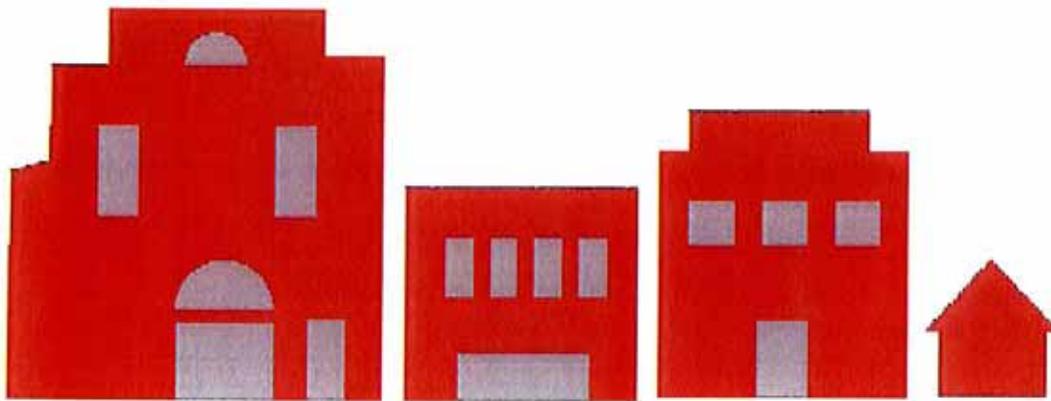


Breckenridge/Wahpeton COMPREHENSIVE HOUSING STUDY

September 2010



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Introduction

Overview

Local elected and public officials are often held responsible for conditions and circumstances over which they have limited control. This is particularly true of housing. Most of the housing units in Wahpeton, ND, and Breckenridge, MN, 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 Cities of Wahpeton, ND, and Breckenridge, MN, to conduct a study of the housing needs and conditions in the two Cities and in Wilkin and Richland Counties.

Goals

The multiple goals of the study include:

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

Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from March, 2010, to July, 2010. Data sources included:

- ▶ U.S. Census Bureau
- ▶ Demographic estimates and projections from the Minnesota State Demographer
- ▶ Claritas, Inc.
- ▶ Records and data from the Cities of Wahpeton and Breckenridge
- ▶ Records and data maintained by Richland and Wilkin Counties
- ▶ Interviews with elected officials and staff from the Cities
- ▶ Interviews with community leaders
- ▶ Interviews with people familiar with the area's housing conditions including realtors, property managers and developers
- ▶ Area housing agencies
- ▶ State housing agencies
- ▶ Rental property owner surveys
- ▶ Exterior housing condition analysis

Limitations

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

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Executive Summary

Overview

The purpose of the Breckenridge/Wahpeton Comprehensive Housing Study is to provide an independent analysis of each City's housing needs. To accomplish this, Community Partners Research, Inc., collected and analyzed demographic and housing data, interviewed Community leaders and housing experts, completed a telephone survey of rental properties, and conducted a visual housing condition analysis. This Study identifies overall housing strategies for each community, and specific recommendations for future action.

Key Findings - Demographic Data

- ▶ **Population** - The most recent official estimates for Breckenridge and Wahpeton are from 2009. The U.S. Census Bureau estimates that Breckenridge's population was 3,185 and Wahpeton's population was 7,418 on July 1, 2009. Based on these estimates, both Cities have lost population since the 2000 Census, continuing a trend that dates back to at least 1990. Wilkin County and Richland County also have long-term patterns of population losses. Between 1990 and 2009, Wilkin County's population decreased by 16.7% and Richland County's population decreased by 11.4%.
- ▶ **Households** - The most recent household estimates for the Cities of Breckenridge and Wahpeton are the 2010 Claritas, Inc. estimates. Claritas, Inc. estimates that Breckenridge has 1,313 households in 2010, which is a loss of 125 households from the 2000 Census. Wahpeton has 2,910 households in 2010, which is a loss of 344 households from the 2000 Census. Wilkin County has lost 308 households from 2000 to 2010 and Richland County has lost 477 households.
- ▶ **Average Household Size** - The loss of population and households in Breckenridge and Wahpeton has been partially due to the continued reduction in the size of an average household. In 1990, Breckenridge's average household size was 2.43. By 2010, the average household size declined to 2.34. Wahpeton's average household size has declined from 2.49 in 1990 to 2.21 in 2010.
- ▶ **Household Projections** - Projections have been calculated from recent growth trends. The household projections expect Breckenridge to lose 57 households and Wahpeton to lose 154 households from 2010 to 2015. During the same time period, Wilkin County is projected to lose 137 households and Richland County is expected to lose 222 households.

- County-wide and Market Area Household Projections by Tenure and Age** - The projections used for this Study expect the following changes for Wilkin County, Richland County and the Market Area between the years 2010 and 2015. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could substantially alter these expectations.

Projected Net Demand Change by Tenure and Age - 2010 - 2015						
Age	Richland County		Wilkin County		Market Area	
	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter
Under 25	-10	-73	-2	-7	-12	-80
25-34	71	55	23	6	94	61
35-44	-89	-27	-73	-11	-162	-38
45-54	-283	-58	-110	-12	-393	-70
55-64	120	26	41	5	161	31
65-74	84	17	7	1	91	18
75-84	-43	-15	-3	-2	-46	-17
85 +	3	1	1	0	4	1
Total	-147	-74	-116	-20	-263	-94

Source: Community Partners Research, Inc.

- Median Household Income** - According to the 2000 Census, Breckenridge’s median household income was \$36,786. In 2010, Breckenridge’s estimated median household income has increased to \$49,071, an increase of 33.4%. Wahpeton’s 2000 median household income was \$33,097 and its estimated 2010 median household income is \$41,056, an increase of 24%.

Key Findings - Housing Data

- Housing Unit Production Since 2000** - Between 2000 and 2010, 64 single family homes, 20 townhouse units, a 50-unit assisted living project and an 18-bed memory care project have been constructed in Breckenridge. In Wahpeton, 78 single family homes, six twin-home units and a 24-unit senior project have been constructed from 2000 to 2010.
- Existing Home Sales** - From October, 2008 through September, 2009, 26 existing homes

were sold in Breckenridge. The median sales price was \$78,000. From October, 2009, through June, 2010, there has have also been 26 sales with a median sales price of \$79,200. In Wahpeton, there were 79 sales in the calendar year 2009 with a median sales price of \$85,050. From January through May, 2010, there have been 25 sales with a median sales price of \$90,008.

- ▶ **Existing Housing Stock** - A housing condition analysis was conducted in the older neighborhoods in both Cities. In Breckenridge, 508 single family homes and duplexes were surveyed in two neighborhoods. Of the total 508 homes, 208 homes were rates as needing minor repair and 85 homes need major repairs. In Wahpeton, a total of 697 homes and duplexes were surveyed in three neighborhoods. A total of 278 homes were rated as needing minor repairs and 112 homes need major repairs.
- ▶ **Rental Housing Inventory** - A telephone survey was completed of multifamily buildings in both Cities. In Breckenridge, information was collected on rental units in nine buildings. We found four vacancies, which is a vacancy rate of 4.1%. There is one 12-unit tax credit project in Breckenridge and the project was at full occupancy at the time of the survey. The five subsidized projects with 166 units were surveyed and 34 vacant units were reported, which is a 20.5% vacancy rate. Three senior with services projects were surveyed. Twin Town Villa and Pioneer Homes reported no vacancies and Appletree Court reported four vacancies.

In Wahpeton, 44 market rate buildings with 646 rental units were surveyed. We found 65 vacant market rate units, which is a 10.1% vacancy rate. Two tax credit projects with 110 units were surveyed and 12 vacancies were reported, which is a 10.9% vacancy rate. A total of nine subsidized rental projects with 341 units were surveyed. A total of 110 vacant units were reported, which is a 32.3% vacancy rate. One senior with services project was surveyed. Leach Home has 39 beds and reported one vacancy.

- ▶ **Residential Lot Availability** - In Breckenridge, 24 to 26 improved lots were identified as available for single family and attached housing construction. In Wahpeton, it is estimated that there are 41 improved lots available for new construction. Both Cities also have several in-fill lots that may be available for new housing construction.

Summary of Recommendations

Specific findings and recommendations have been provided for the Cities in their individual sections of the Study for the Cities of Breckenridge and Wahpeton.

Below is a broad overview of the recommendations for Breckenridge and Wahpeton. Readers are encouraged to consult the individual sections for more detailed findings and recommendations. Individual recommendations may vary by community, and should be consulted before proceeding with housing activities.

Rental Housing Development

While most of the future housing demand will be for home ownership, it will also be necessary to generate new rental housing development. Often new rental housing can help address demand for affordable ownership options by providing desirable housing for households that want to move out of a single family home. This will often be true for seniors, who may wish to move to a no maintenance housing option, and who are currently living in an older, single family home.

There will also be demand for general occupancy rental housing for families. Despite a preference for ownership, many young families are not in a financial position to purchase a home. Also, as employment opportunities continue to become available in the County, the work force will be coming from outside the immediate area. New arrivals will often prefer to rent their housing until they become familiar with the community and comfortable with their long-term employment prospects.

We also believe that there is pent-up demand for some types of rental units. Condition is also a factor, as many of the available units are old, and some are in poor condition. Many are not well suited to the needs of the renter market.

We have made specific rental recommendations for Breckenridge and Wahpeton over the five-year period from 2010 to 2015 as follows:

Breckenridge, Wahpeton and Market Area Rental Housing Recommendations 2010 to 2015					
City	General Occupancy	Subsidized/ Tax Credit	Senior Designated	Senior with Services	Total
Breckenridge	6-8	0	8	0	14-16
Wahpeton	36-40	0	36-40	0	72-80
Market Area	0	0	0	57-70	57-70
Total	42-48	0	44-48	57-70	143-166

* Please see the specific city recommendations for detailed information.

The 57 to 70 senior with services units recommended are for the Market Area and could be developed in either Breckenridge or Wahpeton.

Housing Rehabilitation

Housing rehabilitation is an important issue for Breckenridge and Wahpeton. Housing condition surveys were conducted in both cities and a significant number of single family homes were found to be in need of repair. We have also identified a number of multifamily rental projects that are more than 20 years old that may be in need of rehabilitation.

With the high cost of new construction, it is imperative that the existing housing stock is maintained as it is the only home ownership alternative for low and moderate income households.

Also, one of the greatest assets of both cities are their affordable housing stock. To continue to attract households into area, each City’s affordable existing housing stock must be preserved. We have recommended the utilization of all the resources that are available for both owner occupied and rental housing rehabilitation.

A total of 508 homes in two neighborhoods were surveyed in Breckenridge and a total of 697 homes in three neighborhoods were surveyed in Wahpeton.

The housing condition survey findings of each city are as follows:

Breckenridge/Wahpeton Housing Condition Analysis					
City	Sound	Minor Repair	Major Repair	Dilapidated	Total
Breckenridge	211 (41.5%)	208 (41.0%)	85 (16.7%)	4 (0.8%)	508
Wahpeton	305 (43.7%)	278 (39.9%)	112 (16.1%)	2 (0.3%)	697
Total	516 (42.8%)	486 (40.3%)	197 (16.4%)	6 (0.5%)	1,205

In addition to single family homes, we have identified a significant number of multifamily rental projects and small rental buildings that are over 20 years old and may be in need of rehabilitation/renovation.

Acquisition / Demolition

Our housing condition survey identified four dilapidated single family homes in Breckenridge and two dilapidated homes in Wahpeton that are dilapidated and too deteriorated to rehabilitate. We also identified 85 single family homes in Breckenridge and 112 homes in Wahpeton that need major repairs. Some of these homes also may be too dilapidated to rehabilitate. There are also dilapidated homes and homes in need of major repair that are in Breckenridge and Wahpeton neighborhoods that were not surveyed.

We recommend an aggressive approach to demolishing dilapidated structures. The cities are enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Landlord/Tenant Quality of Life Ordinance

We have recommended consideration of a Landlord/Tenant Quality of Life Ordinance in the City of Wahpeton, which requires rental projects and units to be inspected. A Landlord/Tenant Quality of Life Ordinance will assure rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

Low valued substandard homes are usually not on high demand among potential homeowners, thus, these low valued substandard homes are converted to rental units. With the low rental rate structure in the City of Wahpeton, it is difficult for rental property owners to make improvements to their rental properties. The result is a high number of substandard, deteriorating rental single family homes in the City. These substandard homes have a detrimental impact on the cities and contribute to neighborhood deterioration. There are also a significant number of rental complexes in the City of Wahpeton that are more than 20 years old and may have code deficiencies and are in poor condition.

Home Ownership

We also believe that the moderately priced homes in the Cities of Breckenridge and Wahpeton provide an excellent opportunity to promote home ownership as the majority of the homes are affordable for most households. The estimated median home values in Breckenridge and Wahpeton, based on recent home sales are as follows:

Breckenridge	\$79,200
Wahpeton	\$90,008

We have made the following Home Ownership recommendations for each City as follows:

- ▶ ***Improve the condition and quality of the existing single family housing stock -*** Breckenridge and Wahpeton have a good supply of lower cost houses. These units will represent the bulk of the affordable options well into the future, however, many of these houses may be in poor condition, and will need to be rehabilitated to become an attractive ownership option.
- ▶ ***Continue to access available resources to promote home ownership -*** While there will be an increasing number of households who wish to own their housing, many will have financial situations that limit their options. It will be important to offer other home ownership enhancements, including below-market mortgage rates, down payment assistance, home ownership training and counseling, gap financing and other such assistance, to help home buyers achieve their goal of ownership. A Purchase/Rehabilitation Program could also be developed.

- ▶ ***Continue to generate or promote affordable new housing construction*** - This is accomplished in a number of ways, including creation of affordably priced residential lots and direct involvement in affordable new construction.

Subdivision / Lot Development

Currently, there are approximately 24 to 26 lots available in the City of Breckenridge and 41 lots are for sale in the City of Wahpeton. There are also several in-fill lots in both Cities.

We recommend that cities have at least a two and a half year supply of lots. Based on projected new home construction, both of the cities have an adequate supply of lots. We are also recommending that developers in both Cities continue to plan subdivision development as a need for lots is projected later in the five year study period.

We have also recommended that both Cities coordinate with area housing agencies to construct affordable homes on in-fill lots.

Coordination Among Housing Agencies

Breckenridge and Wahpeton have access to several agencies that provide housing programs, projects, services, technical assistance, etc.

As many housing needs continue to exist, these agencies must be more active in the two Cities and identify their housing delivery roles and coordinate their efforts to effectively address each City's housing needs.

Additionally, it may be feasible for Breckenridge and Wahpeton to coordinate or partner on housing projects and programs. Sharing a staff position may also be an option.

Small Cities Development Program (SCDP)

We recommend that the City of Breckenridge submit SCDP Applications on an ongoing basis to fund housing rehabilitation, commercial rehabilitation, acquisition / demolition, new housing development and public facilities programs.

The City of Breckenridge should consider multi-City applications with other Wilkin County Cities as these applications are a higher priority with the Minnesota Department of Employment and Economic Development.

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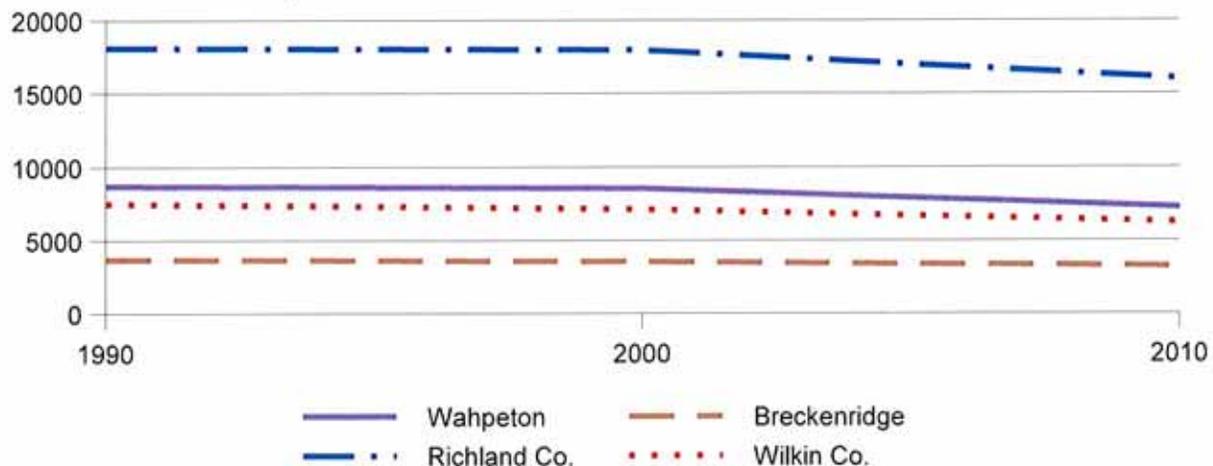
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Population Estimates and Trends

	1990 Population	2000 Population	% Change 1990-2000	2009 Census Estimate	2010 Claritas Estimate	% Change 2000-2010
Wahpeton	8,751	8,586	-1.9%	7,418	7,269	-15.3%
Richland County	18,148	17,998	-0.8%	16,067	16,034	-10.9%
Breckenridge	3,708	3,559	-4.0%	3,185	3,214	-9.7%
Wilkin County	7,516	7,138	-5.0%	6,264	6,237	-12.6%
Two-County Area	25,664	25,136	-2.1%	22,331	22,271	-11.4%

Source: U.S. Census Bureau; Claritas, Inc.

Population Trends - 1990 to 2010



- ▶ The most recent population estimates are the 2010 Claritas, Inc. estimates. The 2010 estimate for Wahpeton is 7,269 people. According to this estimate, the City has lost 1,317 people from the level reported in the 2000 Census. The U.S. Census Bureau has also produced 2009 population estimates. The 2009 U.S. Census estimate is higher than the Claritas, Inc. estimate and placed the City's population at 7,418 people, a decrease of 1,168 people from the 2000 Census.
- ▶ The Claritas, Inc. 2010 estimate for all of Richland County is 16,034. The Census Bureau's 2009 County estimate was slightly higher at 16,067. Both of these estimates show significant population losses countywide since 2000.

- ▶ The Claritas, Inc. 2010 estimate for the City of Breckenridge is 3,214, a decrease of 345 people from the level reported in the 2000 Census. The U.S. Census Bureau's 2009 estimate also showed a significant drop in the City's population with 3,185 people, a decrease of 374 people from the 2000 Census.
- ▶ The Claritas, Inc. 2010 estimate for all of Wilkin County is 6,237. The Census Bureau's 2009 County estimate was slightly higher at 6,264. Both of these estimates show significant population losses countywide since 2000.
- ▶ The Claritas, Inc. 2010 estimate for the entire Market Area is 22,271. The U.S. Census Bureau's 2009 estimate is slightly higher at 22,331. Both of these estimates show significant population losses since 2000.

Population Projections

The following table presents population level projections using three different sources. Two of the projections have been generated by Community Partners Research, Inc., using past trends in population change. One calculation is based on shorter-term trends, between 2000 and 2009, while the second is calculated from longer-term patterns, between 1990 and 2009. The third source is from Claritas, Inc. projections. Projections are provided to the year 2015.

Table 2 Population Projections Through 2015				
	2009 Census Estimate	2015 Projection from 9-year trend	2015 Projection from 19-year trend	2015 Projection Claritas
Wahpeton	7,418	6,745	7,061	6,660
Richland County	16,067	14,918	15,485	14,970
Breckenridge	3,185	2,962	3,043	3,007
Wilkin County	6,264	5,753	5,934	5,761
Two-County Area	22,331	20,671	21,419	20,731

Source: Community Partners Research, Inc.; Claritas, Inc.

- ▶ The populations provided above present a range of possible population change from 2009 to 2015. The projections from nine-year trends appear to offer the best indicator of future change.
- ▶ **The shorter-term projection for Wahpeton, as calculated by Community Partners Research, expects the City to lose 673 people between 2009 and 2015.** Since 2000, the City has lost an estimated 1,168 people. Based on nine-year trends, Richland County is expected to lose 1,149 people between 2009 and 2015. The County has lost an estimated 1,931 people from 2000 to 2009.
- ▶ **The shorter-term projection for Breckenridge as calculated by Community Partners Research, expects the City to lose 223 people between 2009 and 2015.** Since 2000, the City has lost an estimated 374 people. Based on nine-year trends, Wilkin County is expected to lose 511 people between 2009 and 2015. The County has lost approximately 874 people from 2000 to 2009.
- ▶ The shorter-term projections for the entire Market Area estimates the loss of 1,660 people from 2009 to 2015. From 2000 to 2009, the Market Area's population decreased by 2,805 people.

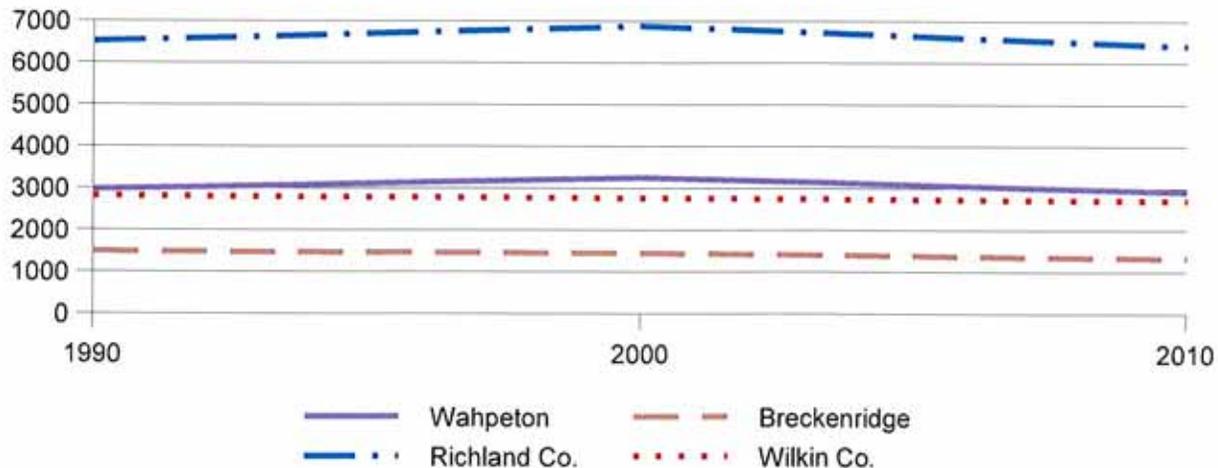
Household Estimates and Trends

	1990 Households	2000 Households	% Change 1990-2000	2008 Demographer Estimate	2010 Claritas Estimate	% Change 2000-2010
Wahpeton	2,967	3,254	9.7%	N/A	2,910	-10.6%
Richland County	6,518	6,885	5.6%	N/A	6,408	-6.9%
Breckenridge	1,477	1,438	-2.6%	1,471	1,313	-8.7%
Wilkin County	2,805	2,752	-1.9%	2,696	2,444	-11.2%
Two-County Area	9,323	9,637	3.3%	N/A	8,852	-8.1%

Source: U.S. Census Bureau; Claritas, Inc., MN State Demographer

- ▶ The most recent household estimate for Wahpeton is the 2010 Claritas, Inc. estimate. Claritas estimates that Wahpeton has 2,910 households in 2010. Based on this estimate, the City has lost 344 households between the 2000 Census and 2010. The Claritas estimate for all of Richland County is 6,408 households, down 477 households from the year 2000.
- ▶ The 2010 Claritas estimate for Breckenridge is 1,313 households. Based on this estimate, the City has lost 125 households between the 2000 Census and 2010. The Claritas estimate for all of Wilkin County is 2,444 households, down 308 households from the year 2000.
- ▶ The 2010 Claritas, Inc. estimate for the entire Market Area is 8,852 households. This is a decrease of 785 households from 2000 to 2010.
- ▶ The U.S. Census Bureau only issues annual population estimates, so no household data is available from this source.

Household Trends - 1990 to 2010



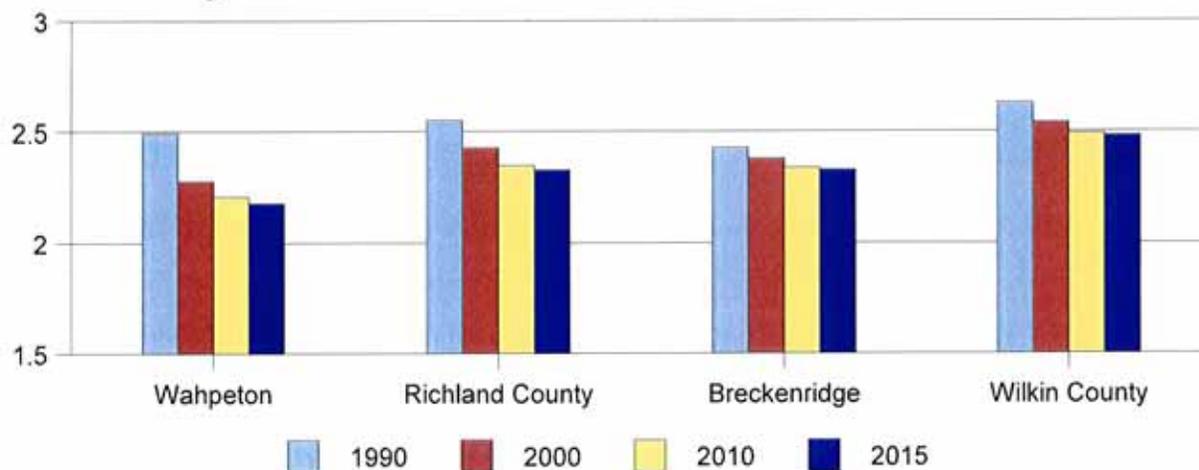
Average Household Size

The following table provides U.S. Census Bureau information on average household size. The 2010 estimates and 2015 projections are from Claritas.

Table 4 Average Number of Persons Per Household 1990-2015				
	1990 Census	2000 Census	2010 Claritas Estimate	2015 Claritas Projection
Wahpeton	2.49	2.28	2.21	2.18
Richland County	2.55	2.43	2.35	2.33
Breckenridge	2.43	2.38	2.34	2.33
Wilkin County	2.63	2.54	2.49	2.48

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

Average Household Size Trends - 1990 to 2015



- Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size for most jurisdictions. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, etc. It is projected that all four jurisdictions will experience slight declines in average household size from 2010 to 2015. However, it appears that household sizes are stabilizing
- Wahpeton has experienced a decrease in average household size over the last 20 years. The Claritas, Inc. estimate of 2.21 persons per household in 2010 is significantly smaller than the 2.49 persons per household reported in the 1990 Census. During this same 20-year time period, the average household size for all of Richland County has decreased from 2.55 persons in 1990 to 2.35 persons in 2010.

- ▶ Breckenridge has seen a decrease in the average household size over the last 20 years, although not as significant as many Minnesota cities have experienced. The Claritas, Inc. estimate of 2.34 persons per household in 2010 is smaller than the 2.43 persons per household reported in the 1990 Census. Wilkin County has experienced a decline from 2.63 persons in 1990 to 2.49 persons in 2010.

Household Projections

The following table presents household level projections using three different calculation sources. As with population projections, Community Partners Research, Inc., has generated projections to the year 2015, using both short-term and longer-term patterns to project future changes. Claritas, Inc.'s 2010 household estimates were used in making these calculations. Claritas, Inc. has also produced household projections to the year 2015.

Table 5 Household Projections Through 2015				
	2010 Claritas Household Estimate	2015 Projection from 10-year trend	2015 Projection from 20-year trend	2015 Claritas Projection
Wahpeton	2,910	2,756	2,896	2,694
Richland County	6,408	6,186	6,381	6,032
Breckenridge	1,313	1,256	1,277	1,229
Wilkin County	2,444	2,307	2,365	2,267
Two-County Area	8,852	8,493	8,746	8,299

Source: Claritas; Community Partners Research, Inc.

- ▶ As explained in the section on population projections, the different sources yield a wide variation in the possible change in household count through the year 2015. The short-term trends, based on recent changes, appear to best reflect the actual growth patterns and are probably the best indicator of future change.
- ▶ **The 10-year trend calculation from Community Partners Research expects Wahpeton to lose 154 households between 2010 and 2015.** From 2000 to 2010, the City has lost an estimated 344 households. The 2015 projection for household change in all of Richland County, as calculated from shorter-term trends, expects a loss of 222 households from 2000 to 2015. From 2000 to 2010, the County has lost approximately 497 households.
- ▶ **The 10-year trend calculation from Community Partners Research expects Breckenridge to lose 57 households between 2010 and 2015.** From 2000 to 2010, the City has lost an estimated 125 households. The 2015 projection for household change in all of Wilkin County, as calculated from shorter-term trends, expects a loss of 137 households from 2000 to 2015. From 2000 to 2010, the County has lost approximately 308 households.
- ▶ The 10-year trend calculation from Community Partners Research expects the entire Market Area to lose 359 households from 2010 to 2015. From 2000 to 2010, the Market Area lost approximately 785 households.

Wahpeton Projected Population by Age - 2000 to 2015

The following table identifies Wahpeton's population in each age range from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in population between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Table 6 Wahpeton Projected Population by Age - 2000 - 2015					
Age	2000 Census	2010 Claritas Estimate	Change in Population 2000-2010	2015 Claritas Projection	Projected Change in Population - 2010-2015
0-14	1,494	1,254	-240/-16.1%	1,144	-110/-8.8%
15-20	1,672	1,083	-589/-35.2%	954	-129/-11.9%
21-24	727	510	-217/-29.8%	381	-129/-25.3%
25-34	980	899	-81/-8.3%	877	-22/-2.4%
35-44	1,101	824	-277/-25.2%	807	-17/-2.1%
45-54	958	974	16/1.7%	713	-261/-26.8%
55-64	542	833	291/53.7%	877	44/5.3%
65-74	463	364	-99/-21.4%	453	89/24.5%
75-84	427	277	-150/-35.1%	212	-65/-23.5%
85 +	222	251	29/13.1%	242	-9/-3.6%
Total	8,586	7,269	-1,317/-15.3%	6,660	-609/-7.1%

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

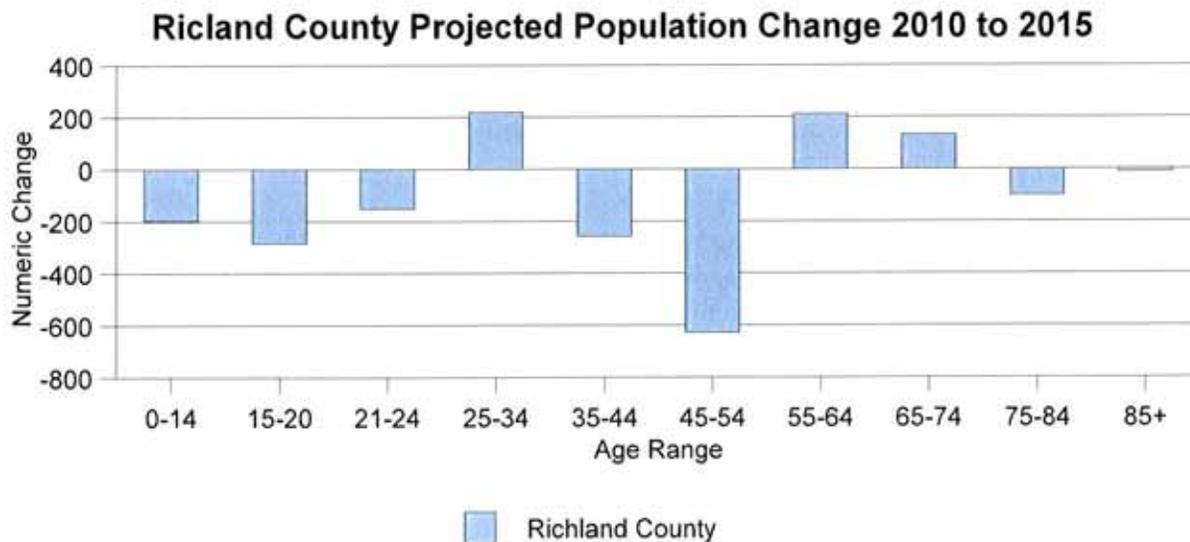
- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of population for Wahpeton County through the year 2015. The projections forecast a loss of between 609 between 2010 and 2015. These projections appear to be reflecting the actual loss of population as the most recent annual population estimate for the City shows a loss of 1,317 people between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the City expects to experience growth in the 55 to 64 and 65 to 74 age groups. These projections expect population losses in all the other age groups.

Richland County Projected Population by Age - 2000 to 2015

The following table identifies Richland County’s population in each age range from the 2000 Census, and from Claritas’ 2010 estimate and 2015 projection. The table shows the estimated change in population between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Table 7 Richland County Projected Population by Age - 2000 - 2015					
Age	2000 Census	2010 Claritas Estimate	Change 2000-2010	2015 Claritas Projection	Projected Change 2010-2015
0-14	3,567	2,896	-671/-18.8%	2,700	-196/-6.8%
15-20	2,516	1,903	-613/-24.4%	1,620	-283/-14.9%
21-24	958	933	-25/-2.6%	782	-151/-16.2%
25-34	1,863	1,723	-140/-7.5%	1,942	219/12.7%
35-44	2,750	1,677	-1,073/-39.0%	1,419	-258/-15.4
45-54	2,225	2,584	359/16.1%	1,956	-628/-24.3%
55-64	1,373	1,957	584/42.5%	2,169	212/10.8%
65-74	1,267	1,056	-211/-16.7%	1,188	132/12.5%
75-84	991	763	-228/-23.0%	663	-100/-13.1%
85 +	488	542	54/11.1%	531	-11/-2.0%
Total	17,998	16,034	-1,964/-10.9%	14,970	-1,064/-6.6%

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



- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of population for Richland County through the year 2015. The projections forecast a loss of 1,064 people between 2000 and 2015. These projections appear to be reflecting the actual loss of population as the most recent annual population estimate for the County shows a loss of 1,964 people between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the County expects to experience growth in the 25 to 34, 55 to 64 and 65 to 74 age ranges.
- ▶ Richland County is expected to experience population declines in the under 24 age ranges, the 35 to 54 age ranges and the over 75 age ranges.

Breckenridge Projected Population by Age - 2000 to 2015

The following table identifies the City of Breckenridge's population in each age range from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in population between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Table 8 Breckenridge Projected Population by Age - 2000 - 2015					
Age	2000 Census	2010 Claritas Estimate	Change 2000-2010	2015 Claritas Projection	Projected Change 2010-2015
0-14	765	552	-213/-27.8%	504	-48/-8.7%
15-20	320	276	-44/-13.8%	225	-51/-18.5%
21-24	143	158	15/10.5%	157	-1/-0.6%
25-34	392	359	-33/-8.4%	370	11/3.1%
35-44	571	375	-196/-34.3%	310	-65/-17.3%
45-54	405	526	121/29.9%	427	-99/-18.8%
55-64	298	365	67/22.5%	416	51/14.0%
65-74	273	257	-16/-5.9%	262	5/1.9%
75-84	239	201	-38/-15.9%	189	-12/-6.0%
85 +	153	145	-8/-5.2%	147	2/1.4%
Total	3,559	3,214	-345/-9.7%	3,007	-207/-6.4%

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

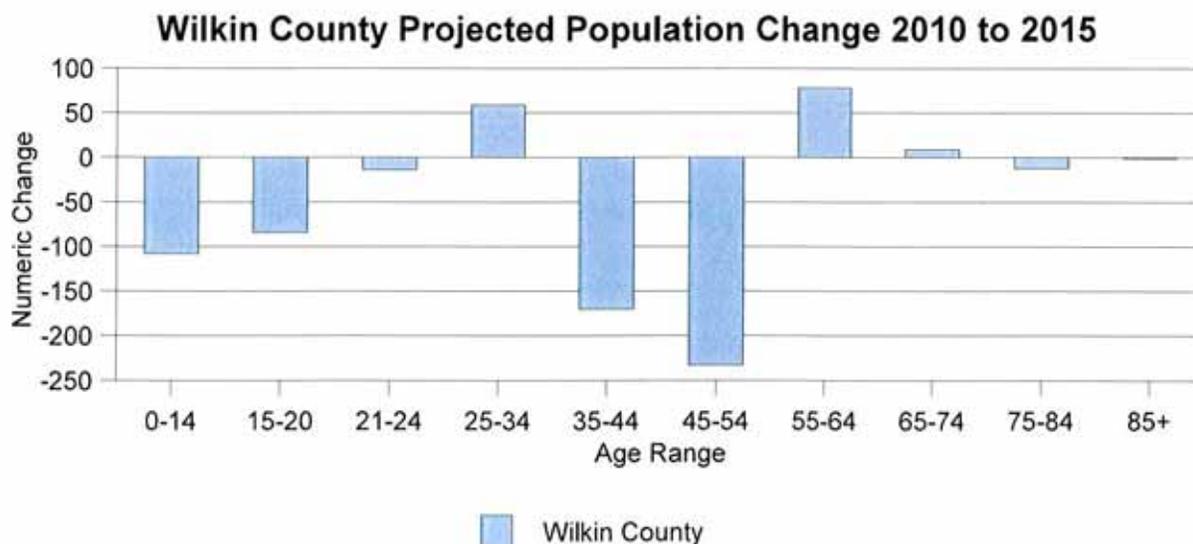
- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of population for Breckenridge through the year 2015. The projections forecast a loss of 207 people between 2010 and 2015. These projections appear to be reflecting the actual loss of population as the most recent annual population estimate for the City shows a loss of 345 people between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the City expects to experience growth in the 25 to 34, 55 to 74, and 85 and over age ranges.
- ▶ The City of Breckenridge is expected to experience population declines in the under 24 age ranges, the 35 to 54 age ranges and the 75 to 84 age range.

Wilkin County Projected Population by Age - 2000 to 2015

The following table identifies Wilkin County's population in each age range from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in population between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Age	2000 Census	2010 Claritas Estimate	Change 2000-2010	2015 Claritas Projection	Projected Change 2010-2015
0-14	1,592	1,139	-453/-28.5%	1,031	-108/-9.5%
15-20	645	535	-110/-17.1%	451	-84/-15.7%
21-24	248	313	65/26.2%	299	-14/-4.5%
25-34	755	656	-99/-13.1%	715	59/9.0%
35-44	1,220	702	-518/-42.5%	532	-170/-24.2%
45-54	895	1,088	193/21.6%	855	-233/-21.4%
55-64	637	756	119/18.7%	834	78/10.3%
65-74	548	509	-39/-7.1%	518	9/1.8%
75-84	397	341	-56/-14.1%	329	-12/-3.5%
85 +	201	198	-3/-1.5%	197	-1/-0.5%
Total	7,138	6,237	-901/-12.6%	5,761	-476/-7.6%

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



- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of population for Wilkin County through the year 2015. The projections forecast a loss of 476 people between 2010 and 2015. These projections appear to be reflecting the actual loss as the most recent annual population estimate for the County shows a loss of 901 people between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the County expects to experience growth in the 25 to 34 and 55 to 74 age ranges.
- ▶ Wilkin County is expected to experience population declines in the under 24 age ranges, the 35 to 54 age ranges and the over 75 age ranges.

Wahpeton Projected Households by Age - 2000 to 2015

The following table identifies the City of Wahpeton's households by age of householder from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in households between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Table 10 Wahpeton Projected Households by Age - 2000 - 2015					
Age	2000 Census	2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection	Projected Change in Households - 2010-2015
Under 25	538	332	-206/-38.3%	257	-75/-22.6
25-34	555	517	-38/-6.8%	498	-19/-3.7%
35-44	617	461	-156/-25.3%	453	-8/-1.7%
45-54	567	580	13/2.3%	427	-153/-26.4%
55-64	340	527	187/55.0%	554	27/5.1%
65-74	286	225	-61/-21.3%	283	58/25.8%
75-84	276	179	-97/-35.1%	135	-44/-24.6%
85 +	75	89	14/18.7%	87	-2/-2.2%
Total	3,254	2,910	-344/-10.6%	2,694	-216/-7.4%

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

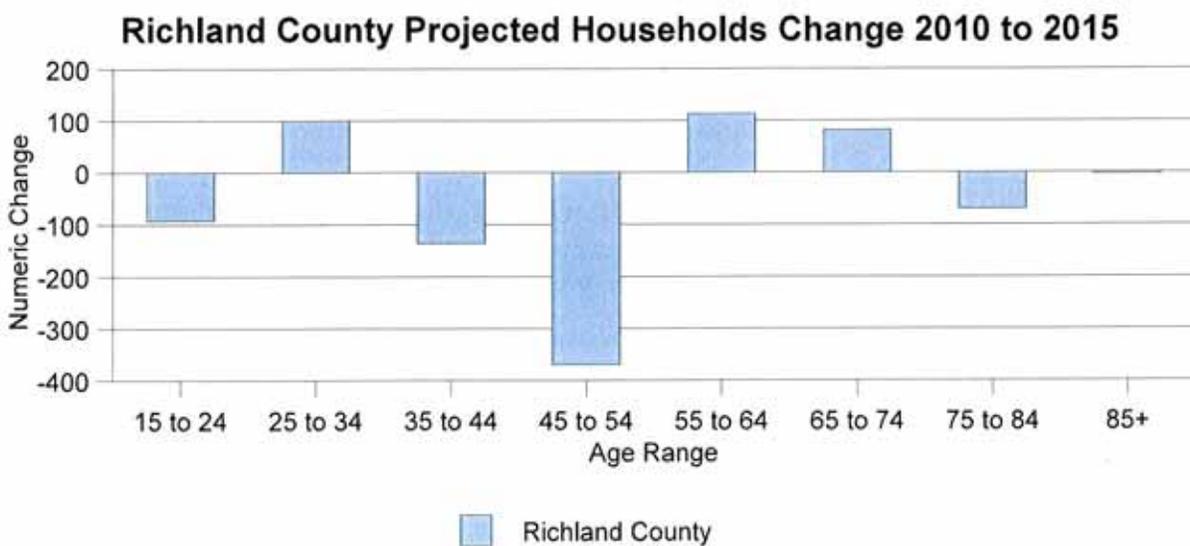
- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of households for Wahpeton through the year 2015. The projections forecast a loss of 216 households from 2010 to 2015. These projections appear to be reflecting the actual household losses as the most recent household estimate for the County shows a loss of 344 households between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the City expects to experience growth in the 55 to 74 age ranges. All other age ranges are projected to lose households.

Richland County Projected Households by Age - 2000 to 2015

The following table identifies Richland County's households by age of householder from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in households between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Age	2000 Census	2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection	Projected Change in Households - 2010-2015
Under 25	648	459	-189/-29.2%	367	-92/-20.0%
25-34	977	916	-61/-6.2%	1,016	100/10.9%
35-44	1,483	917	-566/-38.2%	781	-136/-14.8%
45-54	1,293	1,506	213/16.5%	1,136	-370/-24.6%
55-64	789	1,148	359/45.5%	1,261	113/9.8%
65-74	789	669	-120/-15.2%	751	82/12.3%
75-84	683	538	-145/-21.2%	468	-70/-13.0%
85 +	223	255	32/14.3%	252	-3/-1.2%
Total	6,885	6,408	-477/-6.9%	6,032	-376/-5.9%

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



- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of households for Richland County through the year 2015. The projections forecast a loss of 376 households from 2010 to 2015. These projections appear to be reflecting actual losses as the most recent household estimate for the County shows a loss of 477 households between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the County expects to experience household growth in the 25 to 34 and 55 to 74 age ranges.
- ▶ Richland County is expected to experience household declines in the under 24 age range, the 35 to 54 age ranges and the over 75 age ranges.

Breckenridge Projected Households by Age - 2000 to 2015

The following table identifies the City of Breckenridge's households by age of householder from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in households between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Table 12 Breckenridge Projected Households by Age - 2000 - 2015					
Age	2000 Census	2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection	Projected Change in Households - 2010-2015
Under 25	95	81	-14/-14.7%	72	-9/-11.1%
25-34	197	173	-24/-12.2%	173	0/0%
35-44	310	197	-113/-36.5%	159	-38/-19.3%
45-54	248	308	60/24.2%	249	-59/-19.2%
55-64	171	201	30/17.5%	226	25/12.4%
65-74	184	165	-19/-10.3%	167	2/1.2%
75-84	155	121	-34/-21.9%	114	-7/-5.8%
85 +	78	67	-11/-14.1%	69	2/3.0%
Total	1,438	1,313	-125/-8.7%	1,229	-84/-6.4%

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

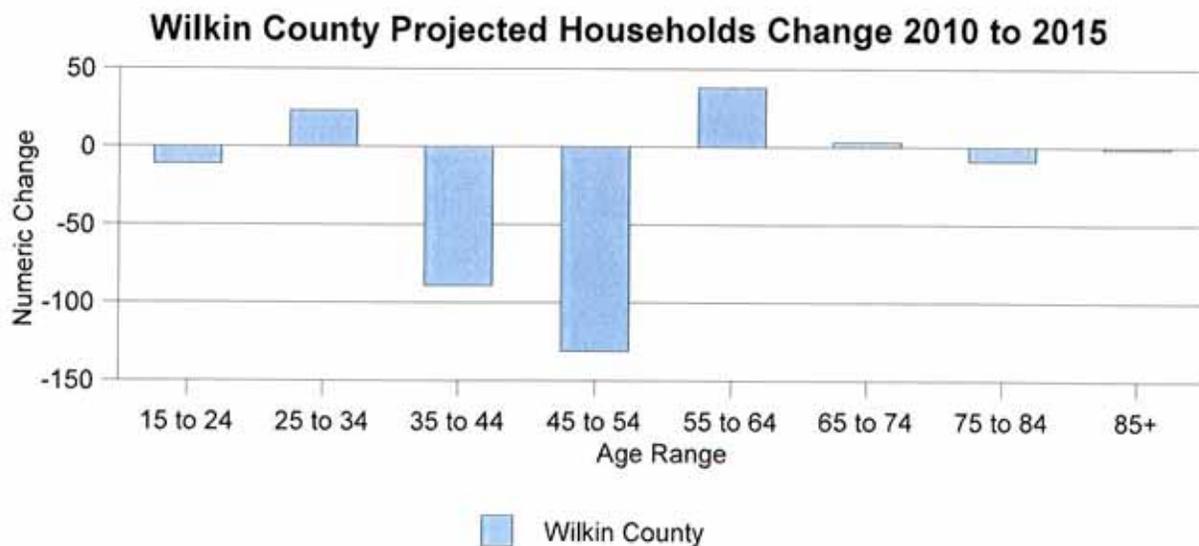
- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of households for Breckenridge through the year 2015. The projections forecast a loss of 84 households from 2010 to 2015. These projections appear to be reflecting actual losses as the most recent household estimate for the City shows a loss of 125 households between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the City expects to experience household growth in the 55 to 74 age ranges and the 85 and over age range.
- ▶ The City of Breckenridge is expected to experience household declines in the under 24 age range, the 35 to 54 age ranges and the 75 to 84 age range. No change is projected in the 25 to 34 age range.

Wilkin County Projected Households by Age - 2000 to 2015

The following table identifies the Wilkin County's households by age of householder from the 2000 Census, and from Claritas' 2010 estimate and 2015 projection. The table also shows the estimated change in households between 2000 and 2010 by age group and the projected change from 2010 to 2015.

Age	2000 Census	2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection	Projected Change in Households - 2010-2015
Under 25	126	110	-16/-12.7%	99	-11/-10.0%
25-34	363	307	-56/-15.4%	330	23/7.5%
35-44	642	358	-284/-44.2%	269	-89/-24.9%
45-54	518	609	91/17.6%	478	-131/-21.5%
55-64	358	409	51/14.2%	447	38/9.3%
65-74	356	319	-37/-10.4%	322	3/0.9%
75-84	273	223	-50/-18.3%	214	-9/-4.0%
85 +	116	109	-7/-6.0%	108	-1/-0.9%
Total	2,752	2,444	-308/-11.2%	2,267	-177/-7.2%

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



- ▶ The age-based projections issued by Claritas, Inc. expect an on-going loss of households for Wilkin County through the year 2015. The projections forecast a loss of 177 households from 2010 to 2015. These projections appear to be reflecting actual losses as the most recent household estimate for the County shows a loss of 308 households between 2000 and 2010.
- ▶ These projections are useful in examining the relative age movement within the population. Between the years 2010 and 2015, the County expects to experience household growth in the 25 to 34 and 55 to 74 age ranges.
- ▶ Wilkin County is expected to experience household declines in the under 24 age range, the 35 to 54 age ranges and the over 75 age ranges.

Wahpeton Income Data - 2000 to 2015

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2010 and projections for the year 2015. These estimates are for the City of Wahpeton. Information from the 2000 Census is provided for comparison.

Household Income	Number of Households 2000 Census	Number of Households 2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection
\$0 - \$14,999	777	530	-247/-31.8%	452
\$15,000 - \$24,999	439	371	-68/-15.5%	332
\$25,000 - \$34,999	506	328	-178/-35.2%	283
\$35,000 - \$49,999	681	560	-121/-17.8%	478
\$50,000 - \$74,999	562	628	66/11.7%	609
\$75,000 - \$99,999	153	268	115/75.2%	270
\$100,000 - \$149,999	104	156	52/50.0%	191
\$150,000+	30	69	39/130.0%	79
Total	3,252	2,910	-342/-10.5%	2,694

Source: Claritas, Inc.; Community Partners Research, Inc.

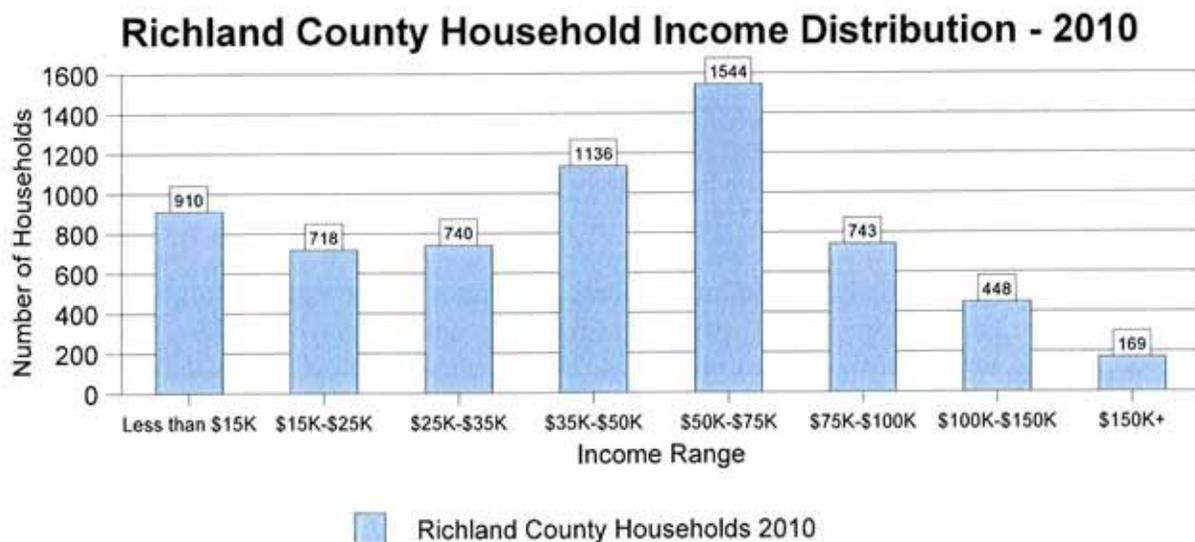
- ▶ According to income estimates for 2010, household incomes have improved in the City of Wahpeton. Claritas, Inc. believes that the number of households with annual incomes of \$50,000 or more has increased over the last 10 years, while the number of households with incomes less than \$50,000 has decreased.
- ▶ According to Claritas, Inc., the median household income in 2010 is \$41,056, compared to \$33,097 in 2000, an increase of 24%.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2010 translates into \$1,026 per month based on 30% of income. The 2000 median household income translated into \$827 per month.
- ▶ Although the number of lower income households has been declining, there are still 530 households in 2010 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

Richland County Income Data - 2000 to 2015

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2010 and projections for the year 2015. These estimates are for Richland County. Information from the 2000 Census is provided for comparison.

Household Income	Number of Households 2000 Census	Number of Households 2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection
\$0 - \$14,999	1,319	910	-409/-31.0%	784
\$15,000 - \$24,999	955	718	-237/-24.8%	629
\$25,000 - \$34,999	1,005	740	-265/-26.4%	632
\$35,000 - \$49,999	1,542	1,136	-406/-26.3%	974
\$50,000 - \$74,999	1,304	1,544	240/18.4%	1,451
\$75,000 - \$99,999	416	743	327/78.6%	768
\$100,000 - \$149,999	225	448	223/99.1%	574
\$150,000+	82	169	87/106.1%	220
Total	6,848	6,408	-440/-6.4%	6,032

Source: Claritas, Inc.; Community Partners Research, Inc.



- ▶ According to income estimates for 2010, household incomes have improved in Richland County. Claritas, Inc. believes that the number of households with annual incomes of \$50,000 or more has increased over the last 10 years, while the number of households with incomes less than \$50,000 has decreased.
- ▶ According to Claritas, Inc., the median household income in 2010 is \$46,036, compared to \$36,414 in 2000, an increase of 26.4%.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The County's median household income in 2010 translates into \$1,151 per month based on 30% of income. The 2000 median household income translated into \$910 per month.
- ▶ Although the number of lower income households has been declining, there are still 910 households in 2010 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

Breckenridge Income Data - 2000 to 2015

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2010 and projections for the year 2015. These estimates are for the City of Breckenridge. Information from the 2000 Census is provided for comparison.

Household Income	Number of Households 2000 Census	Number of Households 2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection
\$0 - \$14,999	259	168	-91/-35.1%	141
\$15,000 - \$24,999	199	178	-21/-10.6%	141
\$25,000 - \$34,999	227	114	-113/-49.8%	108
\$35,000 - \$49,999	293	209	-84/-28.7%	183
\$50,000 - \$74,999	306	296	-10/-3.3%	258
\$75,000 - \$99,999	101	206	105/104.0%	199
\$100,000 - \$149,999	41	110	69/168.3%	150
\$150,000+	13	32	19/146.2%	49
Total	1,439	1,313	-126/-8.8%	1,229

Source: Claritas, Inc.; Community Partners Research, Inc.

- ▶ According to income estimates for 2010, household incomes have improved in the City of Breckenridge. Claritas, Inc. believes that the number of households with annual incomes of \$75,000 or more has increased over the last 10 years, while the number of households with incomes less than \$75,000 has decreased.
- ▶ According to Claritas, Inc., the median household income in 2010 is \$49,071, compared to \$36,786 in 2000, an increase of 33.4%.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City's median household income in 2010 translates into \$1,227 per month based on 30% of income. The 2000 median household income translated into \$920 per month.
- ▶ Although the number of lower income households has been declining, there are still 168 households in 2010 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

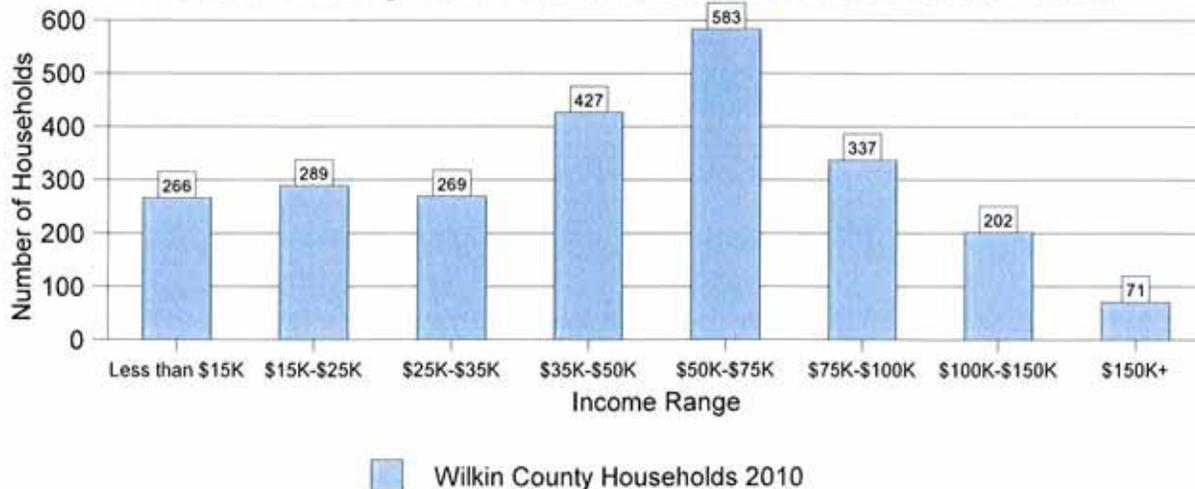
Wilkin County Income Data - 2000 to 2015

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2010 and projections for the year 2015. These estimates are for Wilkin County. Information from the 2000 Census is provided for comparison.

Household Income	Number of Households 2000 Census	Number of Households 2010 Claritas Estimate	Change in Households 2000-2010	2015 Claritas Projection
\$0 - \$14,999	409	266	-143/-35.0%	224
\$15,000 - \$24,999	400	289	-111/-27.8%	230
\$25,000 - \$34,999	439	269	-170/-38.7%	233
\$35,000 - \$49,999	572	427	-145/-25.3%	372
\$50,000 - \$74,999	594	583	-11/-1.9%	519
\$75,000 - \$99,999	203	337	134/66.0%	336
\$100,000 - \$149,999	94	202	108/114.9%	260
\$150,000+	33	71	38/115.2%	93
Total	2,744	2,444	-300/-10.9%	2,267

Source: Claritas, Inc.; Community Partners Research, Inc.

Wilkin County Household Income Distribution - 2010



- ▶ According to income estimates for 2010, household incomes have improved in Wilkin County. Claritas, Inc. believes that the number of households with annual incomes of \$75,000 or more has increased over the last 10 years, while the number of households with incomes less than \$75,000 has decreased.
- ▶ According to Claritas, Inc., the median household income in 2010 is \$48,966, compared to \$38,259 in 2000, an increase of 28%.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The County's median household income in 2010 translates into \$1,224 per month based on 30% of income. The 2000 median household income translated into \$956 per month.
- ▶ Although the number of lower income households has been declining, there are still 266 households in 2010 with an annual income below \$15,000. These households can only afford \$375 per month or less for housing costs, without experiencing a cost burden.

Wahpeton Existing Housing Inventory

Table 18 Occupied Housing Units by Year Built - (owner/renter)							
	Pre-1940	1940-1959	1960-1969	1970-1979	1980-1989	1990-2000	2000-2010
Wahpeton	374/155	326/247	212/173	386/427	251/295	152/252	84/24

Source: 2000 Census; City Building Permits

* The Census reported units constructed through March of 2000. Because of weather conditions, it is assumed that permits for housing that was occupied in March/April 2000 would have been issued in 1999.

- ▶ In 2010, 21% of all owner occupied housing units in the City of Wahpeton are pre-1940 construction. This is the same as the State-wide average for pre-1940 housing, which is also 21%.

Table 19 Occupied Housing Units by Number of Units in Structure						
	Owner Occupied 2000	Renter Occupied 2000	Vacant Units 2000	Total Units 2000	New Units 2000-2010	Estimated Total 2010
1 Unit Detached	1,428	119	77	1,624	78	1,702
1 Unit Attached	81	35	13	129	0	129
2 Units	0	82	7	89	6	95
3-4 Units	11	144	14	169	0	169
5+ Units	0	1,142	120	1,262	24	1,286
Mobile Home	181	27	8	216	-31	185
Total	1,701	1,549	239	3,489	77	3,566

Source: U.S. Census; Building Permits

- ▶ There have been 78 single family homes and six townhouse units constructed in Wahpeton from 2000 to 2010. Also, a 24-unit senior project, Fourth Ave. Manor, was constructed in Wahpeton in 2002.
- ▶ The table above does not reflect demolition activity that may have occurred since 2000, however, the table does reflect the mobile homes that have been lost from 2000 to 2010.

Breckenridge Existing Housing Inventory

Table 20 Occupied Housing Units by Year Built - (owner/renter)							
	Pr-1940	1940-1959	1960-1969	1970-1979	1980-1989	1990-2000*	2000-2010
Breckenridge	213/84	320/87	142/59	127/100	65/33	163/44	64/70

Source: 2000 Census; City Building Permits

* The Census reported units constructed through March of 2000. Because of weather conditions, it is assumed that permits for housing that was occupied in March/April 2000 would have been issued in 1999.

- At the time of the 2000 Census, the age of the owner occupied housing stock in Breckenridge was the same as the State average. The Census identified approximately 21% of all owner occupied housing units in Breckenridge as pre-1940 construction. The State-wide average for pre-1940 housing was also approximately 21%.

Table 21 Occupied Housing Units by Number of Units in Structure						
	Owner Occupied 2000	Renter Occupied 2000	Vacant Units 2000	Total Units 2000	New Units 2000-2010	Estimated Total 2010
1 Unit Detached	928	92	34	1,054	64	1,118
1 Unit Attached	13	11	0	24	20	44
2 Units	6	27	5	38	0	38
3-4 Units	7	49	21	77	0	77
5+ Units	2	222	58	282	50	332
Mobile Home	74	6	18	98	-45	53
Total	1,030	407	136	1,573	89	1,662

Source: U.S. Census; Building Permits

- There have been 64 single family homes, 20 townhouse units and a 50-unit assisted living project constructed in Breckenridge from 2000 to 2010. An 18-bed memory care project was also constructed in 2006, however, this project is not included in the above tables as the bedrooms in this project are not considered housing units.
- The table above does not reflect demolition activity that has occurred since 2000, however, it is estimated that 18 homes have been demolished since 2000 due to flood control activities. The table does reflect the mobile homes that have been lost from 2000 to 2010.

Wahpeton Existing Home Sales

The following table examines houses in the City of Wahpeton that have been sold in 2005, 2006, 2007, 2008, 2009 and from January through May, 2010. It is important to note that the number of houses that have sold is a relatively small percentage of the total housing stock and may not be an accurate indicator of overall home values. However, this sample does provide insight into those units that are turning-over in the City. It is also important to note that these sales are almost always existing homes, and rarely reflect the sales of newly constructed houses.

	Number of Good Sales	Median Sale Price	Average Sales Price
2005	74	\$92,609	\$86,237
2006	68	\$81,300	\$87,817
2007	82	\$91,000	\$104,994
2008	70	\$89,000	\$107,034
2009	79	\$85,050	\$99,778
2010 (Jan.-May)	25	\$90,008	\$96,230

Source: Community Partners Research, Inc.; Wahpeton City Assessor

Note: The median sales price is the middle sales price that has exactly the same number of sales that are at a higher sales price and at a lower sales price. The average sales price was calculated by adding all of the sales prices and dividing by the total number of sales.



- ▶ The residential sales information is for sales that are considered to be “arms length” transactions, according to the City Assessor. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.
- ▶ There were 74 sales in 2005. The median sales price was \$92,609. The highest valued sale was for \$205,700 and the lowest valued sale was for \$27,600.
- ▶ There were 68 sales in 2006. The median sales price was \$81,300. The highest valued sale was for \$222,800 and the lowest valued sale was for \$13,500.
- ▶ There were 82 sales in 2007. The median sales price was \$91,000. The highest valued sale was for \$340,860 and the lowest valued sale was for \$20,070.
- ▶ There were 70 sales in 2008. The median sales price was \$89,000. The highest valued sale was for \$227,060 and the lowest valued sale was for \$35,960.
- ▶ There were 79 sales in 2009. The median sales price was \$85,050. The highest valued sale was for \$240,000 and the lowest valued sale was for \$24,000.
- ▶ There have been 25 sales in 2010 from January through May. The median sales price is \$90,008. The highest valued sale is for \$202,500 and the lowest valued sale is for \$20,165.

Breckenridge Existing Home Sales

The following table examines houses in the City of Breckenridge that have been sold in 2005, 2006, 2007, 2008, 2009 and from January through June, 2010. It is important to note that the number of houses that have sold is a relatively small percentage of the total housing stock and may not be an accurate indicator of overall home values. However, this sample does provide insight into those units that are turning-over in the City. It is also important to note that these sales are almost always existing homes, and rarely reflect the sales of newly constructed houses. The Wilkin County Assessors sales reports are from October through September, thus, for example, the 2005 report is October, 2004, through September, 2005.

	Number of Good Sales	Median Sale Price	Average Sales Price
2005	24	\$67,450	\$80,375
2006	52	\$89,900	\$94,520
2007	34	\$85,200	\$92,850
2008	31	\$88,500	\$90,580
2009	26	\$78,000	\$97,925
2010 (thru June)	26	\$79,200	\$89,230

Source: Community Partners Research, Inc.; County Assessor

Note: The median sales price is the middle sales price that has exactly the same number of sales that are at a higher sales price and at a lower sales price. The average sales price was calculated by adding all of the sales prices and dividing by the total number of sales.



- ▶ The residential sales information is for sales that are considered to be “arms length” transactions, according to the County Assessor. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.
- ▶ There were 24 sales in 2005. The median sales price was \$67,450. The highest valued sale was for \$335,000 and the lowest valued sale was for \$27,500.
- ▶ There were 52 sales in 2006. The median sales price was \$89,900. The highest valued sale was for \$222,800 and the lowest valued sale was for \$13,500.
- ▶ There were 34 sales in 2007. The median sales price was \$85,200. The highest valued sale was for \$215,000 and the lowest valued sale was for \$16,500.
- ▶ There were 31 sales in 2008. The median sales price was \$88,500. The highest valued sale was for \$213,900 and the lowest valued sale was for \$27,000.
- ▶ There were 26 sales in 2009. The median sales price was \$78,000. The highest valued sale was for \$265,000 and the lowest valued sale was for \$14,000.
- ▶ There have been 26 sales from September, 2009, through June, 2010. The median sales price is \$79,200. The highest valued sale is for \$225,000 and the lowest valued sale is for \$15,000.

Wahpeton Housing Condition

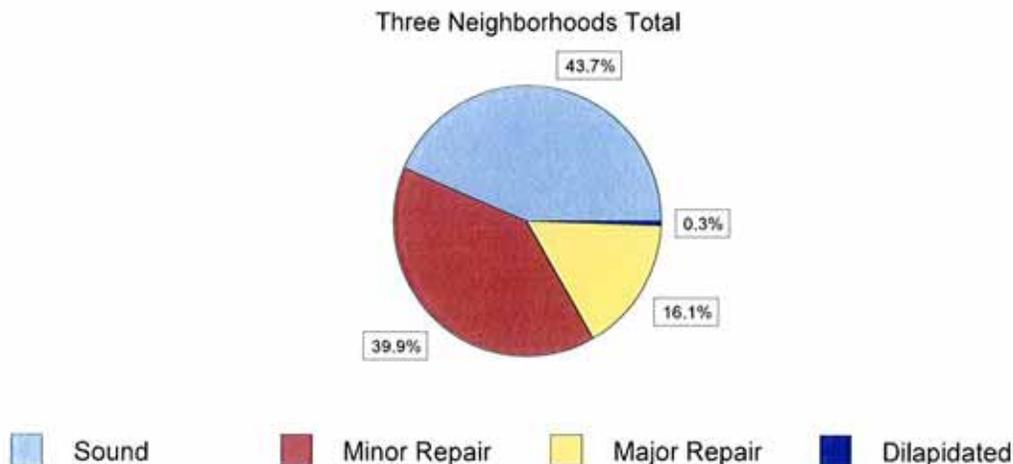
Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 697 single family/duplex houses in three neighborhoods in the City of Wahpeton. Houses that appeared to contain three or more units were excluded from the survey. The three neighborhood boundaries are as follows: *Neighborhood #1*: North - railroad tracks, South - 7th Ave. S., East - river and West - 6th St. S. *Neighborhood #2*: North - 7th Ave. N., South - 2nd Ave. N., East - 4th St. N. And West - 11th St. N. *Neighborhood #3*: North - 1st St. N., South - Dakota Ave., East - river and West - 4th St. N.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure’s interior quality. Dilapidated houses are generally considered beyond repair. Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate. Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, ‘move-in’ condition. Sound houses may still contain minor code violations.

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Neighborhood No. 1	84 (38.9%)	97 (44.9%)	35 (16.2%)	0 (0%)	216
Neighborhood No. 2	151 (48.4%)	117 (37.5%)	43 (13.8%)	1 (0.3%)	312
Neighborhood No. 3	70 (41.4%)	64 (37.8%)	34 (20.2%)	1 (0.6%)	169
Total	305 (43.7%)	278 (39.9%)	112 (16.1%)	2 (0.3%)	697

Source: Community Partners Research, Inc.

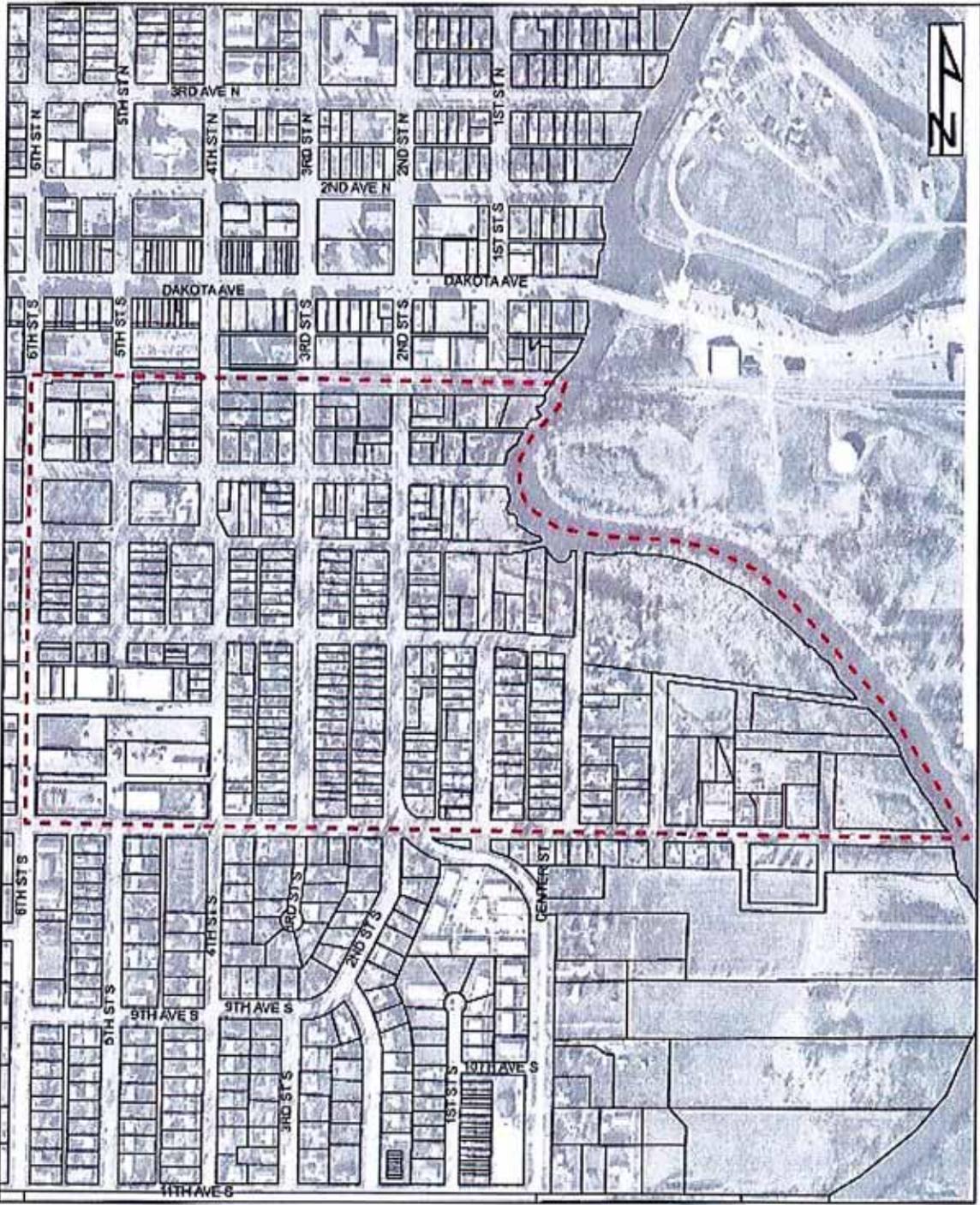
Wahpeton Housing Condition Survey



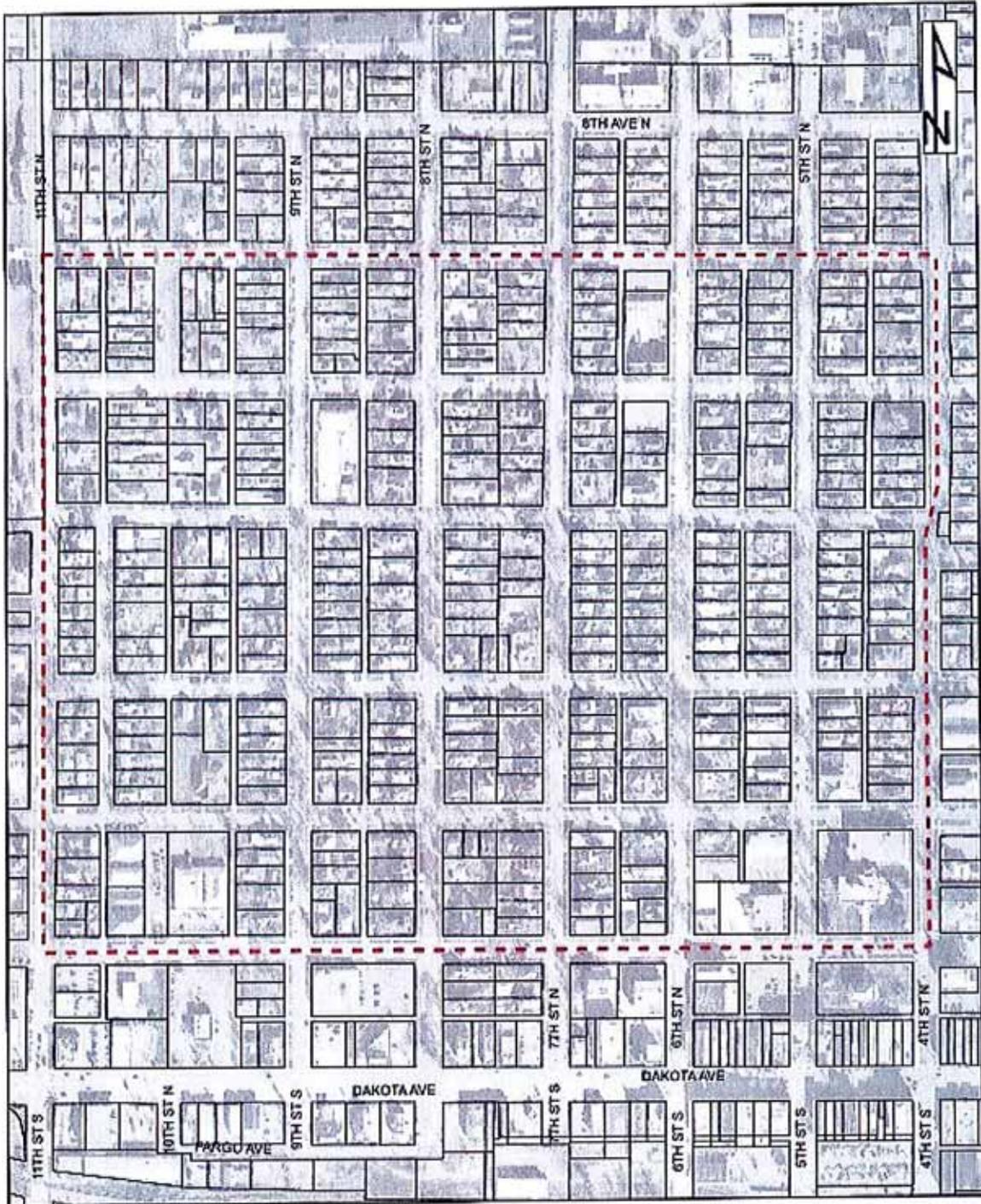
- ▶ The existing housing stock in the three neighborhoods is in good condition. Approximately 44% of the houses were rated as Sound, while approximately 40% of the houses were judged to be in need of Minor Repair and 16% need Major Repair.
- ▶ Two homes in the three neighborhoods were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance.

The following three pages are maps of the three Wahpeton neighborhoods that were surveyed.

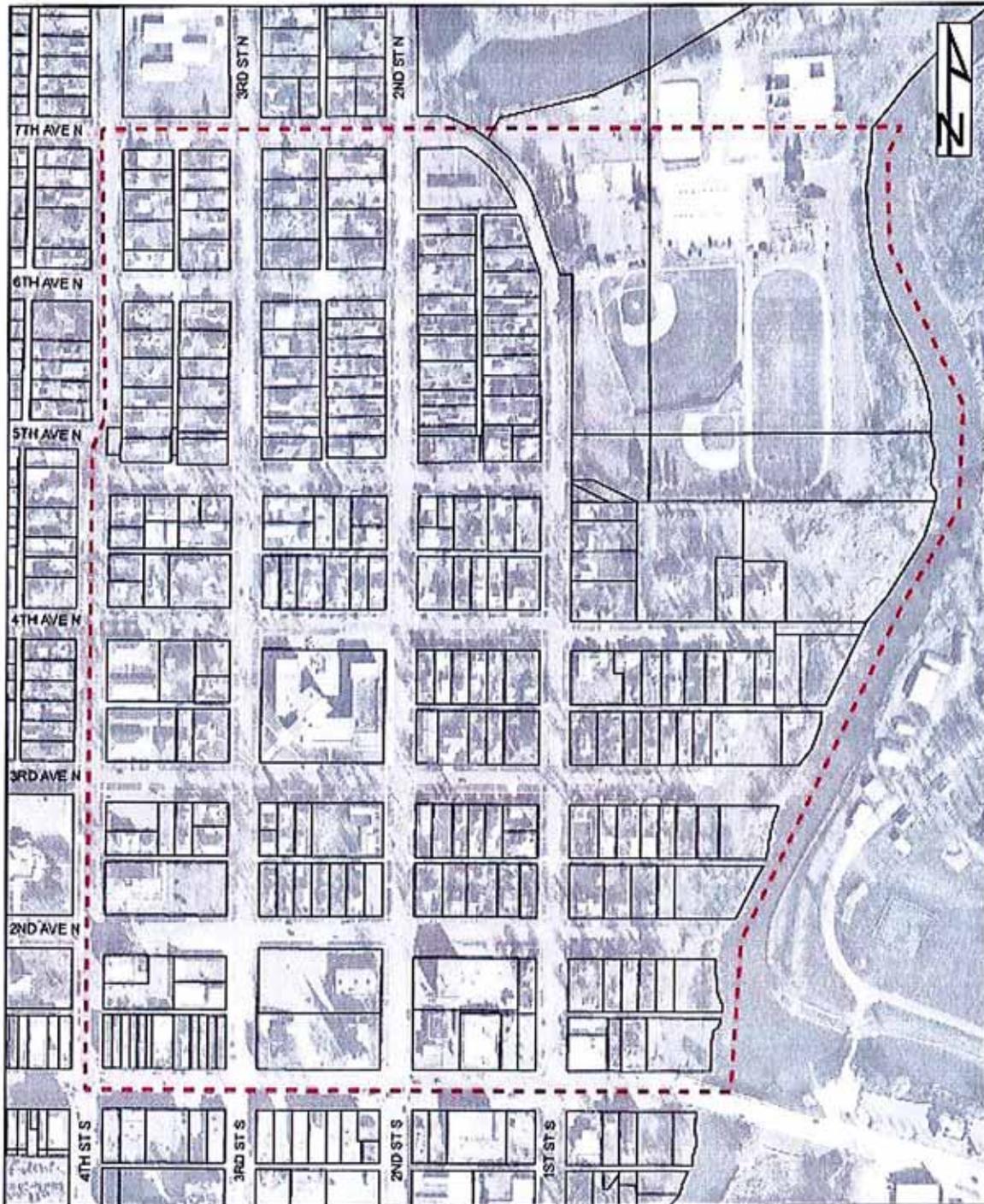
Wahpeton Neighborhood No. 1



Wahpeton Neighborhood No. 2



Wahpeton Neighborhood No. 3



Breckenridge Housing Condition

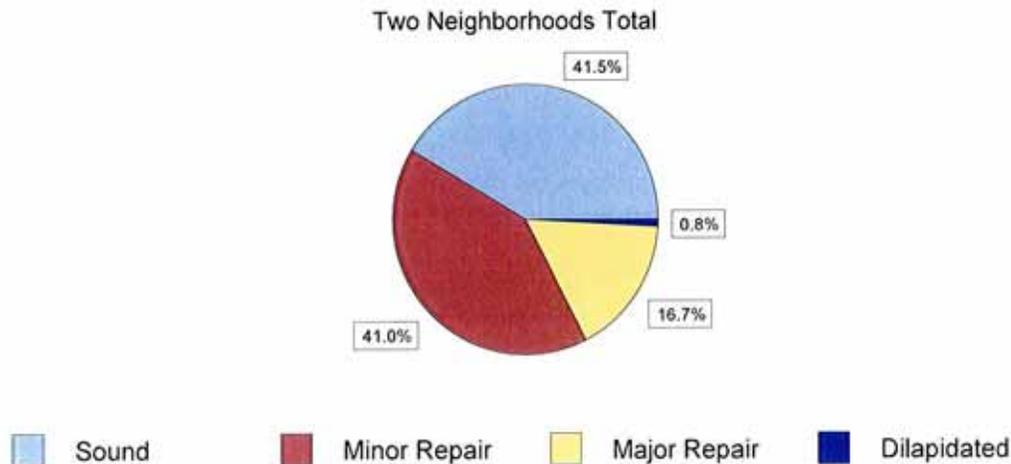
Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 508 single family/duplex houses in two neighborhoods in the City of Breckenridge. Houses that appeared to contain three or more units were excluded from the survey. The boundaries of the two neighborhoods are as follows: *North Neighborhood*: East - 12th St. N., West - River, South - Minnesota Ave. and North - Beede Ave. *South Neighborhood*: East - 10th St. S., West - river, South - New York Ave. and North - Minnesota Ave.

Houses were rated in one of four levels of physical condition, as defined below. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure’s interior quality. Dilapidated houses are generally considered beyond repair. Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc. Houses in this condition category may or may not be economically feasible to rehabilitate. Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, ‘move-in’ condition. Sound houses may still contain minor code violations.

Table 25 Breckenridge Windshield Survey Condition Estimate - 2010					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Breckenridge North	135 (39.7%)	140 (41.2%)	63 (18.5%)	2 (0.6%)	340
Breckenridge South	76 (45.2%)	68 (40.5%)	22 (13.1%)	2 (1.2%)	168
Total	211 (41.5%)	208 (41.0%)	85 (16.7%)	4 (0.8%)	508

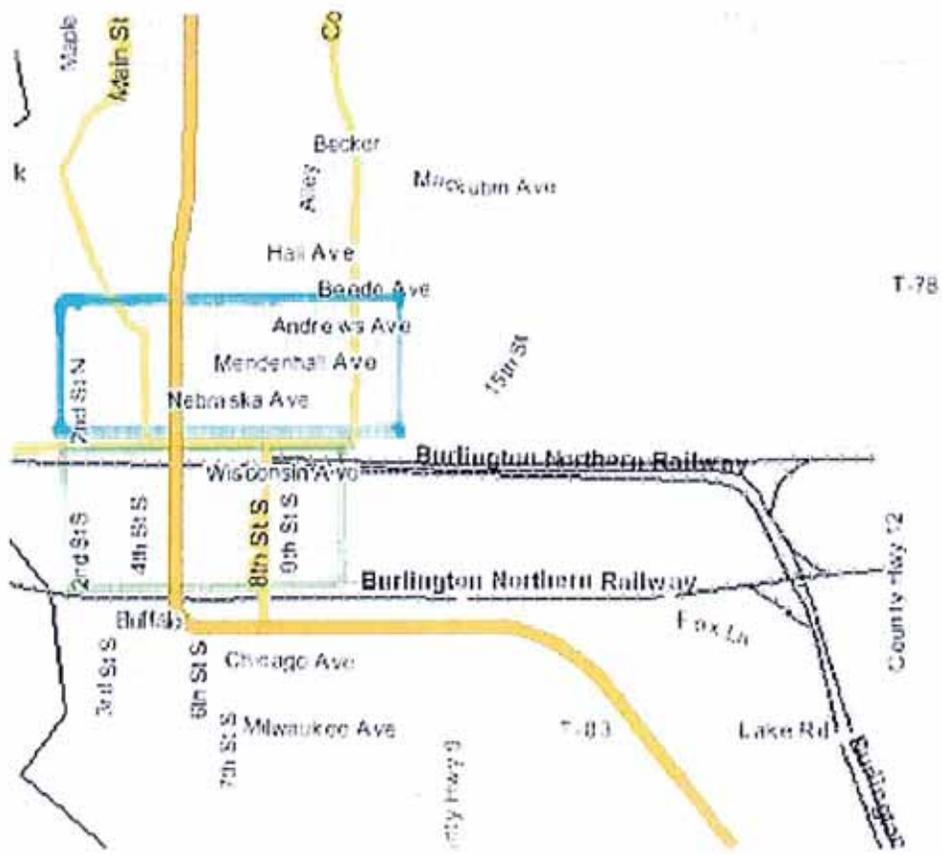
Source: Community Partners Research, Inc.

Breckenridge Housing Condition Survey



- ▶ The existing housing stock in the two neighborhoods is in good condition. Approximately 42% of the houses were rated as Sound, while approximately 41% of the houses were judged to be in need of Minor Repair and approximately 17% need Major Repair.
- ▶ Four homes in the two neighborhoods were rated as Dilapidated and possibly beyond repair. These houses may be suitable for demolition and clearance.

The following page is a map of the two Breckenridge neighborhoods that were surveyed.



City of Breckenridge

Breckenridge North Neighborhood 

Breckenridge South Neighborhood

Wahpeton Mobile Home Condition

In June, 2010, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of the 185 mobile homes in three Wahpeton mobile home parks.

Mobile homes were rated in one of four levels of physical condition. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality. Dilapidated units are generally considered beyond repair. Major Repair units need multiple major improvements such as roof, windows, siding, etc. Units in this condition category may or may not be economically feasible to rehabilitate. Minor Repair units are judged to be generally in good condition and require less extensive repair, such as one major improvement. Units in this condition category will generally be good candidates for rehabilitation programs because they are economically feasible to repair. Sound units are judged to be in good, 'move-in' condition. Sound units may contain minor code violations and still be considered Sound.

Table 26 Wahpeton Mobile Home Condition Estimate - 2010					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Sunset Mobile Home Park	39 (32.8%)	32 (26.9%)	40 (33.6%)	8 (6.7%)	119
Briarwood Mobile Home Park	10 (20.0%)	18 (36.0%)	16 (32.0%)	6 (12.0%)	50
Red River Mobile Home Court	0 (0%)	6 (37.5%)	8 (50.0%)	2 (12.5%)	16
Total	49 (26.5%)	56 (30.3%)	64 (34.6%)	16 (8.6%)	185

Source: Community Partners Research, Inc.

- ▶ Of the 185 mobile homes in Wahpeton, approximately 27% were rated as being in sound condition, and 35% require minor repair.
- ▶ Approximately 35% of the mobile homes need major repairs and 16 mobile homes are dilapidated and beyond repair.

Breckenridge Mobile Home Condition

In June, 2010, Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of the 53 mobile homes in Bois De Sioux Mobile Estates.

Mobile homes were rated in one of four levels of physical condition. The visual survey analyzed only the physical condition of the visible exterior of each structure. Exterior condition is assumed to be a reasonable indicator of the structure’s interior quality. Dilapidated units are generally considered beyond repair. Major Repair units need multiple major improvements such as roof, windows, siding, etc. Units in this condition category may or may not be economically feasible to rehabilitate. Minor Repair units are judged to be generally in good condition and require less extensive repair, such as one major improvement. Units in this condition category will generally be good candidates for rehabilitation programs because they are economically feasible to repair. Sound units are judged to be in good, ‘move-in’ condition. Sound units may contain minor code violations and still be considered Sound.

Table 27 Breckenridge Mobile Home Condition Estimate - 2010					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
Bois De Sioux Estates	27 (50.9%)	11 (20.8%)	13 (24.5%)	2 (3.8%)	53

Source: Community Partners Research, Inc.

- ▶ Of the 53 mobile homes, approximately 60% were rated as being in sound condition, and 21% require minor repair.
- ▶ Approximately 25% of the mobile homes need major repairs and two mobile homes are dilapidated and beyond repair.

Travel Time to Work

The following table provides U.S. Census Bureau data on the travel time Breckenridge and Wahpeton workers take to commute to work.

Table 28 Travel Time to Work - Breckenridge and Wahpeton Workers		
	Wahpeton	Breckenridge
Less than 5 minutes	601	236
5-9 minutes	1,778	544
10-14 minutes	884	463
15-19 minutes	267	144
20-24 minutes	109	78
25-29 minutes	44	18
30-34 minutes	123	30
35-39 minutes	28	10
40-44 minutes	6	14
45-59 minutes	122	54
60-89 minutes	101	22
90 or more minutes	95	28
Worked at home	97	78
Total	4,255	1,719

Source: U.S. Census

Note: Working at home is defined as individuals that have a home occupation or who have employers that allow them to work at home.

- ▶ Approximately 85% of Breckenridge workers and 85% of Wahpeton workers reported travel time to work of less than 20 minutes.
- ▶ Approximately 15% of Breckenridge workers and 15% of Wahpeton workers reported travel time to work of more than 20 minutes.
- ▶ Fifty Breckenridge workers and 196 Wahpeton workers reported travel time of 60 or more minutes to work.

Rental Housing

Overview

In April 2000, the Census Bureau reported a rental tenure rate of 28.2% in Breckenridge. The Statewide rate for Minnesota was 25.4%.

The Census recorded 405 occupied rental units in the City of Breckenridge. There were also at least 90 rental units that were recorded as vacant. Excluding some other miscellaneous vacancies in the City, the estimated rental housing inventory was 495 total units.

In all of Wilkin County, the Census recorded 529 occupied rental units, and at least 94 vacant units, for a total inventory of 623 units. Rental housing in Breckenridge represented more than 79% of all rental units Countywide. The rental tenure rate Countywide was 19.2%.

The City of Breckenridge does not have a rental registration program or other means to estimate the size of the current rental inventory. Over the last decade, there were 20 townhouse style rental units and 50 senior assisted living units constructed in the City. Without adjusting for any possible unit losses over the past ten years, the rental inventory in Breckenridge may be as large as 565 total units. With a relatively high rate of vacancy, a number of these units would not be occupied in 2010.

There has been almost no new rental housing construction in the other jurisdictions in Wilkin County. Census records only show four possible rental units outside of Breckenridge since the year 2000. The rental tenure rates in both Breckenridge and Wilkin County do not appear to have changed significantly over the past decade.

Rental Housing Survey

As part of this housing study, a survey was conducted of multifamily buildings in the City. The survey included most of the larger rental buildings with eight or more units. Several smaller buildings with less than eight units were also surveyed.

Information was collected from 17 rental projects with a total of 343 of the estimated 565 rental units in Breckenridge, or approximately 61% of all units. Although the survey represents only a portion of all rental properties in the City, it included almost all of the larger rental properties. For purposes of new unit construction, it was assumed that most future development would be oriented towards larger buildings and developments, and properties with eight or more units offer the best comparison.

The survey was conducted by Community Partners Research, Inc., during the months from May to June, 2010.

Market Rate Rental Summary

Nine market rate rental projects and buildings were contacted with a total of 97 rental units. Additional market rate rental units exist in single family homes. We did not contact this segment of the market.

Occupancy/Vacancy

Overall, we found four vacant market rate units of the 97 units we surveyed for a vacancy rate of 4.1%. Most managers and owners reported good occupancy rates.

In 1996, the Maxfield Study reported a 1.9% vacancy rate in market rate units, based on the rental survey that was conducted.

Unit Mix

The following information is the bedroom mix for the 97 market rate rental units surveyed:

- ▶ 7 (7.2%) efficiency
- ▶ 22 (22.7%) one-bedroom
- ▶ 68 (70.1%) two-bedroom

Rental Rates

The units in the survey included the City's newest buildings as well as buildings that are 25 or more years old, resulting in a wide variation in the type and price of market rate units. Based on the units contacted, we believe that prevailing rental rates are in the following ranges:

Efficiency	-\$235
1 Bedroom	-\$300-\$400
2 Bedroom	-\$350-\$450

In comparing prevailing rents with the prevailing rents from the 1996 study, rents have increased minimally over the past 14 years. Although the prevailing rent for a two-bedroom is \$350 to \$450, there are two high quality rental projects in Breckenridge that have two-bedroom rents ranging from \$900 to \$985.

Tax Credit

There is one tax credit assisted rental project in Breckenridge, Ridgeview Townhomes. Ridgeview Townhomes has a total of 12 general occupancy units, which includes eight two-bedroom and four three-bedroom units. The project was constructed in 1998.

Occupancy/Vacancy

Ridgeview Townhomes reported full occupancy, however, the manager reports that there have been on-going vacancy problems. Tenants must have an annual income under 60% of median income to qualify for a unit.

Rental Rates

The tax credit program establishes a maximum rent level for units assisted under the program. The rents being charged by Ridgeview Townhomes is below the maximum limits set by the federal government. The rent levels for Ridgeview Townhomes is as follows:

2 Bedroom	\$525
3 Bedroom	\$585

Subsidized Summary

The survey contacted five subsidized rental projects with a total of 166 units. The five projects include two senior/handicap/disabled buildings and three general occupancy projects.

Occupancy/Vacancy

There were 34 vacant units in the subsidized projects, for a vacancy rate of 20.5%. All of the subsidized projects reported vacancies. York Manor and Park Manor each reported 13 vacancies, however, both managers reported that the occupancy rates have improved substantially over the past year. York Manor and the Scattered Site Public Housing each reported two vacancies. Appletree Court reported four vacancies. **In 1996, the Maxfield Study reported a 20.3% vacancy rate.**

Unit Mix

The unit mix of the five projects with 166 units is as follows:

- ▶ 138 (83.2%) one-bedroom
- ▶ 24 (14.4%) two-bedroom
- ▶ 4 (2.4%) three-bedroom

Rental Rates

In some of the subsidized units, tenants receive rent assistance that allows for rent based on 30% of tenant household income. Tenants without rent assistance pay 30% of income, but not less than a basic unit rent established for the project. The base rent levels are typically lower than prevailing rents in the community, although, because of the low rent structure in the City of Breckenridge, base rents in the subsidized projects are comparable to market rate rents.

The Housing Voucher Rent Assistance Program also provides subsidized housing. This Program provides tenant-based rent assistance and can be used in any suitable rental unit. However, Wilkin County is one of only two counties in the State of Minnesota that does not have a Housing Voucher Rent Assistance Program.

Senior Housing with Services

Three senior housing with services projects were included in the survey. Twin Town Villa is a 50-unit assisted living project. Pioneer Cottage is an 18-bed memory care facility and Appletree Court provides light services. We have also included Appletree Court in the subsidized section as it is a HUD subsidized project.

Occupancy/Vacancy

Twin Town Villa and Pioneer Cottages both reported no vacancies and excellent occupancy rates. Appletree Court reported four vacancies and the manager reports on-going vacancy problems.

Rental Rates

Appletree Court is a HUD subsidized project with income limits for occupancy. Appletree Court charges rent based on 30% of adjusted gross income.

Twin Town Villa's basic rent ranges from \$1,810 to \$2,200 based on the size of the unit. The rent includes housekeeping, laundry, utilities, a noon meal, etc. Additional services can be purchased a la carte.

Pioneer Cottages rents are \$3,950 for a double room and \$4,285 for a single room. The rent includes all services and amenities.

City of Breckenridge

Breckenridge Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
411 4 th St. S.	1 - 1 Bedroom 5 - 2 Bedroom 6 total units	Not available	No vacancies	Mix of tenants	Six-unit complex constructed in 1986. Units are usually fully occupied.
Wilkin Properties 419 Wilkin Ave.	2 - Efficiency 9 - 1 Bedroom 12 - 2 Bedroom 23 total units	\$235 \$285-\$310 \$385	1 vacant 2-bedroom unit	Mix of tenants	Constructed in 1976. Tenants pay heat and electricity. Manger reports that the units are usually fully occupied. Garages are available for \$25-\$30 per month.
Catherine Apts. 730 & 736 5 th St. N.	2 - 1 Bedroom 22 - 2 Bedroom 24 total units	\$275 \$345-\$360	No vacancies	Mix of tenants	Constructed in 1976. Manager reports that the units are usually fully occupied. Heat is included in rent. Garages available for \$25 per month.
1116-1122 Andrews Ave.	4 - 2 Bedroom 4 Total Units	Not available	No vacancies	Mostly seniors	Townhouse style four-plex. Tenants pay electricity. Owner reports that the units are always fully occupied.
Willows & Maplewood Senior Living	3 - 1 Bedroom 13 - 2 Bedroom 16 total units	\$860 \$960-\$985	2 vacant 1-bedroom units	55 and over	Townhouse style units. Eight units constructed in 2005 and eight units constructed in 2008. Currently two vacancies, but units have always been fully occupied and owner reports that the vacant units will be rented soon. Units are high quality and have many amenities. Tenants pay all utilities.
Harvest Field Estates	4 - 2 Bedroom 4 total units	\$850-\$900	No vacancies	Mostly seniors	Townhome style units five years old. Two units have single car garage and two units have double garage. Units are high quality with many amenities. Tenants pay all utilities.
802 Minnesota Ave.	1 - 1 Bedroom 4 - 2 Bedroom 5 total units	N/A	No vacancies	Mix of tenants	Currently no vacancies. Owner reports occasional vacancies.
286 Wegener	1 - 1 Bedroom 3 - 3 Bedroom 4 total units	\$400 \$450	1 vacancy	Mix of tenants	Currently one vacancy. Utilities included in rent.

City of Breckenridge

Breckenridge Multifamily Rental Housing Inventory

Greenquist Apts. 502 1/2 Minnesota Ave.	5 - Efficiency 5 - 1 Bedroom <u>1 - 2 Bedroom</u> 11 total units	\$250-\$275 \$350-\$400 \$350	No vacancies	Mix of tenants	Owner reports that there are currently no vacancies, but there are typically one to two vacancies. Units were rehabilitated in the late 1990s.
Subsidized					
York Apts. 405 & 415 9 th St. S.	<u>16 - 2 Bedroom</u> 16 total units	30% of income \$501 basic \$590 market	2 vacancies	Mostly families	Rural Development project constructed in 1986. Twelve of the 16 units have rent assistance. The two vacancies are in the market rate units. Tenants pay electricity. Until recently, four vacancies were common.
York Manor 415 5 th St. S.	47 - 1 Bedroom <u>1 - 2 Bedroom</u> 48 total units	30% of income \$501 market \$608 market	13 vacancies	Seniors, disabled	HUD Section 8 project constructed in 1980. There were 33 vacancies, but new management has reduced the vacancies to 13. Tenants pay heat and electricity. Three tenants pay market rent.
Park Manor 415 5 th St. S.	71 - 1 Bedroom <u>1 - 2 Bedroom</u> 72 total units	30% of income \$350 Max. \$50 Min.	13 vacancies	14 seniors, remaining tenants are non-seniors, several seniors are disabled	HUD Public Housing constructed in 1970. Manager reports 13 vacancies, but nine vacant units need renovation before they can be rented. Manager has applied to HUD to convert five vacant units into three larger units. Several other units are being remodeled. Other improvements include heating and air conditioning, new toilets and new faucets. One year ago the occupancy rate for Park Manor was 40%.
Scattered Site Public Housing	6 - 2 Bedroom <u>4 - 3 Bedroom</u> 10 total units	30% of income	2 vacancies	Mostly families	The 10 units include three two-bedroom duplexes and four single family three-bedroom homes. There is a waiting list for these units. One duplex is being renovated, thus, the two current vacancies.
Appletree Court Senior Living	<u>20 - 1 Bedroom</u> 20 total units	30% of Adjusted Gross Income	4 vacancies	All seniors	HUD subsidized senior project constructed in 1998. Manager reports higher vacancies since hospital and nursing home moved to new facility. Tenants pay electricity, but have a utility allowance. Laundry and housekeeping services provided.

Rental Inventory/Findings and Recommendations

Breckenridge Multifamily Rental Housing Inventory

Tax Credit

	8 - 2 Bedroom 4 - 3 Bedroom 12 total units	\$524 \$585	No vacancies	Families	Tax credit project constructed in 1998. Manager reports on-going vacancies, although currently fully occupied. Tenants pay electricity. Tenants must be 60% or less of median income.
Senior with Services					
Ridgeview Townhomes					
Twin Town Villa - Assisted Living	36- 1 Bedroom 4 - 1 Bedroom/Den 10 - 2 Bedroom 50 total units	1,810-1,977 2,340 2,117-2,220	No vacancies, waiting list	All seniors	New 50-unit assisted living facility. Fully occupied with a short waiting list. Rent includes housekeeping, laundry, utilities, noon meal, security system. Additional services can be purchased a la carte based on tenant's needs.
Pioneer Cottages	6 single bedrooms 6 double bedrooms 18 residents capacity	\$3,950 \$4,285	No vacancies	All seniors	Memory care facility constructed in 2006. Manager reports that the facility has a high occupancy rate. Rent covers all services and amenities including meals, laundry, housekeeping, activities, etc.
Appletree Court Senior Living	20 - 1 Bedroom 20 total units	30% of Adjusted Gross Income	4 vacancies	All seniors	HUD subsidized senior project constructed in 1998. Manager reports higher vacancies since hospital and nursing home moved to new facility. Tenants pay electricity, but have a utility allowance. Laundry and housekeeping services provided.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Growth patterns for the City of Breckenridge show a modest population loss in the 1990s and significant population losses from 2000 to 2010. Between 1990 and 2000, the City's population decreased by 149 people. From 2000 to 2010, based on Claritas, Inc. estimates, Breckenridge's population decreased by 345 people. The 2009 U.S. Census estimate shows a loss of 374 people.

During the 1990s, Breckenridge experienced a slight loss of 39 households. According to Claritas, Inc. estimates, Breckenridge experienced the loss of 125 households from 2000 to 2010.

All of Wilkin County has experienced population losses since 1990. From 1990 to 2000, Wilkin County lost 378 people and experienced a loss of 901 people from 2000 to 2010. Wilkin County experienced the loss of 53 households in the 1990s and lost 308 households from 2000 to 2010.

The total Market Area, which includes the Cities of Wahpeton and Breckenridge and the Counties of Richland and Wilkin, has lost population since 1990, with the most significant losses from 2000 to 2010. The Market Area did gain households in the 1990s, but experienced significant household losses from 2000 to 2010.

The City of Breckenridge, Wilkin County and the Market Area all have less households in 2010 than in 1990.

Findings on Growth Projections

As part of this Study, we have used household projections to the year 2015. These projections have been calculated by Community Partners Research, Inc., and Claritas, Inc.

All the projections for the City of Breckenridge expect a decrease in the number of households. The projections show a household loss in the range of 36 to 84 households. The projection based on 10-year trends projects a loss of 57 households, while Claritas, Inc. projects a loss of 84 households. Population projections expect a loss in the range of 142 to 223 people in the City by 2015.

The available projections for all of Wilkin County show the probable loss of between 330 and 511 people and between 79 and 177 households through the year 2015.

The Market Area is also expected to experience population and household losses through the year 2015. It is projected that the Market Area will lose between 912 and 1,660 people and between 106 and 553 households through 2015.

Findings on Growth Projections by Age Group

Claritas, Inc. has generated household by age projections. These projections partly reflect growth from new households that will be formed, or that will move into or out of the County or Market Area. The projections also reflect the aging-in-place of the existing households during the next five years. Projections by age can be very informative for calculating future housing demand, as strong preferences in tenure, style, price and features are evident within defined age ranges. Community Partners Research, Inc. has adjusted the Claritas, Inc. household by age projections based on additional demographic data.

On the page that follows, we have used these household by age projections to form projections on future demand by tenure. The table below provides change by age range for Richland County, Wilkin County and the Market Area between the year 2010 and the year 2015. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could alter these expectations.

Projected Net Demand Change by Tenure and Age - 2010 - 2015						
	Richland County		Wilkin County		Market Area	
Age	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter
25-34						
35-44						
45-54						
55-64						
65-74						
75-84						
85+						

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes through the five-year projection period with past tenure preferences results in a forecast of the tenure mix that will be needed for new housing unit demand between 2010 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2000 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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

Demand from Growth - The best available projections for Wilkin County expect household losses, thus, the demand for housing based on household growth is very limited. There are several age ranges including the 25 to 34, 55 to 64, 65 to 74 and 85 and over, which are projected to add households which will generate limited need for some housing types and options.

Replacement of Lost Rental Units - It is often difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. It is also probable that some rental unit losses have also occurred due to conversion, as single family houses once used for renter occupancy have been sold and are now owner occupied housing. Comparing Census data from 1990 to 2000, and building permit information from 2000 to 2010, it appears that Breckenridge has gained 70 rental units from 1990 to 2010.

Replacement of Lost Owner Occupancy Units - Owner occupied units have been lost in the City of Breckenridge due to flood protection projects. Also, some substandard houses have been demolished.

Pent-Up Demand - The third primary demand-generator for new housing is caused by current, unmet demand from existing households, referred to as pent-up demand. Certain demographic segments of the market are growing, such as the number of households in the 55 to 74 age ranges. As a result, housing options that are age-appropriate for “empty-nester” and senior households may be in short supply. Our estimates of pent-up demand will be addressed in the specific recommendations that follow.

Findings on Unit Demand by Type of Housing

Findings: Based on the household by age projections presented earlier, the changing age composition of Wilkin County's population through the remainder of the decade will have an impact on demand for housing. We have examined the projected changes by age group in Wilkin County in the descriptions that follow.

Age 24 and Younger - The projections used for this Study expects a small decrease of nine younger households in the County through the year 2015. Past tenure patterns indicate that as many as 78% of the households in this age group will rent their housing. Households in this age range tend to have a median income that is well below the overall median. A decrease in households in this age range should mean that rental demand from younger households will decrease slightly, for the remainder of the decade.

25 to 34 Years Old - The projections show an increase in this age cohort, with an expected addition of 29 households in the County by 2015. Within this age range younger adult households often move from rental to ownership housing. The ownership rate among these households was approximately 79% in 2000, compared to a home ownership rate of only 22% for younger households, under age 25. The projected increase within this age range will generate additional demand for both first-time home buyer opportunities, and to a lesser extent for rental housing.

35 to 44 Years Old - This 10-year age cohort is expected to decrease by 84 households through the year 2015. It is important to note that this loss of households does not necessarily mean that these younger households are moving out of the area. This age group represents the "baby bust" generation that followed behind the "baby boomers". This age group represents a much smaller segment of the population than immediately older age ranges. As aging patterns progress, there are fewer of these households following behind the aging baby boomers. In the past, this age group has had a high rate of home ownership, at approximately 87%. Households within this range often represent either first time buyers or households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - This age cohort represents the tail-end of the large, "baby boom" generation. However, Claritas, Inc. projections show a significant decrease of 122 households in the County between 2010 and 2015. This age group historically has had a high rate of home ownership, at approximately 90% in 2000, and will often look for trade-up housing opportunities. Fewer households in this age range will lower demand for home ownership and trade-up housing.

55 to 64 Years Old - The leading edge of the baby boom generation will be in this age cohort during the next five years. The projections show an expected increase of 46 additional households in this 10-year age range in the County by the year 2015. This is the largest growth of any 10-year age cohort in the County. This age range has traditionally had a very high rate of home ownership, at approximately 89%. Attached housing construction, such as town houses or twin homes, 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. Trade-up housing will also appeal to this age group, as they will generally have equity from the sale of their previous home, as well as higher incomes and asset accumulation.

65 to 74 Years Old - Slight growth is also expected within this age range by the year 2015, with the expected addition of approximately eight households. Households in this younger senior range will typically begin moving to other life-cycle housing options as they age. However, younger seniors are still predominantly home owners. At the time of the 2000 Census, this age group had a home ownership rate of approximately 88%. Once again, ownership preferences for low maintenance housing, such as town house units, should grow, although this will primarily be from increased market share as these types of units gain greater acceptance within the marketplace.

75 to 84 Years Old – The household count in this age cohort is expected to experience a slight decrease of five households. In the past, households within this 10-year age range have had a high rate of home ownership, at approximately 60%. 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. With the decrease in households, the need for senior with services housing will be based on pent-up demand rather than household growth.

85 Years and Older – The 85 and older age range is expected to remain stable with the projected gain of only one household. Historic home ownership rates in this age group have been relatively low, at approximately 60% in 2000. Senior housing with services options in the area will help to address the needs of this population of older seniors.

These demographic trends will be incorporated into the recommendations that follow.

Strengths for Housing Development

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

- ▶ **Breckenridge/Wahpeton is the regional center for the area** - Breckenridge/Wahpeton is the regional center serving Wilkin and Richland Counties and portions of surrounding counties. The Cities provide employment opportunities, retail options, government services, health and professional services, and cultural amenities for a large surrounding trade area.
- ▶ **Affordably priced housing stock** - The City of Breckenridge has a relatively large stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is \$79,200. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for both lower income and market rate households. An increasing amount of new construction is providing new housing options, including townhouses, senior with services housing, etc.
- ▶ **Adequate land for development** - The City has adequate land available for both residential and commercial/industrial development.
- ▶ **Housing developers in the City** - Breckenridge has housing developers that are willing to invest in housing projects in the community, including rental housing, attached ownership housing and single family development.
- ▶ **Breckenridge Port Authority** - The Port Authority has been active in developing subdivisions and promoting new housing construction.
- ▶ **Proximity to Fargo and Fergus Falls** - Breckenridge is located within commuting distance of Fergus Falls and Fargo, which have employment, service, commercial and entertainment opportunities.
- ▶ **State, Federal, Non-Profit Funds** - The City and its developers have leveraged local funds for housing activities over the years with other resources including State, Federal and Non-Profit Funds. This experience in obtaining funds and the City's track record in appropriately utilizing the funds will continue to serve the City well when seeking funds in the future.
- ▶ **School system** - The City has a good public K-12 school system.
- ▶ **Health facilities** - The City has an excellent new hospital.
- ▶ **Infrastructure** - Breckenridge's water, sewer and electrical power infrastructure is in good condition and can accommodate future expansion.

- ▶ **Commercial development** - Breckenridge's commercial district is adequate to meet daily needs.
- ▶ **Housing Agencies** - Several housing agencies have the capacity to provide financing and administrative services for housing projects and programs in the City of Breckenridge.
- ▶ **Home prices** - Some existing homes are selling at prices in the \$150,000 to \$250,000 range. This provides confidence for developers, builders and households to construct new homes.
- ▶ **Incentives** - Breckenridge has incentives available which reduce the price of residential lots.

Barriers or Limitation to Housing Activities

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

- ▶ **Competition with Wahpeton** - Breckenridge is competing with Wahpeton as well as other surrounding communities for new residents and household growth.
- ▶ **Staff capacity limitations** - The City operates with limited personnel. It is very difficult for existing staff with current responsibilities to develop new housing initiatives.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Competition with Fergus Falls and Fargo** - Although it is an asset to be located within commuting distance of Fergus Falls and Fargo, it can also be a barrier to new housing construction. These cities have more employment, service, retail and entertainment opportunities. The amenities Fergus Falls and Fargo have to offer will often make them the preferred location for many households.
- ▶ **Limited employment opportunities** - Breckenridge does not have a large number of major employers which limits the number of job opportunities.
- ▶ **Population and Household losses** - Since 2000, Breckenridge's population and number of households has decreased.
- ▶ **Housing Agencies** - Although the City has access to several housing agencies, recent housing activity by these agencies in the City of Breckenridge has been limited.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Breckenridge. They are based on the following strategies:

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

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in

achieving the other objectives. For example, overbuilding new rental housing units could lead to vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Breckenridge.

Summary of Findings/Recommendations

The findings/recommendations for the City of Breckenridge have been formulated through the analysis of the information provided in the previous sections and include 17 recommendations. The findings/recommendations have been divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop six to eight general occupancy market rate rental units.
2. Monitor the need for subsidized / tax credit rental housing.
3. Develop eight senior designated market rate rental units.
4. Develop 57 to 70 senior with services rental units for the entire Market Area.
5. Apply for Housing Choice Voucher / Section 8 Existing Program allocation from HUD.
6. Maintain and preserve the existing supply of subsidized housing.

Home Ownership

7. Utilize and promote all programs that assist with home ownership.
8. Develop a Purchase / Rehabilitation Program.

New Construction

9. Lot Availability and Development
10. Promote townhouse, twin home and cooperative housing development.
11. Utilize in fill lots for housing development.
12. Develop home ownership awareness programs.

Housing Rehabilitation

13. Promote rental housing rehabilitation programs.
14. Promote on-going owner-occupied housing rehabilitation efforts

Other Housing Initiatives

15. Consider the submission of an application for Minnesota Small Cities Development Program funds.
16. Acquire and demolish dilapidated structures.
17. Create a plan and continue coordination with area housing agencies.

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. Breckenridge has had private rental production as well as units developed through State and Federal production programs over the past 20 years. Units produced with public subsidies generally have income and rent restrictions that limit occupancy to low and moderate income people. Many units that have been produced since 2000 that have not utilized public subsidies have served specific segments of the rental market such as the elderly population.

Since 2000, multi-family rental unit development has included 50 assisted living units in Twin Town Villas, Pioneer Cottages, an 18-bed memory care facility, the Willows and Maplewood Senior Living, which include two eight-plex townhouse projects, and Harvest Field Estates, a four-plex townhouse project.

As part of this study a rental survey was conducted. A total of 343 rental units in 17 buildings were contacted. The survey showed that 12.2% of the market rate, tax credit and subsidized units surveyed were vacant. This is significantly out of the range of 3% to 5% which is considered a healthy market to allow for unit choice and availability and to also assure the viability and profitability of the rental project. However, there is a pent up demand for certain types of rental housing. Also, a variety of new rental units may attract more households to Breckenridge.

We recommend that the new rental units over the next five years from 2010 to 2015 include:

▶	General Occupancy Market Rate	6-8 units
▶	Subsidized/Tax Credit	0 units
▶	Senior Designated	8 units
▶	Senior with Services	
	• Assisted Living	22-26 units
	• Senior with Light Services	20-24 units
	• Memory Care	<u>15-20 beds</u>
	Total	71-86 units and beds

*** Please note that the 71-86 senior with services unit recommendations are for the entire Market Area and are also included in the Wahpeton recommendations.**

1. Market need for 6-8 general occupancy market rate rental units

Findings: Breckenridge has a market rate rental housing vacancy rate of 4.1%, which is in the middle of the healthy market range. Two of the four reported vacancies were in a senior designated market rate project and the owner reported that the units are usually fully occupied.

Most of the market rate rental projects are over 30 years old. Wilkin Properties, with 23 units, and Catherine Apartments, with 24 units, were constructed in the mid 1970s. Both of these projects have very high occupancy rates, however, the rent structure in the project is very low with two-bedroom units renting in the \$360 to \$385 range.

There are also several small four-plex projects in Breckenridge that are in good condition and report high occupancy rates.

The most recent market rate general occupancy rental project constructed in Breckenridge is Harvest Field Estates, a four-unit townhouse project. The owner reports a good occupancy rate.

Two market rate eight-unit townhome projects have also been constructed over the five years, The Willows and Maplewood. However, these units are senior designated.

In 1998, Ridgeview Townhomes, a 12-unit tax credit project, was constructed. Although this project is not a market rate project, it does serve moderate income households with rents of \$525 for a two-bedroom unit and \$585 for a three-bedroom unit. The manager reports that although the project is currently fully occupied, there have been on-going vacancies.

Through the year 1015, there is a projected loss in Wilkin County of 136 households, thus, there is no demand for market rate rental housing based on household growth.

Recommendation: We would recommend the development of six to eight market rate rental housing units. A town home style project, similar to Harvest Field Estates, would be the preferred style, to cater to active renter households. We are making this recommendation based on the success of the high quality units that have been constructed in Breckenridge in recent years. Also, it is healthy for the market to bring new units into the housing stock.

We are making a modest market rate general occupancy recommendation of six to eight units based on projected household losses and rental projects that are already on the market.

The unit mix and rents should be as follows:

**Recommended unit mix, sizes and rents for the Breckenridge
Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	3-4	1,000-1,100	\$850-\$900
Three Bedroom	3-4	1,150-1,250	\$950-\$975
Total	6-8		

Note: The recommended rents are quoted in 2010 dollars and do not include utilities.

2. Monitor the Need for Subsidized/Tax Credit Rental Housing

Findings: The City of Breckenridge has two general occupancy subsidized housing projects, two subsidized senior/disabled projects, one subsidized senior project and one general occupancy tax credit project.

All of the subsidized/tax credit projects with the exception of the scattered site public housing , report vacancy problems. The two senior/disabled projects, York Manor with 48 units, and Park Manor, with 72 units, each reported 13 vacancies. Both projects had much higher vacancies, however, renovation and new management at both projects have reduced vacancies. Nine of the vacant units at Park Manor are not being rented until they are renovated. Appletree Court, a senior project with 20 units, currently has four vacancies. The manager reports vacancy problems since the new hospital was constructed.

York Apartments is a 16-unit general occupancy project. The manager reports that two to four vacancies is common. The 10-unit scattered site public housing project is always fully occupied. A duplex is currently being renovated, thus, there are two current vacancies in the scattered site project. The tax credit project, Ridgeview Townhomes, is currently fully occupied, but the manager reports on-going vacancy problems.

According to 2010 income estimates, there are 254 Breckenridge and 555 Wilkin County households with annual incomes below \$25,000. These households can only afford \$625 per month or less for housing costs, without experiencing a cost burden, thus, there is a need to maintain a sufficient supply of subsidized housing in Breckenridge.

Recommendation: Based on the current vacancies in Breckenridge subsidized/tax credit projects, we recommend no new units, however, the need for units in the future should continue to be monitored.

At this time, it is very difficult to construct new subsidized housing units to serve very low income people. Very few subsidy production resources remain available at the State or Federal level for 'deep subsidy' housing.

We believe that the best opportunity to create affordable rental housing in Breckenridge, if needed in the future, would be through the federal low income housing tax credit program. However, in

addition to tax credits, we believe that additional subsidies will be needed to achieve a lower unit rent structure that can serve low income households.

A future subsidized/tax credit project would need to target a low rent level. In some projects, additional subsidy sources have been used along with tax credits to generate more affordable units. For example, the Nicollet Meadows project in St. Peter, MN, used additional State and Federal funding sources along with tax credits to create units that serve households at or below 30% of County median income.

3. Develop eight senior designated market rate rental units

Findings: The City of Breckenridge has two eight-unit senior designated market rate rental projects, The Willows and Maplewood. The projects were constructed in 2005 and 2008. The rent structure ranges from \$860 to \$985. The units are almost always fully occupied and have been very successful. The units are townhome style and have many ‘state of the art’ amenities.

The 55 to 74 age ranges in Wilkin county are projected to add 54 households between 2010 and 2015.

Recommendation: We recommend the construction of an eight-unit townhome style senior designated market rate project. The project should be similar to The Willows and Maplewood projects with high quality and ‘state of the art’ amenities.

We recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	8	1,200-1,300	\$975-\$1,000
Total	8		

Note: Rents are quoted in 2010 dollars and do not include utilities.

4. Develop 57 to 70 senior housing with services rental units

Findings: Wahpeton/Breckenridge serves as the regional center for Richland and Wilkin Counties and portions of surrounding counties and provides employment opportunities, retail, government services, health services and entertainment/cultural opportunities. The two cities also provide a large share of the rental housing for the immediate area and also supplies a variety of life-cycle housing options for seniors as they age.

Demographic projections indicate that the number of the entire Market Area’s senior households, age 65 to 74, is projected to gain 109 households over the next five years, however, the 75 and over age ranges are projected to lose 58 households.

Breckenridge has three projects that provide senior services. Twin Town Villa is a 50-unit assisted living project. There are no vacancies and there is a waiting list.

Pioneer Cottages is an 18-bed memory care facility. This facility also has no vacancies.

Appletree Court is a 20-unit HUD subsidized senior project that provides light services including laundry and housekeeping. This project has four vacancies.

Currently, there is one project in Wahpeton that provides senior services. Leech Home has 39 beds and provides a variety of services including meals, housekeeping, laundry, bathing, etc. There is currently one vacancy.

Fourth Ave. Manor, a 24-unit senior project in Wahpeton, is not considered a senior with services project, however, it does have an emergency call system, common area and provides activities.

St. Catherine's Living Center in Wahpeton is in the planning phase of developing assisted living units. Also, there have been discussions to renovate a college residence hall into senior with services units.

Recommendation: Our recommendations for senior housing with services have been organized by unit type. **The senior with services recommendations are for the entire Market Area, thus, these recommendations are also included in the Wahpeton recommendations section.**

Assisted Living: According to Claritas, Inc. estimates, there will be approximately 1,720 seniors age 75 and older in the Market Area by the year 2015.

Based on our research in other communities, we believe that assisted living units can usually achieve a market share of up to 6% of the senior population age 75 and over. For the Market Area, this would indicate a need for 100 to 105 assisted living units by the year 2015.

With the 50 units in Twin Town Villa and the 39 beds at Leech Home addressing some of the assisted living need, there is still a projected need for 22 to 26 additional assisted living units in the Market Area over the next five years.

Senior with Light Services: Senior with light services projects provide limited services such as a noon meal, laundry and housekeeping. These projects do not provide the range of services that an assisted project provides, but are a senior living option between independent living and assisted living.

Based on Claritas, Inc. projections, there will be approximately 1,766 seniors in the 65 to 74 age range and 1,720 Market Area seniors in the 75 and older age ranges by the year 2015. We are projecting that senior with light services projects will achieve 1.5% of the seniors in the 65 to 74 age range and 2.5% of the seniors in the 75 and older age ranges. For the Market Area, this indicates a need for 65 to 70 senior with services units in the Market Area by the year 2015.

Appletree Court and Fourth Ave. Manor are addressing some of the Market Area's need for senior with light services, however, Appletree Court has income restrictions and Fourth Ave. Manor has limited services. Therefore, there is still a projected need for 20 to 24 senior with services units in the Market Area.

Memory Care: There is currently 18 memory care beds in the Pioneer Cottage facility in Breckenridge. This project has a high occupancy rate.

Based on the occupancy rate in the Pioneer Cottage facility and the projected senior population in the Market Area in 2015, it is estimated that there is a need for 15 to 20 additional memory care beds over the next five years.

We recommend that these beds are constructed as an addition to an existing memory care project, assisted living project or nursing home. This will provide maximum flexibility for unit occupancy.

5. Apply for Housing Choice Vouchers/Section 8 Existing Program allocations from HUD

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

Currently, Wilkin County is one of only two counties in the State of Minnesota that does not have a Housing Voucher Program.

Recommendation: From a practical standpoint, the Housing Choice Voucher Program is the single best way that Breckenridge can provide affordable housing. The City of Breckenridge and Wilkin County should continue their efforts to obtain funding to develop and implement a Housing Voucher Program.

6. Maintain and preserve the existing supply of subsidized housing

Findings: Breckenridge has a number of “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. Several of these projects were constructed in the 1970's or early 1980's when the federal government was actively involved in producing low income housing.

This 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 their housing.

Some of the subsidized stock is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. This often occurs in communities with low vacancy rates, where owners see the potential to convert subsidized housing to market rate housing in response to demand for units. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Recommendation: Minnesota Housing Finance Agency tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. MHFA is not aware of any projects in Breckenridge that are at risk of opting out of their subsidy contract.

MHFA is able to offer mortgage restructuring options to the subsidized housing owners that are interested in dropping their subsidy contract. One option is to restructure the current debt through a second mortgage which allows owners to cash-out a portion of their equity in the property. A second option allows assumption and assignment of existing debt to a non-profit owner.

Although it does not appear that any subsidized projects are at risk in the near-term, the local Port Authority and area housing agencies should be prepared to intervene, if required, to preserve subsidized developments in Breckenridge. There are numerous examples of public agencies that have stepped in to purchase privately owned subsidized housing to keep it as part of the available, affordable housing stock.

The Port Authority and area housing agencies should monitor the subsidized rental projects in Breckenridge so they are aware of any project that is considering opting out of its subsidy contract.

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Breckenridge is estimated to be \$79,200. With approximately 50% of the homes in Breckenridge valued under \$79,200, Breckenridge has a good market for first time home buyers and households seeking moderately priced homes. The affordable price of Breckenridge homes, is very attractive when compared to prices in some of the larger cities within commuting distance of Breckenridge.

Our analysis of Wilkin County demographic trends shows an increasing population of households in the traditionally strong home ownership age ranges between 55 and 74 years old. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments.

Also, the number of households in the 25 to 34 age range is expected to increase in Wilkin County. Households in these age ranges are typically first-time home buyers. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as the homes in Breckenridge.

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

7. Utilize and promote all programs that assist with home ownership

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

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the City's median home value at \$79,200, many of the homes in the existing housing stock in Breckenridge is valued under purchase price limits for first-time home buyer assistance programs.

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

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

Recommendation: Breckenridge and area housing agencies should utilize all available home ownership assistance programs to promote home ownership. The City, in coordination with other Wilkin County Cities, should also explore the possibility of obtaining specific program set-asides for home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity.

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

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, Fannie Mae, the Greater Minnesota Housing Fund and the Minnesota Small Cities Development Program.

8. Develop a Purchase/ Rehabilitation Program

Findings: Breckenridge has a stock of older, lower valued homes, some of which need repairs. The median estimated market value for homes in Breckenridge is \$79,200. As some of the homes below the median price come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

The Minnesota Housing Finance Agency has provided funding in the past to develop a Purchase/Rehabilitation Program. Under the program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family. The Program accomplishes many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units.

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

The Purchase Plus Program is also an MHFA Program that provides mortgage funds for the purchase and rehabilitation of substandard existing homes. This Program could also be utilized in Breckenridge.

Recommendation: We recommend that the City of Breckenridge consider the creation of a purchase/rehabilitation program. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, over 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The programs will encourage home ownership, prevent substandard homes from becoming rental properties and rehabilitate homes that are currently substandard. Area housing agencies and financial institutions could offer some rehabilitation assistance in conjunction with its first-time buyer programs to make the City's older housing a more attractive option for potential home buyers.

In addition to MHFA funds, SCDP funds can be utilized to fund a purchase/rehabilitation program or to leverage MHFA funds.

New Housing Construction

Findings: Breckenridge has experienced relatively strong single family owner occupied family housing construction in recent years for a City of its size. From 2000 to 2010, 64 single family homes have been constructed in Breckenridge, which is an average of five to six homes per year. The peak years for new construction were 2002 when 12 owner occupied units were constructed, 2005 with nine new homes and 2006 when 10 homes were constructed. Prior to 2000, after the 1997 flood, 80 homes were constructed in Breckenridge from 1997 through 1999. However, in 2008 no new owner occupied units were constructed, in 2009 three homes were constructed and through June, 2010, two owner occupied units have been constructed.

The attractiveness of the community, the City’s status as a small regional center, the area’s amenities and incentives that are available to buy lots at a reduced price, should result in the construction of new homes annually. However, attractive residential lot options must continue to be available for new home construction to take place over the next five years.

Household growth projections for Wilkin County indicate some limited demand for owner-occupied housing construction. Most of the growth that is anticipated through 2015 in Wilkin County will be among households in the age ranges between 55 and 74 years old. This age range is projected to increase by 54 households by 2015. 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. There is also growth projected in the County among younger households, in the 25 to 34 year old range. This age range is projected to increase by 29 households by 2015. Many of the households in these age ranges are first time home buyers.

It is our opinion that if the City, Port Authority and developers are proactive, five to eight homes can be constructed annually in Breckenridge over the next five years. This projection is based on the availability of attractive residential lots for new construction. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family owner occupied attached housing units, such as twin homes and town houses.

The breakdown of our projection of five to eight new owner occupied housing units annually is as follows:

• Higher & median price homes	1-2 homes
• Affordable homes	1-2 homes
• Homes on In-Fill lots	1 home
• Twin homes/Town homes	<u>2-3 units</u>
Total	5-8 units

Note: Please note that we are recommending a twinhome/townhome development for either Breckenridge or Wahpeton. The current market is not large enough for a successful twinhome/townhome development in both Cities.

9. Lot Availability and Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Breckenridge. Currently, there are approximately two lots available in the Gewalt Subdivision, five lots in Heritage I, 12 lots in Heritage South, three lots in Oak Park Estates and three lots in the Northland Subdivision. There are also a few other miscellaneous lots available. It is estimated that there are currently 24 to 26 lots available in the City's subdivisions.

In addition to these lots, there are also several infill lots scattered around the City that we did not attempt to count. We also do not know the availability of some of these infill lots.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that between five to eight new houses will be constructed per year, the City should have approximately 13 to 20 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Breckenridge, with 24 to 26 lots, plus in fill lots, currently has an adequate number of available lots.

However, the Port Authority should continue to plan for the development of lots, including the completion of the infrastructure in Heritage South, as there will be a need for lots in three to four years. Also, some of the lots on the market may not be desirable for new construction and there may be a demand for certain types of lots.

10. Promote townhouse, twin home and cooperative housing development

Findings: Breckenridge has not experienced attached owner occupied housing development in recent years, although, there have been 20 attached rental units constructed since 2005. Many communities have seen attached housing take an increasingly large share of new construction activity over the last decade.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that the 55 to 74 age ranges in Wilkin County will increase by 54 households and the entire Market Area will add 301 households in the 55 to 74 age ranges by the year 2015. It is important for the City to offer a range of life-cycle housing options to these households as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that approximately 30% of the City of Breckenridge's new single family construction will be twin home/town home construction over the next five years, which is approximately two to three units annually or a twinhome/townhome development of 10 to 15 units over the next five years.

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

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

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

Please note that a twinhome/townhome development has been recommended for either Breckenridge or Wahpeton. The current market is not large enough for a successful development in both Cities over the next five years.

Another opportunity to develop owner occupied senior housing is a Co-op concept. The senior household purchases a unit and also pays a monthly maintenance fee. At the time of sale, the household is guaranteed the original purchase amount plus a predetermined profit.

Typically, the developer pre-sells a percentage of the units prior to construction, thus, assuring a successful project.

A Co-op has recently been developed in Fergus Falls and the project has been very successful. A similar, but smaller project may be feasible in Breckenridge.

11. Utilize infill lots for housing development

Findings: There are several infill lots in the City that already have access to municipal services. Some of these lots are buildable. The buildable lots represent an affordable option for new home construction.

Our 2010 housing condition analysis of the single family homes in Breckenridge identified four homes that were dilapidated and beyond repair. Also, 85 homes needed major rehabilitation and some of these homes also may be beyond repair. In a separate recommendation, we have promoted the acquisition and clearance of substandard houses. Once demolished, some of the cleared lots could be suitable for reuse.

Recommendation: We recommend that the City coordinate with developers and non-profit agencies such as Habitat for Humanity to construct affordable homes on infill lots. The City and Port Authority can access several programs through MHFA, SCDP, GMHF and other sources to assist with affordable housing development. Resources are also available through the Minnesota Department of Corrections or Youth Build grants that can provide low-cost labor.

The City of Breckenridge can contribute to infill development through land negotiations, land

donations, grant writing, project coordination, TIF funding, etc.

A goal of constructing one moderately priced homes annually over the next five years on infill lots appears to be realistic. To be successful, the housing units should not exceed \$120,000 and programs should be available to further reduce the purchase price for the buyer. Also, the most appealing infill lots should be identified and utilized. As housing units are constructed and sold, a revolving fund could be developed and an infill housing program could be self sustaining.

12. Develop home ownership awareness programs

Findings: Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, 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 home buyers and builders.

Recommendation: We recommend the continued creation of Informational Brochures that describes the lots, builders and financing programs that are available in Breckenridge. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. A “How-To” brochure with pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, etc. Local employers should be contacted to assess their interest and possible participation in the event.

These awareness programs do not have to be “City” projects but could possibly be developed by the Chamber of Commerce or the private sector. The Cities of Breckenridge and Wahpeton could possible work together to jointly organize a Housing Fair.

Housing Rehabilitation

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

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

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

13. Promote rental housing rehabilitation programs

Findings: Based on U.S. Census data and our estimates, the City of Breckenridge has 565 rental units in 2010. These rental units are in large multi-family projects, small rental buildings, mixed use buildings, duplexes and single family homes. Many of these rental structures are over 25 years old and could benefit from rehabilitation.

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

Recommendation: The Breckenridge should seek Small Cities Development Program (SCDP) grant funds that allow for program design flexibility and makes a rental rehabilitation program workable. The SCDP program provides funds for a rental rehabilitation program that is structured by the community.

Also, the HOME Program provides funds for rental rehabilitation. The HOME Program is funded through the U.S. Department of Housing and Urban Development (HUD) and is a primary source of funds for rental rehabilitation. The City should encourage rental property owners to apply for HOME funds for rental rehabilitation.

14. Promote ongoing owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Breckenridge will continue to be the major attraction for families that are seeking housing in the area. Investment in owner occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2010 housing condition survey rated 508 houses in Breckenridge. Although the Breckenridge housing stock is in good condition and significant housing rehabilitation was undertaken after the 1997 flood. Our survey found that 208 homes need minor repairs and 85 homes need major repairs.

Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Breckenridge.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. The Minnesota Housing Finance Agency also provides funding for housing rehabilitation. There are also Weatherization funds available to Breckenridge homeowners.

Recommendation: We recommend that the City of Breckenridge apply for SCDP funds to rehabilitate homes. The SCDP Program currently has a maximum of \$600,000 for Single Purpose applications and \$1.4 million for Comprehensive applications that address several of the City's needs. The City of Breckenridge was very successful in obtaining SCDP funds after the 1992 flood. It will be advantageous for the City to apply for SCDP funds with other Wilkin County Cities as multi-city applications are a priority with the Department of Employment and Economic Development (DEED).

We also recommend that the City of Breckenridge and area housing agencies continue to seek other local, state and federal funds to assist in financing housing rehabilitation programs.

Other Recommendations

15. Consider the submission of an application for Minnesota Small Cities Development Program funds

Findings: The Minnesota Small Cities Development Program (SCDP) is administered by the Minnesota Department of Employment and Economic Development (DEED). There is an annual competition for grant funds to assist communities with housing projects, downtown rehabilitation, public facilities projects, or combined, comprehensive projects. The application process is very competitive and is based on the strength of the project activities, the local financial contribution, the percentage of low and moderate income people in the community and other rating factors.

Community Partners Research, Inc. staff surveyed the housing conditions 508 homes in two Breckenridge neighborhoods. Approximately 293 of the homes need minor or major housing rehabilitation. Four homes were identified as dilapidated. Additionally, public facilities improvements, commercial rehabilitation and new affordable housing construction are eligible activities for SCDP funding.

The City of Breckenridge has been successful in the past in obtaining SCDP funds and other state and federal funds.

Recommendation: With the housing rehabilitation needs in Breckenridge and in other Wilkin County cities, we recommend the preparation and submission of ongoing SCDP applications. The City should be part of ongoing Countywide applications that specifically address substandard owner occupied homes and rental units, as well as dilapidated structures in Wilkin County cities and in rural Wilkin County. New owner occupied housing development on cleared parcels and commercial rehabilitation could also be funded as part of SCDP applications.

16. Acquire and demolish dilapidated structures

Findings: Our 2010 housing condition survey of two Breckenridge neighborhoods identified four homes that are dilapidated and too deteriorated to rehabilitate. We also identified 85 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate.

There are also several rental buildings in Breckenridge that are dilapidated and may be too deteriorated to rehabilitate.

Recommendation: We recommend that the City of Breckenridge take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units.

The City could also develop partnerships with housing agencies, private developers and non-profit organizations such as Habitat for Humanity to construct new housing on cleared parcels. Tax increment financing, MHFA funds, SCDP funds and Greater Minnesota Housing Funds are potential funding sources for this initiative. **17. Create a plan and continue coordination among**

housing agencies

Findings: Breckenridge needs staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City's Port Authority, Lakes and Prairies Community Action Partnership, Inc., and West Central MN Communities Action, Inc., are currently the entities providing housing services in Breckenridge and Wilkin County. The Breckenridge Housing and Redevelopment Authority provides public housing, but is currently not active in providing other services and programs.

Recommendation: It is our recommendation that the City prioritize the recommendations of this Study and develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. To develop and implement housing programs and strategies it may be necessary to develop more staff capacity with the Port Authority or HRA, contract with an area HRA or to add staff or consultant time. Sharing a staff person with the City of Wahpeton may be an option.

It will also be important for the City to look for opportunities to work cooperatively with other Wilkin County cities to address housing issues. With the number of small cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

Rental Housing

Overview

The 2000 U.S. Census represents the last official estimate of household tenure. In April 2000, the Census Bureau reported that 47.8% of all households in Wahpeton were renters. The rate of renter-occupancy was well above the Statewide rate of 33.4%.

The 2000 Census recorded 1,554 occupied rental units in the City of Wahpeton. There were also at least 163 rental units that were recorded as vacant. Excluding some other miscellaneous vacancies in the City, the estimated rental housing inventory was 1,717 total units.

In all of Richland County, the Census recorded 2,094 occupied rental units, and at least 231 vacant units, for a total inventory of 2,325 units. Rental housing in Wahpeton represented nearly 74% of all the rental units Countywide. The rental tenure rate for all of Richland County was 30.4%.

The City of Wahpeton does not have a rental registration program or other means to estimate the size of the current rental inventory. Over the last decade, there were 24 general purpose rental units constructed in the City. However, as many as 20 rental units have been lost, some due to flood control projects. Without adjusting for any additional unit losses over the past ten years, the rental inventory in Wahpeton has remained largely unchanged, when compared to 2000. However, it appears that the vacancy rate has increased, and fewer units may be occupied in 2010, when compared to 2000.

There has been some additional rental construction elsewhere in Richland County, but only 30 to 40 units have been built in the other jurisdictions. Overall, it would appear that the rental tenure rates in Wahpeton and Richland County have not changed significantly over the past decade.

Rental Housing Survey

As part of this housing study, a survey was conducted of multifamily buildings in the City. The survey included most of the larger rental buildings with eight or more units. Several smaller buildings with less than eight units were also surveyed.

Information was collected from 56 rental projects and buildings with a total of 1,153 of the estimated 1,717 rental units in Wahpeton, or approximately 67.2% of all units. The survey represents a significant portion of all rental properties in the City, it includes almost all of the larger rental properties. For purposes of new unit construction, it is assumed that most future development would be oriented towards larger buildings and developments, thus, properties with eight or more units offer the best comparison.

The survey was conducted by Community Partners Research, Inc., during the months from May to July, 2010.

Market Rate Rental Summary

Forty-four market rate rental projects and buildings were contacted with a total of 646 rental units. Additional market rate rental units exist in single family homes and other small structures. We made limited contacts in this segment of the market.

Occupancy/Vacancy

Overall, we found 65 vacant market rate units in the 646 units we surveyed for a vacancy rate of 10.1% in the market rate segment. Many managers and owners reported high vacancy rates and that the rental market has been difficult for the past one to two years. Several managers/owners reported that their occupancy rates would improve somewhat when school starts in the fall.

In 1996, the Maxfield Study reported a 3.8% vacancy rate in market rate units.

Unit Mix

The following information is the bedroom mix for the 646 market rate rental units surveyed:

- ▶ 19 (3%) efficiency
- ▶ 97 (15%) one-bedroom
- ▶ 506 (78.3%) two-bedroom
- ▶ 24 (3.7%) three-bedroom
- ▶ 0 (0%) four-bedroom

Rental Rates

The units in the survey included the City's newest buildings as well as buildings that are 30 or more years old, resulting in a wide variation in the type and price of market rate units. Based on the units contacted, we believe that the average prevailing rental rates are in the following ranges:

efficiency	-\$200-\$225
1 Bedroom	-\$300-\$400
2 Bedroom	-\$350-\$500
3 Bedroom	-\$500-\$650

Generally, tenants pay electricity and the other utilities are included in the rent.

In comparing prevailing rents with the prevailing rents from the 1996 study, rents have increased only minimally over the past 14 years.

Tax Credit

There are two tax credit assisted rental projects in Wahpeton. Prairiewood/Prairiewood North has a total of 60 general occupancy units, which includes four one-bedroom, 32 two-bedroom and 24 three-bedroom units. Dakota's Edge has a total of 50 units, which includes eight one-bedroom, 12 two-bedroom and 30 three-bedroom units.

One additional project, Century Apartments, also received tax credits along with Rural Development subsidies. Because of the Rural Development assistance, we have included this project in the Subsidized section below.

Occupancy/Vacancy

A total of 12 vacancies were reported in the 110 units which is a vacancy rate of 10.9%. Prairiewood/Prairiewood North reported seven vacancies and Dakota's Edge reported five vacancies.

Rental Rates

The tax credit program establishes a maximum rent level for units assisted under the program. The rents being charged by the two tax credit projects is below the maximum limits set by the federal government. The rent levels for the two projects are as follows:

1 Bedroom	\$305-\$410
2 Bedroom	\$465
3 Bedroom	\$505-\$570

Subsidized Summary

The survey contacted nine subsidized rental projects with a total of 341 units. The nine projects include two senior/handicap/disabled buildings and seven general occupancy projects.

Occupancy/Vacancy

There were 110 vacant units in the subsidized projects, for a vacancy rate of 32.3%. Community Homes reported 32 vacancies, Rainbow Court reported 21 vacancies, Town Center Square reported 19 vacancies and Evergreen Manor reported 13 vacancies. **In 1996, the vacancy rate for Wahpeton subsidized projects was 5.7%.**

Unit Mix

The unit mix of the nine projects with 341 units is as follows:

- ▶ 6 (1.8%) efficiency
- ▶ 148 (43.4%) one-bedroom
- ▶ 149 (43.7%) two-bedroom
- ▶ 38 (11.1%) three-bedroom

Rental Rates

In some of the subsidized units, tenants receive rent assistance that allows for rent based on 30% of tenant household income. Tenants without rent assistance pay 30% of income, but not less than a basic unit rent established for the project. The base rent levels are typically lower than prevailing rents in the community, although, because of the low rent structure in the City of Wahpeton, base rents in the subsidized projects are comparable to market rate rents.

The Housing Voucher Rent Assistance Program also provides subsidized housing. This Program provides tenant-based rent assistance and can be used in any suitable rental unit in the City of Wahpeton. The Richland County HRA manages the program in Richland County and reported approximately 58 Richland County households receiving rent assistance in 2010.

Senior Housing with Services

One senior housing with services project was included in the survey. The Leach Home, with 39 beds, is a facility that has a basic care license and provides services comparable to an assisted living project. The Leach Home provides meals, 24-hour staffing, laundry service, housekeeping, assistance with bathing, etc. The primary difference between the Leach Home and assisted living is that Leach Home has single rooms and assisted living has living units.

Occupancy/Vacancy

The Leach Home Director reported one vacancy. However, there was an average of six vacancies for approximately two years after Twin Town Villa opened for occupancy.

Rental Rates

The total fee for a Leach home single room is \$2,400. This fee covers the rent and all services and amenities.

Student Housing

North Dakota State College of Science has 1,259 on campus beds. The on campus housing includes six residence halls and three apartment complexes.

The Director of Housing reported that during the 2009/2010 school year on-campus housing had approximately a 66% occupancy rate. The apartments were fully occupied, thus, the vacancies are all in the residence halls. There are residence halls that are totally unoccupied. Freshman are required to live on-campus.

Wahpeton Multifamily Rental Housing Inventory

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
Market Rate					
Sierra Apts. 1166 15 th Ave. N.	<u>12 - 2 Bedroom</u> 12 total units	\$725-\$800	1 vacancy	Mix of tenants	Constructed in 1996. Units have washers and dryers, dishwashers, disposals, walk-in closets, microwaves, 1.5 baths. Garage included in rent. Tenants pay electricity.
Southview Apts. 815, 829, 925, 809 Center St. S.	<u>32 - 2 Bedroom</u> 32 total units	\$390	2 vacancies	Mix of tenants	Constructed in mid 1970s. Project includes four eight-unit buildings. Tenants pay electricity. Manager reports good occupancy and two vacancies is typical.
Windsor Park 1220 12 th St. N.	<u>24 - 2 Bedroom</u> 24 total units	\$430-\$450	4 vacancies	Mix of tenants	Project was constructed in 1976. Tenants pay heat and electricity, detached garages included in rent.
Mendoza Apts. 1330 12 th St. N.	<u>24 - 2 Bedroom</u> 24 total units	\$400-\$450	2 vacancies	Mix of tenants	Constructed in 1976. Garages included in rent. Tenants pay electricity. Manager reports an average of one vacancy. Manager anticipates vacant units will be filled by college students.
Westwood Apts. 2101, 1207, 1209, 1211 3 rd Ave. N.	<u>4 - 1 Bedroom</u> <u>50 - 2 Bedroom</u> 54 total units	\$315-\$340 \$355-\$450	4 vacancies - 2 bedroom	Mix of tenants	Project was constructed in 1976 and includes four buildings with 54 units. Manager reports good occupancy. Tenants pay heat and electricity in 36 units and tenants pay only electricity in one 18-unit building.
617 14 th Ave. N.	<u>1 - 1 Bedroom</u> <u>3 - 2 Bedroom</u> 4 Total Units	\$400 \$450	1 vacancy	Mix of tenants	Currently 1 vacancy. Utilities included in rent.
Del Rose Apartments	<u>17 - 1 Bedroom</u> 17 total units	\$300-\$375	5 vacancies	Singles, couples, seniors	Currently 5 vacancies. Utilities included in rent.

Wahpeton Multifamily Rental Housing Inventory

1103 & 1111 14 th Ave. N	2 - 1 Bedroom 14 - 2 Bedroom 4 - 3 Bedroom 20 total units	\$400 \$450 \$675	1 vacancy	Mix of tenants	Constructed in 1978. Currently once vacancy. Units include dishwashers, disposals, balconies/patios. Detached garage included in rent. Three bedroom units have fireplaces and two full baths.
West Elm Apts. 903 Western Rd.	1 - 1 Bedroom 7 - 2 Bedroom 8 total units	\$420 \$460	No vacancies	Mix of tenants	Manager reports that the complex is always fully occupied. Tenants pay electricity, other utilities included in rent.
Palmer House 321 4 th Ave. N	1 - 1 Bedroom 11 - 2 Bedroom 12 total units	\$465 \$510	No vacancies	Mostly seniors	Manager reports that the complex is always fully occupied. Tenants pay electricity, other utilities included in rent.
Western Road Apts. 909, 911 Western	1 - efficiency 21 - 2 Bedroom 1 - 3 Bedroom 23 total units	\$200 \$380 \$420	6 vacant 2-bedroom units	Mix of tenants	Project constructed in 1972. Owners are making improvements to the units. Rent includes heat, water, sewer and garbage. Tenant pays electricity. Garages available for \$40 per month.
1012 2 nd St. S.	8 - 2 Bedroom 8 total units	N/A	No vacancies	Mostly seniors	Owner reports that the units are usually fully occupied. Tenants pay heat and electricity.
520 9 th Ave. S.	8 - 2 Bedroom 8 total units	\$400	No vacancies	Mix of tenants	Eight-plex constructed in early 1970s. Utilities included in the rent.
503 6 th St. N.	6 - 1 Bedroom 5 - 2 Bedroom 11 total units	\$300 \$350	2 vacancies	Mix of tenants	Large home converted into rental units. Currently two vacancies. Tenants pay heat and electricity.
Town Square Apts. 321 6 th St. N.	12 - 2 Bedroom 12 total units	\$465	4 vacancies	Mix of tenants	Complex constructed into rental units. Currently two vacancies. Tenants pay heat and electricity.
De Je Va Apts. 1002 2 nd Ave. N.	8 - 2 Bedroom 8 total units	\$750	No vacancies	Mostly seniors	Complex constructed in 1999. Owner reports that the units are always fully occupied. Rent includes all utilities except electricity.

City of Wahpeton

Wahpeton Multifamily Rental Housing Inventory

802 16 th Ave. N.	4 - efficiency 29 - 1 Bedroom 33 total units	\$225 \$225-\$250	1 vacant efficiency and 2 vacant 1-bedroom	Mostly singles	Building constructed in 1972. Tenants pay heat and electricity. Manager reports good occupancy.
225 Dakota Ave.	15 - efficiency 7 - 1 Bedroom 22 total units	\$225 \$325	1 vacant efficiency and 1 vacant 1-bedroom	Mostly singles	Converted creamery building. Manager reports good occupancy. Utilities included in rent. Cats allowed.
Fourth Avenue Manor	6 - 1 Bedroom 18 - 2 Bedroom 24 total units	\$835 \$935- \$1,130	No vacancies, waiting list	All seniors	Complex was constructed in 2002. Rent includes heat, water, sewer, garbage, emergency call system, common areas, laundry hook ups. Tenant pays electricity. Garages optional for \$30 per month. Manager reports a very high occupancy rate.
1702 9 th St. N.	1 - 1 Bedroom 11 - 2 Bedroom 12 total units	\$400 \$450	5 vacancies	Mix of tenants	Currently five vacancies. Tenants pay utilities.
1652 8 th St. N.	1 - 1 Bedroom 12 - 2 Bedroom 12 total units	\$400 \$450	3 vacancies	Mix of tenants	Currently three vacancies. Tenants pay utilities.
1676 9 th St. N.	1 - 1 Bedroom 12 - 2 Bedroom 13 total units	\$400 \$450	1 vacancy	Mix of tenants	Currently two vacancies. Tenants pay utilities.
1706 9 th St. N.	1 - 1 Bedroom 3 - 2 Bedroom 4 total units	\$400 \$450	1 vacancy	Mix of tenants	Currently one vacancy. Utilities included in rent.
903 5 th St. S.	1 - 1 Bedroom 3 - 2 Bedroom 4 total units	\$400 \$450	1 vacancy	Mix of tenants	Currently one vacancy. Utilities included in rent.

Wahpeton Multifamily Rental Housing Inventory

<p>WRE - 1 ▶1457 12th St. - 18 units ▶1468 12th St. - 18 units ▶1307 11th St. - 6 townhomes ▶1311 11th St. - 16 units ▶1309 11th St. - 6 Townhomes ▶1102-1110 Lay Ave. - 20 units</p>	<p>4 - 1 Bedroom 64 - 2 Bedroom 12 - 2 Bedroom Townhouse 4 - 3 Bedroom 84 total units</p>	<p>\$400 \$495-\$650 \$550-\$650 \$650</p>	<p>No vacancies</p>	<p>Mix of tenants - singles, couples, families, seniors</p>	<p>Units all occupied. 12th St. Units have washers and dryers and double garages. Tenants pay electricity.</p>
<p>WRE - 2 ▶403 3rd St. - 18 units ▶621 3rd Ave. - 6 units ▶1621 8th St. - 12 units ▶1631 8th St. - 12 units</p>	<p>47 - 2 Bedroom 1 - 3 Bedroom 48 total units</p>	<p>\$350-\$450 \$1,200</p>	<p>2 vacant 2-bedroom units</p>	<p>Mix of tenants - singles, couples, families, seniors</p>	<p>Tenants pay electricity. 8th St. units are pet friendly. Three-bedroom unit is large and includes all utilities. 621 3rd Ave. units are all seniors.</p>

Wahpeton Multifamily Rental Housing Inventory

<p>WRE - 3 ▶1350 12th St. - 12 units ▶1358 12th St. - 12 units ▶1120 Loy Ave. - 12 units ▶1115 14th Ave. - 12 units ▶1205 11th St. - 12 units ▶1305 11th St. - 12 units ▶1133 Westmore Ave. 12 units ▶1101 Westmore Ave. - 10 units</p>	<p>12 - 1 Bedroom 61 - 2 Bedroom 21 - 3 Bedroom 94 total units</p>	<p>\$400 \$350-\$500 \$650</p>	<p>13 vacancies</p>	<p>Mix of tenants - singles, couples, families, seniors</p>	<p>48 units at 1350 12th St., 1358 12th St., 1120 Loy Ave, and 1115 14th Ave. are primarily college units, currently there are nine vacancies, but manager reports they will be fully occupied in the fall. Tenants pay electricity and heat, but cable included in rent. Manager reports that 1st St. units are always fully occupied and there is a high demand for three-bedroom units.</p>
<p>Homestead Apts. 328 3rd Ave. N.</p>	<p>1 - 1 Bedroom 11 - 2 Bedroom 12 total units</p>	<p>\$405 \$510</p>	<p>1 vacant 1-bedroom</p>	<p>Mostly seniors</p>	<p>Manager reports that the complex is usually fully occupied. Building is well maintained. Tenants pay utilities. Garages included in rent.</p>
Tax Credit					
<p>Prairiewood & Prairiewood North</p>	<p>4 - 1 Bedroom 32 - 2 Bedroom 24 - 3 Bedroom 60 total units</p>	<p>\$410 \$465 \$570</p>	<p>2 vacant 2-bedroom and 5 vacant 3-bedroom units</p>	<p>Mix of tenants</p>	<p>Tax credit project constructed in 1995. Project includes four 15-unit buildings. Garages included in rent. Units include dishwashers, disposals, wall-unit A/C, walk-in closets and garages. Manager reports a higher occupancy rate during the school year.</p>

Wahpeton Multifamily Rental Housing Inventory

Dakota's Edge	8 - 1 Bedroom 12 - 2 Bedroom <u>30 - 3 Bedroom</u> 50 total units	\$305 \$465 \$505	4 vacant 1-bedroom and 1 vacant 2-bedroom	Singles, couples, families	Tax credit townhouse project constructed in 1996. Project includes six buildings. Rent includes water, garbage and heat. Tenant pays electricity.
Subsidized					
Southside Villas 401-904 1 st St. S.	4 - 1 Bedroom 16 - 2 Bedroom <u>4 - 3 Bedroom</u> 24 total units	30% of income \$601 market \$666 market \$710 market	2 vacant 1-bedroom and 2 vacant 2-bedroom units	Mix of tenants	Section 8 project constructed in 1980. Project has washer and dryer hook ups, separate entrances, townhome style. Rent includes utilities. All tenants pay 30% of income.
Community Homes ▶1624-1628 16 th Ave. N. ▶1621-1627 7 th St. N. ▶1606-1612 8 th St. N. ▶1605-1611 16 th Ave. N.	3 - Efficiency 26 - 1 Bedroom 44 - 2 Bedroom <u>22 - 3 Bedroom</u> 95 total units	30% of income \$317 market \$375 market \$438 market \$485 market	1 1-bed. 30 2-bed. <u>1 3-bed.</u> 32 total vacancies	Mix of tenants	HUD Section 8 project constructed in 1971. Manager reports that the high vacancies are due to HUD's student ruling, which makes it difficult for students to qualify for a unit. Approximately one-third of the tenants pay market rent.
Rainbow Court 97 7 th Ave. S.	50 - 1 Bedroom <u>6 - 2 Bedroom</u> 56 total units	30% of income \$592-\$606 market \$666-\$710 market	11 1-bed. <u>20 2-bed.</u> 21 total vacancies	All seniors and disabled except for one tenant	Section 8 project constructed in 1977 and 1980. High vacancies for several years. Project has received waiver to allow all ages of tenants, but tenants are still primarily seniors. Rent includes all utilities. All tenants pay 30% of income.
Northland Apts. 1505 12 th St. N. 1287 16 th Ave. N.	<u>24 - 2 Bedroom</u> 24 total units	30% of income \$459 basic \$751 market	4 vacancies	Mix of tenants	Rural Development project constructed in 1982. One tenant is paying market rent, remaining are paying 30% of income. Tenants have a \$64 utility allowance. Tenants pay heat and electricity.

Wahpeton Multifamily Rental Housing Inventory

Northland Senior Apts. 1104 14 th Ave. N.	13 - 1 Bedroom 13 total units	30% of income \$414 basic \$674 market	1 vacancy	Seniors	Rural Development project constructed in 1982. All tenants are paying 30% of income. Tenants have a \$51 rent allowance. Tenants pay heat and electricity.
Century Apts. 716, 746 6 th Ave. S. 521 7 th Ave. S.	2 - 1 Bedroom 22 - 2 Bedroom 24 total units	30% of income \$450 market	8 vacancies	Mix of tenants	Rural Development project constructed in 1978. Substantial renovations in 1996. Manager reports high number of vacancies over the past several years. Tenants pay heat and electricity. All tenants are paying 30% of income.
Evergreen Manor 1320, 1311 3 rd Ave. N. 499, 347, 487 14 th St. N.	24 - 2 Bedroom 8 - 3 Bedroom 32 total units	30% of income \$526 market \$593 market	13 vacant 2-bedroom	Mix of tenants	HUD Section 8 project constructed in 1980. High vacancies in two-bedroom units for past 18 months. Three-bedroom units always fully occupied. Detached garages available. Utilities included in rent. All tenants pay 30% of income.
614 Dakota Ave.	22 - 1 Bedroom 4 - 2 Bedroom 26 total units	\$300-\$400 for non-subsidized \$415 for subsidized	8 vacancies	Mix of tenants	Downtown building with 26 units. Mod rehab project with 50% of the units subsidized. All vacancies are in subsidized units. Owner is opting out of the mod rehab program.
Town Square 500 Dakota Ave.	3 - Efficiency 38 - 1 Bedroom 6 - 2 Bedroom 47 total units	\$361 \$325-\$361 \$466 Subsidized units 30% of income	19 vacancies	Mostly singles and seniors	Downtown building with 47 units. Mod rehab project with 29 of the units subsidized and 18 units market rate. Sixteen vacancies are in the subsidized units and three vacancies are in market rate units. Owner is opting out of the mod rehab program.
Senior with Services					
Leach Home	39 - single rooms 39 total units	\$2,400	1 vacancy	All seniors	Leach Home has 39 single rooms and provides meals, laundry, housekeeping, 24-hour staffing, bathing, etc. Currently, one vacancy, but Director reported an average of six vacancies for two years after Twin Town Villa opened.

Source: Community Partners Research, Inc.

Findings on Growth Trends

Growth patterns for the City of Wahpeton show a slight population loss in the 1990s and significant population losses from 2000 to 2010. Between 1990 and 2000, the City's population decreased by 165 people. From 2000 to 2010, based on Claritas, Inc. estimates, Wahpeton's population decreased by 1,317 people. The 2009 U.S. Census estimate shows a loss of 1,168 people.

Despite population losses in the 1990s, the City of Wahpeton gained 287 households during the decade. However, Claritas, Inc. estimates a loss of 344 households from 2000 to 2010 in the City of Wahpeton.

All of Richland County has experienced population losses since 1990. From 1990 to 2000, Richland County lost 150 people and experienced a loss of 1,964 people from 2000 to 2010. As with the City of Wahpeton, Richland County gained households in the 1990s and lost households in the 2000s. From 1990 to 2000, Richland County gained 367 households, but lost 477 households from 2000 to 2010.

The total Market Area which includes the Cities of Wahpeton and Breckenridge and the Counties of Richland and Wilkin, has lost population since 1990, with the most significant losses from 2000 to 2010. The Market Area did gain households in the 1990s, but experienced significant losses from 2000 to 2010.

The City of Wahpeton, Richland County and the Market Area all have less households in 2010 than in 1990.

Findings on Growth Projections

As part of this Study, we have used household projections to the year 2015. These projections have been calculated by Community Partners Research, Inc., and Claritas, Inc.

All the projections for the City of Wahpeton expect a decrease in the number of households. The projections show a household loss in the range of 14 to 216 households. The projection based on 10-year trends projects a loss 154 households, while Claritas, Inc. projects a loss of 214 households. Population projections expect a loss in the range of 357 to 758 people in the City by 2015.

The available projections for all of Richland County show the probable loss of between 582 and 1,149 people and between 27 and 376 households through the year 2015.

The Market Area is also expected to experience population and household losses through the year 2015. It is projected that the Market Area will lose between 912 and 1,660 people and between 106 and 553 households through 2015.

Findings on Growth Projections by Age Group

Claritas, Inc. has generated total household and household by age projections. Total household projections have also been generated from 10 and 20-year trends. Community Partners Research has taken these projections and calculated household by age projections for owners and renters. These projections partly reflect growth from new households that will be formed, or that will move into or out of the County or Market Area. The projections also reflect the aging-in-place of the existing households during the next five years. Projections by age can be very informative for calculating future housing demand, as strong preferences in tenure, style, price and features are evident within defined age ranges.

On the page that follows, we have used these household by age projections to form projections on future demand by tenure.

The table below provides change by age range for owners and renters for Richland County, Wilkin County and the Market Area between the year 2010 and the year 2015. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could alter these expectations.

Projected Net Demand Change by Tenure and Age - 2010 - 2015						
Age	Richland County		Wilkin County		Market Area	
	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter	Net Change Owner	Net Change Renter
Under 25	-10	-73	-2	-7	-12	-80
25-34	71	55	23	6	94	61
35-44	-89	-27	-73	-11	-162	-38
45-54	-283	-58	-110	-12	-393	-70
55-64	120	26	41	5	161	31
65-74	84	17	7	1	91	18
75-84	-43	-15	-3	-2	-46	-17
85 +	3	1	1	0	4	1
Total	-147	-74	-116	-20	-263	-94

Source: Community Partners Research, Inc.

Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes through the five-year projection period with past tenure preferences results in a forecast of the tenure mix that will be needed for new housing unit demand between 2010 and 2015. Our calculations are based largely on the tenure preferences by age group that were evident in the 2000 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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

Demand from Growth - The best available projections for Richland County expect household losses, thus, the demand for housing based on household growth is very limited. There are several age ranges including the 25 to 34, 55 to 64, 65 to 74 and 85 and over age ranges which are projected to add households which will generate the need for some housing types and options.

Replacement of Lost Rental Units - It is often difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. It is also probable that some rental unit losses have also occurred due to conversion, as single family houses once used for renter occupancy have been sold and are now owner occupied housing. We are estimating that a small number of rental units are lost annually in the City of Wahpeton.

Replacement of Lost Owner Occupancy Units - While some owner occupied units may be lost, we generally believe that owner occupancy unit losses are limited. However, the individual cities have demolished some substandard homes in the recent past.

Pent-Up Demand - The third primary demand-generator for new housing is caused by current, unmet demand from existing households, referred to as pent-up demand. Certain demographic segments of the market are growing, such as the number of households in the 25 to 34, 55 to 74 and 85 and over age ranges. As a result, housing options that are age-appropriate for “empty-nester” and senior households may be in short supply. Our estimates of pent-up demand will be addressed in the specific recommendations that follow.

Findings on Unit Demand by Type of Housing

Findings: Based on the household by age projections presented earlier, the changing age composition of Richland County's population through the remainder of the decade will have an impact on demand for housing. We have examined the projected changes by age group in Richland County in the descriptions that follow.

Age 24 and Younger - The projections used for this Study expect a decrease of 83 younger households in the County through the year 2015. Past tenure patterns indicate that as many as 88% of the households in this age group will rent their housing. Households in this age range tend to have a median income that is well below the overall median. A decrease in households in this age range should mean that rental demand from younger households will decrease slightly, for the remainder of the decade.

25 to 34 Years Old - The projections show an increase in this age cohort, with an expected addition of 126 households in the County by 2015. Within this age range younger adult households often move from rental to ownership housing. The ownership rate among these households was approximately 56% in 2000, compared to a home ownership rate of only 12% for younger households, under age 25. The projected increase within this age range will generate additional demand for both first-time home buyer opportunities, and to a lesser extent for rental housing.

35 to 44 Years Old - This 10-year age cohort is expected to lose 116 households through the year 2015. It is important to note that this loss of households does not necessarily mean that these younger households are moving out of the area. This age group represents the "baby bust" generation that followed behind the "baby boomers". This age group represents a much smaller segment of the population than immediately older age ranges. As aging patterns progress, there are fewer of these households following behind the aging baby boomers. In the past, this age group has had a relatively high rate of home ownership, at approximately 77%. Households within this range often represent either first time buyers or households looking to trade-up in housing, selling their starter home for a more expensive house.

45 to 54 Years Old - This age cohort represents the tail-end of the large, "baby boom" generation. However, projections show a significant decrease of 341 households in the County between 2010 and 2015. This age group historically has had a high rate of home ownership, at approximately 83% in 2000, and will often look for trade-up housing opportunities. Fewer households in this age range will lower demand for home ownership and trade-up housing.

55 to 64 Years Old - The leading edge of the baby boom generation will be in this age cohort during the next five years. The projections show an expected increase of 146 additional households in this 10-year age range in the County by the year 2015. This is the largest growth of any 10-year age cohort in the County. This age range has traditionally had a very high rate of home ownership, at approximately 82%. Attached housing construction, such as town houses or twin homes, 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. Trade-up housing will also appeal to this age group, as they will generally have equity from the sale of their previous home, as well as higher incomes and asset accumulation.

65 to 74 Years Old - Growth is also expected within this age range by the year 2015, with the expected addition of approximately 101 households. Households in this younger senior range will typically begin moving to other life-cycle housing options as they age. However, younger seniors are still predominantly home owners. At the time of the 2000 Census, this age group had a home ownership rate of approximately 83%. Once again, ownership preferences for low maintenance housing, such as town house units, should grow, although this will primarily be from increased market share as these types of units gain greater acceptance within the marketplace.

75 to 84 Years Old – The household count in this age cohort is expected to decrease by 58 households. In the past, households within this 10-year age range have had a high rate of home ownership, at approximately 74%. 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. With the decrease in households, the need for senior with services housing will be based on pent-up demand rather than household growth.

85 Years and Older – The number of older senior households is expected to remain stable with the projected increase of only four households. Historic home ownership rates in this age group was approximately 75% in 2000. Senior housing with services options in the area will help to address the needs of this population of older seniors.

These demographic trends will be incorporated into the recommendations that follow.

Strengths for Housing Development

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

- ▶ **Wahpeton/Breckenridge is the regional center for the area** - Wahpeton/Breckenridge is the regional center serving Richland and Wilkin Counties and portions of surrounding counties. The City provides employment opportunities, retail/service options, government services, health and professional services, and cultural amenities for a large surrounding trade area.
- ▶ **Affordably priced housing stock** - The City has a relatively large stock of affordable, existing houses. Our analysis shows that the City's median home value based on recent sales is \$90,008. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **North Dakota State College of Science (NDSCS)** - NDSCS is an excellent two-year accredited college with approximately 2,500 students.
- ▶ **Housing developers in the City** - Wahpeton has housing developers that are willing to invest in housing projects in the community, including rental housing, attached ownership housing and single family development.
- ▶ **Wahpeton Economic Development Commission and the Wahpeton Community Development Corporation** - The Economic Development Commission and the Community Development Corporation have been active in developing subdivisions, building spec homes and in assisting with commercial and industrial development.
- ▶ **Wahpeton is located within commuting distance of Fargo and Fergus Falls** - The City is located within commuting distance of Fergus Falls and Fargo, which have employment, service, commercial and entertainment opportunities.
- ▶ **School system** - The City has a good public K-12 school system.
- ▶ **Infrastructure** - Wahpeton's water and sewer infrastructure is in good condition and can accommodate future expansion.
- ▶ **Downtown redevelopment** - The City is redeveloping the downtown area, which will enhance Wahpeton as an attractive City to live in.
- ▶ **Commercial development** - Wahpeton's commercial district is adequate to meet daily needs and new commercial development is on going.
- ▶ **Housing Agencies** - Several housing agencies have the capacity to provide financing and administrative services for housing projects and programs in the City of Wahpeton.

- ▶ **Home prices** - Some existing homes are selling at prices in the \$150,000 to \$250,000 range. This provides confidence for developers, builders and households to construct new homes.
- ▶ **Incentives** - The Wahpeton Economic Development Commission is providing financial incentives to promote new rental housing.
- ▶ **Tourism** - Wahpeton has several tourism attractions including the Chahinkapa Zoo, the Kidder Recreation Area, the Bois De Sioux Golf Course, etc.

Barriers or Limitation to Housing Activities

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

- ▶ **Competition with Breckenridge**- Wahpeton is competing with Breckenridge as well as other surrounding communities for new residents and household growth.
- ▶ **Age and volume of the rental housing stock** - While the existing stock is very affordable, some housing is old and may need substantial improvement to meet expectations of potential renters. Also, the large number of older rental units create a high vacancy rate and make it difficult to construct new rental housing.
- ▶ **Housing Agencies** - Although the City has access to several housing agencies, the agencies' housing activity in the City of Wahpeton has been limited.
- ▶ **Low rent structure** - The City's rent structure is low, which makes it difficult to construct new rental housing.
- ▶ **Adequate land for development** - The City has limited available land for future housing development.
- ▶ **Competition with Fergus Falls and Fargo** - Although it is an asset to be located within commuting distance of Fergus Falls and Fargo, it can also be a barrier to new housing construction. These cities have more employment, service, retail and entertainment opportunities. The amenities Fergus Falls and Fargo have to offer will often make them the preferred location for many households.
- ▶ **Job losses** - Although new jobs have been created, the City suffered the loss of a significant employer.
- ▶ **Population and household losses** - Since 2000, Wahpeton's population and number of households has decreased.

Recommendations, Strategies and Housing Market Opportunities

Based on the research contained in this Study and the housing strengths and barriers identified above, we believe that the following recommendations are realistic options for the City of Wahpeton. They are based on the following strategies:

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

It is very difficult to meet all of the objectives as the balance of the objectives are very sensitive. An overly aggressive or overly passive approach to any of the objectives can cause problems in achieving the other objectives. For example, overbuilding new rental housing units could lead to

vacancy problems in older, less marketable units in the community, causing these units to deteriorate in quality. The recommendations of this section attempt to provide a balanced approach to addressing the housing needs of Wahpeton.

Summary of Findings/Recommendations

The findings/recommendations for the City of Wahpeton have been formulated through the analysis of the information provided in the previous sections and include 21 recommendations. The findings/recommendations have been divided into the following five categories:

- ▶ **Rental Housing Development**
- ▶ **Home Ownership**
- ▶ **Single Family New Construction**
- ▶ **Housing Rehabilitation**
- ▶ **Other Housing Initiatives**

The findings/recommendations for each category are as follows:

Rental Housing Development

1. Develop 36 to 40 general occupancy market rate rental units.
2. Monitor the need for subsidized / tax credit rental housing
3. Develop 36 to 40 senior designated market rate rental units.
4. Develop 57 to 70 senior with services rental units.
5. Apply for Housing Choice Voucher / Section 8 Existing Program allocation from HUD.
6. Maintain and preserve the existing supply of subsidized housing.

Home Ownership

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

New Construction

10. Lot Availability and Development
11. Continue the construction of spec homes
12. Promote townhouse, twin home and cooperative housing development.
13. Continue to utilize in fill lots for housing development.

14. Develop home ownership awareness programs.

Housing Rehabilitation

15. Promote rental housing rehabilitation programs.
16. Promote on-going owner-occupied housing rehabilitation efforts
17. Develop a Landlord/Tenant Quality of Life Ordinance.
18. Develop a Neighborhood Revitalization Program.

Other Housing Initiatives

19. Acquire and demolish dilapidated structures.
20. Create a plan and continue coordination among housing agencies.
21. Promote the City's downtown redevelopment efforts.

Rental Housing Development

Findings: It is difficult to produce new affordable rental units. A number of factors including Federal tax policy, State property tax rates, high construction costs and low rental rates have all contributed to making rental housing production difficult to achieve, especially in small cities. While Wahpeton has had some private rental production, many rental units constructed in the past 20 years have utilized Federal or State production programs. Units produced with public subsidies generally have income and rent restrictions that limit occupancy to low and moderate income people.

Since 2000, only one multi-family rental unit development has been constructed in Wahpeton. Fourth Ave. Manor, a 24-unit senior project, was constructed in 2002. Several projects were constructed in the late 1990s including Sierra Apartments, a 12-unit market rate project, and two large tax credit projects, Prairiewood with 60 units and Dakota's Edge with 50 units.

As part of this study a rental survey was conducted. A total of 1,153 rental units in 56 buildings were contacted. The survey showed that 16.3% of the market rate, tax credit and subsidized units surveyed were vacant. This is significantly out of the range of 3% to 5% which is considered a healthy market to allow for unit choice and availability and to also assure the viability and profitability of the rental project. However, there is a pent up demand for certain types of rental housing.

The City of Wahpeton is projected to lose approximately 154 households and all of Richland County is projected to lose approximately 221 households through 2015. With a very high vacancy rate and the projected loss of households in Wahpeton and Richland County, we are recommending several strategies to create a healthy rental market in the City of Wahpeton. These strategies include:

- ▶ **Reverse household losses** - The City and all stakeholders should continue to implement all strategies possible to reverse household losses including job creation, increasing college enrollment, marketing the community, assuring a healthy housing stock, etc. All of these efforts will make the City of Wahpeton an attractive and viable City.
- ▶ **Rehabilitate rental housing** - A large majority of Wahpeton's rental housing stock was constructed in the 1960s, 1970s and 1980s. Many of these rental projects need rehabilitation. Rental rehabilitation programs should be created to rehabilitate the rental projects when it is economically feasible. Also, the implementation of a Rental Inspection Program may be necessary to upgrade the City's rental housing stock.
- ▶ **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.
- ▶ **Find alternate uses for rental buildings and dorms** - With the high vacancy rates in Wahpeton, rental buildings and dorms could have alternative uses such as treatment centers, transitional housing, supportive housing, single room occupancy units, homeless shelters, women's shelters, etc.

- ▶ **Develop new rental housing** - It may appear to be counter productive to construct new rental housing in a community that has high vacancy rates and is projected to lose households. However, new rental housing can achieve several goals which include:
 - Addressing pent-up demand for certain housing types
 - Upgrading the overall quality of the rental stock
 - Increasing the City’s rent structure
 - Addressing gaps in the City’s rental stock
 - Attracting new households to the City

Based on the strategies stated above, we recommend that the new rental units over the next five years from 2010 to 2015 include:

▶ General Occupancy Market Rate	36-40 units
▶ Subsidized/Tax Credit	0 units
▶ Senior Designated	36-40 units
▶ Senior with Services	
• Assisted Living	22-26 units
• Light Services	20-24 units
• Memory care	<u>15-20 beds</u>
Total	129-150 units and beds

Note: The senior with services recommendations are for the entire Market Area and are also included in the Breckenridge recommendations.

1. Market need for 36-40 general occupancy market rate rental units

Findings: Wahpeton has a market rate rental housing vacancy rate of 10.1%, which is out of the healthy market range of 3% to 5%.

The most recent market rate project constructed in Wahpeton was Sierra Apartments, a 12-unit project constructed in 1996. Two large tax credit projects, Prairieview and Dakota’s Edge, were constructed in the late 1990s, however, these projects have income limits.

Although there is a high vacancy rate in market rate projects, the newer high quality units that we surveyed have very low vacancy rates or were fully occupied. There is a pent-up demand for high quality market rate units that have state of the art amenities.

Additional high quality market rate units may attract households to the City and prevent some households from seeking housing in other communities.

There is also a shortage of high quality large three-bedroom units in the City.

The first option to developing market rate housing would be to encourage a private developer to undertake the project. If a private developer does not come forward, the Wahpeton EDC or the Wahpeton CDC or an area housing agency could construct the market rate units.

Recommendation: We would recommend the development of 36 to 40 market rate rental housing units. A town home or cottage style unit, would be the preferred style, to cater to active renter households. We are making this recommendation based on pent-up demand for high quality market rate units and the low vacancy rates in existing high quality rental projects.

Many cities have been able to construct units in small phases, as demand dictates the need for additional units. Several cities have been able to add units in 8 to 12 unit phases in recent years. In this way they have expanded the supply without saturating the market by bringing a large number of units on-line at one time.

Another option is to construct a high quality apartment project that includes state of the art amenities such as underground parking, washers and dryers in units, etc.

The unit mix and rents should be as follows:

**Recommended unit mix, sizes and rents for the Wahpeton
Market Rate Housing Project:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	7-8	900-1,000	\$725-\$775
Two Bedroom	22-24	1,000-1,100	\$800-\$850
Three Bedroom	7-8	1,150-1,250	\$875-\$925
Total	36-40		

Note: The recommended rents are quoted in 2010 dollars and include water, sewer and garbage, but exclude heat and electricity.

2. Monitor the Need for Subsidized/Tax Credit Rental Housing

Findings: The City of Wahpeton has eleven general occupancy subsidized and tax credit housing projects and two subsidized senior/disabled projects with a total of 453 subsidized/tax credit units. There are currently 113 vacancies, which is a 26.9% vacancy rate. All of the projects have vacancies.

Most of the subsidized/tax credit projects in Wahpeton are over 20 years old, however, two tax credit projects, Prairieview and Dakota’s Edge, with a total of 110 units, were constructed in the late 1990s. Since the late 1980s, tax credits have been the primary federal production incentive for the creation of housing to serve moderate income people. Because tax credits only provide a ‘shallow subsidy’, this type of housing does not generally serve lower income renters, but does serve moderate income households that are at or below 60% of the median income level.

According to 2010 income estimates, there are 901 Wahpeton and 1,628 Richland County households with annual incomes below \$25,000. These households can only afford \$625 per month or less for housing costs, without experiencing a cost burden.

Although there are a large number of low income households in Wahpeton and Richland County, the large number of subsidized units, the quality of some of the units and the low rent structure in market rate units, are all reasons for high vacancy rates.

Recommendation: We would recommend that the City of Wahpeton monitor the need for additional subsidized/tax credit units.

At this time, it is very difficult to construct new subsidized housing units to serve very low income people. Very few subsidy production resources remain available at the State or Federal level for 'deep subsidy' housing.

If a project is needed in the future, we believe that the best opportunity to create affordable rental housing in Wahpeton would continue to be through the federal low income housing tax credit program. However, in addition to tax credits, we believe that additional subsidies will be needed to achieve a lower unit rent structure that can serve low income households.

A future subsidized/tax credit project would need to target a low rent level. In some projects, additional subsidy sources have been used along with tax credits to generate more affordable units. For example, the Nicollet Meadows project in St. Peter, MN, used additional State and Federal funding sources along with tax credits to create units that serve households at or below 30% of County median income.

3. Develop 36 to 40 senior designated market rate rental units

Findings: The City of Wahpeton has one senior designated market rate rental project, Fourth Ave. Manor. The Project was constructed in 2002 and has 24 units. The rent structure ranges from \$835 to \$1,130. The units are currently fully occupied and there is a waiting list.

Although this rental option exists for senior households in Fourth Ave. Manor, it is our opinion that the addition of 36 to 40 senior designated market rate rental units over the next five years would address a gap that currently exists in the Wahpeton rental inventory.

Additionally, Richland County is expected to gain 162 households in the 55 to 74 age ranges over the next five years. It is projected that 33 of these households will be renters.

A local developer is proposing to construct a senior designated eight-unit town home project in Wahpeton. The developer has successfully developed 16 senior designated units in Breckenridge. The developer will develop an additional eight units in Wahpeton if the first project is successful.

There has also been discussions to renovate the old City Hall into senior apartments. The City Hall location is ideal for senior housing. However, to be competitive, the renovation must be very high quality and the project must include 'State of the Art' amenities.

A second project similar to the Fourth Ave. Manor project has also been considered and based on the success of the first project, there is a demand for this type of project.

Recommendation: We recommend the construction of a 36 to 40 unit market rate units with 'state of the art' amenities over the next five years. Several projects could be constructed to address this recommendation.

Unit features should also include ample closet space since prospective tenants will have numerous belongings they will be moving from single family homes. At a minimum, a walk-in closet should be included with each unit. If possible, a separate storage room should also be incorporated into each unit. Washers and dryers should be provided in each unit. Other standard design features for senior units should be included such as raised outlets, lever door handles and lowered kitchen cabinets. Expansive window area is an asset for senior units since many seniors spend a significant portion of their time in their units and enjoy ample daylight and views to the outdoors. Patios or decks for each unit are also strongly recommended. The units should also include garages. The location of the project should be close to services as the project will be primarily occupied by older seniors.

For the 36 to 40 units, we recommend the following unit type, number of units, size and rent structure:

Senior Market Rate Units:

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
One Bedroom	8-10	850-900	\$675-\$850
Two Bedroom	28-30	1,000-1,100	\$820-\$1,100
Total	36-40		

Note: Rents are quoted in 2010 dollars and include water, sewer and garbage, but exclude heat and electricity. There is a large rent range because it is anticipated that there will be a variety of unit types constructed.

4. Develop 57 to 70 senior housing with services rental units

Findings: Wahpeton/Breckenridge serves as the regional center for Richland and Wilkin Counties and provide medical, governmental services, retail and employment for the surrounding area. The two cities provide a large share of the rental housing for the immediate area and also supplies a variety of life-cycle housing options for seniors as they age.

Demographic projections indicate that the number of the entire Market Area's senior households, age 65 to 74, is projected to gain 109 households over the next five years, however, the 75 and over age ranges are projected to lose 58 households.

Currently, there is one project in Wahpeton that provides senior services. Leach Home has 39 beds and provides a variety of services including meals, housekeeping, laundry, bathing, etc. There is currently one vacancy.

Fourth Ave. Manor, a 24-unit senior project in Wahpeton, is not considered a senior with services project, however, it does have an emergency call system, a common area and provides activities.

Breckenridge has three projects that provide senior services. Twin Town Villa is a 50-unit assisted living project. There are no vacancies and there is a waiting list.

Pioneer Cottages is an 18-bed memory care facility. This facility also has no vacancies.

Appletree Court is a 20-unit HUD subsidized senior project that provides light services including laundry and housekeeping. This project has four vacancies.

St. Catherine's Living Center in Wahpeton is in the planning phase of developing assisted living units. Also, there have been discussions to renovate a college residence hall into senior with services units.

Recommendation: Our recommendations for senior housing with services have been organized by unit type. **The senior with services recommendations are for the entire Market Area, thus, these recommendations are included in the Breckenridge recommendations section.**

Assisted Living: According to Claritas, Inc. estimates, there will be approximately 1,720 seniors age 75 and older in the Market Area by the year 2015.

Based on our research in other communities, we believe that assisted living units can usually achieve a market share of up to 6% of the senior population age 75 and over. For the Market Area, this would indicate a need for 100 to 105 assisted living units by the year 2015.

With the 50 units in Twin Town Villa and the 39 beds at Leech Home addressing some of the assisted living need, there is still a projected need for 22 to 26 additional assisted living units in the Market Area over the next five years.

Senior with Light Services: Senior with light services projects provide limited services such as a noon meal, laundry and housekeeping. These projects do not provide the ranges of services that an assisted project provides, but are a senior living option between independent living and assisted living.

Based on Claritas, Inc. projections, there will be approximately 1,766 seniors in the 65 to 74 age range and 1,720 Market Area seniors in the 75 and older age ranges by the year 2015. We are projecting that senior with light services projects will achieve 1.5% of the seniors in the 65 to 74 age range and 2.5% of the seniors in the 75 and older age ranges. For the Market Area, this indicates a need for 65 to 70 senior with services units in the Market Area by the year 2015.

Appletree Court and Fourth Ave. Manor are addressing some of the Market Area's need for senior with light services, however, Appletree Court has income restrictions and Fourth Ave. Manor has limited services. Therefore, there is still a projected need for 20 to 24 senior with services units in the Market Area.

Memory Care: There is currently 18 memory care beds in the Pioneer Cottage facility in Breckenridge. This project has a high occupancy rate.

Based on the occupancy rate in the Pioneer Cottage facility and the projected senior population in the Market Area in 2015, it is estimated that there is a need for 15 to 20 additional memory care beds over the next five years.

We recommend that these beds are constructed as an addition to an existing memory care project, assisted living project or nursing home. This will provide maximum flexibility.

5. Apply for Housing Choice Vouchers/Section 8 Existing Program allocations from HUD

Findings: The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income renter households. The program requires participating households to contribute from 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community. Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

The Housing Choice Voucher Program is a popular form of subsidized housing. Because of the flexibility offered through the program, eligible households often prefer the portable rent assistance to other forms of subsidized housing that are project-based, and can only be accessed by living in a specific rental development.

The Housing Choice Voucher Program in Richland County is administered by the Richland County Housing Authority. Currently, the Richland County Housing Authority is administering 58 vouchers in Richland County, 52 of which are Wahpeton households.

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

Also, the Richland County Housing Authority should continue to publicize the Housing Choice Voucher Program in Richland County, and assure that Richland County households have user friendly access to the Program.

6. Maintain and preserve the existing supply of subsidized housing

Findings: Wahpeton has a number of “deep subsidy” rental housing projects that allow tenants to pay rent based on 30% of income. Several of these projects were constructed in the 1970's or early 1980's when the federal government was actively involved in producing low income housing.

This 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 their housing.

Some of the subsidized stock is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Two mod rehab projects are currently opting out of the subsidy program, which will result in the loss of 42 subsidized rental units. There are other projects that may opt out of their subsidy programs in the future.

Recommendation: The City of Wahpeton and area housing agencies should monitor the subsidized rental projects in Wahpeton so they are aware of any project that is considering opting out of its subsidy contract. There may be strategies to improve the City's rental housing stock by working with owners who are considering opting out of their subsidy program.

Home Ownership Recommendations

Findings: Expanding home ownership opportunities is one of the primary goals for most cities. High rates of home ownership promote stable communities and strengthen the local tax base.

The median owner-occupied home value in Wahpeton is estimated to be \$90,008. With approximately 50% of the homes in Wahpeton valued under \$90,008, Wahpeton has a good market for first time home buyers and households seeking moderately priced homes. The affordable price of Wahpeton homes, is very attractive when compared to prices in some of the larger cities within commuting distance of Wahpeton.

Our analysis of Richland County demographic trends shows an increasing population of households in the traditionally strong home ownership age ranges between 55 and 74 years old. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. Some older households may eventually move out of Wahpeton to move into other housing options in larger communities, if these options don't exist in Wahpeton.

Also, the number of households in the 25 to 34 age range is expected to increase in Richland County. Households in these age ranges are typically first-time home buyers. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as the homes in Wahpeton.

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

7. Utilize and promote all programs that assist with home ownership

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

First time home buyer assistance, down payment assistance, low interest loans, gap financing and home ownership training programs help to address affordable housing issues. With the City's median home value at \$90,008, many of the homes in the existing housing stock in Wahpeton is valued under purchase price limits for first-time home buyer assistance programs.

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

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

Recommendation: Wahpeton and area housing agencies, should utilize all available home ownership assistance programs to promote home ownership. The City, in coordination with other Richland County Cities, should also explore the possibility of obtaining specific program set-asides for home ownership programs from the North Dakota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity.

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

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

8. Develop a local down payment assistance program.

Findings: One of the largest identifiable barriers preventing low and moderate income households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have recently tightened their lending criteria. Wahpeton could address this issue by creating a local fund to assist home owners with a down payment assistance program. The City of Park Rapids, MN, provides a maximum of \$5,000 in local funds to the homeowner for down payment assistance. Several local households have utilized this program to purchase a home.

Recommendations: Wahpeton should consider the development of a local Downpayment Assistance Program. A local Downpayment Assistance Program is needed more now than in the past because of more stringent lending criteria. Major local employers, the Federal Home Loan Bank and the North Dakota Housing Finance Agency may be sources to contribute to the fund.

9. Develop a Purchase/ Rehabilitation Program

Findings: Wahpeton has a stock of older, lower valued homes, some of which need repairs. The median estimated market value for homes in Wahpeton is \$90,008. As some of the homes below the median price come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

In Minnesota, the Minnesota Housing Finance Agency developed the Minnesota Urban and Rural Homesteading (MURL) Program. Under the program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units.

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

The City of Wahpeton has recently purchased a home and moved the home onto a vacant lot and is in the process of rehabilitating the home and will sell the home when rehabilitation is completed. If this project is successful, additional homes could be purchased and rehabilitated.

A Program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of substandard existing homes.

Recommendation: We recommend that the City of Wahpeton consider the creation of a rehab/purchase program for existing houses. Area housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. Attitudinal surveys that we have conducted in other cities have found that purchase/rehabilitation programs are appealing to people who are currently renting their housing. In some similar sized communities, over 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The programs will encourage home ownership, prevent substandard homes from becoming rental properties and rehabilitate homes that are currently substandard.

New Housing Construction

Findings: Wahpeton has experienced relatively strong single family owner occupied family housing and twin home construction in recent years. Over the past 10 years, from 2000 to 2010, 84 single family housing units have been constructed in Wahpeton, which is an average of seven to eight new owner occupied housing units per year. The peak years for new construction were 2005 when 16 owner occupied units were constructed and 2006 when 14 units were constructed. In 2007, 2008 and 2009, five owner occupied units were constructed each year.

The attractiveness of the community, the City's status as a small regional center, the area's amenities and job creation, should result in the continued construction of new homes annually. However, attractive residential lot options must be available for new home construction to continue at its current pace over the next five years.

Overall household projections for Wahpeton and Richland County indicate household losses and limited demand for owner-occupied housing construction. However, growth is anticipated through 2015 among households in the age ranges between 55 and 74 years old. These age ranges are projected to increase by 247 households by 2015. 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. There is also growth projected in the county among younger households, in the 25 to 34 year old range. This age range is projected to increase by 126 households in Richland County by 2015. Many of the households in these age ranges are first time home buyers.

It is our opinion that if the City, local housing agencies and developers are proactive, 10 to 14 homes can be constructed annually in Wahpeton over the next five years. This projection is based on the availability of attractive residential lots for new construction. Our projection for single family housing starts includes homes built in new subdivisions and on infill lots, and includes single family attached housing units, such as twin homes and town houses.

The breakdown of our projection of 10 to 14 new owner occupied housing units annually is as follows:

- | | |
|-------------------------------|------------------|
| • Higher & median price homes | 4-5 homes |
| • Affordable homes | 2-3 homes |
| • Homes on In-Fill lots | 1-2 homes |
| • Twin homes/Town homes | <u>3-4 units</u> |
| Total | 10-14 units |

10. Lot Availability and Development

Findings: As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Wahpeton. Currently, there are approximately 23 lots available in the Rosewood Subdivision, two lots in Elm Court and 11 lots in North Park. There are also a few miscellaneous lots available in other subdivisions. It is estimated that there are 41 lots available in the City's subdivisions.

There are also several infill lots scattered around the City that we did not attempt to count. We also do not know the availability of some of these infill lots. In addition to these lots, there are a number of lots available outside the City limits in rural Richland County.

Recommendation: We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that between 10 to 14 new houses will be constructed per year, the City should have approximately 25 to 35 residential lots available to meet the expected demand. Part of this demand would be for attached unit construction. The available inventory could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City of Wahpeton, with 41 available lots, plus in fill lots, currently has an adequate number of available lots. There are lots available for higher priced homes, affordable homes and twin homes/town homes.

However, developers should continue to plan for the development of lots, as there will be a need for lots in three to four years, some of the lots on the market may not be desirable for new construction and there may be a demand for certain types of lots.

Also, it appears that land for future development is limited as the City is landlocked in three directions. Thus, it may be time consuming to secure land to make the infrastructure improvements for new subdivision and lot development.

11. Continue the construction of spec homes

Findings: The Wahpeton EDC is currently constructing two spec homes in the North Park Subdivision. These homes will be on the market for approximately \$145,000. The EDC has also constructed other spec homes over the past several years.

The Region V Community Development Corporation has also constructed spec homes over the past several years and the Director has reported that they will consider future spec home construction.

Several cities have developed programs to encourage spec home construction by private builders with incentives such as reduced interest construction loans, reduced lot prices and lot costs and other fees that don't have to be paid until the homes sell.

Also, there are buyer incentives to promote the purchase of spec homes including low interest mortgages, down payment assistance and gap financing.

Recommendation: We recommend the continued construction of spec homes. This should include programs and incentives to promote spec home construction by private builders.

12. Promote townhouse, twin home and cooperative housing development

Findings: Wahpeton has experienced limited attached housing development in recent years. From 2000 to the present, six attached housing units, in the form of twin homes and town homes have been constructed in Wahpeton. Many communities have seen attached housing take an increasingly large share of new construction activity over the last decade. In Wahpeton, 7% of the housing starts from 2000 to the present have been twin homes/townhomes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes, thus, making homes available for families. It is estimated that the 55 to 74 age ranges in Richland County will increase by 247 households and the entire Market Area will add 301 households in the 55 to 74 age ranges by the year 2015. It is important for the City to offer a range of life-cycle housing options to these households as many of these households will be seeking to downsize into low maintenance housing options.

Recommendation: It is our projection that approximately 25% of the City of Wahpeton's new single family construction will be twin home/town home construction over the next five years, which is approximately four to six units annually for a total of 20 to 30 units during the five-year period.

We recommend a town home and twin home development and for the development to be successful, the following should be considered:

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

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

This recommendation is based on the Market Area demand and we have also made a twinhome/townhome recommendation for Breckenridge. It is our opinion that the Market Area can only support one twinhome/townhome development over the next five years.

Another opportunity to develop owner occupied senior housing is a Co-op concept. The senior household purchases a unit and also pays a monthly maintenance fee. At the time of sale, the household is guaranteed the original purchase amount plus a predetermined profit.

Typically, the developer pre-sells a percentage of the units prior to construction, thus, assuring a successful project.

A Co-op has recently been developed in Fergus Falls and the project has been very successful. A similar, but smaller project could be feasible in Wahpeton.

13. Continue to utilize infill lots for housing development

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

Our housing condition analysis of the single family homes in three Wahpeton neighborhoods identified two homes that were dilapidated and beyond repair. Also, 112 homes need major rehabilitation and some of these homes also may be beyond repair. In a separate recommendation, we have promoted the acquisition and clearance of substandard houses. Once demolished, some of the cleared lots could be suitable for reuse.

Also, the City currently has two vacant lots available for new construction.

Recommendation: We recommend that the City coordinate with area housing agencies to construct affordable homes on infill lots. The City and area housing agencies may be able to access funds from several sources to assist with affordable housing development. Also, Habitat for Humanity and private developers may also have an interest in developing housing on infill lots.

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

A goal of constructing one to two new moderately priced homes annually over the next five years on infill lots appears to be realistic. To be successful, the housing units should not exceed approximately \$125,000 and programs should be available to further reduce the purchase price for the buyer. Also, the most appealing infill lots should be identified and utilized. As housing units are constructed and sold, a revolving fund could be developed and an infill housing program could be self sustaining.

14. Develop home ownership awareness programs

Findings: Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, 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 home buyers and builders.

Recommendation: We recommend the continued creation of Informational Brochures that describes the lots, builders and financing programs that are available in Wahpeton. Buying a lot, selecting a builder, obtaining financing and constructing or purchasing a home can be an intimidating process. Often households have not been through this process and do not know where to begin or how to proceed. A "How-To" brochure with pertinent and up-to-date information will encourage and assist households with constructing a home or finding a suitable move-up home.

Another possibility for promoting ownership options is to organize a Housing Fair that educates and informs the public on lots, builders, finance programs, etc. The Housing Fair should include developers, builders, lenders, realtors, public agencies, etc. Local employers should be contacted to assess their interest and possible participation in the event.

These awareness programs do not have to be “City” projects but could possibly be developed by the Chamber of Commerce or the private sector. The cities of Wahpeton and Breckenridge could possibly work together to jointly organize a Housing Fair.

Housing Rehabilitation

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

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

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

15. Promote rental housing rehabilitation programs

Findings: Based on U.S. Census data and our estimates, the City of Wahpeton has 1,717 rental units in 2010. These rental units are in large multi-family projects, small rental buildings, mixed use buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as a significant majority of the rental units are over 20 years old and many rental units are in poor condition. Also, many of the substandard units have high vacancy rates.

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

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

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

16. Promote ongoing owner-occupied housing rehabilitation efforts

Findings: The affordability of the existing housing stock in Wahpeton will continue to be the major attraction for families that are seeking housing in the area. Investment in owner occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

Our 2010 housing condition survey rated 697 houses in three Wahpeton neighborhoods. Our survey found that 278 homes need minor repairs and 112 homes need major repairs. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink in the City of Wahpeton.

Recommendation: We recommend that the City of Wahpeton and area housing agencies identify and apply for funds to develop an ongoing housing rehabilitation program. Rural Development, the North Dakota Housing Finance Agency, the Federal Home Loan Bank and HUD are all potential funding sources.

17. Develop a Landlord/Tenant Quality of Life Ordinance

Findings: We recommend that the City of Wahpeton develop and implement a Landlord/Tenant Quality of Life Ordinance that will require all rental units in the City to be inspected every two to three years. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a rental housing inspection program is successfully implemented.

The need for a Landlord/Tenant Quality of Life Ordinance includes the following:

Health and Safety

- ▶ There is a need to provide tenants with safe, sanitary, and standard living conditions and to eliminate life threatening hazards.

Age of Housing Stock

- ▶ Much of the existing rental housing stock in Wahpeton is over 25 years old.
- ▶ Older housing needs continued rehabilitation and maintenance.
- ▶ Older housing often has difficulty complying with current codes.

Conversions

- ▶ Many of the rental buildings were originally constructed for uses other than rental housing such as owner occupied single family homes, commercial use, and mobile homes. In conversion, often owners do the work themselves and have inadequate or faulty mechanical, electrical, plumbing, and heating systems. Also, constructing an apartment in the basement often results in a lack of natural lighting, ventilation and proper access and egress.

Trends of Conversions

- ▶ Today's buyers want more amenities and conveniences, and less maintenance; thus, they are less likely to purchase the older homes which results in the continuation of converting old homes to rental units and magnifies the problem.

Maintenance Efforts

- ▶ A large number of landlords are providing standard housing and reinvesting in their rental properties. However, some landlords do not maintain their buildings. Ongoing maintenance is necessary for older housing as buildings with continued deferred maintenance become unsafe and substandard.

High Number of Landlords

- ▶ Wahpeton has a significant number of rental property owners. Many of these landlords do an excellent job; however, some absentee landlords do not reinvest in their properties, and create a need for the program.

Neighborhood Stabilization

- ▶ Rental units need to be maintained to keep the integrity of the neighborhood and stabilize property values. Deferred maintenance, parked junk cars, trash and debris all negative impact.

Zoning and Codes

- ▶ Illegal apartments such as inappropriately constructed basement apartments may be unsafe and a violation of zoning regulations.

Coordination

- ▶ A Landlord/Tenant Quality of Life Ordinance provides an accurate record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.

Recommendation: We recommend the implementation of the Landlord/Tenant Quality of Life Ordinance to assure that all rental units in Wahpeton comply with housing laws and codes. The Ordinance should include registration and inspections of rental units. The Ordinance will assure that Wahpeton rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

18. Develop a Neighborhood Revitalization Program

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

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

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

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Infill new construction including single family homes and attached housing
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Purchase/ Rehabilitation Programs that rehabilitate homes and provide home ownership for low/moderate income households
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Consider rezoning, variances and/or replatting to make areas and parcels more desirable for redevelopment
- ▶ Programs that encourage energy conservation

- ▶ Other projects identified through the planning process

The Neighborhood Revitalization Plan should include time lines, responsible City Department or Housing Agency, funding sources, etc. The Program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities.

It must be noted that neighborhood revitalization can result in the loss of affordable housing. Redevelopment projects, infill construction and other affordable housing projects in the community should assure that there are overall net gains in the affordable housing stock.

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

Other Recommendations

19. Continue to acquire and demolish dilapidated structures

Findings: Our housing condition survey of three Wahpeton neighborhoods identified two homes that are dilapidated and too deteriorated to rehabilitate. We also identified 112 homes as needing major repair and several of these homes may be too dilapidated to rehabilitate. There may also be homes in other Wahpeton neighborhoods that are deteriorated and beyond repair.

There are also several rental buildings in Wahpeton with high vacancy rates that are dilapidated and may be too deteriorated to rehabilitate. The City has demolished several dilapidated housing structures over the past several years.

Recommendation: We recommend that the City of Wahpeton take an aggressive approach to demolishing severely dilapidated structures. The City is enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can possibly be utilized for the construction of new affordable housing units. The City could also develop partnerships with housing agencies and private developers to construct new housing on cleared parcels. Additionally, the demolition of dilapidated rental units will upgrade the City's rental housing stock.

20. Create a plan and continue coordination among housing agencies

Findings: The City of Wahpeton needs staff resources in addition to existing City staff to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Wahpeton EDC, the Wahpeton CDC, the Richland County Housing Authority, the Lake Agassiz Housing Corporation, the Region V Community Development Corporation, the Southeastern North Dakota Community Action, Inc., and the local Rural Development Office. These agencies all have experience with housing and community development programs.

Recommendation: The City of Wahpeton is fortunate to have access to several agencies that can address housing needs, although, several of these agencies are not very active in Wahpeton at this time. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

Additionally, it may be feasible to coordinate with Breckenridge on housing projects and programs. Sharing a staff position with Breckenridge may be an option.

It will also be important for the City to look for opportunities to work cooperatively with other Richland County Cities to address housing issues. With the number of small cities in the County, and limited staff capacity at both the City and County level, cooperative efforts may be the only way to accomplish certain projects. Cooperative efforts will not only make housing projects more practical, but they will often be more cost-effective and competitive.

21. Promote the City's Downtown Redevelopment Efforts

Findings: The City of Wahpeton is revitalizing its downtown. The City commissioned a study in 2006 called the Wahpeton-Breckenridge Action Agenda. The Plan identified several housing issues in the downtown area.

Recommendation: We agree with the findings of the study and recommend the following:

- ▶ Rehabilitation of existing rental units on upper levels of commercial buildings to maximize their potential
- ▶ Construction of new rental units, when feasible, on upper levels of downtown commercial buildings
- ▶ Complete the construction of the 11 units located on the upper floor of the 500 block of Dakota Ave.
- ▶ Revitalization of neighborhoods adjacent to the downtown

Employment and Local Economic Trends Analysis - Breckenridge, MN

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.

Major employers in Breckenridge, MN, include:

<u>Company</u>	<u>No. of Employees</u>
St. Francis Healthcare Campus	376
Breckenridge Schools-ISD #846	160
County of Wilkin	105
Sunopta Sunflower	70
Red River Valley & Western Railroad	50
Seeds 2000	48
Minn-Kota Ag Products	38
City of Breckenridge	25
Bremer Bank	24

Source: Community Profiles, Minnesota Department of Employment and Economic Development

Employment and Local Economic Trends Analysis - Wahpeton, ND

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.

Major employers in Wahpeton, ND, include:

<u>Company</u>	<u>Business Type</u>
Minn-Dak Farmers Cooperative	Beet Sugar Manufacturing
N.D. State College of Science	Two-Year College
Primewood, Inc.	Millwork
Wahpeton Public Schools	Elementary and Secondary Schools
Wal-Mart	Department Store
St. Catherine's Living Center	Nursing Care Facility
Wil-Rich	Farm Machinery and Equipment Manufacturing
Red River Human Services Foundation	Res. Facilities for Devel. Disabled
Richland County	Executive and Legislative Offices
Cargill	Corn Milling
Circle of Nations School	Inter-tribal Off-reservation Boarding School
WCCO Belting	Rubber and Plastics Hose and Belting Manufacturing
Econofoods	Supermarket
ComDel Innovation	Metal Stamping
Bobcat-Wahpeton	Manufacturer of Hydraulics
Comstock	Earthwork and heavy/highway contract

Source: North Dakota Labor Market Information Center

Work Force and Unemployment Rates - Wilkin County

Employment information is available at the County level. Data in the table that follows is for all of Wilkin County and was obtained from the Minnesota Department of Employment and Economic Development.

Table 1 Wilkin County Average Annual Labor Force 2000 -2010*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	3,691	3,580	111	3.0%	3.1%	4.0%
2001	3,604	3,459	145	4.0%	3.8%	4.7%
2002	3,788	3,640	148	3.9%	4.5%	5.8%
2003	3,792	3,644	148	3.9%	4.9%	6.0%
2004	3,682	3,543	139	3.8%	4.6%	5.6%
2005	3,602	3,467	135	3.7%	4.2%	5.1%
2006	3,564	3,428	136	3.8%	4.1%	4.6%
2007	3,489	3,355	134	3.8%	4.6%	4.6%
2008	3,517	3,361	156	4.4%	5.4%	5.8%
2009	3,515	3,316	199	5.7%	8.0%	9.3%
2010*	3,528	3,334	195	5.5%	7.4%	9.9%

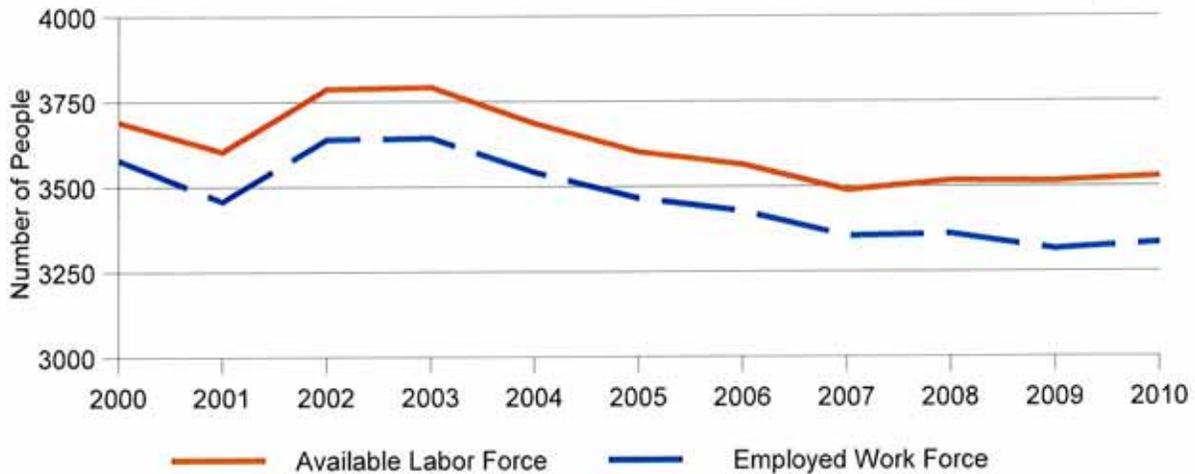
Source: Minnesota Department of Employment and Economic Development

Note: Not Seasonally Adjusted

* 2010 is through June

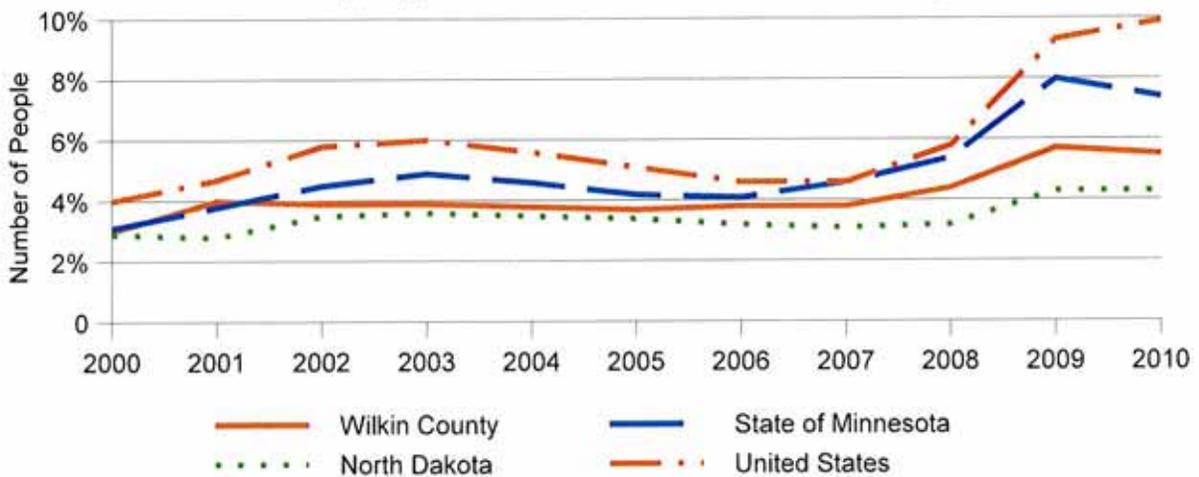
- ▶ Wilkin County has had a slight decline in the size of the available labor force in recent years. Between 2000 and 2010 (partial year through June), the labor force decreased 4.4% with a loss of 163 workers.
- ▶ The employed work force has also decreased since 2000. The number of employed workers in Wilkin County has decreased by 246 employees between 2000 and 2009, or 6.9%.

Labor Force and Work Force Trends - Wilkin County



- While the labor force and number of employed people have decreased over the last 10 years, the County's unemployment rate has increased during that same stretch. Despite that increase, Wilkin County's unemployment rate is currently below the state and national averages.

Unemployment Rate - Wilkin County



Work Force and Unemployment Rates - Richland County

Employment information is available at the County level. Data in the table that follows is for all of Richland County and was obtained from the North Dakota Labor Market Information Center.

Table 2 Richland County Average Annual Labor Force 2000 -2010*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - ND	Unemployment Rate - US
2000	9,469	9,213	256	2.7%	2.9%	4.0%
2001	9,102	8,842	260	2.9%	2.8%	4.7%
2002	9,379	9,059	320	3.4%	3.5%	5.8%
2003	9,397	9,062	335	3.6%	3.6%	6.0%
2004	9,205	8,891	314	3.4%	3.5%	5.6%
2005	9,008	8,699	309	3.4%	3.4%	5.1%
2006	8,991	8,674	317	3.5%	3.2%	4.6%
2007	8,966	8,669	297	3.3%	3.1%	4.6%
2008	8,806	8,463	343	3.9%	3.2%	5.8%
2009	8,550	8,069	481	5.6%	4.3%	9.3%
2010*	8,305	7,911	394	4.7%	4.3%	9.9%

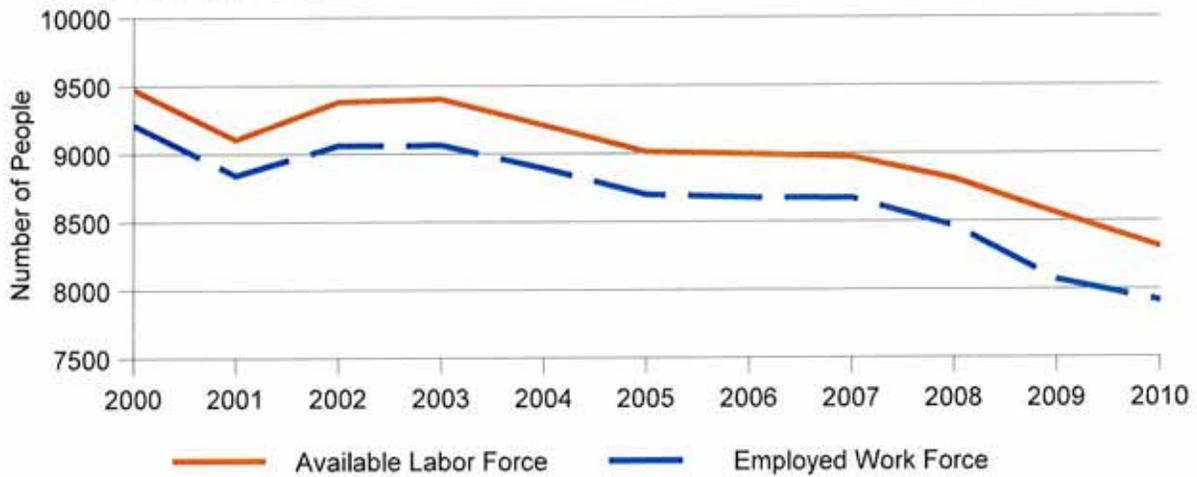
Source: North Dakota Labor Market Information Center

Note: Not Seasonally Adjusted

* 2010 is through May

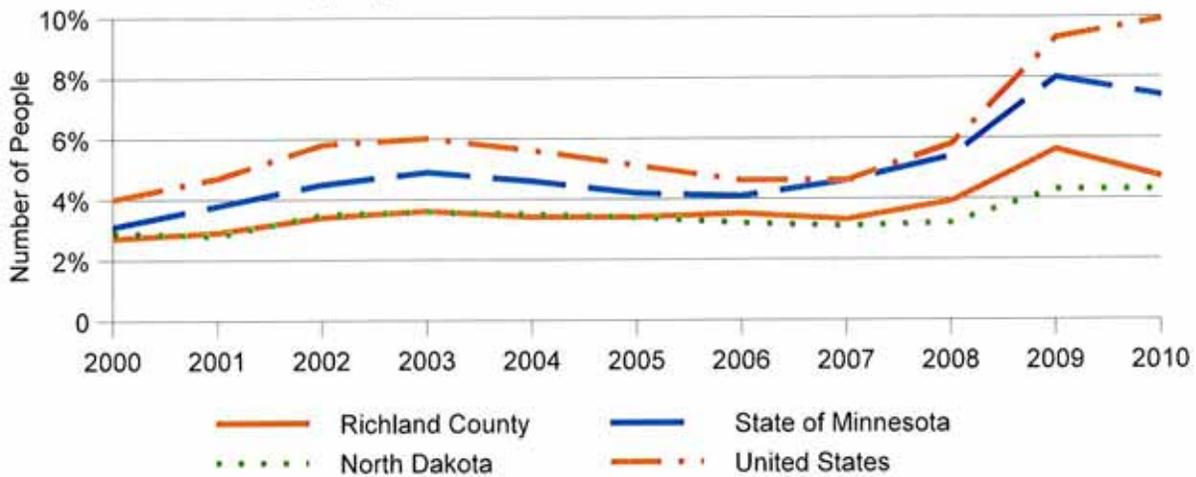
- ▶ Richland County has had a decline in the size of the available labor force in recent years. Between 2000 and 2010 (partial year through May), the labor force decreased 12.3%. The labor force is currently at its smallest level in the past 10 years with 8,305 workers in 2010.
- ▶ The employed work force has also decreased since 2000. The number of employed workers in Richland County has decreased by 1,302 employees between 2000 and 2010, or 14.1%.

Labor Force and Work Force Trends - Richland County



- ▶ While the labor force and number of employed people have decreased over the last 10 years, the County’s unemployment rate has increased during that same stretch. Richland County’s unemployment rate of 4.7% is currently slightly above the state average of 4.3%, but below the national average of 9.9%.

Unemployment Rate - Richland County



Work Force and Unemployment Rates - Wahpeton Micropolitan Labor Market Area

Data in the table that follows is for the Wahpeton Micropolitan Labor Market Area, which includes Wilkin and Richland Counties. The data was obtained from the North Dakota Labor Market Information Center.

Table 3 Market Area Average Annual Labor Force 2000 -2010*						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - ND	Unemployment Rate - MN
2000	13,161	12,794	367	2.8%	2.9%	3.1%
2001	12,706	12,301	405	3.2%	2.8%	3.8%
2002	13,167	12,699	468	3.6%	3.5%	4.5%
2003	13,209	12,726	483	3.7%	3.6%	4.9%
2004	12,924	12,471	453	3.5%	3.5%	4.6%
2005	12,656	12,213	443	3.5%	3.4%	4.2%
2006	12,633	12,180	453	3.6%	3.2%	4.1%
2007	12,456	12,024	432	3.5%	3.1%	4.6%
2008	12,312	11,817	495	4.0%	3.2%	5.4%
2009	12,064	11,385	679	5.6%	4.3%	8.0%
2010*	11,829	11,236	593	5.0%	4.3%	7.4%**

Source: North Dakota Labor Market Information Center

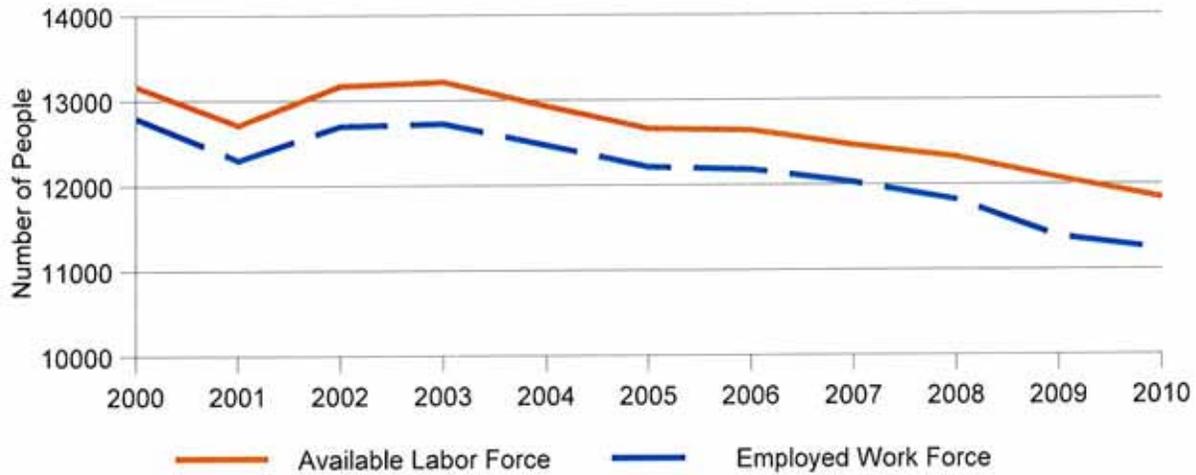
Note: Not Seasonally Adjusted

* 2010 is through May

**MN 2010 data is through June

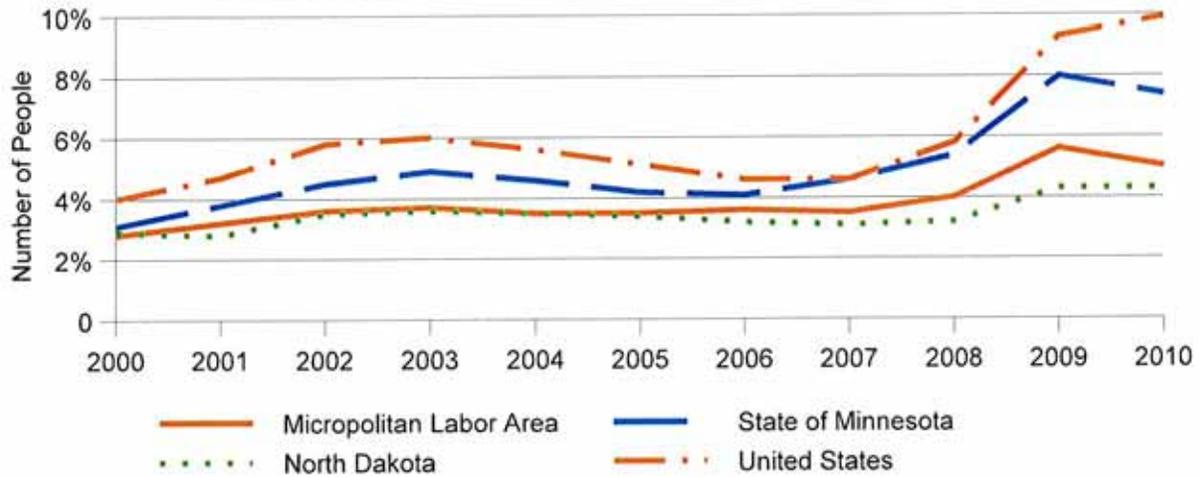
- ▶ The Wahpeton Micropolitan Labor Market Area has had a decline in the size of the available labor force in recent years. Between 2000 and 2010 (partial year through May), the labor force decreased 10.1%. The labor force is currently at its smallest level in the past 10 years with 11,829 workers in 2010.
- ▶ The employed work force has also decreased since 2000. The number of employed workers in the Market Area has decreased by 1,558 employees between 2000 and 2010, or 12.2%.

Labor Force and Work Force Trends - Micropolitan Area



- ▶ While the labor force and number of employed people have decreased over the last 10 years, the Market Area's unemployment rate has increased during that same stretch.

Unemployment Rate - Micropolitan Area



Employment and Wages by Industry - Wilkin County

The following table shows the average weekly wages by major employment sector in 2009, 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.

Table 4 Wilkin County Average Weekly Wages by Industry Detail		
Industry	2009 Employment	2009 Average Weekly Wage
Total All Industry	2,034	\$547
Natural Resources and Mining	219	\$582
Construction	103	\$612
Manufacturing	5	\$235
Trade, Transportation, Utilities	457	\$678
Financial Activities	100	\$691
Education and Health Services	731	\$522
Leisure and Hospitality	198	\$154
Public Administration	123	\$648
Other Services	53	\$510

Source: Minnesota Department of Employment and Economic Development

- ▶ The average weekly wage for all industry in 2009 was \$547. At full-time employment, this equates to an annual wage of \$28,444.
- ▶ The highest paying wage sectors were Financial Activities and Trade, Transportation, Utilities with average weekly wages of \$691 and \$678, respectively. At full-time employment, the average annual wage for Financial Activities would be \$35,932.
- ▶ The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only \$154. At full-time employment in this sector, the average worker would earn \$8,008 annually.

Employment and Wages by Industry - Richland County

The following table shows the average weekly wages by major employment sector in 2009, 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.

Table 5 Richland County Average Weekly Wages by Industry Detail		
Industry	2009 Employment	2009 Average Weekly Wage
Total All Industry	7,511	\$612
Natural Resources and Mining	184	\$696
Construction	441	\$725
Manufacturing	1,594	\$811
Trade, Transportation, Utilities	1,419	\$721
Information	65	\$734
Professional and Technical Services	144	\$975
Administrative and Waste Services	159	\$521
Financial Activities	156	\$813
Real Estate and Rental and Leasing	64	\$342
Education and Health Services	637	\$507
Leisure and Hospitality	440	\$171
Public Administration	298	\$565
Other Services	170	\$352

Source: North Dakota Labor Market Information Center

- ▶ The average weekly wage for all industry in 2009 was \$612. At full-time employment, this equates to an annual wage of \$31,824.
- ▶ The highest paying wage sectors were Professional and Technical Services and Financial Activities with average weekly wages of \$975 and \$813, respectively. At full-time employment, the average annual wage for Financial Activities would be \$50,700.
- ▶ The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only \$171. At full-time employment in this sector, the average worker would earn \$8,892.

Employment Projections by Industry - Northwest Region of Minnesota

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State of Minnesota. Wilkin County is included in the Northwest Region. The following table compares estimated employment in the general industry classifications in 2006, the projected level of employment by 2016, and the percentage change.

Table 6 Projected Employment by Industry - 2016			
Industry	2006 Employment	2016 Projected Employment	Percent Change 2006-2016
Total All Industry	258,122	281,962	9.2%
Natural Resources and Mining	5,436	5,194	-4.5%
Construction	11,169	12,282	10.0%
Manufacturing	29,974	29,410	-1.9%
Trade, Transportation, Utilities	45,134	46,976	4.1%
Information	3,594	3,285	-8.6%
Financial Activities	7,700	9,133	18.6%
Professional and Business Services	9,413	12,414	31.9%
Education and Health Services	54,067	65,716	21.5%
Leisure and Hospitality	22,697	25,403	11.9%
Other Services	10,813	11,759	8.7%

Source: Minnesota Department of Employment and Economic Development

- ▶ Projections for the year 2016 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Northwest Minnesota between 2006 and 2016. This sector is projected to add 3,001 jobs, for a percentage growth of 18.6%.
- ▶ In numeric growth, the largest employment increase in Northwest Minnesota is expected in the Education and Health Services sector, which is projected to add 11,649 new jobs. This was the largest single employment sector in Wilkin County in 2009, and paid an average weekly wage of \$522.
- ▶ The three sectors expected to lose jobs between 2006 and 2016 are the Natural Resources and Mining, Manufacturing, and Information sectors.

Employment Projections by Industry - North Dakota

The North Dakota Labor Market Information Center has generated employment projections for the State of North Dakota. The following table compares estimated employment in the general industry classifications in 2008, the projected level of employment by 2018, and the percentage change.

Table 7 North Dakota Projected Employment by Industry - 2018			
Industry	2008 Employment	2018 Projected Employment	Percent Change 2008-2018
Total All Industry	420,109	458,634	9.2%
Natural Resources and Mining	39,814	41,670	4.7%
Construction	20,827	24,048	15.5%
Manufacturing	26,375	27,037	2.5%
Trade, Transportation, Utilities	80,129	86,102	7.5%
Information	7,439	7,730	3.9%
Financial Activities	16,361	19,405	18.6%
Professional and Business Services	12,962	15,324	18.2%
Education and Health Services	85,641	96,041	12.1%
Leisure and Hospitality	33,578	37,925	12.9%
Other Services	15,923	16,534	3.8%

Source: North Dakota Labor Market Information Center

- ▶ Projections for the year 2018 show that the Financial Activities sector is expected to have the greatest percentage growth among industries in the State of North Dakota between 2008 and 2018. This sector is projected to add 3,044 jobs, for a percentage growth of 18.6%.
- ▶ In numeric growth, the largest employment increase in North Dakota is expected in the Education and Health Services sector, which is projected to add 10,400 new jobs.
- ▶ All sectors are expected to gain jobs between 2008 and 2018.

Agencies and Resources

The following local and state agencies administer programs or provide funds for programs and projects.

Breckenridge

Breckenridge Port Authority

420 Nebraska Avenue
P.O. Box 410
Breckenridge, MN 56520
(218) 643-1431

Lakes and Prairies Community Action Partnership, Inc.

715 11th Street North, Suite 402
Moorhead, MN 56560
(218) 299-7000

West Central MN Communities Action, Inc.

411 Industrial Boulevard
Elbow Lake, MN 56531
(800) 492-4805

Breckenridge Housing and Redevelopment Authority

200 Park Avenue
Breckenridge, MN 56520
(218) 643-6147

Minnesota Housing Finance Agency

400 Sibley Street
Suite 300
St. Paul, MN 55101
(800) 657-3802

Minnesota Department of Employment and Economic Development

121 Seventh Place East
5th Floor Metro Square
(800) 657-3858

Greater Minnesota Housing Fund

332 Minnesota Street
Suite 1432 East
St. Paul, MN 55101
(800) 277-2258

Department of Housing and Urban Development
220 Second Street South
Minneapolis, MN 55401
(612) 370-3000

USDA Rural Development
410 Farm Credit Building
375 Jackson Street
St. Paul, MN 55101
(651) 290-3912

Federal Home Loan Bank of Des Moines
907 Walnut Street
Des Moines, IA 50309
(515) 281-1181

Wahpeton

Wahpeton Economic Development Commission

1900 Fourth Street North
Wahpeton, ND 58075
(701) 642-8559

Wahpeton Community Development Corporation

1900 Fourth Street North
Wahpeton, ND 58075
(701) 642-8559

Richland County Housing Authority

230 8th Avenue West
West Fargo, ND 58078
(701) 282-3443

Lake Agassiz Housing Corporation

417 Main Avenue
Fargo, ND 58103
(701) 235-1197

Region V Community Development Corporation

3233 South University Drive
Fargo, ND 58104
(701) 232-2452

South Eastern North Dakota Community Action Agency

511 10 ½ Street North
Wahpeton, ND 58074
(701) 642-3497

North Dakota Housing Finance Agency

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

USDA Rural Development

Federal Building, Room 208
220 East Rosser Avenue
P.O. Box 1737
Bismarck, ND 58502

Department of Housing and Urban Development

Fargo Field Office
657 2nd Avenue North, Room 366
Fargo, ND 58108
(701) 239-5136

Federal Home Loan Bank of Des Moines

907 Walnut Street
Des Moines, IA 50309
(515) 281-1181