

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						
	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
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.