting started, trying to start their families. They maybe can afford a \$200,000 home if they both have good jobs.”

- A home builder said that first time homebuyers in the East Range probably would need a home priced at \$150,000. He said he could not envision a way to build at that price point. “No one would touch it because of materials and labor,” he said.

The fact that the housing stock in the area is older and often in disrepair can be a drag on the housing market.

- One Realtor said that making financing available for renovations and remodels would help improve the existing housing stock and improve homeownership options for new buyers.
- A Realtor said the overall quality of the housing stock can also be an issue for first-time homebuyers. Many of these buyers want to take advantage of mortgage programs that require inspections. And many of these homes are not meeting the inspection criteria.
- One affordable housing developer said there is significant deferred maintenance in the housing stock in Iron Range communities. He said that cities need to support loans for rehab and renovation projects for existing homes and that these types of programs would support stable housing.
- But a homebuilder said that high demand for labor and construction materials also drive up costs for remodels and renovations, making this challenging as well.

Because of higher material costs and labor shortages, new construction is challenging.

- One homebuilder said it costs him about \$170 per square foot to build a single-family home—which are his costs plus his profit margin. He builds mostly second and retirement homes on lakeshore. He said he has heard that some builders working in areas like Lake Vermillion are getting upwards of \$400 per square foot. “It’s shocking how much they are asking for up there,” he said.

- One builder said he heard that other builders were getting upwards of \$300,000 to build a 30-by 40-foot new garage at some lakeshore properties.
- A builder said that the labor shortage is driving up costs. He said when he started in the business the average age of contractors was late 20s. He said now the average age is in the 40s. He said there are fewer younger people entering the workforce.
- Material costs are also a significant constraint on new construction, one builder said. “Even if material prices came down 20%, it still wouldn’t impact the overall high costs,” he said. “They are just sky high.”
- One builder said it is sometime cheaper to bring in subcontractors from the Twin Cities area than to hire the labor from the Iron Range or Duluth. For example, he said that that 15 months ago he got bids for framing from subcontractors for a seasonal vacation home that he was working on. He said the bids from the Twin Cities firm was \$20,000, and bids from the Iron Range and Duluth ranged from \$26,000 to over \$50,000.
- One builder said that, if cities in the area want new home construction, they may have to offer free land and utilities. But even then, homes would likely be priced above \$250,000, which may not be affordable for the majority of homebuyers.
- A builder said that, for seasonal and vacation homebuyers, interest rate increases are not an issue. “The people that are looking to build these types of houses or buy these types of houses right now, they have the money, and they don’t worry about it,” he said. “They don’t care about interest rates.”
- One affordable housing developer said that he knows of one workforce housing project targeted to homebuyers in Greater Minnesota. He said the city contributed the land and the 1,100-square feet homes cost \$275,000 to build. The homebuyers paid about \$150,000 for the home. That means that, in addition to the land contribution, the project required a significant

financial subsidy. “Smaller cities just don’t have the tax capacity to support these kinds of projects,” he said.

- One Realtor suggested that cities could provide land and infrastructure for new construction and that that might bridge the gap between construction costs and affordability.
- One Realtor said there would be demand for twinhomes in the market, especially if they were

single-level designs and possibly association maintained. “They would be attractive to younger buyers and older buyers—maybe even snowbirds who want to know the lawn and snow maintenance is covered.”

4. Rental Housing Market

This section presents data on rental housing in the East Range Primary Market Area (PMA), both market rate and affordable. It includes a summary of rents in the market, a profile of rental projects, and a summary of interviews with sources familiar with the market.

Rental Market Trends

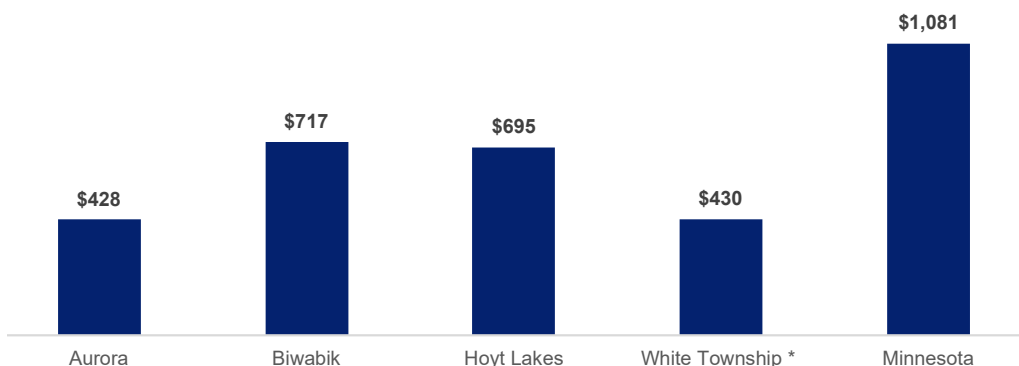
The apartment market across the U.S. has been very strong over the last several years. In many markets, demand has increased as the pool of renters has grown. While at the same time, construction costs have made it difficult to add new supply.

In general, the market is considered to be at “equilibrium” when the vacancy rate is at 5%. At that point there are enough renters for property owners to be profitable and to be in a position to reinvest in their properties in order for them to remain marketable. Vacancies below 5% indicate a

tight rental market, in which rents are likely to increase at rates well above other household costs. Typically, such low vacancies signal to real estate developers that enough excess demand exists in the market to support new construction, provided prevailing target market households can afford rents needed to cover the cost of new construction.

Overall homeownership rates have been declining as Millennials have become the dominant generation of homebuyers. For several reasons—more stringent lending requirements, higher student debt, home price escalation outpacing earning power, or simply a belief that it is not a good investment—they have not embraced homeownership the way previous generations have. As a result, they have been more willing to rent and have driven demand for new rental product.

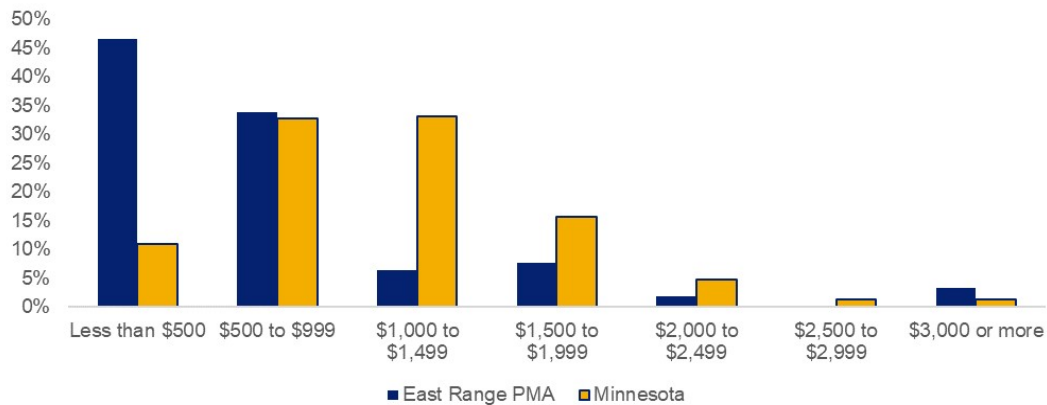
4.1 Median Rents in the East Range PMA, 2020



* Includes the portion that is the City of Aurora

Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

4.2 Distribution of Rents in the East Range PMA, 2020



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

Figure 4.1 on the previous page shows the median rent for communities in the East Range PMA and the state of Minnesota as a whole. Figure 4.2 shows the distribution of rents for the PMA and state. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2015 and 2020 and is meant to provide an estimate for 2020.

- Figure 4.1 shows that the median rents for communities in the East Range PMA ranges from between \$428 and \$717 per month. Rents in the PMA are between half and three-quarters of the median rent for the state as whole.
- It is estimated that about 81% of rents in 2020 were below \$1,000 in the PMA.

Affordable Rental Housing

Housing is generally considered affordable when the cost does not exceed 30% of a given household’s income. Discussed in the previous section, a typical market-rate rent for the PMA is about \$650. In order to afford the average rent in the PMA, a household would need an income of about \$26,000.

In general, affordable housing is targeted to households earning at or below 60% of Area Median Income (AMI). Income restrictions for properties are set by the terms of the regulation and program parameters used to finance the project. Some projects target very low-income residents with incomes below 30% of AMI. Many of these projects charge a sliding scale rent based on 30% of the resident’s income. Other properties have income restrictions set anywhere from 30% to 80% of AMI. Rent at these properties is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment.

Figure 4.3 shows Income limits for St. Louis County as set by the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing. These are the income requirements to qualify for affordable housing under the federal and state programs.

4.3 Income Limits by Household Size for Duluth, MN-WI HUD Metro FMR Area

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	\$17,950	\$20,500	\$23,050	\$25,600	\$27,650	\$29,700	\$31,750	\$33,800
Very Low Income	\$29,900	\$34,150	\$38,400	\$42,650	\$46,100	\$49,500	\$52,900	\$56,300
60% Limits	\$35,880	\$40,980	\$46,080	\$51,180	\$55,320	\$59,400	\$63,480	\$67,560
Low Income	\$47,800	\$54,600	\$61,450	\$68,250	\$73,750	\$79,200	\$84,650	\$90,100

* Effective June 15, 2022

** Duluth, MN-WI HUD Metro FMR Area includes Carlton and St. Louis Counties, MN, and Douglas County, WI

Source: US Department of Housing and Urban Development; Minnesota Housing; LOCi Consulting LLC

Profile of Rental Properties in the East Range PMA

LOCi Consulting collected data on existing rental developments in the East Range PMA. These properties are profiled to best understand average rents, occupancies, and features and amenities that are currently being offered in the marketplace.

Properties listed as workforce and market-rate housing do not have income restrictions, and, for purposes of this analysis, they are not considered affordable. However, this list includes mostly market-rate properties with rents that would be considered affordable under the income guidelines. Most would be affordable to households that earn below 50% and 60% of AMI.

This type of housing is often called NOAH, or naturally occurring affordable housing. This product type makes up most of the affordable housing in the country. For product across the country, it is generally understood to mean product that is over 20 years old, lacks newer amenities, and is affordable without a subsidy.

Figure 4.4 shows the rental properties identified and profiled in the PMA. The inventory focused on properties with eight or more units. It does not include age-restricted apartments. Those properties are discussed in the next section.

Figure 4.5 shows select properties that are located outside of the PMA but in the general region. These

properties are included to provide additional information about the larger market. Maps 4.6 and 4.7 show the location of the profiled properties.

- Shown in Figure 4.4, the East Range PMA has only one general-occupancy income restricted rental housing property. The townhomes at the *Irongate Apartments & Townhomes* are generally targeted to families and are restricted to households with incomes below 30% of AMI.
- Three general-occupancy rental projects were identified in the PMA with a total of 68 units.
- The vacancy rate for affordable housing units in the PMA is 8.3%. The vacancy rate for workforce/market-rate rental units is 7.1%. (Note that we exclude the units at the *Laurentian Apartments* that are not in service from the calculation.)
- Apartment owners and manager interviewed said that the current vacancy rate is not unusual for the market. Most said that openings do come available but that they are generally filled quickly.
- Rents at workforce/market-rate properties range from \$600 to \$825 per month, or between \$0.71 and \$1.01 per square foot.
- Shown in Figure 4.5, we collected data on three income-restricted properties and six general-occupancy workforce/market-rate properties. These properties are located in Virginia, Mountain Iron, and Eveleth.

4.4 Profiles of Rental Communities in the East Range PMA, December 2022

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Income-Restricted Rental Housing								
Irongate Apartments & Townhomes 310 E 4th Avenue North Aurora, Minnesota <i>Year Built: 1980</i>	12	1	12	2BR 3BR	1,100 1,350	30% of Income	NA	Rent includes heat, water, and trash. Recreation area, laundry facilities on site, and emergency pull cords in the units. Surface parking lot included with rent. Garages available.
Workforce and Market-Rate Rental Housing								
Laurentian Apartments 111 W Railroad Dr N Biwabik, Minnesota <i>Year Built: 1985</i>	32	14	20	1BR 12 2BR	754 975	\$700 \$825	\$0.93 \$0.85	Rent includes heat, electric, water, gas, sewer, and garbage. Laundry facilities on property. Storage facilities on site. Off-street parking only. Building is being renovated so 12 units are currently out of service. Waitlist of 6 names.
Julia Manor Apartments 410 W 3rd Ave N Aurora, Minnesota <i>Year Built: 1975</i>	12	0	3	1BR 9 2BR	675 840	\$685 \$815	\$1.01 \$0.97	Rent includes sewer, water, trash, and cable. Controlled access building with parking lot. Laundry facilities on property.
Kenwood Apartments 900 Dorchester Dr Hoyt Lakes, Minnesota <i>Year Built: 1989</i>	24	2	3	1BR 9 2BR	665 885	\$600 \$625	\$0.90 \$0.71	Rent includes sewer, water, trash, and cable. Controlled access building with parking lot. Laundry facilities on property. Dishwashers in some units.

Source: Websites; interviews with leasing agents; Costar; LOCi Consulting LLC

4.5 Profiles of Select Rental Communities Near the East Range PMA, December 2022

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Income-Restricted Rental Housing								
Ivy Manor Apartments 206 4th Avenue South Virginia, Minnesota	41	2	12 28 1	Studio 1BR 2BR	600 700 1,000	NA NA NA	NA NA NA	Incomes are restricted to 50% or 60% of area median depending on the units. Rents are capped at limits based on household size. Rent includes heat, electric, sewer, water, and trash. Surface parking lot. Laundry facilities on property. Manager said there were a few vacancies but did not know exact number.
<i>Year Built: 1931</i>								
Mountain Manor 5700 Mountain Ave Mountain Iron, Minnesota	30	0		1BR	500	30% of Income	NA	
<i>Year Built: 1995</i>								
Pine Mill Court 1000 3rd Street South Virginia, Minnesota	128	0		1BR 2BR 3BR 4BR	NA NA NA NA	30% of Income	NA	Townhome units. Income is restricted to 30% of area median income. Rents based on 30% of income.
<i>Year Built: 1952 / 2000</i>								
Workforce and Market-Rate Rental Housing								
Meadowbrook Apartments 8392 Jasmine St Virginia, Minnesota	96	2		1BR 2BR	760 950	\$725 \$825	\$0.95 \$0.87	Rent includes heat, water, sewer, trash, and cable. Surface lot with garages. \$50 per month.
<i>Year Built: 1995</i>								

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Source: Websites; interviews with leasing agents; Costar; LOCi Consulting LLC

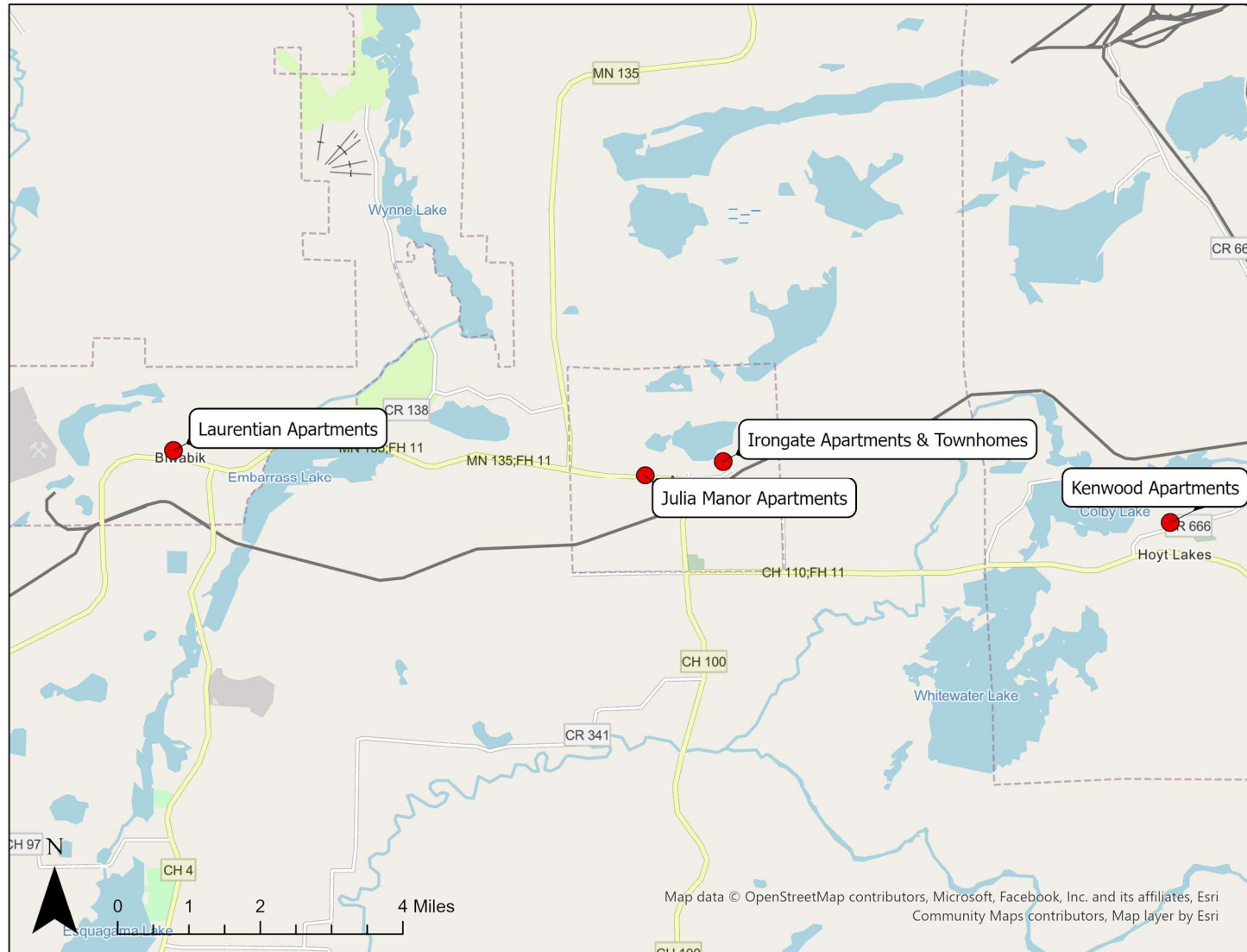


4.5 Profiles of Select Rental Communities Near the East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
Workforce and Market-Rate Rental Housing (Cont.)								
Marlin Manor 206 4th Avenue South Virginia, Minnesota	36	0	2 6 28	1BR 2BR 3BR	600 700 1,000	\$800 \$900 \$1,000	\$1.33 \$1.29 \$1.00	Rent includes heat, sewer, water, and trash. Surface parking lot. Laundry facilities on property.
<i>Year Built: 1971</i>								
Park Villa Apartments 8515 Park Villa Dr Mountain Iron, MN	60	0	6 36 18	1BR 2BR 3BR	770 928 1,160	\$815 - 950 \$1,010 - 1,110 \$1,130	\$1.06 - 1.23 \$1.09 - 1.20 \$0.97	Rent includes sewer, water, trash, and cable. Controlled access building with surface parking lot. Heated underground parking available for \$30 per month. Laundry facilities on property.
<i>Year Built: 1990</i>								
Raintree West Apartments and Townhomes 8517 Raintree Dr Mountain Iron, MN	133	0	48 48 37	1BR 2BR 3BR	688 792 1,140	\$740 \$925 \$1,115	\$1.08 \$1.17 \$0.98	Rent includes sewer, water, and trash. Controlled access building with surface parking lot. Some units have garages. Parking is \$30 per month. Laundry facilities on property. Section 8 vouchers can be used for some units.
<i>Year Built: 1976</i>								
Eastview Apartments 100 N Van Buren Ave Eveleth, Minnesota	48	2	24 24	1BR 2BR	675 765	\$880 - 1,010 \$1,100 - 1,210	\$1.30 - 1.50 \$1.44 - 1.58	Air conditioning units in walls. Units include cable hookups. Off-street parking. Some units have patios and/or balconies.
<i>Year Built: 1978</i>								
Birchwood Apartments 110 Anderson Dr. Virginia, Minnesota	60	0		Studio 1BR 2BR	495 630 800 - 940	\$600 \$760 \$915 - 975	\$1.21 \$1.21 \$1.14 - 1.22	Rent includes sewer, water, and trash. Controlled access building with surface parking lot. Laundry facilities on property. Section 8 vouchers can be used for some 2-bedroom units.
<i>Year Built: 1976</i>								

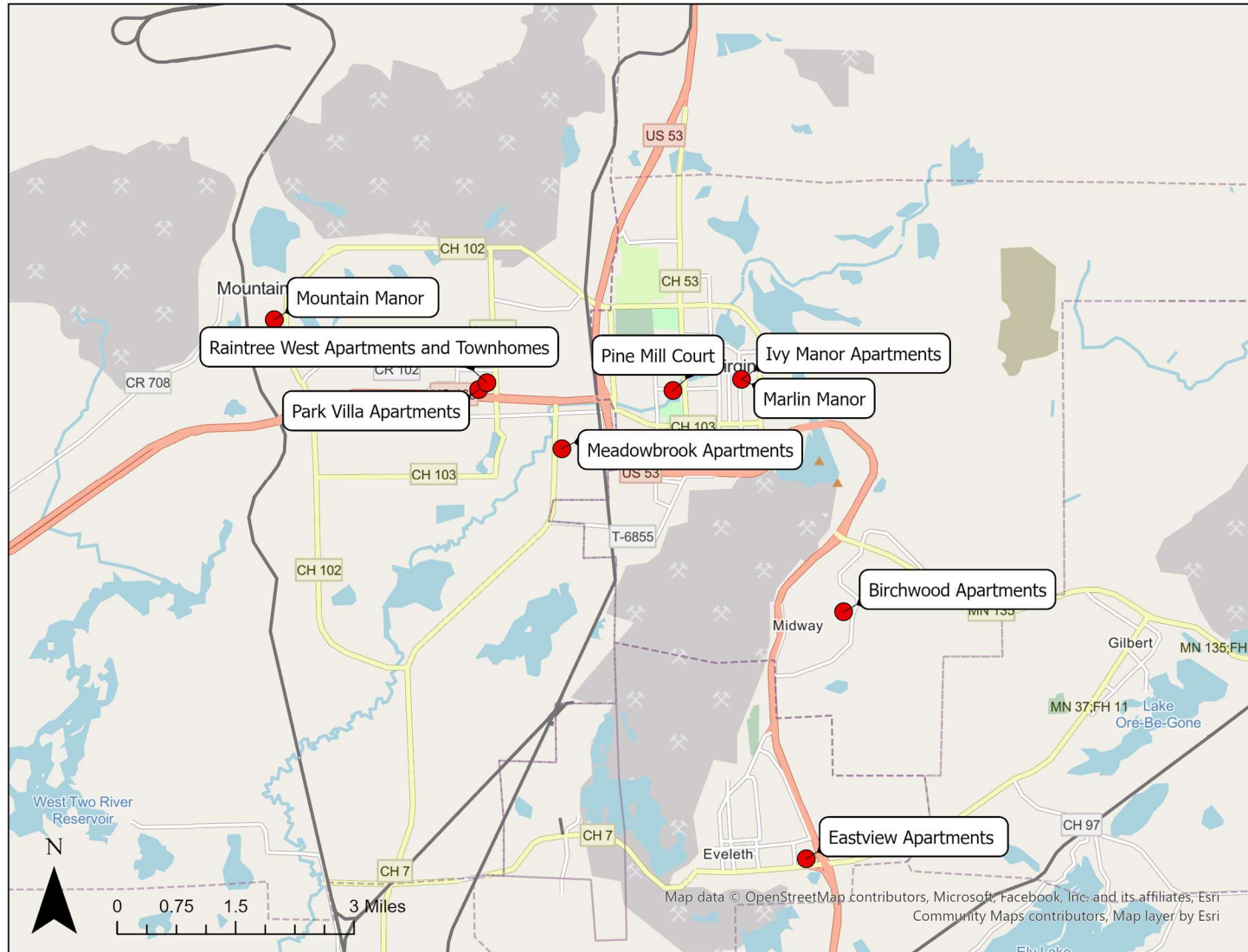
Source: Websites; interviews with leasing agents; Costar; LOCi Consulting LLC

Map 4.6: Rental Properties in the East Range Primary Market Area (PMA)



Source: ESRI; LOCi Consulting LLC

Map 4.7: Selected Rental Properties Outside the PMA—Eveleth, Mountain Iron, and Virginia



Source: ESRI; LOCi Consulting LLC

- While vacancy rates in the PMA are above the equilibrium rate of 5%, vacancy rates in the areas just outside of the PMA are much lower. The vacancy rate for affordable properties in this group is 1.0%. The vacancy rate for workforce/market rate properties is 0.9%.
- Rents are higher in the areas just outside of the PMA. Rents for workforce/market-rate properties outside of the PMA range from \$600 to \$1,210, or between \$0.87 and \$1.58 per square foot.
- Units typically include heat with the rent and off-street surface parking. Some of the of the properties include community rooms and outdoor gathering spaces.

Planned and Pending Rental Housing Developments

LOCi Consulting surveyed city and county planning staff to determine if there are planned or pending rental projects. There are no active projects. But city officials did note that two projects were being discussed as possible locations for new rental housing projects.

- City officials at the City of Biwabik said there have been discussions about using two large vacant parcels for the development of multifamily housing. The parcels were originally part of the school district and housed a shuttered school, which was demolished in 2021. Discussions are still in preliminary phases. This site is discussed in the final section of this report.
- Just outside the East Range PMA, officials at the City of Gilbert also have a former school property that has been discussed as a potential site for a rental housing development. Discussions are still in preliminary phases and there have been no discussions with potential developers.

Interviews

LOCi Consulting interviewed several sources familiar with the rental market—property managers, housing advocates, and developers. Key points from those interviews follow.

There is limited supply of affordable rental, and vacancies fill fast.

- Several sources said that affordable rental units do not stay vacant long. Many managers keep waiting lists.
- For market-rate units as well, managers said that occupancy is not a big challenge and that vacant units turnover pretty quickly.
- One affordable housing advocate said that mobile home park conversions are reducing affordable housing options for lower-income households in the Iron Range. There is one mobile home park in the East Range PMA, located in the City of Hoyt Lakes.

Much of the rental stock is older and needs to be renovated.

- One source said that the stock of rental housing is poor quality and landlords are not incentivized to make improvements. “Honestly, it’s old and it’s [expletive], and it’s getting worse,” he said.
- Landlords are not incentivized to maintain and improve their properties, said one affordable housing developer. “Because they a have not produced enough rental housing units, landlords have not had to step up to make their properties competitive in the market.

Multifamily housing development—both market rate and affordable—is challenging in the Iron Range region.

- One affordable multifamily developer said there is a lack of developable and zoned land for rental housing developments. This that projects can take a long time to come together, as the developer must put the land together and spend energy getting the project entitled before getting their financing ready.
- One developer said there is still reluctance to support rental housing projects in communities. “There is a strong pushback against rental housing,” he said.
- Development can be challenging in the Iron Range because there are so many smaller communities,

according to one developer. He points to the large number of housing and redevelopment agencies. Separately, they do not have the capacity to support development, and they are not coordinated enough to come together on projects.

Communities in the area need to view rental housing as a solution to driving workforce growth.

- One developer said that communities in the Iron Range need to consider rental projects to address their workforce housing needs. He said communities are biased to for-sale housing, but these projects often do not serve workforce households and can be more difficult to make work financially.

Communities can pursue strategies that might make new multifamily development more feasible.

- An affordable housing developer said communities need to coordinate efforts to prioritize projects. He said that projects in the Iron Range do not score particularly well with Minnesota Housing's criteria for workforce housing funding. He said there needs to be coordinated effort of communities to get these projects financed.

- One developer said that communities should consider their future multifamily needs when subdividing land for development. He said they should set aside a parcel with about 300 feet of frontage for future multifamily development. He said that single family homebuyers often do not want the parcels on higher traffic roads and that this land works well for rental or senior housing.
- Cities may have to provide land and pay for infrastructure costs to get these projects moving forward, said one developer.

5. Senior Housing

This section provides an overview of senior housing in the in the East Range Primary Market Area (PMA), both market rate and affordable. It includes an overview of senior housing product types, a profile of senior housing properties in and near the PMA, and a summary of interviews with sources familiar with the market.

Senior housing refers to a spectrum of property types that combine housing with varied levels of services for seniors. These housing products range from minimal or no services at active adult rental communities to high levels of services provided in enhanced memory care assisted living units. Some communities will offer the spectrum of senior housing products to residents, allowing residents to age in place within the community and to receive services appropriate for their needs. Others are freestanding and offer only one type of product.

The properties that include the lowest level of services are called **active adult** properties, which offer virtually no support services or healthcare, but still restrict tenancy to those age 55 and over. Active adult properties can be rental or owner-occupied units—attached or detached townhomes, condominiums, and cooperatives. The target market for these communities is typically age 65 and over and are generally healthier than other senior living residents.

Affordable senior housing can generally be classified as active adult as well. Units are age- and income-restricted and offer typical apartments with few services. Some affordable housing developments offer meals, housekeeping, and/or assistance with activities of daily living through external providers. These services are rarely included in the monthly fee.

Independent living communities offer support services such as meals and housekeeping. These services are either included in the rent or offered a-la carte so that residents can choose whether to pay for them. Independent living projects attract an

older and frailer senior population than active adult projects—generally seniors age 75 and over.

The most service-intensive housing types are **assisted living** and **memory care assisted living**. Typical services included three meals per day, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of personal-care and therapeutic services. The meals and services can be built into the monthly fee, charged through a tiered service package, or offered a-la-carte.

Senior Housing in and near the PMA

LOCi Consulting inventoried senior housing in and near the East Range PMA. Figure 5.1 shows properties currently available in the Primary Market Area (PMA). Figure 5.2 shows properties that are located just outside of the PMA in nearby communities. The list of communities surveyed outside of the PMA is not comprehensive but represents most communities in the immediate area. Map 5.3 and 5.4 shows the location of these properties.

Affordable Senior Housing

- One affordable senior housing property was inventoried in the PMA, with a total of 62 units. *Irongate Apartments & Townhomes* is located in Aurora. The projects require incomes at or below 30% of AMI. Both projects offer one-bedroom units with sizes between 540- and 750-square feet. Meals and services are not offered by the property itself; however, management said that almost all residents are receiving services coordinated through St. Louis County.
- In the PMA, there were two vacant units of affordable senior housing, for a vacancy rate of 3.2%.

5.1 Profiles of Senior Housing Communities in the East Range PMA, December 2022

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent / Unit List Price	Rent per Square Foot	Services and Amenities
Subsidized Age-Restricted Rental							
Irongate Apartments 310 East 4th Avenue North Aurora, Minnesota <i>Year Built: 1980</i>	62	2	1BR 2BR	540 640	30% of Income		Restricted to age 62 or older or disabled. Rent includes heat, water, and trash. Recreation area, laundry facilities on site, and emergency pull cords in the units. Surface parking lot included with rent.
Market-Rate Active Adult For-Sale							
Merritt Hill Estates 1309 Charity Lane Biwabik, Minnesota <i>Year Built: 2005</i>	8	0	2BR	1,000	\$90,000 Price from sale in 2016	NA	Two four-unit buildings. Not technically age-restricted, but almost all residents are seniors. Association fee is \$100. Includes all utilities except phone. Single level living with gas fireplace, full kitchen, central air, and deck. Single car garage.

*** Continued on Next Page ***

Source: Interviews; community websites; LOCi Consulting LLC

5.1 Profiles of Senior Housing Communities in the East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
Assisted Living							
Carefree Assisted Living 304 E. 3rd Ave. S. Aurora, Minnesota <i>Year Built: 2014</i>	28	0	Studio 1BR	314 - 382 561	\$2,170 - 2,283 \$2,499	\$5.68 - 6.91 \$4.45	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included.
					<u>Service Packages</u> Base care package is \$983--a la carte packages available		
New Journey Residence 100 Vermilion Trail Biwabik, Minnesota <i>Year Built: 1994</i>	32	0	Private	NA	\$4,822	NA	Meals and snack and light housekeeping included; utilities, phone and cable included.
					<u>Service Packages</u> Additional care packages are available		
Memory Care Assisted Living							
Carefree Assisted Living 304 E. 3rd Ave. S. Aurora, Minnesota <i>Year Built: 2014</i>	12	5	Shared Private	204 280	\$2,887 \$3,091	\$14.15 \$11.04	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included.
					<u>Service Packages</u> Care packages determined by RN assessment		
New Journey Residence 100 Vermilion Trail Biwabik, Minnesota <i>Year Built: 1994</i>	8	8	Private	NA	\$6,822	NA	Meals and snack and light housekeeping included; utilities, phone and cable included. Memory care units are not currently in service because of staffing.
					<u>Service Packages</u> Additional care packages are available		

Source: Interviews; community websites; LOCi Consulting LLC

5.2 Profiles of Select Senior Housing Communities Outside of East Range PMA, December 2022

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent / Unit List Price	Rent per Square Foot	Services and Amenities
Subsidized Age-Restricted Rental							
Alice Netell Towers 550 North 3rd Avenue Virginia, Minnesota <i>Year Built: 1976</i>	156	2	1BR 2BR	675 750	30% of Income		Restricted to age 62 or older or disabled. Income is restricted to 30% of area median income. Rent includes heat, electric, water, and trash.
Hilltop Manor Apartments 100 McKinley Avenue Eveleth, Minnesota <i>Year Built: 1979</i>	54	0	1BR 2BR	571 823	30% of Income		Restricted to age 62 or older or disabled. Income is restricted to 30% of area median income. Rent includes heat, electric, sewer, water, and trash. Surface parking lot. Laundry facilities on property.
Columbia/Rouchleau Apartments 600 3rd Avenue North Virginia, Minnesota <i>Year Built: 1968 / 1984</i>	147	0	1BR	NA	30% of Income		Age 62 or older or disabled preference. But almost all residence are seniors or disabled. Income is restricted to 30% of area median income.
Market-Rate Active Adult For-Sale							
Realife Cooperative of Hibbing 2020 3rd Ave E Hibbing, Minnesota <i>Year Built: 2004</i>	38	0	1BR 2BR	1,079 1,043 - 1,359	\$47,869 \$59,481 Current Share Price for Cooperative	NA NA	Restricted to age 55 and up. Monthly fee ranges from \$1,095 to \$1,360. Includes all utilities except phone. Common area includes great room, lounge, library, crafts room, and exercise room. Underground parking available. Units include full-Kitching's, balconies, and walk-in closets.
*** Continued on Next Page ***							

Source: Interviews; community websites; LOCi Consulting LLC

5.2 Profiles of Select Senior Housing Communities Outside of East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
Market-Rate Active Adult For-Sale (Cont.)							
Realife Cooperative of Hibbing South 12070 47th St. W. Hibbing, Minnesota <i>Year Built: 2010</i>	22	1	2BR	1,085 - 1,521	\$69,423 Current Share Price for Cooperative	NA NA	Restricted to age 55 and up. Monthly fee ranges is \$1,400. Includes all utilities except phone. Common area includes great room, lounge, library, crafts room, and exercise room. Underground parking available. Units include full-Kitching's, balconies, and walk-in closets.
Market-Rate Active Adult Rental							
Laurentian Manor 404 9th Street North Virginia, Minnesota <i>Year Built: 1993</i>	80	0	1BR 2BR	640 - 930 970	\$949 - 1,220 \$1,270	\$1.31 - 1.48 \$1.31	Market rate senior living. Community room, library, puzzle room, and game room. Underground parking for all units (\$50 per month). Waiting list.
Washington Manor Senior Residences 801 9th Street North Virginia, Minnesota <i>Year Built: 1921 / 1996 / 1999</i>	40	0	1BR 2BR	750 1,000	\$950 \$1,270	\$1.27 \$1.27	Market rate senior living. Community room, library, puzzle room, game room, and sitting areas. Underground parking for half of the units (\$45 per month).
Park Place 8529 Parkvilla Drive Mountain Iron, MN <i>Year Built: 1993</i>	29	0	1BR 2BR	1,064 1,324	\$1,150 \$1,300	\$1.08 \$0.98	Market rate senior living. Rent includes heat and water. Limited common space. Units have full kitchens with in-unit washer and dryer.

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Source: Interviews; community websites; LOCi Consulting LLC

5.2 Profiles of Select Senior Housing Communities Outside of East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
Independent Living							
Edgewood 705 17th Street N Virginia, Minnesota <i>Year Built: 2003 / 2008</i>	19	1	1BR 2BR	550 800	\$2,175 \$2,475	\$3.95 \$3.09	Meals are available but not included. Rent includes all utilities including cable. 1-car garages available. Units have full kitchens with in-unit washer and dryer.
Assisted Living							
Carefree Assisted Living 421 10th Street South Virginia, Minnesota <i>Year Built: 2017</i>	26	0	Studio 1BR	NA NA	\$2,170 - 2,283 \$2,499	NA NA	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included.
					<u>Service Packages</u> Base care package is \$983--a la carte packages available		
Carefree Assisted Living 1 Central Boulevard Babbitt, Minnesota <i>Year Built: 2012</i>	26	2	Studio 1BR	NA NA	\$2,170 - 2,283 \$2,499	NA NA	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included. Vacancies reported by staff; beds are estimated from licensure.
					<u>Service Packages</u> Base care package is \$983--a la carte packages available		
Edgewood 705 17th Street N Virginia, Minnesota <i>Year Built: 2003 / 2008</i>	166	30	Shared Studio 1 BR 2 BR	NA 325 550 800	\$2,475 \$3,100 \$4,125 \$4,450	NA \$9.54 \$7.50 \$5.56	Meals and snack and light housekeeping included; units include kitchenettes and in-unit washer and dryer; amenities include dining room, fitness center; utilities and cable included.
					<u>Service Packages</u> Three levels of care: \$500-\$1,850		

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Source: Interviews; community websites; LOCi Consulting LLC

5.2 Profiles of Select Senior Housing Communities Outside of East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
Assisted Living (Cont.)							
Diamond Willow of Mountain Iron 8583 Unity Dr Mountain Iron, Minnesota <i>Year Built: 1996</i>	13	0	Shared Private	NA NA	\$7,200 \$8,200	NA NA	26 beds at facility can be AL or MC. Split in this table. Three daily meals and snacks, laundry and housekeeping. Monthly fee is all inclusive--physical, occupational, and speech therapy, continence care, medication administration; monthly fee includes utilities, phone and cable.
					All inclusive, no packages		
Memory Care Assisted Living							
Carefree Assisted Living 421 10th Street South Virginia, Minnesota <i>Year Built: 2017</i>	12	0	Studio 1BR	NA NA	\$2,887 \$3,091	NA NA	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included.
					<u>Service Packages</u> Care packages determined by RN assessment		
Carefree Assisted Living 1 Central Boulevard Babbitt, Minnesota <i>Year Built: 2012</i>	12	2	Studio 1BR	NA NA	\$2,887 \$3,091	NA NA	Meals and snack and light housekeeping included; amenities include lounge area and common spaces; utilities except phone and cable included. Vacancies reported by staff; beds are estimated from licensure.
					<u>Service Packages</u> Care packages determined by RN assessment		

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Source: Interviews; community websites; LOCi Consulting LLC

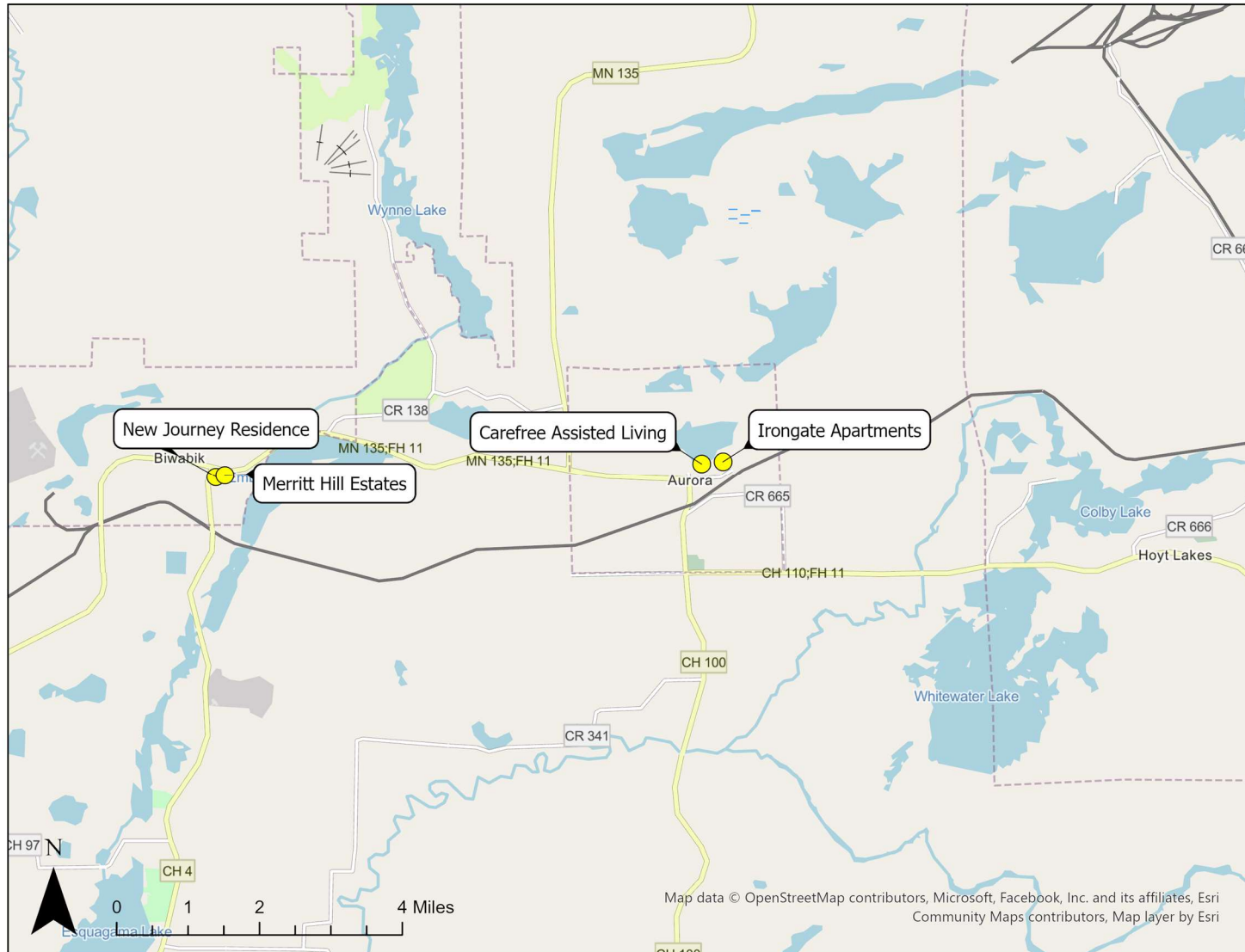


5.2 Profiles of Select Senior Housing Communities Outside of East Range PMA, December 2022 (Continued)

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
Memory Care Assisted Living (Cont.)							
Edgewood 705 17th Street N Virginia, Minnesota <i>Year Built: 2003 / 2008</i>	38	0	Shared Private	NA 325	\$4,750 \$5,800	NA \$17.85	Three meals per day and light housekeeping included; units include kitchenettes; amenities include dining room, fitness center; utilities plus cable and phone included.
					<u>Service Packages</u> Three levels of care: \$850-\$1,950		
Chestnut Grove Memory Care 1204 Chestnut Street Virginia, Minnesota <i>Year Built: 2002</i>	20	2	Shared Private	NA NA	NA NA	NA NA	Three meals per day and light housekeeping included; dining rooms, common areas with TV, on site beauty shop, outdoor patio, safety equipped bathrooms and showers, door alarms. 24-hour video monitoring of common areas, and secure entry and exit.
Diamond Willow of Mountain Iron 8583 Unity Dr Mountain Iron, Minnesota <i>Year Built: 1996</i>	13	0	Shared Private	NA NA	\$7,200 \$8,200	NA NA	26 beds at facility can be AL or MC. Split in this table. Three daily meals and snacks, laundry and housekeeping. Monthly fee is all inclusive--physical, occupational, and speech therapy, continence care, medication administration; monthly fee includes utilities, phone and cable.
					All inclusive, no packages		
New Journey Residence 303 Hat Trick Avenue Eveleth, Minnesota <i>Year Built: 1977 / 1980</i>	20	1	Private	NA	\$6,822	NA	Meals and snack and light housekeeping included; utilities, phone and cable included.
					<u>Service Packages</u> Additional care pack are available		

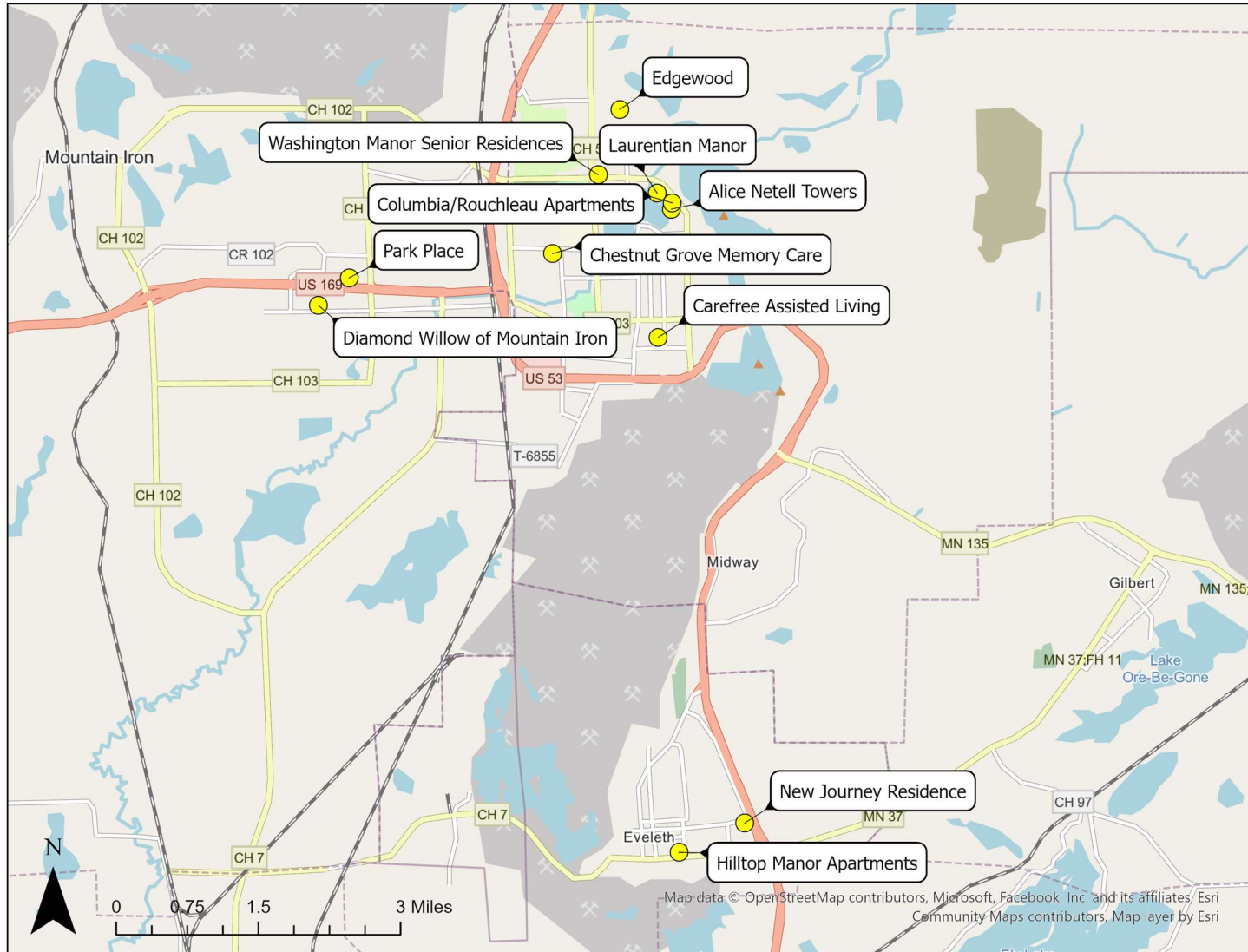
Source: Interviews; community websites; LOCi Consulting LLC

Map 5.3: Senior Housing Properties in the East Range Primary Market Area (PMA)



Source: ESRI; LOCi Consulting LLC

Map 5.4: Senior Living Properties Outside the PMA—in Eveleth, Mountain Iron, and Virginia



Source: ESRI; LOCi Consulting LLC

- Just outside of the PMA, three projects were surveyed, with a total of 357 units. These properties are located in the cities of Virginia and Eveleth.
- All of the properties are income restricted to households with incomes less than 30% AMI.
- There are two vacant units in these properties, for a vacancy rate of 0.5%.

Active Adult

- One owner-occupied property was identified in the PMA that can be classified as active adult. While it is not technically age restricted, *Merritt Hill Estates* is a single-level townhome development with eight units in Biwabik. The property is currently completely occupied.
- There are no active adult rental properties in the PMA.
- The communities immediately adjacent to the PMA offer more housing options for active adult seniors.
- Two active adult cooperative developments were identified in Hibbing. *Realife Cooperative of Hibbing* is 38-unit cooperative that was built in 2004, and *Realife Cooperative of Hibbing South* is a 22-unit cooperative building built in 2010. Unlike condominiums where residents own the unit, residents of cooperatives own shares in the project.
- The vacancy rate for active adult for-sale senior housing was 3.3% for properties just outside of the PMA.
- Three active adult rentals were identified in communities near the PMA, with a total of 149 units. These age-restricted properties offer full apartments and community space, but do not offer meals or other services.
- The vacancy rate for market-rate active adult rental was 0.0% for properties just outside of the PMA.
- Rents at these projects range from \$949 to \$1,300 per month, or \$0.98 to \$1.48 per square foot.

Independent Living

- Independent living senior housing resembles active adult senior housing—the properties offer full apartments with full kitchens—but also offer meals, housekeeping, and services.
- No independent living properties were identified in the PMA.
- Outside of the PMA, one project was identified that can be categorized as an independent living senior property. *Edgewood* has 19 units that have full apartments and where residents can take advantage of meals and services offered. The property also offers a continuum of care, with assisted living and memory care units as well.
- Monthly fees at *Edgewood* range from \$2,175 to \$2,475 for the independent living units.
- The vacancy rate for independent living for surveyed properties is 5.2% for properties just outside of the PMA.

Assisted Living and Memory Care

- Two assisted living and memory care facilities were identified in the PMA—*Carefree Assisted Living* in Aurora and *New Journey Residence* in Biwabik.
- Both projects offer assisted living and memory care levels of service. However, *New Journey Residence* has temporarily suspended memory care services due to staffing issues. Those eight units are currently out of service.
- The vacancy rate for assisted living in the PMA is 0.0%. The vacancy rate for memory care in the PMA is 41.7%. That calculation includes only the 12 units in service at *Carefree Assisted Living* in Aurora.
- Monthly fees for assisted living range from \$2,170 to \$4,822. Memory care monthly fees range from \$2,887 to \$6,822. The monthly fee includes a base package with meals and housekeeping. Some properties offer base packages with higher levels of care. Others offer more basic base services with higher services of care available.

- *Carefree Assisted Living and Memory Care* in Hoyt Lakes closed in Spring of 2020. The 20-bed community was built in 2010 and acquired by Carefree Spectrum in 2018. Sources interviewed said that the facility closed because of staffing and occupancy challenges.
- Outside of the PMA, six communities were surveyed that offer assisted living and memory care senior housing.
- For communities immediately outside of the PMA, the vacancy rate for assisted living was 13.8%. The vacancy rate for memory care was 4.3%
- Pricing at these communities is similar to pricing in the PMA. Monthly fees for assisted living range from \$2,170 to \$8,200. Memory care monthly fees range from \$2,887 to \$8,200.

Skilled Nursing Facilities

- There is only one skilled nursing facility in the PMA. Not shown in the figures, Essentia Health operates a 33-bed skilled nursing facility at the *Essentia Health Northern Pines Medical Center* in Aurora. The facility is certified both in Medicare and Medicaid and provides both long-stay and short-term post-acute care.

Planned and Pending Senior Housing Developments

LOCi Consulting surveyed city and county planning staff to identify senior housing developments that may be under discussion in the area. No planned or pending senior housing developments were identified in or near the PMA.

Interviews

LOCi Consulting interviewed several sources familiar with the senior housing market. Key points from those interviews follow.

The senior living in the area serves senior who live in the area or have connections to the area.

- All managers said the overwhelming majority of seniors at their communities grew up in the immediate area.

- Mangers said it was very rare for an adult child to relocate their parent to a senior community in the area.

Staffing is a huge issue for senior housing providers in the PMA.

- One facility has closed its memory care wing—*New Residence Assisted Living*—because it cannot hire enough staff to provide the appropriate level of care.
- Other sources said that they have had difficulties keeping staff in the recent past, but those challenges seemed to be stabilizing. But she knows that other properties are really struggling.

Demand is strong for affordable senior housing.

- One source said there is an especially strong need for affordable senior housing.
- Several affordable property managers said they have long wait lists and units turnover quick.

There are some occupancy challenges in the area, especially for higher priced care levels.

- One property manager said that seniors in the area just do not have the incomes to support market-rate assisted living and memory care. She said she thinks that is why there are so many open beds.

Providing appropriate senior living opportunities is an important part of ensuring stable community growth.

- A housing developer said that communities should look at senior housing options to free up single-family units for workforce households.
- A Realtor said that many seniors are staying in their home too long and that those single-family homes are great opportunities for first-time homebuyers.

6. Special Needs Housing

This section provides a discussion of the need for housing that serves populations with special needs in the East Range Primary Market Area (PMA).

Population with Disabilities

Figure 6.1 shows the population with disabilities in St. Louis County excluding the City of Duluth. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2015 and 2020 and is meant to provide an estimate for 2020. Note that a person may have multiple disabilities, so the population counts are not mutually exclusive.

- About 18,200 people in northern St. Louis County have a disability. The population with an

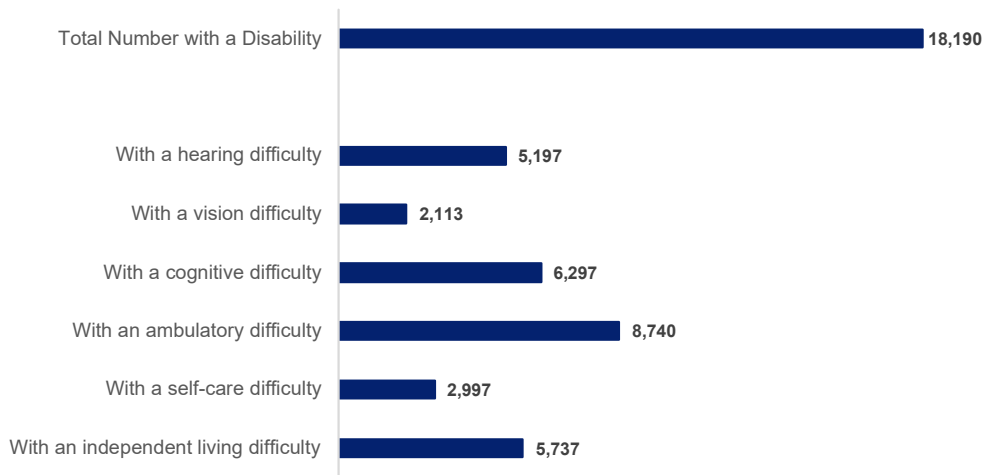
ambulatory disability is the largest portion of this group with about 8,700 individuals.

- Subsidized housing that also serves income-qualified households provides housing for residents with disabilities. Discussed in previous sections, these units do not turnover frequently and are reoccupied quickly when they do.

Homelessness in East Range Communities

Data is limited on the number of individuals and families experiencing homelessness in East Range

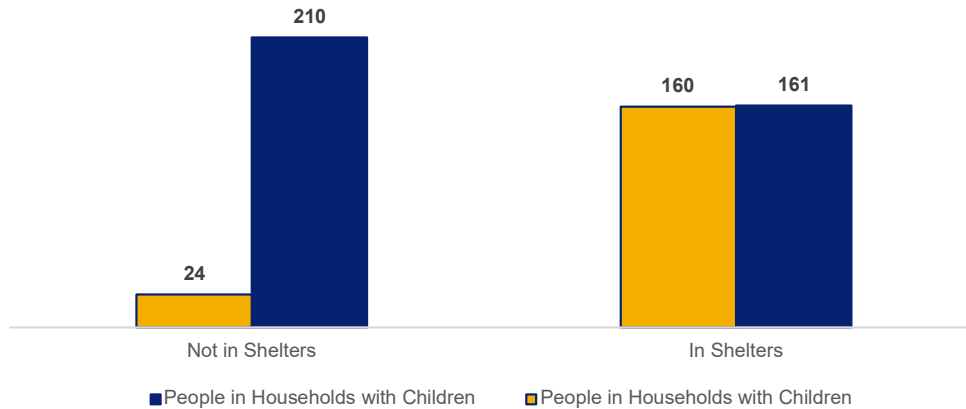
6.1 Population with a Disability in the St. Louis County, Excl. Duluth, 2020



* Note that a person may have more than one disability.
 ** Includes the area of St. Louis County outside of the City of Duluth.

Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC

6.2 Population Experiencing Homelessness in St. Louis County, January 2022



* Point in time data is January 26, 2022

Source: Housing and Urban Development (HUD) Continuum of Care (CoC) Homeless Assistance Programs Homeless Populations and Subpopulations Reports; LOCi Consulting LLC

Communities. The US Department of Housing and Urban Development (HUD) also collects data on homeless populations for their continuum of care providers, of which St. Louis County is one.

- It is estimated that there are a total of about 555 individuals who are homeless in the St. Louis County on January 26, 2022. Of those, about 321 were being served in shelters, while the remainder were still living in the community.

Residential Facilities Serving Special Need Populations in East Range Communities

Other than foster homes for children mostly in single-family homes and subsidized housing for individuals who are disabled, there are no residential facilities serving special needs populations in the East Range PMA.

In nearby communities, there are several organizations serving individuals and families who are homeless or at risk of homelessness. Only one

organization provides shelter beds to homeless individuals. (This list is comprehensive but may not include all organizations providing services.)

- Arrowhead Economic Opportunity Agency.** AEOA operates **Bill's House**, a 12-bed emergency shelter in Virginia. The organization also has a variety of programs that help homeless individuals and families keep their current housing or find new stable housing. Services include outreach, assistance in meeting basic needs, financial assistance, counseling, case management, and referrals to important resources. Housing crisis services are available for those facing homelessness. AEOA is opening a new 56-room shelter to serve homeless individuals in Hibbing in January 2023.
- Lakeview Residence.** Located in Virginia, Lakeview Residence is privately-owned licensed board and care and assisted living facility with 26 board and care units and eight assisted living units. The organization also provides four off-site long term supportive housing unit. The monthly

fee is typically subsidized and includes three meals per day and housekeeping and laundry services. Lakeview Residence specializes in services to lower-income elderly, residence with mental illness, and individuals recovering from chemical dependency.

- **Range Transitional Housing.** This organization provides support services for individuals and families facing challenges with transitional housing and chronic homelessness through subsidized rents and case management. Staff said they work through a network of local landlords to find appropriate housing for their clients. The organization is currently working with clients and families in 90 apartment units that they sublease in the area. Their waiting list is about 100 people.
- **Lutheran Social Services (LSS).** Located in Virginia, this organization provides services targeted to teens and young adults who are at risk of homelessness. Prior to 2021, LSS operated an emergency shelter for at risk youth. Staff reported that funding for the shelter was discontinued as due to the difficulties of operating the shelter during the COVID19 pandemic.
- **The Salvation Army.** The Virginia office of the Salvation Army provides meals five days a week and emergency food shelf services.
- **Advocates for Family Peace.** AFFP serves individuals and families who are experiencing or at risk of intimate partner domestic violence. While this organization does not specifically offer housing services, stabilized shelter for its clients can be a critical issue at times of need.

Interviews

LOCi Consulting interviewed organizations that provide services to special needs populations in East Iron Range communities. Social service organizations interviewed serve clients dealing with disability, homelessness, domestic violence, and chemical dependency. Findings from those interviews follow.

Organizations that assist special needs populations provide services to individuals and

families from the East Range communities included in this analysis.

- All sources interviewed said that they provide services to individuals and families from the East Range communities of Aurora, Biwabik, and Hoyt Lakes. “We get calls on a regular basis from those communities,” said one source.

There is a strong base of organizations providing services to special needs individuals and families, but there is a lack of housing to accommodate them once they are in the system.

- Sources within the organizations said that they need landlords to make units available for housing. “Bottom line,” said one source, “if we had more landlords that would work with us, we would have more units and we could house more people.”
- When asked how agencies deal with the lack of available housing units, one source said that they extend hours that they can provide shelter during the day at their facilities, or they scramble to find anything that could be available even outside of the region. “We do our very best to try to fill in the gaps,” she said.
- One source said that outreach to individuals and families dealing with homelessness can be tough in the Iron Range because there are so many smaller communities.

There is a need for emergency housing.

- AEOA reported that they had to turn away 3,364 people over the previous three years because it did not have enough shelter beds.
- One source said she has been surprised at the challenges facing renters in the area. She said that by the time she is working with individuals, they may have had significant rent increases and be months behind on their rental payments. The increased demand for housing overall and the pandemic has exacerbated these challenges.
- One source said there are limited housing options that serve at risk youth. These individuals have may have special needs and it is difficult to find emergency housing for them.

- One source said that hospitals are often forced to discharge patients who do not have immediate housing options. She said these individuals may have issues with mental health, chemical dependency, or personal care needs. She said the current worker shortage adds to this challenge because organizations cannot find staff to provide services.
- One source said that homelessness challenges in the Iron Range look different from cities like Duluth and the Twin Cities. “We have a lot of people living on other people’s couches or living in their cars.”

There is a need for short-term transitional housing.

- Many sources said that local landlords in the area are not willing to take risks on tenants that may be at risk of homelessness. Many of the programs that serve this population in the area are dependent on owners of existing apartments to

provide transitional housing while the individuals receive counseling and services in order to reach a stabilized status. But program providers are challenged to find these units when the need arises. “We need more permanent housing period and more landlords who will rent to at risk individuals.”

Because waiting lists in northern St. Louis County tend to be shorter, individuals and families from Duluth are often referred to the Iron Range for services.

- One source said they often serve individuals and families from outside their service area, which puts greater stress on a system that is already at a breaking point.

7. Conclusions and Recommendations

This section summarizes the demand calculations for for-sale housing units, market-rate and affordable rental housing units, and senior housing in the East Range Primary Market Area (PMA). Descriptions of the methodology and detailed calculations are included in the Appendix that follows this section. This section also reviews available land, discusses remodel and rehabilitation potential, and makes recommendations.

Income Limits and Market Segment Definitions

Figure 7.1 shows the maximum incomes by household size to qualify for affordable housing for St. Louis County. (This is the same data shown in Figure 4.3.) These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by Minnesota Housing. The income limits were effective June 15, 2022.

LOCi Consulting uses these limits to guide the analysis for demand. In actual practice, income requirements may be different for individual affordable properties based on the date that project was placed into service.

The income limits are published as percentages of Area Median Income (AMI). Based on the income limits outlined, the market segments for this analysis are:

- **Very Low Income.** This is defined as up to 50% of AMI. For this analysis, the limits for three-person household limit are used. Very low-income households are households with incomes below \$38,400.
- **Low Income.** Low income is defined for this analysis as households between 50% and 60% of AMI—or households earning between \$38,400 and \$46,080.
- **Workforce.** This group is defined as households earning between 60% and 80% of AMI—or households earning between \$46,080 and \$61,450.
- **Market Rate.** Demand for market-rate housing is assumed to come from households earning above 80% of AMI—or households earning greater than \$61,450. For rental housing, households at this income could pay about rents starting at \$1,500. For for-sale housing, households at this income could qualify to purchase a home starting at about

7.1 Income Limits by Household Size for Duluth, MN-WI HUD Metro FMR Area

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	\$17,950	\$20,500	\$23,050	\$25,600	\$27,650	\$29,700	\$31,750	\$33,800
Very Low Income	\$29,900	\$34,150	\$38,400	\$42,650	\$46,100	\$49,500	\$52,900	\$56,300
60% Limits	\$35,880	\$40,980	\$46,080	\$51,180	\$55,320	\$59,400	\$63,480	\$67,560
Low Income	\$47,800	\$54,600	\$61,450	\$68,250	\$73,750	\$79,200	\$84,650	\$90,100

* Effective June 15, 2022

** Duluth, MN-WI HUD Metro FMR Area includes Carlton and St. Louis Counties, MN, and Douglas County, WI

Source: US Department of Housing and Urban Development; Minnesota Housing; LOCi Consulting LLC

\$185,000. (This estimate assumes an interest rate of 7.0%, 10% down, property taxes and fees, and income qualified at 28% of pre-tax income.²) Homes at this price point would likely require some sort of workforce housing subsidy.

Demand Estimates

Figures 7.2 through 7.4 show summaries of the demand calculations in the Appendix. Although some of the demand calculations provide for point estimates, data in the summary is provided as a range of units.

The analysis shows that there is housing demand across almost all housing types.

For-Sale Housing

- Figure 7.2 shows the summary of the demand calculations for for-sale housing in East Range PMA. We find demand for between 25 and 35 units of for-sale housing in the East Range PMA between 2022 and 2027.
- Based on the distribution of income—most of the household growth is projected to higher-income households age 55 and over—to be for homes priced above \$325,000.
- Almost all of the new for-sale home development in the PMA is occurring on lots purchased by homeowners and built by custom builders. Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers. Most of these homes are priced above \$400,000.
- Production of for-sale units priced between \$175,000 and \$325,000 will likely be constrained simply because it is difficult to supply new homes desired by the market at those price points. There have been some efforts across Greater Minnesota to develop housing that would serve this market in recent years. But development of this type of housing has been a challenge.

- We recommend focusing efforts to address housing needs on the development of additional rental housing rather than for-sale housing. At this point, it is difficult to supply affordable for-sale housing at price points that are feasible for development.
- A large portion of the income and household growth driving demand for for-sale housing is from households age 65 and older. There may be an opportunity to develop single-level patios and twinhomes that would appeal to this market. Developers should consider the possibility of developing an association-maintained community for this portion of the market.

Rental Housing

- Figure 7.3 shows the summary of demand for rental housing in the East Range PMA between 2022 and 2027. The analysis found demand for between 255 and 305 units of rental housing targeted to households with incomes less than 80% of AMI. The analysis found demand for between five and 10 market-rate units.
- For affordable housing—namely housing targeted to households below 50% of AMI—demand is primarily driven by cost-burdened households who need better housing options. There is very limited supply to satisfy this need in the East Range PMA.
- Combining the workforce housing demand with market-rate demand, we estimate there is demand for between 25 and 35 units.
- We recommend that developers focus on one-, two-, and three-bedroom units in apartment style buildings to meet the affordable and market-rate rental demand.

² Lenders often use the 28/36 rule to underwrite mortgages. The front-end ratio is how much of your income is taken up by housing expenses. According to the 28/36 rule, the mortgage payment—including taxes, homeowners' insurance, and private mortgage insurance—should not exceed 28% of income. The back-end ratio is total debt compared to income. Lenders prefer

that total debt stay under 36% of income. Other debt could include child support, alimony, homeowners' association fees, car loans, or credit card payments. For purposes of this analysis, we focus on housing cost as a percentage of income.

7.2 For-Sale Housing Demand Summary for the East Range PMA, 2022-2027

	Estimated Base Price	Estimated Demand
Market-Rate For-Sale Units 80% of AMI and Higher	\$185,000 - \$450,000	25 - 35

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

7.3 Rental Housing Demand Summary for the East Range PMA, 2022-2027

	Estimated Rents	Estimated Demand
Affordable Rental Housing Units		
Up to 50% AMI	\$0 - \$960	200 - 225
50% to 60% AMI	\$960 - \$1,150	5 - 10
60% to 80% AMI	\$1,150 - \$1,500	20 - 25
Market-Rate Rental Units	Greater than \$1,500	5 - 10

* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

- Developers may also want to consider townhome or twinhome rental units to meet some of this need. These structures could have three- and four-bedroom units targeted to workforce households with families. We believe these types of rental housing would be well received by the market. But it may cost more to develop than a single structure with more units.
- As with the general occupancy housing demand, the greatest portion of demand is in affordable senior housing units.
- No additional demand was found for assisted living units in the PMA, but additional demand was found for memory care units.

Housing for Special Needs Populations

Senior Housing

- Figure 7.4 shows the estimated demand for senior housing in the East Range PMA. There is demand for between 40 and 65 market-rate senior housing units and between 30 and 35 affordable senior housing units.
- The overall lack of affordable housing options for cost burdened households in the greater Iron Range region has ripple effects through organizations serving special need populations. All of the sources interviewed for this analysis said that housing challenges make serving these populations particularly difficult.

7.4 Senior Housing Demand Summary for the PMA, 2022-2027

	Estimated Demand
Affordable Senior Housing	30 - 35
Market-Rate Active Adult For-Sale Senior Housing	10 - 15
Rental Senior Housing	15 - 20
Market-Rate Independent Living/Congregate	10 - 15
Market-Rate Assisted Living	
Assisted Living	0 - 0
Memory Care	5 - 15

Source: LOCi Consulting LLC

- Sources said there is need for emergency and transitional housing, along with permanent housing solutions that offer supportive programming to stabilize individuals and families experiencing a crisis.
- While sources said that they often serve individuals and families in the East Range PMA, it may be more effective to provide services and shelter beds in communities with larger populations—like Virginia and Hibbing—rather than attempting to serve a regional population in Aurora, Biwabik, or Hoyt Lakes.

Proposed PolyMet Mine Project and the Impact on Housing Demand

The proposed \$1 billion PolyMet Mining proposal is still working its way through the regulatory process and court challenges. Operators of the proposed copper and nickel mine have said that the project would bring 360 direct jobs and 600 indirect jobs to the area. The proposal would include operating mining facilities in Babbitt and Hoyt Lakes.

Because this project has not received approval to move forward and is still in moving through both regulatory and court reviews, this analysis does not include population growth that would likely come from the project.

Should this project move forward, it would increase demand across all housing types. New workers

would likely purchase existing single-family homes and rent existing workforce units, pushing both home prices and apartment rents up. Seniors might see an opportunity to sell their homes and start looking for housing options that require less maintenance. And households already struggling with high housing costs might get pushed out of the market altogether.

While a detailed analysis of these impacts is beyond the scope of this study, we recommend that the East Range Powers Board start the planning process to identify sites and potential partners should this project start to get momentum. These discussions might create opportunities to address the base case housing demand identified in this analysis.

Land Availability

Local regulations and land-use policies are often a barrier to building more homes in many communities. Communities often do not have all the tools they need to effectively evaluate and update local plans, zoning, and land-use policies to expand housing options in their communities. Strategies to encourage the development of the supply of new homes and to increase diversity in the types of homes available can include incentivize affordable homes through tax abatements, density bonuses, inclusionary zoning, housing trust funds, alternative or modular housing, and other policies.

Another way to make more land available for housing development is to subsidize land development for workforce residential housing. Cities or counties could reduce fees, such as water/sewer fees or park dedication fees, for projects that promote workforce housing. Other cities may sell existing city-owned land at no or low cost to developers who commit to building affordable housing.

Cities and counties may also pay a portion of the cost to extend utilities and infrastructure to make land development more cost effective. There may be funding sources available from the State of Minnesota to assist with these kinds of projects.

We recommend that municipal leaders explore these options to find creative solutions to address the need for additional housing.

Biwabik School Site

The East Range Joint Powers Board has discussed the potential to develop housing at two vacant parcels located in Biwabik. LOCi Consulting reviewed these sites to determine if they would be appropriate for the housing development.

Background

The site was originally the location of two schools. Both have since been demolished. The lots are currently in tax forfeiture status and being held by St. Louis County and the State of Minnesota.

The two parcels are located at northeast and northwest quadrants of the intersection of 3rd Avenue North and 2nd Street North. The northwestern parcel includes about 3.6 acres of land, and the northeast parcel includes about 2.2 acres of land. The land is flat and currently vacant.

Advantages

- **Quiet residential setting.** The parcels are located within a traditional single-family residential neighborhood, which would be desirable for potential residents.
- **Size.** Both parcels, but especially the larger parcel, would provide enough space for a building, surface parking, and garages.

- **Two separate parcels.** A developer could possibly develop two types of housing at the site, using one parcel for each type. The street between the two properties could help distinguish the two types of areas—apartment building versus rental townhomes or senior versus general occupancy.

Disadvantages

- **Set back from high-traffic road.** While residents might enjoy the quiet setting, a new housing development would be somewhat challenging to market as potential residents would not see it from the main road through town. However, in general, the communities in the East Range PMA are small enough that most people would likely be aware of the project, especially if they are looking for a new home in the area.

Overall, we find both parcels appropriate for housing development.

Remodel and Rehabs

As shown in Figure 2.6, a significant portion of the PMA’s housing stock is older—about 62% of the housing stock was built over 60 years ago. Because of the older housing stock, many housing units in the East Range PMA become affordable through a combination of factors such as age of structure, condition, square footage, functional obsolescence, etc. Housing units that are older with low rents or low market values are considered “naturally occurring affordable housing.”

Since the housing stock is older, the demand for remodeling and replacement will continue to increase as homebuyers and tenants want updated features and amenities. Homebuyers and tenants want updated features and amenities.

Remodeling or rehabilitation might not be the right solution for all properties. At least one source interviewed for this analysis said that remodels and rehabs of existing housing stock in the East Range PMA can be particularly challenging because many of the structures were built by amateur builders. That source suggested that in, some cases, demolition and replacement may be a more efficient option.

Maintaining the existing affordable housing stock is critical considering the supply challenges for affordable housing in the PMA. We recommend municipal authorities provide technical assistance to homeowners and property owners to connect them with remodel and rehabilitation resources to maintain their properties. We also recommend that housing authorities consider purchasing dilapidated housing structures and infill lots, in order to reposition the land for future development while enhancing neighborhoods from the removal of substandard housing.

We also recommend that local municipalities tap into the wide array of programs for maintenance and rehabilitation that provide needed resources to more owners of moderate- to low-cost homes statewide. Through a network of community lenders, Minnesota Housing provides financing to help preserve owned and rented homes through a mix of public and private resources. Many local governments also have programs that use federal, state, and local funding to offer grants or loans to rehabilitate housing (e.g., federal Community Development Block Grants).

Appendix

Demand Calculations

Market-Rate For-Sale Housing Units

Figure A.1 shows the demand calculations for the number of new market-rate for-sale housing units that could be supported in the East Range Primary Market Area (PMA). It includes estimates for demand driven by both turnover of existing age- and income-qualified households and new age- and income-qualified households in the market. Those qualified households are defined as those under age 65 with incomes above \$61,450 plus 85% of households over age 65 with incomes above \$61,450. For our turnover assumption, we use data from Figure 1.23 and assume that about 3% will prefer to move into new market-rate for-sale housing. An adjustment is also included for demand drawn to new housing from outside each city. Finally, existing vacant units and proposed units are subtracted out.

This demand and absorption calculation are in line with the recent permits of newly constructed homes shown in Figure 2.4. The estimate accounts for interest in new homes in the market, while also reflecting the challenges homebuilders are facing trying to keep homes affordable with rising construction costs.

We do not include calculations for affordable for-sale housing demand targeted to households with incomes below 80% of AMI. We believe that there is demand for for-sale housing targeted to this group. However, the challenge in estimating this demand has to do with the price points that would have to be charged for such housing. These units would have to be priced below \$190,000.

It is easy to determine the number of households below a certain income threshold, but the specifics of the particular housing development would set the incomes required to purchase. This minimum income requirement could vary significantly depending on land costs, construction costs, and gap financing. Any estimate without the minimum

threshold would not be very accurate. We believe there would be demand for such a product, but it is difficult to project that demand without more specifics.

Market-Rate Rental Housing Units

Figure A.2 shows the demand calculation for market-rate rental units that could be supported in the East Range PMA. It includes estimates for demand driven by both turnover of existing age- and income-qualified households and new age- and income-qualified households in the market. Those qualified households are defined as those under age 65 with incomes above \$61,450 plus 85% of households over age 65 with incomes above \$61,450. For our turnover assumption, we use data from Figure 1.24 and assume that about 10% will prefer to move into new market-rate rental housing. An adjustment is also included for demand drawn to new housing from outside the PMA.

Next, the vacant and planned and proposed units are subtracted. Because the price points of the existing vacant units in the PMA would be affordable for households in the affordable demand calculations, we have placed those in that demand calculation (described in the next section). While there have been projects that have been discussed, none have been approved or are currently under construction.

Affordable Rental Demand Calculations

Figure A.3 shows the demand calculation for affordable rental demand in the East Range PMA. The calculations provide separate calculations for demand from households earning less than 50% of AMI, households earning between 50% and 60% of AMI, and households earning between 60% and 80% of AMI.

The calculations start with the growth in the base of age- and income-qualified households. These are households under age 65 and 85% of households

A.1 Market-Rate For-Sale Housing Demand in the PMA, 2022 to 2027

Demand from Household Growth in the PMA	
Age/income qualified households in 2022 ¹	1,265
Age/income qualified households in 2027 ¹	1,268
Projected growth of the age/income qualified market	3
Estimated percentage that will choose new for-sale housing	92%
Units needed to meet demand from household growth in the PMA	3
Demand from For-Sale Housing Turnover in the PMA	
Estimated number of households that own in the PMA in 2022	1,315
Estimated percentage that will seek new for-sale housing between 2022 and 2027	18%
Estimated percentage that will choose new for-sale housing	10%
Units needed to meet demand from rental turnover in PMA	23
Demand from Outside the PMA	
Estimated demand from outside PMA	10%
Units needed to meet demand from outside the PMA	3
Demand in the PMA	
Total for-sale demand in PMA	29
Minus vacant and competitive planned units at 95% occupancy	0
Units needed in the PMA	29

1. Age/income qualified households are households under age 65 with incomes above \$61,450 plus 85% of households age 65 and over with incomes above \$61,450. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, incomes thresholds increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

over age 65. Next, the calculation adds in the base of existing age- and income-qualified households that are cost-burdened, assumed to reside in housing classified as severely inadequate, or expected to turnover from for-sale housing. Lastly, the vacant and planned and proposed units are subtracted. We include the units that are out of service at the *Laurentian Apartments* in this line item. There were no approved projects identified in the PMA.

Senior Housing Demand Calculations

Figures A.4 through A.9 show the demand calculations for affordable and market-rate senior living, including active adult for sale and rental,

independent living, assisted living, and memory care assisted living.

Affordable Senior Living

Figure A.4 shows the demand calculation for affordable senior living. All demand calculations start with the age- and income-qualified households. Almost all affordable senior is classified as active adult, meaning that the property does not offer meals or assisted living services as a part of the housing. Many residents do take advantage of programs offered through the county at these facilities so many are receiving services. For active adult housing, the age- and income-qualified

A.2 Market-Rate Rental Demand in the PMA, 2022 to 2027

Demand from Household Growth in the PMA	
Age/income qualified households in 2022 ¹	1,265
Age/income qualified households in 2027 ¹	1,268
Projected growth of the age/income qualified market	3
Estimated percentage that will choose new market-rate rental housing	8%
Units needed to meet demand from household growth in the PMA	0
Demand from Rental Turnover in the PMA	
Estimated number of market-rate rental households in PMA in 2022	115
Estimated percentage that will seek new rental housing between 2022 and 2027	70%
Estimated percentage that will choose new market-rate rental housing	10%
Units needed to meet demand from rental turnover in PMA	8
Demand from Outside the PMA	
Estimated demand from outside PMA	10%
Units needed to meet demand from outside the PMA	1
Demand in the PMA	
Total market-rate rental demand in PMA	9
Minus vacant and competitive planned units at 95% occupancy	0
Units needed in the PMA	9

1. Age/income qualified households are households under age 65 with incomes above \$61,450 plus 85% of households age 65 and over with incomes above \$61,450. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, incomes thresholds increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

households are households age 55 and older with incomes less than \$50,000. These are the senior households that would qualify for subsidized and tax credit senior housing. (The income threshold is increased by 3% per year for the 2007 calculation to account for inflation.)

The age- and income-qualified households are multiplied by penetration rates developed from the US Census Bureau’s American Housing Survey, along with estimates of senior housing supply from the National Investment Center for Seniors Housing and Care (NIC). LOCi Consulting starts with a national base penetration rate for active adult, independent

living, and assisted living, but makes adjustments based on the competitive market analysis.

Finally, competitive units are subtracted from the demand calculation. This includes both existing and planned units.

Active Adult and Independent Living

Figure A.5 through A.7 show the demand calculations for active adult and independent living senior housing. For active adult housing, the age- and income-qualified households are households age 55 and older with incomes over \$50,000 along with households age 55 and older with incomes \$35,000 to \$50,000 who own their homes. It is

assumed that households with incomes between \$35,000 and \$50,000 who own their own homes would be able to sell their home and use those funds to purchase housing and services.

A senior household with an income of \$50,000 could afford a monthly fee of between \$1,250 and \$1,650 at an active adult community, assuming they spend 30% to 40% of their income on housing.

For independent living, the same base of households is used, except the households age 55 to 65 are not included. Households in this age group are not really a market for independent living. A senior household with an income of \$50,000 could afford a monthly fee of about \$2,100 at an independent living community, assuming they spend 50% of their income on housing. (Income thresholds are increased by 3% per year for the 2007 calculation to account for inflation.)

As with affordable senior housing, the age- and income-qualified households are multiplied by penetration rates developed from the US Census Bureau's American Housing Survey, along with estimates of senior housing supply from the National Investment Center for Seniors Housing and Care (NIC). LOCi Consulting starts with a national base penetration rate for active adult, independent living, and assisted living, but makes adjustments based on the competitive market analysis.

The last step is to subtract existing and planned units in the PMA. There were no planned units identified.

Assisted Living and Memory Care

Figures A.8 and A.9 show the demand calculations for assisted living and memory care assisted living. For assisted living, the same incomes are used as with active adult and independent living, but only for households age 75 and older. As with active adult and independent living, it is assumed that households with incomes between \$35,000 and \$50,000 who own their own homes would be able to sell their home and use those funds to purchase housing and services. (Income thresholds are increased by 3% per year for the 2007 calculation to account for inflation.)

For assisted living, it is not unusual for these households to spend up to 80% or 90% of their income on housing, especially considering meals, housekeeping, and personal care services they are receiving. For assisted living, the number of households needing personal care services is determined by multiplying the age- and income-qualified households with rates published by the U.S. Centers for Disease Control.

For memory care, a similar calculation is done on the age-qualified population based on data from the Alzheimer's Association. Finally, as with active adult and independent living, existing and planned units are subtracted.

A.3 Affordable Rental Demand in the PMA, 2022 to 2027

Demand from Household Growth in the PMA	Up to 50% AMI ¹	50% to 60% AMI ²	60% to 80% AMI ³
Age/income qualified households in 2022	684	230	407
Age/income qualified households in 2027	767	182	343
Projected growth of the age/income qualified market	83	-48	-64
Estimated percentage that will choose new affordable rental housing	44%	2%	4%
Units needed to meet demand from household growth in the PMA	36	-1	-3
Demand from Existing Households in the PMA			
Cost-burdened households that are age/income qualified	137	5	5
Housing units estimated to be severely inadequate ⁴	7	5	9
Estimated demand from mobility from single-family to affordable rental (1%)	3	5	8
Units needed to meet demand from existing households in the PMA	147	16	28
Demand from Outside the PMA			
Estimated demand from outside PMA	10%	10%	10%
Units needed to meet demand from outside the PMA	20	2	3
Demand in the PMA			
Total affordable rental demand in PMA	203	16	28
Minus existing and planned units at 95% occupancy	0	8	8
Units needed in the PMA	203	8	20

1. Age/income qualified households are households under age 65 with incomes below \$38,400 plus 85% of households age 65 and over with incomes below \$38,400. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

2. Age/income qualified households are households under age 65 with incomes between \$38,400 and \$46,080 plus 85% of households age 65 and over with incomes between \$38,400 and \$46,080. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

3. Age/income qualified households are households under age 65 with incomes between \$46,800 and \$61,450 plus 85% of households age 65 and over with incomes between \$46,800 and \$61,450. 15% of households age 65 plus are assumed to prefer age-restricted housing with services. For 2027, income thresholds are increased 3% per year to account for inflation.

4. Estimated percentage of housing units in rural US that are classified as severely inadequate is 1.1%, according to American Housing Survey, Census Bureau, 2019.

Source: LOCi Consulting LLC

A.4 Affordable Senior Rental Demand in Primary Market Area, 2022 and 2027

	2022	2027
Households Age 55 to 65		
Households Age 55 to 64 with Incomes Below \$50,000 ¹	178	154
Penetration Rate for Affordable Active Adult Rental	<u>1%</u>	<u>1%</u>
Total Demand from Households Age 55 to 64	1	1
Households Age 65 to 74		
Households Age 65 to 74 with Incomes Below \$50,000 ¹	247	290
Penetration Rate for Active Adult Rental	<u>8%</u>	<u>8%</u>
Total Demand from Households Age 65 to 74	20	23
Households Age 75+		
Households Age 75+ with Incomes Below \$50,000 ¹	379	380
Penetration Rate for Active Adult Rental	<u>15%</u>	<u>15%</u>
Total Demand from Households Age 75+	57	57
Total Demand for Affordable Active Adult Rental Units	78	81
Demand from Outside PMA	<u>10%</u>	<u>10%</u>
	86	90
Minus Existing and Planned Units in the PMA at 95% Occupancy	<u>59</u>	<u>59</u>
Total Affordable Senior Rental Units Needed in the PMA	27	31

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

A.5 Active Adult For-Sale Demand in Primary Market Area, 2022 and 2027

	2022	2027
Households Age 55 to 65		
Households Age 55 to 64 with Incomes Above \$50,000 ¹	410	348
Households Age 55 to 64 with Incomes Between \$35,000 and \$50,000 ¹	73	63
Homeownership Rate	91%	91%
Asset-Qualified Households Age 55 to 64	67	57
Total Income- and Asset-Qualified Households Age 55 to 64	477	405
Penetration Rate for Active Adult For-Sale	<u>0.0%</u>	<u>0.0%</u>
Total Demand from Households Age 55 to 64	-	-
Households Age 65 to 74		
Households Age 65 to 74 with Incomes Above \$50,000 ¹	300	313
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000 ¹	111	114
Homeownership Rate	78%	78%
Asset-Qualified Households Age 65 to 74	87	89
Total Income- and Asset-Qualified Households Age 65 to 74	387	402
Penetration Rate for Active Adult For-Sale	<u>2%</u>	<u>2%</u>
Total Demand from Households Age 65 to 74	8	8
Households Age 75+		
Households Age 75+ with Incomes Above \$50,000 ¹	167	215
Households Age 75+ with Incomes Between \$35,000 and \$50,000 ¹	137	104
Homeownership Rate	87%	87%
Asset-Qualified Households Age 75+	119	91
Total Income- and Asset-Qualified Households Age 75+	286	305
Penetration Rate for Active Adult For-Sale	<u>3%</u>	<u>3%</u>
Total Demand from Households Age 75+	9	9
Total Demand for Active Adult For-Sale Units	16	17
Demand from Outside PMA	10%	10%
	18	19
Minus Existing and Planned AA For-Sale Units in the PMA at 95% Occupancy	<u>8</u>	<u>8</u>
Total Active Adult For-Sale Units Needed in the PMA	10	11

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

A.6 Active Adult Rental Demand in Primary Market Area, 2022 and 2027

	2022	2027
Households Age 55 to 65		
Households Age 55 to 64 with Incomes Above \$50,000 ¹	410	348
Households Age 55 to 64 with Incomes Between \$35,000 and \$50,000 ¹	73	63
Homeownership Rate	91%	91%
Asset-Qualified Households Age 55 to 64	67	57
Total Income- and Asset-Qualified Households Age 55 to 64	477	405
Penetration Rate for Active Adult Rental	<u>0.0%</u>	<u>0.0%</u>
Total Demand from Households Age 55 to 64	-	-
Households Age 65 to 74		
Households Age 65 to 74 with Incomes Above \$50,000 ¹	300	313
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000 ¹	111	114
Homeownership Rate	78%	78%
Asset-Qualified Households Age 65 to 74	87	89
Total Income- and Asset-Qualified Households Age 65 to 74	387	402
Penetration Rate for Active Adult Rental	<u>1%</u>	<u>1%</u>
Total Demand from Households Age 65 to 74	4	4
Households Age 75+		
Households Age 75+ with Incomes Above \$50,000 ¹	167	215
Households Age 75+ with Incomes Between \$35,000 and \$50,000 ¹	137	104
Homeownership Rate	87%	87%
Asset-Qualified Households Age 75+	119	91
Total Income- and Asset-Qualified Households Age 75+	286	305
Penetration Rate for Active Adult Rental	<u>4%</u>	<u>4%</u>
Total Demand from Households Age 75+	11	12
Total Demand for Active Adult Rental Units	15	16
Demand from Outside PMA	0%	0%
	15	16
Minus Existing and Planned AA Rental Units in the PMA at 95% Occupancy	<u>0</u>	<u>0</u>
Total Active Adult Rental Units Needed in the PMA	15	16

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC

A.7 Independent Living Demand in Primary Market Area, 2022 and 2027

	2022	2027
Households Age 65 to 74		
Households Age 65 to 74 with Incomes Above \$50,000 ¹	300	313
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000 ¹	111	114
Homeownership Rate	78%	78%
Asset-Qualified Households Age 65 to 74	87	89
Total Income- and Asset-Qualified Households Age 65 to 74	387	402
Penetration Rate for Independent Living	1%	1%
Total Demand from Households Age 65 to 74	4	4
Households Age 75+		
Households Age 75+ with Incomes Above \$50,000 ¹	167	215
Households Age 75+ with Incomes Between \$35,000 and \$50,000 ¹	137	104
Homeownership Rate	87%	87%
Asset-Qualified Households Age 75+	119	91
Total Income- and Asset-Qualified Households Age 75+	286	305
Penetration Rate for Independent Living	3%	3%
Total Demand from Households Age 65 to 74	9	9
Total Demand for Independent Living Units	12	13
Demand from Outside PMA	10%	10%
	14	15
Minus Existing and Planned IL Units in the PMA at 95% occupancy	0	0
Total Independent Living Units Needed in the PMA	14	15

1. Incomes for 2027 are increased by 3% per year to account for inflation.

Source: LOCi Consulting LLC



A.8 Assisted Living Demand in Primary Market Area, 2022 and 2027

	2022	2027
Households Age 75+ with Incomes Above \$50,000	167	215
Households Age 75+ with Incomes Between \$35,000 and \$50,000	137	104
Homeownership Rate	87%	87%
Asset-Qualified Households Age 75+	119	91
Total Income- and Asset-Qualified Households Age 75+	286	305
Percentage of Households that Need Assistance with ADLs or IADLs ²	20%	20%
	57	61
Plus Demand from Outside Primary Market Area	-25%	-25%
	46	49
Minus Existing and Planned AL Units in the Primary Market Area at 93% Occupancy	57	57
Assisted Living Units Needed in the Primary Market Area	0	0

1. Incomes for 2027 are increased by 3% per year to account for inflation.

2. Activities of Daily Living (ADLs) are activities such as eating, dressing, or bathing. Instrumental Activities of Daily Living (IADLs) are activities such as household chores or shopping. Source is Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012. Centers for Disease Control. 2012. Study found 10% incidence for ADLs and 20% for IADLs.

Source: LOCi Consulting LLC

A.9 Memory Care Assisted Living Demand in Primary Market Area, 2022 and 2027

	2022	2027
Population Age 75 to 84	583	630
Alzheimer's Incidence ¹	13%	13%
	76	83
Population Age 84+	220	241
Alzheimer's Incidence ¹	33%	33%
	73	80
Population suffering from Alzheimer's Dementia	149	163
Population suffering from Dementia not caused by Alzheimer's ¹	21	23
Estimated Population with Dementia	170	185
Proportion needing Memory Care Assisted Living	20%	20%
Memory Care Demand from PMA	34	37
Demand from Outside PMA	-25%	-25%
	27	30
Minus Existing and Planned MC Beds in the PMA at 93% Occupancy	19	19
Beds/Units needed in the Primary Market Area	8	11

1. Alzheimer's Disease Facts and Figures. Alzheimer's Association. 2022.

Source: LOCi Consulting LLC



About LOCi Consulting LLC

LOCi Consulting LLC was founded by Grant Martin in 2019. The company is dedicated to the belief that location intelligence drives critical strategy for any organization.

Grant has over 15 years' experience conducting market research studies and providing critical recommendations for a wide range of real estate uses, including residential, retail, office/industrial, healthcare, and mixed use. He has presented meaningful and actionable recommendations to CEOs and CFOs, corporate real estate committees, city councils and economic development boards, and industry associations.

For over 10 years, Grant developed and led new store forecasting strategy, property portfolio optimization, and location-based analytics for Target Corporation. As Director of Regional Market Analysis, Grant and his team owned the geographic infrastructure and provided key data and market intelligence that continues to drive successful location strategy for the organization. Grant also managed regional market planning teams for Target, directing retail market research in a wide variety of markets across the United States and Canada.

Grant has completed over 60 market studies across the United States. Prior to coming to Target, Grant was Director of Market Research at Clifton Larson Allen, where he consulted with senior living and healthcare clients, estimating demand and providing strategic recommendations. He also conducted a wide variety of research for real estate uses at Maxfield Research Inc., including studies for multifamily, single-family, office, industrial, hospitality and mixed-use projects.

Grant is a member of the International Council of Shopping Centers, where he is a member of the North American Research Group; the Minnesota Shopping Center Association; and the Minnesota Commercial Association of Realtors. He is a licensed real estate broker in Minnesota.

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