

# Crow Wing County Workforce Housing Study

March 2020



REDEVELOPMENT  
RESOURCES

# Executive Summary: Workforce Housing Needs in Crow Wing County

## Background

This report includes a thorough review of the housing market for all of Crow Wing County, with special emphasis on middle-income, or “workforce” housing.

In this report, “middle-income” refers to households earning between \$20,000 and \$50,000 per year (or \$10-25 per hour). Workforce housing refers to housing units which are affordable to households with incomes in that same range. In this case, workforce housing would fall between purchase prices of \$86,000 and \$210,000 or rents of \$500 and \$1,250 per month.

## Demographics and Housing Market

The median annual household income in Crow Wing County is currently \$53,121, with almost one-third of households (8,776) making between \$20,000 and \$49,999.

By community, the highest number of middle-income households are found in Brainerd with 2,288, the Northeast Townships with 1,597, the South/Southeast Townships with 1,511, and Baxter with 1,010.

Across the county, renter income distributions look quite different from homeowner income distributions. Almost 60% of renters make less than \$35,000 per year while 60% of homeowners make more than \$50,000 per year. While only 28% of homeownering households fall in the middle-income range, 43% of renters do. Additionally, about 60% of average salaries by industry in the county fall within the middle-income range.

Among single-family home sales under \$300,000 in Crow Wing County, market prices extend from \$133,250 for a 1,000 square foot home, up to \$237,250 for a home with 2,600 square feet of living space.

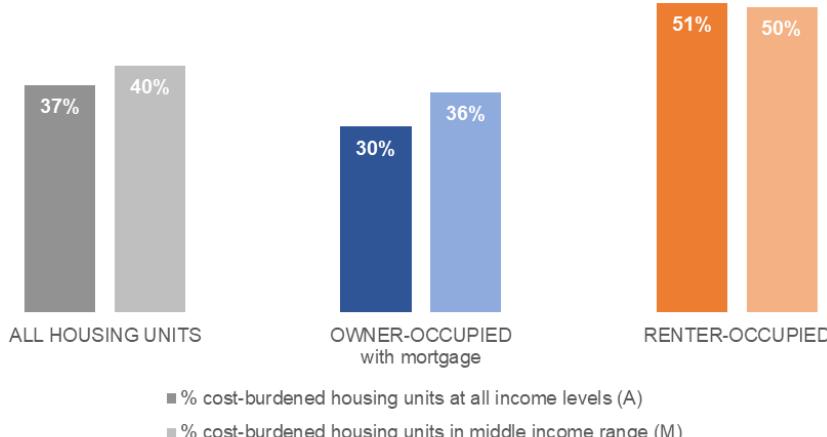
Median rents across communities cover a broad spectrum, extending from lows of \$442 in Deerwood, \$500 in Fifty Lakes, and \$623 per month in Ironton, to highs of \$957 in Baxter, \$988 in Breezy Point, and \$1,048 in Emily.

Today, 76% of county housing units are owner-occupied and 83% are single-family units, but it is projected that a higher proportion of residents will rent and live in multi-family units over the next 15 years.

## Affordability

To understand affordability, analysis was done on occupied units, both those which are rented and those which are owner-occupied and have a mortgage. Based on this analysis, 37% (6,236) of these housing units are cost-burdened, meaning they are spending more than 30% of their income on housing. The problem is more significant for renters at 51% (2,846) and among owners and renters in the middle-income group at 36% (2,159) and 50% (1,379), respectively. The bulk of these cost-burdened middle-income households are in Brainerd and Baxter. Those who are cost-burdened often have to make sacrifices in spending on other important needs, such as quality food and healthcare.

A large percentage of county housing units are cost-burdened and **the problem is more significant for renters**, with half being cost-burdened.



## Housing Needs Findings

Over the next five to 10 years, annual employment additions in Crow Wing County will remain fairly consistent, averaging 300 to 350 per year. Such a trend would result in 4,500 to 5,250 new jobs by 2033.

The top industries in Crow Wing County with highest projected job growth over the 10-year period from 2016-2026 include Education and Health Services; Trade, Transportation & Utilities; Leisure & Hospitality; Professional and Business Services; and Construction. Although Manufacturing is listed in the top five employment sectors of the county, it is not projected to add new jobs to the magnitude of the industries listed above.

Each of the above industries currently pays annual average wages in the range this study identifies as middle income, with the exception of Construction, which falls slightly above. These employees would live in what this study identifies as workforce housing.

Recommendations for moving the needle on the housing gap for middle-income residents of Crow Wing County include incenting construction of single- and multi-family housing that is affordable to this segment of the population.

Based on the projected overall employment growth, projected employment growth in the five key sectors listed above, the anticipated mix of future owners and renters, and the current number of residents who are cost-burdened in the county, the adjacent units are needed in the county:

### Top Priority Recommendations

Recommendations for ways Crow Wing County HRA could support meeting these housing construction goals include the following:

#### 1. Identify opportunity sites.

Identify on a map, properties available and well-suited for workforce single-family and multi-family development. Work to either acquire and hold land for development or be prepared to support acquisition by private developers.

#### 2. Create or enhance a Down Payment Assistance Program.

Work with employers to create a Down-Payment Assistance Program geared toward year-round workforce to boost homeownership. This program could be in partnership with employers where they contribute a percentage of the down payment with each first-time homeowner employee. Employees would need to work for the employer and live in the house for a predetermined period of time in order to have the assistance be a grant. If an employee moved or changed jobs prior to the set period of time, the down payment amount would need to be paid back.

#### 3. Assist with rehabbing older homes.

Supplement a program to provide financial assistance for rehabbing older homes. As a first step, municipalities may conduct an assessment to determine which homes are in most need of repair and target assistance to these property owners. Then, provide financial incentives to homeowners who undertake large remodeling projects. Financial incentives could include a grant up to \$5,000 and a rebate of 50% of building permit fees.

#### 4. Amend Tax Forfeited Property Land policy.

Consider a temporary amendment to Tax Forfeited Property Land to encourage development. Offer available real estate to contractors and developers at steep discount or \$0 to spur redevelopment or development of tax forfeited property. Market the program aggressively.

#### 5. Use the Housing Trust Fund to incent new construction.

Use the Housing Trust Fund for low/no interest gap financing for contractors to construct workforce single-family housing units and multi-family units.

#### 6. Host developers onsite to build interest.

Host a familiarization tour for housing developers to allow them to understand the housing market, opportunity sites, and HRA assistance in Crow Wing County.

<b>Total new housing units needed 2018-2033*:</b>	<b>4,800</b>
<b>Single-family:</b>	<b>3,375</b>
<b>Multi-family:</b>	<b>1,425</b>
For rent:	1,125
For sale:	300
<b>Units needed in workforce price range:</b>	<b>1,500 - 1,700</b>

**Additional** housing units needed in **workforce price range** to accommodate **existing middle-income residents who are currently cost-burdened:** **3,510**

\* does not include future demand for seasonal homes

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# Introduction

## Crow Wing County

Over the past century, Crow Wing County has evolved into a summer resort and second home destination, largely for residents of the Minneapolis/St. Paul area several hours to the south. As home to hundreds of lakes, the county offers numerous water-oriented outdoor recreational opportunities like fishing, water skiing, boating, and swimming.

Crow Wing County also supports a number of waterfront resorts that cater to summer visitors. Some of the larger resort operations include Ruttger's Bay Lake Lodge in Deerwood, Breezy Point Resort in Breezy Point, Cragun's Resort and Madden's in Brainerd, and Grand View Lodge in Nisswa.

Accompanying this evolution has been the development of numerous ancillary support facilities that serve seasonal and



Photo courtesy of Crow Wing County

full-time residents alike. While most communities in the county offer some level of retail development, the primary concentration exists in the Baxter/Brainerd area, primarily aligning State Highway 371.

Highway 371 is the primary north-south arterial serving Crow Wing County. To the north, it accesses communities like Nisswa, Pequot Lakes, Breezy Point, and Jenkins. To the south, Highway 371 extends into the St. Cloud area where it terminates at its confluence with Interstate 94.

## Purpose of This Study

Crow Wing County's character as a summer destination presents unique challenges for housing across all communities, ages, and income levels. Housing is important for all residents and users of the county including year-round workforce and families, seasonal workers, and aging residents. This study is intended to:

- Describe the current state of housing in Crow Wing County
- Project the future housing needs of county residents
- Compare needs with supply to determine any gaps in the market
- Provide recommendations to improve availability and choice of housing which are appropriate for the current and future residents of the county

## Study Focus Areas and Considerations

This report studies the housing market of Crow Wing County at all price points and for all types of housing. Throughout the report, the team will make distinctions, where appropriate, regarding trends among various population groups and levels of housing to provide more detailed context about the status of housing in the county. Primarily, these detailed call-outs will be focused on:

### Affordable/Affordability & Cost-burdened

Housing that is affordable to a given household is a unit which costs the household less than 30% of their gross income per month. Therefore, "affordable" does not mean it is less expensive than all other housing or that it is only for low-income households – instead it is relative to the household's income. As defined by the U.S. Department of Housing and Urban Development (HUD), those spending more than 30% on housing are considered "cost-burdened" and those spending more than 50% on housing are considered "extremely cost-burdened."

### Middle-Income Population & Workforce Housing

In this report, "middle-income" refers to households making between \$20,000 and \$50,000 per year (or \$10-25/hour), representing those making approximately 40-80% of the county's median income. Workforce housing refers to housing units which are affordable (based on the definition above) to households with income in that same range.

### Aging Population

Aging population refers to residents age 55 and over. The aging population is an important group to focus on in this housing report, as they are often on fixed incomes and have special housing needs related to their physical and cognitive abilities, which change over time.

## Seasonal Workers

Seasonal workers are those who come to Crow Wing County for only a portion of the year, primarily in the summer, to work in retail and hospitality. These individuals often face challenges finding a suitable place to live for the summer, and shortage of appropriate housing for seasonal workers can negatively impact availability and affordability for year-round residents.

## Seasonal/Second Homes

Crow Wing County is a prime location for seasonal/second homes. About 13,000 housing units in the county are classified as “for seasonal, recreational, or occasional use,” which accounts for the large gap between number of households in the county and number of housing units. Additionally, some data may be obscured by the high value of these homes, especially with a focus on workforce housing. To handle this in the report, some of the analysis removes homes valued at \$300,000 or above, which is indicated in the narrative and corresponding graphics.

## Approach to the Study

Redevelopment Resources and The Windward Group partnered on this study to provide Crow Wing County with a thorough and practical guide to housing needs, challenges, opportunities, and solutions in the county. The study consisted of four primary phases which occurred in an iterative manner throughout the project. The four phases are:

### Secondary Research

The team collected secondary data regarding the demographics and economic characteristics of the county from various sources, including:

- U.S. Census
- Esri
- Minnesota Board of Realtors
- National Association of Realtors
- Minnesota Department of Employment and Economic Development
- Brainerd Lakes Area Economic Development Corporation
- U.S. Bureau of Labor Statistics
- National League of Cities
- Greater Lakes Association of Realtors®

Unless otherwise noted, all graphics in this document are based on U.S. Census data. If another data source was used to develop a particular graphic, it is noted at the bottom of the graphic.

### Primary Research

The team collected primary data about the county through interviews with approximately 24 various experts and stakeholders. Interviews were conducted with:

- Housing developers
- County and municipal staff
- Resort owners
- Landlords
- Realtors
- Business owners
- School district superintendent
- Other key stakeholders

Additionally, the team conducted a survey of residents electronically. More than 600 residents responded to the electronic survey. Additionally, nearly 50 employers responded to an electronic survey related to housing for their employees.

### Analysis

The team analyzed the qualitative and quantitative data to develop an understanding of the housing market in Crow Wing County including current and future supply and demand at various price points. Projections made during the analysis are based on a combination of the data at hand and the team’s experience working with similar data in similar communities.

### Recommendations and Strategy Development

Based on findings from the first three phases of work, the team developed a series of recommendations and strategies for implementing those recommendations which will allow Crow Wing County to prepare for and adapt to changes in the housing market over the next 10 to 15 years.

# Economic and Demographic Factors

## Market Area Definition

While the focus of this analysis is Crow Wing County as a whole, in order to derive a clear understanding of the dynamics affecting workforce housing, it is necessary to also evaluate the various municipalities and townships that comprise the county.

The study examines 18 municipalities including:

- Baxter
- Brainerd
- Breezy Point
- Crosby
- Crosslake
- Cuyuna
- Deerwood
- Emily
- Fifty Lakes
- Fort Ripley
- Garrison
- Ironton
- Jenkins
- Manhattan Beach
- Nisswa
- Pequot Lakes
- Riverton
- Trommald

Additionally, as a significant portion of the county's residents live in unincorporated areas and townships, the study segmented these into three areas of study:

- Northwest Townships
- Northeast Townships
- South/Southeast Townships

The map above provides a geographic delineation of Crow Wing County and its component communities. Township groupings are bordered in teal.

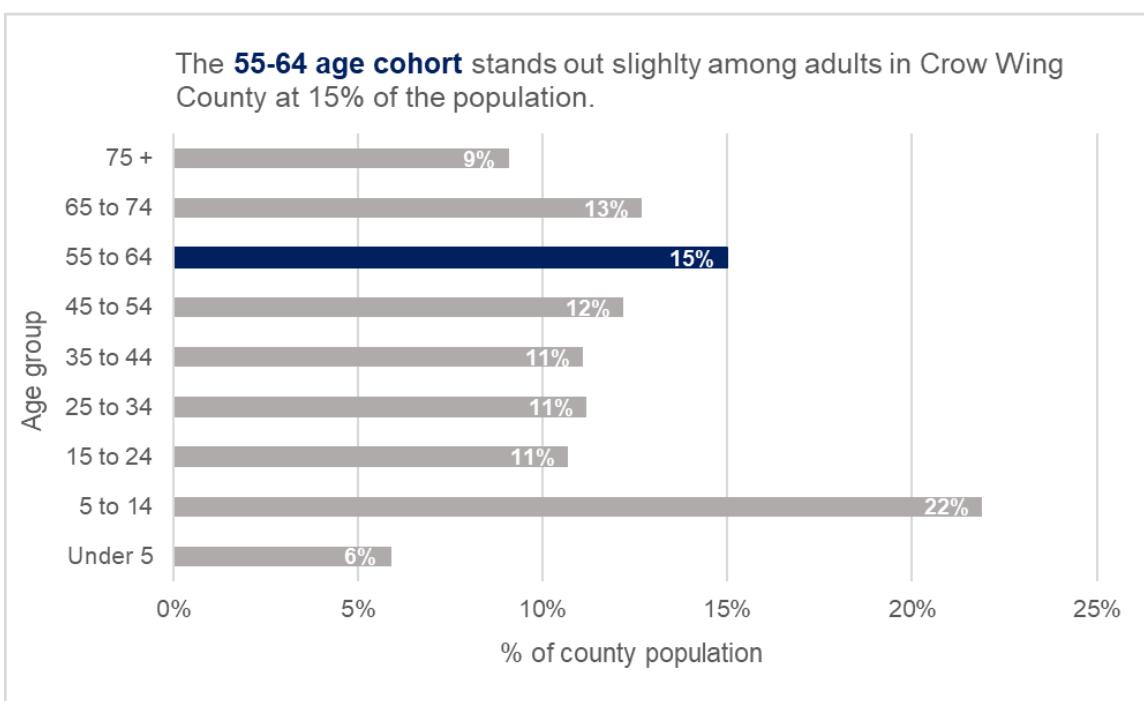
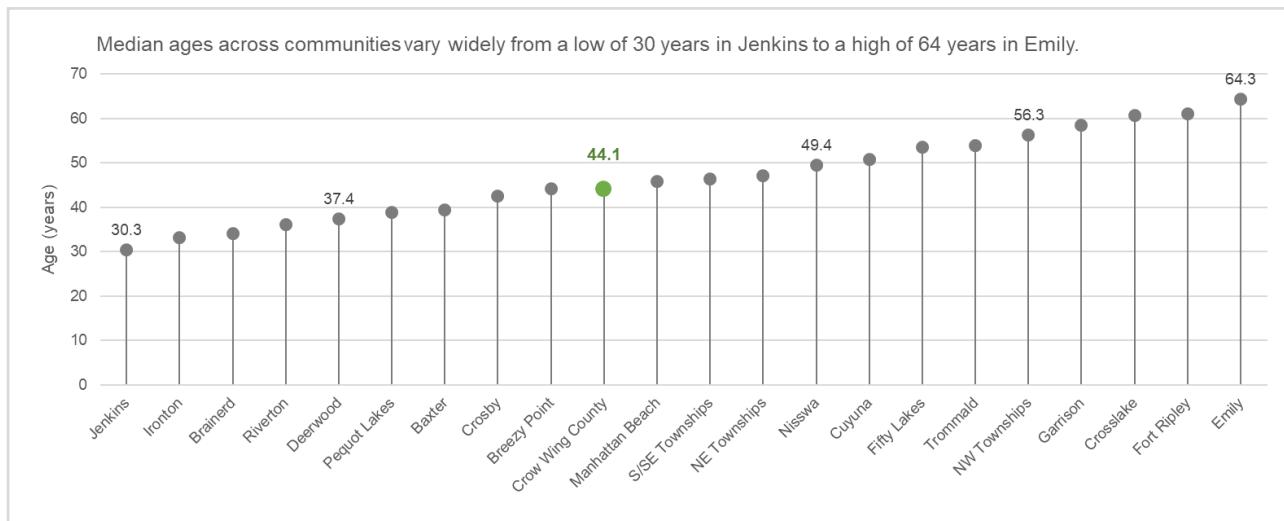


## Household, Population, and Income Trends

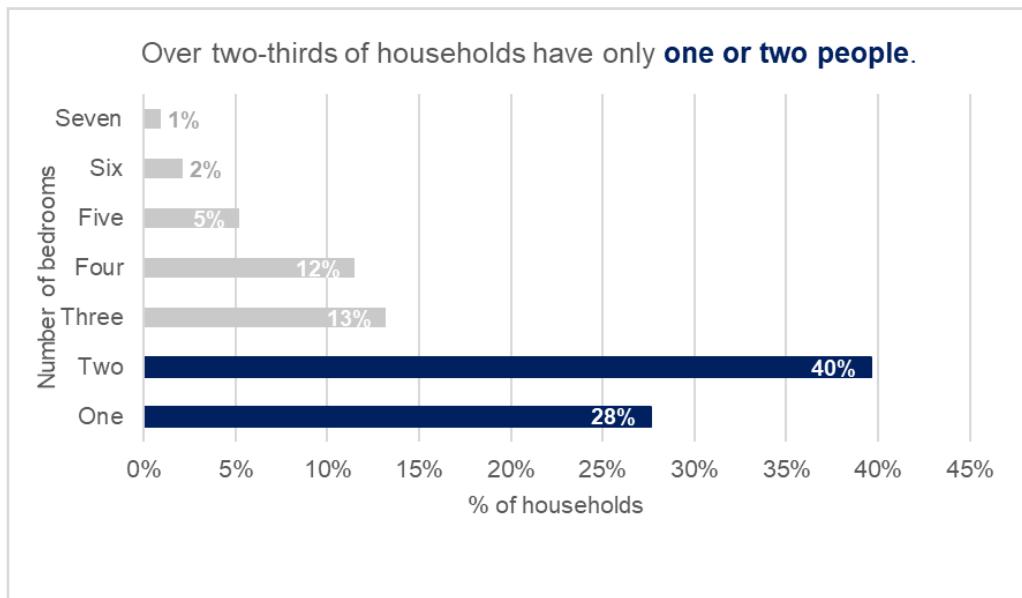
### Population

Crow Wing County currently (2018) supports a population of 66,604 persons, reflecting an increase of 4,103 since 2010. Mirroring household formations, population gains over the next 15 years are expected to be modest. Specifically, the Crow Wing County population is expected to increase by 7,484 persons over the next 15 years or by an average of 480 persons annually.

The median age of Crow Wing County residents is 44 years. However, there is a wide range among communities with median ages extending from a low of 30 years in Jenkins to a high of 64 years in Emily.

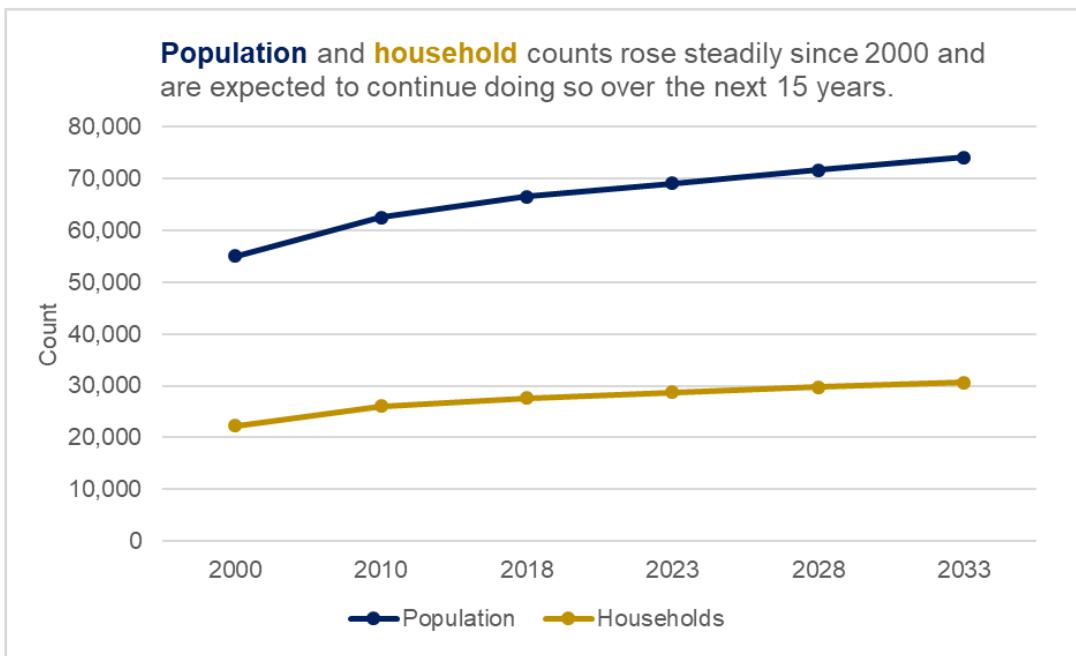


The median household in Crow Wing County includes 2.38 persons and the bulk of all households contain either one (28%) or two (40%) persons.



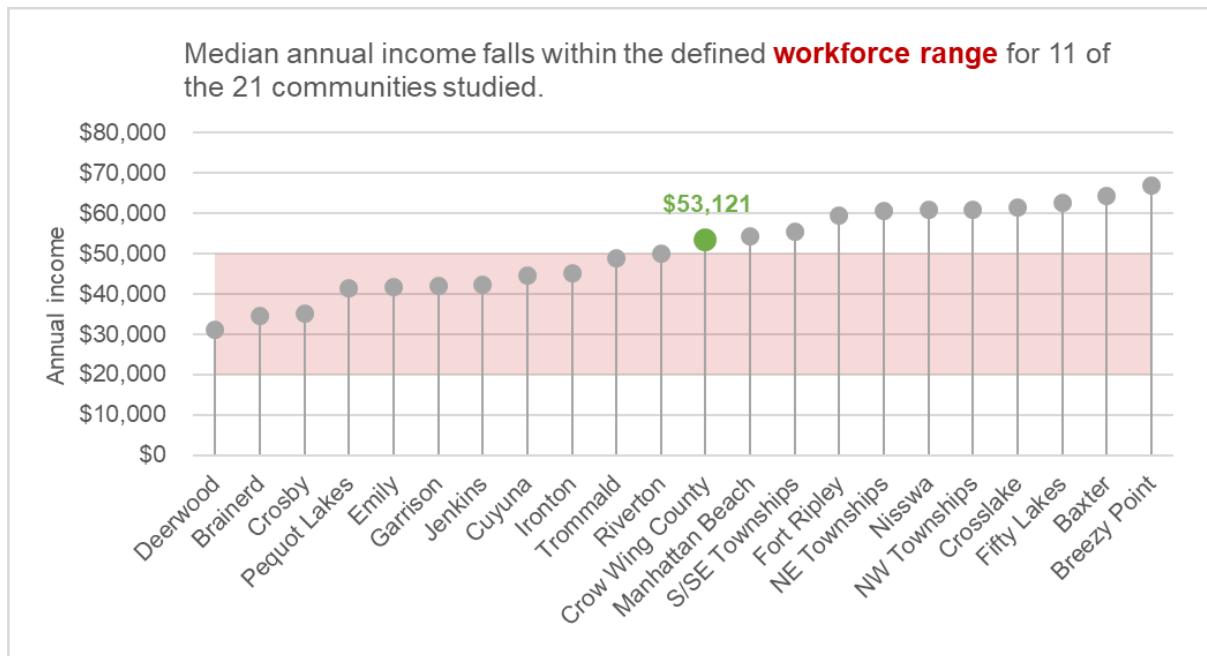
## Households

Within Crow Wing County, census figures placed the total household count at 26,033 units in 2010. Current (2018) figures show a total of 27,662 households, reflecting a net increase of 1,629 households over the past eight years. Over the next 15 years from 2018-2033, the county is expected to add 2,976 new households, averaging 198 additions per year.



## Income

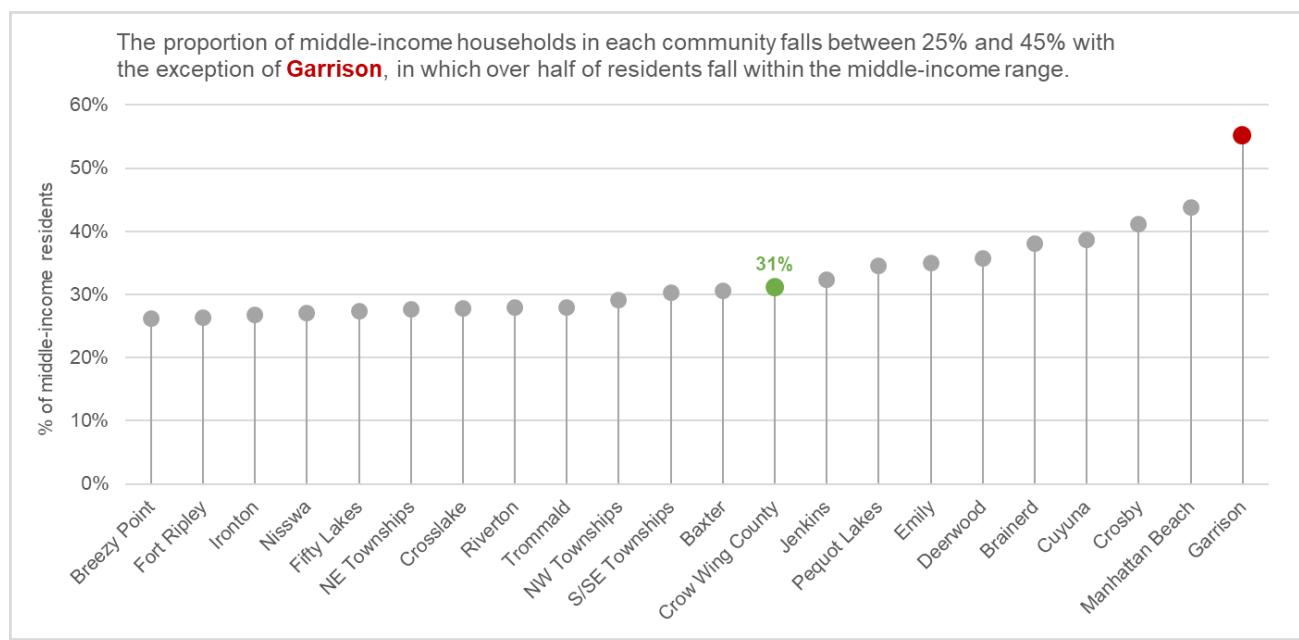
The median annual household income within Crow Wing County is currently \$53,121. Almost one-third of households in Crow Wing County make between \$20,000 and \$49,999, the target workforce housing income range, which is referred to as “middle-income” in this report.



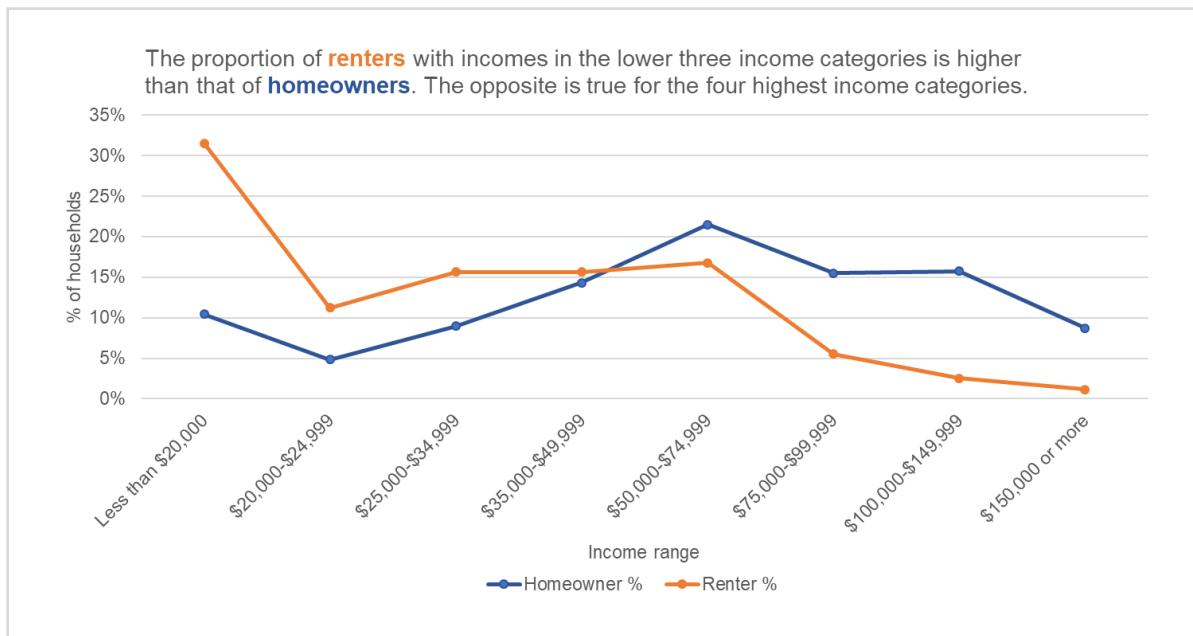
Among all of the county's component communities, median annual household incomes are quite disparate, extending from a low of \$31,146 in Deerwood, to a high of \$66,724 in Breezy Point.

In total, Crow Wing County has 8,776 households in the middle-income range, with annual incomes between \$20,000 and \$49,999. By community, the highest number of middle-income households are found in Brainerd with 2,288, the Northeast Townships with 1,597, the South/Southeast Townships with 1,511, and Baxter with 1,010.

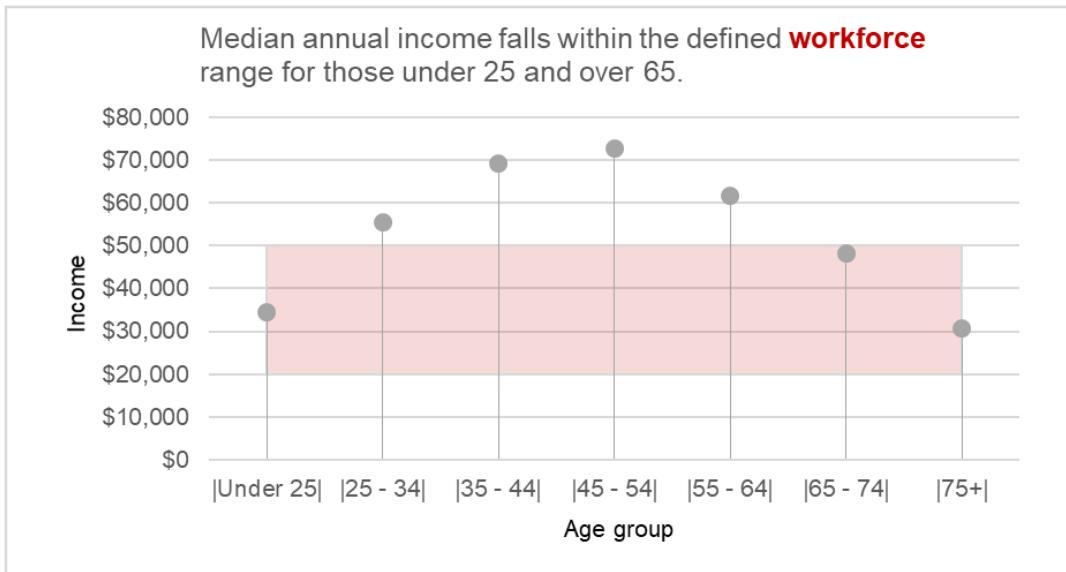
Though these four community components include the highest number of middle-income households, the range of proportions of each community which is middle-income looks a bit different. Brainerd has the fifth highest proportion of households in the middle-income range at 38% and the other three communities fall close to the middle of the pack. However, Garrison and Manhattan Beach are home to the highest concentration of households in the middle-income range, with 55% and 44% middle-income households, respectively.



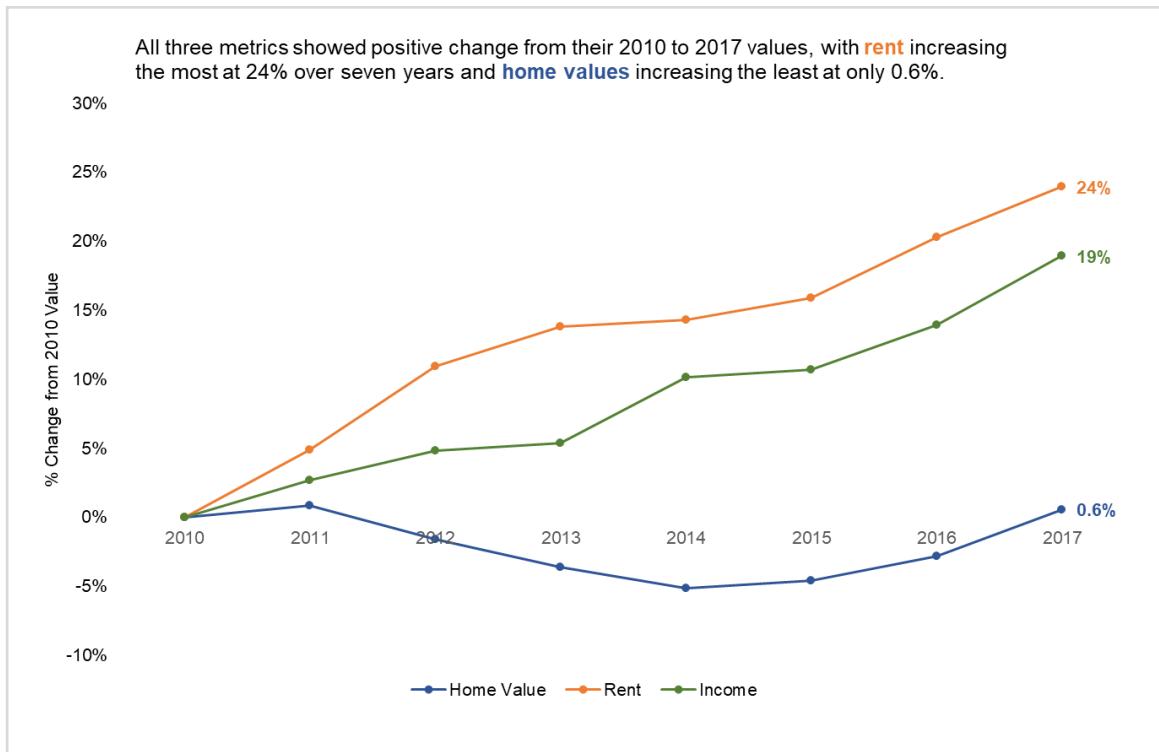
Across the county, renter income distributions look quite different from homeowner income distributions. Almost 60% of renters make less than \$35,000 per year while 60% of homeowners make more than \$50,000 per year. While only 28% of homeowners fall in the middle-income range, 43% of renters do.



Comparing household incomes across age groups reveals that Crow Wing County residents aged 75 years and over have the lowest median income of all age groups at \$30,629 and residents in the 65-74 age group have the third lowest median income at \$48,214. Residents in the 35-44 and 45-54 age groups have the highest median incomes at \$69,174 and \$72,649, respectively. These numbers, paired with unique lifestyle needs of aging populations, indicate that persons in the eldest age groups may need special focus for analyzing housing needs.



Comparing income changes since 2010 with changes in home values and rent shows great variety across the three metrics. From 2010 to 2017, incomes in Crow Wing County rose steadily for a net change of almost 19%. Median home values on the other hand increased slightly in 2011 before dipping the next three years, then recovering to a net increase of just 0.6% over the 2010 median value. Rents saw a steady but shallow increase of 24% from 2010 to 2017.



## Employment & Industry

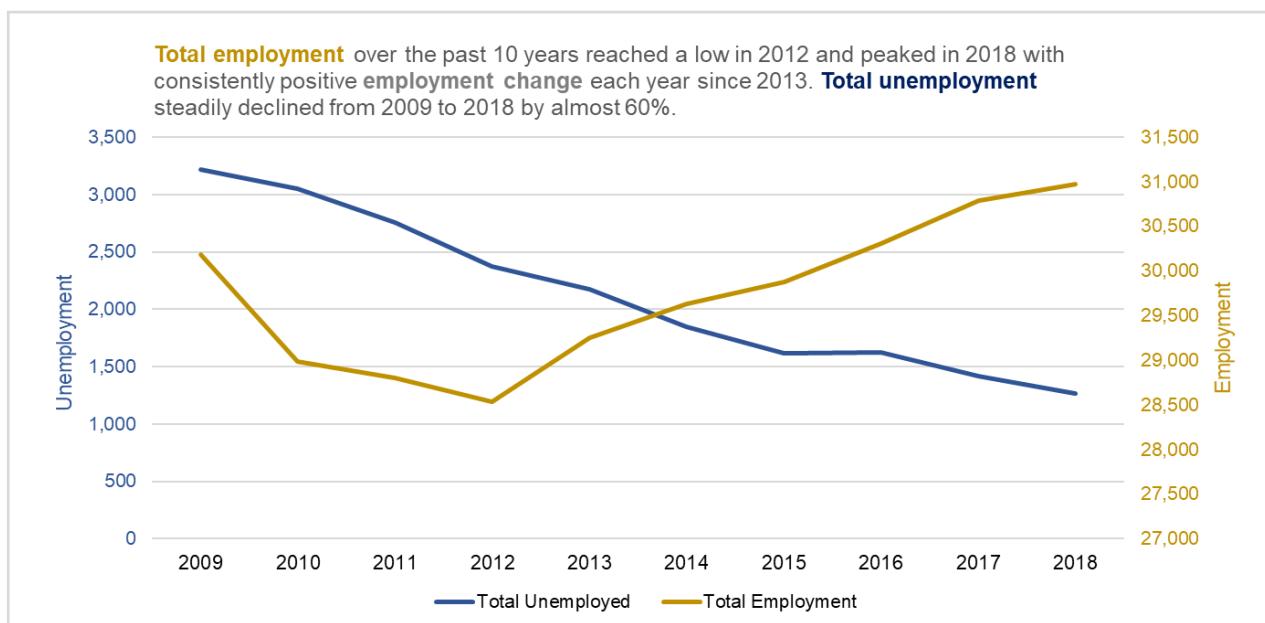
### Employment Trends

Employment growth is typically the strongest factor impacting housing demand in a given market. In a market like Crow Wing County where seasonal tourism and second homes are prevalent, the effect of employment growth on housing demand is slightly dampened, but still very important to understanding housing needs in the county.

Over the past 10 years, the total number of employed people in Crow Wing County has increased at an average rate of 78 new jobs per year for a net increase of 782 jobs from 2009 to 2018. Looking more closely at the past five years, once the economy started to recover from the recession, employment growth took off with an average of 360 new jobs added per year, but slowed significantly in 2019 with only 178 new jobs – less than half the average of the past five years.

Over the same 10-year timeframe from 2009 to 2018, the unemployment rate has declined significantly and consistently from a high of 9.6% in 2009 to a low of 3.9% in 2018.

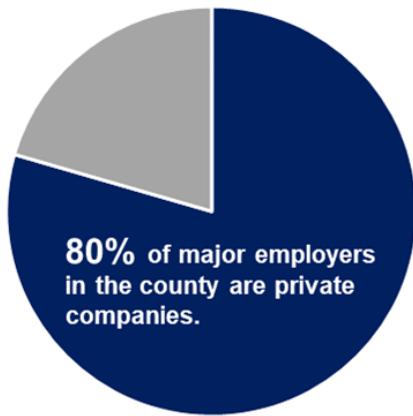
Outside of a significant catalytic event, like a major employer moving into or out of the region, it is very likely that over the next five to 10 years, annual employment additions in Crow Wing County will remain fairly consistent, but modest, averaging 300 to 350 per year. Such a trend would result in 4,500 to 5,250 new jobs by 2033.



Source: U.S. Bureau of Labor Statistics

## Employment Characteristics

The largest five employers in Crow Wing County are Essentia Health (1,496), Grandview Lodge in Nisswa (997), Cuyuna Regional Medical Center (973), Brainerd School District (900), and Clow Stamping (545). Of the 39 largest employers in the county, 80% are private and the rest are public. Just over half (54%) of the county's jobs are located in Brainerd, Crosby, and Nisswa.



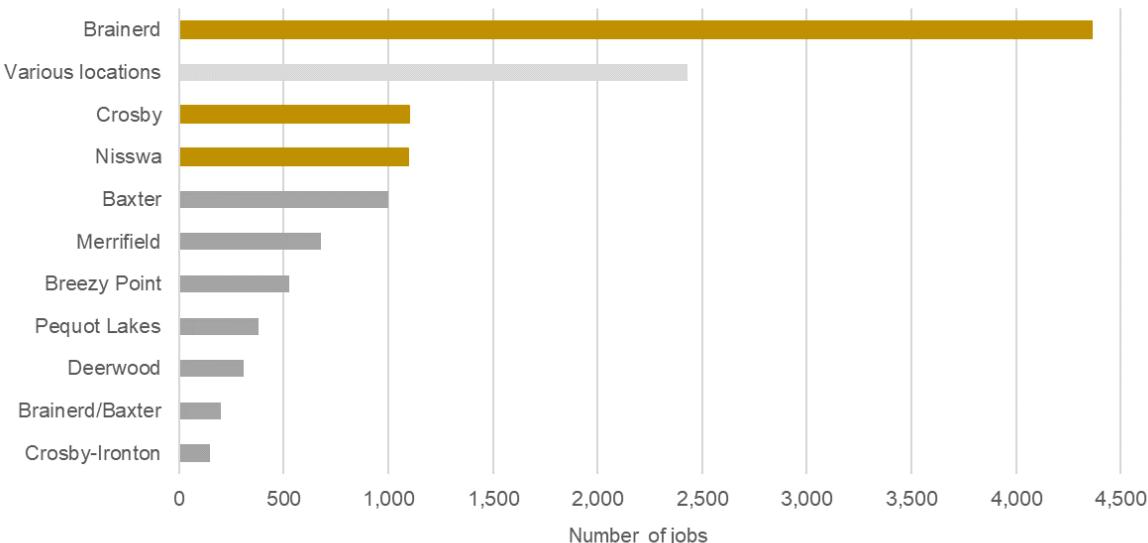
Source: Brainerd Lakes Area EDC

### Largest five employers in Crow Wing County

Essentia Health	1,496
Grand View Lodge (Nisswa)	997
Cuyuna Regional Medical Center	973
Brainerd School District	900
Clow Stamping	545

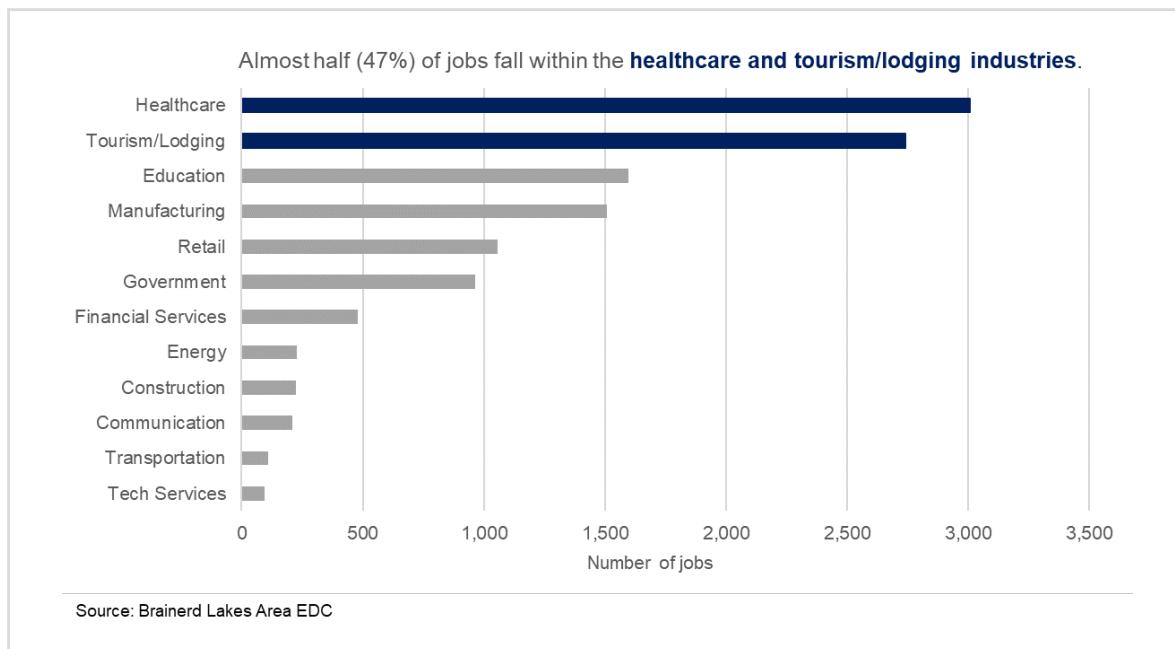
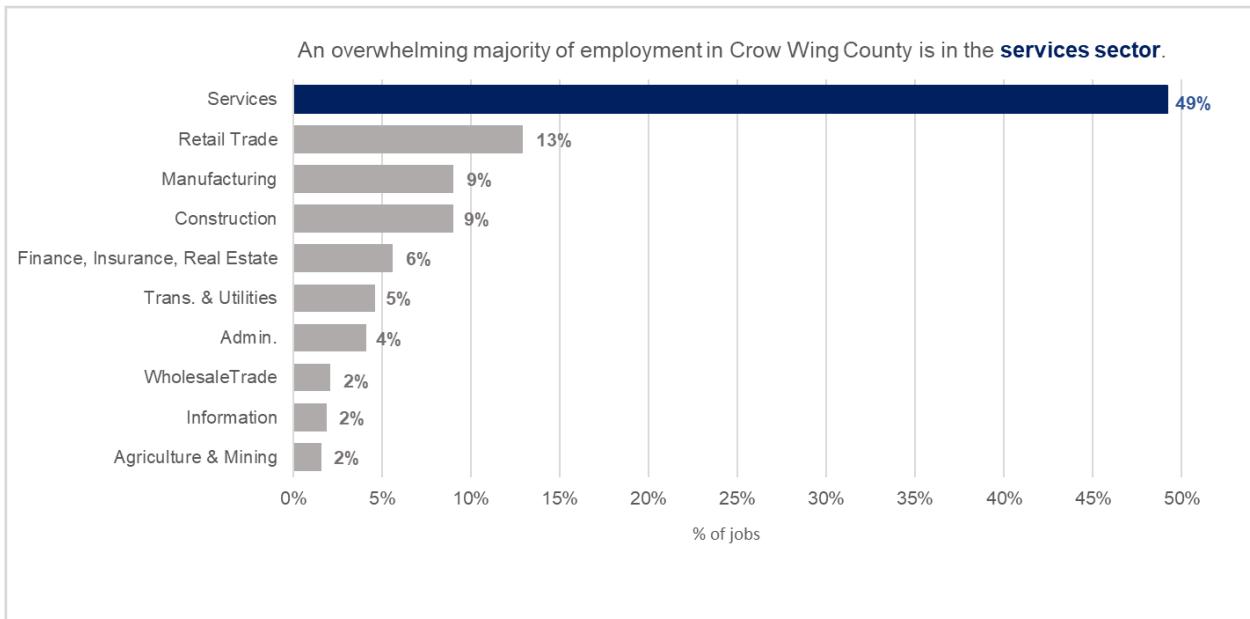
Source: Brainerd Lakes Area EDC

Over half (54%) of jobs are located in **Brainerd, Crosby, and Nisswa**.

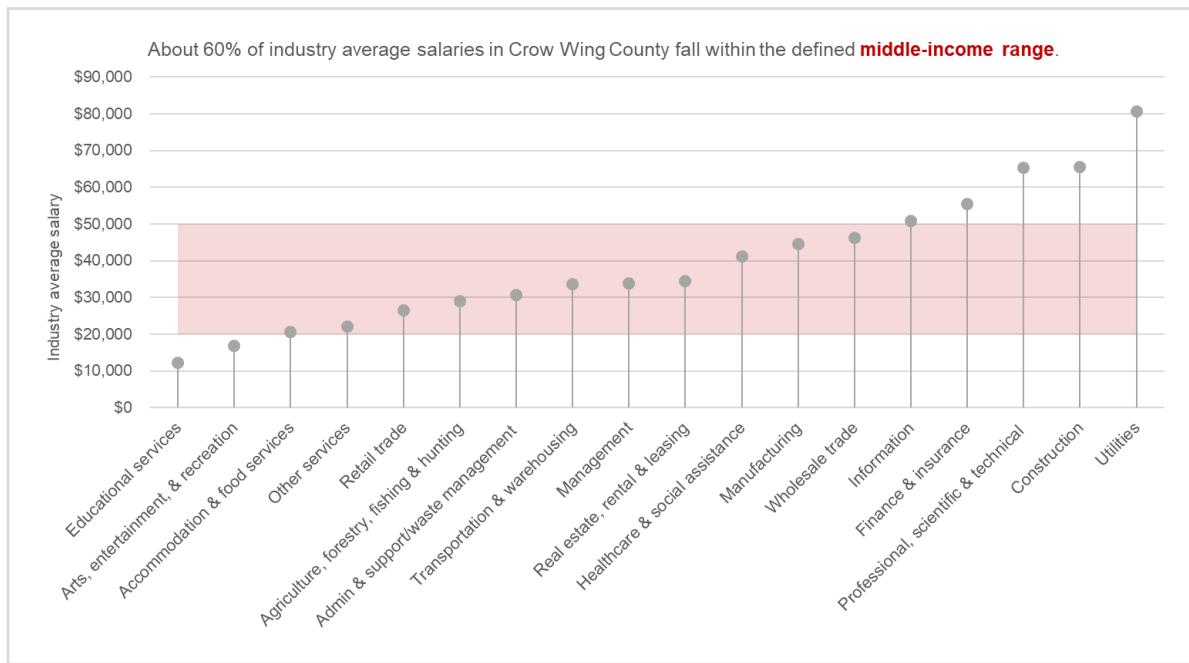


Source: Brainerd Lakes Area EDC

The Service sector accounts for the highest employment segment at about 49%, followed by Retail (13%), Manufacturing (9%), and Construction (9%). This generally follows what would be expected in a resort-oriented area such as Crow Wing County, as many of the existing jobs are created to cater to second home residents and seasonal visitors. Looking more specifically at employment by industry, almost half of jobs (47%) are within the Healthcare and Tourism/Lodging industries, which is consistent with the majority of the largest five employers.

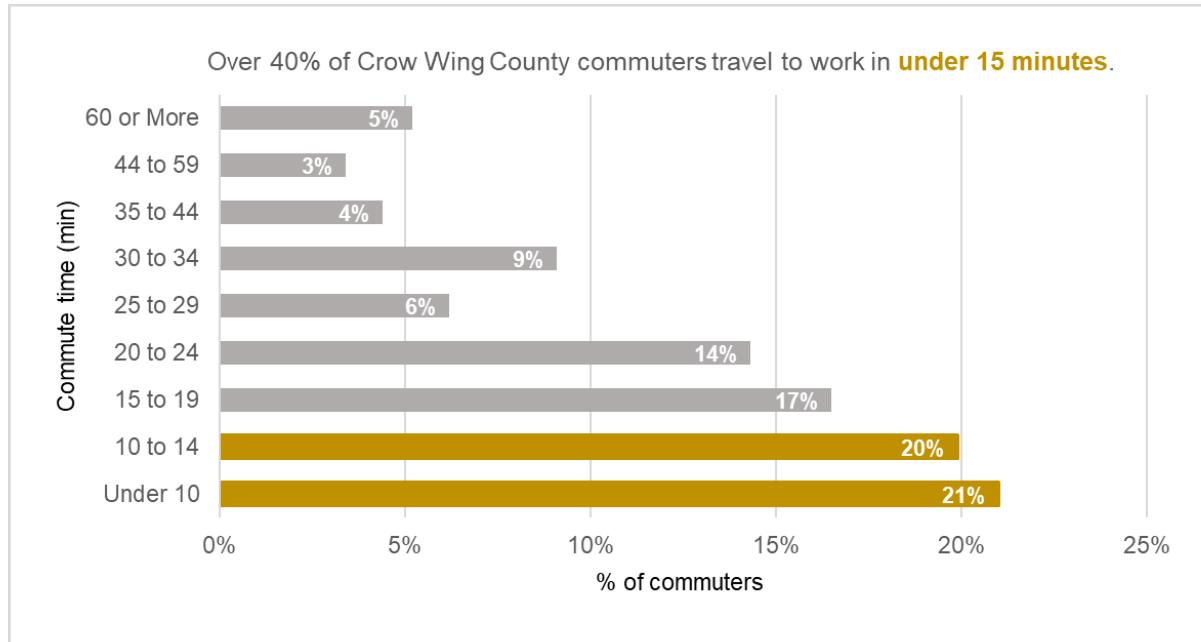


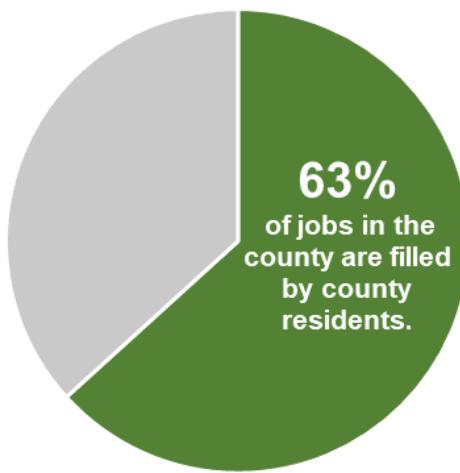
Average salaries vary widely across industries from a low of \$12,201 in Educational Services to a high of \$80,508 in Utilities. Eleven of the 18 industry average salaries studied fall into the middle-income range of \$20,000 – \$50,000.



## Commuting Patterns

Crow Wing County residents spend a median time of about 18 minutes commuting to work, with just over 40% traveling to work in under 15 minutes and about 22% spending more than 30 minutes commuting.

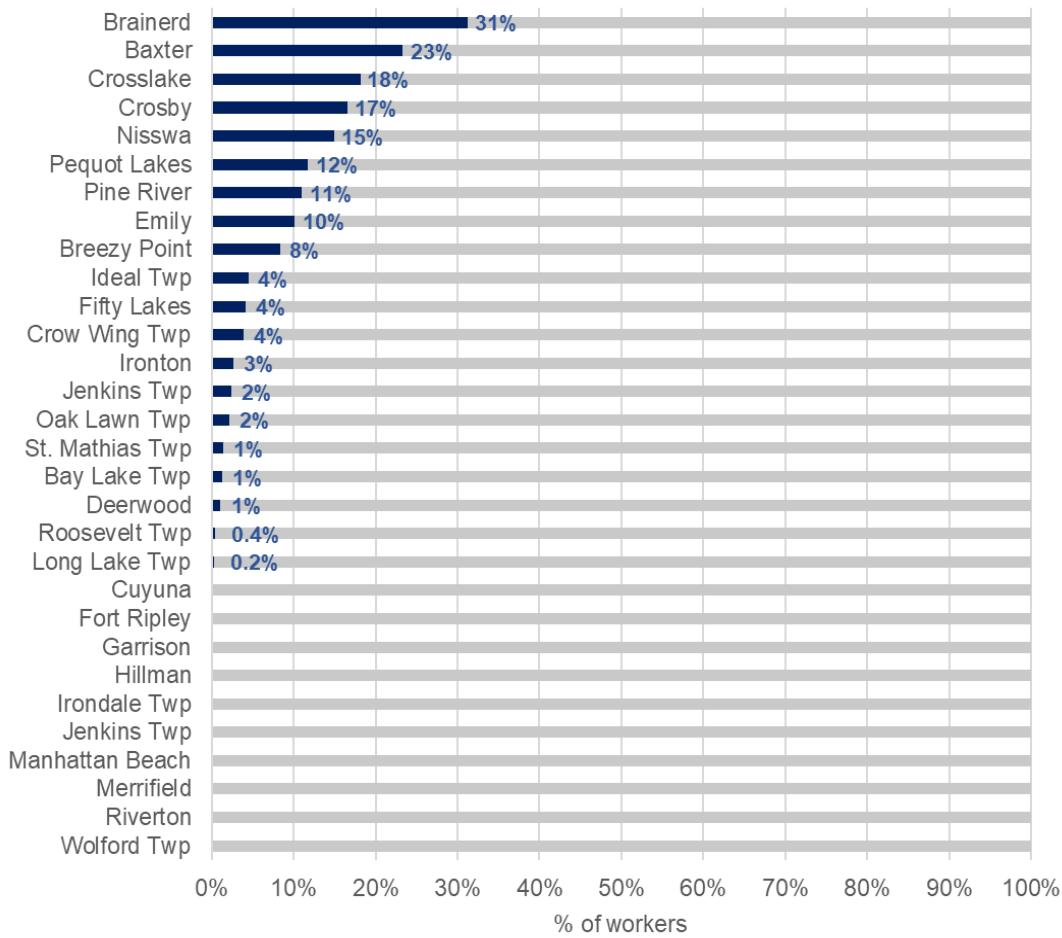




As of 2017, there were 25,356 employed persons in Crow Wing County. Of those, 63% (16,040) also live in the county while 37% (9,316) commute in. Similarly, of 25,882 working county residents, 62% (16,040) work within the county while 38% (9,842) work elsewhere.

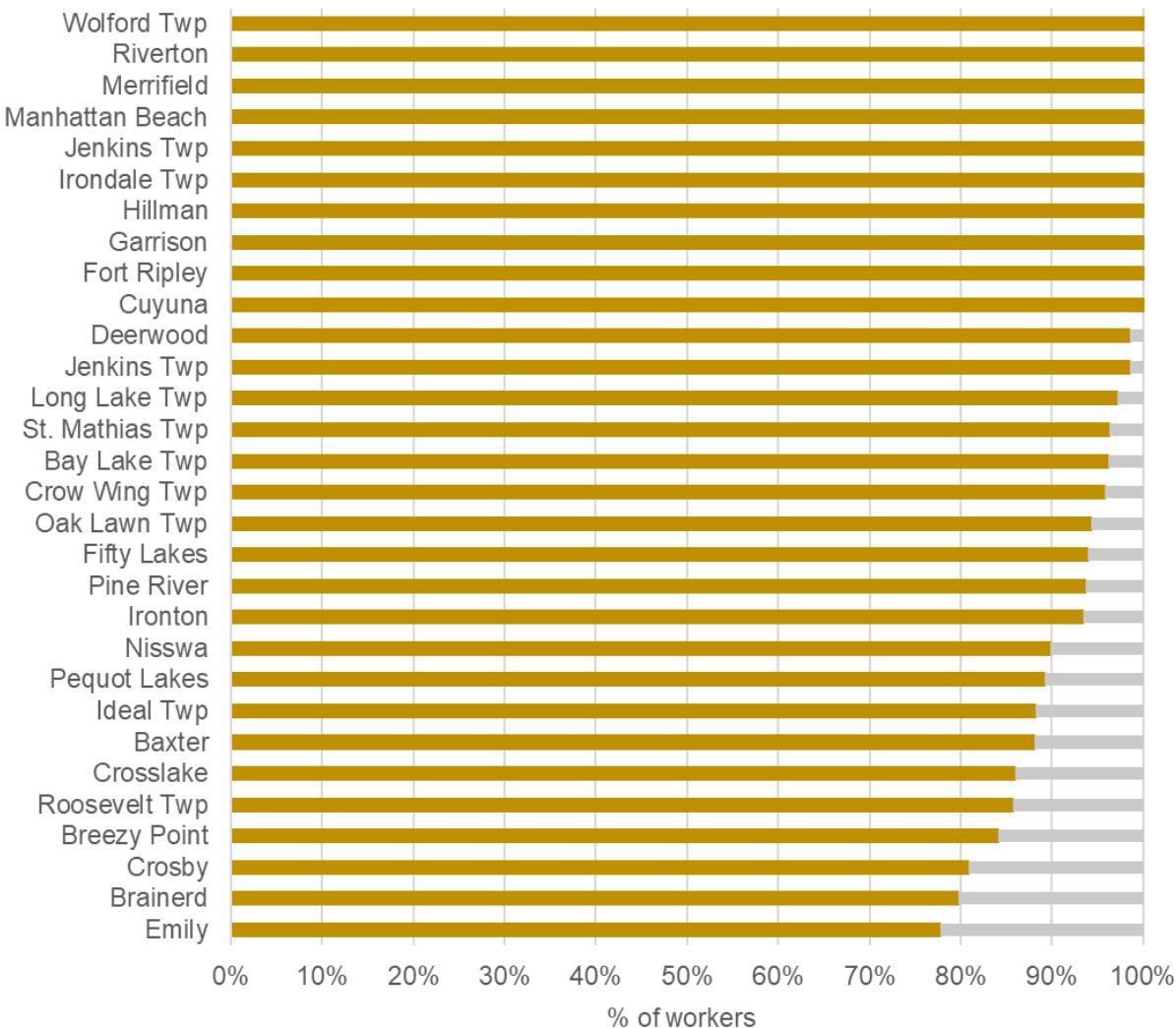
Looking more specifically at individual communities, there is a significant amount of movement throughout the county. The community with the highest percentage of residents working in their own community was Brainerd with 31% of residents working there. Baxter was next with 23%, followed by Crosslake (18%), Crosby (17%), and Nisswa (15%). Ten communities had no residents working there.

Brainerd has the highest **percentage of residents both living and working there** while one-third of communities have **100% of working residents commuting outside their boundaries**.



Within each community, most jobs are occupied by people commuting in rather than by residents of that community. The proportion of jobs occupied by non-residents ranges across communities from 78% to 100% with an average of 94%. Overall, these numbers indicate significant cross-traffic of workers traveling outside their community to work.

Most jobs in each community are filled by **workers commuting in**. The average percentage of in-commuters across communities is 94%.

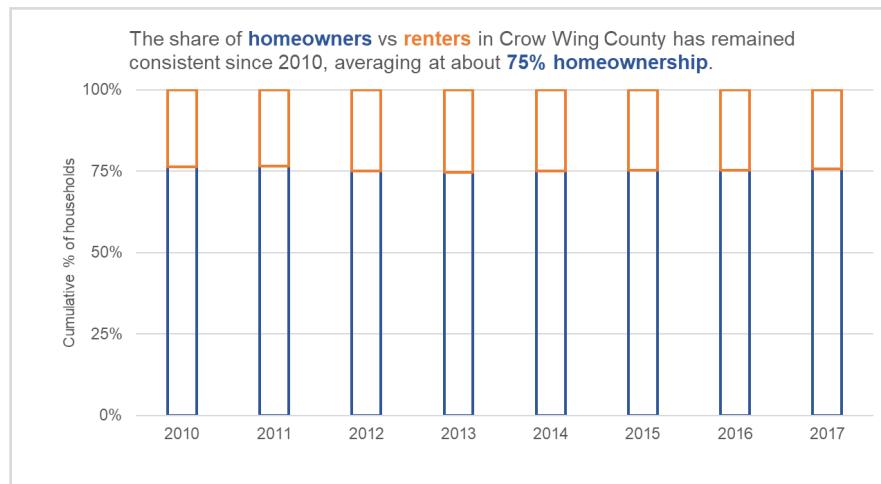
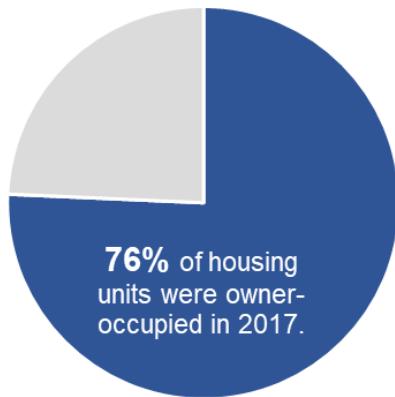
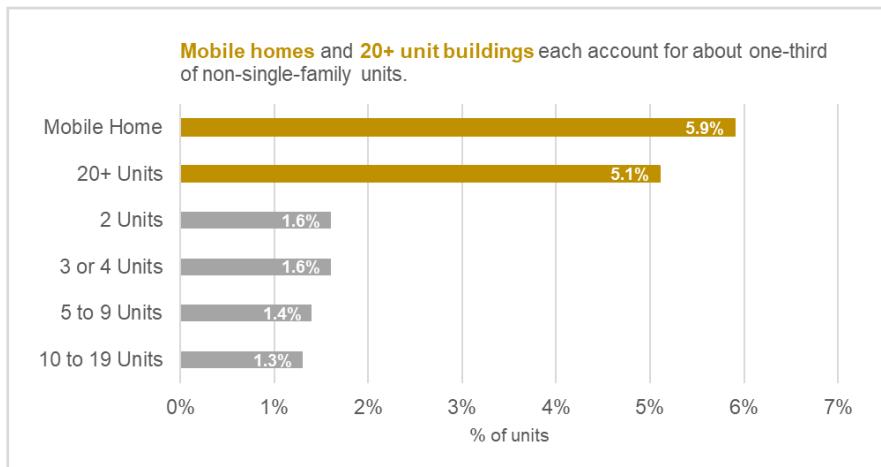
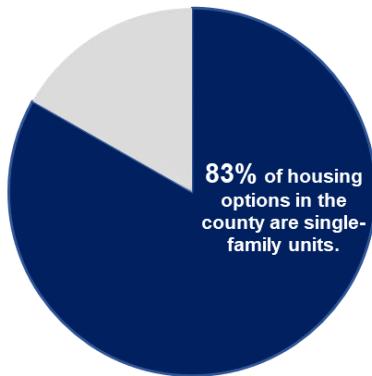


# Housing Landscape

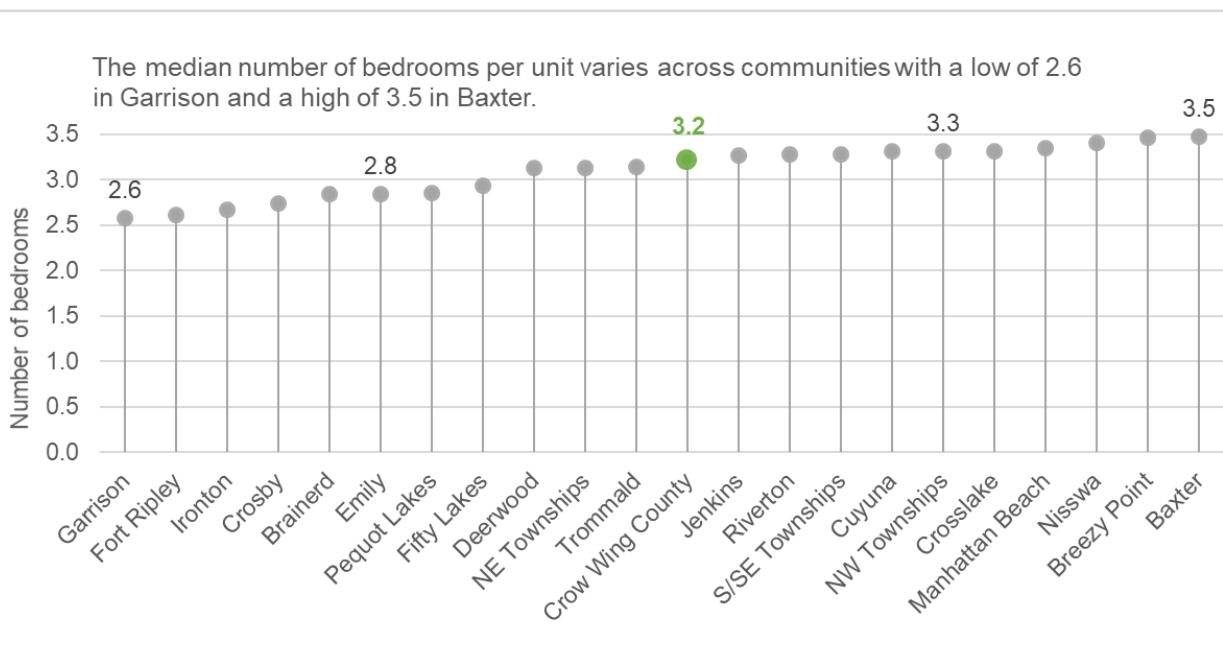
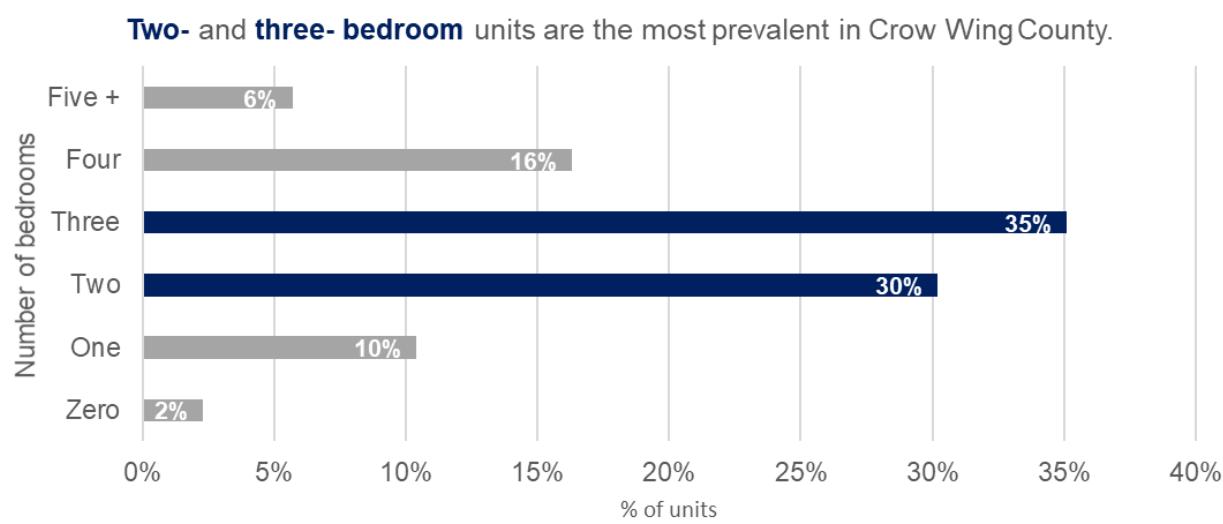
## General Housing

As of 2018, Crow Wing County had 41,606 housing units. This number is several thousand units above the number of households (27,662) due mostly to the thousands of seasonal homes in the county and in part to vacancies and units for-sale.

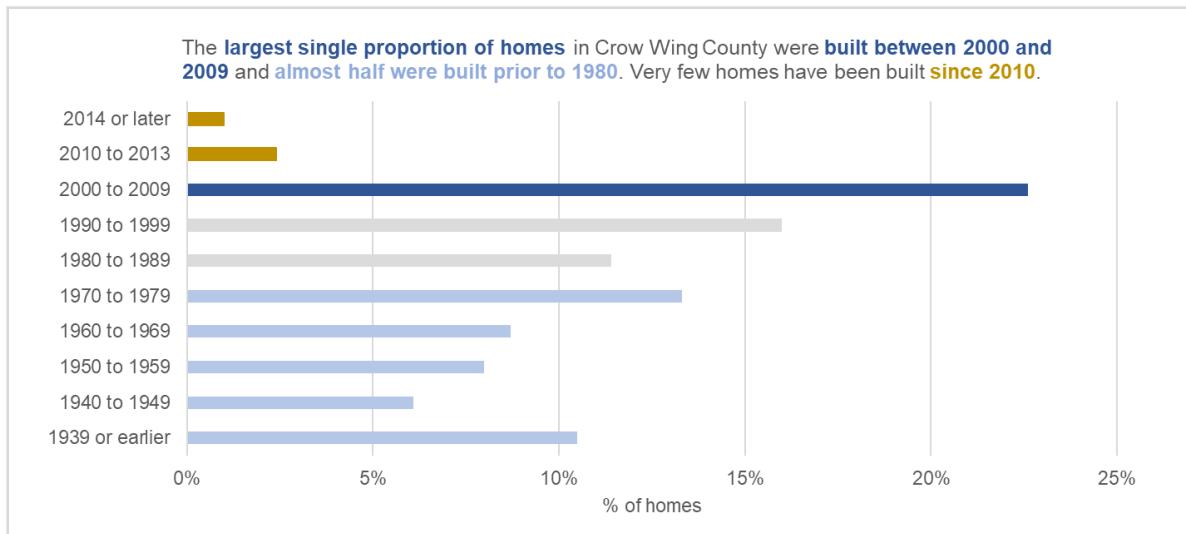
Single-family homes are the largest residential component of Crow Wing County by a large margin. In 2018, 34,616 or 83% of the 41,606 residential units in the county fell into the single-family category. Single-family homes are followed by mobile homes (5.8%) and structures including 20 units or more (5.1%). Looking at homeownership rates, 76% of housing units were owner-occupied in 2017 and 24% were rentals. From 2010 to 2017, homeownership rates remained steady, ranging from 74% to 76% over the seven years.



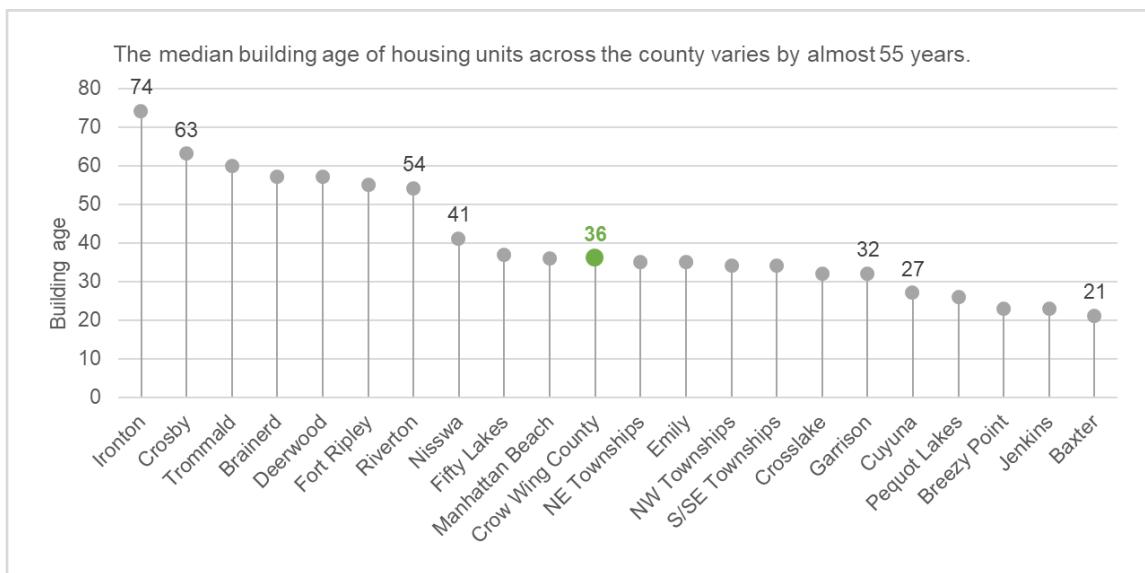
Regarding the size and configuration of homes in the county, about 35% of all homes in Crow Wing County include three bedrooms, 30% include two bedrooms, and 16% provide four bedrooms. These configurations are logical given the median household size of 2.38 people.



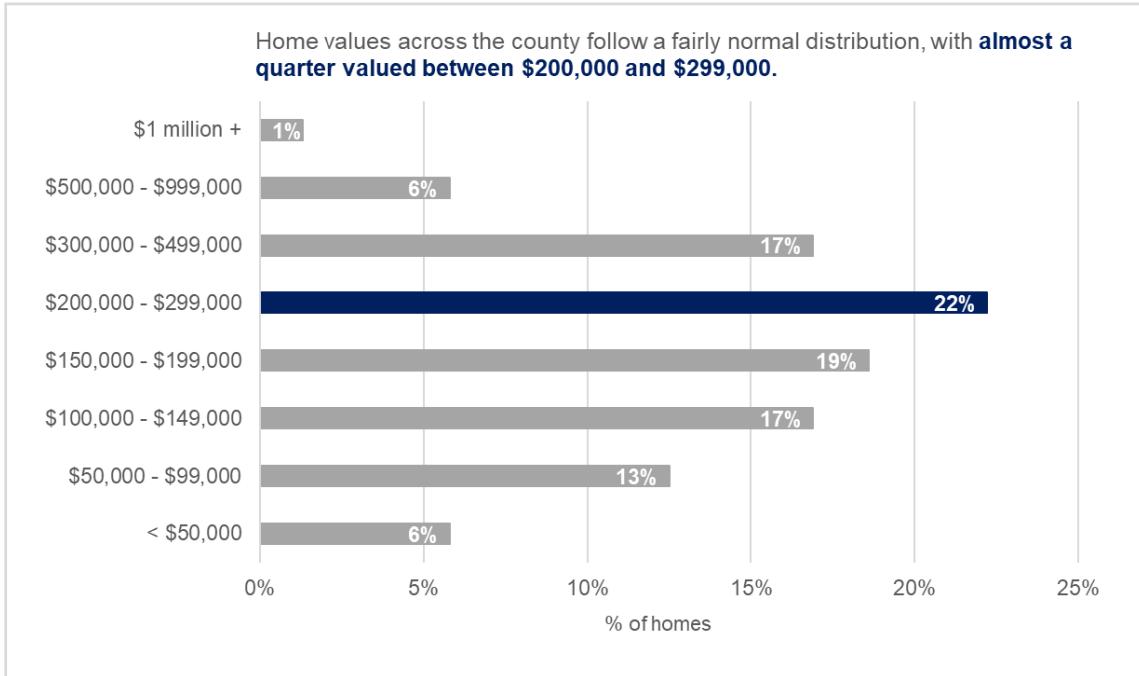
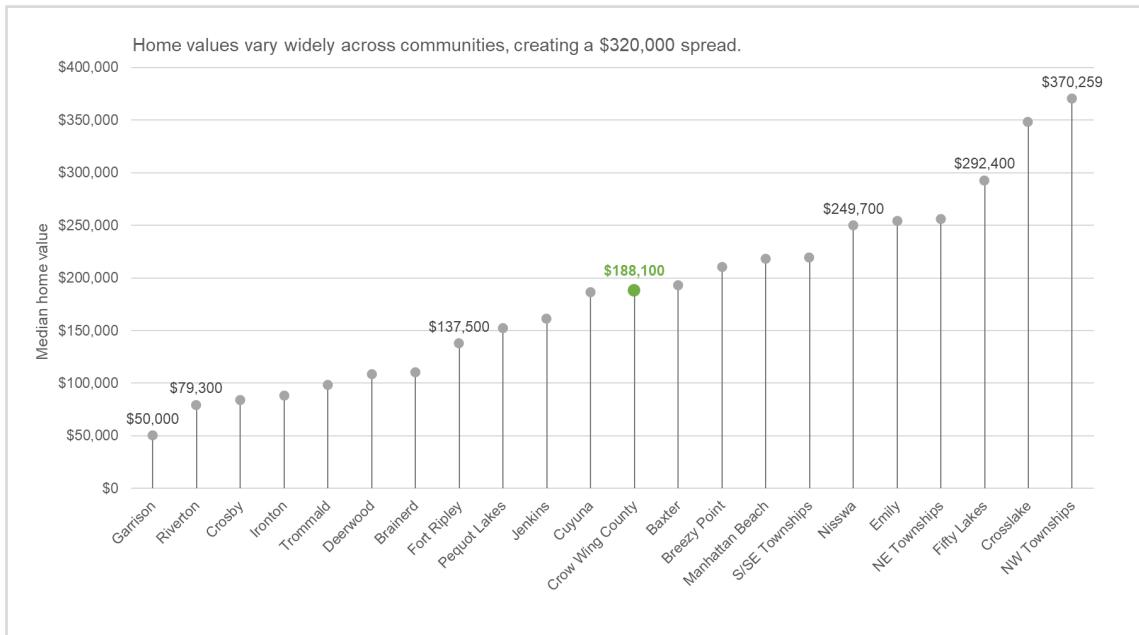
Housing stock in Crow Wing County is aging significantly, with only 3.4% of units built in 2010 or later. The median year built of units in the county is 1983 and one-third of all housing units were constructed prior to 1970. Aging homes can create a burden to homeowners and potential homebuyers due to the high cost of rehab. Old homes in disrepair inflate the supply of homes, especially in the lower price ranges, because even though they are affordable, they may not be suitable depending on their condition.



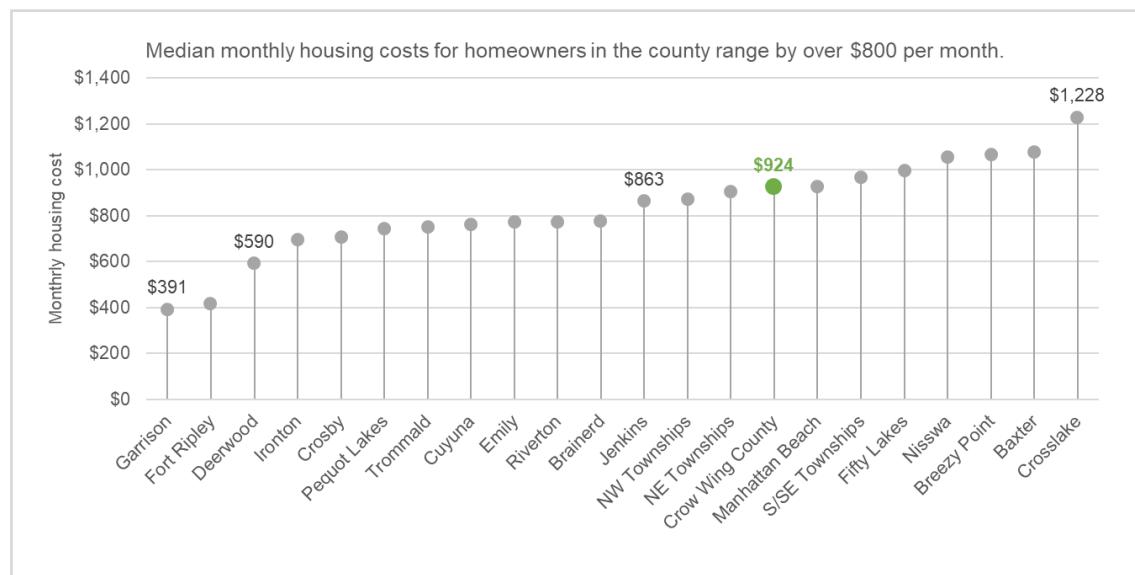
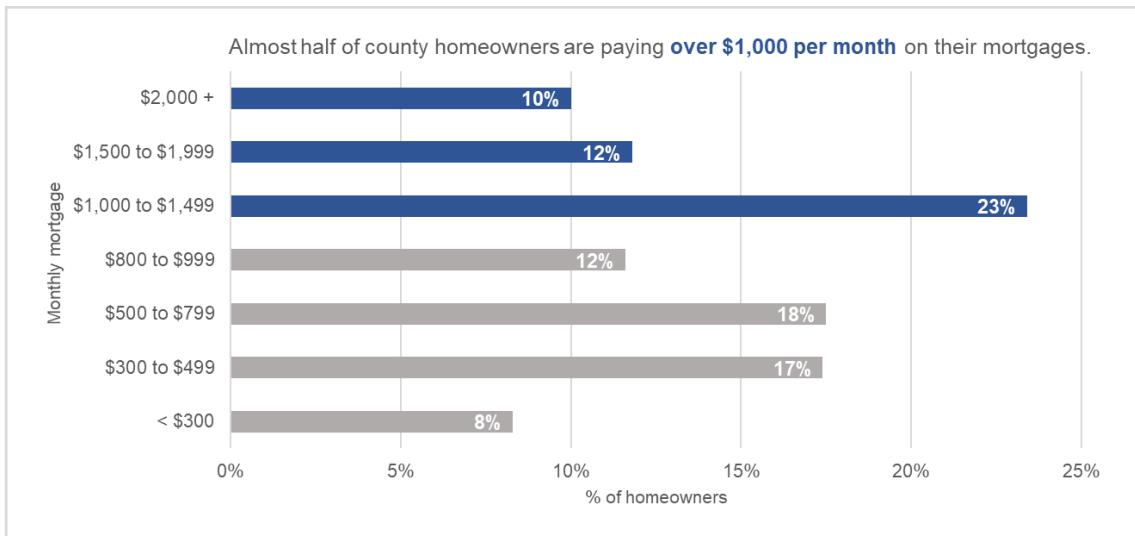
By community, median home ages cover a broad range, extending from a median year built of 1945 in Ironton, to a median of 1998 in Baxter. Further, the communities of Ironton, Crosby, Brainerd, Deerwood, Fort Ripley, and Riverton support a general housing inventory that is considerably older than the remaining Crow Wing County areas and the county as a whole.



The median home value in Crow Wing County is currently \$188,100. In Crow Wing County, the largest portion (36%) of housing units falls between \$100,000 and \$199,999 in value, followed by the \$200,000 to \$299,999 value range (22%). Mirroring income spreads discussed in the Income Trends section of this report, median home values cover a very wide range, extending from only \$50,000 in Garrison, to \$370,259 in the Northwest Townships.



Among Crow Wing County owner-occupied households, the median housing cost is \$924 per month. Over half of owner-occupied households are paying less than \$1,500 per month on housing, with 29% paying between \$500 and \$999 per month and 23% paying between \$1,000 and \$1,499 monthly. Across communities, monthly housing costs range by over \$800 with a low of \$391 in Garrison to a high of \$1,228 in Crosslake.

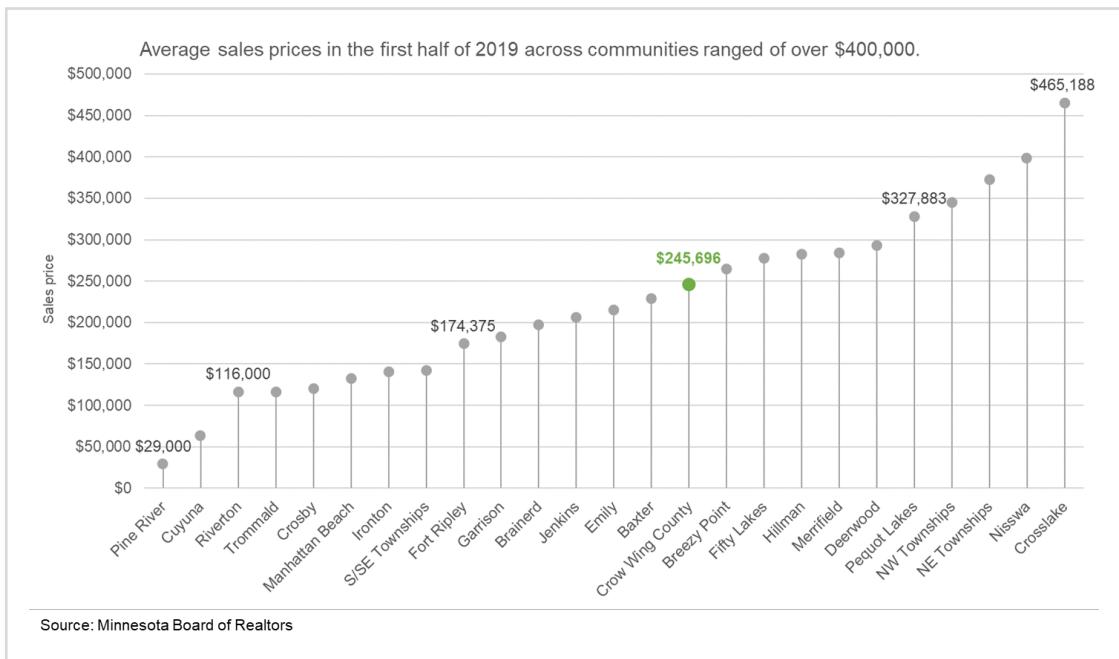


## Single-Family Home Sales

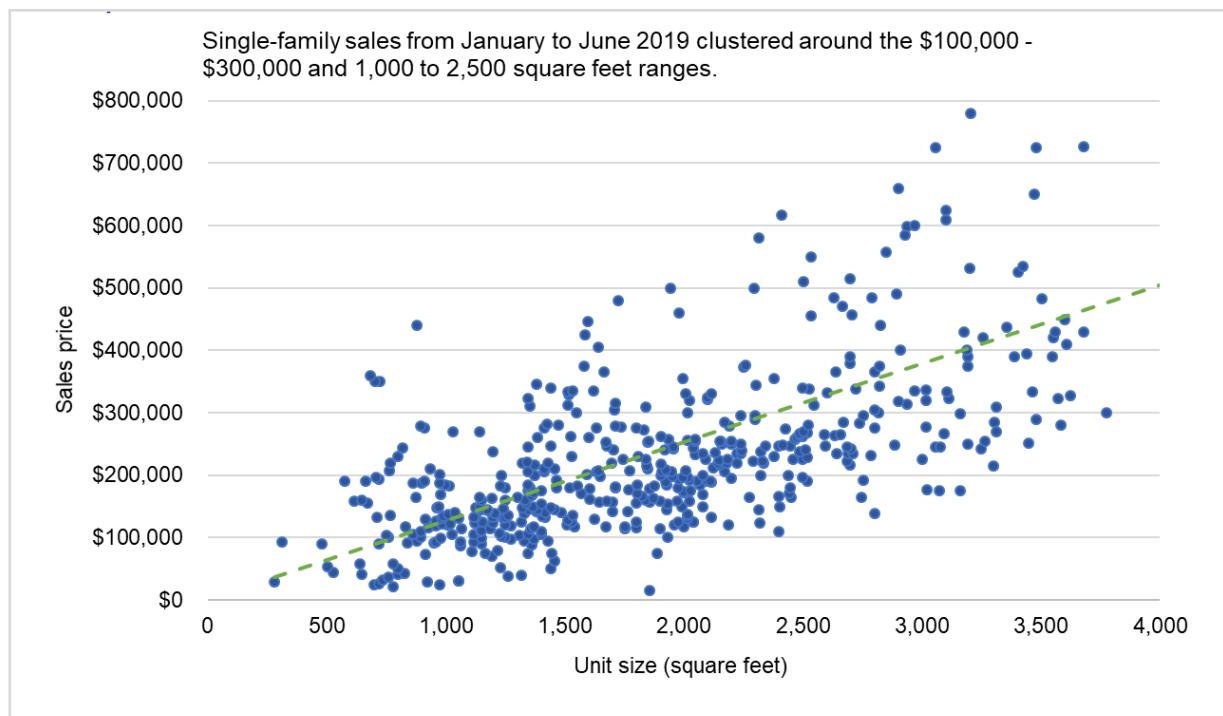
In the first half of 2019, 518 existing single-family homes were sold in Crow Wing County. Brainerd was the most active community by a wide margin with 197 sales, followed by Baxter with 49 sales and Breezy Point with 43 sales.

Among all sales, the average price for a single-family home was \$245,696 with an average size of 1,940 square feet. This yields a value ratio of about \$130 per square foot. The average home also included 3.0 bedrooms and 2.0 bathrooms and was built in 1979.

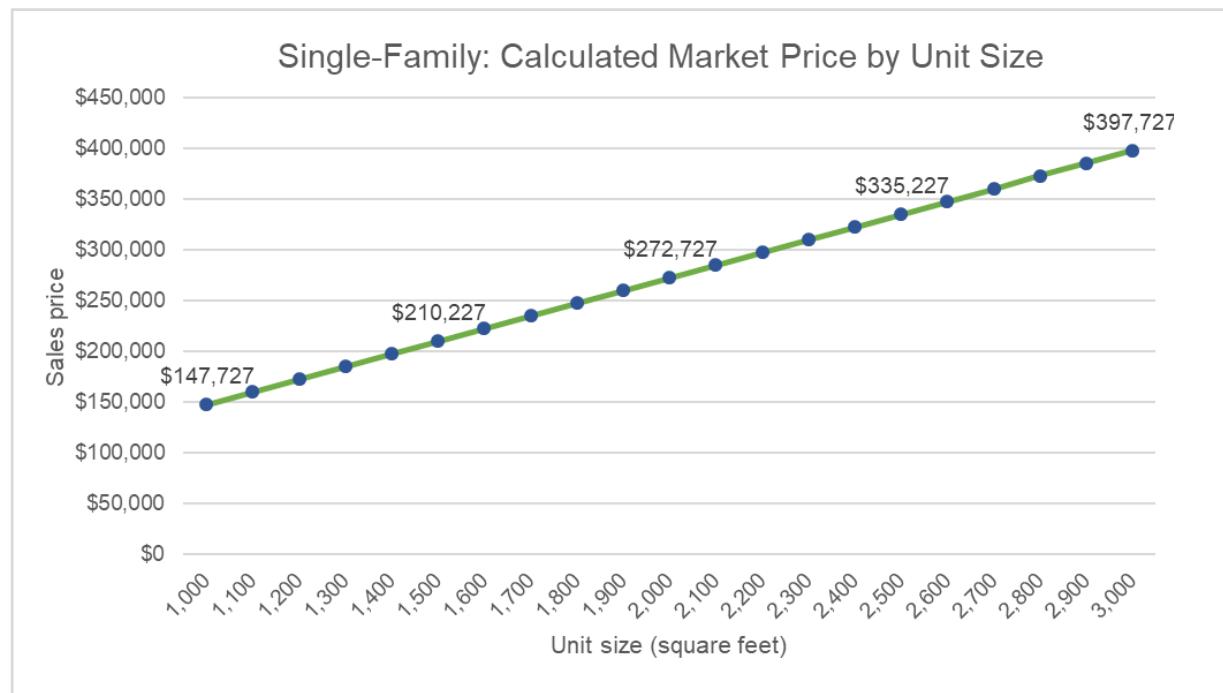
By community, average sale prices range from a low of only \$29,000 in Pine River, to a high of \$465,188 in Crosslake.



The next chart provides a graphic delineation of all 518 single-family sales recorded in Crow Wing County over the first six months of 2019. As can be seen in the chart, there is a strong concentration of sales activity at prices between \$100,000 and \$300,000 for homes containing between 1,000 and 2,500 square feet.

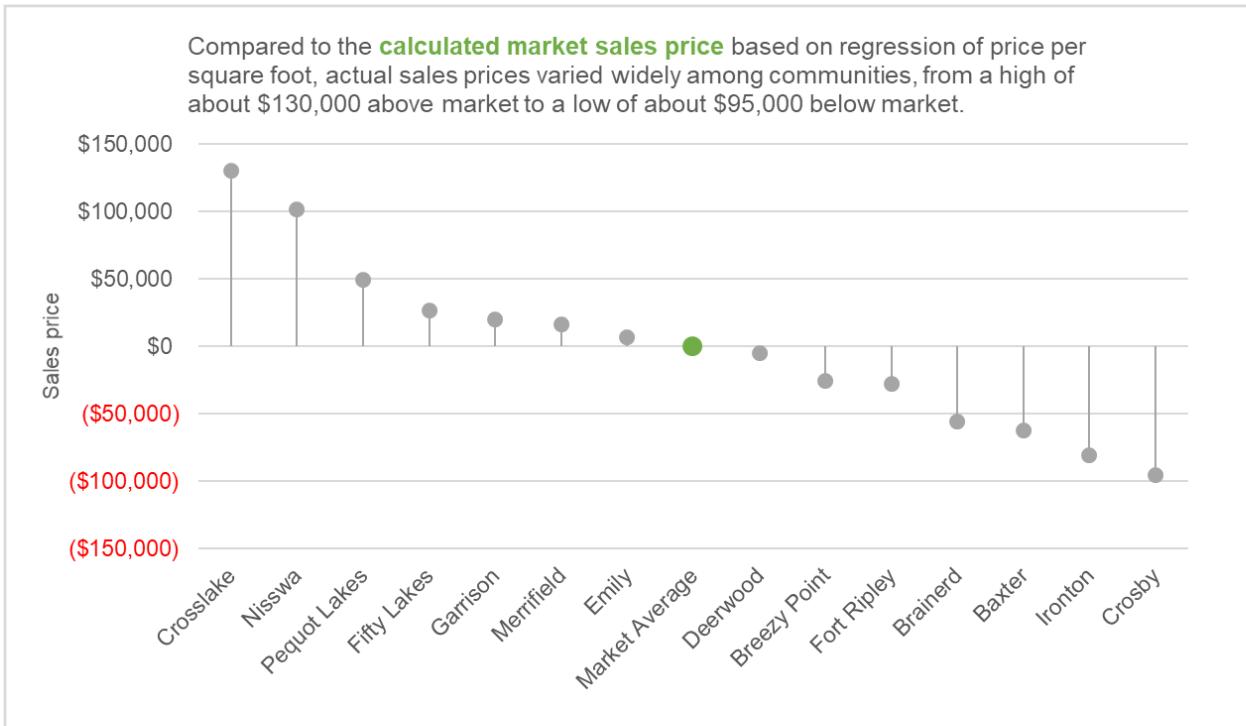


Straight-line regression analysis reveals that market or average single-family home prices in Crow Wing County extend from \$147,727 for a 1,000 square-foot home to \$397,727 for a home with 2,600 square feet.



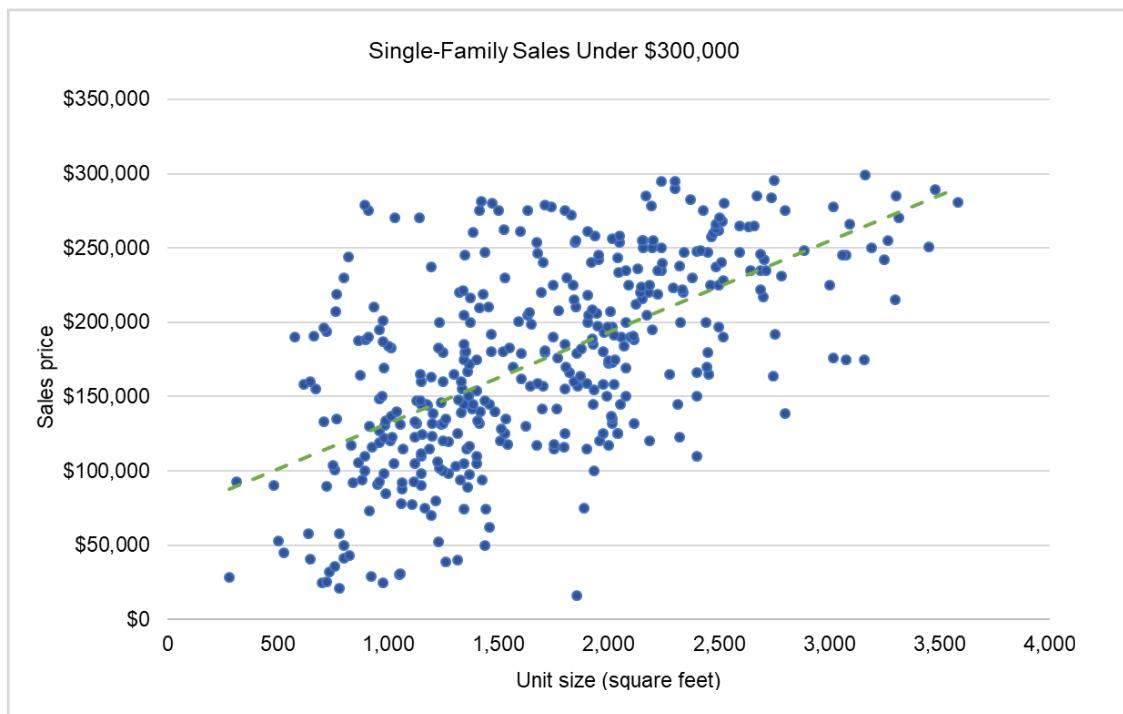
Examining each community in Crow Wing County (excluding those which recorded only one or two single-family sales) by comparing their average sales price to the “market” at a corresponding square footage can determine each area’s variance from the overall market average. This analysis gives an additional perspective on the range of housing options and price points throughout the county.

Crosslake has the strongest variance at about \$130,000 over the county average with an average sales price of \$465,188. Nisswa is next with an average sales price at about \$101,000 over that of the county. On the under-market side, Ironton’s average sale price is \$80,388 under that of the county, and Crosby’s is \$95,113 less.

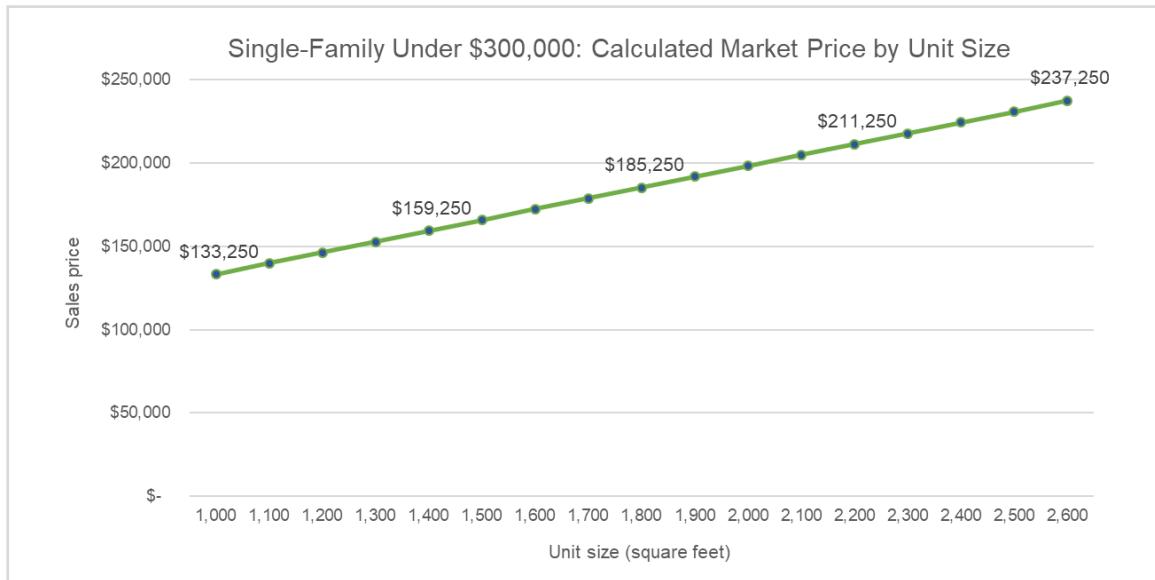


## Workforce Housing Sector

In order to gain the clearest understanding of the single-family housing market in Crow Wing County as it relates to workforce housing, the team narrowed the scope of the analysis to include only those single-family home sales at prices below \$300,000, which accounted for 397 sales in the county. This narrowed scope removes the bulk of waterfront homes from the equation and it will allow for a stronger comparison among municipalities.



Straight-line regression analysis shows that among single-family sales under \$300,000 in Crow Wing County, market prices extend from \$133,250 for a 1,000 square-foot home, up to \$237,250 for a home with 2,600 square feet of living space.



As was the case for the overall single-family market, the team compared each community's average sales price to the market at a corresponding square footage. In this analysis, Crosslake occupies the highest position in the market, followed by Breezy Point and Fifty Lakes. Conversely, the lowest price positions are held by Crosby, Ironton, and Garrison.

## Townhome & Condominium Ownership Sector

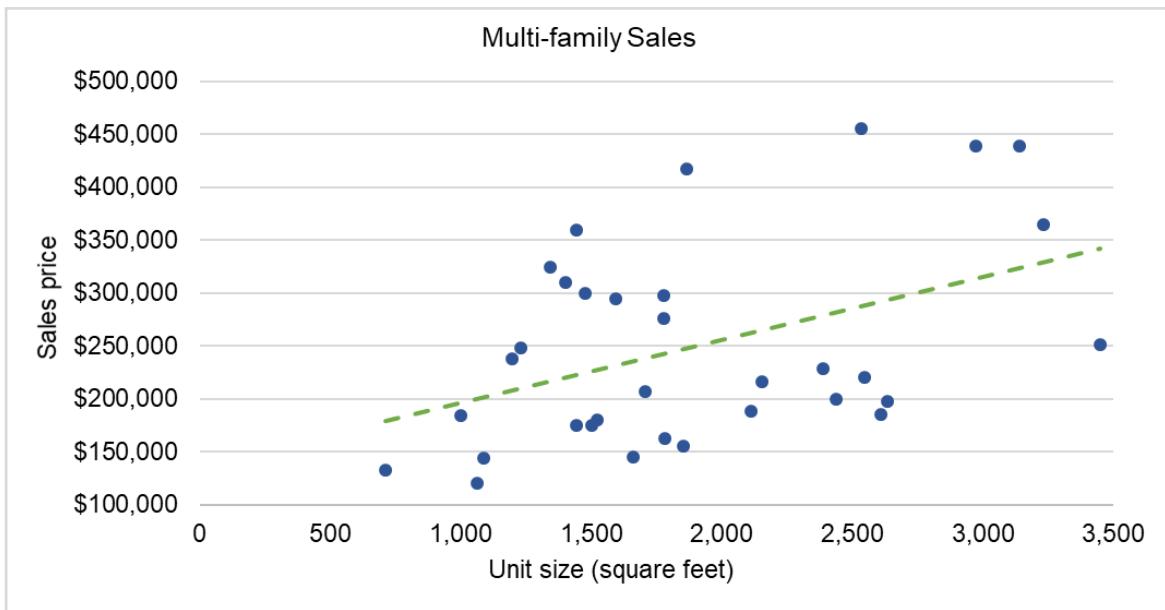
Within Crow Wing County, the existing stock of multi-family homes (including both townhome and condominium product) is somewhat modest, especially when compared to single-family homes.

During the first six months of 2019, a total of 33 multifamily homes were sold in Crow Wing County. These sales yielded an average sales price of \$249,353 for a home of 1,898 square feet. This combination equates to about \$131 per square foot. Additionally, the average unit included 2.7 bedrooms, 2.2 bathrooms, and was constructed in 1998.

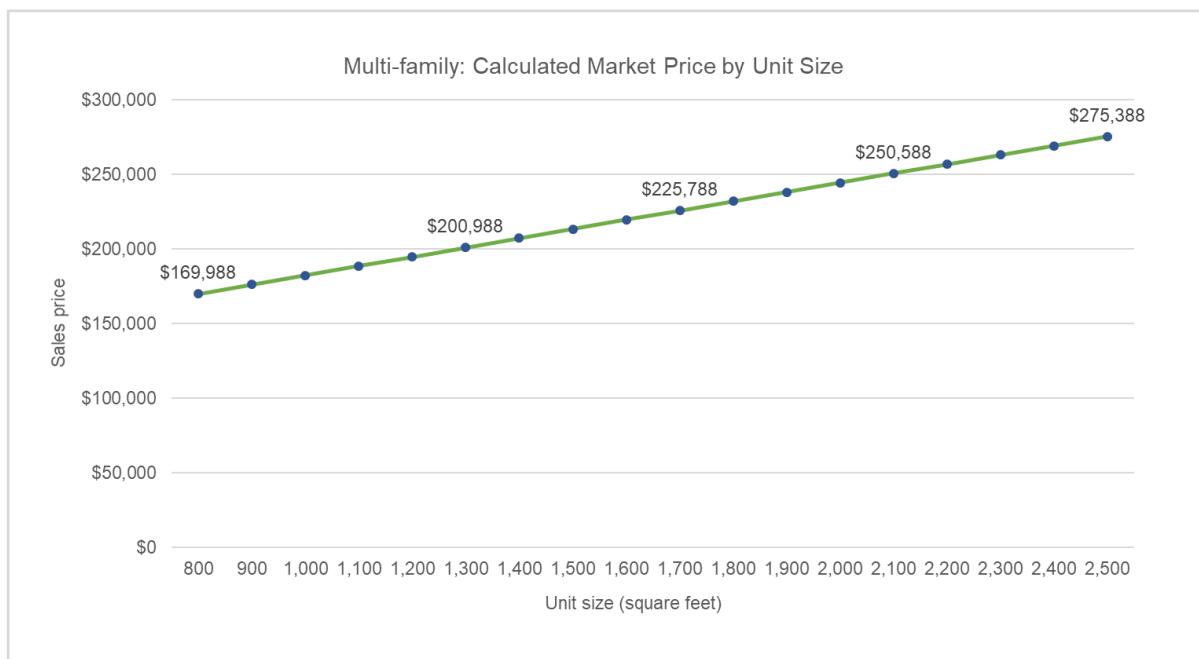
By community, the highest-priced townhomes and condos were found in Crosslake, in which 10 sales carried an average price of \$330,757. The lowest average price was found in Breezy Point at \$184,833.

Average Multi-family Sales								
Community	Sales	Ave. Sales Price	Days on Market	Bedrooms	Bathrooms	Unit Size (sqft)	Price/Sqft	Year Built
Breezy Point	3	\$ 184,833	94	2	1.3	969	\$ 191	1967
Brainerd	9	\$ 204,365	42	2.4	1.9	1,741	\$ 117	2003
Baxter	5	\$ 207,480	54	3.6	3	2,378	\$ 87	2000
Nisswa	6	\$ 248,317	10	3	2.8	2,369	\$ 105	2001
Crosslake	10	\$ 330,757	109	2.5	2.1	1,797	\$ 184	2000
Total/Average	33	\$ 235,150	62	2.7	2.2	1,851	\$ 137	1994

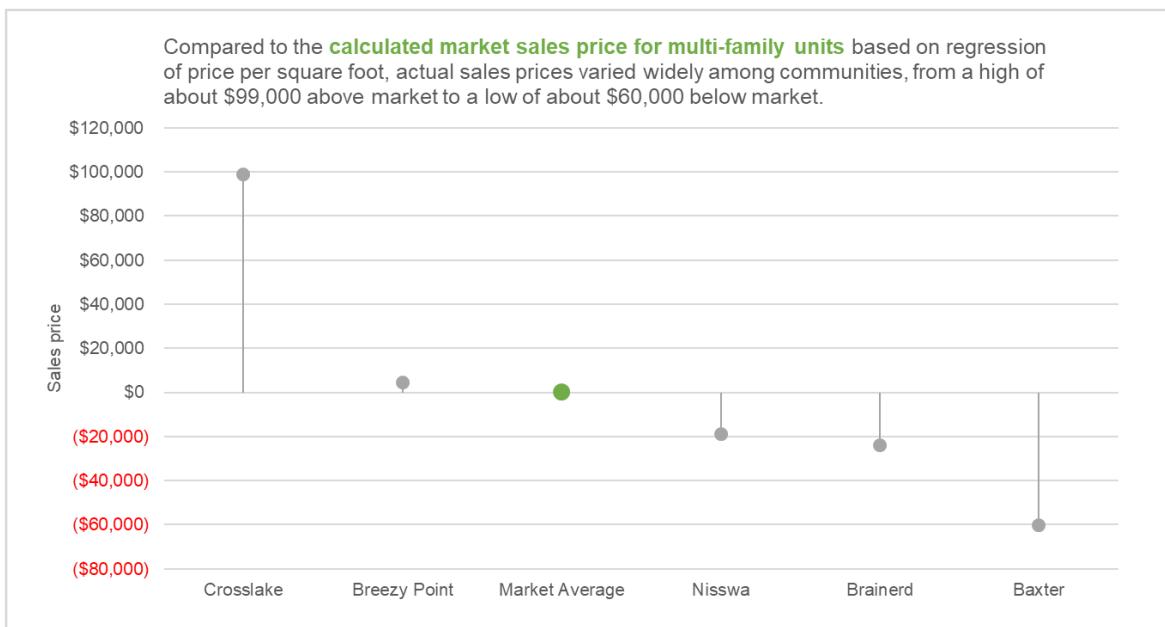
When all 33 multi-family sales are depicted graphically by unit size and price, sales are somewhat scattered with a modest concentration at prices between \$150,000 and \$300,000.



As indicated by straight-line regression analysis, market prices among recent multifamily sales in Crow Wing County span from \$169,988 for a unit with 800 square feet, up to \$269,188 for a 2,400 square-foot home.

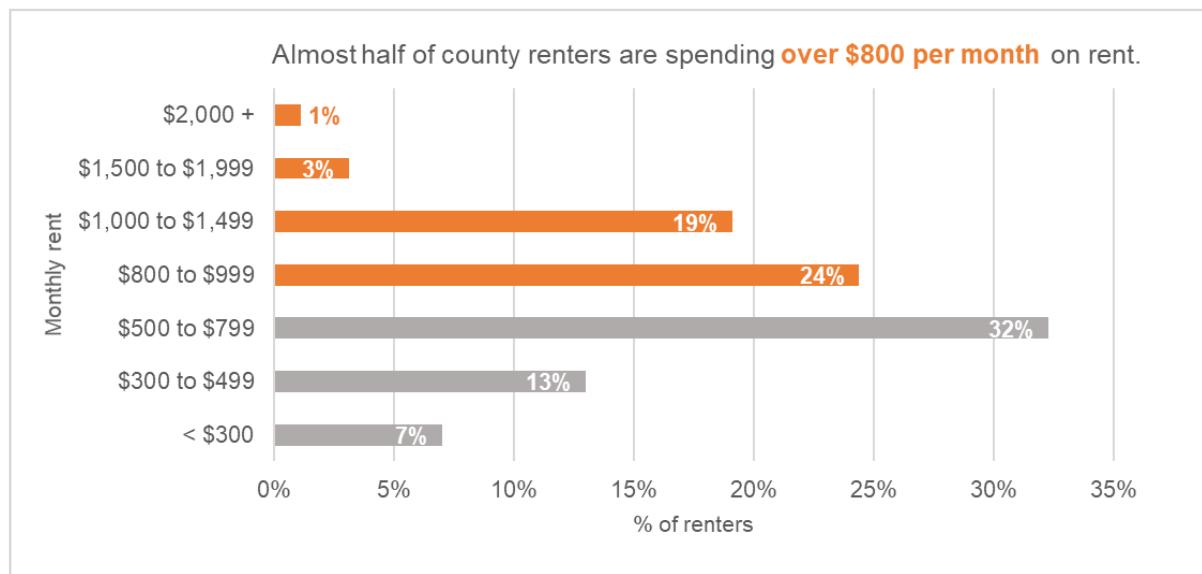


Comparing the average community sales price to the county market at a similar square footage reveals that the high end of the sector is found in Crosslake, where the average multifamily sale was \$98,955 over the market. Conversely, the average sale in Baxter was \$60,344 under the market.

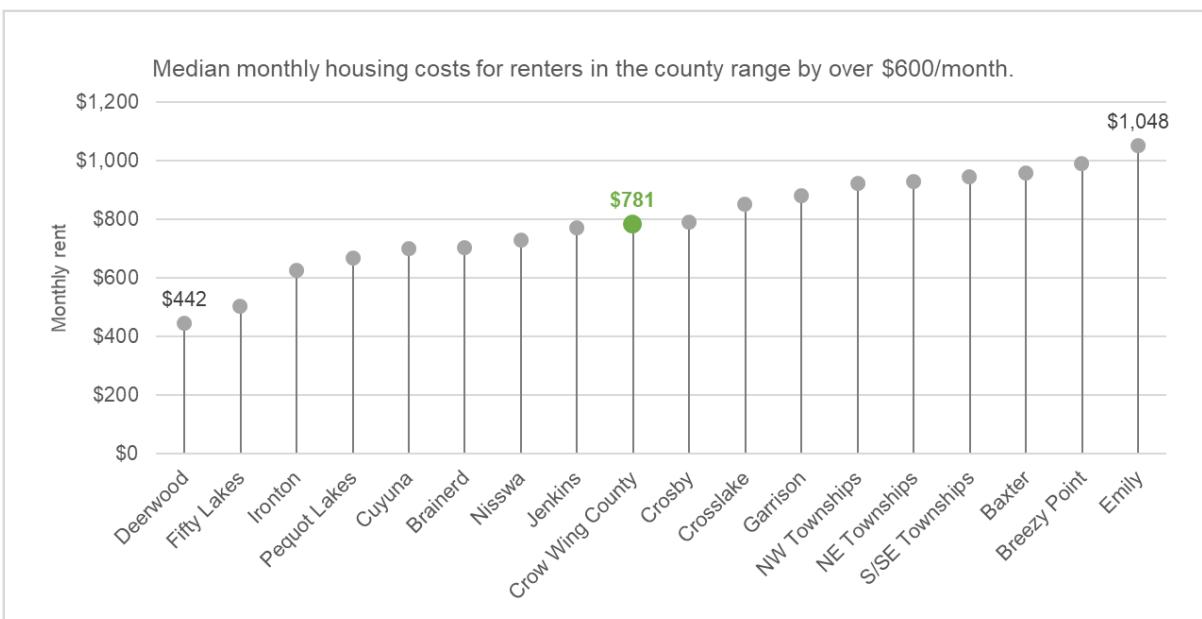


## Rental Apartment Sector

In Crow Wing County, the median rent is currently \$781 per month, with 57% of renting households paying between \$500 and \$999 per month and 19% of renters paying between \$1,000 and \$1,499 monthly.



Median rents across communities cover a broad spectrum, extending from lows of \$442 in Deerwood, \$500 in Fifty Lakes, and \$623 per month in Ironton, to highs of \$957 in Baxter, \$988 in Breezy Point, and \$1,048 in Emily.

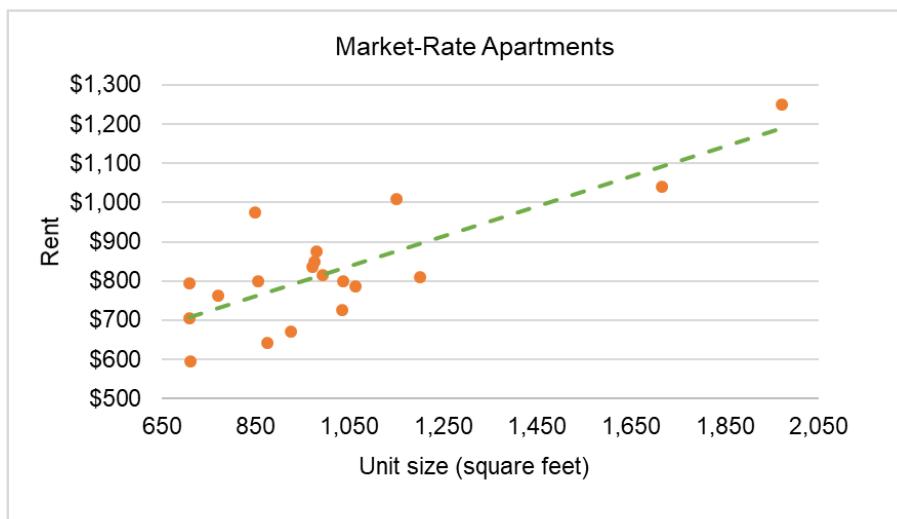


## Market-Rate Rental Apartment Sector

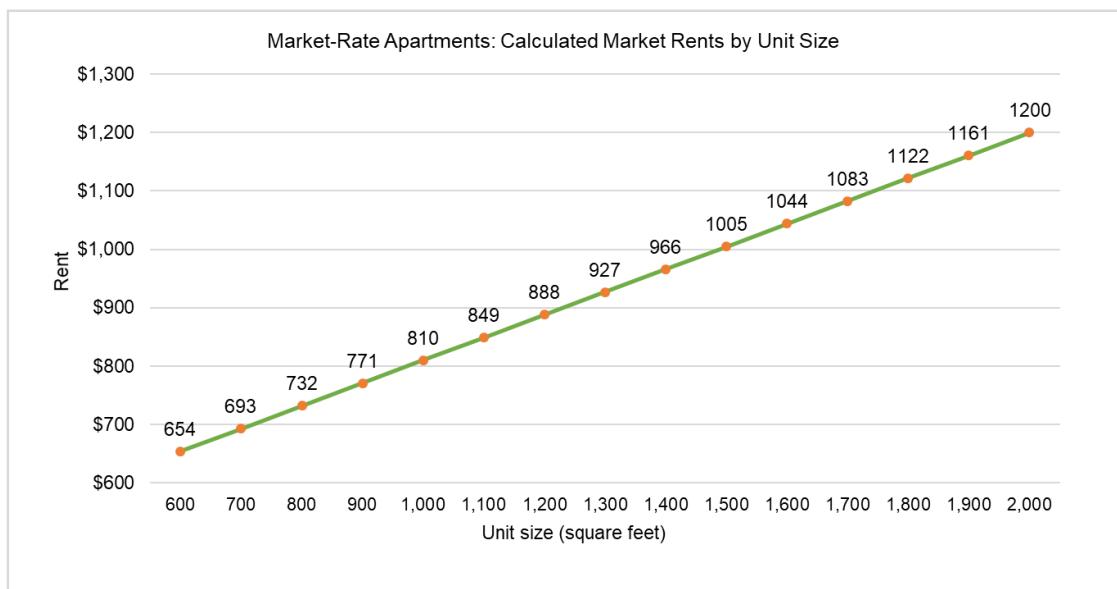
Within Crow Wing County, 19 market-rate apartment communities were identified that offer no income or age restrictions. In total, these properties include a total of 942 units, or an average of 50 per community.

Among all market-rate apartment properties, the average unit rents for \$815 per month, and includes an apartment with 1,012 square feet of living area, equating to \$0.81 per square foot.

When each of the market rate property's average monthly rent and unit size are charted in a graphic format, there is a modest concentration of properties at rents between \$700 and \$900 per month, at average unit sizes between 850 and 1,050 square feet.



Straight-line regression analysis reveals that market rents in Crow Wing County extend from \$654 at 600 square feet up to \$1,200 per month for a unit with 2,000 square feet.



Comparing the average monthly rent for each apartment property to the market at a corresponding square footage allows for a comparison of each property's relative rent/value position relative to the market and to other properties.

The highest rent/value position is occupied by the Pine Grove Estates in Baxter at \$223 over the market. This 175-unit development is also the newest property in Crow Wing County.

Conversely, the lowest rent/value spots include the Colonywood Apartments and The Pines Apartments, both in Brainerd. These properties are both among the oldest that were surveyed. Additionally, among those properties positioned under the market, the average year of development is 1997, while the average construction year of the over-market developments is 2007.

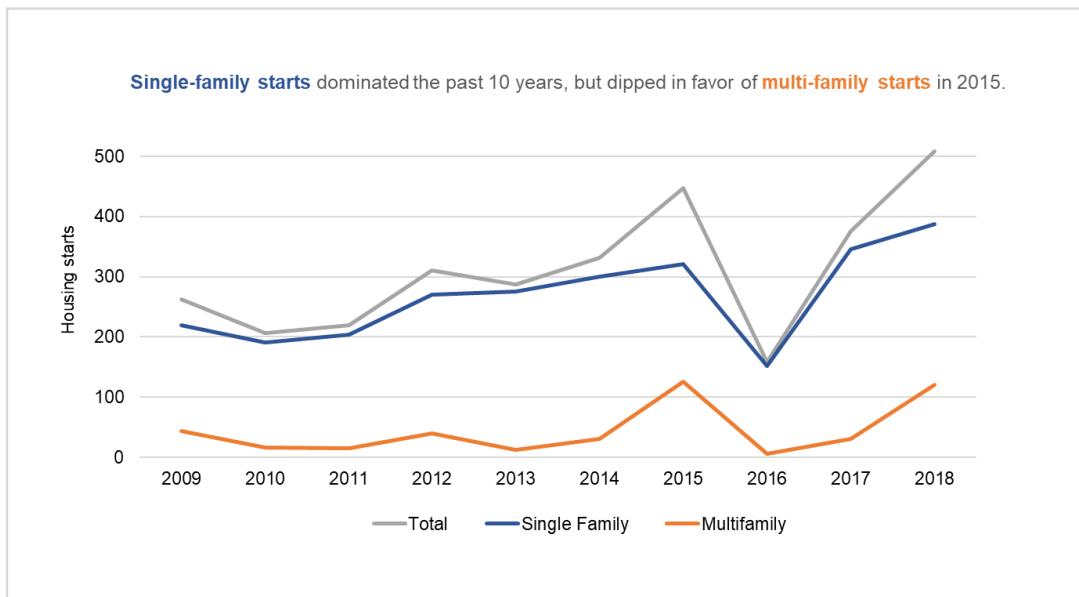


Source: The Windward Group, Inc.

## Housing Factors

### Housing Supply and Demand

Housing construction starts, defined as the number of residential building permits issued, are a measure of supply of housing units in a given area over a certain time period. Over the past 10 years, a total of 2,717 housing starts have been recorded in Crow Wing County. Given that some of these starts are multi-family buildings with more than one unit, the total units started from 2009 – 2018 was 3,107. This total makes for an average of 311 new units added per year, with a low of 158 in 2016 and high of 509 in 2018.

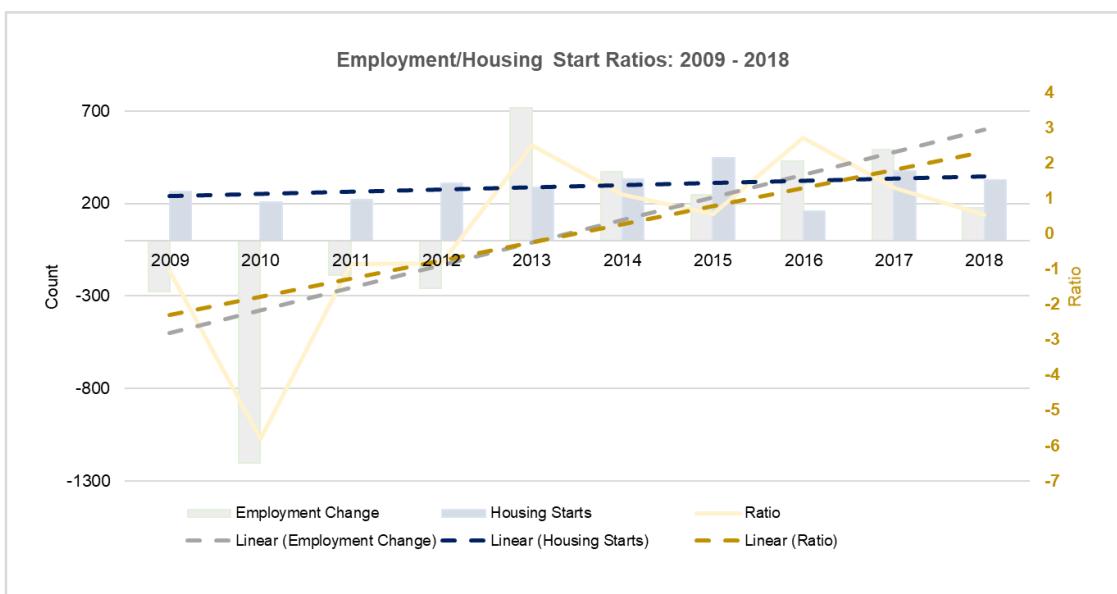
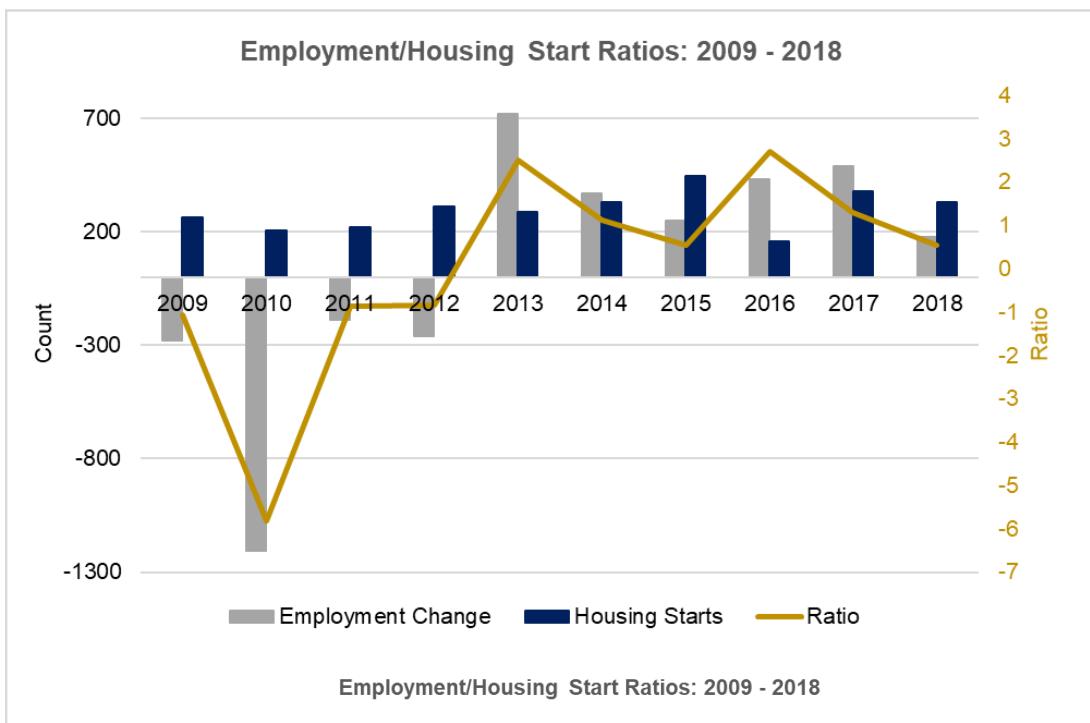


As employment growth is a significant contributor to new residential housing demand, examining the relationship between job additions (or losses) and new housing starts provides insight into possible oversupply or under-supply conditions. Specifically, in an area in which job additions are significantly outpacing housing additions, there is typically significant under-supply. Conversely, in situations in which housing additions are exceeding job increases, there is typically an over-supply.

To identify over- and under-supply and to compare these situations across communities, the team used an employment-to-housing start ratio, which is calculated by dividing the change in employment by the number of housing starts in a given year. A value greater than 1.0 indicates under-supply and a value less than 1.0 indicates oversupply. A negative ratio number indicates a loss in jobs that year.

In a typical metropolitan area, the employment-to-housing start ratio generally falls between 1.50 and 2.50. In other words, it usually takes about two new jobs to support the addition of one additional housing unit. However, in more resort-oriented, second-home areas, the ratio is often quite a bit lower as a sizable percentage of new home development is geared towards residents who do not work locally.

As it relates to Crow Wing County, the analysis found that since 2013, the employment ratio has varied from a low of 0.54 in 2018 to a high of 2.72 in 2016 and has averaged 1.45 over that period. However, since 2016 the employment-to-permit ratio has declined from 2.72 to 0.54 resulting in a market that can be described as moderately oversupplied, as slightly declining employment additions have been met with slightly increasing construction activity, especially in the single-family sector.



Based on recent employment growth and residential construction trends, the team estimates that organic housing demand in Crow Wing County will average 320 new units yearly over the next 15 years for a total of 4,800 new units. This number does not include future demand for additional seasonal vacation homes. In a typical market and economy, single family options would account for the bulk of demand at 253 homes annually, with rental apartment demand predicted at 60 units per year and town-home/condominiums at seven units per year.

However, with the understanding that multi-family living nationwide is trending upward and given contractors' challenges to build a single-family home that is priced for the average worker, this projection should be adjusted. A possible split of the 320 housing units predicted per year over the next 15 years will vary among type, but it is expected that fewer single-family homes and more multi-family, town-home, and condominium units will be needed. Single-family homes will still account for the bulk of the units but may come in closer to 225 single-family units, 75 apartment rentals, and 20 town-home/condominiums per year.

The first table below shows what the breakdown of future demand might be if the proportion of single-family to multi-family continues as it has in recent history. The second table shows future demand accounting for a shift in trends and affordability toward more multi-unit options.

Year	Total Demand	Single-family	Multi-family	
			For rent	For sale
2018 - 2023	1,650	1,315	300	35
2023 - 2028	1,600	1,265	300	35
2028 - 2033	1,550	1,220	300	30
<b>Total</b>	<b>4,800</b>	<b>3,800</b>	<b>900</b>	<b>100</b>

Source: The Windward Group, Inc.

Year	Total Demand	Single-family	Multi-family	
			For rent	For sale
2018 - 2023	1,650	1,165	385	100
2023 - 2028	1,600	1,125	375	100
2028 - 2033	1,550	1,085	365	100
<b>Total</b>	<b>4,800</b>	<b>3,375</b>	<b>1,125</b>	<b>300</b>

Source: Redevelopment Resources

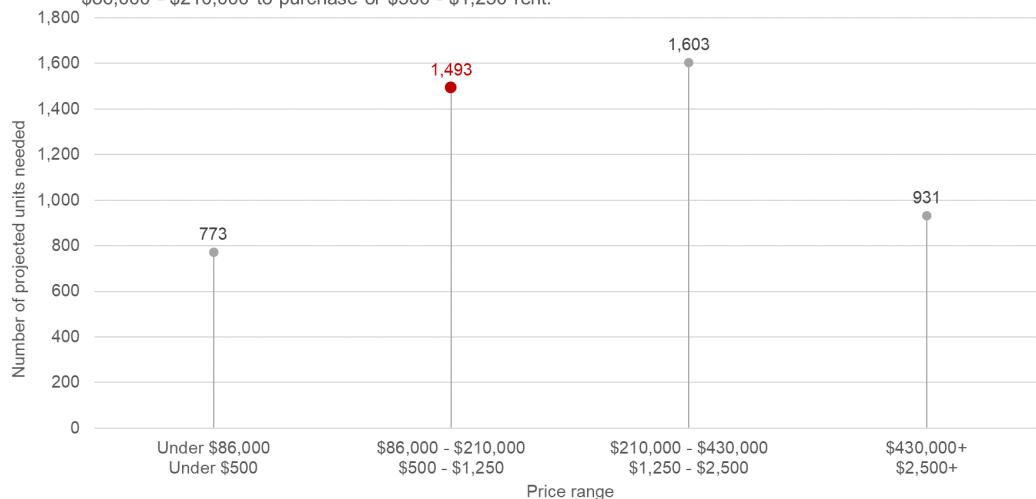
Affordability at various income ranges should be considered when projecting future housing needs. Based on the current spread of incomes across the county, it is projected that almost 1,500 of the 4,800 future units should be affordable to middle-income residents, that is the workforce price-range, with purchase prices between \$86,000 and \$210,000 or rents between \$500 and \$1,250 per month.

	Under \$86,000 Under \$500	\$86,000 - \$110,000 \$500 - \$625	\$110,000 - \$150,000 \$625 - \$875	\$150,000 - \$210,000 \$875 - \$1,250	\$210,000 - 320,000 \$1,250 - \$1,875
<b>% of population</b>	16.1%	5.9%	10.6%	14.6%	20.3%
2018 - 2023	266	97	175	241	335
2023 - 2028	258	94	170	234	325
2028 - 2033	250	91	164	226	315
<b>Total</b>	<b>773</b>	<b>283</b>	<b>509</b>	<b>701</b>	<b>974</b>

	\$320,000 - \$430,000 \$1,875 - \$2,500	\$430,000 - \$640,000 \$2,500 - \$3,750	\$640,000 - \$860,000 \$3,750 - \$5,000	\$860,000+ \$5,000+
<b>% of population</b>	13.1%	12.5%	3.4%	3.5%
2018 - 2023	216	206	56	58
2023 - 2028	210	200	54	56
2028 - 2033	203	194	53	54
<b>Total</b>	<b>629</b>	<b>600</b>	<b>163</b>	<b>168</b>

Based on the current spread of incomes throughout the county, **almost 1,500 of the 4,800 projected units** needed for the next 15 years **should be in the workforce price range** of \$86,000 - \$210,000 to purchase or \$500 - \$1,250 rent.



Another way to assess what levels of housing will be needed in the future is to look at workforce growth in specific industries, given those industry wages. The top industries in Crow Wing County with highest projected job growth over the ten-year period from 2016-2026 include Education and Health Services; Trade, Transportation & Utilities; Leisure & Hospitality; Professional and Business Services; and Construction. Although Manufacturing is listed in the top five employment sectors of the county, it is not projected to add new jobs to the magnitude of the industries listed above. Each of the above industries currently pays annual average wages in the range this study identifies as middle income, with the exception of Construction, which falls slightly above. These employees would live in what this study identifies as workforce housing.

Data from the Minnesota Department of Employment and Economic Development noted these data projections are based on key economic assumptions related to Gross Domestic Product (GDP), Productivity, Labor Force Participation Rate and Unemployment, which were all conservative compared to current data on the economy. For example, GDP was projected to grow at 2.0% but in the past three years has actually grown at a faster rate.

In Crow Wing County, between 2020 and 2030, the labor force is projected to grow at 0.8% while the population is projected to grow at 3.2%. This is due to increases in population of retirees or those not in the labor force. The growing population of retirees supports the significant increase in job growth in Health Services occupations.

The tables below indicate the projected employment growth in these industries and the corresponding projected housing needs.

Top Industries of Employment	Total Employment 2016	Percent Change 2006-2016	Average Annual Wages	Percent Change 2006-2016	Total Employment Projected 2026	Projected Employment Change 2016-2026
<b>Total, All Industries</b>	<b>29,029</b>	<b>0.1%</b>	<b>\$38,064</b>	<b>28.4%</b>	<b>31,409</b>	<b>8.2%</b>
Education and Health Services	8,051	11.9%	\$43,576	29.1%	8,921	10.8%
Trade, Transportation, and Utilities	6,093	-7.0%	\$31,408	26.9%	6,495	6.6%
Leisure and Hospitality	4,035	-1.8%	\$16,848	37.3%	4,233	4.9%
Professional and Business Services	2,063	15.6%	\$42,588	19.0%	2,247	8.9%
Construction	1,858	-16.0%	\$53,924	31.3%	2,038	9.7%

Source: DEED Quarterly Census of Employment and Wages 2006-2016

Projected Workforce Housing Needs	Projected Employment Growth 2016-2026	Average Annual Wages	Corresponding Affordable Housing Cost
Education and Health Services	870	\$43,576	\$150,000 - \$210,000 \$875 - \$1,250
Trade, Transportation, and Utilities	402	\$31,408	\$110,000 - \$150,000 \$625 - \$875
Leisure and Hospitality	198	\$16,848	< \$86,000 < \$500
Professional and Business Services	184	\$42,588	\$150,000 - \$210,000 \$875 - \$1,250
Construction	180	\$53,924	\$210,000 - \$320,000 \$1,250 - \$1,875
<b>Total workforce-range additions:</b>	<b>1,654</b>		

Additionally, given that 40% of the 8,776 existing middle-income residents are currently cost-burdened, an additional 3,510 units are needed in the workforce price range to accommodate these residents. These additional units do not necessarily need to be new construction, but could be existing units that are made more affordable through programs or policies detailed in the recommendations of this report.

## Cost of Construction

Local contractors indicated that building a new home that is affordable to a middle-income buyer would require the home to be under 2,000 square feet with modest finishes and it would still end up at a sales prices between \$170,000 and \$260,000. The affordability range determined for the middle-income population in this report tops at \$210,000.

Looking at what it might cost to construct a new single-family home, an almost \$90,000 gap exists between that cost and the high end of the range a middle-income buyer can afford. In reality, the gap would be even higher as the cost breakdown below does not include commissions, marketing, or profit for the builder.

### Cost to Build a New Single-Family Home

<b>2,800 sq. ft.</b>	
Lot	\$ 60,000
Site Work	\$ 16,000
Foundation	\$ 26,000
Framing	\$ 41,000
Exterior Finishes	\$ 33,000
Major Systems	\$ 33,000
Interior Finishes	\$ 68,000
Landscaping	\$ 6,000
Driveway	\$ 5,000
Porch/Patio/Deck	\$ 3,000
Cleanup	\$ 3,000
Contingency	\$ 4,000
<b>Total</b>	<b>\$ 298,000</b>

Source: National Association of Home Builders 2017

According to an article in [www.minnpost.com](http://www.minnpost.com) from May 2019, the median sales price of a new home in the U.S. has climbed steadily since 2011. The median new home costs more than twice as much as it did in 1970 (accounting for inflation). This is attributable to cost increases across the board including building materials and supplies, wages, land, and increased costs from regulations.

Like many industries, construction is in the midst of a labor shortage and firms are having trouble finding as many workers as they'd like to hire. But the shortage is a little more complicated in the building trades than in other corners of the economy. Many young workers left the industry for other jobs during the recession when construction slowed across the economy. In 2018, builders' biggest concern was the rising cost of materials, according to a National Association of Homebuilders annual survey. In 2019, it was labor.

Residential lots in 2011 were going for around \$35,000. Today, they are going for \$60,000 to \$80,000, tacking on an additional \$25,000 to \$45,000 to the cost of a house now versus just a few years ago.

A study by Housing First Minnesota found that Minnesota's regulations add more cost to construction than in Wisconsin or Illinois.

"We literally found you could build an identical house, with an identical builder, identical trade partners, the material being purchased by a national builder who builds nationwide ... you can build the same house in Hudson, Wisconsin for \$47,000 less than in (Lake Elmo)," just across the river, said David Siegel, Housing First Minnesota's executive director.

The need for incentives to support workforce housing is apparent by the gap between what homebuyers making between \$20,000 and \$50,000 can afford and what the home costs to construct.

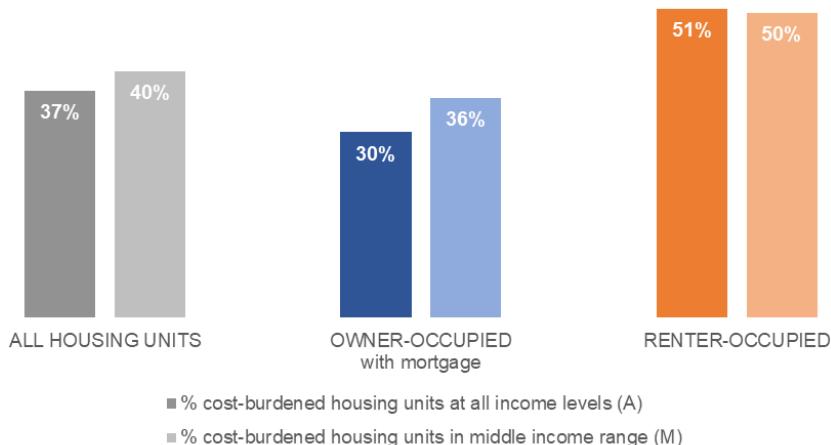
## Affordability

Affordability of a household's housing is defined by the Minnesota Housing Finance Agency and by the U.S. Department of Housing and Urban Development (HUD) as the household spending no more than 30% of its income on housing costs. Those spending more than 30% of income on housing are considered "cost-burdened" and those spending more than 50% of income on housing are considered "severely cost-burdened."

Getting more granular, if a household is contributing between 30% and 35% of their income towards housing costs, it is typically a manageable, though not ideal, situation. As the amount devoted to housing moves into the 35% to 40% range, the situation becomes rather significant, and if the amount of income spent on housing exceeds 40%, major economic trade-offs become necessary for the household.

In Crow Wing County, 51% (2,846) of renter-occupied units and 30% (3,390) of owner-occupied units with a mortgage are currently housing cost-burdened. Of middle-income households, 36% (2,159) of renter-occupied units and 50% (1,379) of owner-occupied units with a mortgage are cost-burdened.

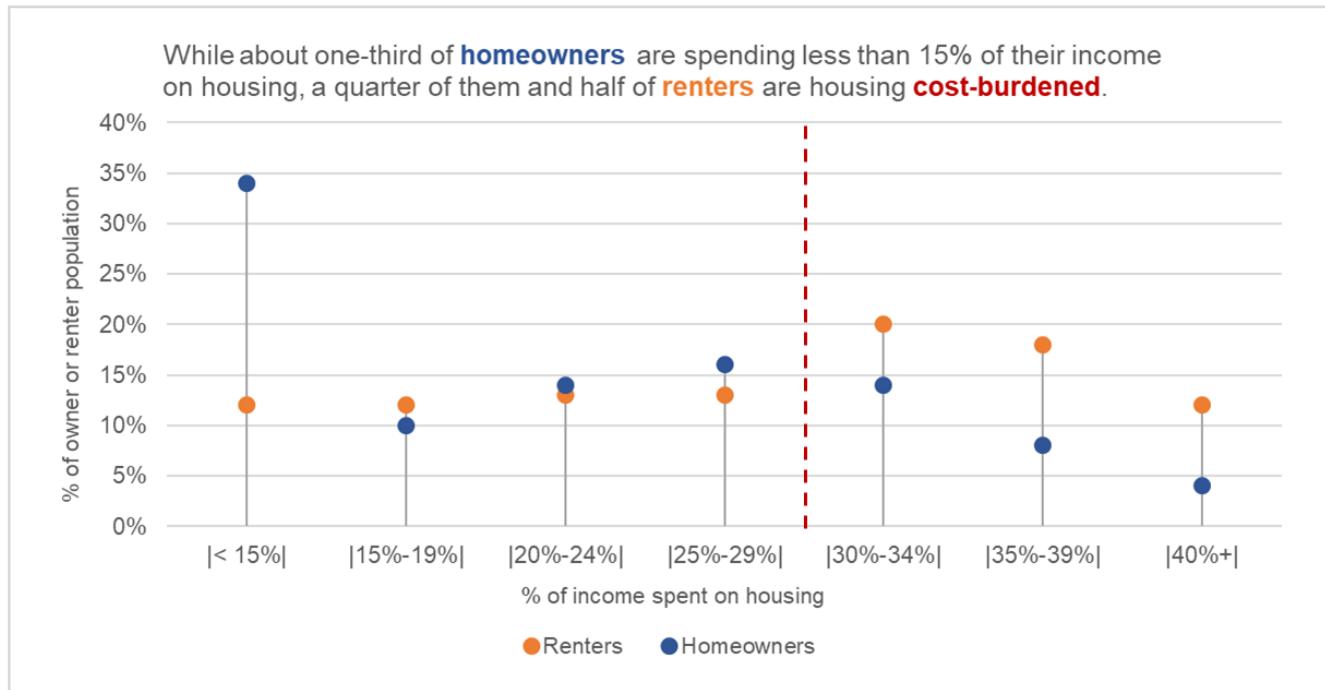
A large percentage of county housing units are cost-burdened and **the problem is more significant for renters**, with half being cost-burdened.



## Renters

### County-Wide

Data extrapolation reveals that an estimated 20% of rental households are spending 30% to 35% of their income on rent, 18% are spending between 35% and 40%, and 12% are spending 40.0% or more of available income on housing. Therefore, an estimated 1,103 households are spending 35% to 40% of income on housing and 676 households devoting at least 40% of their income towards rent.

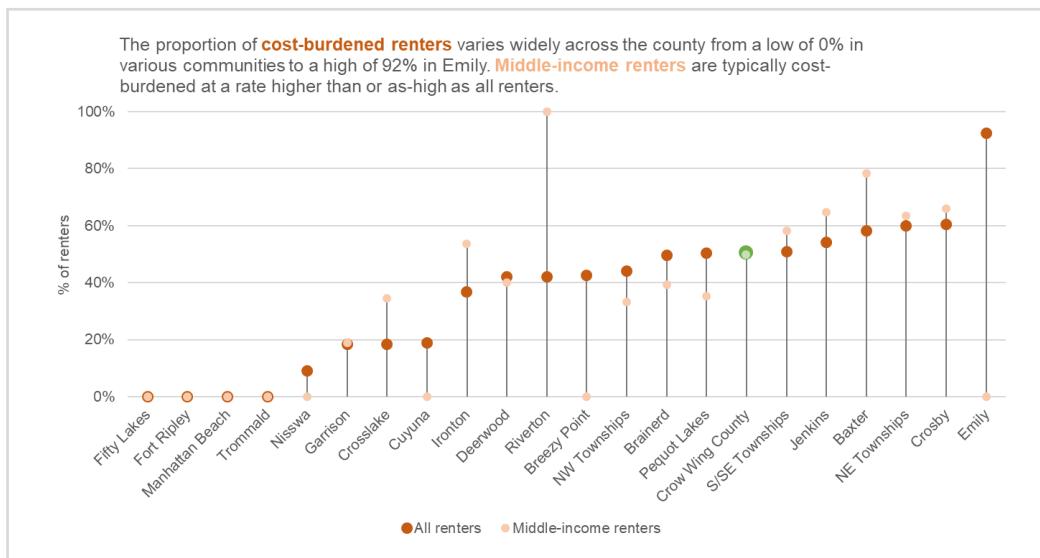


### By Community

By community, the highest number of cost-burdened renters are found in Brainerd (1,403) and Baxter (586). The highest proportion of cost-burdened renters are found in Emily (92%), Crosby (60%), and the NE Townships (60%).

## Middle-Income

Renters in the middle-income range represent 10% (2,768) of County households. Within this group, almost half (1,379) are currently cost-burdened. The bulk of these households are located in Brainerd and Baxter with 532 and 420 households, respectively.



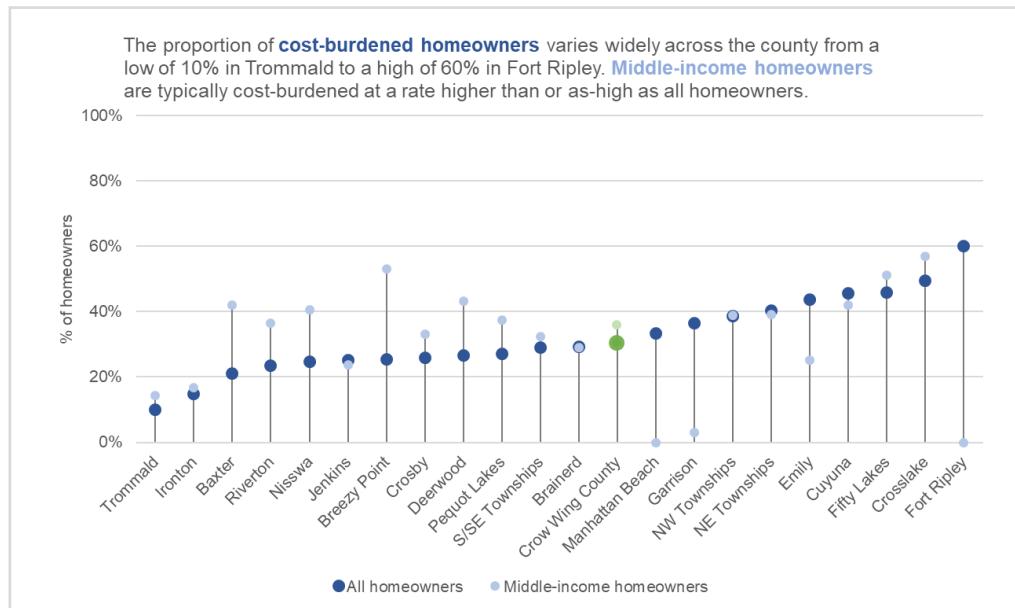
## Homeowners

### By Community

By community, the highest number of cost-burdened homeowners are found in the South/Southeast Townships (945), the Northeast Townships (579), Brainerd (528), and Baxter (300). The highest proportion of cost-burdened homeowners are in Fort Ripley (60%), Crosslake (49%), Fifty Lakes (45%), and Cuyuna (45%).

### Middle-Income

Homeowners in the middle-income range represent 22% (6,008) of county households. Within this group, 36% (2,159) are currently cost-burdened. The bulk of these households are located in the South/Southeast (490) and North/Northeast (323) Townships as well as in Brainerd (351) and Baxter (254).



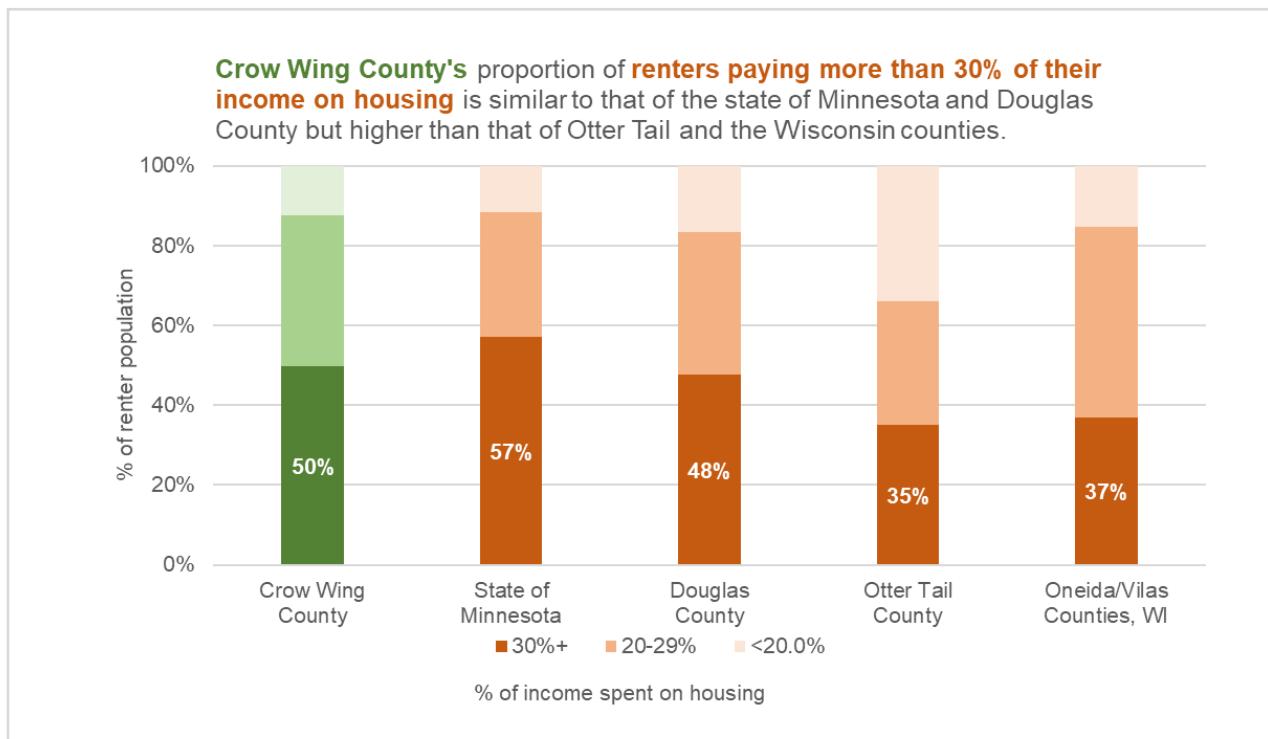
## Benchmarks

Taking renters and homeowners together, there are presently 3,538 middle-income, cost-burdened households in Crow Wing County. This group represents almost 13% of all households in the county and about 40% of households in the middle-income range.

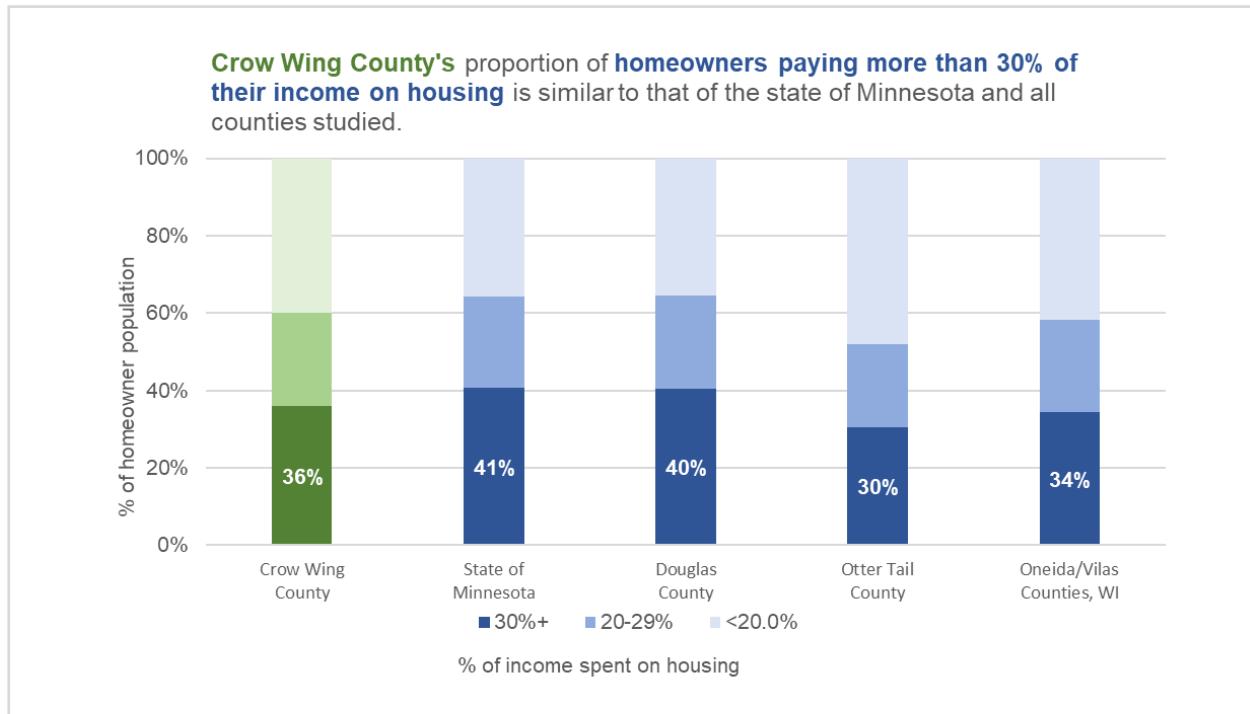
For comparative purposes, the study looked at several other areas to evaluate Crow Wing County's affordability position against similar locations. Specifically, Douglas and Otter Tail Counties in Minnesota, and the Oneida/Vilas County area in Wisconsin were examined. The latter is similar to Crow Wing County in that it exists largely as a second home and resort community and largely serves Milwaukee, Madison, and Chicago. The entire state of Minnesota is also included as a reference point.

Looking first at the rental sector, about 50% of middle-income households in Crow Wing County are paying 30% or more of their income for housing. This compares closely with Douglas County at about 48%. However, it is well above Otter Tail County at 36% and Oneida/Vilas at 37%.

When compared to the state of Minnesota, Crow Wing County's percentage of cost-burdened middle-income households is significantly lower.



Owner-occupied households which are middle-income and cost-burdened are more consistent across the comparison communities. The lowest percentage is found in Otter Tail County with 30% of households falling in this category and the highest is the State of Minnesota as a whole at 40%. Crow Wing County falls close to the middle at 36%.



## Affordability Index

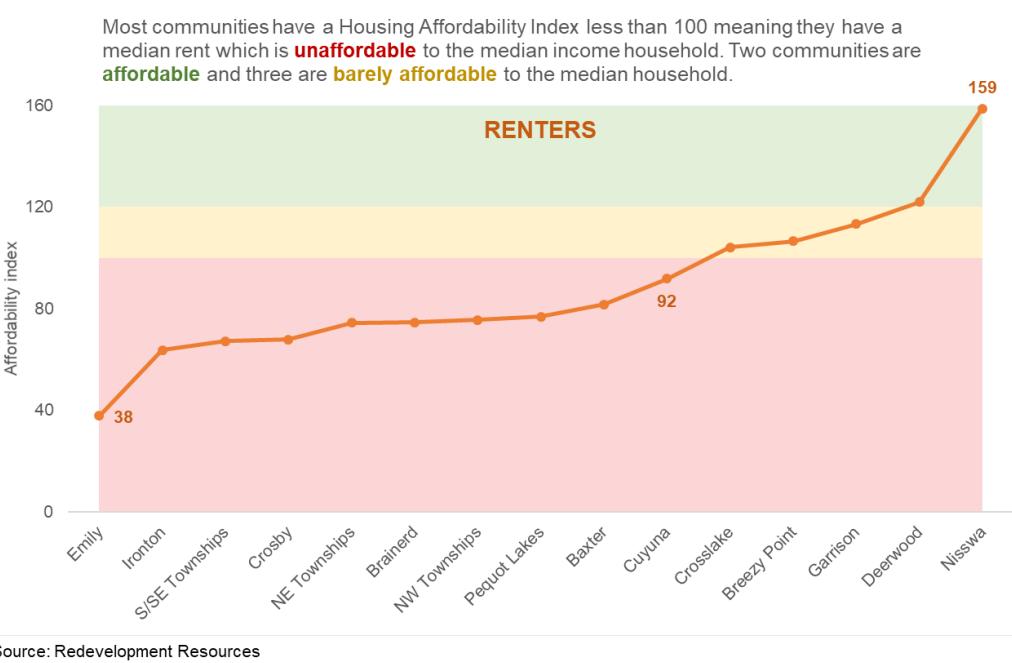
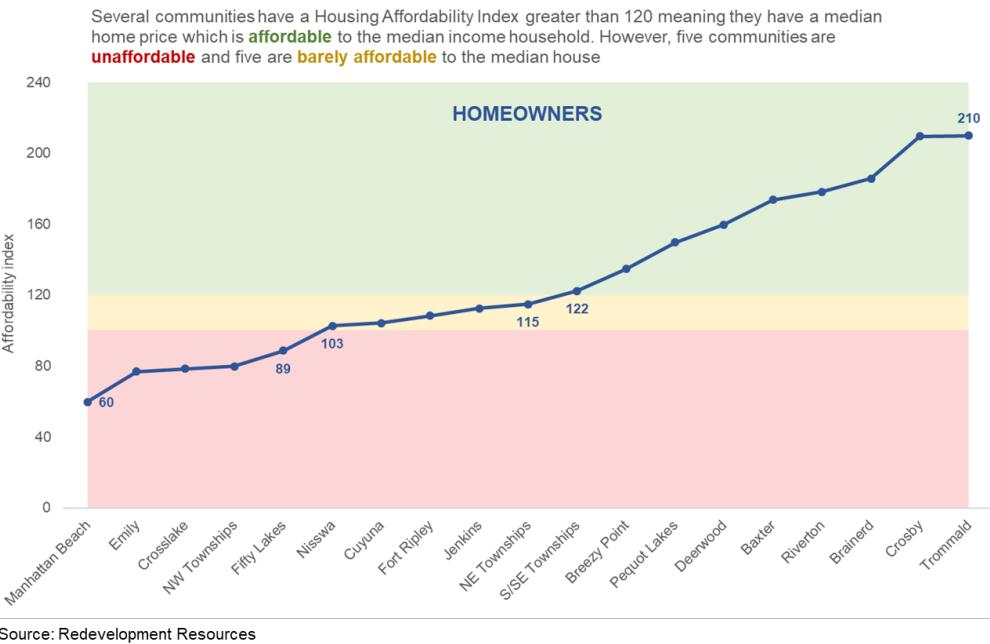
Another way to measure affordability is using an affordability index. The NATIONAL ASSOCIATION OF REALTORS® created an index to measure whether a typical household can afford a typical home in a given geographical area. The index is calculated as a ratio of the actual median household income in that area to the income that would be needed to afford the median-priced home.

For Crow Wing County, the team calculated the affordability index for homeowners and renters of each community.

Housing costs for the owner market include the median monthly mortgage and taxes. Mortgages were calculated using a 3.85% interest rate, 30-year amortization, and 90% loan-to-value ratio. Cost for the rental market was the median rent. For this calculation, the team set the affordability level at 25% of household income to allow room for insurance and utilities.

The median household income for each community was then divided by the median cost of housing in each market and multiplied by 100 to create the index. An index value below 100 means the median income in that community is not enough to afford the median-priced home. An index value between 100 and 120 indicates the median home is barely affordable to the median household, and a value greater than 120 indicates the market is affordable.

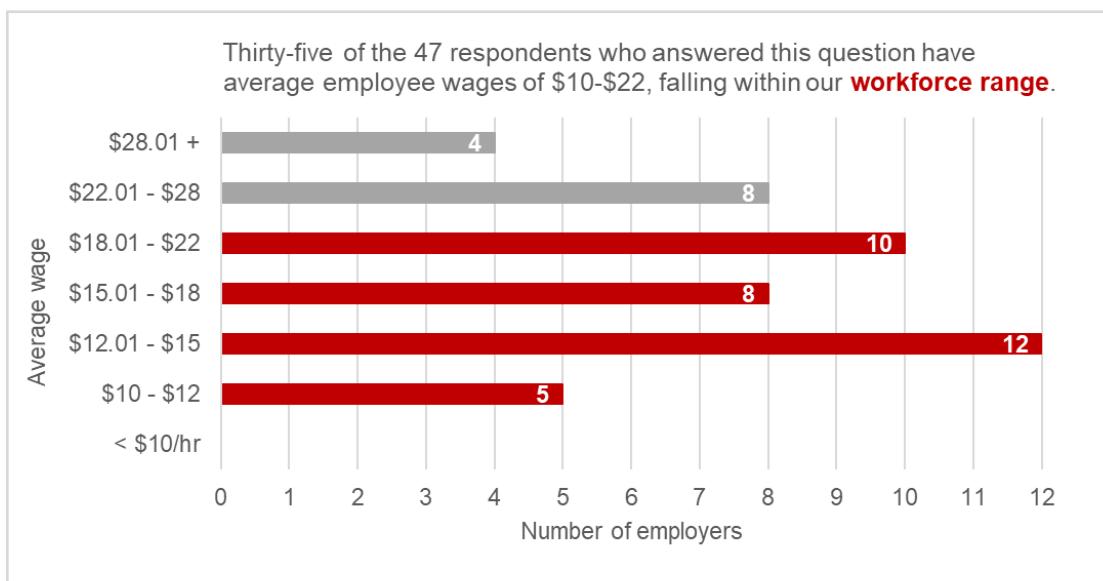
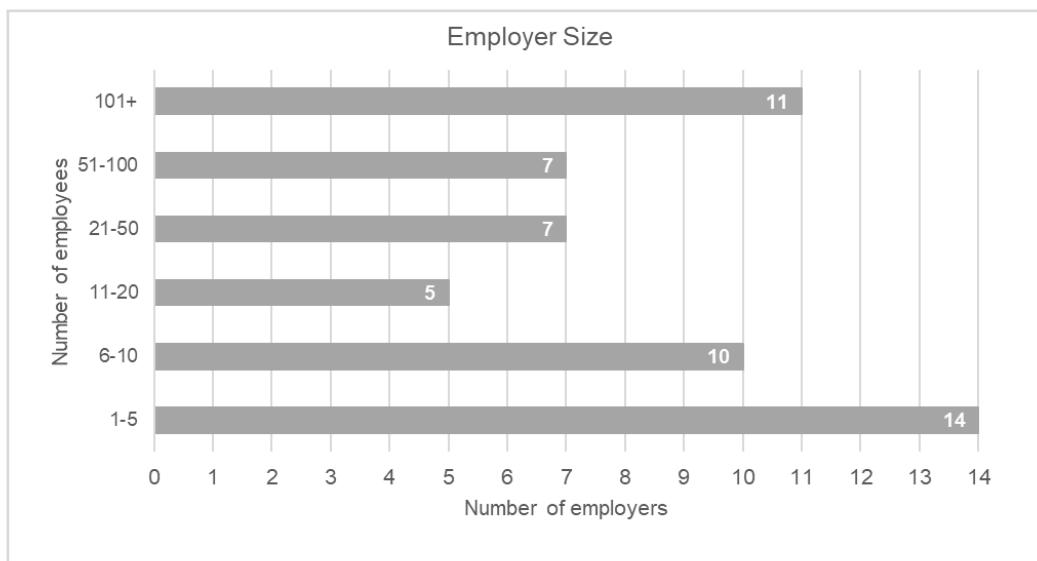
The result is that a large portion of both owner and rental markets fall in the unaffordable or barely affordable category, indicating that the median household income is not enough to afford the median-priced home or rent.



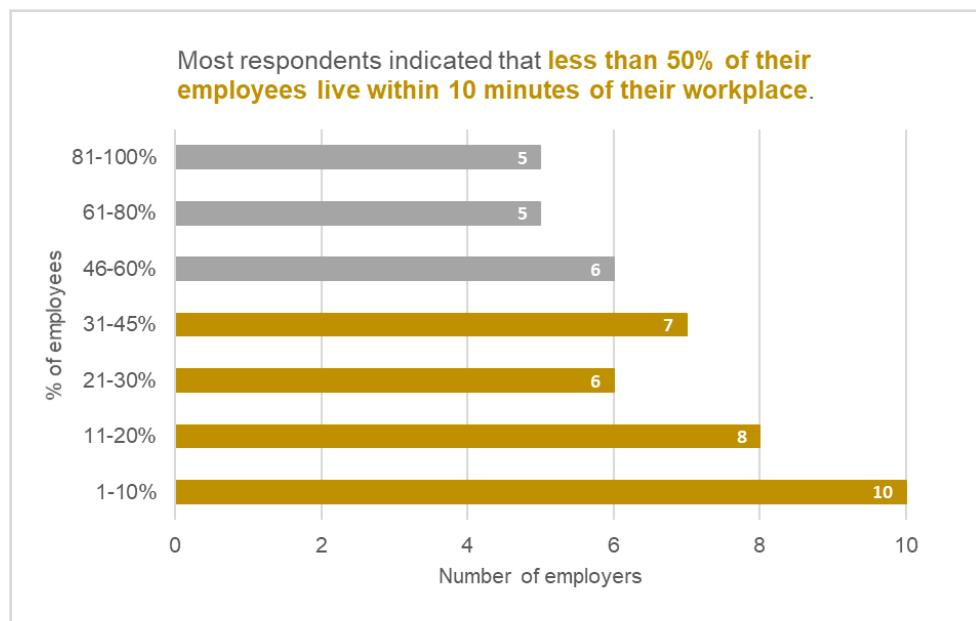
## Local Employer Feedback

An electronic survey was sent out to local employers consisting of nine questions. Fifty-five employers responded by January 3, 2020.

Eleven of the employers who responded have 100 or more employees; seven employers have 51-100 employees, seven have 21-100 employees, five have 11-20 employees, 10 have 6-10 employees, and 14 employers responding have between one and five employees. Thirty-five of the respondents reported their average wages fall between \$10-22 per hour, 12 reported their average wages were greater than \$22 per hour and eight skipped this question.



Most of the respondents (31 out of 47 who answered this question) indicated that less than 50% of their employees live within 10 minutes of their workplace and 21 out of 48 indicated they have trouble attracting or retaining employees due to a lack of housing options.



Those who responded “yes” to the question regarding housing’s role in recruiting and retaining employees were given an opportunity to provide more detail. The themes of the comments were:

- There is no rental housing in our part of the county.
- There is no housing affordable to our employees in our part of the county.
- There is no housing for the middle class (\$100,000 - \$200,000 home prices).
- There is not enough low-income housing for lower-wage employees.
- Housing in the area is generally expensive.
- Some employees are traveling long distances to work because they cannot find housing closer.
- Quality applicants tend to live farther away (15-30 minutes).
- Wages are too low for employees to live closer.

When asked if they are currently doing anything as an employer to assist employees with housing, six responded “Yes” and 41 responded “No.” Comments regarding employer assistance ranged from providing housing to employees directly to connecting them with local realtors and lenders, to assisting with household budgeting. One respondent indicated health insurance is a higher priority for their employees, so they have not been able to provide any monetary assistance for housing.

The final question of the survey asked if the employers have long-term plans to assist employees with housing needs. Three responded “Yes”, and indicated their plans include providing more housing directly to employees and even building their own apartment building.

Some employers are already providing assistance to employees for housing and others seem interested in doing the same, so the county has an opportunity to work directly with employers and to connect employers with each other to work toward making housing more affordable for employees at all wage ranges.

## Interview Takeaways

Interviews were conducted in person and via phone with stakeholders located throughout Crow Wing County. Conversations with developers, contractors, realtors, employers, resort owners, landlords, municipal leaders (staff and elected officials), school district leadership, and higher education provided valuable insight into the current housing situation for residents at all income levels.

One resort owner who provides dormitory space for some of his employees stated multi-family housing would be very helpful. He'd like to hire more year-round residents, families, and would need housing to support that. This employer employs over 550 people during the busy season. It seems as if the busy season is stretching out longer and longer on both ends, which is great for the local economy and would indicate a need for more year-round workforce housing.

Another property owner stated the systems and laws are not conducive to supporting renovations of existing homes by landlords. The landlord is required to use state-licensed contractors, which are in short supply. According to this property owner, who has invested in homes and renovated them for lease, the biggest need is for existing homes which have been renovated or repaired. Supporting use of existing housing stock is a critical need and important service Crow Wing County HRA could undertake.

Downtown Brainerd and other "downtowns" throughout the county have focused on renovating upper level apartments and have seen solid success in doing so. Encouraging more mixed-use developments in downtowns county-wide would support using existing infrastructure, facilitate downtown vibrancy, and provide rental units at appealing rent levels for all income ranges.

Homes in the \$150,000 - \$250,000 price range that are livable (not needing complete overhauls to be acceptable) are in very short supply. Housing for entry-level workers (either apartment or single-family homes) are where the need is greatest according to many of the people interviewed. Two residential realtors reported education for potential homebuyers is also critical. There are many myths about how much money is needed for a down payment, what kind of credit score is needed, and what kind of financing support is available to first-time homebuyers.

According to an interviewee, young professionals are hard to retain in the area due to housing availability, lack of things to do, and walkability. Some of those are more difficult to solve than others, but if there were living options in walkable settings, the market would naturally provide more things for them to do. Because many students who study in the area don't have their own transportation, connectivity is important. Central Lakes College conducted a study two years ago and found 47% of students surveyed were "housing insecure" and 48% of students surveyed were "food insecure." This base of potential employees is important to the workforce and should be a focus for creating a more secure housing situation.

One housing contractor reported the demand is extremely high for single-family homes in the \$170,000 - \$260,000 price range. Sixty percent of their homes are sold to empty nesters, age 55 and over. This contractor stated he could build more homes more quickly if the contracting workforce was in better supply. There is a shortage of contractors available to work on building new homes.

Contractors interviewed agreed it is cost-prohibitive to construct a home in the price range of \$170,000-\$260,000 on regularly priced lots in new subdivisions that aren't already equipped with public infrastructure. It would be helpful to them if municipalities had zoning in place for smaller lots and smaller homes.

A property management company has its own challenges finding and housing employees. Employees are paid in the \$12-\$17 per hour range. This employer provides units to employees when not otherwise rented for the season. Employers who have cleaning staff, maintenance staff, accounting staff, recreational programmers, food service workers, and bartenders, have a difficult time finding decent, safe housing for their employees.

## Resident Survey

A survey of Crow Wing County residents was conducted via an online survey service in the late summer and fall of 2019. There were 697 responses, and although the responses are not perfectly balanced according to the proportion of residents living in single-family vs. multi-family units, there is still interesting information which can be gleaned from the survey responses.

A key takeaway from the survey as indicated by questions three and five below is that many respondents, including those who currently live in a single-family home, believe the county needs more affordable/workforce apartments. In question three, 151 respondents indicated they would consider renting quality affordable apartments if available. In question five, 194 respondents indicated they feel affordable/workforce apartments are most needed in their area. Given that only 35 respondents currently live in a rental apartment, these responses show a demand for quality and affordable multi-family apartments beyond those currently living in them.

When asked if respondents were happy with their current housing, 532 respondents were very happy or happy with their current housing, while 70 were either unhappy or very unhappy. Ninety respondents were neither happy nor unhappy and five did not answer.

However, when asked if they feel current housing options in their area are acceptable, 60% (422) of respondents answered "No."

Of total respondents, 169 fell into the workforce target income range of earning \$20,000-\$50,000, while 36 made less than \$20,000 and 453 reported earning more than \$50,000 and 39 chose not to respond to this question.

1	In what type of home do you currently live?	Single Family Home ..... 612 Townhome/Condo ..... 17 Rental Apartment ..... 35 Mobile Home/RV ..... 18 Other ..... 11 No Response ..... 4
2	If quality and affordable new for-sale housing were available, would you consider purchasing it?	Yes ..... 367 No ..... 310 Unanswered ..... 20
3	If quality and affordable new apartments were available in your area, would you consider renting there?	Yes ..... 151 No ..... 527 Unanswered ..... 19
4	Do you feel that the current housing options in your area are acceptable?	Yes ..... 256 No ..... 422 Unanswered ..... 19
5	What type of new housing do you feel is most needed in your area?	Single Family Homes ..... 275 Townhome/Condo ..... 73 Affordable/Workforce Apts ..... 194 Active Senior Housing ..... 82 Elderly Housing ..... 34 Luxury Apartments ..... 9 Unanswered ..... 28
6	Have you recently resisted moving because suitable and affordable housing was not available?	Yes ..... 251 No ..... 434 Unanswered ..... 12
7	In which city do you currently live?	Baxter ..... 97 Brainerd ..... 216 Breezy Point ..... 35 Crosby ..... 99 Crosslake ..... 58 Cuyuna ..... 2 Deerwood ..... 18 Emily ..... 4 Fifty Lakes ..... 7 Fort Ripley ..... 11 Garrison ..... 5 Ironton ..... 5 Jenkins ..... 11 Manhattan Beach ..... 0 Nisswa ..... 24 Pequot Lakes ..... 63 Riverton ..... 0 Trommald ..... 1 Other ..... 33 Unanswered ..... 8

## Summary of Key Observations

### Economic and Demographic Conclusions

1. The median age of Crow Wing County residents is 44 years. However, there is a wide range among communities with median ages extending from a low of 30 years in Jenkins to a high of 64 years in Emily.
2. Over the next 15 years from 2018-2033, the county is expected to add 2,976 new households, averaging 198 additions per year.
3. Crow Wing County's population is expected to increase by 7,484 persons over the next 15 years, or by an average of 480 persons annually.
4. Crow Wing County residents aged 75 and over have the lowest median income of all age groups at \$30,629 and residents in the 65-74 age group have the third lowest median income at \$48,214. These numbers, paired with unique lifestyle needs of aging populations, indicate that persons in the eldest age groups may need special focus for analyzing housing needs.
5. Once the economy started to recover from the recession, employment growth took off with an average of 360 new jobs added per year but slowed significantly in 2019 with only 178 new jobs – less than half the average of the past five years.
6. It is very likely that over the next five to 10 years, annual employment additions in Crow Wing County will remain consistent but modest, averaging 300 to 350 per year resulting in 4,500 to 5,250 new jobs by 2033.
7. Almost half of jobs (47%) are within the Healthcare and Tourism/Lodging industries, which is consistent with the majority of the largest five employers.

### Housing Landscape

1. The communities of Ironton, Crosby, Brainerd, Deerwood, Fort Ripley, and Riverton support a housing inventory that is considerably older than the remaining Crow Wing County areas and the county as a whole.
2. Over 96% of homes in the county were built before 2010. This marked slowdown in construction is a direct result of the recession but could leave the county in a precarious position for meeting the needs of today's homebuyer.
3. Fifty seven percent of renting households pay between \$500 and \$999 per month and 19% of renters paying between \$1,000 and \$1,499 monthly.
4. Within Crow Wing County, 19 market-rate apartment communities (a total of 942 units) were identified that offer no income or age restrictions.

### Housing Factors

1. Single-family options will account for the bulk of demand at 253 homes annually, with rental apartment demand forecasted at 60 units per year and townhome/condominiums at seven units per year.
2. In Crow Wing County, 54% of all renter households and 30% of all homeowners are currently housing cost-burdened. Of middle-income households, 36% of renters and 50% of owners are cost-burdened.
3. Data analysis reveals that 20% of rental households are spending 30% to 35% of their income on rent, 18% are spending between 35% and 40%, and 12% are spending 40.0% or more of available income on housing.
4. The highest number of cost-burdened renters are in Brainerd (1,403) and Baxter (586) and the highest number of cost-burdened homeowners are in the South/Southeast Townships (945), the Northeast Townships (579), Brainerd (528), and Baxter (300).

### Key Takeaways

1. Statistically, Crow Wing County currently has a slight oversupply of housing units relative to employment, especially in the single-family market. This occurs when the number of jobs created doesn't keep up with new housing starts. However, given that almost 40% of the county's residents are paying too much for housing, and given the feedback received from employers regarding the lack of housing that is affordable to their workforce, there is a clear undersupply or mismatch of housing in the workforce affordability range.
2. Based on an analysis of the county's economy, demographics, and potential employment growth, the team projects a need for approximately 4,800 new housing units over the next 15 years. This number does not include future demand for additional seasonal vacation homes. Approximately 70% of that demand will be for single-family homes and 30% will be for multi-unit options. This is a shift from the current split of approximately 80% single-family units to match shifting housing trends and the need for more moderately-priced options.
3. Of the 4,800 projected units, 1,493 of them should be affordable to the workforce range, which means \$86,000 - \$210,000 for purchase of a home or \$500 - \$1,250 per month of rent. This means almost 100 new workforce units should be constructed each year.
4. Given that the county is home to approximately 8,776 middle-income households and 40% of those are cost-burdened, an additional 3,510 workforce units would need to be added or converted to accommodate those residents.
5. Developer and contractor feedback indicate infeasibility of constructing workforce-affordable housing, given construction costs. Without incentives or support, these units are not going to be constructed.

## Recommendations

The housing landscape in Crow Wing County is diverse and has some challenges but they are not extreme or unsolvable. Communities across the county have differing needs for housing based on residents' income and age, employment and availability of housing.

Communities across the country are dealing with housing shortages primarily due to changes in the development of new housing through the recession from the past decade.

Recommendations have been developed to meet current and future needs of residents, potential residents and employers hoping to grow. Lack of access to housing shouldn't be a barrier to employers' ability to recruit workforce.

Additionally, residents who are cost-burdened by paying more than 30% of their income for housing should have better options for affordable housing. Communities need comprehensive, integrated housing strategies to improve housing affordability.

Strategies must connect opportunities for employment and new business creation with land-use decisions. They must also consider making a variety of dwellings available to meet the needs of diverse groups of residents.

According to the National League of Cities 2019 report, "Homeward Bound, the Road to Affordable Housing", city leaders must explore key questions, including:

1. What are my city's local housing goals and does the comprehensive plan reflect those goals?
2. What are the economic conditions of my city's local housing market?
3. What are the regulatory conditions of the local housing market for development and redevelopment (zoning, permitting, fees)?
4. What policy tools and options are available to cities in my state to address these conditions to improve quality and affordability?
5. What is the local political environment for decision making on housing?
6. Do residents understand the trade-offs in land-use decisions that come from a restricted housing supply on matters like taxes, job growth, investment attraction?
7. How do city leaders confront and pushback against NIMBYism (The "Not in my backyard" phenomenon where residents don't want affordable housing in their neighborhoods) in housing decisions?
8. How can good decisions that increase housing quality across a range of housing choices be accomplished for the benefit of existing residents without the collateral damage of displacement?

City leaders should work to create opportunity for affordable workforce housing development within their communities. Crow Wing County HRA can serve as facilitator to host conversations with municipal leaders to discuss these questions and possible solutions.

Recommendations will be presented in three categories: Policies & Regulations; Programs & Incentives; and Types of Housing.

## Top Priority Recommendations

Recommendations for ways Crow Wing County HRA could support meeting these housing construction goals include the following:

### **1. Identify opportunity sites.**

Identify on a map, properties available and well-suited for workforce single-family and multi-family development. Work to either acquire and hold land for development or be prepared to support acquisition by private developers.

### **2. Create or enhance a Down Payment Assistance Program.**

Work with employers to create a Down-Payment Assistance Program geared toward year-round workforce to boost homeownership. This program could be in partnership with employers where they contribute a percentage of the down payment with each first-time homeowner employee. Employees would need to work for the employer and live in the house for a predetermined period of time in order to have the assistance be a grant. If an employee moved or changed jobs prior to the set period of time, the down payment amount would need to be paid back.

### **3. Assist with rehabbing older homes.**

Supplement a program to provide financial assistance for rehabbing older homes. As a first step, municipalities may conduct an assessment to determine which homes are in most need of repair and target assistance to these property owners. Then, provide financial incentives to homeowners who undertake large remodeling projects. Financial incentives could include a grant up to \$5,000 and a rebate of 50% of building permit fees.

### **4. Amend Tax Forfeited Property Land policy.**

Consider a temporary amendment to Tax Forfeited Property Land to encourage development. Offer available real estate to contractors and developers at steep discount or \$0 to spur redevelopment or development of tax forfeited property. Market the program aggressively.

### **5. Use the Housing Trust Fund to incent new construction.**

Use the Housing Trust Fund for low/no interest gap financing for contractors to construct workforce single-family housing units and multi-family units.

### **6. Host developers onsite to build interest.**

Host a familiarization tour for housing developers to allow them to understand the housing market, opportunity sites, and HRA assistance in Crow Wing County.

## Policies & Regulations

- 1. Encourage municipalities to expedite permitting and development approval processes for housing.** This will show contractors and developers that communities across Crow Wing County are welcoming and desirous of new residential developments. Streamlined processes reduce development and redevelopment time and cost, which contributes to reducing uncertainty for developers and contractors.
- 2. Allow for a variety of housing types and options through flexible and less-restrictive zoning, including allowing multi-family in more zoning districts, reducing minimum lot sizes, and reducing prevalence of single-family-only zoning.** Housing comes in all shapes and sizes. To construct housing more people can afford, creativity is sparking new and innovative solutions. Accessory dwelling units, du/tri/fourplexes, courtyard apartments, townhomes, multiplex, pocket neighborhoods, mixed use, Container Home Villages, dorms, and unique tiny homes are all seeing an uptick in construction.
- 3. Encourage Universal Design (UD) in new construction and renovations.** Universal Design principles benefit all users regardless of ability, so homes with UD aspects can be used and reused more easily over time, reducing the need for costly retrofits when someone ages or becomes ill or injured. It also increases choice for those with disabilities, making their options potentially more affordable. UD can be encouraged through policies, such as requiring UD elements in projects receiving public funding, or through direct funding like grants and loans for UD upgrades.
- 4. Explore premier resort tax or special lodging tax to fund housing for seasonal workers.** Wisconsin Dells used this tactic effectively to pay for the construction of a dormitory for seasonal workers. Work with state legislature/local representatives to discuss a premier resort/lodging tax specifically to be used for construction of housing for seasonal workers.
- 5. Grant density bonuses for small footprint developments.** Such a density bonus provides an increase in allowed dwelling units per acre (DU/A), Floor Area Ratio (FAR) or height, which generally means that more housing units can be built on a given site. Density bonuses create incentives for developers to provide public amenities in exchange for greater density level than allowed under existing zoning. The developer may build public amenities or, in some instances, low-income or workforce housing.

## Programs & Incentives

- 1. Provide assistance with retrofitting homes for safety/accessibility.** Funding or technical assistance programs for adding ramps, grab-bars, walk-in showers, etc., will help seniors stay independent longer wherever they live.
- 2. Work with employers to create a Down-Payment Assistance Program geared toward year-round workforce to boost home-ownership.** This program could be in partnership with employers where they contribute a percentage of the down payment with each first-time homeowner employee. Employees would need to work for the employer and live in the house for a predetermined period of time in order to have the assistance be a grant. If an employee moved or changed jobs prior to the set period of time, the down payment amount would need to be paid back.
- 3. Supplement a program to provide financial assistance for rehabbing older homes.** This program would prevent sprawl by infusing investment in existing homes and could potentially be a more affordable option for new home-buyers and existing home-owners than new construction.
- 4. Explore a variety of services to meet needs of various stages of aging, for example, transportation or home assistance.** Ensuring these needs are met could reduce demand strain on senior housing. Needs of aging adults can be understood by assessing (Instrumental) Activities of Daily Living (IADL and ADLs).
- 5. Work with employers to facilitate exploring a program for roommate & host family pairing.** This program would be focused on seasonal worker housing needs and should be employer-driven. It provides a shorter-term solution to helping seasonal workers find somewhere to live until more permanent solutions, such as a dorm, can be implemented.
- 6. Encourage large seasonal employers to provide housing for employees.** Housing options could come in the form of shared homes, dorms, campgrounds, or roommate/home share pairing services.
- 7. Facilitate zoning and approvals for Container Home Village with high quality exterior design standards.** Homes made from shipping containers provide small residential spaces that are affordable to construct. These dwellings could be used by seasonal or year-round residents.
- 8. Assist small businesses with pooling together ideas and resources to increase housing options for seasonal workers.** Create a task force of shop and restaurant owners, landlords, and larger employers like resort operators to implement a spectrum of solutions in partnership which benefit all businesses who rely on seasonal workers.
- 9. Host workshops for communities to plan where housing should go which is affordable for the workforce, including seasonal workers and seniors on a fixed income.** Workshops like these encourage a community approach to understanding and solving issues of affordability and seasonal worker housing shortages. Conducting the meeting in an open forum allows for citizen input up front. Developers, realtors, and property owners participating in the process earn credibility and acceptance from citizens.
- 10. Consider temporary amendment to Tax Forfeited Property Land to encourage development by dropping acquisition price to 10% of market value (or even \$0) plus costs.** To encourage development of tax forfeited properties, Crow Wing County HRA should consider selling land to builders at significantly steeper discounts or outright granting land to builders to construct affordable residential units.
- 11. Utilize Housing Trust Fund for gap financing for homeowners and developers to construct affordable housing.** Provide grants and loans for the construction, rehabilitation, and accessibility modification of affordable housing for low- to moderate-income individuals and families.
- 12. Utilize Housing Trust Fund for gap financing or grants for homeowners and developers to rehabilitate existing housing, income qualifying.** Provide low or no interest, deferred loan or grants based on financial need. Deferred loan repayable or forgiven after primary mortgage is satisfied.
- 13. Utilize Housing Trust Fund for low-interest loans or forgivable loans to landlords for rental housing rehabilitation for affordable units.** These loans would be available to landlords who will offer their units at an affordable rate, as determined in a developer agreement with the County. Property owner investment should be required and they should maintain income qualifications for a significant period of time.
- 14. Utilize Housing Trust Fund for low/no interest gap financing for the construction of multi-family units.** Provide low- or no-interest deferred loans to multi-family developers to construct affordable units. Deferred loans would be repayable or forgiven after primary mortgage is satisfied.
- 15. Incent developers who provide a mix of housing price points within their development to appeal to all income ranges.** Offer incentives and encourage developers to create mixed-income developments. Without instituting inclusionary zoning policies, negotiate housing affordability with those developing the housing.
- 16. Host a familiarization tour for housing developers to allow them to understand the market and its opportunities.** Invite housing developers from across the state to a one-day event in Crow Wing County. Meet to discuss this housing study, incentives, and the county's opportunities. Then take them on a bus tour of the county including target sites.

## Types of Housing

- 1. Accessory Dwelling Unit:** Creating a second small dwelling on the same grounds as (or attached to) a single-family house, such as: a converted garage, an apartment over the garage, a tiny house (on a foundation) in the backyard, or a basement apartment.
- 2. Pocket Neighborhoods:** Clustered groups of small neighboring houses or apartments gathered around a shared open space — a garden courtyard, a pedestrian street, a series of joined backyards, or a reclaimed alley — all of which have a clear sense of territory and shared stewardship.
- 3. Home-sharing:** Home sharing is a concept in which seniors rent extra space in their homes to a tenant who can help with house upkeep, errands, etc. In exchange for work around the house, the tenant's rent is typically lower than market rate. Both parties benefit from companionship and teamwork. Agencies exist which can assist with matching renters with homeowners, including screening and background checks. Home sharing can also be among pairs or groups of seniors who can share the cost of in-home care and maintenance.
- 4. Multi-generational Multi-Family Housing:** Apartment or condo buildings which are marketed toward and provide amenities for people of various age ranges, from children to seniors, can provide benefits to all, including shared responsibilities and companionship.
- 5. Co-op Housing:** Co-ops offer a different type of ownership structure that could be a more affordable option than traditional home ownership. An added benefit for seniors is companionship and pooled maintenance.
- 6. Retirement Communities/Senior-Appropriate Housing on or Near Colleges:** Developers may be able to negotiate purchasing or leasing land at a lower cost if locating on public college or university land. Locating on or near institutions of higher education, such as Central Lakes College provides an opportunity for residents to easily participate in educational, cultural, and social events. It can also provide easy access to services like transportation and healthcare, which often locate near colleges and universities.
- 7. Campgrounds with Cabins for Seasonal Workers:** Cabins would be privately-owned options for seasonal workers. The County could play a key role in facilitating the construction of such units by engaging the public and ensuring zoning and permitting processes in the municipalities can accommodate them.
- 8. Dormitory-Type Housing:** Large seasonal employers such as resorts could develop their own boarding-house, or student housing-like residences with assistance from the County and municipalities. This housing could be developed in partnership with Central Lakes College so students can use them in fall, winter, and spring and seasonal workers can stay in summer.
- 9. Container Home or Tiny Home Villages:** This type of development would be privately owned but publicly facilitated for public engagement and zoning and permitting.



## Top Priorities

5. <b>Use Housing Trust Fund to provide gap financing to developers to build single- and multi-family housing.</b>	Provide low- or no-interest gap financing to contractors who cannot fully fund single- or multi-family home construction by traditional bank funding only.	When funding is available	CWC HRA	\$300,000 +	City of Milwaukee <a href="https://city.milwaukee.gov/commoncouncil/HTF#.XeQYx-hKjD4">https://city.milwaukee.gov/commoncouncil/HTF#.XeQYx-hKjD4</a>	X	X		X
6. <b>Host developers onsite to build interest and knowledge of opportunities in the county.</b>	Host a familiarization tour for housing developers from across the state to allow them to understand the housing market, opportunity sites, and HRA assistance in Crow Wing County. This would be a one-day event where you will meet to discuss the housing study, incentives, and the county's opportunities. Then, take them on a bus tour of the county, highlighting target sites.	Annually	CWC HRA	\$1,200 - \$2,500		X	X	X	X

					Examples & Resources	Workforce	Families	Seasonal	Aging
1. Encourage municipalities to expedite permitting and development approval processes for housing.	Expediting these processes keeps pre-development time and costs lower for developers and reduces developer uncertainty and risk.	3 months to implement	All municipalities	Staff time		X	X	X	X
2. Allow for a variety of housing types and options through flexible, less-restrictive zoning.	Create less-restrictive zoning across the county, including allowing multi-family units in more zoning districts, reducing minimum lot sizes, and reducing prevalence of single-family-only zoning. Allow for more flexible housing options, such as accessory dwelling units, du/tri/fourplexes, courtyard apartments, townhomes, multiplexes, pocket neighborhoods, mixed use, container home villages, student housing, and tiny homes.	3 months to implement	All municipalities	Staff time		X	X	X	X
3. Encourage Universal Design (UD) in new construction and renovations.	Universal Design (UD) is a concept in which buildings and spaces are designed in an accessible way, but goes beyond the typical ADA compliance requirements to benefit all users, regardless of ability. Homes with UD aspects can be used and re-used more easily over time, reducing the need for costly retrofits when someone ages or becomes ill or injured. It also increases choice for those with disabilities, making their options potentially more affordable. UD can be encouraged through policies, such as requiring UD elements in projects receiving public funding, or through direct funding like grants and loans for UD upgrades.	Immediate	All municipalities	Staff time	AARP Certified Aging in Place Specialist certified contractors.	X	X	X	X
4. Explore premier resort tax or special lodging tax to fund housing for seasonal workers.	Work with state legislature and local representatives to discuss lodging tax for construction of housing for seasonal workers.	Within 12 months	County or individual municipalities	Staff time	Hiawatha Residence project, Wisconsin Dells, WI			X	
5. Grant density bonuses for small-footprint developments.	Small-footprint developments are those which use land efficiently by fitting units into smaller spaces. These opportunities do not always comply with existing zoning, so granting density bonuses can help incent this type of development.	Within 12 months	All municipalities	Staff time			X		

1. <b>Provide assistance with retrofitting homes for safety and accessibility.</b>	The assistance could be provided by either an existing or new home rehab program. The program would provide funding or technical assistance for adding ramps, grab-bars, walk-in showers, and other safety features to help seniors stay independent longer wherever they live. The program could also assist with adding technology that helps maintain independence by providing remote monitoring, healthcare, and connectedness.	As funds are available	CWC HRA; Crow Wing County Services	Starting at \$75,000	Caring Transitions Telecare		X
2. <b>Explore providing a variety of services to meet the needs of various stages of aging.</b>	Aging residents may need help with services beyond housing, which can impact the overall cost of housing. For example, ability to access transportation and home assistance impact where a senior can live. Ensuring these needs are met could reduce demand strain on senior housing.	Within 1 year	Crow Wing County Services for Older Adults, Seniors and Disabled Adults				X
3. <b>Explore a program for roommate &amp; host family pairing.</b>	Such a program would be a short-term solution to providing housing options to seasonal workers and should be employer driven.		Private resorts, with assistance from CWC HRA	Funded by private sector	Park City, UT homestayfinder.com		X
4. <b>Encourage large seasonal employers to provide housing for employees.</b>	Dorms, camp grounds, and roommate/homeshare pairing services could all provide more affordable, flexible housing options for seasonal workers.	As soon as possible	Private resorts, with assistance from CWC HRA	Funded by private sector			X
5. <b>Facilitate zoning and approvals for a Container Home Village with high-quality exterior design standards.</b>	Homes made from shipping containers and traditional tiny homes both provide small residential spaces which are affordable to construct. These homes could be used seasonally or year-round. These villages would be privately funded, but publicly facilitated through zoning changes and approvals.	When requested	Municipalities, as needed	Municipal staff time	<a href="https://www.youtube.com/watch?v=XtfzvStTXI">https://www.youtube.com/watch?v=XtfzvStTXI</a>	X	X

## Programs & Incentives

				\$		Examples & Resources			
6.	<b>Assist small businesses with pooling together ideas and resources to increase housing options for seasonal workers.</b>	Create a task force of resort owners and operators and small businesses to implement a spectrum of solutions in partnership.	When requested	Resort owners; Could be hosted by CWC HRA	\$150				X
7.	<b>Host workshops for communities to plan where housing should go.</b>	Discussions should include places ideal for housing which is affordable for the workforce, seasonal workers, and seniors on a fixed income. Workshops like these encourage a community approach to understanding and solving issues of affordability and seasonal worker housing shortages. An open forum allows for citizen input up-front.	Ongoing annually beginning in late 2020.	CWC HRA	\$250 per workshop		X	X	X
8.	<b>Use Housing Trust Fund for low- or no-interest loans to landlords for affordable rental housing rehabilitation.</b>	Property owners who use the program would be required to invest in part of the project. Recipients should maintain affordability to a determined income qualification for a significant period of time.	As funds become available	CWC HRA	\$250,000+			X	X
9.	<b>Incent developers who provide a mix of housing price-points within their development.</b>	Offer incentives and encourage developers to create mixed-income developments. Without instituting inclusionary zoning policies, negotiate housing affordability with those developing the housing.	9-12 months	Municipalities, Crow Wing County, & CWC HRA			X	X	X

Aging

## Housing Types

## Housing Types

### 6. Locate retirement communities and senior-appropriate housing on or near colleges and universities.

Developers and municipalities may be able to negotiate purchasing or leasing land at a lower cost if locating on public college or university land. Locating on or near institutions of higher education provide an opportunity for residents to easily participate in educational, cultural, and social events. It can also provide easy access to services like transportation and healthcare, which often locate nearby.

### 7. Campgrounds with cabins for seasonal workers.

Well-built, attractive cabins on or near resort property could provide an affordable, flexible housing choice for seasonal workers.

### 8. Dorms for seasonal workers

Develop in partnership with Central Lakes College so students can use these facilities in fall, winter, and spring and seasonal workers can use them in the summer.

### 9. Container Home and Tiny Home Villages

Homes made from shipping containers and traditional tiny homes both provide small residential spaces which are affordable to construct. These homes could be used seasonally or year-round. These villages would be privately funded, but publicly facilitated through zoning changes and approvals.



### Examples & Resources

Georgia Tech  
Notre Dame

Workforce	Families	Seasonal	Aging
			X
		X	
	X	X	