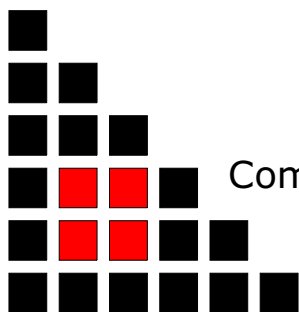


Nelson County HOUSING STUDY

June 2020 Draft

An updated analysis of the overall housing needs of
Aneta, Lakota, McVille, Michigan City, Petersburg and Tolna



Community Partners Research, Inc.
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List of Sections

	<u>Page</u>
Introduction	2
Demographic and Projection Data	4
Existing Housing Data	25
Rental Housing Inventory	42
Employment and Local Economic Trends Analysis	70
Findings and Recommendations	77
Summary of Findings and Recommendations	85
Rental Housing Recommendations	87
Home Ownership Recommendations	102
Single Family Housing Development	106
Housing Rehabilitation	113
Other Housing Initiatives	116
Agencies and Resources	122

Introduction

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

Community Partners Research, Inc., was hired by the Nelson County Job Development Authority to conduct a study of the housing needs and conditions in the Cities of Aneta, Lakota, McVille, Michigan City, Pekin, Petersburg and Tolna.

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from February to May, 2020. Data sources included:

- U.S. Census Bureau
- American Community Survey
- Esri, a private data company
- Records and data from the Cities
- Records and data maintained by Nelson County
- North Dakota State Data Center
- Interviews with housing stakeholders
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys
- Housing condition and mobile home surveys

Limitations

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

During the course of the research for this project, a global pandemic occurred, which has had immediate and widespread impacts, including on economic, housing and educational conditions. The longer-term impacts of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

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Section Table of Contents

	<u>Page</u>
Demographic Data Overview	5
Population Data and Trends	6
Group Quarters	8
Population Projections	9
Household Data and Trends	10
Household by Age Trends: 2010 to 2018	12
Average Household Size	14
Household Projections	16
Household Projections by Age	17
Households by Type	18
Housing Tenure	19
2018 Income Data	20
Income Distribution by Tenure	22
2018 Estimated Income and Housing Costs - Renters	23
2018 Estimated Income and Housing Costs - Owners	24

Demographic Data Overview

Sources of Data

The following pages contain demographic data obtained from a variety of local, state and national sources. The 2010 Census provides much of the base data for population and household trends.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics. However, the American Community Survey is based on sampling data and there is a margin of error that exists for each estimate. The following tables incorporate the 2018 American Community Survey data, when viewed as reliable.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in North Dakota, the 2018 estimates were derived from sampling that was done over a five-year period, between 2014 and 2018.

The analysts have also acquired some recent demographic estimates and projections from Esri, Inc., a private data reporting service. The Esri information is for all of Nelson County.

Population Data and Trends

Table 1 Population Trends - 1990 to 2018						
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2018 Estimate
Aneta	314	284	-9.6%	222	-21.8%	203
Lakota	898	781	-13.0%	672*	-14.0%	625*
McVille	559	470	-15.9%	349*	-25.7%	320*
Michigan City	413	345	-16.5%	294	-14.8%	271
Petersburg	219	195	-11.0%	192	-1.5%	172
Pekin	101	80	-20.8%	70	-12.5%	64
Tolna	230	202	-12.2%	166	-17.8%	152
Townships	1,676	1,358	-19.0%	1,161	-14.5%	1,078
Nelson Co.	4,410	3,715	-15.8%	3,126	-15.9%	2,885

Source: U.S. Census; Census Bureau Annual Estimates

* Census totals failed to include residents of skilled nursing homes - see discussion below

The best available population information is effective for July 1, 2018, and comes from the Census Bureau's annual population estimates program. The population totals for 2018 can be compared to past decennial censuses to track longer-term patterns.

All of the individual jurisdictions in Nelson County have experienced a long-term loss of population. Countywide, the population decreased by nearly 16% in both the 1990s and the 2000s. The most recent official estimate showed 2,885 residents in **Nelson County** in 2018, down by 7.7% from the 2010 Census. Although this estimate shows that the County has continued to lose population, the rate of loss has slowed after 2010.

For **Aneta**, the 2018 estimate showed 203 residents, down by 8.6% from the 2010 Census.

For **Lakota**, the 2018 estimate showed 625 residents, down by 7% from the 2010 Census. However, it does appear that the 2010 population total for Lakota was too low due to the incorrect attribution of the Good Samaritan Home. The Census placed the nursing home residents outside of the City. A more accurate population level should have been 715 people in 2010. This error has been carried forward, and in 2018, a more accurate estimate may have been closer to 665 residents.

For **McVille**, the 2018 estimate showed 320 residents, down by 8.3% from the 2010 Census. In the opinion of the analysts, this may also be a flawed Census count. Similar to Lakota, it appears that the 2010 Census failed to include the residents of the Nelson County Care Center. Once again, this has probably carried forward, and has negatively impacted annual estimates released after 2010. It is very probable that the City's population total should have been higher by approximately 35 people or more in both 2010 and 2018.

For **Michigan City**, the 2018 estimate showed 271 residents, down by 7.8% from the 2010 Census.

For **Pekin**, the 2018 showed only 64 people living in the City, down by 8.6% from the 2010 Census.

For **Petersburg**, the 2018 estimate showed 172 residents, down by 10.4% from the 2010 Census.

For **Tolna**, the 2018 estimate showed 152 residents, down by 8.4% from the 2010 Census.

Esri Estimate for Nelson County

The analysts have also acquired basic demographic information from Esri, Inc., a private company that is often used by financial institutions and state housing finance agencies. Estimates were only obtained for Nelson County. Given the relatively small size of most of the individual cities in the County, the potential margin of error made city-level estimates and projections unreliable.

According to Esri, there were 3,128 people living in Nelson County in 2019. If accurate, this source would show that the County's total population level has not been decreasing, but instead is nearly unchanged from the count in the 2010 Census. In the opinion of the analysts, Esri's 2019 estimate is probably too high.

The Census Bureau has also released a county-level estimate for 2019, although at the city-level the most recent estimates are for 2018. In 2019, the Census estimate showed 2,879 people, nearly 250 people lower than the estimate from Esri. Although the drop in population may not be as large as indicated by the Census Bureau, there is reason to believe that the total population count has been moving lower. Much of this would be due to demographic factors resulting from an aging population, with fewer children present.

Group Quarters

At the time of the 2010 Census there were 80 people identified in Nelson County that were living in “group quarters” housing. All of these people were in skilled nursing home facilities. There were 37 nursing home residents counted in Aneta, and the remaining 43 listed in Illinois Township, near the City of Lakota.

The placement of the nursing home residents outside of the City of Lakota appears to have been an error. The Good Samaritan Society facility is located within the city limits of Lakota, not in Illinois Township.

The 2010 Census also did not show any nursing home residents in McVile, although the Nelson County Care Center is located in this community. Unlike Lakota, it does not appear that these residents were mistakenly placed in a different jurisdiction. Instead, they may have been omitted and should have been added to the City total.

The errors in group quarters housing did not exist when the 2000 Census was conducted, as nursing home residents at that time were counted in Aneta, Lakota and McVile, consistent with the locations of these facilities.

The error does seem to persist in estimates issued after 2010. The American Community Survey for 2018 shows 76 total group quarters residents in Nelson County, but none of these living in Lakota or McVile. There were group quarters residents living in Illinois Township according to the 2018 estimates, so these people were counted, but attributed to the wrong jurisdiction.

Population Projections

The following table presents Esri’s population projection for Nelson County from 2019 to 2024.

Table 2 Population Projections - 2019 to 2024			
	2019 Estimate	2024 Projection	Projected Change
Nelson County	3,128	3,002	-126

Source: Esri

Although Esri believes that the County’s population had remained stable from 2010 through 2019, they are forecasting a decrease over the next five years. Esri shows the County with 126 fewer residents by the year 2024. On an average basis, this would represent a loss of approximately 25 people per year through the projection period.

Most of this projected decrease would be attributed to fewer resident households in the County. Some minor decrease in the average household size is also being projected.

Household Data and Trends

The data source used for 2018 population, the Census Bureau’s annual estimates program, does not issue data for households. However, the population totals can be used to extrapolate household estimates by applying assumptions about average household size and group quarters residents.

It is important to state that the errors contained in the 2010 Census with nursing home residents in Lakota and McVille would not have impacted household counts. By definition, group quarters housing is not counted as independent households, and the 2010 Census is viewed as accurate.

Table 3 Household Trends - 1990 to 2018						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018* Estimate
Aneta	132	124	-6.1%	107	-13.7%	106
Lakota	368	345	-6.3%	338	-2.0%	310
McVille	243	217	-10.7%	190	-12.4%	178
Michigan City	181	159	-12.2%	149	-6.3%	147
Pekin	48	41	-14.6	34	-17.1%	28
Petersburg	92	82	-10.9%	78	-4.9%	76
Tolna	111	104	-6.3%	93	-10.6%	91
Townships	656	556	-15.2%	485	-12.8%	484
Nelson Co.	1,831	1,628	-11.1%	1,474	-9.5%	1,425

Source: U.S. Census * 2018 estimates extrapolated by Community Partners Research, Inc.

Readers should be aware that the 2018 household estimates contained in the table above were not generated by the Census Bureau, but instead have been derived from official population estimates that exist. However, they do represent a reasonable estimate based on other known data.

The best information for **Aneta** would indicate a relatively stable household count for the City over the past decade. There have been no identified positive or negative changes to the City’s housing stock. Any changes in occupied housing units would therefore be linked to vacancy issues in the community.

The extrapolated household estimate for **Lakota** would indicate that there were fewer occupied housing units in 2018 than in 2010. However, this is based on

the Census Bureau's adjusted population estimate. A declining number of households would not be consistent with other data, including housing construction as reported later in this document. The best available evidence would indicate that the City has probably added some housing units over the past decade, and may therefore have added households.

The extrapolated household estimate for **McVille** would also imply that there were fewer occupied housing units in 2018 than in 2010. Once again, this would not be consistent with other data, including housing construction reports. The best available evidence would indicate that the City has added some housing units over the past decade, and may therefore have added households.

The best information for **Michigan City** would indicate a relatively stable household count over the past decade. There have been no identified positive or negative changes to the City's housing stock. Any changes in occupied housing units would therefore be linked to vacancy issues in the community.

The extrapolated data for **Pekin** would point to a continued reduction of resident households since 2010. While there have been no identified changes in the City's housing stock, the community has a long-term pattern of a decreasing household count.

The best information for **Petersburg** would indicate a relatively stable household count over the past decade. There have been no identified positive or negative changes to the City's housing stock. Any changes in occupied housing units would therefore be linked to vacancy issues in the community.

The best information for **Tolna** would indicate a relatively stable household count over the past decade. There have been no identified positive or negative changes to the City's housing stock. Any changes in occupied housing units would therefore be linked to vacancy issues in the community.

The total household count for **Nelson County** in 2018, as represented in the table above, is based on the information presented for the individual jurisdictions. With the likelihood that Lakota and McVille have added some households, instead of losing households during the decade, the Countywide total would also be more stable when compared back to the 2010 Census.

The analysts have also obtained a household estimate from Esri for 2019, which showed the County with 1,492 households. If accurate, the County would have added 18 households between 2010 and 2019. Based on the known housing construction activity countywide, this estimate would be achievable, especially if occupancy patterns in older housing have remained relatively stable since 2010.

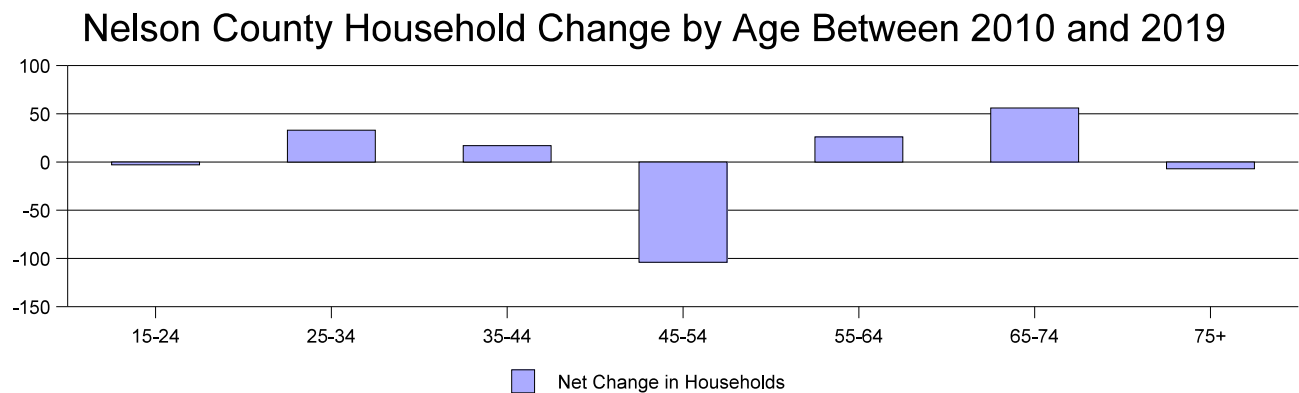
Household by Age Trends in Nelson County: 2010 to 2019

The 2019 estimate from Esri also includes information on the age ranges for households. This can be compared to the age distribution patterns at the time of the 2010 Census to examine the County’s changing age patterns.

Table 4 Nelson County Households by Age - 2010 to 2019			
Age	2010	2019	Change
15-24	44	41	-3
25-34	128	161	33
35-44	151	168	17
45-54	293	189	-104
55-64	299	325	26
65-74	244	300	56
75+	315	308	-7
Total	1,474	1,492	18

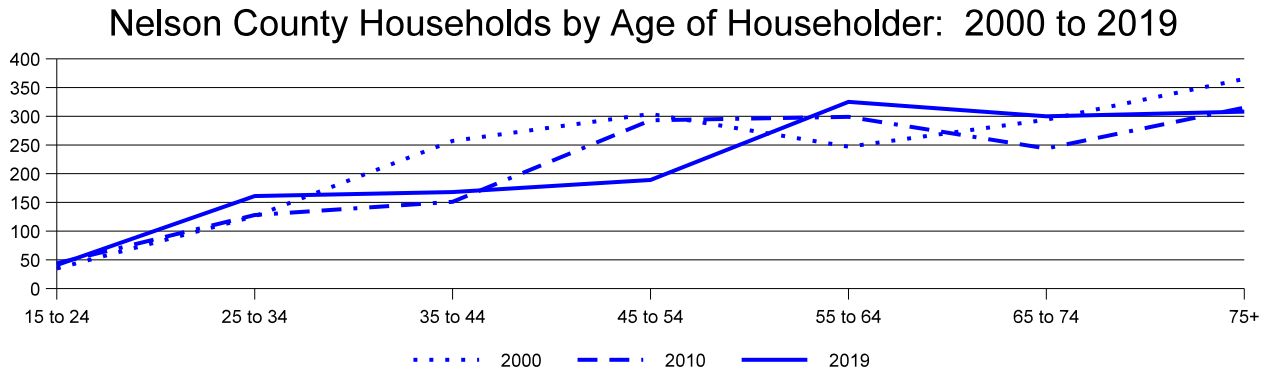
Source: U.S. Census; Esri

According to Esri, Nelson County added 18 households between 2010 and 2019. While there was limited overall growth, there were some significant changes with the specific 10-year age ranges.



The largest change occurred within the 45 to 54 year old age group, which had an estimated decrease of more than 100 households. This was largely a reflection of the impact of the age migration of the “baby boom” generation. Trailing behind the “baby boom” was the generation sometimes referred to as the “baby bust”, which was much smaller in size.

Esri's estimates do show growth of approximately 50 total households in the 20-year age group between 25 to 44 years old. However, this was offset by decreases in the adjoining age ranges. If aggregated into larger groupings, the County a decrease of 57 households age 54 and younger, and an increase of 75 households age 55 and older.



The advancing “wave” of the baby boom generation through the aging cycle can be tracked in Nelson County back to the year 2000.

Average Household Size

The following table provides decennial Census information on average household size, and a 2018 estimate from the American Community Survey.

Table 5 Average Number of Persons Per Household: 1990 to 2018				
	1990 Census	2000 Census	2010 Census	2018 ACS Estimate
Aneta	2.03	1.82	1.73	1.52
Lakota	2.28	2.10	1.99	2.02
McVille	2.08	1.95	1.84	1.80
Michigan City	2.19	2.17	1.97	1.81
Pekin	2.10	1.95	2.06	2.35
Petersburg	2.38	2.38	2.46	2.21
Tolna	2.07	1.94	1.78	1.67
Townships	2.52	2.41	2.29	2.15
Nelson Co.	2.31	2.18	2.07	1.92

Source: U.S. Census; American Community Survey

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

When examining the household size trends in the Cities in Nelson County, it is evident that most have had a small average size for many years. In most communities, the average household has consistently grown smaller over time.

Aneta has generally had the smallest average of any city in the County. The estimate contained in the 2018 American Community Survey showed only 1.52 persons per household, down from 1.73 persons in 2010. While the 2018 estimate may be accurate, it is probable that the average household size was somewhat larger than estimated in 2018.

According to the 2018 estimate, the average household size in **Lakota** may have stabilized. However, even at 2.02 persons per households, the City still had a relatively small average.

The average in **McVille** has continued to decrease over time. The 2018 estimate of only 1.80 persons per household was down slightly from 1.84 persons at the time of the 2010 Census. McVille has had the third lowest household size of the cities in Nelson County for many years.

The average in **Michigan City** was at 1.81 persons in 2018. If accurate, the City's average household size has decreased rapidly since 2010. Once again, the estimate may be too low.

Pekin appears to be one of the communities that has moved counter to the broader trends. Although the City had a small average household size back in 2000, it has grown since that time. This would indicate that some families with children may have moved into the community.

The average household size in **Petersburg** has been the largest of the cities in Nelson County since at least 1990. However, the 2018 estimate from the Census Bureau, at 2.21 persons, was down substantially from 2.46 people in 2010. It is possible that the average was slightly larger in 2018.

The 2018 estimate for **Tolna**, at 1.67 persons, was the second smallest of the cities in the County. Tolna's average household size has been below 2.0 persons since at least the year 2000.

Consistent with the decreases being experienced with the individual cities, the average household size for all of **Nelson County** has continued to decrease. The 2018 estimate of 1.97 persons is down from 2.07 persons in 2010.

An alternate estimate exists from Esri, which placed the average at 2.04 persons in 2019. While this average is still lower than in 2010, it showed a slower rate of decrease for **Nelson County**.

Household Projections

The following table presents Esri’s 2019 household estimates and 2024 household projections for Nelson County.

Table 6 Household Projections Through 2024			
	2019 Estimate	2024 Projection	Projected Change
Nelson County	1,492	1,436	-56

Source: Esri

The growth projections calculated by Esri expect a modest loss of households over the 5-year projection period. On an annual average basis, Nelson County would be expected to see a reduction of approximately 11 households.

This rate of loss would be slightly greater than the probable reduction that has been occurring in recent years. Since 2010, the best estimate would indicate that the County has had an average annual loss of seven households per year.

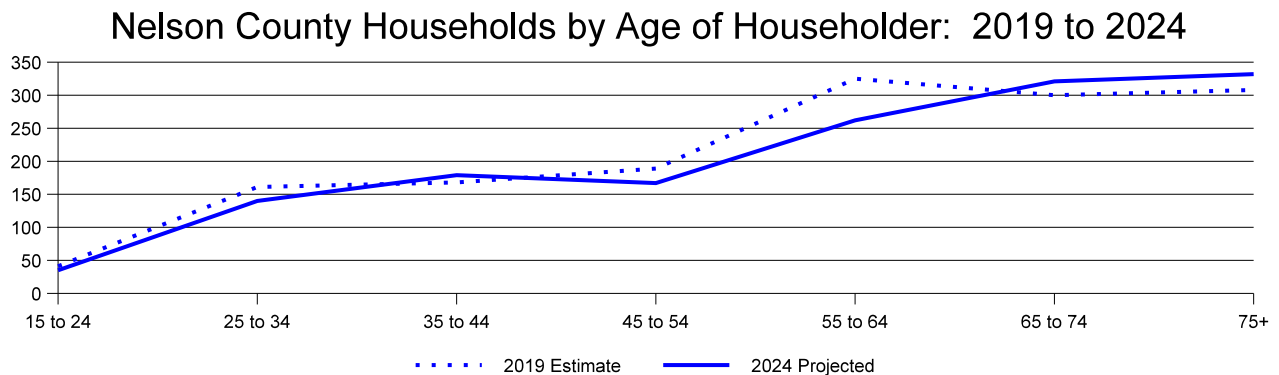
Nelson County Household by Age Projections: 2019 to 2024

Esri also provides projections by age of householder. These projections can be compared to the data contained in the 2019 Esri estimates to examine the change projected over the five-year projection period for all of Nelson County.

Table 7 Nelson County Projected Households by Age - 2019 to 2024			
	2019 Estimate	2024 Projection	Projected Change
15-24	41	35	-6
25-34	161	140	-21
35-44	168	179	11
45-54	189	167	-22
55-64	325	262	-63
65-74	300	321	21
75+	308	332	24
Total	1,492	1,436	-56

Source: Esri

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle will generate most of the County’s change in households. This source shows an increase of 45 households age 65 and older by the year 2024. However, a net loss of more than 100 households is projected in the age groups 64 and younger.



Households by Type - Nelson County

The 2010 Census can be compared to estimates from the 2018 American Community Survey to examine changes in household composition. The following table looks at household trends within all of Nelson County.

Table 8 Nelson County Household Composition - 2010 to 2018			
	2010 Census	2018 ACS	Change
Family Households			
Married Couple with own children	220	205	-15
Single Parent with own children	73	72	-1
Married Couple without own children	548	503	-45
Family Householder without spouse	64	37	-27
Total Families	905	817	-88
Non-Family Households			
Single Person	530	575	45
Two or more persons	39	87	48
Total Non-Families	569	662	93

Source: U.S. Census; ACS

It is important to note that the total household estimate contained in the American Community Survey is slightly larger than some of the other sources provided earlier. The ACS estimates contain a margin of error based on the sampling method used. While the estimates may not be completely accurate, they can be used to define general trends.

For Nelson County, this source shows a decrease of family households but an increase of non-family households between 2010 and 2018. Most of the decrease in families was attributed to fewer married couples without children.

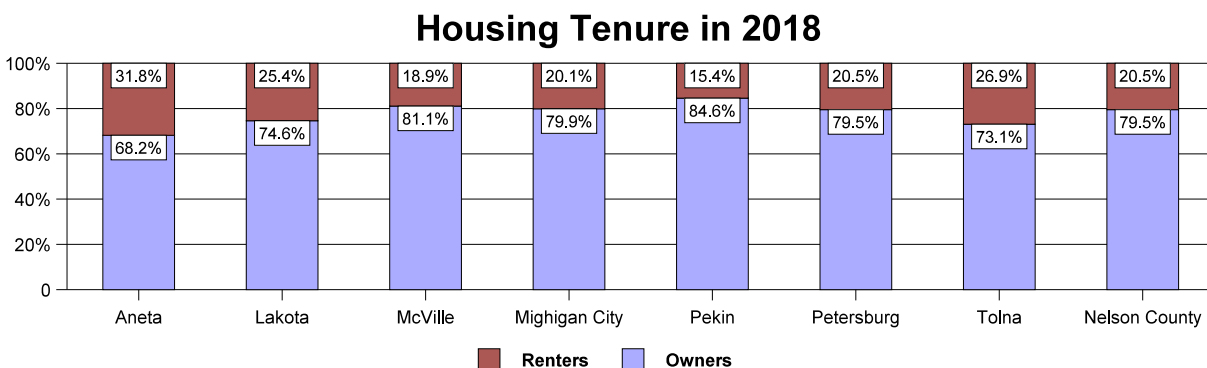
The growth in non-family households was attributed to both an increase of people living alone and to households with unrelated individuals living together.

Housing Tenure

The 2018 American Community Survey Census provided information on housing tenure patterns. The following tables examine tenure rates for the jurisdictions. As stated previously, these are estimates based on sampling and a margin of error does apply.

Table 9 Household Tenure - 2018				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Aneta	73	68.2%	34	31.8%
Lakota	252	74.6%	86	25.4%
McVille	154	81.1%	36	18.9%
Michigan City	119	79.9%	30	20.1%
Pekin	22	84.6%	4	15.4%
Petersburg	62	79.5%	16	20.5%
Tolna	68	73.1%	25	26.9%
Townships	444	85.5%	75	14.5%
Nelson County	1,172	79.5%	302	20.5%
State	-	62.7%	-	37.3%

Source: American Community Survey 5-year sample



According to the 2018 American Community Survey, the ownership tenure rates were high in each of the individual jurisdictions in Nelson County. Aneta was the only city with a rental rate above 30%. Countywide, the home ownership rate was nearly 80%.

2018 Median Income Data

Income estimates are available at the city and county level through the American Community Survey. The estimates from the 2018 American Community Survey have been compared to the reports from 2010 to examine changes over the past decade.

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

Table 10 Median Household Income - 2010 to 2018			
	2010 Median	2018 Median	% Change
Aneta	\$33,047	\$32,180	-2.6%
Lakota	\$36,724	\$42,708	16.3%
McVille	\$29,375	\$44,219	50.5%
Michigan City	\$33,750	\$60,750	80.0%
Pekin	\$42,500	N/A	-
Petersburg	\$45,833	\$56,250	22.7%
Tolna	\$26,500	\$41,932	58.2%
Nelson County	\$39,071	\$48,798	24.9%

Source: ACS

It is important for readers to note that the sampling that is completed for the American Community Survey results in a margin of error that applies to each estimate. This is especially true in small communities, where only a limited number of surveys are completed annually. This can result in some potentially flawed data for income levels. However, the information provided does allow for some comparison between communities and can be used for examining general trends.

With the exception of Aneta, all of the other cities had growth in the median household income level from 2010 to 2018. As noted earlier, Aneta appears to have a large senior population, and the smallest average household size of any city in Nelson County. The income reduction may have been due to more one-person households and an increase in retirees living on a fixed income.

Among the cities, Michigan City and Petersburg had the highest median income levels, while Aneta had the lowest.

Table 11 Median Family Income - 2010 to 2018			
	2010 Median	2018 Median	% Change
Aneta	\$36,607	\$65,313	78.4%
Lakota	\$60,208	\$64,375	6.9%
McVille	\$43,409	\$68,125	56.9%
Michigan City	\$55,000	\$69,375	26.1%
Pekin	\$49,219	N/A	-
Petersburg	\$50,804	\$71,250	40.2%
Tolna	\$48,750	\$60,000	23.1%
Nelson County	\$51,731	\$73,068	41.2%

Source: ACS

Generally, family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners.

All of the individual cities showed some growth in the median family income over time. However, the rate of growth varied widely, and again may be a reflection of estimating flaws.

In 2018, all of the cities had a median family income of \$60,000 or more. The median for all of Nelson County was higher than in any of the cities, at more than \$73,000. Although individual townships are not displayed, family incomes in the rural areas of the County were higher than in the cities.

Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Nelson County could afford approximately \$1,220 per month and a median income family household could afford \$1,827 per month for ownership or rental housing in 2018.

Household Income Distribution by Tenure

The 2018 American Community Survey provides household income distribution estimates for Nelson County. Percentages are calculated by row.

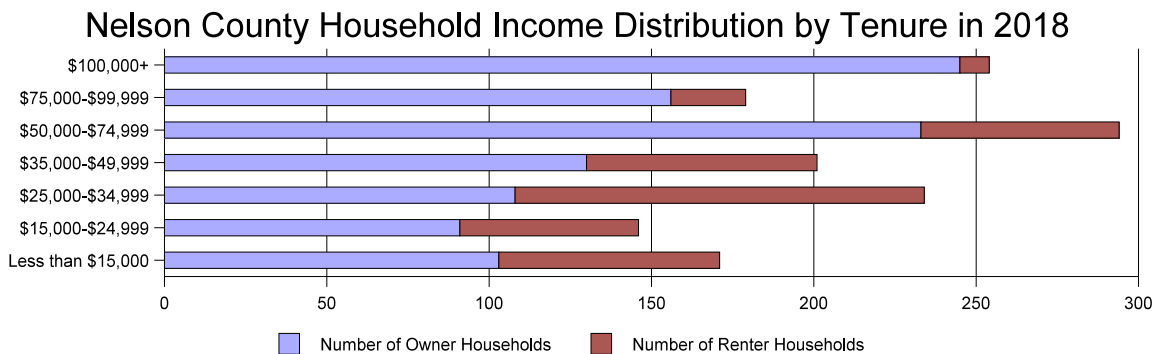
Table 12 Household Income Distribution by Tenure - 2018			
Household Income	Owner Households	Renter Households	All Households
\$0 - \$14,999	103 / 60.2%	68 / 39.8%	171
\$15,000 - \$24,999	91 / 62.3%	55 / 37.7%	146
\$25,000 - \$34,999	108 / 46.2%	126 / 53.8%	234
\$35,000 - \$49,999	130 / 64.7%	71 / 35.3%	201
\$50,000 - \$74,999	233 / 79.3%	61 / 20.7%	294
\$75,000 - \$99,999	156 / 87.2%	23 / 12.8%	179
\$100,000+	245 / 96.5%	9 / 3.5%	254
Total	1,066 / 72.1%	413 / 27.9%	1,479

Source: ACS

In 2018, income levels were widely distributed, but in most of the defined ranges, a majority of households were home owners. The only income range with a higher percentage of renters was between \$25,000 and \$34,999.

For households with an annual income below \$35,000, approximately 55% owned their housing while 45% rented. For households with an annual income of \$75,000 or more, the home ownership rate was above 89%.

In Nelson County the estimated median income for all home owners in 2018 was \$57,857, compared to a median of \$31,653 for renters.



2018 Income and Housing Costs - Nelson County Renters

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

Table 13 Gross Rent as a Percentage of Income - Nelson County			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	166 / 50.6%	14 / 16.5%	180 / 43.6%
20% to 29.9%	58 / 17.7%	15 / 17.6%	73 / 17.7%
30% to 34.9%	17 / 5.2%	2 / 2.4%	19 / 4.6%
35% or more	43 / 13.1%	20 / 23.5%	63 / 15.3%
Not Computed	44 / 13.4%	34 / 40.0%	78 / 18.9%
Total	328	85	413

Source: American Community Survey

Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a “rent burden”. When more than 35% is required, this can be considered a “severe rent burden”.

According to the American Community Survey, fewer than 20% of all renters in the County were paying 30% or more of their income for rent. However, the large majority of these households were paying 35% or more of their income for housing.

In numeric terms, most of the households with a cost burden were age 64 or younger. But in percentage terms, seniors were more likely to have a cost burden. Approximately 26% of all senior renters were paying 30% or more of their income for housing compared to approximately 18% of non-seniors.

While a housing cost burden could be caused by either high housing costs or low household income, in Nelson County it was primarily due to low income levels for renters. Nearly all of the renter households with a housing cost burden had an annual household income below \$35,000. To avoid a cost burden, these lower income households would have needed a unit with a gross monthly rent of \$875 or less.

2018 Income and Housing Costs - Nelson County Owners

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

Table 14 Ownership Costs as a Percentage of Income - 2018		
Percentage of Income for Housing Costs	Number of Owner Households	Percent of All Owner Households
0% to 19.9%	795	74.6%
20% to 29.9%	148	13.9%
30% or more	100	9.4%
Not Computed	23	2.2%
Total	1,066	100%

Source: ACS

Mortgage lending practices generally attempt to keep monthly payments below 30% of household income. Fewer than 10% of all home owners in Nelson County reported that they paid more than 30% of their income for housing. Nearly 75% of owners could actually apply less than 20% of their income for housing costs.

New Housing Construction

Most of the jurisdictions in Nelson County have reported annual building permit activity to the Census Bureau. These records have been examined back to the year 2010 to track probable housing construction over the last decade.

In some cases, information collected directly from a community inspection and discussion with staff from the individual cities does differ slightly from the Census Bureau. However, the cities were sometimes unable to identify the specific year that units were permitted. In the following table a final row has been added that shows any city-reported housing unit totals for the 10-year period spanning 2010 through 2019.

Table 15 Census Bureau Building Permit Reports									
Year	Aneta	Lakota	McVille	Michigan	Pekin	Petersburg	Tolna	Townships	Nelson Co.
2019	0	2	0	0	-	0	-	0	2
2018	0	0	0	0	-	0	-	0	0
2017	0	1	0	0	-	0	-	0	1
2016	0	2	1	0	-	0	-	3	6
2015	0	1	0	0	-	0	-	2	3
2014	0	1	0	0	-	0	-	2	3
2013	0	1	3	0	-	0	-	0	4
2012	0	1	2	0	-	0	-	1	4
2011	0	2	1	0	-	0	-	3	6
2010	0	3	0	0	-	0	-	4	7
Census Total	0	14	7	0	-	0	-	15	36
City Reported	2	16	N/A	3	0	1	1	-	-

Source: Census Bureau CenStats; City records

Based on annual reporting to the Census Bureau, there were 36 housing units constructed in **Nelson County** between 2010 and 2019. However, this total does not include a specialized senior project that was built in McVille in the early 2010s. There are 12 apartment-style units in this building. When added to the single family activity, there were an estimated 48 units built in the County in the last decade according to the adjusted Census Bureau reports.

However, information obtained from some of the individual cities point to a slightly higher level of unit construction. Local reporting would indicate that as many as nine additional homes were built, bringing the total to 57 units between 2010 and 2019.

The Census Bureau reports for **Aneta** showed no construction activity between 2010 and 2019, but interviews with City staff indicated that two new homes were built.

The Census Bureau reports for **Lakota** showed 14 new houses, all believed to be single family homes. According to City staff, there were 14 new houses and one duplex constructed between 2010 and 2019, for a total of 16 new housing units.

The reports for **McVille** showed seven new houses, all believed to be single family homes. However, as stated above, the assisted living portion of the Nelson County Care Center was also constructed after 2010. With the inclusion of 12 apartments, the unit total would be 19 housing units. City staff did not have any specific reports for the entire 10-year period.

The Census Bureau reports for **Michigan City** showed no construction activity from 2010 through 2019. Interviews with City staff indicated that three new homes had been built.

Pekin did not appear to report to the Census Bureau. Discussions with City staff indicated that no new houses have been built in the City for many years.

The Census Bureau reports for **Petersburg** showed no construction activity from 2010 through 2019, but interviews with City staff indicated that one new house been built.

Tolna did not appear to report to the Census Bureau, but City staff stated that one new seasonal-use home had been constructed.

The CenStats reports also listed home building in the rural portions of the County. According to these reports, there were 14 houses constructed in the **Townships**.

Lots and Land

There are two different development areas in **Lakota** with vacant residential lots. Within the East Township subdivision and Sundeen's Addition there are as many as nine vacant lots remaining. Lakota also has some infill parcels that could potentially be used for new home construction. The City is exploring other development sites for future lot creation.

In **McVille** there are an estimated three vacant lots available in a residential subdivision. Vacant infill parcels also exist in the community.

In the remaining small cities there was no information indicating a vacant lot inventory in residential subdivisions, but infill parcels and redevelopment areas are potential sites for new home construction.

Residential Sales Data

The following table examines the sales prices for residential properties in each of the cities in Nelson County. The sales records were obtained from Nelson County Department of Tax Equalization.

Due to the relatively small size of most of the communities, there are few residential sales within a calendar year. To analyze prices, all sales over a three-year time period have been grouped together to determine a median sales price. Even with this multi-year sales sample there is no guarantee that the median is an accurate representation of the overall home values in the community. However, this information does reflect the units that have been successfully sold in recent years.

Table 16 Residential Sales Data: 2017 to 2019				
City	Number of Sales	Median Price	Highest Sale	Lowest Sale
Aneta	5	\$19,848	\$30,000	\$5,500
Lakota	30	\$82,000	\$245,00	\$9,500
McVille	19	\$40,000	\$154,700	\$15,000
Michigan City	13	\$45,000	\$153,500	\$10,000
Pekin	1	\$25,000	-	-
Petersburg	10	\$71,000	\$105,000	\$6,500
Tolna	3	\$29,500	\$30,000	\$15,000

Source: Nelson County; Community Partners Research, Inc.

With few sales in some of the communities, the analysts have also reviewed the estimated home value information that is contained in the American Community survey. This estimate was for the year 2018 and reflected owner-occupancy units.

Table 17 Median Home Value Estimates

City	Median Estimate from Sales	ACS Estimated Median Value
Aneta	\$19,848	\$68,000
Lakota	\$82,000	\$100,300
McVille	\$40,000	\$64,500
Michigan City	\$45,000	\$80,600
Pekin	\$25,000	\$32,100
Petersburg	\$71,000	\$83,600
Tolna	\$29,500	\$55,000

Source: Nelson County; American Community Survey

In **Aneta**, only five good residential sales were listed over the three-year time period reviewed. The median price was just below \$20,000. The highest recorded sale during this time was for \$30,000. According to the American Community Survey, the median owner-occupancy home value in the community was \$68,000, substantially higher than the median value derived from home sales.

As the largest city, **Lakota** had a larger volume of sales activity, with 30 recorded residential sales over the three-year time period reviewed. The median price was \$82,000. The highest recorded sale during this time was for \$245,000. There were three sales in Lakota for \$200,000 or more. According to the American Community Survey, the median owner-occupancy home value in the community was \$100,300, substantially higher than the median value derived from home sales.

In **McVille** there were 19 good residential sales over the three-year time period reviewed. The median price was \$40,000. The highest recorded sale during this time was for \$154,700. According to the American Community Survey, the median owner-occupancy home value in the community was \$64,500, substantially higher than the median value derived from home sales.

In **Michigan City** there were 13 good residential sales were listed over the three-year time period reviewed. The median price was \$45,000. The highest recorded sale during this time was for \$153,500. According to the American Community Survey, the median owner-occupancy home value in the community was \$80,600, substantially higher than the median value derived from home sales.

In ***Pekin***, only one good residential sale was listed over the three-year time period reviewed. This house sold for \$25,000. According to the American Community Survey, the median owner-occupancy home value in the community was \$32,100, higher than the median value derived from home sales.

In ***Petersburg*** there were 10 good residential sales listed over the three-year time period reviewed. The median price was \$71,000. The highest recorded sale during this time was for \$105,000. According to the American Community Survey, the median owner-occupancy home value in the community was \$83,600, substantially higher than the median value derived from home sales.

In ***Tolna***, only three good residential sales were listed over the three-year time period reviewed. The median price was \$29,500, but the highest valued sale was for only \$30,000. According to the American Community Survey, the median owner-occupancy home value in the community was \$55,000, substantially higher than the median value derived from home sales.

American Community Survey Housing Data - Aneta

The Census Bureau's American Community Survey includes information on various housing topics. Some of these estimates for City of Aneta are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Aneta, the estimated median year of construction was 1973. For comparison, the County's estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1975. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Aneta was \$68,000. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in Aneta in 2018 was \$465. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Aneta, the estimate showed 38 occupied mobile homes. This represented nearly 24% of the City's total occupied housing inventory. All of these were identified as owner-occupancy housing. However, a visual inspection of the City counted only four mobile homes, but the City does contain a number of RVs and campers that appeared to be intended for seasonal occupancy.

Vacant Housing

The American Community Survey estimated that Aneta had 31 vacant housing units in 2018. However, 10 of these were for seasonal/recreational use, and six were listed as "other vacant" and may not have been available for occupancy. There were 13 vacant rental units and two vacant owner units in the City.

American Community Survey Housing Data - Lakota

The Census Bureau's American Community Survey includes information on various housing topics. Some of these estimates for City of Lakota are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Lakota, the estimated median year of construction was 1973. For comparison, the County's estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1974. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Lakota was \$100,300. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in Lakota in 2018 was \$527. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Lakota, the estimate showed 17 occupied mobile homes. This represented nearly 5% of the City's total occupied housing inventory. All of these were identified as owner-occupied housing. However, a visual inspection of the City counted only nine mobile homes.

Vacant Housing

The American Community Survey estimated that Lakota had 19 vacant housing units in 2018. However, six of these were for seasonal/recreational use, and six were listed as "other vacant" and may not have been available for occupancy. There were no vacant rental units and seven vacant owner-occupancy units in the City.

American Community Survey Housing Data - McVille

The Census Bureau’s American Community Survey includes information on various housing topics. Some of these estimates for City of McVille are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in McVille, the estimated median year of construction was 1952. For comparison, the County’s estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1949. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in McVille was \$64,500. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in McVille in 2018 was \$363. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In McVille, the estimate showed only one owner-occupied mobile home. However, a visual inspection of the City counted two mobile homes.

Vacant Housing

The American Community Survey estimated that McVille had 79 vacant housing units in 2018. However, 26 of these were for seasonal/recreational use, and 24 were listed as “other vacant” and may not have been available for occupancy. There were 15 vacant rental units and 14 vacant owner-occupancy units in the City.

American Community Survey Housing Data - Michigan City

The Census Bureau's American Community Survey includes information on various housing topics. Some of these estimates for Michigan City are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Michigan City, the estimated median year of construction was 1951. For comparison, the County's estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1970. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Michigan City was \$80,600. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in Michigan City in 2018 was \$475. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Michigan City, the estimate showed six occupied mobile homes. This represented nearly 6% of the City's total occupied housing inventory. Four of these units were owner-occupied and two units were rentals. However, a visual inspection of the City counted five mobile homes.

Vacant Housing

The American Community Survey estimated that Michigan City had 41 vacant housing units in 2018. However, 25 of these were listed as "other vacant" or "migrant housing" and may not have been available for occupancy. There were eight vacant rental units and eight vacant owner-occupancy units in the City.

American Community Survey Housing Data - Pekin

The Census Bureau’s American Community Survey includes information on various housing topics. Some of these estimates for City of Pekin are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Pekin, the estimated median year of construction was 1952. For comparison, the County’s estimated median year of construction was 1958 for owner-occupancy housing.

No age estimate was provided for rental housing in Pekin, due to only a small supply within the community. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Pekin was \$32,100. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

No estimated median gross rent estimate was provided for rental units in Pekin in 2018. The Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Pekin, the estimate showed five occupied mobile homes. This represented more than 19% of the City’s total occupied housing inventory. Three of these units were owner-occupied and two were rentals. However, a visual inspection of the City found only three mobile homes.

Vacant Housing

The American Community Survey estimated that Pekin had 16 vacant housing units in 2018. However, four of these were for seasonal/recreational use, and 12 were listed as “other vacant” and may not have been available for occupancy. There were no vacant rental units and no vacant owner-occupancy units in the City.

American Community Survey Housing Data - Petersburg

The Census Bureau's American Community Survey includes information on various housing topics. Some of these estimates for City of Petersburg are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Petersburg, the estimated median year of construction was 1953. For comparison, the County's estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1976. The median for all of Nelson Earth County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Petersburg was \$83,600. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in Petersburg in 2018 was \$480. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Petersburg, the estimate showed five occupied mobile homes. This represented nearly 7% of the City's total occupied housing inventory. All of these units were owner-occupied. However, a visual inspection of the City counted only two mobile homes.

Vacant Housing

The American Community Survey estimated that Petersburg had 19 vacant housing units in 2018. However, 14 of these were listed as "other vacant" and may not have been available for occupancy. There were five vacant rental units and no vacant owner-occupancy units in the City.

American Community Survey Housing Data - Tolna

The Census Bureau's American Community Survey includes information on various housing topics. Some of these estimates for City of Tolna are provided below. As stated previously, the estimates for small cities are based on limited sampling, which can result in a wide margin of error within the individual data being presented.

Age of Housing - Median Year of Construction

For owner-occupancy units in Tolna, the estimated median year of construction was 1954. For comparison, the County's estimated median year of construction was 1958 for owner-occupancy housing.

For rental housing, the estimated median year of construction was 1973. The median for all of Nelson County was 1971.

Median Home Value

The estimated median value for owner-occupancy housing in Tolna was \$55,000. For comparison, the Countywide median was \$85,200 in 2018.

Median Gross Rent

The estimated median gross rent for all rental units in Tolna in 2018 was \$500. This would include any tenant-paid utilities along with the monthly contract rent. For comparison, the Countywide median was \$508 in 2018.

Mobile Homes

The American Community Survey also included information on the type of structure for housing units, including mobile homes. In Tolna, the estimate showed three occupied mobile homes. This represented nearly 3% of the City's total occupied housing inventory. All of these units were owner-occupied. However, a visual inspection of the City counted only one mobile home.

Vacant Housing

The American Community Survey estimated that had seven vacant housing units in 2018. Only one of these was for seasonal/recreational use. There were two vacant rental units and four vacant owner-occupancy units in the City.

Housing Conditions Survey

As part of the data collection process, representatives from Community Partners Research, Inc., conducted a visual 'windshield' survey of single family/duplex houses in each of the cities in Nelson County. Structures that appeared to contain three or more residential units were excluded from the survey.

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

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

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

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

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

Table 18 Aneta Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Aneta	33 / 31.7%	39 / 37.5%	22 / 21.2%	10 / 9.6%	104

Source: Community Partners Research, Inc.

- ▶ There were 104 houses were viewed and rated in **Aneta**. Although more than 69% of the houses were rated in one to the two highest condition categories, the City did have 32 houses rated in the lower condition groups. This included 22 houses judged to need major repair, and 10 houses that may be beyond repair.

In **Lakota**, the community was divided into two separate neighborhoods, divided by Main Street.

Table 19 Lakota Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Main	76 / 43.9%	70 / 40.5%	18 / 10.4%	9 / 5.2%	173
East of Main	61 / 61.0%	27 / 27.0%	10 / 10.0%	2 / 2.0%	100
Total	137 / 50.2%	97 / 35.5%	28 / 10.3%	11 / 4.0%	273

Source: Community Partners Research, Inc.

- ▶ There were 273 houses viewed and rated in **Lakota**. Citywide, just over 50% of all houses were rates as sound, showing no repair items. Nearly 36% of all houses were in the minor repair category. Overall, nearly 86% of the houses in the City were in one of the two best condition categories.
- ▶ There were 28 houses rated in the major repair category, and 11 additional houses rated as dilapidated. Most of the houses in the lowest condition categories were located in the neighborhood west of Main Street.

In **McVille**, the City was also divided into two neighborhoods for analysis. Main Street was used as the divider.

Table 20 McVille Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
West of Main	69 / 47.3%	48 / 32.9%	23 / 15.7%	6 / 4.1%	146
East of Main	13 / 25.5%	19 / 37.2%	13 / 25.5%	6 / 11.8%	51
Total	82 / 41.6%	67 / 34.0%	36 / 18.3%	12 / 6.1%	197

Source: Community Partners Research, Inc.

- ▶ There were 197 houses viewed and rated in **McVille**. Citywide, nearly 42% of all houses were rates as sound, showing no repair items. Another 34% of all houses were in the minor repair category. Overall, nearly 76% of the houses in the City were in one of the two best condition categories.
- ▶ There were 36 houses rated in the major repair category, and 12 additional houses rated as dilapidated. The houses in the lowest condition categories were located in both neighborhoods.

Table 21 Michigan City Windshield Survey Condition Estimate - 2020

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Michigan City	39 / 34.2%	41 / 36.0%	25 / 21.9%	9 / 7.9%	114

Source: Community Partners Research, Inc.

- ▶ There were 114 houses viewed and rated in **Michigan City**. Although more than 70% of the houses were rated in one to the two highest condition categories, the City did have 34 houses rated in the lower condition groups. This included 25 houses judged to need major repair, and nine houses that may be beyond repair.

Table 22 Pekin Windshield Survey Condition Estimate - 2020

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Pekin	10 / 20.8%	21 / 43.8%	9 / 18.7%	8 / 16.7%	48

Source: Community Partners Research, Inc.

- ▶ There were 48 houses viewed and rated in **Pekin**. Fewer than 21% of the houses were rated as sound, the highest condition category, but nearly 44% of the homes in the City were rated as needing only minor repair. More than 35% of the City's housing stock was rated in the two lowest condition categories, with nine houses rated as needing major repair and eight houses judged as dilapidated and possibly beyond repair.

Table 23 Petersburg Windshield Survey Condition Estimate - 2020

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Petersburg	26 / 33.3%	34 / 43.6%	7 / 9.0%	11 / 14.1%	78

Source: Community Partners Research, Inc.

- ▶ There were 78 houses viewed and rated in **Petersburg**. Overall, nearly 77% of the houses were rated in one to the two highest condition categories. However, the City did have seven houses rated in the major repair group and 11 houses that may be beyond repair.

Table 24 Tolna Windshield Survey Condition Estimate - 2020					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Tolna	29 / 35.8%	34 / 42.0%	14 / 17.3%	4 / 4.9%	81

Source: Community Partners Research, Inc.

- ▶ There were 81 houses viewed and rated in **Tolna**. Overall, nearly 78% of the houses were rated in one to the two highest condition categories. However, the City did have 14 houses rated in the major repaired group and four houses that may be beyond repair.

Rental Housing Inventory

Rental Housing Data - Aneta

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 34 occupied rental units and one unoccupied rental unit in Aneta, for a total estimated rental inventory of 35 units. The City's rental tenure rate was 31.8% in 2010. Aneta had the highest rental tenure rate of the cities in Nelson County according to the 2010 Census.

The American Community Survey includes occupancy tenure estimates, but these are flawed for the City of Aneta. It is probable that the City's rental housing stock has not changed significantly after 2010.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted in May 2020 of the multifamily projects in Aneta. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 29 housing units that were contacted in the survey. All of the units are federally subsidized units. In addition to the 29 rental units, the nursing home in Aneta, which has 35 beds, was also surveyed.

The findings of the survey are provided below.

Market Rate Summary

We are not aware of any market rate rental projects in Aneta, although it appears that there are several market rate single family homes in Aneta.

Subsidized Summary

There are two subsidized rental projects in Aneta:

- ▶ **Aneta Homes** - Aneta Homes is a 26-unit USDA Rural Development general occupancy project. There are 11 one-bedroom units and 15 two-bedroom units.
- ▶ **Grand Forks Housing Authority Public Housing** - The HUD Public Housing in Aneta is a three-unit general occupancy project. There are one two-bedroom and two three-bedroom units.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The unit mix of the 29 units in the two subsidized projects is:

- ▶ one-bedroom - 11 (37.9%)
- ▶ two-bedroom - 16 (55.2%)
- ▶ three-bedroom - 2 (6.9%)

Occupancy / Vacancy

At the time of the survey, there were seven vacant units in Aneta Homes. The manager reported that there typically are vacancies. The three public housing units were fully occupied.

Senior Housing with Services

Unit Inventory

There is one senior with services project in Aneta.

- ▶ **Aneta Parkview Health Center** - Aneta Parkview Health Center is a 35-bed skilled nursing facility. The facility serves permanent residents and individuals that are in the facility for rehab. Twenty of the 35 beds are in a secured memory care unit.

Occupancy / Vacancy

Aneta Parkview Health Center averages a 99% occupancy rate.

Table 25 Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Aneta - Subsidized					
Aneta Homes	11 - 1 bedroom <u>15 - 2 bedroom</u> 26 total units	\$438 \$457	7 vacancies	General occupancy	Aneta Homes is a 26-unit USDA Rural Development general occupancy subsidized project. There are 11 one-bedroom and 26 two-bedroom units. Twelve tenants have access to project-based rent assistance that allows rent based on 30% of income. The remaining tenants pay at least 30% of their income, but not less than the basic rent or more than the market rent listed. The project has a waiver in place that allows that have incomes over the income limits to live in the project. At the time of the survey, Aneta Homes had seven vacancies. The manager reported that the project typically has vacancies.
Grand Forks Housing Authority - Public Housing	1 - 2 bedroom <u>2 - 3 bedroom</u> 3 total units	\$595 \$860 30% of income	No vacancies	General occupancy	Grand Forks Housing Authority Public Housing includes one two-bedroom unit and two three-bedroom units in Aneta. The units are part of the Housing Authority’s overall portfolio of a total 26 Public Housing units in Nelson County cities. All 26 units have been renovated in the past five years. Tenants must have a household income below the Public Housing Program income limits and pay 30% of their income for rent. The rent cannot exceed the market rents. At the time of the survey, there were no vacancies in Aneta.
Aneta - Senior with Services					
Aneta Parkview Health Center	Licensed for 35 skilled nursing beds	Based on level of services	Average 99% occupancy rate	Skilled nursing home	Aneta Parkview Health Center is a 35-bed skilled nursing facility. Twenty beds are in a secured memory care unit. The facility operates at an average 99% occupancy rate.

Source: Community Partners Research, Inc.

Rental Housing Data - Lakota

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 86 occupied rental units and 26 unoccupied rental units in Lakota, for a total estimated rental inventory of 112 units. The City's rental tenure rate was 25.4% in 2010. However, the rental rate was lower due to the large number of vacancies that existed. The rental tenure rate could have been 30% or higher if more of the rental stock had been occupied.

The American Community Survey includes occupancy tenure estimates for 2018, but these appear to be flawed for the City of Lakota. With no identified new construction of rental housing in many years, it is probable that the City's rental housing stock has not changed significantly after 2010.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of the multifamily projects in Lakota in May 2020. Emphasis was placed on contacting properties that have two or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained information on one rental single family home.

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

There were 61 housing units of all types that were contacted in the survey. In addition to the 61 rental units, the Good Samaritan Home in Lakota was also contacted which has 38 nursing home beds and five basic care beds.

The units that were successfully contacted include:

- ▶ 39 market rate units
- ▶ 6 federally subsidized units
- ▶ 16 senior housing with light services units
- ▶ 38 skilled nursing home beds
- ▶ 5 basic care beds

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 39 market rate rental units in a 20-unit project, one 8-plex, one 6-plex, two duplexes and one single family home.

Unit Mix

We obtained the bedroom mix on the 39 market rate units in the multi-family projects. The bedroom mix of the units is:

- ▶ one-bedroom - 12 (30.8%)
- ▶ two-bedroom - 24 (61.5%)
- ▶ three-bedroom - 3 (7.7%)

Occupancy / Vacancy

At the time of the survey, we obtained occupancy information on 33 units. There were no vacancies in the 33 market rate units that were surveyed. The owners and managers reported that their units were usually fully occupied and there is a strong demand for rental units.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$575
Two-bedroom	\$475-\$675
Three-bedroom	\$850-\$1,300

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Lakota that provides rental opportunities for lower income households, Grand Forks Housing Authority - Public Housing. The HUD Public Housing units are general occupancy units and include two two-bedroom and four three-bedroom units. The Public Housing units are owned and managed by the Grand Forks Housing Authority.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The project has two two-bedroom units and four three-bedroom units.

Occupancy / Vacancy

At the time of the survey, there were two vacant public housing units.

Senior Housing with Services

Unit Inventory

There are three senior with services projects in Lakota. These projects include:

- ▶ **Prairie Rose Senior Apartments** - Prairie Rose Senior Apartments is a senior housing with services project that is part of the Good Samaritan Campus. The project was constructed in 2002. Rent is \$1,250 for a one-bedroom and \$1,350 for a two-bedroom unit plus \$100 for double occupancy. Tenants also pay heat and electricity. Project amenities include a community room, library, fitness area and scheduled local transportation. Additional services available for purchase include housekeeping, laundry, and meals. The manager reported three vacant one-bedroom units at the time of the survey.
- ▶ **Good Samaritan Home** - The Good Samaritan Home is a 38-bed skilled nursing facility. The facility is part of the Good Samaritan Campus that also includes Good Samaritan Basic Care and Prairie Rose Senior Apartments. At the time of the survey, there were three vacant beds.
- ▶ **Good Samaritan Basic Care** - Good Samaritan Basic Care includes five beds. Good Samaritan Basic Care is part of the Good Samaritan Campus that includes Prairie Rose Senior Apartments and Good Samaritan Home. Basic Care services include three daily meals, 24-hour staffing, assistance with personal care, housekeeping, laundry, medication management, etc. At the time of the survey, there were three vacant beds.

Occupancy / Vacancy

At the time of the survey, Prairie Rose Senior Apartments, Good Samaritan Home and Good Samaritan Basic Care each had three vacancies.

Table 26 Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Lakota - Market Rate					
Lakota Apartments	10 - 1 bedroom 10 - 2 bedroom 20 total units	\$450 \$525 \$1,100 + utilities	No vacancies	General occupancy	Lakota Apartments includes 20 units in four buildings and one three-bedroom house. The 20 units in the four buildings includes 10 one-bedroom and 10 two-bedroom units. Three buildings are approximately 50 years old and one building is approximately 40 years old. Tenants pay utilities in addition to rent. At the time of the survey, the owner reported no vacancies, but one unit was not occupied due to renovations.
Fahey Apartments	2 - 2 bedroom 2 total units	\$650	No vacancies	General occupancy	Fahey Apartments is a market rate duplex constructed in the mid-1970s. Both units have two bedrooms. Rent is \$650 and includes utilities. The owner reported no vacancies at the time of the survey.
Alex Paul Apartments	8 - 2 bedroom 8 total units	\$400 + utilities	No vacancies	General occupancy	Alex Paul Apartments is a two-level walk-up apartment building with eight two-bedroom units. The rent is \$400 plus electric. The manager reported no vacancies at the time of the survey.
Hoffrath Apartments	2 - 1 bedroom 4 - 2 bedroom 6 total units	Information not provided	Information not provided	General occupancy	Hoffrath Apartments is a six-unit general occupancy market rate rental project. The project has two one-bedroom and four two-bedroom units. The owner did not provide rental rates or the number of vacancies, however, he did state that the project had vacancies.
At Home Properties	2 - 3 bedroom 2 total units	\$650 + utilities	No vacancies	General occupancy	At Home Properties is a market rate duplex constructed in the mid 1980s. Both units have three bedrooms and two baths. The owner is currently living in one of the units. The rent is \$650 plus utilities. The owner reported that the unit was occupied at the time of the survey.
Three-Bedroom Home	1 - 3 bedroom 1 total unit	\$1,100 + utilities	No vacancies	General occupancy	Information was obtained on a high quality three-bedroom home that is being rented in Lakota. The home is occupied and rent is \$1,100 plus utilities.

Table 26 Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Lakota - Subsidized					
Grand Forks Housing Authority - Public Housing	2 - 2 bedroom <u>4 - 3 bedroom</u> 6 total units	\$595 \$860 30% of income	2 vacancies	General occupancy	Grand Forks Housing Authority Public Housing includes two two-bedroom and four three-bedroom units in Lakota. The units are part of an overall portfolio of a total 26 units in Nelson County. All 26 units have been renovated in the past five years. Tenants must have a household income below the Public Housing Program income limits and pay 30% of their income for rent. The rent cannot exceed the market rents. At the time of the survey, there were two vacancies in Lakota.
Lakota - Senior with Services					
Prairie Rose Senior Apartments	7 - 1 bedroom <u>9 - 1 bedroom</u> 16 total units	\$1,250 \$1,350	Three one-bedroom vacancies	Seniors housing with services	Prairie Rose Senior Apartments is a senior housing with services project that is part of the Good Samaritan Campus. The project was constructed in 2002. Rent is \$1,250 for a one-bedroom and \$1,350 for a two-bedroom unit plus \$100 for double occupancy. Tenants also pay heat and electricity. Project amenities include a community room, library, fitness area and scheduled local transportation. Additional services available for purchase include housekeeping, laundry, and meals. The manager reported three vacant one-bedroom units at the time of the survey.
Good Samaritan Home	<u>38 beds</u> 38 total	Based on level of services	Three vacancies	Skilled nursing home	The Good Samaritan Home is a 38-bed skilled nursing facility that is part of the Good Samaritan campus that includes Good Samaritan Basic Care and Prairie Rose Senior Apartments. At the time of the survey, there were three vacant beds.
Good Samaritan Basic Care	<u>5 beds</u> 5 total	Based on level of services	Three vacancies	Basic Care	Good Samaritan Basic Care includes five beds and is part of the Good Samaritan campus that includes Prairie Rose Senior Apartments and Good Samaritan Home. Basic Care services include three daily meals, 24-hour staffing, assistance with personal care, housekeeping, laundry, meds management, etc. At the time of the survey, there were three vacant beds.

Source: Community Partners Research, Inc.

Rental Housing Data - McVille

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 36 occupied rental units and 17 unoccupied rental units in McVille, for a total estimated rental inventory of 53 units. The City's rental tenure rate was 18.9% in 2010. However, the rental tenure rate was lower due to the large number of vacancies that existed. The rental tenure rate could have been 25% or higher if more of the rental stock had been occupied.

The American Community Survey includes occupancy tenure estimates for 2018. For McVille there were 39 occupied units and 15 unoccupied units in 2018. The estimated rental tenure rate was 21.8%.

The American Community Survey showed almost no change in the City's rental inventory between 2010 and 2018. However, a 12-unit senior project was constructed after 2010. Although these new units provide supportive services, they would be categorized as rental housing, and it is therefore likely that the inventory did increase in size after 2010, and the American Community Survey has underestimated the size of the rental inventory.

Rental Housing Survey

As part of this study, a telephone survey was conducted of multifamily projects in McVille. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

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

There were 29 market rate and subsidized rental housing units that were surveyed. In addition to the 29 rental units, the nursing home in McVille, which has 39 beds, and an assisted living facility, with 12 units, were also surveyed.

The units that were successfully contacted include:

- ▶ 25 market rate units
- ▶ 4 federally subsidized units
- ▶ 12 assisted living units
- ▶ 39 nursing home beds

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 25 market rate rental units in one 8-plex, one 13-unit project and in one 4-plex.

Unit Mix

We obtained the bedroom mix on the 25 market rate units in the multi-family projects. The bedroom mix of the units is:

- ▶ one-bedroom - 15 (60.0%)
- ▶ two-bedroom - 10 (40.0%)

Occupancy / Vacancy

At the time of the survey, there were three units in West Meadows that were not being offered for occupancy. There were four vacancies in the remaining 22 market rate units, which is a vacancy rate of 18.2%. West Meadows had three vacancies and Cedar Ridge Apartments had one vacancy.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$430-\$550
Two-bedroom	\$470-\$700

Please note that the four-bedroom rent that is reported is from only one single family home.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in McVille providing rental opportunities for lower income households. Grand Forks Housing Authority Public Housing. The Public Housing units are owned and managed by the Grand Forks Housing Authority. The HUD Public Housing units are general occupancy and include three two-bedroom units and one three-bedroom unit.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

There are three two-bedroom units and one three-bedroom unit.

Occupancy / Vacancy

At the time of the survey, there was one vacant Public Housing unit.

Subsidized Housing Gains/Losses

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1970s and 1980s. Some of the older projects around the State of North Dakota have completed their compliance requirements and have the opportunity to leave their subsidy program and convert to conventional rental housing.

The City of McVille had 24 HUD Section 8 subsidized units, however, the 24 units have converted to other uses. One 8-plex has been converted to a market rate 8-plex, one 8-plex has been converted to short-term lodging and one 8-plex is currently vacant.

Senior Housing with Services

Unit Inventory

There are two senior with services projects in McVille. These projects include:

- ▶ **The Summerfield** - Summerfield is a 12-unit assisted living facility constructed in 2011. The units are in apartment with kitchens. The project includes a community room and barber/beauty shop. Services included in the monthly rent are a noon meal and light housekeeping. Additional meals and services can be purchased as needed. At the time of the survey, there was one vacancy, however, the units are usually fully occupied.
- ▶ **Nelson County Health Services Care Center** - Nelson County Health Services Care Center is a skilled nursing facility with 39 beds that is part of the County's health care system that also includes a hospital, clinic, assisted living facility and hospital. There were two vacant beds at the time of the survey. The facility averages a 92% to 95% occupancy rate.

Occupancy / Vacancy

The Nelson County Health Services Care Center averages approximately a 92% to 95% occupancy rate. At the time of the survey, Summerfield had one vacant unit.

Table 27 Multifamily Rental Housing Inventory

Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
McVille - Market Rate					
Cedar Ridge Apartments	9 - 1 bedroom <u>4 - 2 bedroom</u> 13 total units	\$430 \$470	1 vacancy	General occupancy	Cedar Ridge Apartments is a 13-unit market rate general occupancy project constructed in the early 1970s. There are nine one-bedroom and four two-bedroom units. Rents are \$430 for a one-bedroom unit and \$470 for a two-bedroom unit. The rent includes utilities. The owner reported one vacancy, at the time of the survey, however, the units are usually fully occupied and a waiting list is maintained.
Ressler Apartments	<u>4 - 2 bedroom</u> 4 total units	\$470	No vacancies	General occupancy	Ressler Apartments is a 4-plex constructed in the 1970s. All of the units have two bedrooms. Rent is \$470 and includes utilities. At the time of the survey, the owner reported no vacancies.
West Meadows	6 - 1 bedroom <u>2 - 2 bedroom</u> 8 total units	\$486 \$650	3 vacancies	General occupancy	West Meadows is an eight-unit general occupancy market rate project constructed in the mid 1970s. The project was a HUD Section 8 subsidized project, but has converted to market rate. The project has six one-bedroom and two two-bedroom units. The rent is \$486 for a one-bedroom unit and \$650 for a two-bedroom unit. The manager reported three vacant units at the time of the survey. There are an additional three unoccupied units, however, these units are vacant as they need to be rehabbed before they can be occupied. The project has two additional 8-plexes. One 8-plex is used for short-term lodging and one 8-plex is vacant due to its condition.

Table 27 Multifamily Rental Housing Inventory					
Name	Number of Units / Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
McVile - Subsidized					
Grand Forks Housing Authority - Public Housing	3 - 2 bedroom <u>1 - 3 bedroom</u> 4 total units	\$595 \$860 30% of income	1 vacancy	General occupancy	Grand Forks Housing Authority Public Housing includes three two-bedroom units and one three-bedroom unit in McVile. The units are part of the Housing Authority's overall portfolio of 26 total units in Nelson County cities. All 26 units have been renovated in the past five years. Tenants must have a household income below the Public Housing Program income for rent. The rent cannot exceed the market rents. At the time of the survey, there was one vacancy in McVile.
McVile - Senior with Services					
The Summerfield	8 - 1 bedroom <u>4 - 2 bedroom</u> 12 total	Based on type of unit and level of services	1 vacancy	Assisted living	Summerfield is a state licensed Assisted Living facility constructed in 2011. The apartment units include kitchens and the project includes a community room and barber/beauty shop. Senior services include meals, housekeeping, etc. At the time of the survey, there was one vacancy, however, the units are usually fully occupied.
Nelson County Health Services Care Center	licensed for <u>39 skilled nursing beds</u> 39 total	Based on level of services	Average 92% to 95% occupancy rate	Skilled nursing	Nelson County Health Services Care Center is a skilled nursing facility with 39 beds that is part of the County's health care system that also includes a hospital, clinic, assisted living facility and hospital. There were two vacant beds at the time of the survey. The facility averages a 92% to 95% occupancy rate.

Source: Community Partners Research, Inc.

Rental Housing Data - Michigan City

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 30 occupied rental units and four unoccupied units in Michigan City, for a total estimated rental inventory of 34 units. The City's rental tenure rate was 20.1% in 2010.

The American Community Survey includes occupancy tenure estimates for 2018. For Michigan City there were 18 occupied units and eight unoccupied units in 2018. If accurate, the City has experienced some decrease in the size of the rental inventory, and a large decrease in the number of renter-occupancy households. The estimated rental tenure rate was 17.1% in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted in May 2020 of the multifamily projects in Michigan. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential. However, we also obtained information on some single family homes.

Information was tallied separately for market rate units and subsidized housing.

There were 18 rental housing units that were contacted as part of the survey.

The units that were successfully contacted include:

- ▶ 12 market rate units
- ▶ 6 federally subsidized units

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on 12 market rate rental units in three 4-plexes. We are aware of an additional 6-plex that is located in Petersburg. However, we were unable to obtain information on this project.

Unit Mix

We obtained the bedroom mix on the 12 market rate units in the multi-family projects. The bedroom mix of the units is:

- ▶ one-bedroom - 10 (83.3%)
- ▶ two-bedroom - 2 (16.7%)

Occupancy / Vacancy

At the time of the survey, there were no vacancies in the 12 market rate units that were surveyed.

Rental Rates

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent.

In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>
One-bedroom	\$450-\$500
Two-bedroom	\$575

Subsidized Summary

The research completed for this Study surveyed the only income-restricted project in Michigan City providing rental opportunities for lower income households, Grand Forks Housing Authority-Public Housing. The Public Housing units are owned and managed by the Grand Forks Housing Authority. The HUD Public Housing units are general occupancy and include two two-bedroom and four three-bedroom units.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The project has two two-bedroom and four three-bedroom units.

Occupancy / Vacancy

At the time of the survey, there were no vacant Public Housing units.

Senior Housing with Services

There are no senior with services rental housing projects in Michigan.

Table 28 Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Michigan City - Market Rate					
Reineke Apartments	<u>4 - 1 bedroom</u> 4 total units	\$350 + utilities	No vacancies	General occupancy	Reineke Apartments is a market rate 4-plex constructed in the mid-1970s. All of the units are one-bedroom. Rent is \$350 plus utilities. At the time of the survey, the owner reported no vacancies.
Cory's Apartments	<u>4 - 1 bedroom</u> 4 total units	\$400 + utilities	No vacancies	General occupancy	Cory's Apartments is a market rate 4-plex constructed in the mid-1970s. All of the units are one-bedroom. Three of the units are semi-furnished and one unit has been totally renovated. Rent is \$400 plus utilities. At the time of the survey, the owner reported no vacancies.
Meyer Apartments	<u>2 - 1 bedroom</u> <u>2 - 2 bedroom</u> 4 total units	\$450 to \$500 + water & electric	No vacancies	General occupancy	Meyer Apartments is a market rate 4-plex constructed in the early 1970s. The 4-plex has two one-bedroom and two two-bedroom units. Rent ranges from \$450 to \$500 plus heat and electricity. At the time of the survey, the owner reported no vacancies.
Michigan City - Subsidized					
Grand Forks Housing Authority - Public Housing	<u>2 - 2 bedroom</u> <u>4 - 3 bedroom</u> 6 total units	\$595 \$860 30% of income	No vacancies	General occupancy	Grand Forks Housing Authority Public Housing includes 2 two-bedroom and four three-bedroom units in Michigan. The units are part of the Housing Authority's overall portfolio of 25 total units in Nelson County cities. All 25 units have been renovated in the past five years. Tenants must have a household income below the Public Housing Program income limits and pay 30% of their income for rent. The rent cannot exceed the market rents. At the time of the survey, there were no vacancies in Michigan.

Source: Community Partners Research, Inc.

Rental Housing Data - Petersburg

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 16 occupied rental units and one unoccupied unit in Petersburg, for a total estimated rental inventory of 17 units. The City's rental tenure rate was 20.5% in 2010.

The American Community Survey includes occupancy tenure estimates for 2018. For Petersburg there were 19 occupied units and five unoccupied units in 2018. If accurate, the City has experienced an increase in the size of the rental inventory and an increase in the number of renter-occupancy households. The estimated rental tenure rate was 25.0% in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted in May 2020 of the projects in Petersburg. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Information was tallied separately for different types of rental housing, including market rate units and subsidized housing.

There were nine rental housing units that were contacted as part of the survey.

The units that were successfully contacted include:

- ▶ 6 market rate units
- ▶ 3 federally subsidized units

The findings of the survey are provided below.

Market Rate Summary

Information was obtained from a market rate rental 6-plex. The 6-plex has two one-bedroom units and four two-bedroom units. Rent is \$475 and includes utilities. There were no vacancies at the time of the survey.

Subsidized Summary

The research completed for this Study surveyed the one income-restricted project in Petersburg that provides rental opportunities for lower income households, Grand Forks Housing Authority-Public Housing. The Public Housing units are owned and managed by the Grand Forks Housing Authority.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The project has two one-bedroom units and one three-bedroom unit.

Occupancy / Vacancy

At the time of the survey, there was one vacant unit.

Senior Housing with Services

There are no senior with services projects in Petersburg.

Table 29 Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Petersburg - Market Rate					
Sundre Apartments	2 - 1 bedroom <u>4 - 1 bedroom</u> 6 total units	\$425	No vacancies	General occupancy	The Sundre Apartments includes two one-bedroom and four two-bedroom units. The rent includes utilities. There were no vacancies at the time of the survey.
Grand Forks Housing Authority - Public Housing	2 - 1 bedroom <u>1 - 3 bedroom</u> 3 total units	\$595 \$860 30% of income	1 vacancy	General occupancy	Grand Forks Housing Authority Public Housing includes two one-bedroom units and one three-bedroom unit in Petersburg. The units are part of the Housing Authority's overall portfolio of 26 total units in Nelson County cities. All 26 units have been renovated in the past five years. Tenants must have a household income below the Public Housing Program income limits and pay 30% of their income for rent. At the time of the survey, there was one vacancy in Petersburg.

Source: Community Partners Research, Inc.

Rental Housing Data - Pekin

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were only seven occupied rental units and four unoccupied rental units in Pekin, for a total estimated rental inventory of 11 units. The City's rental tenure rate was 20.6% in 2010.

The American Community Survey includes occupancy tenure estimates for 2018. For Pekin there were only four occupied units and no unoccupied units in 2018. If accurate, the City has experienced a decrease in the size of the rental inventory and decrease in the number of renter-occupancy households. The estimated rental tenure rate was 15.4% in 2018.

Rental Housing Survey

A Rental Housing Survey was not conducted in Pekin as there are no multi-family rental projects in Pekin.

Rental Housing Data - Tolna

Census Bureau Rental Inventory

According to the 2010 U.S. Census, there were 25 occupied rental units and one unoccupied rental unit in Tolna, for a total estimated rental inventory of 26 units. The City's rental tenure rate was 26.9% in 2010.

The American Community Survey includes occupancy tenure estimates for 2018. For Tolna there were 28 occupied units and two unoccupied units in 2018. If accurate, the City has experienced a slight increase in the size of the rental inventory and in the number of renter-occupancy households. The estimated rental tenure rate was 26.7% in 2018.

Rental Housing Survey

As part of this housing study, a telephone survey was conducted of multifamily projects in Tolna. Emphasis was placed on contacting properties that have three or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Information was tallied separately for different types of rental housing, including market rate units and subsidized housing units.

There were 18 market rate and subsidized rental housing units that were contacted as part of the survey.

The units that were successfully contacted include:

- ▶ 3 market rate units
- ▶ 15 federally subsidized units

The findings of the survey are provided below.

Market Rate Summary

Information was obtained on three market rate rental units in one project, Welcome Manor. The owner of Welcome Manor rents the units to his employees, thus, at this time the units are not available to other households.

Subsidized Summary

There are two subsidized rental projects in Tolna:

- ▶ **Grand Forks Housing Authority-Public Housing** - The Public Housing is a three-unit HUD General Occupancy Project. There are two two-bedroom units and one three-bedroom unit.
- ▶ **Tolna Improvement-USDA Rural Development** - Tolna Improvement is a 12-unit general occupancy Rural Development Project.

Rental Rates

Rent is based on 30% of the tenant's household income. The subsidized projects have a market rent and tenants do not pay more than the market rent.

Unit Mix

The unit mix of the 15 subsidized rental units in the two projects is:

- ▶ one-bedroom - 4 (26.7%)
- ▶ two-bedroom - 10 (66.7%)
- ▶ three-bedroom - 1 (6.6%)

Occupancy / Vacancy

At the time of the survey, there were no vacant units in the two subsidized projects.

Senior Housing with Services

There are no senior with services projects in Tolna.

Table 30 Multifamily Rental Housing Inventory					
Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Tolna - Market Rate					
Welcome Manor	<u>3 units</u> 3 total	Information not provided	No vacancies	Workers	Welcome Manor is a three-unit general occupancy project. The owner rents the units to his workers. There were no vacancies at the time of the survey. Rent information was not provided.
Tolna - Subsidized					
Tolna Improvement USDA - Rural Development	<u>4 - 1 bedroom</u> <u>8 - 2 bedroom</u> 12 total	\$385 \$410 30% of income	No vacancies	General occupancy	Tolna Improvement is a 12-unit USDA Rural Development Project that was constructed in 1974. There are four one-bedroom units and eight two-bedroom units. Tenants pay 30% of their income up to the listed market rent. The project has a waiver that allows tenants that have incomes over the income limits to live in the project. At the time of the survey, the manager reported no vacancies.
Grand Forks Housing Authority - Public Housing	<u>2 - 2 bedroom</u> <u>1 - 3 bedroom</u> 3 total	\$595 \$860 30% of income	No vacancies	General occupancy	Grand Forks Housing Authority Public Housing includes 2 two-bedroom units and one three-bedroom unit in Tolna. The units are part of the Housing Authority’s overall portfolio of 26 total units in Nelson County cities. All 26 units have been renovated over the past five years. Tenants must have a household income below the Public Housing Program income limits and pay 30% of their income for rent. At the time of the survey, there were no vacancies in Petersburg.

Source: Community Partners Research, Inc.

Employment and Local Economic Trends Analysis

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

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

The largest employers in Nelson County include:

- ▶ Aneta Parkview Health Center - Aneta
- ▶ Good Samaritan Society - Lakota
- ▶ Leading Edge Equipment - Michigan City
- ▶ Dakota Prairie School District - McVile
- ▶ Sunlac Inn Hotel - Lakota
- ▶ Dakota Prairie High School - Petersburg

Source: Job Service North Dakota

Work Force and Unemployment Rates

Employment information is available at the County level. Data in the table that follows is for all of Nelson County and was obtained from the North Dakota Labor Market Information Center. These statistics are reported based on the location of the workers, not the location of the job.

Table 31 Nelson County Annual Labor Statistics: 2010 to 2019						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - ND	Unemployment Rate - US
2010	1,691	1,623	68	4.0%	3.8%	9.6%
2011	1,664	1,592	72	4.3%	3.5%	8.9%
2012	1,547	1,483	64	4.1%	3.1%	8.1%
2013	1,555	1,488	67	4.3%	2.9%	7.4%
2014	1,530	1,473	57	3.7%	2.7%	6.2%
2015	1,514	1,457	57	3.8%	2.8%	5.3%
2016	1,533	1,481	52	3.4%	3.1%	4.9%
2017	1,485	1,439	46	3.1%	2.7%	4.4%
2018	1,403	1,357	46	3.3%	2.6%	3.9%
2019	1,373	1,330	43	3.1%	2.4%	3.7%

Source: Job service North Dakota, Labor Market Information Center, LAUS Unit
Note: Not Seasonally Adjusted

Nelson County has experienced a decline in the size of the available civilian labor force over the past decade. Between 2010 and 2019, the number of County residents in the labor force decreased by 318 people, or -18.8%.

The employed work force has also had a long-term pattern of decrease. Between 2010 and 2019 the number of County residents that are employed decreased by 293 people, or -18.1%.

With the employed work force decreasing at a slightly slower rate than the total labor force, the County’s unemployment rate has generally grown smaller over time. The County’s unemployment rate in 2019 was only 3.1%. Although the County has maintained a low unemployment rate throughout the past decade, the rate was 4% or higher from 2010 through 2013. Since 2014, the unemployment rate has remained below 4%.

Employment and Wages by Industry

The following table shows the average weekly wages by major employment sector in 2012, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County. North Dakota allows some industry reporting to be confidential, and this information is suppressed.

Table 32 Nelson County Employment and Wages by Industry: 2018		
Industry	Employment	Average Weekly Wage
Total All Industry	972	\$667
Education and Health Services	361	\$623
Financial Activities	64	\$985
Goods-Producing Industries	113	\$817
Leisure and Hospitality	70	\$230
Natural Resources and Mining	75	\$867
Professional and Business Services	23	\$922
Public Administration	96	\$566

Source: Job Service North Dakota, QCEW Unit

The average weekly wage for all industry sectors in Nelson County for 2018 was \$667. At full-time employment this would yield an annual average of approximately \$34,700.

The highest paying wage sectors were Financial Activities and Professional and Business Services. At full-time employment the average annual wages would be \$51,220 and \$47,950, respectively.

The lowest wage industry sector, Leisure and Hospitality, had an annual average wage below \$12,000.

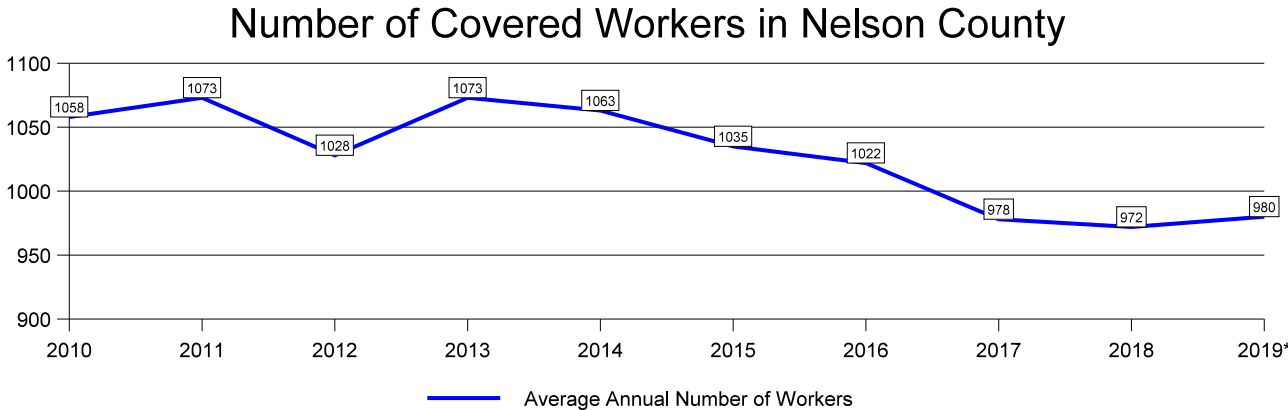
Trends in Average Annual Employment

It is possible to examine longer-term patterns in the employment level using QCEW data, which identifies workers covered by unemployment insurance. The following table displays the total number of workers reported in Nelson County back to the year 2010.

Table 33 Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2010	1,058	2015	1,035
2011	1,073	2016	1,022
2012	1,028	2017	978
2013	1,073	2018	972
2014	1,063	2019*	980

Source: QCEW - ND Job Service
 *2019 is through first three quarters

When viewed back to the year 2010, there has been a general downward trend in the number of covered jobs in Nelson County. Between 2010 and 2014 the number stayed relatively stable, but then has gradually decreased. If 2018 (the last full year of data) is compared back to 2010, the County had 86 fewer covered jobs, or a decrease of -8.1%.



Commuting Patterns of Area Workers

Some information is available on area workers that commute for employment. The best information is from the 2018 American Community Survey. This table only examines people that commuted, and excludes people that work at home.

Table 34 Commuting Times for County Residents - 2018					
	Less than 10 minutes	10 to 19 minutes	20 to 29 minutes	30 minutes or more	Total
Aneta	64	48	15	26	153
Lakota	138	65	9	124	336
McVille	90	17	16	26	149
Michigan City	46	34	16	18	114
Pekin	14	8	0	0	22
Petersburg	25	31	4	36	96
Tolna	36	27	5	7	75
Nelson County	537	306	145	380	1,368

Source: American Community Survey

Based on the estimates contained in the American Community Survey, most residents of Nelson County had a relatively short commute time for employment in 2018. Although no median time is calculated by the American Community Survey, this can be approximated from the travel time distributions that are provided.

For all of **Nelson County**, including the rural townships, the median travel time for primary employment was between 10 and 14 minutes.

For residents of **Aneta**, the estimated median commuting time was between 10 and 14 minutes.

For residents of **Lakota**, the estimated median commuting time was between 15 and 19 minutes.

For residents of **McVille**, the estimated median commuting time was between 5 and 9 minutes. Along with Pekin, McVille had the shortest median travel time for employment.

For residents of ***Michigan City***, the estimated median commuting time was between 10 and 14 minutes.

For residents of ***Pekin***, the estimated median commuting time was between 5 and 9 minutes. Along with McVille, Pekin had the shortest median travel time for employment.

For residents of ***Petersburg***, the estimated median commuting time was between 15 and 19 minutes.

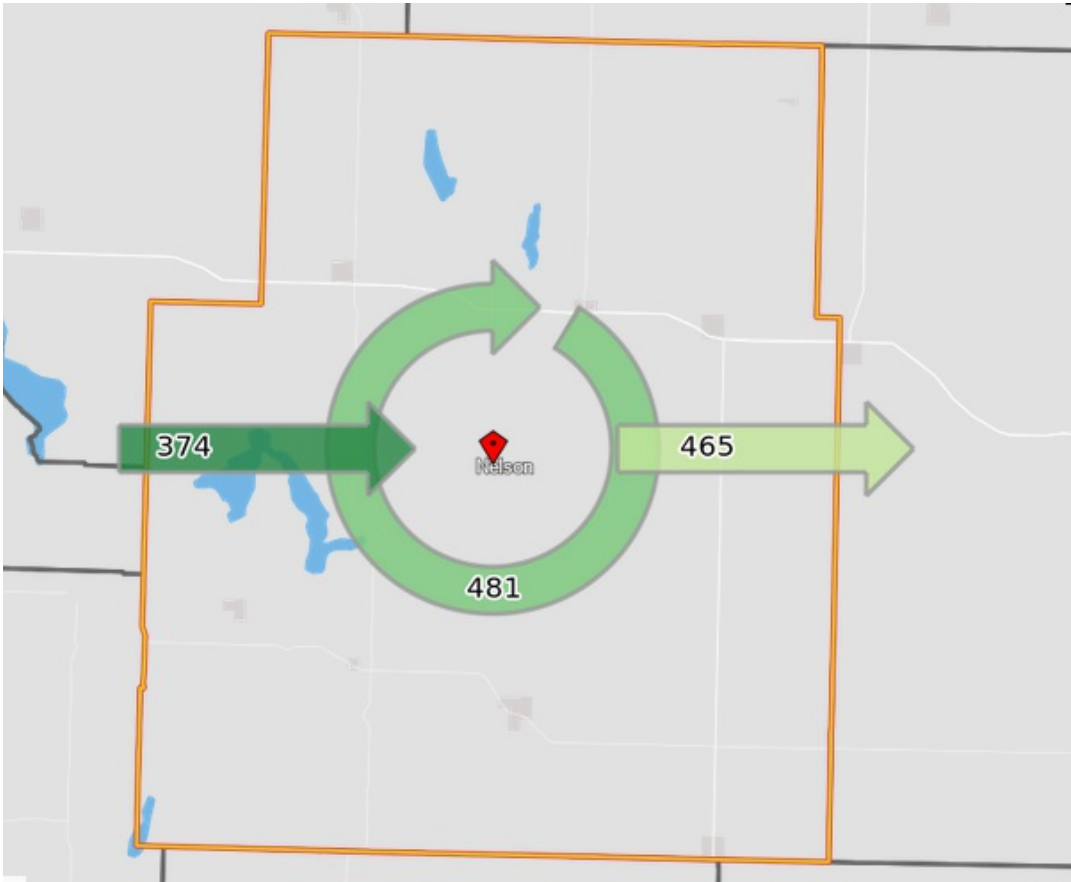
For residents of ***Tolna***, the estimated median commuting time was between 10 and 14 minutes.

Census on the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is also based on reports for the year 2017, but provides a further breakdown of worker movement patterns.

According to the report for Nelson County, there were 855 people that were employed within the County borders in 2017. More than 56% of these jobs were filled by people that also lived in Nelson County. There were an estimated 374 employees that lived outside the County but commuted in for their primary job. The primary identified locations supplying workers to Nelson County were Ramsey, Grand Forks, Griggs and Walsh Counties.

Approximately half of the employed residents of Nelson County were working outside of the County in 2017. According to this source, 49.2% of workers living in Nelson County worked outside the County borders, while 50.8% had their primary job in the County. For outbound County residents, the primary destinations were Cass, Grand Forks and Ramsey Counties.



Summary of Nelson County’s Growth Projections by Age Group

The Demographic section of this Study presented Nelson County projection information on anticipated changes by age group from 2019 to 2024. This information can be informative in determining the housing that may be needed due to age patterns of the County’s population.

Consistent with the age distribution data presented earlier, the movement of the “baby boom” generation through the aging cycle should generate much of the County’s growth in households in the 65 and older age ranges. Age projections would expect the County to add approximately 45 households in the 65 and older age ranges from 2019 to 2024.

The Esri age-based projections also expect an increase of 11 households in the 35 to 44 age range.

Nelson County is projected to lose 27 households in the 15 to 34 age ranges and 85 households in the 45 to 64 age ranges.

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

<u>Age Range</u>	<u>Projected Change in Households 2019 to 2024</u>
15 to 24	-6
25 to 34	-21
35 to 44	11
45 to 54	-22
55 to 64	-63
65 to 74	21
75 and older	<u>24</u>
Total	-56

Findings on Unit Demand by Type of Housing

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

Age 24 and Younger - The projections used for this Study expect a six-household loss in the 15 to 24 age range from 2019 to 2024. Past tenure patterns indicate that a significant number of the households in this age range rent their housing. If new housing options become available in Nelson County, a high percentage of households in this age range will continue to rent their housing.

25 to 34 Years Old - The projections show a loss of 21 households in this age range by 2024. Within this age range households often move from rental to ownership housing. A loss of 21 households within this age range indicates demand for both first-time home buyer and rental opportunities from this age range will decrease during the projection period.

35 to 44 Years Old - The projections for this 10-year age cohort expect a gain of 11 households between 2019 and 2024 in Nelson County. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - This age group represents a smaller segment of the population than the baby boom age group. For Nelson County, the projections show a loss of 22 households in this age range. This age group typically has had a rate of home ownership and will often look for trade-up housing opportunities. A decrease in the number of households in this age group indicates that the demand for trade-up housing from this age range will decrease during the projection period.

55 to 64 Years Old - The projections show a decrease of 63 households in this 10-year age range by the year 2024 in the County. Age-appropriate housing, such as townhouse or twin home units, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters.

65 to 74 Years Old - A gain of 21 households is expected by the year 2024 in the 65 to 74 age range. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Once again, preferences for age-appropriate units would increase from household growth within this age cohort.

75 Years and Older - There is a projected gain of 24 households in Nelson County in this age range between 2019 and 2024. An expansion of housing options for seniors, including high quality rental housing, should appeal to this age group. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

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

Strengths for Housing Development

The following strengths for Nelson County were identified through statistical data, local interviews, research and on-site review of the local housing stock.

- ▶ **Nelson County serves as a small regional center** - Nelson County provides employment opportunities, retail/service options, health and professional services and recreational facilities for residents of the County and a geographical area that surrounds the County.
- ▶ **Affordable priced housing stock** - Nelson County and Nelson County cities have affordable, existing houses. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Adequate land for development** - Most of the Nelson County cities have adequate land available for both residential and commercial/industrial development. However, some of this land needs to be serviced with infrastructure improvements and/or annexed into the City limits.
- ▶ **Educational systems** - Nelson County has two public K-12 school systems.
- ▶ **Infrastructure** - The water and sewer infrastructure in the Nelson County cities can accommodate future expansion.
- ▶ **Nelson County Job Development Authority** - The Nelson County Job Development Authority is active in promoting economic development, employment and housing opportunities in the County.
- ▶ **Small-town atmosphere** - The Nelson County cities have the real and perceived amenities of small communities. This small-town living is attractive to some households.

- ▶ **Health facilities** - Nelson County has nursing homes, senior with services facilities, a hospital, medical clinics, pharmacies, etc.
- ▶ **Nelson County is located near two regional centers** - Nelson County is within commuting distance of Grand Forks and Devils Lake. These regional centers provide employment opportunities, retail/service options, education facilities, government services, health and professional services and cultural amenities. Many households prefer to live near, but not in a regional center.
- ▶ **Commuters** - Approximately 374 people are commuting into Nelson County daily for employment. These commuters are a potential market for future housing construction.
- ▶ **Available lots** - There are lots and parcels available in the Nelson County cities for housing development.

Barriers or Limitations to Housing Activities

Our research also identified the following barriers or limitations that hinder or prevent certain housing activities in Nelson County.

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Low rent structure** - The area's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Value gap deters new owner-occupied construction** - The median priced homes in Nelson County are valued significantly below the comparable cost for new housing construction, which will generally be above \$200,000 for a stick built home with commonly expected amenities. This creates a value gap between new construction and existing homes. This can be a disincentive for any type of speculative building and can also deter customized construction, unless the owner is willing to accept a potential loss on their investment.
- ▶ **Limited commercial options** - Nelson County has commercial and retail options to meet most daily needs, however, it has limited other retail and commercial opportunities.
- ▶ **Population and household losses** - Nelson County is projected to lose population and households over the next several years.
- ▶ **Lower-paying jobs** - Although Nelson County has several employers, some jobs are at the lower end of the pay scale and employees with these jobs have limited housing choices.
- ▶ **New rental housing** - The development of new rental housing has been limited over the past 20 years.
- ▶ **Staff capacity limitations** - Although Nelson County has access to several housing agencies, it is difficult to develop and implement housing initiatives with limited resources.

Recommendations, Strategies and Housing Opportunities

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

- ▶ **Be realistic in expectations for housing development** - Large-scale residential growth has not occurred in the recent past and is not likely to occur in the near future. The scale of activities proposed for the future should be comparable with the area's potential for growth.
- ▶ **New housing development generally will not occur without proactive community involvement** - To attract new home or apartment construction in Nelson County, subsidies or some other form of financial assistance will be needed from the County, local and regional housing and economic development agencies and the North Dakota Housing Finance Agency.
- ▶ **Protect the existing housing stock** - The future of Nelson County will be heavily dependent on the County's appeal as a residential location. The condition of the existing housing stock is a major factor in determining the County's long-term viability. The existing housing stock is in fair condition and is a major asset, however, rehabilitation efforts are needed to preserve the housing stock.
- ▶ **Protect the existing assets and resources** - Nelson County has many assets including K-12 schools, employment opportunities, downtown commercial districts, health facilities, etc. These are strong assets that make Nelson County a desirable location to live in, and are key components to the County's long-term success and viability. These assets must be protected and improved.
- ▶ **Develop a realistic action plan with goals and time lines** - The County and the cities should prioritize their housing issues and establish goals and time lines to achieve success in addressing its housing needs.

- ▶ **Access all available resources for housing** - In addition to local efforts, the County has access to the North Dakota Housing Finance Agency, USDA Rural Development, the Grand Forks Housing Authority, the Red River Regional Council, Red River Community Action and the North Central Housing Authority. These resources should continue to be accessed as needed, to assist with housing activities.

Summary of Findings/Recommendations

The findings/recommendations for Nelson County and individual cities have been formulated through the analysis of the information provided in the previous sections and include 19 recommendations. The findings/recommendations have been developed in the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family Housing Development**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Issues**

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 20 to 26 general occupancy market rate/moderate rent units
2. Monitor the need for subsidized rental housing units
3. Promote the development/conversion of 16 to 21 affordable market rate rental housing units
4. Senior housing with services needs
5. Develop a downtown mixed-use commercial/housing project
6. Continue to utilize the Housing Choice Voucher Program
7. Preserve the existing supply of subsidized housing

Home Ownership

8. Continue to utilize and promote all programs that assist with home ownership
9. Develop a purchase/rehabilitation program

Single Family Housing Development

10. Lot availability and lot development
11. Strategies to encourage continued residential lot sales and new home construction in Nelson County
12. Promote twin home/townhome development

Housing Rehabilitation

13. Promote rental housing rehabilitation
14. Promote owner-occupied housing rehabilitation efforts

Other Housing Issues

15. Continue to acquire and demolish dilapidated structures
16. Create a plan and a coordinated effort among housing agencies
17. Encourage employer involvement in housing
18. Strategies for Commercial District Redevelopment/Development
19. Develop home ownership and new construction marketing programs

Nelson County - Recommendations Rental Housing Development

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, high construction costs and low rental rates have all contributed to making rental housing production difficult to achieve, especially in small cities.

From 2010 to 2020, we are aware of no multi-family units that were constructed in Nelson County. However, some single family homes were converted from owner-occupied to rental use over the past two decades.

As part of this study, a rental survey was conducted of the rental projects in Nelson County. A total of 157 rental units in 20 market rate, subsidized and senior with services multifamily buildings were contacted. The survey showed a 5.1% vacancy rate in the 78 market rate units, a 17.5% vacancy rate in the 63 subsidized units and three vacancies in the 16-unit senior project.

Nelson County is projected to lose 56 households through 2024. With the projected loss of households in Nelson County and the existing vacancy rates, we are recommending several strategies to develop a healthy rental market in the Nelson County cities and in Nelson County. The strategies include:

- ▶ **Increase the population of the cities** - The Nelson County cities and all the stakeholders should continue to implement all strategies possible to increase each City's population including job creation, marketing each community, assuring a healthy housing stock, etc. These efforts will continue to make the cities attractive and viable.
- ▶ **Rehabilitate rental housing** - Most of the rental housing stock in Nelson County was constructed in the 1960s, 1970s and 1980s. Some of this rental housing stock needs rehabilitation. Rental rehabilitation programs should be created to rehabilitate the rental projects when it is economically feasible. The Grand Forks Housing Authority has been successful in renovating the Public Housing units in Nelson County.
- ▶ **Demolish dilapidated rental housing** - Rental housing that is substandard and no longer feasible for renovation, should be demolished and eliminated from the rental housing stock.

- ▶ **Develop new rental housing** - It may appear to be counter productive to construct new rental housing in communities that are projected to lose households, however, new rental housing can achieve several goals which include:
 - ▶ Addresses pent-up demand for certain housing types
 - ▶ Upgrades the overall quality of the rental stock
 - ▶ Increases each City's rental rate
 - ▶ Addresses gaps in each City's rental stock
 - ▶ Attracts new households to the cities

Based on the strategies stated above, we recommend the development of the following new rental units in Nelson County over the next five years from 2020 to 2025:

▶ General Occupancy Market Rate/Moderate Rent	20-26 units
▶ Subsidized	0 units
▶ Affordable/Conversions	16-21 units
▶ Senior with Services	<u>0 units</u>
Total	36-47 units

The following table provides a concise summary of the rental housing development recommendation made for each of the cities in Nelson County. Further information is provided in the following recommendations.

Rental Housing Development								
	Aneta	Lakota	McVille	Michigan City	Petersburg	Pekin	Tolna	Total
Develop market rate units	2	6-8	6-8	2-3	2-3	0	2	20-26
Develop subsidized/moderate rent units	0	0	0	0	0	0	0	0
Affordable market rate conversion units	2	4-5	4-5	2	2-3	1-2	1-2	16-21
Develop senior with services units	0	0	0	0	0	0	0	0
Develop a mixed-use downtown project	yes	yes	yes	yes	yes	no	yes	N/A
Utilize Housing Choice Voucher Program	yes	yes	yes	yes	yes	yes	yes	N/A
Total	4	10-13	10-13	4-5	4-6	1-2	3-4	36-47

1. Develop 20 to 26 general occupancy market rate/moderate rent rental units

Findings: The majority of the rental housing in Nelson County can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Of the 78 market rate rental units we surveyed, we found four vacancies for a vacancy rate of 5.1%. A healthy vacancy rate is 3% to 5%. However, the owners and managers of most of the rental properties, reported very high occupancy rates and strong demand for rental housing. Ten of the 12 multi-family rental projects surveyed had no vacancies. One rental property had three of the four vacancies.

There is a variation in rental rates in Nelson County's market rate projects. The existing rent range including utilities is \$425 to \$550 for a one-bedroom unit, \$425 to \$700 for a two-bedroom unit and \$850 to \$1,250 for a three-bedroom unit. Only three three-bedroom units were surveyed.

From 2010 to 2020, no conventional market rate rental projects were constructed in Nelson County. However, some single family homes may have converted from owner-occupancy to rental units. There were eight subsidized units in McVile that were converted to market rate rentals.

Recommendation: As stated earlier in this section, rental housing demand is based on several factors including household growth, pent-up demand and replacement of housing units that have been demolished or converted.

Based on this combination of demand generators, we believe that it is reasonable to plan for production of 20 to 26 market rate rental units over the next five years from 2020 to 2025.

The market rate unit recommendation for each City is:

- ▶ **Aneta** - 2 units
- ▶ **Lakota** - 6-8 units
- ▶ **McVile** - 6-8 units
- ▶ **Michigan City**- 2-3 units
- ▶ **Petersburg** - 2-3 units
- ▶ **Pekin** - 0 units
- ▶ **Tolna** - 2 units

Based on our research, there is a need for larger rental units, thus, the majority of the new units constructed over the next five years should be two and three-bedroom units.

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

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

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

The first option to developing market rate housing would be to encourage private developers and builders to undertake the construction of market rate rental housing. If private developers do not proceed, a housing/economic development agency or the city/county could construct the units utilizing a variety of funding sources.

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

Recommended unit mix, sizes and rents for the Nelson County Market Rate Housing Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	4-6	650 - 800	\$700 - \$850
Two Bedroom	12-14	850 - 1,000	\$800 - \$950
Three Bedroom	4-6	1,100 - 1,200	\$975 - \$1,100
Total	20-26		

Note: The recommended rents are gross rents including all utilities. The rents are quoted in 2020 dollars.

It may also be possible to utilize Housing Choice Vouchers if some of the new units meet income requirements and the rents are at or below the rent payment standards. The 2020 payment standards are \$690 for a one-bedroom unit, \$785 for a two-bedroom unit and \$1,133 for a three-bedroom unit.

2. Monitor the need to develop additional subsidized rental housing units

Findings: Over the past few decades, resources have not generally been available for new subsidized housing construction. Instead, the primary federal incentive program has been through low income housing tax credits, which typically generates moderate rent housing that is income restricted. However, strong competition for tax credit resources results in most awards being made in larger cities.

The research completed for this Study identified three subsidized projects in Nelson County, which have a combined 63 units. All three projects are general occupancy rental housing. Subsidized housing utilizes federal resources that provide a “deep subsidy”, allowing very low income people access to the housing at an affordable price.

The three subsidized rental projects in Nelson County include:

- ▶ **Grand Forks Housing Authority-Public Housing** - This project includes 25 Public Housing units for general occupancy located in six Nelson County cities. The 25 units include two one-bedroom, 10 two-bedroom and 13 three-bedroom units.
- ▶ **Aneta Homes** - Aneta Homes is a 26-unit USDA Rural Development General Occupancy project located in Aneta. There are 11 one-bedroom and 15 two-bedroom units.

- ▶ **Tolna Improvement** - Tolna Improvement is a 12-unit USDA Rural Development General Occupancy Project located in Tolna. There are four one-bedroom and eight two-bedroom units.

In May 2020, there were 11 vacancies in the three subsidized projects, which is a 17.5% vacancy rate. Aneta Homes had seven vacancies, Tolna Improvement had no vacancies and the Public Housing had four vacancies.

There are additional “deep subsidy” resources available to Nelson County residents through the tenant-based Housing Choice Voucher Program. The Vouchers allow tenants to pay 30% to 40% of their income for housing in suitable private-market rental units. The Voucher Program for Nelson County is administered by the North Central Housing Authority. Currently, the Voucher Program has no waiting list, thus, households could immediately be eligible for a voucher. Currently, approximately 30 Nelson County households are currently utilizing a voucher.

The 2018 American Community survey estimated that approximately 20% of all renters in Nelson County were paying 30% or more of their income for rent, which is approximately 82 households. The significant majority of these households were actually paying 35% or more of their income for housing.

Recommendation: Over the next five years, we recommend that the Nelson County and Nelson County monitor the need for additional subsidized units in Nelson County in the future. Currently, there are vacancies in the County’s subsidized rental projects and Nelson County households have access to the Housing Choice Voucher Program. Therefore, we are not recommending the construction of additional subsidized housing at this time.

3. Promote the development/conversion of 16 to 21 affordable market rate rental housing units

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

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

Recommendation: We encourage the cities and county to promote the development/conversion of more affordable rental units. A goal of 16 to 21 units over the next five years would help to replace affordable housing that has been lost.

The unit recommendation for each City is:

- ▶ Aneta - 2 units
- ▶ Lakota - 4-5 units
- ▶ McVille - 4-5 units
- ▶ Michigan City - 2 units
- ▶ Petersburg - 2-3 units
- ▶ Pekin - 1-2 units
- ▶ Tolna - 1-2 units

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

The estimated prevailing rent range for older rental units in Nelson County is typically between \$425 and \$650 per month. Creating some additional units with contract rents below \$650 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that a low rent structure for some units could only be obtained with financial commitments from other sources, such as tax increment financing or property tax deferment from the city/county, or from other financial resources from funding agencies such as the North Dakota Housing Finance Agency, USDA Rural Development, Red River Regional Council and Red River Community Action.

4. Senior housing with services needs

Findings: Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping.

Nelson County has six specialized projects that provide housing with supportive services for the senior population including one project in Aneta, three projects in Lakota, and two projects in McVille. These senior with services projects include:

- ▶ **Aneta Parkview Health Center** - Aneta Parkview Health Center is a 35-bed skilled nursing facility. The facility serves permanent residents and individuals that are in the facility for rehab. Twenty of the 35 beds are in a secured memory care wing.
- ▶ **Prairie Rose Senior Apartments-Lakota** - Prairie Rose Senior Apartments is a senior housing with services project that is part of the Good Samaritan Campus. The project was constructed in 2002. Rent is \$1,250 for a one-bedroom and \$1,350 for a two-bedroom unit plus \$100 for double occupancy. Tenants also pay heat and electricity. Project amenities include a community room, library, fitness area and scheduled local transportation. Additional services available for purchase include housekeeping, laundry, and meals. The manager reported three vacant one-bedroom units at the time of the survey.

- ▶ **Good Samaritan Home-Lakota** - The Good Samaritan Home is a 38-bed skilled nursing facility. The facility is part of the Good Samaritan Campus that also includes Good Samaritan Basic Care and Prairie Rose Senior Apartments. At the time of the survey, there were three vacant beds.
- ▶ **Good Samaritan Basic Care-Lakota** - Good Samaritan Basic Care includes five beds. Good Samaritan Basic Care is part of the Good Samaritan Campus that includes Prairie Rose Senior Apartments and Good Samaritan Home. Basic Care services include three daily meals, 24-hour staffing, assistance with personal care, housekeeping, laundry, medication management, etc. At the time of the survey, there were three vacant beds.
- ▶ **The Summerfield-McVile** - Summerfield is a 12-unit assisted living facility constructed in 2011. The apartment units include kitchens and the project includes a community room and barber/beauty shop. Senior services include meals, housekeeping, etc. At the time of the survey, there was one vacancy, however, the units are usually fully occupied.
- ▶ **Nelson County Health Services Care Center-McVile** - Nelson County Health Services Care Center is a skilled nursing facility with 39 beds that is part of the County's health care system that also includes a hospital, clinic, assisted living facility and hospital. There were two vacant beds at the time of the survey. The facility averages a 92% to 95% occupancy rate.

Recommendation: In 2019, Nelson County had approximately 480 people between the age of 65 and 74 and 850 people over the age of 75. Older seniors, age 75 and above, are more likely than younger seniors to access housing with services.

The age-based growth projections from ESRI show growth between 2019 and 2024 in the County's senior population. The 65 to 74 age range is projected to gain approximately 34 people and the 75 and older age range is projected to gain 35 people.

- ▶ ***Skilled Nursing Home*** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses.

The three existing nursing homes have a combined 112 skilled nursing beds available in 2020. At the time of the survey, there was a total of six vacant beds in the three facilities. The existing beds in the three facilities need to capture more than 13% of all older seniors in Nelson County to achieve full occupancy. In the opinion of the analysts, this is a high capture rate, although occupancy rates do tend to be high in each of the facilities.

No recommendations are offered for this type of specialized housing. Nelson County has a large number of beds in this specialized care segment and three well-established providers.

- ▶ ***Memory Care Housing*** - There are 20 memory care beds in a secured wing in the Aneta Parkview Health Center. Also, the other nursing homes do have residents with dementia and memory loss. The 20 beds in the Aneta facility and the other nursing homes are significantly addressing the need for memory care beds. Therefore, we are not recommending the development of additional beds specifically designed for people with advanced memory care beds at this time.
- ▶ ***Higher Services Housing*** - Currently, there are two facilities in the County that can offer seniors a higher level of care outside of a nursing home. There are five basic care units in Lakota, as part of the Good Samaritan Center. There are 12 assisted living units in the Summerfield project located in McVile. At the time of the survey, the Summerfield had one vacant unit and Good Samaritan Basic Care had three vacancies. In the opinion of the analysts, the existing assisted living units and basic care are addressing the current demand in Nelson County for higher services housing. However, the need for additional units/beds should be monitored. Potentially, additional assisted living units could be added to the Summerfield in the future.
- ▶ ***Independent/Light Service Housing*** - Currently, there is one independent/light service project in Nelson County. Prairie Rose Senior Apartments is located in Lakota and has 16 units. At the time of the survey, Prairie Rose had three vacancies. Tenants can purchase senior with services from Good Samaritan as needed. With 16 units in Prairie Rose Senior Apartments, there is currently an adequate number of senior with light services units in Nelson County.

The purpose of these recommendations is to provide general guidance to potential development options. A developer or existing senior with services facility planning a specific project should have a project-specific study conducted which examines the market segment being targeted.

5. Develop downtown mixed-use commercial/housing projects

Findings: A mixed-use rental housing/commercial project in the downtown/commercial area would complement each City's ongoing efforts to maintain a vibrant downtown.

Downtown mixed-use projects have developed in communities because of market demand while others were developed to enhance the downtown, to introduce a new product to the market and to serve as a catalyst for downtown redevelopment.

Recommendation: We recommend the development of mixed-use buildings in the downtown areas of the Nelson County cities. There are several potential sites in most of the downtown areas for a mixed-use project.

We recommend commercial space on the first floor and rental units on the second floor. Prior to construction, the commercial space should be leased to an anchor tenant who would complement existing downtown businesses and attract people and be an asset to downtown. The commercial space could be for a business, but could also be for public use such as a clinic, city hall, library, etc.

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

The size of the mixed-use project will be somewhat determined by the size of the city. The smaller cities may have only one or two units in the mixed-use building. Ideally, a private developer would construct and own the building. The Cities or County may have a role in the project by providing tax increment financing, tax abatement or other local funds and land at a reduced price.

6. Continue to Utilize the Housing Choice Voucher Program

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

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program is administered in the Nelson County cities and Nelson County by the North Central Housing Authority. Currently, 30 Nelson County households are utilizing the Housing Choice Voucher Program and have a voucher. There currently is no waiting list to obtain a Housing Choice Voucher, thus, Nelson County households could be immediately eligible for a Housing Choice Voucher.

Recommendation: The North Central Housing Authority should continue to work with rental property owners, managers and renter households to assure that Nelson County renters are aware of the Housing Choice Voucher Program and have to the opportunity to apply for assistance.

7. Preserve the existing supply of subsidized housing

Findings: Nelson County has three “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. The projects include 25 Public Housing units located in six cities and two USDA Rural Development with 38 units. These projects were constructed in the 1970s and 1980s when the federal government was actively involved in producing low income housing.

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

The Public Housing units are publically owned and the USDA Rural Development Projects are privately owned. Privately-owned subsidized housing has been lost in some communities, as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Twenty-four subsidized units were recently converted to market rate rental housing and short-term rentals in McVille. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: Nelson County, Nelson County cities, local and regional housing agencies should check with USDA Rural Development on an ongoing basis to determine if the USDA Rural Development subsidized housing projects are considering the option to drop their subsidy contract. In some communities, public or nonprofit agencies have been able to purchase projects that are at risk of being lost, to preserve their affordable housing resources.

Nelson County - Home Ownership Recommendations

Home Ownership

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base. All of the Nelson County cities have a stock of affordable homes. The home values in Nelson County provide a good opportunity for first time buyers and households seeking moderately priced homes.

Some households in all age ranges that have not been able to achieve the goal of home ownership may need the assistance of special programs to help them purchase a home.

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

8. Continue to utilize and promote all programs that assist with home ownership

Findings: We believe that affordable home ownership is one of the issues facing Nelson County in the future. Home ownership is generally the preferred housing option for most households and most communities. There are a number of strategies and programs that can be used to promote home ownership programs, and can assist with this effort.

First time home buyer assistance, down payment assistance, low interest loans and home ownership counseling and training programs can help to address affordable housing issues. Nelson County has a supply of houses that are price-eligible for these assistance programs. The home value estimates used in this study indicate that a large majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

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

Recommendation: Nelson County and Nelson County cities should continue to work with area housing agencies, the North Dakota Housing Finance Agency, USDA Rural Development and local financial institutions to utilize all available home ownership assistance programs. Private and nonprofit agencies should also be encouraged to provide home ownership opportunities.

Nelson County and Nelson County cities should also work with housing agencies to assure that they are receiving their share of resources that are available in the region.

Funding sources for home ownership programs may include USDA Rural Development, the North Dakota Housing Finance Agency, and the Federal Home Loan Bank. Also, Red River Regional Council and Red River Community Action, based on available funding may utilize several sources to provide home ownership programs.

9. Develop a Purchase/Rehabilitation Program

Findings: Nelson County and Nelson County cities have a stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that there are a significant number of homes in Nelson County that are valued at less than \$100,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

Recommendation: We recommend that Nelson County and Nelson County cities work with a housing agency, Red River Regional Council or Red River Community Action, to develop and implement a purchase/rehab program. Attitudinal surveys that we have conducted in other counties and cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, a large majority of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was available.

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

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

Additionally, private individuals are purchasing homes in Nelson County, rehabbing the homes and selling the homes. There may be an opportunity to financially assist the private sector with purchasing, rehabilitating and selling homes. This may increase the inventory of substandard homes that economically can be rehabilitated and sold.

Nelson County - New Housing Construction

New Housing Construction

Findings: Nelson County experienced some single family owner-occupied housing construction from 2000 to 2019. According to City and Census Bureau records, over the past 10 years approximately 44 single family owner-occupied units were constructed or moved into Nelson County, for an average of four to five housing units per year.

New housing construction and affordable residential lot options, should result in the continued construction of new homes annually.

Overall household projections for Nelson County indicate some demand for owner-occupancy housing construction. Household growth is anticipated through 2024 among several household age ranges. Nelson County is projected to gain approximately 45 households in the 65 and older range from 2019 to 2024. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced, trade-up housing and low maintenance housing such as town homes and twin homes.

The 35 to 44 age range is expected to gain 11 households through 2024. Some of the households in this age range are first time home buyers or are looking for trade-up housing.

The projection for new housing construction in Nelson County is based on the ongoing availability of lots for single family homes and twin homes/town homes at all price ranges.

The breakdown of our projection for new owner-occupied housing units in each City over the next five years from 2020 to 2025 is as follows:

- ▶ **Aneta** - 1-2 affordable homes
- ▶ **Lakota** - 4-5 - Higher and medium-priced homes
4-5 - Affordable homes
2-4 - Twinhomes/townhomes
10-14 - Total
- ▶ **McVille** - 3-4 - Higher and medium-priced homes
3-4 - Affordable homes
2-4 - Twinhomes/townhomes
8-12 - Total
- ▶ **Michigan City** - 1-2 affordable homes
- ▶ **Pekin** - 1 affordable home
- ▶ **Petersburg** - 1-2 affordable homes
- ▶ **Tolna** - 1-2 affordable homes
- ▶ **Townships** - 4-5 Higher and medium-priced homes
4-5 Affordable homes
8-10 - Total

The total projected number of new homes in Nelson County over the next five years from 2020 to 2025 is:

- ▶ 11-14 Higher priced and medium-priced homes
- ▶ 16-22 Affordable homes
- ▶ 4-8 Twin homes/town houses
31-45 - Total

* Please note that the new homes include homes that are constructed on-site and new homes that are moved in, such as modular homes.

10. Lot availability and lot development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in Nelson County cities. Buildable lots are defined as having sewer and water available to the lots. It appears that there are infill lots that are potentially available in all of the cities. Also, there are dilapidated houses in each of the cities that could be demolished and some of these lots could be suitable for new construction.

Recommendation: We are projecting that one to two houses will be constructed or moved into the five smaller cities over the next five years. It appears that there is an adequate number of infill lots in Aneta, Michigan, Petersburg, Pekin and Tolna to meet the lot demand over the next five years. However, each City should inventory the lots that are buildable and available for sale.

Although a limited supply of vacant lots exists in Lakota and McVille, we are recommending that these two Cities each develop eight to 10-lot subdivisions to encourage housing construction and to address future demand for lots.

- ▶ The subdivisions, if possible, should be on sites that have to existing utilities.
- ▶ If feasible, the subdivisions could be developed in phases as demand dictates.
- ▶ The lots should have covenants that assure quality development. However, the covenants should not be so restrictive that they eliminate the target market's ability to construct a home.
- ▶ The lots should accommodate a variety of home designs and home prices.
- ▶ All stakeholders should be involved in promoting and publicizing the lots.
- ▶ To be successful, the homes must be available to households with as wide an income range as possible.
- ▶ Some lots should be available for twin home/ town home development.

- ▶ Successful lot development will need the cooperation of financial institutions, funding agencies, employers, the cities, and the Nelson County Job’s Authority. Financial assistance such as tax increment financing, tax abatement, and assistance from area housing agencies and the North Dakota Housing Finance Agency may be needed.
- ▶ The lots must be as aesthetically acceptable as possible and include high quality amenities.
- ▶ The cities should plan on a long absorption time period to sell the lots.
- ▶ If the lots are sold at a reduced price, the lot buyer should be obligated to build a home on the lot within a specified time period.

11. Strategies to encourage continued residential lot sales and new home construction in Nelson County

Findings: Over the past 10 years, approximately 44 owner-occupied single family units have been constructed in Nelson County.

Recommendation: We recommend that Nelson County, Nelson County cities, housing agencies, the Nelson County Job’s Authority, developers, builders, realtors and other housing stakeholders coordinate efforts to promote lot development, lot sales and housing development.

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

- ▶ ***Partnership with the North Dakota Housing Finance Agency (NDHFA) and other agencies*** - NDHFA may have housing programs available to assist builders and home buyers. The City should work with NDHFA and regional housing and planning agencies to develop a plan that includes programs and strategies to sell lots and construct homes.
- ▶ ***Competitive pricing*** - There are lots available in communities throughout the region. To attract new home construction in Nelson County, lots should continue to be available and competitively-priced compared to other options in the region.

- ▶ ***User-Friendly*** - The lot purchase and home building process must continue to be 'user friendly.' This includes an inventory of available lots, a listing of builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process must be as 'user friendly' as possible to encourage home construction.
- ▶ ***Long-term planning*** - Nelson County and the cities should continue long-term development planning to assure lots are available on an ongoing basis to meet demand for all types of new housing.
- ▶ ***Incentives*** - Some cities and counties throughout North Dakota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, cash incentives, etc.
- ▶ ***Lot availability for twin home/town home development*** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for a twin home/town home development.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible. Also, smaller infill lots with fewer amenities should be marketed for affordable homes.
- ▶ ***Manufactured/modular homes*** - Manufactured and modular homes can provide affordable housing opportunities for moderate income households.
- ▶ ***In-fill lot Home Development*** - In-fill lots in existing neighborhoods are often affordable and have existing City services.

12. Promote twin home/town house development

Findings: Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is important for the community to offer a range of life-cycle housing options.

In 2019, Nelson County had approximately 608 households in the 65 and older age ranges. These age ranges are expected to have an increase of 44 households in Nelson County from 2019 to 2024. Household growth among empty-nester and senior households should result in demand for attached single family units. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households.

Recommendation: It is our projection that approximately a total of four to eight new owner-occupied twin home or townhome units could be constructed in Lakota and McVille over the next five years. Our projection is based on the availability of ideal locations for twin home development as well as high quality design and workmanship.

We recommend that for twin home/townhome development to be successful, the following should be considered:

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

Each City's role could include assuring that adequate land continues to be available for development and that zoning allows for attached housing construction.

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

Nelson County - Housing Rehabilitation

Housing Rehabilitation

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

It is our opinion that Nelson County and Nelson County cities and area housing agencies will need to make housing rehabilitation a priority in the future. New housing construction that has occurred is often in a price range that is beyond the affordability level for many Nelson County households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation.

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

13. Promote rental housing rehabilitation

Findings: Based on the American Community Survey, Nelson County had approximately 302 rental units in 2018. These rental buildings are in multi-family projects, small rental buildings and single family homes. Approximately 80% of these rental structures are more than 40 years old and could benefit from rehabilitation as some of these rental structures are in need of renovation.

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

Recommendation: Nelson County and the cities should work with rental property owners and housing agencies to seek funds that allow for program design flexibility that make a rental rehabilitation program workable. Potential funding sources may include USDA Rural Development, the North Dakota Finance Agency, the Federal Home Loan Bank, the Red River Regional Council and local funds.

14. Promote owner-occupied housing rehabilitation efforts

Findings: The affordability and quality of the existing housing stock in the Nelson County cities and townships will continue to be an attraction for families that are seeking housing in Nelson County. Investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Approximately 78% of the owner-occupied single family homes in Nelson County are more than 40 years old.

Our 2020 housing condition survey of the single family homes in the seven Nelson County cities found the following homes that need minor or major repair:

- ▶ **Aneta** - 39 minor rehab, 22 major rehab
- ▶ **Lakota** - 97 minor rehab, 28 major rehab
- ▶ **McVille** - 67 minor rehab, 36 major rehab
- ▶ **Michigan City** - 41 minor rehab, 25 major rehab
- ▶ **Petersburg** - 34 minor rehab, 7 major rehab
- ▶ **Pekin** - 21 minor rehab, 9 major rehab
- ▶ **Tolna** - 34 minor rehab, 14 major rehab

Without rehabilitation assistance, the affordable housing stock will shrink in Nelson County.

Recommendation: We recommend that Nelson County and Nelson County cities seek local, state and federal funds to assist in financing housing rehabilitation. USDA Rural Development, the North Dakota Housing Finance Agency, the Federal Home Loan Bank, the Red River Regional Council and Red River Community Action are potential funding sources.

Red River Community Action also administers the Weatherization Program in Nelson County.

Nelson County - Other Housing Initiatives

Other Housing Initiatives

15. Continue to acquire and demolish dilapidated structures

Findings: Nearly 80% of the housing units in Nelson County were constructed before 1980 and are more than 40 years old. A majority of these units are in good condition, however, some units are dilapidated and beyond repair. Our housing condition survey identified the single family houses in each Nelson County city that are dilapidated and too deteriorated to rehabilitate. We also identified single family houses in each city that need major rehabilitation and some of these homes may be too dilapidated to rehabilitate. The number of dilapidated homes and the number of homes that need major repair in each city is as follows:

- ▶ **Aneta** - 10 dilapidated, 22 major rehab
- ▶ **Lakota** - 11 dilapidated, 28 major rehab
- ▶ **McVille** - 12 dilapidated, 36 major rehab
- ▶ **Michigan City** - 9 dilapidated, 25 major rehab
- ▶ **Petersburg** - 11 dilapidated, 7 major rehab
- ▶ **Pekin** - 8 dilapidated, 9 major rehab
- ▶ **Tolna** - 4 dilapidated, 14 major rehab

To improve the quality of the housing stock and to maintain the appearance of the City, dilapidated structures should be demolished. Over the past few years, several dilapidated homes have been demolished in most Nelson County cities.

Recommendation: Nelson County cities should continue to work with property owners on an ongoing basis to demolish dilapidated homes. The appearance of the cities is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots have been utilized for the construction of new housing units or for homes to be moved onto the cleared lots.

Additionally, we recommend that each city maintain an inventory of structures that may be candidates for future demolition. Also, an inventory of in-fill lots for future development should be maintained.

16. Create a plan and a coordinated effort among housing agencies

Findings: Nelson County will continue need resources to plan and implement many of the housing recommendations advanced in this Study. Nelson County has access to the Nelson County Job Development Authority, the USDA Rural Development Office, the Nelson County Housing Authority, the Grand Forks Housing Authority, the North Central Housing Authority, the Red River Regional Council and Red River Community Action. These agencies all have experience with housing and community development programs.

Recommendation: Nelson County and the Nelson County cities have access to multiple agencies that can assist with addressing housing needs. It is our recommendation that the County and cities prioritize the recommendations of this Study and develop a plan to address the identified housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs and projects.

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

17. Encourage employer involvement in housing

Findings: The Cities and the Nelson County Job Development Authority have worked with existing employers to expand and for new employers to locate in Nelson County. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community.

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for most employers. It may be advantageous for employers to become involved in housing.

Recommendation: We recommend an ongoing effort to involve employers as partners in addressing Nelson County’s housing needs. Funding agencies often view funding applications favorably that include employers in the problem solving process.

Employer involvement can include direct assistance to their employees such as a grant, loan, forgivable loan, deferred loan, down payment assistance, loan guarantee, etc. In many cases, employers do not wish to provide assistance to specific employees, but are willing to contribute to an overall city project, such as an affordable residential subdivision or an affordable rental project.

Additionally, employers can continue to support other city projects, such as parks, trails, ball fields, educational facilities, etc., that will have a positive impact on housing in Nelson County.

18. Strategies for Commercial District Redevelopment/Development

Findings: Most of the Nelson County cities have commercial districts that address many of the daily retail/commercial needs of its residents. The commercial districts have buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard.

This recommendation provides an outline of actions that could be taken in the cities to continue downtown redevelopment, to maximize the usage of downtown buildings, to promote new downtown businesses and to identify and implement building rehabilitation and renovation.

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

Recommendation: We are recommending the following actions for each City's commercial district:

- ▶ Interview all commercial district property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the commercial district (potential new businesses, address parking needs, continue to develop an overall theme, etc.)
- ▶ Develop a mini-plan for each property in the commercial district and each commercial district block. This may include:
 - ▶ Retention of existing businesses
 - ▶ Commercial building rehab and renovations
 - ▶ Facade work
 - ▶ Building demolition
 - ▶ New construction
 - ▶ Recruiting new businesses
- ▶ Identify funding sources
 - ▶ Property owner funds
 - ▶ City funds
 - ▶ Nelson County Job Development Authority funds
 - ▶ Federal Home Loan Bank
 - ▶ Special tax districts
 - ▶ Funds from North Dakota State Agencies
 - ▶ Red River Regional Council
- ▶ Work with stakeholders to identify roles, to secure funding, to develop and implement programs and projects
 - ▶ Property owners
 - ▶ Nelson County cities
 - ▶ Nelson County
 - ▶ Nelson County Job Development Authority
 - ▶ Red River Regional Council

19. Develop home ownership and new construction marketing programs

Findings: Cities that invest in marketing have an advantage. Opportunities to buy or construct a home are sometimes limited because of the lack of information and awareness of financing and incentive programs, homes and lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

Recommendation: Nelson County and the Cities in the County have all been active in promoting and marketing housing, and we recommend the continuation or initiation of the following:

- ▶ Determine the County and each City's strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in Nelson County
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Continue to work with builders and households to make the construction of new homes a very user-friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, service and recreational opportunities
- ▶ Provide lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services housing, etc.
- ▶ Review each City's policies and fees to assure that they are user-friendly, fair and receptive for builders and households
- ▶ Develop a coordinated housing plan that includes the County, the cities, private sector and area and regional housing agencies

Agencies and Resources

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

North Dakota Housing Finance Agency

2624 Vermont Ave.
Bismarck, ND 58504
(800) 292-8621
hfainfo@nd.gov

Nelson County Job Development Authority

516 Cooper Ave., Suite 101
Grafton, ND 58237
(701) 352-3550

Grand Forks Housing Authority

1405 1st Ave. N.
Grand Forks, ND 58203
(701) 746-2545

Red River Regional Council

516 Cooper Ave., Suite 101
Grafton, ND 58237
(701) 352-3550

Red River Valley Community Action

1013 N. 5th St.
Grand Forks, ND 58203
(701) 746-5431

USDA Rural Development

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