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## **Introduction**

### **Overview**

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

Community Partners Research, Inc., was hired by the City of Jackson to conduct a study of the housing needs and conditions in the City.

### **Goals**

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2000 Census
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Provide housing recommendations and findings

### **Methodology**

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from January to March 2006. Data sources included:

- U.S. Census Bureau
- Demographic estimates and projections from the State Demographer
- Claritas, Inc.
- Records and data from the City
- Records and data maintained by Jackson County
- Interviews with elected officials and staff from the City
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, property managers, and developers
- Area housing agencies
- State and Federal housing agencies
- Rental property owner surveys

**Limitations**

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

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## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources. For some demographic data, we have relied on the U.S. Census Bureau information that has been released from the 2000 Census. We have also utilized some updated information from the Minnesota State Demographer's Office, recent estimates prepared by the Census Bureau, and data from Claritas, Inc., a private company that produces demographic data and projections.

At the time of this Study, the Minnesota State Demographer's Office had released preliminary population and household estimates for cities, townships and counties. These estimates were not considered to be official until July 15, 2006, after the date of printing for this document. Although these estimates were preliminary, we have used them for this Study, since they represent the best available information on current population and household levels. However, it is possible that these numbers may change when the official 2005 estimates are released on July 15, 2006.

### **Market Area Definition**

In addition to demographic data for the City of Jackson, we have provided information for a primary market area that immediately surrounds the City. Referred to in this Study as the Market Area, it includes the Cities of Jackson and Alpha, and the Townships of Belmont, Des Moines, Enterprise, Middletown, Petersburg, and Wisconsin. All of the Market Area jurisdictions are in Jackson County.

The Market Area, as defined in this Study, represents the primary area for housing activity in Jackson. It is recognized that some potential demand will come from jurisdictions that are outside of this primary Market Area. To gain a perspective on the larger region, we have also included demographic information for all of Jackson County.

## Population Estimates and Trends

<b>Table 1 Population Trends - 1980-2005</b>						
	1980 Population	1990 Population	% Change 1980-1990	2000 Population	% Change 1990-2000	2005 Estimate
Jackson	3,797	3,559	-6.3%	3,501	-1.6%	3,480
Market Area	6,092	5,288	-13.2%	5,102	-3.5%	5,032
Jackson Co.	13,690	11,677	-14.7%	11,268	-3.5%	11,175

Source: U.S. Census Bureau; MN State Demographer  
2005 estimates are preliminary, and will not be official until July 15, 2006.

- ▶ The most recent official estimates for the City are from 2004. However, preliminary estimates exist for 2005. The State Demographer's preliminary estimate for Jackson places the City's population at 3,480 people on April 1, 2005. This estimate shows a minor population loss in the City from the level reported in the 2000 Census. However, when compared to the 2004 estimate from the State Demographer, Jackson gained seven new residents between 2004 and 2005.
- ▶ The most recent city-level estimate from the U.S. Census Bureau is for 2004. This estimate for Jackson was very similar, at 3,466 people. This estimate was effective July 1, 2004, and also shows a loss of population since 2000.
- ▶ For the Market Area, the State Demographer's preliminary 2005 population estimate is 5,032. The Census Bureau's 2004 estimate was similar at 5,070 people. Both of these estimates show a slight population loss from the Market Area since the 2000 Census.
- ▶ The Demographer's preliminary 2005 estimate for all of Jackson County is 11,175. The Census Bureau has released 2005 population estimates for Counties. Their Jackson County estimate is very similar, at 11,182. Both of these estimates show a loss of population County-wide since the 2000 Census.
- ▶ In their County estimates, the Census Bureau also provides the components of population change. For all of Jackson County, the Census Bureau believes that the population loss since 2000 has been caused by natural decrease, as deaths exceeded births in recent years. However, some of the loss attributable to natural decrease was offset by in-migration to Jackson County. According to these estimates, the County had people move in from both domestic and international locations.

## Population Projections

The following table presents population level projections using different sources. The 15-year growth trend is based on the rate of change between 1990 and 2005, using the 1990 Census and the 2005 preliminary estimates from the State Demographer, and projects this rate of growth forward between 2005 and 2010. The second projection, for the year 2010, has been prepared by the State Demographer’s Office.

<b>Table 2 Population Projections Through 2010</b>			
	2005 Population Estimate	2010 Projection from 15 year growth trends	2010 State Demographer
Jackson	3,480	3,454	3,477
Market Area	5,032	4,951	4,999
County	11,175	11,015	11,130

Source: Community Partners Research, Inc.; State Demographer  
 2005 estimates are preliminary, and will not be official until July 15, 2006.

- ▶ Our population projections, calculated from the 15 year growth rates for Jackson, expect that the City’s population will decrease slightly, with a probable loss of 26 people over the next five years. While this trend is consistent with longer-term patterns, between 2004 and 2005 the City did reverse this trend and added seven people.
  
- ▶ A projection from the State Demographer is also available. The starting point for comparison of the Demographer’s projection is 2000. During this 10-year time period the Demographer projects that the City will lose 24 residents.
  
- ▶ Our projection for the Market Area expects a loss of 81 residents between 2005 and 2010.
  
- ▶ The State Demographer’s projection, when compared to the 2000 Census, expects the Market Area to lose 103 residents between 2000 and 2010.
  
- ▶ Our projection for all of Jackson County expects a population loss of 160 people between 2005 and 2010.
  
- ▶ The Demographer’s County projection expects a loss of 138 residents between 2000 and 2010.
  
- ▶ All of the available projections are based on longer-term population trends for the area. Since at least 1980, there has been a consistent pattern of minor population loss from most of the jurisdictions in Jackson County. As a result, the projection methodologies expect these trends to continue into the future.

## Population by Age

The following table compares populations by age in 1990 and 2000, along with the percentage changes. While this table examines the changes during the 1990s, the table on the following page compares the City and the Market Area with the State of Minnesota for population by age.

<b>Table 3 Persons by Age - 1990 - 2000</b>						
Age	City of Jackson			Market Area		
	1990	2000	% Change	1990	2000	% Change
0-19	1,028	955	-7.1%	1,512	1,353	-10.5%
20-24	180	196	8.9%	251	254	1.2%
25-34	493	357	-27.6%	744	550	-26.1%
35-44	460	499	8.5%	711	773	8.7%
45-54	259	465	79.5%	450	678	50.7%
55-64	331	252	-23.9%	536	414	-22.8%
65-74	355	296	-16.6%	541	455	-15.9%
75-84	309	315	1.9%	380	436	14.7%
85+	144	166	15.3%	163	189	16.0%
Total	3,559	3,501	-1.6%	5,288	5,102	-3.5%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Between 1990 and 2000, the City lost 58 residents, according to the Census Bureau. As a result, the population decreased in most of the age ranges defined above.
- ▶ Within the City of Jackson, the largest population growth within an age group was an increase of 206 people in the 45 to 54 year old range. The second largest numeric growth occurred among younger adults, age 35 to 44 years old. This age group increased in size by 39 people.
- ▶ There was an overall decrease in the size of the senior population in Jackson, caused by a reduction of younger seniors, age 65 to 74 years old. However, the older senior age groups, age 75 and older, did increase in size.
- ▶ Patterns for the entire Market Area were generally similar, with the largest increase occurring in the 45 to 54 year old range. For the entire Market Area, the population of seniors was more stable, due to a larger increase in the older senior ranges, which largely offset the loss of younger seniors.



## Population by Age - Comparison to Minnesota

The following table compares the City of Jackson and the Market Area populations by age in 2000 to State-wide age distribution patterns.

<b>Table 4 Percentage Persons by Age - 2000</b>			
	<b>Jackson</b>	<b>Market Area</b>	<b>Minnesota</b>
0-19	27.3%	26.5%	29.1%
20-24	5.6%	5.0%	6.6%
25-34	10.2%	10.8%	13.7%
35-44	14.3%	15.2%	16.8%
45-54	13.3%	13.3%	13.5%
55-64	7.2%	8.1%	8.2%
65-74	8.5%	8.9%	6.0%
75-84	9.0%	8.6%	4.3%
85+	4.7%	3.7%	1.7%
Total	100%	100%	100%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ When compared to the State of Minnesota, the City of Jackson had an older than average distribution of the population in 2000.
- ▶ The City's population in each of the age ranges 65 and older was above the State-wide rate. The City had a below-average distribution in each of the age groups 44 and younger.
- ▶ The City's percentage of seniors, age 65 to 74 years old, was well above the State-wide rate. In 2000, more than 22% of the population in Jackson was 65 years old or older, compared to 12% of the population State-wide.
- ▶ Patterns for the Market Area were relatively similar, reflecting the impact that Jackson has on Market Area totals. The entire Market Area also had an above-average distribution in each of the age ranges 65 years old and older, and a below-average distribution in the age ranges 44 and younger.
- ▶ For the entire Market Area, more than 21% of the population was age 65 and older in 2000.

## Projected Population by Age - 2010

The Minnesota State Demographer's Office has issued population projections by age for each of Minnesota's Counties. The following table identifies the Jackson County population in each age range from the 2000 Census, and from the 2005 and 2010 Demographer's projections. The table also shows the projected change in population between 2005 and 2010 by age group from the Demographer's projections.

<b>Table 5 Jackson County Projected Persons by Age - 2000 - 2010</b>				
<b>Age</b>	<b>Jackson County</b>			
	<b>2000</b>	<b>2005</b>	<b>2010</b>	<b>Projected Change in Population - 2005-2010</b>
0-19	3,077	2,870	2,810	-60
20-24	477	680	620	-60
25-34	1,141	1,210	1,380	170
35-44	1,715	1,320	1,180	-140
45-54	1,516	1,750	1,620	-130
55-64	1,034	1,170	1,510	340
65-74	1,031	910	900	-10
75-84	891	800	690	-110
85+	386	430	410	-20
<b>Total</b>	<b>11,268</b>	<b>11,140</b>	<b>11,120</b>	<b>-20</b>

Source: U.S. Census; Minnesota State Demographer; Community Partners Research, Inc.

- ▶ Projections issued by the Minnesota State Demographer's Office for the years 2005 and 2010 expect modest population loss in Jackson County between 2000 and 2005 and almost no population change between 2005 and 2010. While most age groups are expected to decrease in size, some of the defined age ranges will experience an increase in population.
- ▶ The largest numeric gain is expected among 55 to 64 year old adults. This range is expected to grow significantly through the remainder of the decade. This largely represents the age migration of the "baby boom" generation.
- ▶ Some growth is also expected among younger adults, age 25 to 34 years old. This group is expected to add 170 people between 2005 and 2010.
- ▶ The senior population is expected to decrease in size, with the possible loss of 140 seniors between 2005 and 2010. Most of this loss is in the 75 to 84 year old range.

## Household Estimates and Trends

<b>Table 6 Household Trends - 1980-2005</b>						
	1980 Households	1990 Households	% Change 1980-1990	2000 Households	% Change 1990-2000	2005 Estimate
Jackson	1,527	1,484	-2.8%	1,487	0.2%	1,506
Market Area	2,309	2,130	-7.8%	2,137	0.3%	2,160
Jackson Co.	4,988	4,560	-8.6%	4,556	-0.1%	4,626

Source: U.S. Census; Minnesota State Demographer  
2005 estimates are preliminary, and will not be official until July 15, 2006.

- ▶ The Minnesota State Demographer has released preliminary household estimates for the year 2005. The State Demographer estimates that Jackson had 1,506 households on April 1, 2005. Based on this estimate, the City has added 19 households since the 2000 Census. The household growth since 2000 has occurred despite a small population loss during the same time period.
- ▶ When compared to the 2004 estimate from the State Demographer, Jackson added five new households between 2004 and 2005.
- ▶ The Demographer's preliminary 2005 estimate for the Market Area is 2,160, an increase of 23 households since the 2000 Census. Excluding Jackson, the remainder of the Market Area added four new households during this time.
- ▶ The Demographer's preliminary 2005 estimate for all of Jackson County is 4,626, up 70 households from the year 2000.
- ▶ The U.S. Census Bureau only issues annual population estimates, so no household data is available from this source.

## Average Household Size

The following table provides U.S. Census Bureau information on average household size. The 2005 estimate is the preliminary estimate from the State Demographer’s Office.

<b>Table 7 Average Number of Persons Per Household 1980-2005</b>				
	1980 Census	1990 Census	2000 Census	2005 Estimate
Jackson	2.42	2.32	2.24	2.19
Market Area	2.60	2.43	2.30	2.25
Jackson County	2.70	2.51	2.40	2.35

Source: U.S. Census; State Demographer  
 2005 estimates are preliminary, and will not be official until July 15, 2006.

- ▶ Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size for most jurisdictions. This has been due to household composition changes, such as more single parent families, more senior households due to longer life spans, etc.
  
- ▶ The City of Jackson has seen a gradual decrease in the average household size over the last 25 years. The State Demographer’s preliminary estimate of 2.19 persons per household in 2005 is lower than the 2.42 persons per household reported in the 1980 Census.
  
- ▶ The average household sizes for both the Market Area and Jackson County have also continued to decrease over the last 25 years.

## Household Projections

The following table presents household projections using different methods. The 15-year growth trend is based on the rate of change between 1990 and 2005. The State Demographer's Office has issued household projections for the year 2010 at the County level only. The projections for the City and Market Area have been extrapolated by Community Partners Research using population projections from the State Demographer's Office. In making these calculations, we have assumed that there will be only minor changes in average household size and in the size of group quarters populations.

<b>Table 8 Household Projections Through 2010</b>			
	2005 Household Estimate	2010 Projection from 14 year trends	2010 Projection from State Demographer Data
Jackson	1,506	1,513	1,539
Market Area	2,160	2,170	2,195
Jackson County	4,626	4,648	4,570

Source: State Demographer; Community Partners Research, Inc.  
2005 estimates are preliminary, and will not be official until July 15, 2006.

- ▶ Our projection for household growth in the City of Jackson shows the expected addition of only 7 new households over the next five years, or an annual average of only one or two new households. Although this projection would be supported by longer-term patterns, it is not consistent with short-term trends. Since 2000, the City of Jackson has averaged annual household growth of approximately four households per year. We believe that future growth at or above this higher rate is probable.
- ▶ Although the State Demographer has not issued household projections at the City level, we have converted their population projection into a household count, using assumptions on future household size and group quarters' populations. This calculation shows the possible addition of 52 new households between 2000 (their base year) and 2010, or an annual average of five new households.
- ▶ Our projection for the aggregated Market Area shows the expected addition of only 10 households over the next five years, or an annual average of two households. The extrapolated figure from the State Demographer's projection would show the probable addition of 58 new households between 2000 and 2010, or approximately five to six households in an average year. The Demographer's projection is more consistent with short-term trends.
- ▶ Our projection for all of Jackson County shows the probable addition of only 22 households over the next five years, or average annual growth of four to five new households. The State Demographer's Office did issue household projections at the County level. Their projection for Jackson County is 4,570 total households. When compared to the 2000 Census total, the Demographer's projection expects total growth of only 14 households County-wide during the decade. The Demographer's 2010 projection is below the estimated household level in the County in 2005.

## Households by Age of Householder

The following table compares households by age of householder in 1990 and 2000, along with the percentage changes.

Table 9 Households by Age - 1990 - 2000						
Age	City of Jackson			Market Area		
	1990	2000	Change	1990	2000	Change
15-24	88	139	58.0%	107	156	45.8%
25-34	272	185	-32.0%	394	278	-29.4%
35-44	271	284	4.8%	395	432	9.4%
45-54	147	268	82.3%	247	385	55.9%
55-64	185	149	-19.5%	294	233	-20.7%
65-74	226	175	-22.6%	337	268	-20.5%
75+	295	287	-2.7%	356	385	8.1%
Total	1,484	1,487	0.2%	2,130	2,137	0.3%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Despite the fact that the household level in Jackson was essentially unchanged between 1990 and 2000, the City did experience some large percentage changes in the age distribution of households. The age group that showed the largest numeric and percentage increase was the 45 to 54 year old range. This age group added 121 households during the decade, for an increase of more than 82%. There was also a significant increase in the number of young adult households, age 24 and younger. The number of households in this age range increased by 51 households.
- ▶ The largest numeric decreases occurred among households age 25 to 34 years old, and among households age 65 to 74 years old.
- ▶ Although Jackson had an above average distribution of senior citizen households at the time of the 2000 Census, the actual number of senior-headed households did decline during the 1990s. Overall, there was a decrease of 59 senior households between 1990 and 2000.
- ▶ Age progression patterns for the entire Market Area were generally similar. One notable exception was an increase in older senior households, age 75 and above, despite a loss of households in this age group in the City of Jackson.

## Households by Age - Comparison to Minnesota

The following table compares the City and Market Area households by age of householder in 2000 to State-wide householder by age distribution patterns.

<b>Table 10 Households by Age of Householder - 2000</b>					
<b>Age</b>	<b>Jackson</b>		<b>Market Area</b>		<b>Minnesota</b>
	Number	Percent	Number	Percent	Percent
15-24	139	9.3%	156	7.3%	5.7%
25-34	185	12.4%	278	13.0%	17.6%
35-44	284	19.1%	432	20.2%	23.9%
45-54	268	18.0%	385	18.0%	20.3%
55-64	149	10.0%	233	10.9%	12.5%
65-74	175	11.8%	268	12.5%	9.8%
75-84	208	14.0%	288	13.5%	7.6%
85+	79	5.3%	97	4.5%	2.6%
Total	1,487	100%	2,137	100%	100%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Household by age distribution patterns for the City of Jackson in 2000 showed that the City had a below average percentage of adult households, in the age ranges between 25 and 64 years old, and an above-average distribution in the senior age groups, age 65 and older. At the time of the 2000 Census, more than 31% of the City's households had a householder age 65 or older, compared to 20% of all households State-wide.
- ▶ The City also had an above-average distribution of young adult households, age 24 and younger, which is probably attributable to a student population in the community.
- ▶ The household by age distribution patterns for the entire Market Area were generally similar to the City of Jackson patterns, with an above-average distribution in the age groups 65 and older, and a below-average distribution in the age groups 25 to 64 years old.

## Projected Households by Age - 2005 and 2010

The Minnesota State Demographer's Office has issued population projections by age for each of Minnesota's Counties. The following table uses the Jackson County data to project households by age for the years 2005 and 2010. This calculation has been prepared by Community Partners Research, Inc., and assumes that household formation in the future will be relatively consistent with past trends by age group. While these projections have been calculated by Community Partners Research, they have been reconciled with overall household projections from the State Demographer for 2005 and 2010. These overall projections for Jackson County are lower than other estimates and projections provided earlier.

<b>Table 11 Jackson County Projected Households by Age - 2000 to 2010</b>				
<b>Age</b>	<b>2000 Households</b>	<b>2005 Households</b>	<b>2010 Households</b>	<b>Change 2005-2010</b>
15-24	228	246	223	-23
25-34	569	608	700	92
35-44	939	728	657	-71
45-54	842	981	915	-66
55-64	569	649	845	196
65-74	612	544	544	0
75-84	601	544	474	-70
85+	196	220	212	-8
<b>Total</b>	<b>4,556</b>	<b>4,520</b>	<b>4,570</b>	<b>50</b>

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Projections based on changes in households by age of householder, between 2005 and 2010, show distinct trends. These projections reflect both the movement of the existing population through the aging cycle and also the probable age distribution of new households that are likely to move into the County. Regionally and State-wide, many of these same age progression patterns exist, so the movement of households between Counties would often reflect these age cohorts.
- ▶ Strong household growth is projected in the age ranges between 55 and 64 years old through the remainder of the decade. Relatively strong growth is also projected among younger adults, age 25 to 34 years old.
- ▶ All of the other age groups are expected to remain relatively stable in size, or to experience a decrease in the number of households. Between 2005 and 2010, the largest decreases are expected in the number of households in the 35 to 44 year old range, and in the 75 to 84 year old range.



## Household Characteristics

The following table presents data on household characteristics from the 2000 Census. Data has been presented as percentages of the total households to allow for comparative analysis between the City of Jackson, the Market Area, and the State of Minnesota.

Table 12 Households by Type - 2000								
	Married Couple Family		Male Householder No Wife Present		Female Householder No Husband Present		Non-Family Household	
	With Related Children	W/O Related Children	With Related Children	W/O Related Children	With Related Children	W/O Related Children	1 Person Household	Non-Family Household
Jackson	19.2%	29.8%	1.7%	1.0%	6.3%	1.7%	36.3%	4.0%
Market Area	21.2%	33.8%	2.1%	1.3%	5.0%	1.5%	31.5%	3.6%
Minnesota	25.2%	28.5%	2.0%	1.6%	5.9%	3.0%	26.9%	6.9%

Source: 2000 Census; Community Partners Research, Inc.

- ▶ Jackson had an above-average distribution of married couples without children, and a below-average percentage of married couples with children, when compared to the State of Minnesota. The City also had a significantly above-average percentage of one person households in 2000. This is probably due to both a large senior population and a student population.
- ▶ For the entire Market Area, there was also an above average percentage of married couples without children, and a below average percentage of married couples with children when compared to Minnesota.

## Households by Tenure

Table 13 Households by Tenure - 2000					
	Total Occupied Units	Owned Units	Percent Owned Units	Rented Units	Percent Rented Units
Jackson	1,487	1,050	70.6%	437	29.4%
Market Area	2,137	1,583	74.1%	554	25.9%
Jackson County	4,556	3,601	79.0%	955	21.0%
Minnesota	-	-	74.6%	-	25.4%

Source: 2000 Census

- ▶ Jackson's tenure rates in 2000 showed a higher rate of renter occupancy than the State of Minnesota. The City's percentage of occupied rental units, at 29.4%, was above the State percentage of 25.4% renters.

Table 14 Household Changes by Tenure - 1990 to 2000						
	Owned Units			Rented Units		
	Occupied Units 1990	Occupied Units 2000	Change in Owner Occupied	Occupied Units 1990	Occupied Units 2000	Change in Renter Occupied
Jackson	1,022	1,050	28	462	437	-25
Market Area	1,536	1,583	47	594	554	-40
Jackson County	3,477	3,601	124	1,083	955	-128

Source: U.S. Census

- ▶ Between 1990 and 2000, Jackson added 28 owner occupied households and lost 25 renter occupied households, for a net household gain of only three households. The rental tenure rate decreased from 31.1% renter occupancy in 1990 to 29.4% in 2000.
- ▶ There was also a loss of renter households from both the Market Area and Jackson County. Excluding Jackson, the remainder of the Market Area lost 15 renter households between 1990 and 2000, and the remainder of the County lost 103 renter households.

## Renter Households by Household Size

The following Table examines renter households by household size in 1990 and 2000. Only renter households have been analyzed as part of the planning process for additional rental housing development.

<b>Table 15 Renter Households by Household Size - 1990 to 2000</b>			
Renter Household Size	City of Jackson		
	Households in 1990	Households in 2000	Numeric Change
1 Person	235	268	33
2 Person	95	88	-7
3 Person	55	34	-21
4 Person	37	25	-12
5 Person	25	15	-10
6 Person	11	4	-7
7+ Persons	4	3	-1
Total	462	437	-25

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Between 1990 and 2000 Jackson had an overall decrease in the total number of renter households.
- ▶ There was an increase in the number of one person renter households, but a decrease of renter households with two or more people.

## Tenure by Age

The following table identifies home ownership or renter status by age of householder in the year 2000. Information is provided for the City of Jackson and for Jackson County.

<b>Table 16 Households Tenure by Age - 2000</b>				
Age of Householder	City of Jackson		Jackson County	
	Owners	Renters	Owners	Renters
15 - 24	15.8%	84.2%	28.9%	71.1%
25 -34	54.6%	45.4%	63.1%	26.9%
35 - 44	79.6%	20.4%	77.3%	22.7%
45 - 54	84.7%	15.3%	87.1%	12.9%
55 - 64	85.9%	14.1%	92.1%	7.9%
65 - 74	84.0%	16.0%	88.4%	11.6%
75-84	73.4%	26.6%	84.7%	15.3%
85+	59.5%	40.5%	73.0%	27.0%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Household tenure by age patterns in Jackson show a preference for home ownership among households age 25 and older. The highest rates of home ownership existed among households age 45 to 74 years old, which were in excess of 84%.
- ▶ Younger households, age 24 and under, were predominantly renters in the City. Fewer than 16% of these younger households owned their housing.
- ▶ Tenure patterns in Jackson County showed an even stronger preference for home ownership in most age ranges. The rate of home ownership was above 92% in the 55 to 64 year old range.

## 2000 Census Income Data

Household income represents all independent households, including people living alone and unrelated individuals in a housing unit. Families are two or more related individuals living in a household. No median income information was available for the aggregated jurisdictions that form the Market Area.

Table 17 Median Household Income - 1989 to 2000			
	1989 Median	1999 Median	% Change
Jackson	\$21,280	\$33,452	57.2%
Jackson County	\$23,157	\$36,746	58.7%
Minnesota	\$30,909	\$47,111	52.4%

Source: U.S. Census; Community Partners Research, Inc.

Table 18 Median Family Income - 1989 to 2000			
	1989 Median	1999 Median	% Change
Jackson	\$31,223	\$42,553	36.3%
Jackson County	\$28,370	\$43,426	53.1%
Minnesota	\$36,916	\$56,874	54.1%

Source: U.S. Census; Community Partners Research, Inc.

- ▶ Using the commonly accepted standard that 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Jackson could afford approximately \$836 per month for ownership or rental housing in 2000, and a median income family could afford \$1,064 per month in 2000.
- ▶ Using the “rule of thumb” standard that a household can afford to purchase a house that is approximately 2 ½ times annual income, a median income household in the City of Jackson could afford a home valued at approximately \$83,600, and a median income family could afford approximately \$106,400.
- ▶ Household income data from the 2000 Census showed that more than 30% of all households in the Market Area had an annual income above \$50,000. Households at or above this income level can afford \$1,250 or more per month for housing, which is generally sufficient for the costs associated with new housing construction.
- ▶ There were 321 households, or nearly 15% of all Market Area households, that reported an annual income of less than \$15,000. This translates into housing affordability of \$375 per month or less.

### Income Data - 2000 to 2006

Claritas, Inc., a private data reporting service, has generated household income estimates for the year 2006. These estimates are for the City of Jackson. Information from the 2000 Census is provided for comparison. The Claritas estimates are based on a smaller number of households within the City. In 2005, the Minnesota State Demographer estimated that Jackson had 1,506 households compared to the 2006 estimate of 1,476 households from Claritas.

Table 19 Jackson Estimated Household Income - 2006			
Household Income	Number of Households 2000 Census	Number of Households 2005 Estimate	Change
\$0 - \$14,999	264	190	-74
\$15,000 - \$24,999	279	210	-69
\$25,000 - \$34,999	233	219	-14
\$35,000 - \$49,999	332	274	-58
\$50,000 - \$74,999	246	352	106
\$75,000 - \$99,999	83	109	26
\$100,000 - \$149,999	41	93	52
\$150,000+	22	29	7
Total	1,500	1,476	-24

Source: U.S. Census; Claritas, Inc.; Community Partners Research, Inc.

- ▶ According to income estimates for 2006, household incomes have generally improved in Jackson. Claritas believes that the number of households with annual incomes of \$50,000 or more has increased over the last six years, while the number of households with incomes less than \$50,000 has decreased.
- ▶ According to Claritas, the median household income in 2006 is \$41,676, an increase of nearly 25% from the median of \$33,452 that was reported in the 2000 Census.
- ▶ A commonly used standard for affordable housing is that a household can apply 30% of gross income for housing expenses. The City’s median household income in 2006 translates into \$1,042 per month based on 30% of income. The 1999 median household income translated into \$836 per month.

## 2000 Estimated Income and Housing Costs - Renters

In addition to collecting income data, the Census Bureau also collected information on housing costs as part of the 2000 Census. The following table provides data on the number of renter households that are paying different percentages of their gross household income for housing costs. For comparison, we have presented the same information from the 1990 Census.

<b>Table 20 Gross Rent as a Percentage of Household Income - Jackson</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2000	Percent of All Renter Households 2000
0% to 19.9%	210	49.3%
20% to 29.9%	60	14.1%
30% to 34.9%	46	10.8%
35% or more	94	22.1%
Not Computed	16	3.8%
Total	426	100%

Source: U.S. Census; NOTE: Data for this table was taken from STF-3 which provides sample data and may not match 100% reporting from STF-1.

- ▶ The Census reported that nearly 33% of renter households in the City were paying more than 30% of their income for rent, which is a commonly accepted standard for defining a housing cost burden. Most of these households were actually paying more than 35% of income for housing.

<b>Table 21 Gross Rent as a Percentage of Household Income - 1990 and 2000</b>			
Percentage of Household Income for Housing Costs	Number/% of Renter Households 1990	Number/% of Renter Households 2000	Numeric Change 1990 to 2000
0% to 19.9%	127 / 27.5%	210 / 49.3%	83
20% to 29.9%	166 / 35.9%	60 / 14.1%	-106
30% to 34.9%	38 / 8.2%	46 / 10.8%	8
35% or more	130 / 28.1%	94 / 22.1%	-36
Not Computed	1 / 0.2%	16 / 3.8%	15
Total	462	426	-36

Source: 1990 Census; 2000 Census

- ▶ There was some improvement in rental housing affordability during the decade. In 1990, over 36% of all renter households were paying 30% or more of their income for housing. By 2000, approximately 33% of renter households were paying 30% or more.

## 2000 Estimated Income and Housing Costs - Owners

The 2000 Census also provided housing cost estimates for owner-occupants. The following table provides estimates of the number of households in the City that are paying different percentages of their gross household income for housing costs. For comparison, we have presented the same information from the 1990 Census.

<b>Table 22 Home Ownership Costs as a Percentage of Household Income - Jackson</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2000	Percent of All Owner Households 2000
0% to 19.9%	724	74.6%
20% to 29.9%	142	14.6%
30% to 34.9%	49	5.0%
35% or more	51	5.3%
Not Computed	5	0.5%
<b>Total</b>	<b>971</b>	<b>100%</b>

Source: 2000 Census

- ▶ Most owner-occupants, which would include households both with and without a mortgage, reported paying less than 30% of their income for housing. However, more than 10% of all home owners did report that they paid 30% or more of their income for housing.

<b>Table 23 Home Ownership Costs as a Percentage of Household Income - 1990-2000</b>			
Percentage of Household Income for Housing Costs	Number/% of Owner Households 1990	Number/% of Owner Households 2000	Numeric Change 1990 to 2000
0% to 19.9%	672 / 73.0%	724 / 74.6%	52
20% to 29.9%	140 / 15.2%	142 / 14.6%	2
30% to 34.9%	22 / 2.4%	49 / 5.0%	27
35% or more	87 / 9.4%	51 / 5.3%	-36
Not Computed	0 / 0%	5 / 0.5%	5
<b>Total</b>	<b>921</b>	<b>971</b>	<b>50</b>

Source: 1990 Census; 2000 Census

- ▶ Ownership housing affordability generally improved between 1990 and 2000. In 1990, nearly 12% of all owners reported paying 30% or more of their income for housing. In 2000, this percentage had decreased to 10.3% of all owner-occupants. The percentage of households paying less than 20% of their household income also increased during the decade.



## Existing Housing Inventory

Table 24 Occupied Housing Units by Year Built - Jackson (owner/renter)							
	1939 and Earlier	1940-1959	1960-1969	1970-1979	1980-1989	1990-2000*	2000-2005
City	271 / 100	385 / 71	133 / 29	169 / 146	51 / 56	50 / 31	37 / 4

Source: 2000 Census; City Building Permits

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

- ▶ At the time of the 2000 Census, the age of the owner occupied housing stock in Jackson was older than average. The Census identified 25.6% of all owner occupied housing units as pre-1940 construction. This compares to approximately 21% State-wide. However, the City's rental stock was average in age, with 39.5% of the rental housing units constructed prior to 1960, compared to 39% State-wide.

Table 25 Jackson Occupied Housing Units by Number of Units in Structure						
	Owner Occupied 2000	Renter Occupied 2000	Vacant Units 2000	Total Units 2000	New Units 2000-2005	Estimated Total 2005
1 Unit Detached	1,035	132	70	1,237	29	1,266
1 Unit Attached	19	12	7	38	8	46
2 Units	0	24	5	29	0	29
3-4 Units	0	44	25	69	4	73
5+ Units	0	221	54	275	0	275
Mobile Home	5	0	12	17	0	17
Total	1,059	433	173	1,665	41	1,706

Source: U.S. Census; Building Permits

- ▶ Jackson has had some construction activity of single family housing since 2000. Based on building permits, we believe that 37 detached and attached houses were constructed between 2000 and 2005. Most of the new houses are single family detached units, although a limited amount of twin home and townhouse construction has also occurred. According to City records, eight attached single family units have been constructed since 2000. It is believed that all of the units were constructed for owner occupancy.
- ▶ Four multifamily rental units were constructed in 2000, as the last phase of the Wedgewood project.
- ▶ The table above does not reflect demolition activity.

## Census Housing Vacancy

The 2000 Census provided information on the occupancy/vacancy status at the time the Census was taken.

<b>Table 26 Seasonal Use and Vacant Housing Units - 2000</b>						
	Total Vacant Units	Seasonal Use Vacant	Vacant for Rent	Vacant for Sale	Sold/Rented but Not Occupied	Other Vacant
City	172	6	88	24	6	48
Market Area	242	17	97	36	20	72

Source: 2000 Census

- ▶ The Census reported that there were 88 vacant rental units and 24 vacant owner occupancy units in Jackson at the time of the Census. Excluding units that were rented or sold but not yet occupied, and the units listed as “other vacant”, this equates to a vacancy rate of 16.8% for rental housing and 2.2% for owner occupied housing. State-wide, the 2000 vacancy rate was 4.1% for rental housing and 0.9% for owned housing according to the Census.
- ▶ The rental vacancy rate reported in the 2000 Census was very high. As indicated on the previous page, many of the vacant units in Jackson were in multifamily properties, presumably larger apartment buildings in the City.
- ▶ For the Market Area, the rental vacancy rate was 14.9%, and the owner-occupied vacancy rate was 2.2%.

## Existing Home Sales

This section examines houses that have been sold within a recent 12 month time period. The information is from the County Assessor’s residential sales records for calendar year 2005. Average sales price information has also been provided for prior years.

It is important to note that the number of houses that are sold in a 12 month time period may be limited, and may not be an accurate indicator of overall home values. However, this sample does provide some insight into those units that are turning-over in the City.

This table primarily reflects existing home sales. New construction sales activity would generally not be recorded in the data that was used for this analysis.

<b>Table 27 Median Value of Recent Residential Sales - 2000 to 2005</b>		
Jackson	Number of Good Sales	Average Sale Price
2005	60	\$71,211
2004	69	\$72,362
2003	85	\$60,991
2002	75	\$57,951
2001	66	\$53,531
2000	77	\$57,159

Source: Jackson County Assessor; Community Partners Research, Inc.

- ▶ In 2005, there were 60 improved residential sales of single family houses in Jackson that were considered to be “arms length” transactions, according to the County Assessor. Sales that are not “arms length” include, but are not limited to, sales between relatives, forced sales and foreclosures, and estate transfers that are not available on the open market. Only the “arms length” transactions have been reviewed for this study.
- ▶ The average sales price in 2005 was \$71,211. The median sales price in 2005 was \$65,500.
- ▶ The highest valued sale in 2005 was for \$215,000 and the lowest valued sale was for \$13,500.
- ▶ Twenty-five of the sales in 2005, or nearly 42% of all sales during the year, were for \$50,000 or less. Ten of the sales, or 17% of all sales, were for \$100,000 or more.
- ▶ Although annual sales may not be an accurate reflection of all home values, it does appear that existing home prices did increase substantially between 2003 and 2004, when the average sales price increased by more than \$11,000. The average price in 2005 was slightly lower than the average in 2004.

## County-wide Existing Home Sales - Historical Data

The Minnesota Demographer's Office has compiled County-level data on median home sales prices since 1984 to analyze price trends for single family houses. This data is only available at the County level. The median sales price has been obtained from sales ratio reports submitted by the County Assessor's Office to the Minnesota Department of Revenue. It is important to note that houses sold in a given year may not be a statistically valid sample of all home values in the County. However, this annual sample does provide insight into home values over a number of years and information on those units that are turning-over in the County.

Table 28 Median Value of Residential Sales - 1984/85 to 2002/2003								
	Median Sale Price						Percent Change 1990- 2000	Percent Change 2001- 2003
	1984- 1985	1989- 1990	1995- 1996	1999- 2000	2000- 2001	2002- 2003		
Jackson County	\$32,500	\$20,000	\$33,750	\$45,860	\$51,250	\$54,000	129.3%	5.4%
Minnesota	\$64,000	\$70,000	\$87,500	\$124,500	\$139,550	\$169,900	77.9%	21.7%

Source: Minnesota State Demographer; Community Partners Research, Inc.

- ▶ Although the median sales price in Jackson County has increased rapidly over the 18 year time period reviewed, the median is still very low. For the sales period ending in 2003, the County's median home sales price was \$54,000, compared to a State-wide median of \$169,900.
- ▶ Between 1990 and 2000, the County's median sales price increased by more than 129%, compared to an increase of less than 78% State-wide. However, between 2001 and 2003, the last year of data, the median sales price increased by only 5.4%, compared to 21.7% State-wide.
- ▶ As reported on the previous page, sales data for the City of Jackson did show a significant jump in the average home sales price between 2003 and 2004.
- ▶ Between 1990 and 2000, the County's median home sales price increased by more than 129%. According to the U.S. Census, the median household income in Jackson County increased by less than 59% during this same time period.

## Housing Condition

In April 2006, Community Partners Research, Inc. representatives conducted a visual ‘windshield’ survey of 428 single family/duplex houses in two neighborhoods in Jackson. Houses that appeared to contain three or more units were excluded from the survey.

The neighborhood described as East Neighborhood is located on the east side of the River. The southern boundary is S. Ashley Street and Oak Street. The eastern border was Highway 23. The northern border is the industrial park, and Riverside Drive south of Ballard Avenue. The Central Neighborhood is immediately west of the downtown area. The eastern border of this neighborhood is Third Street. The northern border is North Highway, and the southern border is South Highway. The western border is Sixth Street.

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

<b>Table 29 Windshield Survey Condition Estimate - 2006</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
East Neighborhood	45 / 25.6%	83 / 47.2%	42 / 23.9%	6 / 3.4%	176
Central Neighborhood	29 / 33.3%	38 / 43.7%	19 / 21.8%	1 / 1.1%	87
Total	74 / 28.1%	121 / 46.0%	61 / 23.2%	7 / 2.7%	263

Source: Community Partners Research, Inc.

- ▶ The existing housing stock in Jackson is generally in good condition, but two neighborhoods that contain some of the oldest housing were targeted for analysis.
- ▶ Approximately 73% of the houses in the East Neighborhood were rated as Sound or needing Minor Repair. Approximately 77% of the houses in the Central Neighborhood were rated as Sound or needing only Minor Repair.
- ▶ In the East Neighborhood there were 42 houses rated as needing Major Repair, and six houses that were rated as Dilapidated, and probably beyond repair. In the Central Neighborhood there were 19 houses rated as Major Repair and 1 Dilapidated house.

## **Rental Housing**

### **Total Unit Inventory**

According to the 2000 U.S. Census, there were 437 occupied rental housing units and at least 88 vacant rental units in April 2000. There were a few additional vacant units in the City that were not identified as either rental or owner housing, but it would appear that the total rental unit inventory was approximately 525 units in Jackson in 2000.

At the time of the 1990 Census, the City had 462 occupied rental units and 47 vacant units, for a total estimated inventory of 509 units. Between the 1990 Census and the 2000 Census, the City lost 25 renter households, but apparently added 16 rental units to the total inventory.

The 2000 Census also reported year of construction information for occupied rental housing. According to the Census, at least 31 new rental units were constructed in Jackson between 1990 and 2000. With an estimated net increase of only 16 units, despite the construction of 31 units, it would appear that some older rental units were also lost during the decade.

Since the 2000 Census was conducted, we believe that only one rental construction project has occurred, with the addition of four rental units in the Wedgewood complex. With the addition of these units, the estimated rental inventory in 2006 could be as large as 529 units.

It is not clear why the 2000 Census reported so many vacant units in Jackson. It is possible that some of the vacancies were in units that had once been created for rental use, but were no longer in the active unit inventory. Our rental housing survey of larger multifamily buildings, as detailed below, did not find an excessive vacancy rate in the City. Household growth estimates do not indicate that these units that were recorded as vacant in 2000 are now occupied. As a result, we do not believe that the rental housing inventory in 2006 is as large as the 2000 Census would indicate. Instead, we believe that the total inventory is probably closer to 475 rental units.

### **Pending Projects**

We are aware of one pending rental housing development that would add 24 market rate apartment units to the City as part of a redevelopment project.

### **Rental Housing Survey**

As part of this housing study, a telephone survey was conducted of multifamily rental buildings in the City. The survey focused on larger rental projects with 6 or more units. Information was collected in March and April 2006. We did not attempt to collect information from smaller rental properties, such as single family homes, mobile homes and duplexes.

In total, we collected information on 276 rental units in all segments of the market. This represents more than 58% of the City's total estimated rental inventory.

**Market Rate Summary**

We were able to identify four market rate rental properties in Jackson that have six or more units. These properties were Wedgewood Apartments (20 units), Hillcrest Apartments (24 units), Evergreen Apartments (8 units), and 207 Second Street (7 units). We were able to contact three of these four properties. We were unsuccessful in reaching the owner of the Evergreen Apartments. The three properties that were contacted have a combined total of 51 market rate rental units.

**Occupancy/Vacancy**

There were no vacancies reported in any of the three buildings that were contacted.

**Rental Rates**

Rental rates in Jackson are generally very modest. The highest rental rates in the market rate segment are in Wedgewood Apartments. This project is the newest in the City's market rate rental inventory. However, it was developed as a publicly owned project, and was later sold to a non-profit housing agency. As a result, even the gross rents in this project are relatively low. A two bedroom unit in Wedgewood has a contract rent of \$551 to \$589 per month, with the tenant paying all utilities. These units would have an estimated gross rent of \$750 or less.

**Tax Credit Summary**

There is one rental project in Jackson that was built using federal low income housing tax credits. River Bluff Townhomes was constructed in the late 1990s, and is owned by the Southwest Minnesota Housing Partnership. This project has 12 total units, and was designed for large families, with 10 three bedroom units and 2 four bedroom units.

**Occupancy/Vacancy**

At the time of our rental survey, there were no vacant units reported in River Bluff Townhomes. However, the manager of this project reported that some unit vacancies had occurred in the recent past. The building also had a short waiting list.

**Rental Rates**

The federal tax credit program places maximum rent limitations on assisted units. Eight of the 12 units in Tanglewood are designated for households earning 50% or less of the estimated County median income, and the remaining four units are for people earning 60% or less of median income.

For 2006, the maximum gross rents for units at 50% and 60% of median income were as follows:

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<u>Bedroom Size</u>	<u>Maximum 50% Rent</u>	<u>Maximum 60% Rent</u>
Three Bedroom	\$787	\$878
Four Bedroom	\$859	\$958

The estimated gross rents at River Bluff Townhomes are well below these maximum allowable limits. Including estimated heat and electric payments, the estimated gross rent is still less than \$650 for a three bedroom unit, and less than \$700 for a four bedroom unit.

River Bluff Townhomes are the only tax credit units in Jackson County.

### **Subsidized Summary**

There are five federally subsidized apartment projects in Jackson. Combined, these projects have 178 units of subsidized rental housing. All of these units are available for general occupancy. One of the projects, River Valley Homes, was originally designated specifically for senior and disabled occupancy, but a later rule change opened this building to people of all ages.

### **Occupancy/Vacancy**

At the time of our survey, six units were vacant in these projects, for a vacancy rate of 3.4 %.

All of the reported vacancies were in one project, Rolling Hills Apartments. Rolling Hills has 48 total units, but these units are a mix of “deep subsidy” and “shallow subsidy” apartments. In this project, 32 units have rent assistance available, which allows tenants to pay rent based on 30% of income. All of the rent assistance units are full. The remaining units do not have rent assistance, and the tenant must pay 30% of income or a basic rent amount established for the unit, whichever is greater. The basic rent for a one bedroom unit in Rolling Hills is \$300, and the basic rent for a two bedroom unit is \$330.

Another subsidized project, Sunrise Estates, reported full occupancy at the time of our survey, but indicated that a new rule change could potentially cause a high rate of future vacancy. According to the manager, in the future this project will not be able to provide housing for unrelated students who are under age 24 years old. The manager estimated that as many as 75% to 80% of current residents may be prohibited from living in this project in the future.

### **Rental Rates**

As explained above, some subsidized projects have rent assistance available for very low income tenants, and some have a basic rent that must be paid by the tenant, regardless of income. Most of the subsidized units in Jackson do have rent assistance available for tenants, so lower income households pay rent based on 30% of income. However, both Rolling Hills and Riverine Apartments have some units without rent assistance.



**Subsidized Unit Gains and Losses**

Some subsidized projects around the State have met their contractual obligations to provide affordable housing and have been converting to market rate housing. One project in Jackson, Riverine Apartments, is in the process of pre-paying its Rural Development mortgage, and could opt-out of the subsidy program in the future. Attempts to gain specific information on the status of this property were not successful.

**Senior Housing with Services**

Jackson has senior housing projects specifically constructed to provide some level of services.

The Pines is a 35 unit project providing housing with services for seniors. The project is affiliated with the Good Samaritan Center complex. The pines can offer a range of housing options, from independent living to assisted living. The basic unit rent includes a light service package with a daily meal, weekly house keeping, emergency call system, extensive common space and planned activities. Additional meals and assisted living services can be purchased for an additional fee. At the time of our survey, approximately half of the tenants were on an assisted living option. The Pines reported four vacant units.

Jackson also has a memory care housing option in The Lighthouse. The Lighthouse occupies a wing of the Good Samaritan Center, and was created in the late 1990s. The project currently has capacity for 15 residents, and was fully occupied at the time of our survey. The project was originally designed for 17 residents, but two shared occupancy rooms were recently reconfigured to provide single occupancy.

**Surrounding Communities**

Over the last few years, there has been a significant change in the availability of senior housing with services options in the Minnesota communities that surround Jackson. As part of this Study we also contacted providers in Lakefield, Heron Lake and Sherburn.

In Lakefield, Doman Rose is a senior assisted living project with capacity for 25 residents. This project was created in 1996 when the former hospital building was converted into senior housing with services. This project reported two vacancies due to recent turn over.

Rosewood Villa in Lakefield is affiliated with Doman Rose, and was constructed in 2004. This project has four apartment units that provide senior housing with light services, including meals and housekeeping, with the monthly rent. More intensive services are also available for an additional fee. At the time of our survey all four of these units were vacant.

Valley View Assisted Living is another new project in Lakefield. This project opened for occupancy in 2005, and has 20 assisted living units. The units range from a sleeping room, to larger apartment-style units, but they do not have kitchen facilities in the unit. This building is still in initial occupancy, and had 11 of the 20 units occupied at the time of our survey.

In Heron Lake, a 10 resident assisted living project closed in 2005.

In Sherburn, in neighboring Martin County, the Temperance Lake Ridge project opened for occupancy in 2003. This project is owned by the City and has 34 total units, with 22 assisted living and 12 senior independent living apartments. This project had originally been designed to include some memory care units, but due to lack of demand, these units were later converted to assisted living. At the time of our survey this project was fully occupied, and had a waiting list, especially for the independent living units.

**Table 30 Jackson Multifamily Rental Housing Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Wedgewood Apartments	<u>20 - 2 bedroom</u> 20 Total Units	\$551-\$589	No vacancies	Mostly senior citizens	Market rate apartments developed by the City since 1997 - later sold to SW MN Housing Partnership. Units are in four-plex configurations. One level living with attached garage. Units have dishwasher, garbage disposal, and laundry hook-ups. Tenants pay all utilities in addition to rent. Most tenants are seniors. Income limits apply to certain percentage of residents. No vacancies at time of survey, and vacancies are rare.
Hillcrest Apartments	<u>1 - 1 bedroom</u> <u>23 - 2 bedroom</u> 24 Total Units	\$330 \$355-\$400 +heat, electric	No vacancies	Mix of tenants	Three level apartment building. Upper floors have balconies. Tenants pay electric and heat in addition to rent. Coin laundry facilities available; garage available for extra fee. Manager reports full occupancy and waiting list
Evergreen Apartments	8 units	N/A	N/A	N/A	Unable to contact.
207 2 <sup>nd</sup> Street	<u>5 - Efficiencies</u> <u>2 - 1 bedroom</u> 7 Total Units	\$175 \$300	No vacancies	Mostly singles	Older house converted into small apartments in the mid-1960s. Rent includes all utilities. Originally intended for students, but most tenants now are working singles. Good occupancy history due to affordable rents, but high turn over. No vacancies at time of survey.
<b>Tax Credit</b>					
River Bluff Townhomes	<u>10 - 3 bedroom</u> <u>2 - 4 bedroom</u> 12 Total Units	\$480 \$490 +heat, electric	No vacancies, short waiting list	Mostly younger families	Tax credit town house project constructed in the late 1990s and owned by the SW MN Housing Partnership. Eight units are designated for households at or below 50% of median and 4 units at 60% of median income. Manager reports full occupancy and short waiting list, but in the past there has been some difficulty staying full.

Table 30 Jackson Multifamily Rental Housing Inventory

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
Rolling Hills Apartments	21 - 1 bedroom <u>27 - 2 bedroom</u> 48 Total Units	\$300 \$330 30% of income	6 vacant units	General occupancy	Rural Development subsidized project for general occupancy. Two buildings with 24 units each, built in 1977 and 1978. Approximately 32 units have rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic rents listed. Vacancies are in units without rent assistance - while some vacancies are recent, a few units have been vacant for 1 year. Most tenants are seniors. Most prospective tenants are younger households.
Sunrise Estates	33 - 2 bedroom <u>7 - 3 bedroom</u> 40 Total Units	\$598-\$621 \$647 30% of income	No vacancies, no waiting list	General occupancy	MHFA/HUD Section 8 New Construction subsidized town house units for general occupancy built in 1980. All tenants pay rent based on 30% of income. Rents listed are maximum rent caps for higher income tenants. Building was fully occupied at time of survey, but manager said that recent HUD occupancy rule change will prevent single students under age 24 from living in project - this will result in 75% to 80% vacancy in units.
Riverine Apartments	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 Total Units	\$250-\$325 \$265-\$342 30% of income	No vacancies	General occupancy	Rural Development subsidized apartments for general occupancy constructed in mid-1970s. 11 units have rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic or more than market rents listed. No vacancies at time of survey.
River Valley Scattered Site	8 - 2 bedroom 15 - 3 bedroom <u>1 - 4 bedroom</u> 24 Total Units	\$288+ \$350+ \$400+ 30% of income	No vacancies, short waiting list	General occupancy	Public Housing scattered site units. Tenants pay rent based on 30% of income, up to maximum rents listed plus allowance for utilities. Fully occupied but very few names on waiting list. Both units and waiting list has relatively high rate of turn over.

Table 30 Jackson Multifamily Rental Housing Inventory					
Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
River Valley Homes	49 - 1 bedroom <u>1 - 2 bedroom</u> 50 Total Units	\$312 \$340 30% of income	No vacancies, waiting list	General occupancy	Public Housing high rise originally built for senior/disabled occupancy but HUD rule change allowed general occupancy. Tenants pay 30% of income, but not less than \$50 or more than maximum rents listed. Mix of tenants including seniors, disabled and students. No vacancies and 6 name waiting list - waiting list will be longer when students start looking for housing, and shorter after school year starts.
<b>Senior Housing with Services</b>					
The Pines	19 - 1 bedroom <u>16 - 2 bedroom</u> 35 Total Units	\$968 \$1,292 + services as needed	4 vacant units	Senior housing with services	Good Samaritan senior housing with services project with a la carte options that allow for independent to assisted living. Affiliated with nursing home. Basic rent includes light service package with daily meal, weekly house keeping, emergency call system, common space and planned activities. Additional meals and assisted living services available for additional fee. Approximately half of tenants are on assisted living option. Four units vacant at time of survey, and no waiting list. Lowered demand in recent years due to better in-home care options and competition in most surrounding communities.
Jackson Good Samaritan Center	Licensed for 69 beds including Lighthouse	N/A	N/A	Skilled Nursing Home	Good Samaritan nursing home. Affiliated with the Pines senior apartments and the Lighthouse memory care housing. Licensing for 69 residents includes 15 in the Lighthouse.
The Lighthouse	15 resident capacity	N/A	Full occupancy	Memory care housing	Memory care housing created in 1997 through conversion of one wing of Good Samaritan Center. 12 residents in shared occupancy and 3 private occupancy. Fully occupied at time of survey, but often have beds available due to turn over. Originally had only 1 private room, but more demand for private has dropped capacity from 17 to 15 residents.

Source: Community Partners Research, Inc.

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## Employment and Local Economic Trends Analysis

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

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

Major employers in Jackson with 50 or more employees include:

▶ AGCO - Ag Chem Division	1,000 employees
▶ Jackson County Central Schools	129 employees
▶ Technical Services - Electronics	120 employees
▶ Core Source	110 employees
▶ Good Samaritan Center	101 employees
▶ Best Western Country Manor Inn	93 employees
▶ Jackson Medical Center	80 employees
▶ New Fashion Pork	70 employees
▶ Accent Insurance Recovery Solutions	70 employees

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

## Work Force and Unemployment Rates

Most Employment information is only available at the County level. Unless otherwise noted, all data in the following tables are for all of Jackson County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

<b>Table 31 County Average Annual Labor Force 2000-2005</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate	Unemployment Rate - MN	Unemployment Rate - US
2000	6,140	5,956	184	3.0%	3.1%	4.0%
2001	6,346	6,132	214	3.4%	3.9%	4.7%
2002	6,590	6,350	240	3.6%	4.6%	5.8%
2003	6,621	6,351	270	4.1%	4.9%	6.0%
2004	6,793	6,551	242	3.6%	4.6%	5.6%
2005	6,835	6,611	224	3.3%	4.0%	5.1%

Source: Minnesota Department of Employment and Economic Development

Note: Not Seasonally Adjusted

- ▶ Jackson County has seen steady growth in the labor force in recent years. Between 2000 and 2005, the last full year of data, the labor force increased by 695 people, or 11.3%.
- ▶ The employed work force has followed the same pattern. Between 2000 and 2005, the employed work force increased by 655 people, or 11.0%.
- ▶ While the County's unemployment rate has increased slightly from 2000 to 2005, for the last two years it has been decreasing, after reaching a high point in 2003. The rate has consistently remained below both the State and the national unemployment rate for each of the years reviewed.

## Employment and Wages by Industry

The following table shows the average weekly wages by major employment sector in 2004, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in the County.

<b>Table 32 County Average Weekly Wages by Industry Detail</b>		
Industry	2004 Employment	2004 Average Weekly Wage
Total All Industry	4,871	\$491
Natural Resources and Mining	142	\$510
Construction	154	\$542
Manufacturing	1,175	\$750
Trade, Transportation, Utilities	781	\$486
Information	59	\$385
Financial Activities	123	\$556
Professional and Business Services	117	\$591
Education and Health Services	1,636	\$373
Leisure and Hospitality	308	\$140
Other Services	53	\$286
Public Administration	322	\$459

Source: Minnesota Department of Employment and Economic Development

- ▶ The average weekly wage for all industry in 2004, the last full year of data, was \$491. At full-time employment, this equates to an annual wage of \$25,532.
- ▶ The highest paying wage sectors were Manufacturing and Professional and Business Services.
- ▶ The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of only \$140. At full-time employment, this equates to an annual wage of \$7,280.
- ▶ The State of Minnesota also collects information on wages at the City level. The average weekly wage for the City of Jackson was \$452 in 2004. At full-time employment, this would equate to an annual wage of \$23,504.



## Employment Projections by Industry

The Minnesota Department of Employment and Economic Development has generated employment projections for each region of the State. Jackson County is included in the Southwest Region. The following table compares estimated employment in the general industry classifications in 2002, the projected level of employment by 2012, and the percentage change.

<b>Table 33 Projected Employment by Industry - 2012</b>			
Industry	2002 Employment	2012 Projected Employment	Percent Change 2002-2012
Total All Industry	214,892	234,563	9.2%
Natural Resources and Mining	9,827	10,138	3.2%
Construction	8,128	9,200	13.2%
Manufacturing	35,028	39,730	13.4%
Trade, Transportation, Utilities	34,979	38,310	9.5%
Information	4,412	4,900	11.1%
Financial Activities	6,912	7,712	11.6%
Professional and Business Services	9,625	11,881	23.4%
Education and Health Services	40,672	47,394	16.5%
Leisure and Hospitality	14,707	16,398	11.5%
Other Services	8,378	9,091	8.5%
Government	14,0901	14,520	3.1%

Source: Minnesota Department of Employment and Economic Development

- ▶ Projections for the year 2012 show that the Professional and Business Services sector is expected to have the greatest percentage growth among industries in Southwestern Minnesota between 2002 and 2012. This sector is projected to add more than 2,200 jobs, for a percentage growth of more than 23%. While this sector is a broad industry classification that includes a wide range of sub-sectors, the average weekly wage in this sector in Jackson County in 2004 was \$591, the second highest wage industry.
- ▶ In numeric growth, the largest employment increase in Southwestern Minnesota is expected in the Education and Health Services sector, which is projected to add more than 6,700 new jobs. This was the largest single employment sector in Jackson County in 2004, but average weekly wages were below the average for all industry.
- ▶ No industry sectors are expected to lose jobs between 2002 and 2012.

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## **Summary of Findings/Recommendations**

The findings/recommendations for the City of Jackson have been formulated through the analysis of the information provided in the previous sections and include 25 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Support the Development of 24 Market Rate Rental Housing Units
2. Monitor the Need for Additional Tax Credit Rental Housing
3. Monitor the Need for Additional Subsidized Rental Housing
4. Monitor the Need for Additional Senior Housing with Services
5. Consider the Development of Student Housing
6. Continue to Apply for Housing Choice Voucher Program Allocations from HUD
7. Maintain and Preserve the Existing Supply of Subsidized Housing
8. Develop a Crime-Free Multifamily Housing Program

### **Home Ownership**

9. Utilize and Promote all Programs that Assist with Home Ownership
10. Utilize the MURL and Purchase/Rehabilitation Programs
11. Initiate Employer Involvement in Home Ownership Programs
12. Revamp the City's Down payment Assistance Program

### **Single Family Housing Development**

13. Lot Availability and Subdivision Development

14. Promote Lot Sales and Construction in the Sunset View Subdivision
15. Consider the Development of an Affordable Home Subdivision
16. Promote Townhouse, Twin Home and Cooperative Housing Development
17. Develop Home Ownership Awareness Programs
18. Continue the Spec Builder Program

**Housing Rehabilitation**

19. Promote Rental Housing Rehabilitation Programs
20. Promote Ongoing Owner Occupied Housing Rehabilitation Efforts
21. Develop and Implement a Rental Housing Inspection Program

**Other Housing Issues**

22. Consider the Re-submission of an Application for Minnesota Small Cities Development Program Funds
23. Acquire and Demolish Dilapidated Structures
24. Create a Plan and a Coordinated Effort Among Housing Agencies
25. Competition with Other Cities

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## Findings on Growth Trends

Population trends for the City of Jackson show a gradual but steady decline in the City's population. Between 1980 and 1990, the City's population decreased in size by 6.3%. Between 1990 and 2000, the rate of loss slowed, but the City's population still decreased by 1.6%. The most official estimates for the City are for 2004, and they show that the City lost between 28 and 35 residents between 2000 and 2004. However, the preliminary estimate for 2005 shows the City's population increasing by seven people between 2004 and 2005.

While the City's population has been in long-term decline, the household level has been more stable. Between 1980 and 1990, the City did lose 43 households, for a decrease of 2.8%. However, between 1990 and 2000, the City added three households, and between 2000 and 2005, the best available estimate shows a gain of 19 households. While it does appear that the City has reversed the pattern of household losses in recent years, it should be noted that the estimated household count in 2005 is still lower than the level reported in the 1980 Census.

The City's population has declined despite the increase in households. This has been due to a continued decrease in the average household size, as an aging population has meant fewer children and more empty-nesters and senior citizens in the population.

The patterns for the surrounding Market Area have been very similar, with an even larger amount of population loss in recent decades. Like Jackson, the Market Area has seen a more stable household level, with some modest increase in the number of households between 2000 and 2005.

The population and household trends for all of Jackson County are also very similar, although once again the level of population loss has been more severe. Between 1980 and 1990, the County's population decreased by nearly 15%, and has continued to decline since then, although at a much slower rate.

For all of Jackson County, the preliminary household level in 2005 was 362 households below the count reported in the 1980 Census.

The Census Bureau generates County-wide population estimates, which include the components of population change. For all of Jackson County, the Census Bureau believes that the population loss since 2000 has been caused by natural decrease, as deaths exceeded births in recent years. However, some of the loss attributable to natural decrease was offset by in-migration to Jackson County. According to these estimates, the County had people move in from both domestic and international locations.

## **Findings on Growth Projections**

As part of this Study, we have examined household projections to the year 2010. These projections have either been calculated by Community Partners Research, Inc., or have been taken from other reliable sources, such as the Minnesota State Demographer's Office.

Projections that are based on past trends would expect the City of Jackson to add only one to two new households in an average year through the remainder of the decade. Although this projection of average annual growth is supported by longer-term patterns, it is not consistent with short-term trends. Since 2000, the City of Jackson has averaged annual household growth of approximately four households. We believe that the short-term trends are a better indicator of future household growth in Jackson.

Based on our research, it does not appear that the City has much under utilized housing capacity. There are some vacant rental units in the City, but in most segments of the rental market we found relatively high rates of occupancy. The best available evidence on vacant housing for owner occupancy comes from the 2000 Census, when the vacancy rate in this type of housing was less than 1%. For new household growth to occur in the City, there will need to be continued new housing construction activity. Between 2000 and 2005, the City has averaged between six and seven new houses per year through new construction.

We would expect very little additional household growth in the Market Area, outside of the City of Jackson. Our projections would indicate only one or two additional households being added to the aggregation of other rural jurisdictions that immediately surround the City.

Jackson is located in Jackson County, which also appears to have very modest growth potential. Our County-wide projections for household growth would expect only four to six new households per year, in an average year, through the remainder of this decade. Since we would expect most of the County growth to occur within the City of Jackson, it is probable that the remainder of the County will experience only minor growth in the rural townships and small cities.

## Findings on Growth Projections by Age Group

We have used age-based population projections prepared by the State Demographer to generate household by age projections. These projections partly reflect growth from new households that will be formed, or that will move into the County. The projections also reflect the aging-in-place of the existing households during the decade. Projections by age can be very informative for calculating future housing demand, as strong preferences in tenure, style, price and features are evident within defined age ranges.

Our projections assume that within defined age groups, household formation and average household size will remain relatively consistent throughout the decade. On the page that follows, we have used these household by age projections to form projections on future demand by tenure.

The projections and changes by age range are for all of Jackson County between the year 2005 and the year 2010. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could substantially alter these expectations.

These same aging trends may or may not be present in Jackson and the surrounding Market Area. The Market Area that includes Jackson represents approximately 47% of all households in the County. As a result, these same trends may not fully apply to changes within the Market Area.

The Jackson County projections have been provided as a range. The lower end of the range is consistent with overall household growth in the County as projected by Community Partners Research, Inc., while the upper end of the range is consistent with the projections from the Minnesota State Demographer.

<u>Age Range</u>	<u>Projected Change in Households 2005 to 2010</u>
24 and Younger	-23 to -25
25 to 34	+90 to +92
35 to 44	-71 to -77
45 to 54	-64 to -71
55 to 64	+196 to +197
65 to 74	-1 to -4
75 to 84	-70 to -75
85 and Older	-8 to -10

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## Findings on Housing Unit Demand and Tenure

Comparing the projected age-based household changes through the remainder of this decade with expected tenure preferences results in a forecast of the tenure mix that will be needed for new housing unit demand between 2005 and 2010. Our calculations are based largely on the tenure preferences by age group that were evident in the 2000 Census, with some adjustment for a greater acceptance of certain housing types as people become more familiar with newer housing options.

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

***Demand from Growth*** - Using our projections by age for Jackson County, we would expect demand for owner-occupied housing to greatly exceed demand for rental housing through the remainder of this decade. We project that the demand for housing caused by overall household growth will be approximately 90% for owner occupancy, and only 10% for renter occupancy housing. With approximately 5 to 6 new households expected per year in the City of Jackson due to net household growth, this results in annual demand for approximately 5 to 6 owner occupancy units, and less than 1 renter occupancy unit.

***Replacement of Lost Rental Units*** - It is often difficult to quantify the number of units that are lost from the housing stock on an annual basis. Unit losses may be caused by demolition activity, losses to fire or natural disasters, and to causes such as deterioration or obsolescence. It is also probable that some rental unit losses have also occurred due to conversion, as single family houses or mobile homes once used for renter occupancy have been sold and are now owner occupied housing. Comparing Census data from 1990 to 2000, it appears that Jackson has averaged the loss of between one and two rental units per year in the past. As a result, rental unit replacement of up to 10 units would be justified through the end of the decade.

***Replacement of Lost Owner Occupancy Units*** - Based on Census statistics, it does appear that some owner occupancy units may also be lost annually. While we generally believe that owner occupancy unit losses are small, there is evidence that some dilapidated housing does exist in the community, and that some annual loss of houses does occur. As a result, we believe that total unit replacement of between 10 and 15 houses will be necessary through the end of the decade.

***Pent-Up Demand*** - The third primary demand-generator for new housing is caused by current, unmet demand from existing households, referred to as pent-up demand. We believe that certain segments of the rental housing stock do show evidence of pent-up demand, including “deep subsidy” rental housing. Pent-up demand will be addressed in the specific recommendations that follow.

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## Findings on Unit Demand by Type of Housing

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

**Age 24 and Younger** - The projections used for this Study expect a relatively stable to slightly declining number of younger households in the County through the year 2010. Past tenure patterns indicate that over 71% of these households will rent their housing. Households in this age range tend to have a median income that is well below the overall median. A decrease in households in this age range should mean that rental demand from younger households will decrease slightly for the remainder of the decade. It is important to note that many of the households in this age group in Jackson are student households. A significant change, either up or down, in the enrollment at Minnesota West Community and Technical College could impact this projection.

**25 to 34 Years Old** - The projections show a relatively strong numeric increase in this age cohort, with an expected addition of 90 to 92 households in the County by 2010. Within this age range younger adult households often move from rental to ownership housing. The ownership rate among these households was over 63% in 2000. The projected increase within this age range will generate additional demand for first-time home buyer opportunities, and to a lesser extent for rental housing.

**35 to 44 Years Old** - This 10-year age cohort is expected to decrease in size through the year 2010. The projections show a probable loss of 71 to 77 households in the County between 2005 and 2010. It is important to note that this loss of households does not necessarily mean that these younger households are moving out of the area. This age group represents the "baby bust" generation that followed behind the "baby boomers". This age group represents a much smaller segment of the population than immediately older age ranges. As demographic patterns progress, there are fewer of these households following behind the aging baby boomers. In the past, this age group has had a high rate of home ownership, approximately 77%. Households within this range often represent both first-time buyers or households looking to trade-up in housing, selling their starter home for a more expensive house. Lowered demand from this age cohort will have some impact on overall demand for owner occupancy housing.

**45 to 54 Years Old** - By the end of this decade, this age cohort will represent the tail-end of the "baby boom" generation. However, for Jackson County, our projections show a decrease in the number of households, down from 64 to 71 households between 2005 and 2010. This age group historically has had a high rate of home ownership, in excess of 87% in 2000, and will often look for trade-up housing opportunities. Fewer households in this age range will slightly reduce demand for home ownership and trade-up housing.

**55 to 64 Years Old** - The leading edge of the baby boom generation will be in this age cohort by the end of the decade. The projections show an expected increase of 196 to 197 additional



households in this 10-year age range in the County by the year 2010. This is the largest growth of any 10-year age cohort in the County. This age range has traditionally had the highest rate of home ownership, at more than 92%. Attached housing construction, such as town houses or twin homes, is often well suited to the life-cycle preferences of this age group, as no maintenance/low maintenance housing has become a popular option for empty-nesters. Trade-up housing will also appeal to this age group, as they will generally have equity from the sale of their previous home, as well as higher incomes and asset accumulation.

**65 to 74 Years Old** - No significant household change is expected within this age range by the year 2010. Households in this younger senior range will typically begin moving to other life-cycle housing options as they age. However, younger seniors are still predominantly home owners. At the time of the 2000 Census, over 88% of households in this age range owned their housing. Once again, ownership preferences for low maintenance housing, such as town house units, should grow, although this will only be from increased market share as this type of unit gains greater acceptance within the marketplace.

**75 to 84 Years Old** - Household losses are expected to occur within this age range, with a projected decrease of 70 to 75 households in the County between 2005 and 2010. In the past, households within this 10-year age range have had a high rate of home ownership, at nearly 85%. In most cases, income levels for senior households have been improving, as people have done better retirement planning. As a result, households in this age range may have fewer cost limitations for housing choices than previous generations of seniors.

**85 Years and Older** - Minor numeric losses are projected among older seniors, with the expected decrease of 8 to 10 households in the County. Historic home ownership rates in this age group have been relatively high, at 73% in 2000. Recent expansions of senior housing with services options in the area will help to address the needs of this population of older seniors.

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

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## Strengths for Housing Development

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

- ▶ **Jackson serves as a small regional center** - Jackson provides employment opportunities, retail/service options, health, government and professional services, and recreational facilities for a geographical area that surrounds Jackson.
- ▶ **Affordable priced housing stock** - The City has a large stock of affordable, existing houses. Our analysis shows that the City's median home value, based on recent sales is approximately \$65,500, and the average value is \$72,211. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including a large number of rental housing units for various household types and owner occupied homes at various values.
- ▶ **Adequate land for development** - The City has land available for both residential and commercial/industrial development, however, some of this land needs to be serviced with infrastructure improvements or extensions.
- ▶ **Household growth for the City** - Since 1990, the City has sustained modest household growth and the City is projected to experience limited household growth in the future.
- ▶ **Desirable location for seniors and retirees** - Jackson is an attraction for seniors as a retirement location. As a provider of health, retail and government services, the City has amenities that are attractive for seniors as they age.
- ▶ **Active housing builders in the City** - Jackson has active housing builders that are willing to invest in housing projects in the community, including rental housing, attached ownership housing and single family development.
- ▶ **Proactive City involvement** - The City, the EDA, and the HRA have all been successful in developing and delivering housing programs. The City has been directly involved in developing both rental housing and residential subdivisions.
- ▶ **Educational Facilities** - The City has an excellent public school system and the Minnesota West Community and Technical College.
- ▶ **Health facilities** - The City has excellent health facilities including the Jackson Medical Center and the Good Samaritan Center.
- ▶ **Infrastructure** - Jackson's water and sewer infrastructure can accommodate future growth, although some system improvements will be needed in the future.

- ▶ **Economic Development Organization** - The City has an Economic Development Authority that is active in promoting job creation and addressing the City's economic development and housing needs.
- ▶ **Diverse Economy and Jobs** - The City of Jackson has a strong local employment base, including AGCO - Ag Chem Division.
- ▶ **Commercial Development** - Jackson's commercial district is adequate to meet daily needs, and the Jackson Development Committee is active in promoting commercial development.
- ▶ **Lot Sales and New Home Construction** - Approximately six new houses have been constructed annually in Jackson since 2000. This indicates that home buyers have confidence in the Jackson market.

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## Barriers or Limitations to Housing Activities

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

- ▶ **Age and condition of the housing stock** - While the existing stock is very affordable, some of the housing is in need of improvements to meet expectations of potential buyers.
- ▶ **Lower incomes limit housing choices** - Household and family incomes for Jackson and the surrounding market area are lower than the State-wide medians. The City's estimated median household income for 2006 is \$41,676, which translates into an approximate housing affordability level of \$1,042 per month. While this income level matches up well with prices for existing ownership and rental housing in the City, it is not as well matched to the prices for new housing construction.
- ▶ **Lower paying jobs** - Many jobs in Jackson are at the lower end of the pay scale and the employees with these jobs have limited housing choices.
- ▶ **Distance from a Major Regional Center** - Many households will choose to live close to a large regional center due to the amenities and jobs that are available in a larger community. Jackson is approximately 90 miles from either Sioux Falls or Mankato. For most households, the distance to these regional centers would be too far to make commuting practical.
- ▶ **Competition with the Iowa Great Lakes Area** - Jackson is less than 20 miles from Spirit Lake/Lake Okoboji. This area of northern Iowa is considered to be a high amenity residential location, and the City competes with these communities, especially in attracting higher priced housing.
- ▶ **Value Gap in Home Ownership Housing** - Based on market values for recent residential sales, a significant value gap exists between newly constructed homes and the City's older, existing housing stock. The median value sale for existing houses was \$65,500, and the average sale price was \$71,211. These prices are well below the comparable cost for new construction, which will generally be above \$135,000 for a stick-built house. This value gap can be a disincentive for speculative home building, and can also deter customized new construction.
- ▶ **Low Rent Structure** - The City's prevailing rent structure is relatively low. Very few apartment units have been constructed in Jackson in recent decades. As a result, most older units have a low contract rent. This low prevailing rent structure makes it more difficult to construct new rental housing units.

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## Recommendations, Strategies and Housing Opportunities

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

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

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## Rental Housing Recommendations

**Findings:** The City of Jackson has a relatively normal supply of rental housing units. At the time of the 2000 Census, there were 437 renter households living in the City. This represented over 29% of all households, compared to a State-wide rental tenure rate of more than 25% at that time. While the City's rental tenure rate was slightly higher than the State-wide rate, this is typical for Cities, which tend to offer rental options for a surrounding area.

In the 1990s, Jackson was able to expand the supply and quality of its rental housing stock, with the construction of two rental projects, Wedgewood Apartments and River Bluff Townhomes. Combined, these two projects added 32 high quality rental units to the City's inventory. However, there has been no new rental construction in Jackson since the last phase of Wedgewood was constructed in 2000.

It is important to note that both of these projects required significant public involvement. Wedgewood Apartments was developed by the City of Jackson as a publicly owned project, and then later sold to the Southwest Minnesota Housing Partnership, a nonprofit dedicated to affordable housing. The Housing Partnership developed the River Bluff Townhomes project, using federal low income housing tax credits and other public resources.

Due to the changing age make-up of the population in Jackson and the surrounding area, there has been lowered demand for rental housing opportunities, as demand for owner occupied housing has grown. Between the 1990 Census and the 2000 Census, Jackson lost 25 renter occupancy households, while the surrounding Market Area around Jackson lost 15 additional renter households. During this same time, all of Jackson County lost 128 renter households.

Demand for new rental housing is typically generated from three factors, growth from new households, pent-up demand from existing households, and from replacement of lost units.

Our projections through the end of this decade do not show any significant rental demand from household growth, as we would expect the tenure demand patterns of the 1990s to continue. Between 2005 and 2010, we believe that most of the net household growth that will occur in Jackson and Jackson County will be among age groups that have traditionally had a very strong preference for owner occupied housing. As a result, we believe that household growth will generate demand for fewer than 10 new units over the next five years.

There is some evidence that a limited amount of rental unit replacement will be required. A relatively large number of rental units are in single family houses, accessory apartments and similar small structures that could be lost as rental housing. We believe that up to 10 new rental units should be created to replace existing rental units that will be lost over the next five years.

We also believe that pent-up demand exists in some of the sub-sectors of the local rental market, most notably in the better quality market rate sector. Our discussion of pent-up demand will be included in the specific findings and recommendations that follow.

## 1. Support the Construction of 24 Market Rate Apartment Units

**Findings:** City-wide, approximately 300 rental units, or 63% of all rental housing in the City, can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as income limits or age requirements. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

Although the City of Jackson has a good supply of market rate rental housing, most of this housing is not in traditional multifamily apartment units. Working with City records on multifamily housing, we could identify only three multifamily, market rate projects in the City that had six or more units. These properties were Wedgewood Apartments (20 units), Hillcrest Apartments (24 units), and Evergreen Apartments (8 units). There is a fourth project, located at 207 Second Street, that has 7 units, but these were created by converting a large house into separate rental units. Including the units at 207 Second Street, these properties have a combined 59 market rate rental units, or less than 20% of the overall estimated stock of market rate rental housing.

We believe that most of Jackson's market rate rental housing is located in smaller structures, such as single family house, duplexes, and in accessory apartments that have been added onto other residential and commercial structures. While this rental stock provides an affordable option for many renter households, it is generally not of the same quality and does not have the same amenities as newer multifamily housing.

The only newer market rate project in Jackson is the Wedgewood Apartments, which was constructed in phases between 1997 and 2000. These units were developed as publicly owned rental housing by the City, but the units were later sold to the Southwest Minnesota Housing Partnership, a regional housing nonprofit group.

The units at Wedgewood have the highest contract rents in the market rate sector, with two bedroom units renting for \$551 to \$589 per month, with the tenant paying all utilities. With the inclusion of tenant-paid utilities, gross rents are \$725 or less for a two bedroom unit with garage. Some of these units do have income limits that apply to occupancy, since the project utilized some public financial assistance, but these income limits are sufficiently high that the project operates as market rate housing.

We were also able to collect rental rate information from two of the other three multifamily properties. We were unable to contact Evergreen Apartments. The other market rate multifamily projects that we contacted had a lower rent structure. The largest market rate project in Jackson, Hillcrest Apartments with 24 units, had two bedroom contract rents of \$355 to \$400 per month, with tenants paying additional amounts for heat, electric and garage parking.

Our rental housing survey found no vacancies among the 51 market rate units that we were able to contact. All three of the projects reported good occupancy histories.

In many communities, rental vacancy rates have climbed over the last five years, as low mortgage interest rates have generated above-average demand for ownership housing. This does not appear to be the case in Jackson, at least in the multifamily stock.

**Recommendation:** A private developer has proposed to construct a three-story, 24 unit market rate apartment building on the edge of the downtown area. The project would include a mix of one, two and three bedroom apartments. We would recommend that the City support the proposed development of 24 market rate units.

Although our household projections do not show any significant demand for new market rate units due to household growth, we believe that a combination of pent-up demand for high quality rental units, and the need to upgrade and replace some of the older rental stock justifies a new project. This proposed development has the added advantage of completing a redevelopment project in the City. If these new units are constructed, it would give the City approximately 44 high quality rental units, when combined with the 20 units in Wedgewood. These two projects would still represent fewer than 10% of all rental housing in the City.

We would primarily recommend the construction of two bedroom units. With the City's relatively low prevailing rental rate structure, we would recommend two bedroom gross rents in the range between \$650 and \$725 per month, including heat.

While we are supportive of this project, it should be noted that the introduction of 24 new units at one time could result in some short-term market saturation. When the Wedgewood project was constructed, the units were constructed in phases over a three year time period, which allowed for the units to be successfully absorbed.

Although these proposed units will have rents that are at or near the highest level in the community, we would expect that this project will have an impact on opening up less expensive options in the community. With only limited growth projected in the number of renter households in Jackson, this project will probably attract a large share of tenants from existing housing options in the City. As some tenants choose to upgrade their housing, they will vacate older, less expensive housing options, which can then be filled by students and moderate income renters that are looking for a more affordable option.

## **2. Monitor the Need for Additional Tax Credit Rental Housing**

**Findings:** Since the late 1980s, federal low income housing tax credits have been the primary federal production incentive for the creation of housing to serve moderate income people. Because tax credits only provide a 'shallow subsidy', this type of housing does not generally serve lower income renters, but does serve households at or below 60% of the median income level.

Jackson has one project that has received federal low income housing tax credits. However, this project, River Bluff Townhomes, also was successful in attracting other subsidies in addition to tax credits. As a result, 8 of the 12 units in this project have been designated to serve households at or below 50% of the median income level, with the remaining 4 units serving households below 60% of the median income.

The rent levels being charged at River Bluff are at an even lower level. The three bedroom townhomes have a contract rent of \$490, with tenants paying heat and electric. This results in an



estimated gross rent of approximately \$625 per month, which is below the 45% of median income threshold established for the tax credit program. The maximum gross rents allowable under the 60% limits are \$859 for a three bedroom unit.

Our rental survey found no vacancies in River Bluff Townhomes, but the manager indicated that they have had some difficulty in the past staying at full occupancy. Only a short waiting list was reported.

The project has only three and four bedroom units, and tax credit regulations prevent renting to full-time student households. As a result, there is a somewhat restricted market in Jackson.

We did find some vacancies in some of the “shallow subsidy” units in Jackson. Rolling Hills Apartments reported six vacancies in one and two bedroom apartments that did not have rent assistance available. Sunrise Estates was fully occupied, but was very concerned about a new occupancy rule that could prevent single student households under age 24 from living in that subsidized project. If this rule is being interpreted correctly, they believed that as many as 75% to 80% of their units would be vacated. While units in these projects are not in the tax credit program, they do have the ability to serve low and moderate income households that would also be eligible for a tax credit unit.

**Recommendation:** We would not recommend the construction of additional tax credit rental housing units at this time. However, we would encourage the City to monitor demand for this type of rental housing, and potentially pursue the construction of a moderately-sized project later in the decade.

Based on our experience in other communities, we would normally expect to see between 22 and 30 tax credit units in a town the size of Jackson. With only 12 units at River Bluff Townhomes, there are some indications that this segment on the market is under served. However, with some history of vacancies at River Bluff, and with some vacancies in “shallow subsidy” units in Jackson, it does not appear that adequate demand exists at this time for another tax credit project.

One issue that should be monitored is the impact of the proposed occupancy rule change at Sunrise Estates. If most of the current student renter population at this project is prohibited from future occupancy, as many as 30 affordable two and three bedroom units could become available for rent, according to the manager at Sunrise Estates. This could result in an over-supply of affordable units in the near-term.

Tax credit rules also prevent occupancy by full-time student households, so the introduction of new tax credit housing would not help address students that would be displaced from Sunrise Estates.

If a new tax credit project is pursued, we would recommend that most units be two bedroom, to compliment the three and four bedroom offerings at River Bluff Townhomes. We would also recommend that unit rents be kept at or below the 50% limits allowable under the federal tax credit rules. The Southwest Minnesota Housing Partnership, which developed the River Bluff Townhomes, has been very successful in securing other funds, in addition to tax credits, to serve lower income households.

### 3. Monitor the Need for Additional Subsidized Rental Housing

**Findings:** Subsidized housing is primarily designed to serve lower income people. In most cases, subsidized housing bases the rent on 30% of the tenant household's income.

There are five federally subsidized apartment projects in Jackson. Combined, these projects have 178 units of subsidized rental housing. All of these units are available for general occupancy. One of the projects, River Valley Homes, was originally designated specifically for senior and disabled occupancy, but a later rule change opened this building to people of all ages.

The 178 subsidized units represent approximately 40% of all renter households in the City. This is a very high percentage of subsidized housing, based on our experience in other communities. However, at the time of our survey, occupancy rates were high. Only six units were reported as vacant, for a vacancy rate of 3.4 %.

All of the reported vacancies were in one project, Rolling Hills Apartments. Rolling Hills has 48 total units, but these units are a mix of "deep subsidy" and "shallow subsidy" apartments. In this project, 32 units have rent assistance available, which allows tenants to pay rent based on 30% of income. All of the rent assistance units are full. The remaining units do not have rent assistance, and the tenant must pay 30% of income or a basic rent amount established for the unit, whichever is greater. The basic rent for a one bedroom unit in Rolling Hills is \$300, and the basic rent for a two bedroom unit is \$330.

As mentioned above, another subsidized project, Sunrise Estates, reported full occupancy at the time of our survey, but indicated that a new rule change could potentially cause a high rate of future vacancy. According to the manager, in the future this project will not be able to provide housing for unrelated students who are under age 24 years old. The manager estimated that as many as 75% to 80% of current residents may be prohibited from living in this project in the future.

We found one subsidized project that was at risk of being lost. Riverine Apartments, a 16 unit project subsidized by USDA Rural Development, has filed a Resident Impact Statement with the Minnesota Housing Finance Agency, indicating their intent to pre-pay their mortgage and opt-out of the Rural Development Subsidy Program. Between 9 and 11 tenant households in Riverine receive project-based rent assistance. Our attempts to gain more information about the current status of this building and any plans for mitigating impact were unsuccessful.

**Recommendation:** Based on our rental housing survey, there is currently unmet demand for "deep subsidy" rental housing in Jackson, despite the large number of units that are already present in the community. All of the deep subsidy units were at full occupancy, and waiting lists existed at some projects.

However, there is also some uncertainty in the market. If Sunrise Estates can no longer admit younger student households in the future, as much as 75% to 80% of their current tenant base could disappear. This may create as many as 30 vacant subsidized units, according to the manager. At the same time, it is also possible that 16 current subsidized units at Riverine Apartments could leave the subsidized program, and convert to market rate housing.

A separate study of low income rental housing needs, titled “The Next Decade of Housing in Minnesota”, was commissioned by the Minnesota Housing Finance Agency and other groups in 2003. This study identified the number of cost burdened rental households in Jackson County, and also projected the future need for subsidized housing through the year 2010. This report projected that Jackson County, as a whole, would have no additional low income households by 2010 that would need subsidized rental housing. Jackson County was one of only seven Counties in the State with no expected increase in demand for low income rental housing.

While we used a different methodology than the report mentioned above, our projections show almost no demand for new rental housing due to household growth through 2010. Overall, we would expect to see minor declines in the number of younger adult households, age 44 and younger, and in the number of senior citizen households. Young adults and seniors often represent much of the demand for subsidized rental housing.

While projections do not show growth in demand, there may be a need to replace the units at Riverine Apartments, if this building terminates its subsidy agreement. Also, if Sunrise Estates is able to keep its student renter population, then a low vacancy rate could remain in the subsidized sector of the market.

#### **4. Monitor the Need for Senior Housing with Services**

**Findings:** Jackson has one senior housing project that can provide a flexible option for seniors, from both independent living with light services to assisted living. The Pines was constructed in the late 1980s, and has 35 total senior housing units.

Because services can be purchased a la carte, as needed by the residents, the project allows seniors to “age in place”, by gradually adding services as their life-cycle needs change. According to the manager, approximately half of the tenants are receiving assisted living services, and the remainder are just accessing the lighter service package of a daily meal, weekly housekeeping, and similar services.

At the time of our rental survey, there were four vacant units in the Pines. There was no waiting list for occupancy. According to the manager, there were more options for seniors to receive in-home services through home health care provider agencies, and this had resulted in a delay for some elderly households to actually move into a senior complex.

It is also possible that increased competition in neighboring communities has had some impact on demand. Over the last few years there has been a significant change in the availability of senior housing with services options in the Minnesota communities that surround Jackson. As part of this Study we also contacted providers in Lakefield, Heron Lake and Sherburn.

In Lakefield, Doman Rose is a senior assisted living project with capacity for 25 residents. This project was created in 1996 when the former hospital building was converted into senior housing with services. This project reported two vacancies due to recent turn over.

Rosewood Villa in Lakefield is affiliated with Doman Rose, and was constructed in 2004. This project has four apartment units that provide seniors housing with light services, including meals and housekeeping, with the monthly rent. More intensive services are also available for an additional fee. At the time of our survey all four of these units were vacant.

Valley View Assisted Living is another new project in Lakefield. This project opened for occupancy in 2005, and has 20 assisted living units. The units range from a sleeping room, to larger apartment-style units, but they do not have kitchen facilities in the unit. This building is still in initial occupancy, and had 11 of the 20 units occupied at the time of our survey.

In Heron Lake, a 10 resident assisted living project closed in 2005.

In Sherburn, in neighboring Martin County, the Temperance Lake Ridge project opened for occupancy in 2003. This project is owned by the City and has 34 total units, with 22 assisted living and 12 senior independent living apartments. This project had originally been designed to include some memory care units, but due to lack of demand, these units were later converted to assisted living. At the time of our survey this project was fully occupied, and had a waiting list, especially for the independent living units.

There is also one project in Jackson, The Lighthouse, that provides specialized housing for people with memory loss issues. This project was created when a wing of the Good Samaritan Center was converted into memory care units. This project currently has capacity for 15 residents, and was fully occupied at the time of our survey. It was originally designed for 17 residents, but was recently reconfigured to create additional private rooms from shared rooms. The Lighthouse is the only housing that we could identify in Jackson County that was specifically designed for memory care needs.

The City has one nursing home, Good Samaritan Center, that is licensed for 69 beds, including the 15 beds in the Lighthouse wing. The other nursing homes in Jackson County are in Lakefield (43 beds) and Heron Lake (35 beds). We did not contact nursing homes as part of our rental housing inventory.

**Recommendation:** Based on our research, we would recommend that the City monitor the need for additional housing with services. There are some vacancies in the City's existing project, The Pines, and there is substantial vacant capacity in both assisted living and housing with light services in the neighboring community of Lakefield.

When The Pines was constructed, it was one of the only providers of specialized senior housing with services in the area, but in the last five years, there has been a substantial addition of units in both Lakefield to the west and Sherburn to the east. This has effectively reduced the market area for The Pines to a smaller geographic area that immediately surrounds the City of Jackson.

The projections for Jackson County do not show significant growth expected in the older senior population, age 75 and above, through the year 2010. In fact, the State Demographer's age-based projections expect the population of older seniors in Jackson County to decrease in size by more than 10% between 2005 and 2010. With increased competition from projects in the region

and with the increasing popularity of home health care, we do not expect to see an increase in demand for senior housing with services through the remainder of this decade.

At the time of the 2000 Census, there were 777 senior citizens in Jackson, and 1,080 seniors in the entire Market Area. Of the entire senior population, 481 of the seniors in Jackson and 625 seniors in the Market Area were age 75 and older. Using the age-based projections from the State Demographer, the area's senior population has probably declined in size by 5% to 7% by 2005, and a continued gradual decline is projected through 2010. By the year 2010, we would estimate that there will be approximately 940 to 980 total senior citizens residing in the Market Area, including 540 to 570 older seniors, age 75 and above. We would estimate that approximately 60 of these seniors will be residents of the Good Samaritan Center.

**Assisted Living** - Based on our research in other communities, we believe that assisted living units can usually achieve a market share of up to 1.5% of the total senior population, or 2.5% or more of the older senior population. For the Jackson Market Area, this would indicate a need for approximately 14 assisted living units by the year 2010. Currently, about half of the occupied units in The Pines, or an estimated 15 units are being used for assisted living.

Using our same basic calculations of demand County-wide, we believe that by 2010, adequate demand would exist for up to 30 assisted living units in Jackson County. Currently there are approximately 15 units in Jackson (with some flexibility to expand), and 45 units in Lakefield. The current supply of assisted living units already exceeds our calculation of demand from within the County.

**Housing with Light Services** - The Pines can offer residents an option of housing with light services to assisted living, with more intensive services available on an a la carte menu of options. According to the manager, approximately half of the 31 occupied units are just receiving light services.

Base on our estimates and projections of the senior population in the Jackson Market Area, we believe that the demand for light service housing will be between 17 and 20 units by the year 2010. The Pines can adequately address this need with its current supply of units.

County-wide, there is less availability of senior housing with light services. The only project that we could identify outside of Jackson was Rosewood Villa in Lakefield. This project was constructed in 2004, and has only four units. At the time of our rental survey, all four units were vacant.

Our calculations of demand for senior housing with light services would show that all of Jackson County is currently under served with this type of housing. Despite this fact, the four new units in Lakefield were vacant at the time of our survey. The shortage of housing with light services in the County does create the potential for an expansion of units in the City of Jackson. However, for these units to succeed, they would need to draw residents from outside of the primary Jackson Market Area. If new light services projects are built in the future in communities such as Lakefield and Heron Lake, the ability of units in Jackson to draw from a larger region would be in question.

**Memory Care Housing** - Jackson has capacity for 15 memory care residents in Lighthouse. Although this building was at full capacity at the time of our survey, it does not appear that much excess demand exists. The Lighthouse had previously been able to accommodate 17 residents, but had down-sized by converting two shared occupancy rooms into single occupancy. This conversion would probably not have been done if adequate demand existed to fill the shared occupancy rooms.

In the City of Sherburn, a senior housing continuum of care project was constructed in 2003. This project had independent living, assisted living and six memory care units. However, the memory care units were very slow to fill, and the project converted the memory care units into assisted living, due to lack of demand.

Our calculation of demand indicates that approximately 8 to 10 units are appropriate to serve the Jackson Market Area. However, since this is the only specialized memory care project that we could identify in all of Jackson County, it once again serves a larger trade area. The fact that 15 persons currently reside in The Lighthouse indicates that a much larger market area is being served.

We would recommend that the need for additional memory care units be monitored. While we do not expect demand for this type of housing to grow through the remainder of the decade, all 15 beds are currently occupied, and it is possible that a modest expansion of capacity may be necessary.

## **5. Consider the Development of Student Housing**

**Findings:** Minnesota West Community and Technical College has approximately 330 to 370 full-time equivalent students. There is no on-campus student housing available. Most of the privately owned rental projects contacted in the rental survey indicated that they had some student renters. Many of the students are residing in some of the City's subsidized rental projects, including Sunrise Estates and River Valley Homes.

Within the past year, a proposal had surfaced to construct a student housing project that would have been configured as suites, with total capacity for 24 residents. However, this project has not proceeded to construction.

The College had conducted an informal survey of students to learn more about their expectations and experiences in securing housing in Jackson. According to the College CEO, the basic findings of this survey were that a majority of students did not experience great difficulty finding housing, the quality of this housing was equal to or better than their expectations, and that nearly all student renters were paying less than \$250 per month.

The need for student housing can be impacted by a number of factors, including the mix of 'traditional' to 'non-traditional' students, and the College's recruitment patterns. For example, our population by age projections show a declining population of children within much of southwestern Minnesota in future years. A decline of younger residents in the immediate region

could potentially affect the recruitment of students from nearby communities. If the College needs to recruit students from a larger geographical area in order to maintain a stable enrollment, then demand for student housing could actually increase despite little change in overall enrollment. Conversely, if fewer young, 'traditional' students are available, the College may recruit more 'non-traditional' students. Non-traditional students, such as people making mid-life career changes, most often live within the immediate vicinity of the College, and generally have housing secured before enrolling. An expansion of non-traditional student enrollment could actually result in less demand for student housing.

Our research in other college communities has provided us with some information on student housing projects. One community, Fergus Falls, has generally had success with its student housing. However, in Thief River Falls, the student housing project has never been very successful.

Minnesota State Community and Technical College has a campus in Fergus Falls with approximately 1,200 students. There are two rental projects, College Manor and Williams Hillside Village, that serve student renters. These projects are located on property owned by the College, but the buildings are owned by the Fergus Falls Housing and Redevelopment Authority.

College Manor was constructed in 1985 and Williams Hillside Village was constructed in 1995. College Manor has 88 bedrooms in 22 units, and Williams Hillside Village has 48 bedrooms in 16 units. There are single and double occupancy living options available. Tenants in single occupancy bedrooms pay \$1,325 per semester and double occupancy tenants pay \$1,100 per semester.

According to staff at the Fergus Falls HRA, there is good demand for housing at the start of each academic year, and the buildings have a high rate of occupancy. Some students leave college during the year, which can result in some unit vacancies.

Northland Community and Technical College in Thief River Falls had an enrollment of 984 full-time students at the time of our research in 2004. The school estimated that approximately 60% to 65% of the full-time students were considered to be 'traditional, college-aged' students. These traditional students represented most of the demand for housing.

In response to the need for student rental housing, Campus Court Apartments was constructed in the mid-1990s. This project is located on property owned by Northland Community and Technical College, but the buildings are not owned by the College.

As constructed, the project could accommodate 144 residents, but some of the units have never been utilized for housing, and the maximum capacity of the residential units is now 132 residents. In 2004, occupancy was between 80 and 90 residents.

The low utilization rate for student housing was attributed to multiple factors, including readily available market rate rental housing throughout the City. Management of the units had also been an issue, due to the relatively large number of students living in a concentrated area.

**Recommendation:** Housing for students is currently provided in a broad range of local options in Jackson, including market rate housing and some of the City's subsidized projects. Students represent a relatively steady annual demand for rental housing, and have greatly contributed to the high rate of occupancy in most multifamily projects.

At the time of our research for this Study, there was some degree of uncertainty about the future of some popular student rental options. Sunrise Estates, a 40 unit subsidized rental project, has a high rate of student occupancy. According to the manager of this project, a new HUD occupancy rule could prevent single student households under age 24 from living in the project in the future. If this rule is being interpreted correctly, they believed that as many as 75% to 80% of their units would be vacated. This would mean that as many as 30 student households would need to find an alternate rental location in future years. Our rental survey did not find that many vacant units elsewhere in the community.

Another popular student option, River Valley Homes, with 50 subsidized units, has seen a similar rule change proposed for their building, but their research has indicated that the project has the option of adopting this rule, and would not be forced to exclude student renters. It is very possible that these two buildings could have different proposed rules for occupancy, since they operate under different federal subsidy programs. Sunrise Estates has two and three bedroom units that are suitable for families with children, and it is very possible that HUD is attempting to prioritize these resources for families. This approach would be consistent with other family-oriented rental projects that have received some form of federal financial assistance. Conversely, River Valley Homes has primarily small, one bedroom units, that are very appropriate for single occupancy. As a result, younger single renters are a good potential target market.

With this uncertainty in the market, it is difficult to make a student housing recommendation based on need. If Sunrise Estates has the option of retaining its student renters, then there is no compelling need-based reason to add student housing, since existing rental options are sufficient. In this case, there would have to be other reasons to proceed, such as an aid in recruitment, creating a most cohesive campus atmosphere, or similar considerations.

However, if Sunrise Estates, and possibly other subsidized apartments, can no longer house younger student households, than replacement units could be justified. If inadequate housing becomes a problem, the College may lose prospective students, and enrollment could be negatively impacted.

Although only generalized calculations of potential market share can be made, it is possible to make comparisons to other student housing projects. In Thief River Falls, the less successful example, the student housing has been able to achieve a market share of just less than 10% of the full-time student population. In Fergus Falls, the more successful model, market share is estimated to be 15% or greater, depending on the mix of single occupancy to shared occupancy.

If a similar experience could be achieved at Minnesota West, then student housing for between 30 and 50 students would be practical. The proposed project, with housing for 24 students, would be below the level of market share that has been achieved in some other student housing projects.



As the College is well aware, there are potential issues with cost. Based on the College's survey, most students have been finding very affordable units in the past, and have low rent expectations. These expectations could change, if finding housing becomes more difficult.

We would also caution the College to examine its future projected enrollment profile. A recent report issued by the Minnesota State Demographer's Office indicates that the number of high school graduates is expected to decline significantly in Greater Minnesota. In the southwestern portion of the State, the number of high school graduates is expected to decrease by nearly 12% between 2005 and 2010. In the 10-year period between 2005 and 2015, the projected number of graduates will decrease by nearly 25%. While not citing specific numbers, this report cautions that the numbers of high school graduates are also in decline in both Iowa and South Dakota. More detail from the Demographer's report can be found at [www.ohe.state.mn.us/pdf/Enrollment/INSIGHT/InsightApr06.htm#grPeak](http://www.ohe.state.mn.us/pdf/Enrollment/INSIGHT/InsightApr06.htm#grPeak)

Since younger, traditional students will probably be the prime target market for student housing, the College will need to examine whether this population of students is expected to remain stable, or will change in size.

#### **6. Continue to apply for Housing Choice Vouchers/Section 8 Existing Program allocations when available from HUD**

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

Although the federal government provides almost no funding for subsidized housing construction, it has provided new Housing Choice Voucher allocations over the last two decades.

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

At the time of this Study, only two households in Jackson, and 12 households in Jackson County are receiving tenant-based rent assistance. The Program is administered in Jackson County by the Worthington HRA, and the distance to Worthington may be a factor in the relatively low rate of participation in Jackson.

The 2000 U.S. Census showed a substantial number of Jackson renter households with a housing cost burden. In 2000, there were 140 renter households in Jackson that were paying more than 30% of their annual income for rent. Most of these households had annual incomes below \$25,000. This further verifies Jackson's need for additional Section 8 Assistance.

**Recommendation:** From a practical standpoint, the Housing Choice Voucher Program is the single best way that Jackson can provide affordable housing. HUD does not make new incremental assistance available every year, but when new allocations are authorized, we would encourage the community to work with the Worthington HRA, which administers the program in the region, to apply for additional units.

It would also be appropriate to promote the availability of this Program in the community, in an attempt to increase the utilization rate by Jackson residents.

## 7. Maintain and preserve the existing supply of subsidized housing

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

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

Most of the subsidized stock is privately owned. In some communities, privately owned subsidized housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. Subsidized housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today.

Jackson has one project, Riverine Apartments, that appears to be in the process of pre-paying its Rural Development mortgage, and opting-out of the subsidy program. This project has 16 affordable units, including between 9 and 11 units with project-based rent assistance.

We were also told that a second subsidized project, Rolling Hills, a 48 unit project subsidized through USDA Rural Development, was being offered for sale. While this project has not filed a Tenant Impact Statement with the State of Minnesota, a sale can often be an indication of an attempt to leave the subsidy program.

**Recommendation:** MHFA tracks subsidized housing in Minnesota that is at risk of being lost. Owners of subsidized housing that are considering the option to drop their subsidy contract must notify MHFA and the tenants prior to taking any action. At the time of this Study, Riverine Apartments appeared on the MHFA list. Our attempts to gain further information about the current status of this building were unsuccessful.

The City of Jackson and the local housing agencies should check with MHFA on an ongoing basis to determine if any other Jackson subsidized housing projects are considering the option to drop their subsidy contract. In some communities, public or non-profit agencies have been able to purchase projects that are at risk of being lost, in order to preserve the affordable housing resources.

**8. Develop a Crime-Free Multi Family Housing Program**

**Findings:** Jackson has 10 multifamily housing projects with approximately 250 units. A large number of households living in a high density setting can cause an increase in crime related activity, problems between households and tenant / landlord disputes.

Some cities throughout Minnesota have developed a Crime-Free Multi Family Housing Program. A Crime-Free Multi Family Housing Program can provide a variety of services including:

- ▶ Tenant applicant background checks
- ▶ Safety and crime prevention inspections
- ▶ Education on landlord / tenant law and other safety and crime prevention matters
- ▶ Architectural review of new building or building renovation plans (recommendations on integrating safety and crime prevention into the building plans)
- ▶ Other services that will prevent crime and create a safe living atmosphere

**Recommendation:** We recommend that the City of Jackson and the Jackson Police Department develop a Crime Free Multi Family Housing Program.

Cities that have successfully implemented a Crime Free Multi Family Housing Program include Willmar and Northfield.

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## Home Ownership Recommendations

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

Last year, the median owner-occupied home sales price in Jackson was \$65,500, and the average sales price was \$71,211. The relatively low median price provides an excellent market for first-time buyers and households looking for affordable ownership.

Our analysis of area demographic trends shows an increasing population of households in the traditionally strong first-time home buyer range between 25 and 34 years old. There is also very strong growth projected among households age 55 to 64 years old. While most of these middle-aged adult households already own their housing, this group can represent a strong potential market for 'trade-up' housing.

Overall our projections show that demand caused by household growth will primarily be for owner occupancy housing options. Our tenure projections would indicate that 90% or more of the growth-generated demand will be for owned housing. With a majority of the growth in the range above 55 years old, we would also expect growing demand for lower maintenance housing options, such as twin homes or town house developments.

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

### 9. Utilize and promote all programs that assist with home ownership

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

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

Home ownership counseling and training programs can also play a significant role in helping marginal buyers achieve home ownership. Western Community Action has been offering the Home Stretch home buyer training program in Jackson County.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership

training, credit counseling, and down payment assistance may be the mix of incentives that moves potential home buyers into home ownership.

**Recommendation:** Jackson should utilize all available home ownership assistance programs to promote home ownership. The community should also explore the possibility of obtaining specific program set-asides from some of the home ownership programs offered through the Minnesota Housing Finance Agency. Specific set-asides will offer multiple advantages, including a dedicated pool of funds, the opportunity for higher participation limits for income and purchase price, and the flexibility for more local design and control.

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

Other private and nonprofit agencies should also be encouraged to provide home ownership opportunities. Mortgage programs should also be developed that include all households and not just first time home buyers to encourage trade-up housing activity. Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, FANNIE MAE, the Greater Minnesota Housing Fund, and the Minnesota Small Cities Development Program.

#### **10. Utilize the MURL and Purchase/Rehabilitation Programs**

**Findings:** Jackson has a significant stock of older, lower valued homes, some of which need repairs. Our analysis of recent sales activity indicates 50% of the homes in Jackson are valued less than \$65,500. As some of the homes significantly below the median price come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

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

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

Also, if a home is beyond repair, the MURL Program allows the housing agency to demolish the house and construct a new home on the lot. According our survey of housing conditions, there are houses in Jackson that are dilapidated and beyond repair, and it is our understanding that some of these houses could be tax forfeited properties.

Western Community Action administers the MURL Program in Jackson County and has successfully purchased and rehabilitated two houses in Jackson using MURL funds.

The Purchase Plus Program is also an MHFA Program that provides mortgage funds for the purchase and rehabilitation of substandard existing homes. This Program also could be utilized in Jackson. Additionally, United Prairie Bank is considering the development of a program that would provide financing for purchase/rehabilitation.

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

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

The City should work with a local housing agency to utilize the Purchase Plus Program in the City of Jackson, and continue to work with Western Community Action in delivering the MURL Program. The Southwest Minnesota Housing Partnership is also able to administer the MURL Program in Southwestern Minnesota.

## **11. Initiate employer involvement in home ownership programs**

**Findings:** The City of Jackson has several large employers. The connection between economic development and housing availability is becoming an increasingly important issue as low area unemployment rates or the need for workers with specialized skills requires that employers attract new workers into the community. Many of the community leaders that we interviewed for this Study expressed concern that a significant number of Jackson's new or existing work force were not living in the City, but instead were commuting from neighboring communities.

Although the jobs being created may have good wages for the area, many jobs do not pay wages sufficient for workers to buy or improve their housing. Housing for new employees is a concern for employers. Several employers around the state are beginning to accept more responsibility and a more significant role in assisting employees with their housing needs.

**Recommendation:** We recommend an effort to involve employers as partners in addressing Jackson's housing needs. Funding sources such as MHFA, SCDP, the Greater Minnesota Housing Fund and FANNIE MAE have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

Employers have many opportunities to assist with addressing the housing needs of Jackson, including:

- ▶ Direct assistance to the employee for the purchase or construction of a home, utilizing a variety of mechanisms including down payment assistance, loans, grants, forgivable loans, deferred payment loans, guarantee of a lender-financed loan, etc.
- ▶ Financial contribution to an overall city housing project, such as an affordable subdivision, or the construction of rental housing units.
- ▶ Work with the City, the EDA and the HRA to promote Jackson to its work force, and develop initiatives that will encourage employees to live in Jackson.

## **12. Revamp the City's Down Payment Assistance Program**

**Findings:** The City of Jackson has a down payment assistance program known as the Community Purchase Partnership Program.

The Community Purchase Partnership Program provides up to 25% down payment assistance to households with incomes less than 115% of Statewide Median Income per MHFA Guidelines. The down payment assistance will be a 1% fixed rate loan with a maximum of \$15,000. Jackson financial institutions provide 7% fixed rate loans for a maximum of 15 year term for 75% of the home purchase price. The Community Purchase Partnership Program is administered by the Southwest Minnesota Housing Partnership.

It is estimated that there is at least \$90,000 in the Community Purchase Partnership Program fund. No Jackson households have utilized this Program for several years because of the 7% interest rate and the 15 year term.

This fund is a revolving fund that has been used in the past, thus, the City has the option to change the Program to address the City's current needs.

**Recommendation:** We recommend that the City of Jackson coordinate with the Southwest Minnesota Housing Partnership to revamp the Community Purchase Partnership Program to address the City's home ownership needs. Possible changes to the Program include:

- ▶ Lower the interest rate
- ▶ Increase the term of the loan
- ▶ Increase income limits
- ▶ Add to the Program's fund total with local funds or funds from State and Federal agencies
- ▶ Make the construction of a new home eligible for Program financing

- ▶ Publicize the Program regionally
- ▶ Other innovative concepts that will make more households eligible for the Program and concepts that will make the Program more attractive for households to participate



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## Single Family Housing Development

**Findings:** Jackson has experienced some single family housing construction in recent years. Over the past six years, the City has averaged six new single family homes per year. These homes have been primarily in the form of detached single family units, with some twin home construction also occurring.

The attractiveness of the community and the strength of the local economy should result in the continued construction of new homes annually. However, the City's home values for older, existing houses are relatively low, and this may act as a deterrent in increasing the number of new homes that can be constructed annually.

Household growth projections for Jackson indicate demand for owner-occupied housing construction. Most of the growth that is anticipated over the next five years will be among households in the age ranges between 55 and 64 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing. There is also growth projected among younger households, in the 25 to 34 year old range. This group typically represents first time home buyers. Our calculation of projected tenure rates indicates that 90% or more of the net housing demand caused by household growth will be for owner occupied housing.

Our projections expect that the City will add approximately five new households per year, in an average year, through the end of this decade. However, we believe that greater growth potential does exist, if the City successfully captures a larger share of the regional market. It is our opinion that if the City, local housing agencies and housing developers continue to be proactive, then as many as 8 to 10 new houses could be constructed annually in Jackson.

### 13. Lot Availability and Development

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Jackson. There was no definitive list of lots available but our most reliable estimates indicated that a minimum of 29 buildable lots were available in April 2006. There are 19 available lots in the Sunset View Subdivision, three lots in West Ridge Estates, and seven lots in the Ascheman subdivision.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that between 8 and 10 new houses will be constructed per year, the city should have approximately 20 to 25 residential lots available to meet the expected demand. This could include lots that are currently buildable, as well as lots in the advanced planning stages that could be available for the next construction season.

Using this standard, the City currently has an adequate residential lot inventory. Additionally, the Jackson EDA has plans to develop two more phases of the Sunset View Subdivision.

We recommend that the availability of improved lots and lots in the development pipeline should continue to be monitored to make sure that an adequate supply of both single family and attached housing lots are available to accommodate anticipated growth. It should be noted that a 2 ½ year supply of improved lots could result in some developers carrying the costs of lot development for an extensive period of time.

In addition to overall lot availability, there may also be needs for specific types of lots that should be monitored. For example, we believe that attached single family housing in the form of twin homes and town houses will continue to gain an increasing share of the market in future years. Lots to facilitate this style of construction will be needed.

While lot availability may be an issue for the City in the future, it should be stated that developers and the EDA have demonstrated that they can respond to market demands. They have been able to develop an adequate supply of lots to facilitate on-going construction activity.

#### **14. Promote Lot Sales and Home Construction in the Sunset View Subdivision**

**Findings:** The Jackson EDA has developed a 31 lot single family subdivision to stimulate new home construction in the City. To date, 12 of 31 lots have been sold, and seven houses have either been constructed or are under construction.

The EDA owns land adjacent to the Sunset View Subdivision that will accommodate two future phases of additional lot development. The EDA plans to begin development of the next phase when 70% of the lots in phase one have been sold. The initial plans for the second phase include some lots for twin home construction.

The EDA has developed a Spec Builder Program to increase lot sales and home construction. The EDA is also actively marketing the lots.

**Recommendation:** As previously stated, the goal of the City should be 8 to 10 new housing starts per year. Of this total, we are projecting that five to six homes will be constructed in the Sunset View Subdivision annually. To achieve this goal, the EDA must continue to be very proactive in promoting and marketing the Sunset View Subdivision.

The EDA should continue with its Spec Builder Program. The EDA should also attempt to involve local employers in the sale and marketing of the lots, as well as a possible financial commitment to the future phases of development.

The EDA, area housing agencies and local financial institutions should also develop a plan that ensures that all financing mechanisms are available to potential home buyers. These assistance programs should be publicized and be user-friendly.

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**15. Consider the Development of an Affordable New Home Subdivision**

**Findings:** Providing affordable new construction ownership options in Jackson is a priority issue. The City's median household income in 2006 is \$41,676. While this income matches up fairly well with the price of the existing housing stock, households at or near the median income level generally do not have the financial ability to afford the costs associated with new housing construction. Assuming that a household can afford to purchase a house that is approximately 2 ½ times their annual income, a household at the median income level could afford to purchase a house of \$104,190 or less. This leaves a significant gap between affordability and the costs associated with new ownership housing construction, which will generally be more than \$135,000.

Also, Jackson has a large number of older existing houses that are relatively low valued. Based on sales in 2005, the median sales price was \$65,500, and the average sales price was \$71,211. A large value gap exists between the prices for most existing homes and the typical price for a newly constructed home.

Some communities have found it appropriate to become actively involved in affordable new housing construction programs available through the Greater Minnesota Housing Fund, the Minnesota Housing Finance Agency, and/or the Minnesota Small Cities Development Program.

**Recommendation:** We recommend the development of a 10 to 12 lot affordable home subdivision. It is our opinion that a total of 2 to 3 homes could be developed annually in the subdivision, which would be an absorption period of 4 to 5 years to fill the subdivision.

The home prices in the subdivision must be affordable to low and moderate income households, with sale prices preferably under \$110,000. To accomplish this, the City would need to access as many financial resources as possible, to assist with both lot development and home buyer assistance. To achieve this price-point, it is probable that modular or manufactured homes would need to be considered.

In developing an affordable subdivision, the following items should be considered:

- ▶ The subdivision must be as aesthetically acceptable as possible and include the same amenities as other new subdivisions.
- ▶ A private developer, the EDA or a local housing agency could own the development.
- ▶ All financing programs for households should be provided, such as down payment assistance and low interest mortgage programs.
- ▶ The project should be adequately publicized and advertised. Two to three homes is a significant percentage of the City's projected annual housing starts. The project must assist in creating a new housing market by providing an attractive, affordable product.
- ▶ Builders must be user friendly. The process should be as streamlined as possible for the buyers.

- ▶ There should be a variety of home designs in the subdivision.
- ▶ The homes must have permanent foundations.
- ▶ Major employers should be involved in financing and publicity.

#### **16. Promote townhouse, twin home and cooperative housing development**

**Findings:** Jackson has experienced limited attached housing development in recent years. Based on building permit reports, we believe that eight attached housing units, in the form of twin homes, have been built in Jackson between 2000 and 2005. This represents approximately 22% of all single family housing starts over the last six years. Many communities have seen attached housing take an increasingly large share of new construction activity over the last decade.

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

The number of Jackson County households in the 55 to 74 year old age groups is expected to increase by 190 to 200 households between 2005 and 2010. Household growth from empty-nester and younger senior households should result in increased demand for attached single family units throughout the region. It is likely that demand for attached housing units will also be dependent on the product's ability to gain additional market acceptance among the households in the prime target market, and among other households, such as single professionals and single parent families.

A private developer is planning to construct attached single family housing in the second phase of the Sunset View Subdivision. The original plan was to construct nine twin homes, for a total of 18 units. However, the latest concept may be to instead construct 18 units as a cooperatively owned multifamily building.

**Recommendation:** Twin homes and town homes have been a popular option in most communities and it is our projection that these products can continue to be successful in Jackson with the proper location, price point and design. In larger communities with high land prices, it is common to see that 30% to 40% of new housing construction is in the form of attached single family, such as town houses and twin homes. Attached housing construction in communities with lower land costs has continued to rise, but is typically less than 30% of all new construction.

As stated above, Jackson has had some recent construction of attached single family housing, and there are tentative plans for the development of some additional units, either in the form of twin homes or a cooperatively owned project.

It is our opinion that there is adequate demand for the proposed 18 twin home units in Sunset View phase two. This housing option is currently very limited in the community, and we see significant County-wide household growth in the primary target market, of households age 55 to 74 years old. However, the project should be constructed in phases to assure that the price point and unit design are compatible with market expectations. Each phase should be limited to one or two twin homes, so that the project can make adjustments in design or pricing as necessary.

We believe that the proposed cooperatively owned project may have difficulty in a market the size of Jackson. This project would introduce a new type of housing and ownership into the market. It is our understanding that all 18 units would need to be constructed at one time. As a result, the total number of units available for sale would be two to three times the annual volume of new home construction activity in recent years. In other communities, most buyers of cooperative units want to see the finished product before committing to the purchase. While the cost per unit may be less than for the twin homes, this cost savings would be off set by the developer's expenses in owning the cooperative units until they are successfully absorbed. If the style of unit construction would allow this project to be built in smaller phases, then we believe that the cooperative housing would have a better opportunity for success.

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

#### **17. Develop home ownership awareness programs**

**Findings:** Opportunities for new housing construction are sometimes limited because of the lack of information and awareness of financing programs, lots on the market, local builders, etc. This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time home buyers/builders.

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

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

Additionally, the City's "27 Reasons to Build This Year" promotion should be continued, and is an excellent example of promoting the community.

These awareness programs do not have to be “City” projects but could possibly be developed by a City organization or the private sector. With the number of large employers in the City, it will be important to involve these employers in any programs or projects that are designed to create awareness of home ownership opportunities in Jackson. The City should promote these activities region-wide.

### **18. Continue the Spec Builder Program**

**Findings:** The Jackson Economic Development Authority has in coordination with local financial institutions, developed and is implementing a Spec Builder Program for the construction of spec homes in the EDA owned Sunset View Subdivision.

A spec builder who participates in the Spec Builder Program receives up to a \$125,000 interest free construction loan for six months. Also, the spec builder pays an initial \$2,000 for a Sunset View lot and pays the balance for the lot after the house is sold.

The Spec Builder Program is an excellent Program that provides the following:

- ▶ Encourages spec builders to construct homes in the Sunset View Subdivision
- ▶ Reduces the development costs for spec builders
- ▶ With more builders, the Subdivision will have a variety of homes sizes, designs, and price ranges
- ▶ The subdivision will have a larger market and more publicity as each builder will generate its own market and publicity
- ▶ There will be more Community involvement as each spec builder will have a variety of suppliers, subcontractors, etc.
- ▶ Spec builder construction activity will generate additional lot sales and home building as construction activity usually generates additional construction. Also, households will gain confidence in the Jackson housing market when they see that spec builders have confidence in the market

**Recommendation:** We recommend that the Jackson EDA and the local financial institutions continue to implement the Spec Builder Program on an ongoing basis.

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## Housing Rehabilitation

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

The City of Jackson and area housing agencies have been active in housing rehabilitation activities over the years. However, continued emphasis will be needed in the area of rehabilitation. New housing construction has been occurring in a price range that is beyond the affordability level for many Jackson households. Housing options for households at or below the median income level will largely be met by the existing, more affordable housing stock. As this existing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, there is a chance that this affordable stock could shrink, creating an even more difficult affordability situation at the same time the City experiences household growth.

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

### 19. Promote rental housing rehabilitation programs

**Findings:** A majority of Jackson's market rate rental housing exists in single family houses, duplexes, accessory apartments, or other small residential structures. Many of these buildings are in need of repair. The City also has older apartment buildings that could benefit from renovation activity.

It is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants. The City of Jackson also has a relatively low rental rate structure which magnifies the problem. The rehabilitation of older rental units can be one of the most effective ways to preserve decent, safe and sanitary affordable housing.

The City is considering the development of a rental housing inspection program. Rental rehabilitation assistance can often be provided to help property owners address code violations and needed repairs that are identified by the rental housing inspector.

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

The City of Jackson should also access HOME funds. The HOME Program provides funds for rental rehabilitation. The City should encourage rental property owners to apply for HOME funds for rental rehabilitation. The Southwest Minnesota Housing Partnership is the administrator of HOME funds in Jackson County. The Partnership has successfully used HOME funds for the rehabilitation of units at Sunrise Estates.

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**20. Promote ongoing owner-occupied housing rehabilitation efforts**

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

The affordability of the Jackson housing stock will continue to be a major attraction for families that are seeking housing in the area.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. Jackson applied for SCDP funds in 2005, but this application was not successful.

The Minnesota Housing Finance Agency also provides funding for housing rehabilitation. Western Community Action administers the MHFA housing rehabilitation programs for Jackson County, including the MHFA Home Improvement Program and the Fix-Up Fund. Western Community Action also provides Weatherization funds.

The quality of the housing stock in the two older neighborhoods that we surveyed was in relatively poor condition. We found 121 homes in the two neighborhoods that need minor repair, and 61 homes that need major repair. Without rehabilitation assistance, there is the potential that the affordable housing stock will shrink.

**Recommendation:** We recommend that the City of Jackson continue to work with the Southwest Minnesota Housing Partnership to apply for SCDP funds to rehabilitate homes. The SCDP Program has a maximum of \$600,000 for Single Purpose applications and \$1.4 million for Comprehensive applications that address several of the City's needs. The City should designate a neighborhood or target homes that need rehabilitation and apply for SCDP funds.

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

**21. Develop and Implement a Rental Housing Inspection Program**

**Findings:** The City of Jackson does not currently have a Rental Housing Inspection Program, however, a local group is working with the City to develop a Program. Rental Inspection Programs require all rental units in the City to be inspected periodically. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Program is successfully implemented.



The need for a Rental Inspection Program includes the following:

**Health and Safety**

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

**Age of Housing Stock**

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

**Conversions**

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

**Trends of Conversions**

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

**Maintenance Efforts**

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

**High Number of Landlords**

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

**Neighborhood Stabilization**

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

**Zoning and Codes**

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

**Coordination**

- ▶ A rental inspection program provides an accurate record of rental units and owners.
- ▶ The program provides a better opportunity for coordination of city programs and codes.

**Student Population**

- ▶ Jackson has a significant population of students attending Minnesota West. Students are often willing to live in substandard housing because they are often looking for a low cost option, and only plan to stay in the unit for a limited duration. As a result, some landlords do not have a great incentive to maintain and improve their units, if student demand is strong.

**Recommendation:** We recommend the implementation of the Rental Inspection Program to assure that all rental units in Jackson comply with housing laws and codes. The Program should include registration and inspections of rental units. The Program will assure that Jackson rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

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## Other Housing Issues

### 22. Consider the Re-Submission of an Application for Minnesota Small Cities Development Program Funds

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

Jackson applied for SCDP funds in 2005, but the application was not selected for funding. The City had requested the funds for both housing and commercial rehabilitation.

As part of this Study, Community Partners Research, Inc. staff surveyed the housing conditions of 263 homes in two defined neighborhoods in Jackson. We found that over 69% of the homes in these neighborhoods need minor or major housing rehabilitation.

**Recommendation:** With the housing and commercial rehabilitation needs in Jackson, we recommend the re-submission of the SCDP application.

The Minnesota Department of Employment and Economic Development (DEED) is currently revamping the SCDP application process. The City should work with the Southwest Minnesota Housing Partnership to assure that a new application is consistent with the revised Program.

### 23. Acquire and Demolish Dilapidated Structures

**Findings:** Our housing condition survey identified a total of seven homes in the two Jackson neighborhoods that we surveyed that are dilapidated and too deteriorated to rehabilitate. There may be dilapidated homes in other neighborhoods that were not surveyed. To improve the quality of the City's neighborhoods and to maintain the appearance of the community, these structures should be acquired and demolished.

**Recommendation:** The City of Jackson should look for resources to acquire and demolish severely dilapidated structures. Several of the dilapidated structures are on lots that could be utilized for new in fill construction.

### 24. Create a plan and develop coordination among housing agencies

**Findings:** Jackson needs staff resources in addition to existing City and EDA staff to plan and implement many of the housing recommendations advanced in this Study. The City has access to the Jackson Economic Development Authority, the Jackson Housing and Redevelopment

Authority, the Southwest Minnesota Housing Partnership, and Western Community Action. These agencies all have experience with housing and community development programs.

**Recommendation:** The City of Jackson is fortunate to have access to multiple agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address the City's housing needs. The Plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs. The Southwest Minnesota Housing Partnership has worked with communities to develop and implement a housing plan and we recommend that Jackson consider working with the Partnership to develop and implement a housing plan.

## **25. Competition with Other Cities**

**Findings:** During the interview process, several individuals expressed concern regarding the City of Jackson's ability to compete for new development with surrounding cities. It is our opinion that the City of Jackson's household growth and new housing starts over the past several years has been very competitive with other cities in southwestern Minnesota.

**Recommendation:** Although Jackson is competing well with other cities in the Region, the city can enhance its position as a viable location for new households. We recommend the following:

- ▶ Continue to work on the creation of jobs and retail, service and recreational opportunities that make the City a "full service" community
- ▶ Continue to provide lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Provide financing mechanisms for households to build new homes, purchase existing homes and to rehabilitate older homes
- ▶ Preserve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, etc.
- ▶ Publicize and market Jackson throughout the Region
- ▶ One of Jackson's most impressive assets is the large employment base in the City. The involvement of major employers could greatly assist the City in addressing housing needs.
- ▶ Develop a coordinated plan with area housing agencies

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## **Agencies and Resources**

The following local, state and federal agencies administer programs or provide funds for housing programs and projects:

### **Jackson EDA**

Jackson City Hall  
80 West Ashley Street  
Jackson, MN 56143  
Phone: (507) 847-4423  
Contact: Jim Keul, Economic Development Coordinator

### **Jackson HRA**

116 State Street, #414  
Jackson, MN 56143  
Phone: (507) 847-3926  
Contact: DeeAnna Bakken, Executive Director

### **Southwest MN Housing Partnership**

2401 Broadway Avenue, Suite 4  
Slayton, MN 56172  
Phone: (507) 836-8673  
Contact: Rick Goodemann, Executive Director

### **Western Community Action**

400 West Main, Suite 201  
Marshall, MN 56258  
Phone: (507) 537-1416  
Contact: Jill Houseman, Housing Programs Coordinator

## State Agencies

### Minnesota Housing Finance Agency

400 Jackson Street  
Suite 300  
St. Paul, MN 55101  
Tim Marx, Commissioner  
1-800-657-3802

The Minnesota Housing Finance Agency (MHFA) was created by the Minnesota Legislature to provide housing opportunities and financial resources to assist low/moderate income Minnesotans in obtaining decent, safe, energy efficient and affordable housing. MHFA also provides funds to cities for neighborhood redevelopment projects. Programs that MHFA offers that may assist the City in addressing its housing needs follow:

- ▶ **Community Revitalization Fund**  
Description: The Community Revitalization Fund provides a maximum of \$250,000 for the acquisition and clearance of blighted properties.
- ▶ **Minnesota Urban and Rural Homesteading Program (MURL)**  
Description: This program provides grants to purchase substandard homes, rehabilitate the homes and then sell the rehabilitated homes to first time home buyers. The Program is designed to prevent the spread of blight and preserve the existing housing stock.
- ▶ **Minnesota Mortgage Program**  
Description: The Minnesota Mortgage Program provides below-market interest rate mortgage loans for low and moderate income first-time home buyers. The program is provided in cooperation with private mortgage lenders throughout the State.
- ▶ **Home Ownership Assistance Fund**  
Description: The Homeownership Assistance Fund provides monthly payment assistance and down payment assistance to moderate income borrowers purchasing their first homes through an MHFA mortgage revenue bond program. An MHFA loan is provided in the form of a second mortgage loan without interest. The mortgage loan must be repaid on a graduated basis.
- ▶ **Minnesota City Participation Program**  
Description: The Minnesota City Participation Program provides a set-aside of mortgage revenue bond funds for a period of six to nine months to assist communities in meeting identified local home ownership goals.
- ▶ **Community Activity Set-Aside Program**  
Description: The Community Activity Set-Aside Program is an off-shoot of the Minnesota Mortgage Program that allows cities to obtain a set-aside of mortgage funds for a special purpose.
- ▶ **ECHO** - The Entry Cost Homeownership Opportunity fund assists low to moderate-income borrowers to purchase a home by providing loans to help with down payment and closing costs. ECHO is designed to support community-lending programs created by partnerships within communities throughout Minnesota.

- ▶ **Foreclosure Prevention and Rental Assistance Program**  
Description: This program has been designed to assist individuals facing foreclosure or eviction due to a temporary financial crisis by providing case management services and, if applicable, mortgage payment, rental, or other financial assistance on an emergency basis.
- ▶ **Home Stretch Home Buyer Training Program**  
Description: This program provides materials and technical support to communities which want to provide home buyer training and counseling to potential home buyers.
- ▶ **Housing Trust Fund**  
Description: The Housing Trust Fund provides deferred loans without interest for the development, construction, acquisition, preservation and rehabilitation of low income rental housing, limited equity cooperative housing and homes for ownership.
- ▶ **Governor's Affordable Rental Investment Fund (ARIF)**  
Description: The Governor has established a fund to provide gap financing for the development of low/moderate income housing.
- ▶ **New Construction Tax Credit Mortgage/Bridge Loans**  
Description: Financing under this program provides for the construction or substantial rehabilitation of units to be rented to families or individuals with income of up to 60 percent of the area median income.
- ▶ **Low Income Housing Tax Credit Program**  
Description: This program reduces the federal income tax liability of qualifying rental property owners for up to ten years. Units must be available for low and moderate income tenants for at least 15 years.
- ▶ **HOME Rental Rehabilitation Program**  
Description: This program will provide grants to rehabilitate privately owned rental property to support affordable, decent, safe and energy efficient housing for lower income families.
- ▶ **Rental Rehabilitation Loan Program**  
Description: Property improvement loans are available to residential rental property owners.
- ▶ **Low and Moderate Income Rental Program**  
Description: This program makes mortgage funds available for the acquisition and rehabilitation or new construction/conversion of rental apartment buildings housing low and moderate income people.
- ▶ **Rent Assistance for Family Stabilization**  
Description: This program provides rental assistance payments to families on public assistance who are enrolled in self-sufficiency programs to become self-supporting and who reside in a county in which the Section 8 Fair Market Rents (HUD) are in the highest one-third of the average rents in the state.
- ▶ **Accessibility Loan Program**  
Description: Deferred payment loans may be available to low income homeowners for improvements directly related to the basic housing needs of a physically disabled person.
- ▶ **Deferred Loan Program**  
Description: Deferred payment loans assist low income homeowners in financing home improvements directly affecting the safety, habitability, energy efficiency and accessibility of their homes.

- ▶ **Home Energy Loan Program**  
Description: This program enables homeowners to increase the efficiency of the existing housing stock.
- ▶ **Revolving Loan Program**  
Description: This program provides rehabilitation financing to low and moderate income homeowners who are unable to qualify for other types of assistance.
- ▶ **The Great Minnesota Fix-Up Fund**  
Description: Property improvement loans available State-wide to assist homeowners in increasing the livability and energy efficiency of existing housing. Loans are made to homeowners by locally participating banks, credit unions and housing agencies.

**Minnesota Department of Employment and Economic Development**

1<sup>st</sup> National Bank Building  
332 Minnesota Street, Suite E200  
St. Paul, MN 55101  
Paul A. Moe, Community Assistance Director  
1-800-657-3858

The Minnesota Department of Employment and Economic Development (DEED) is a State agency that provides programs and funding for housing, community, and economic development. Each year DEED receives approximately \$20 million from the federal government through the Community Development Block Grant Program. DEED uses this money for the Small Cities Development Program, an annual competition among small cities, townships and counties for housing, public facilities, and economic development projects. Approximately 90 jurisdictions submit applications each year and normally 30 applications are selected for funding.



**Greater Minnesota Housing Fund**

332 Minnesota Street  
Suite 1432 East  
St. Paul, MN 55101  
Warren Hanson, President  
Telephone 1-800-277-2258  
Fax (651) 221-1904

The Greater Minnesota Housing Fund (GMHF) is a nonprofit organization committed to supporting affordable housing development for working families in the 80 Minnesota counties outside of the Twin Cities metro area. Funded with \$25 million from the Blandin and McKnight Foundations, GMHF helps communities assemble project resources and provides modest gap financing. The fund also undertakes research and development on the best practices in affordable housing development, cost control and design techniques, employer assisted housing, public policy analysis, and the identification of other unmet housing needs in Greater Minnesota.

The purpose of the Greater Minnesota Housing Fund is to assist the creation of affordable housing in areas of economic growth in rural Minnesota. GMHF will provide this assistance through gap financing in the form of low or no interest loans and/or deferred loans, loan guarantees and letters of credit. Matching funds will only be provided as part of a specific GMHF program.

**Federal Agencies****Department of Housing and Urban Development**

220 Second Street South  
Minneapolis, MN 55401  
(612) 370-3000

The Department of Housing and Urban Development (HUD) is the primary federal agency for administering housing and community development programs. HUD programs that are actively used by Minnesota communities include Public Housing, Section 8 Rent Assistance, privately owned and non-profit owned subsidized housing, the HOME Program, and the Community Development Block Grant Program delivered through the Small Cities Development Program.

**USDA Rural Development**

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

USDA Rural Development, formerly the Farmers Home Administration (FmHA), provides loans and grants in rural areas to finance housing related needs. Rural areas include populations with cities under 20,000. Programs which may assist the City include:

- ▶ **502 and 504 Housing Rehabilitation Programs**  
Description: Loans and grants are provided for rehabilitation of substandard housing occupied by low/moderate income households.
- ▶ **Rural Housing Preservation Grants**  
Description: Housing rehabilitation grants are provided for communities to address specific housing needs in the community.
- ▶ **Rural Housing Site Loan**  
Description: This program is to assist public or private nonprofit organizations interested in providing sites for housing, to acquire and develop land in rural areas.

**Federal National Mortgage Association (Fannie Mae)**

386 North Wabasha  
Capital Centre Suite 1026  
St. Paul, MN 55102  
(651) 298-9356

Fannie Mae is a Congressionally Chartered, private shareholder owned company that works to make sure that mortgage money is available to people in communities all across America. In May 1995, Fannie Mae announced plans for House Minnesota, which will provide \$6 billion in affordable home financing for more than 80,000 low, moderate and middle income Minnesota Families.

- ▶ **Fannie97**  
Description: This mortgage allows home buyers to make a down payment of as little as 3 percent.
- ▶ **Community Home Buyer's Program**  
Description: A variety of different mortgage programs are available to meet different needs, including down payment assistance, lower closing costs, and less income and higher debt options.

**Federal Home Loan Bank of Des Moines**

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

- ▶ **Affordable Housing Program**  
Description: This program is to subsidize the interest rate on advances or provide direct subsidies to member institutions engaged in lending for long-term, very low, low and moderate income owner-occupied and affordable rental housing at subsidized interest rates.
- ▶ **Community Investment Advance Program**  
Description: This program is designed to encourage member financial institutions to provide favorable financing for home ownership and rental housing occupied by families with incomes below 115 percent of area median, and commercial and economic development activities that benefit and/or are located in low and moderate income neighborhoods.

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## Glossary of Terms

**Affordable Housing** - Affordable housing is a relative term, depending on the income level of a specific household. General standards for rental affordability are 30% of household income for housing expenses. In ownership housing, affordability is often defined by mortgage industry lending standards, which generally allow 28% to 31% of gross household income for housing expenses including principal, interest, taxes and insurance. In this study, we have defined ownership affordability as 2 ½ times the median household income estimate. We have defined affordable rental as 30% of the median household income.

**Annexation** - A process of one governmental entity acquiring land from another governmental entity. Usually cities acquiring land from adjacent townships for the purpose of development expansion.

**Assisted Living** - A senior housing arrangement which incorporates independent housing with a limited service package which typically includes three meals per day, 24-hour supervision, housekeeping, linen service, activities and limited personal care assistance.

**Board and Lodging Facility** - A group housing arrangement which typically includes a private sleeping room, a private or shared bathroom, group eating and living quarters and three meals per day.

**Bonding Capacity** - The maximum financial burden for which a governmental entity is allowed to bond.

**C-40 Construction Reports** - A monthly and annual summary of the number and valuation of new privately owned housing units authorized in permit-issuing places. This is prepared by the U.S. Department of Commerce, Economics and Statistics Administration, Bureau of the Census.

**Community Action Programs** - Community action programs provide transitional housing for needy families; conservation, energy assistance and weatherization grants and loans to low-income families; and rehabilitation and repair grants and loans to homeowners.

**Claritas** - A leading provider of demographic data including information from census years 1980 and 1990 as well as current year estimates and five year projections. The major demographic information relates to population, households, income and housing data. A for-profit company.

**Congregate Housing** - A senior housing arrangement which incorporates independent housing with a limited service package which typically includes one meal per day, 24-hour emergency response, weekly light housekeeping and an activities program.

**Cooperatives** - A multi-family facility where each unit is independently owned by the tenant and an annual fee is assessed for maintenance and upkeep.

**Demographics** - Characteristics of a population including age, sex, income, households, etc.

**Developers** - Persons coordinating the construction of housing and commercial/industrial buildings.

**Developmentally Disabled** - A person with a disability which limits them from normal function in society, originated prior to age 18 and is expected to continue indefinitely.

**Economic Development Authority (EDA)** - The Economic Development Authority is a governmental entity whose purpose is to spur new economic development in their locale or region.

**Essential Function Bonds** - Tax exempt general obligation or housing revenue bonds authorized for use by Housing and Redevelopment Authorities and Economic Development Authorities.

**Fair Market Rents** - Rents set at 40% of the median rent of the area. These rents are used in the Section 8 Existing Rent Assistance Program to define acceptable rent levels.

**Farmers Home Administration (FmHA)** - Now known as Rural Development, this government agency provides five major single-family home loan programs in Minnesota. In addition, RD administers a multi-family loan program.

**General Obligation Bonds** - Tax-exempt municipal bonds owned and backed by the full faith and credit of the city which owns the housing project.

**General Occupancy Housing** - Multi-family rental housing with no income, age or physical disability limitations.

**Greater Minnesota Housing Fund** - The Greater Minnesota Housing Fund (GMHF) is a nonprofit organization committed to supporting affordable housing development for working families in the 80 Minnesota counties outside of the Twin Cities metro area. Funded with \$25 million from the Blandin and McKnight Foundations, GMHF helps communities assemble project resources and provides modest gap financing. The fund also undertakes research and development on the best practices in affordable housing development, cost control and design techniques, employer assisted housing, public policy analysis, and the identification of other unmet housing needs in Greater Minnesota.

**Group Homes** - Supervised housing designed to accommodate the needs of like individuals in a group setting. Typically, each resident has a private sleeping room with a shared bathroom, eating area and living quarters.

**Housing and Redevelopment Authority (HRA)** - A public body organized under Minnesota statutes 469.001 to 469.047. This authority gives cities, counties and multi-county jurisdictions

the power to coordinate low income housing and single family, multi-family and commercial building rehabilitation for the purpose of providing affordable housing, economic development, and redevelopment.

**Housing Revenue Bonds** - Tax-exempt municipal bonds backed by the revenues of the housing project they are used to finance.

**Housing Tax Credits** - Federal income tax credit for investors who invest in new construction or substantial rehabilitation of low income rental housing.

**Housing and Urban Development Agency (HUD)** - Currently in a state of transition, the Department of Housing and Urban Development is facing funding uncertainty. However, plans are underway for three block-style grant programs called Housing Certificates for Families and Individuals, Community Opportunity Fund, and the Affordable Housing Fund. Other plans call for public housing to move from project-based assistance to tenant-based rent vouchers and for consolidation of nine programs into the Public Housing Capital Fund.

**Independent Housing** - Multi-family housing designed for persons capable of maintaining an independent lifestyle free of ongoing support services such as nursing or personal care assistance.

**Infrastructure** - In a community setting, these are the public utilities and municipal source and treatment facilities.

**Low Income Elderly Housing** - Government subsidized housing set aside for occupancy by persons over the age of 62 with incomes below a level annually set by the Housing and Urban Development Agency. Representative housing types would include Rural Development 515, HUD Section 8 or 202, and public housing. The tenant usually pays up to 30% of their income toward rent, with the federal government paying the difference between the 30% level and the fair market rent of the area.

**Low Income Family Housing** - Government subsidized housing set aside for occupancy by anyone with an income below a level annually set by the Housing and Urban Development Agency. Representative housing types would include Rural Development 515, HUD Section 8 or 202, and public housing. The tenant usually pays up to 30% of their income toward rent, with the federal government paying the difference between the 30% level and the fair market rent of the area.

**Market Rate Housing** - General occupancy, family and elderly multi-family rental housing without government subsidies. The tenant must pay the full amount of rent as established by the building owners.

**Median Family Income** - The median value divides a distribution into two equal parts, one-half of the values being above the median and the other half being below the median. A family is a household containing two or more persons related by birth, marriage or adoption.

**Median Household Income** - The median value divides a distribution into two equal parts, one-half of the values being above the median and the other half being below the median. Households include all persons who occupy a housing unit, including families, one person households, and unrelated individuals living together.

**Minnesota Department of Employment and Economic Development (DEED)** - State government agency responsible for economic development, community development, trade and tourism activities. Also responsible for tracking employment, unemployment, labor force and wage data for the State. DEED administers the Small Cities Development Program, which is an annual competition of cities and counties for grant funds for housing, community development and public facilities projects.

**Minnesota Housing Finance Agency (MHFA)** - Addresses housing needs of Minnesotans through financial and technical assistance. While its largest funding source is the sale of tax-exempt revenue bonds, it is also backed by MHFA earnings and the federal and state governments.

**Minnesota Housing Partnership** - MHP's mission is to advance the preservation and creation of housing affordable to low- and moderate-income people as a means of strengthening communities and families throughout Minnesota.

**Minnesota State Demographer** - The state agency responsible for tracking and analyzing housing data including household and population changes as well as income information for all communities in the state.

**Mobile Home** - For this study we have defined mobile homes as a structure type, independent of actual mobility. When references are made to mobile homes, we mean traditional, "single wide" units, regardless of the presence of wheels or a permanent foundation. "Double-wide" mobile homes are often difficult to distinguish from other single family homes. The only double-wide homes that are included in mobile home data in this study are those double-wides that are located in mobile home parks and are taxed as personal property.

**Moderate Income Housing** - Multi-family housing constructed for persons with incomes between 50 percent and 115 percent of the annual median income for the area.

**Modular Home** - As used in this study, modular home refers to a housing unit that was constructed at a remote location and moved to the lot, rather than built on site. Some modular homes are constructed and shipped as two separate components. Others are factory built as component pieces and are assembled on site.

**Multifamily Housing** - A housing facility consisting of more than one household structure.

**Housing Study** - A housing study of a predetermined market area which assesses the housing needs of all types of housing (i.e., low income apartments, moderate income apartments, market rate apartments, congregate apartments, and single family homes) for the purpose of identifying particular housing needs.

**Public Housing** - Federally funded low rent housing program through HUD that provides low income housing in family and elderly multi-family housing buildings.

**Rehabilitation** - Renovation or repair of existing structures mainly residential in nature, but could include mixed use and commercial buildings as well.

**Rental Assistance** - State and federal assistance to help make rental housing more affordable for low income renters. This program is both project based where a building is established as a rental assistance facility, and tenant based, where the renter can utilize rental assistance wherever they reside.

**Residential Alzheimer's Unit** - A group housing facility, located in a residential, non-institutional setting, designed to accommodate small numbers (usually 10-12) of persons with early stages of Alzheimer's Disease.

**Rural Development (RD)** - Formerly known as the Farmers Home Administration of the U.S. Government, RD provides five major single-family home loan programs in Minnesota. In addition, RD administers a multi-family loan program.

**Scattered Site Housing** - Multiple family housing units comprising four units or less spread throughout a community or region.

**Single Family Home** - A housing structure which is independent and detached from any other housing structure with the intent of providing housing for one family unit.

**Single Family Attached Home** - A housing structure which is physically attached to another housing unit, such as half of a twin home, or a town house unit. Single family attached housing is usually used to define a unit that is attached, but typically individually owned. Town house units that are used for rental housing are generally referred to as multifamily units, since the individual units are not owned separately.

**Student Housing** - Multiple housing facilities constructed for the intent of providing housing for post high school students. This may or may not be located on a school campus.

**Subsidized Housing** - Housing designed for persons with annual incomes lower than 80 percent of the median annual income for the area. Residents are required to pay no more than 30% of their annual income for rent. The Federal Government pays the remaining portion of their rent if it exceeds 30% of their income.

**Tax Increment Financing (TIF)** - Taxes on the increased or incremental value of the assisted property are captured for a limited time and used to pay debt service costs on any debt that was incurred to finance those development costs.

**Upscale Elderly Housing** - Housing designated solely for persons over age 55 which features a variety of amenities. The rents are usually set at the upper quartile of rents for the area.



**Upscale Family Housing** - Housing open to anyone that can afford to pay the higher rents usually represented by the upper quartile of rents for the area. These buildings usually feature a variety of amenities for use by the tenants, thereby justifying the higher rents. They typically represent apartments with large square footage and unique design characteristics.

**Windshield Survey** - A method of judging housing condition that is based on a street viewing of a structure's visible, exterior condition. While a windshield survey can identify exterior defects, it does not assess interior conditions or mechanical systems.