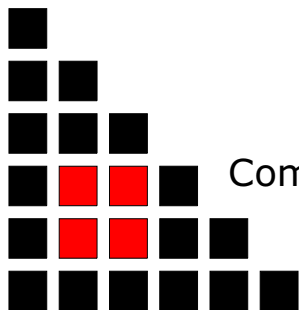


# City of Jackson HOUSING STUDY

April 2013

An updated analysis of the overall housing needs  
of the City of Jackson



Community Partners Research, Inc.

1011 Newhall Drive

Faribault, MN 55021

**List of Sections**

	<b><u>Page</u></b>
<b>Introduction</b>	<b>2</b>
<b>Demographic and Projection Data</b>	<b>4</b>
<b>Existing Housing Data</b>	<b>28</b>
<b>Rental Housing Inventory</b>	<b>31</b>
<b>Employment and Local Economic Trends Analysis</b>	<b>42</b>
<b>Findings and Recommendations</b>	<b>47</b>
<b>Agencies and Resources</b>	<b>95</b>

# 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 Jackson Economic Development Authority to conduct a study of the housing needs and conditions in the City. Community Partners Research, Inc., has completed previous housing studies for the City of Jackson in 2006 and 2009, and a rental housing survey in 2010. We have utilized this past research as part of the analysis that was used for this 2013 Study.

## Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data including the 2010 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 December 2012 to February 2013. Data sources included:

- U.S. Census Bureau
- Minnesota State Demographer
- 2011 American Community Survey
- Records and data from the City
- Records and data maintained by Jackson County
- Interviews with staff from the City, the EDA and the HRA

- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions including bankers, realtors, and property managers
- 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.

This study was prepared by:

**Community Partners Research, Inc.  
1011 Newhall Drive  
Faribault, MN 55021  
(507) 838-5992  
cpartners@charter.net**

## **Section Table of Contents**

	Page
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2000 to 2010	7
Population Projections	9
Household Data and Trends	10
Household by Age Trends: 2000 to 2010	11
Average Household Size	13
Household Projections	14
Household Projections by Age	15
Households by Type	17
Housing Tenure	18
Tenure by Age	19
Tenure by Household Size	20
2011 Income Data	21
Jackson Household Income Distribution	22
Jackson County Household Income Distribution	23
Jackson Income Distribution by Tenure	24
2010 Estimated Income and Housing Costs - Renters	26
2010 Estimated Income and Housing Costs - Owners	27

## **Demographic Data Overview**

### **Sources of Data**

The following pages contain demographic data obtained from a variety of local, state and national sources for the City of Jackson and Jackson County. At the time that research was completed for this Study, the 2010 Census information was available. However, the 2010 Census was more limited in scope than in the past. As a result, some of the demographic variables, such as income and housing cost information, were not available.

To supplement the decennial Census, the Census Bureau has created the American Community Survey, an annual sampling of households. The American Community Survey provides detailed demographic characteristics, replacing information once collected by the decennial Census. However, because the American Survey is based on sampling data, there is a margin of error that exists for each estimate. The following tables incorporate the 2010 Census data, when available, or the 2011 American Community Survey data.

The frequency of American Community Survey estimates vary depending on the size of the jurisdiction. For most jurisdictions in Minnesota, the 2011 estimates were derived from sampling that was done over a five-year period, between 2007 and 2011. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

## Population Data and Trends

<b>Table 1 Population Trends - 1980 to 2010</b>						
	1980 Population	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010
Jackson	3,797	3,559	3,501	-1.6%	3,299	-5.8%
Jackson County	13,690	11,677	11,268	-3.5%	10,266	-8.9%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, both Jackson and Jackson County lost population between 2000 and 2010. Jackson’s population was 3,299 in 2010. This is a 202-person decrease since 2000, which is a population loss of 5.8%. Jackson County’s population was 10,266 in 2010. This is a 1,002-person decrease since 2000, which is a population loss of 8.9%.
- ▶ Jackson and Jackson County also experienced population decreases in the 1990s. Jackson’s population decreased by 58 people and Jackson County’s population decreased by 409 people from 1990 to 2000.
- ▶ Jackson’s population is primarily white and non-Hispanic. At the time of the 2010 Census, 94.8% of the City’s residents identified their race White, with the Asian population representing approximately 4.2% of the City total. Approximately 0.9% of Jackson’s population was Black or African American and 0.7% was Native American. Approximately 1.8% of the City’s residents were identified as Hispanic/Latino.
- ▶ According to the 2010 Census, 75 Jackson residents lived in group quarters.
- ▶ The Minnesota State Demographer has issued 2011 population estimates. For the City of Jackson the 2011 estimate was 3,294 people, down five people from the 2010 Census count.
- ▶ For Jackson County, the most recent estimate from the State Demographer shows 10,203 people in 2011, down 63 people from the 2010 Census. However, another countywide estimate also exists from the Census Bureau for 2012. This estimate shows the County adding 15 people from 2010. If this Census Bureau estimate is correct, Jackson County’s population has remained relatively stable over the past few years.

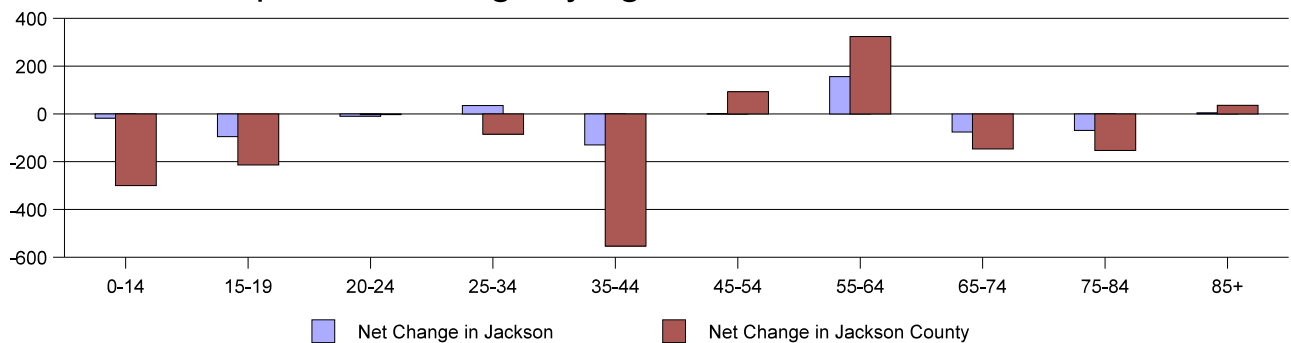
## Population by Age Trends: 2000 to 2010

The release of demographic information from the 2010 Census allows for some analysis of the changing age patterns for Jackson and Jackson County. The following table compares population by age in 2000 and 2010, along with the numeric changes.

Table 2 Population by Age - 2000 to 2010						
Age	Jackson			Jackson County		
	2000	2010	Change	2000	2010	Change
0-14	645	627	-18	2,193	1,893	-300
15-19	310	215	-95	884	670	-214
20-24	196	186	-10	477	474	-3
25-34	357	392	35	1,141	1,056	-85
35-44	499	369	-130	1,715	1,162	-553
45-54	465	466	1	1,516	1,609	93
55-64	252	408	156	1,034	1,358	324
65-74	296	220	-76	1,031	884	-147
75-84	315	246	-69	891	738	-153
85+	166	170	4	386	422	36
Total	3,501	3,299	-202	11,268	10,266	1,002

Source: U.S. Census

### Population Change by Age Between 2000 and 2010



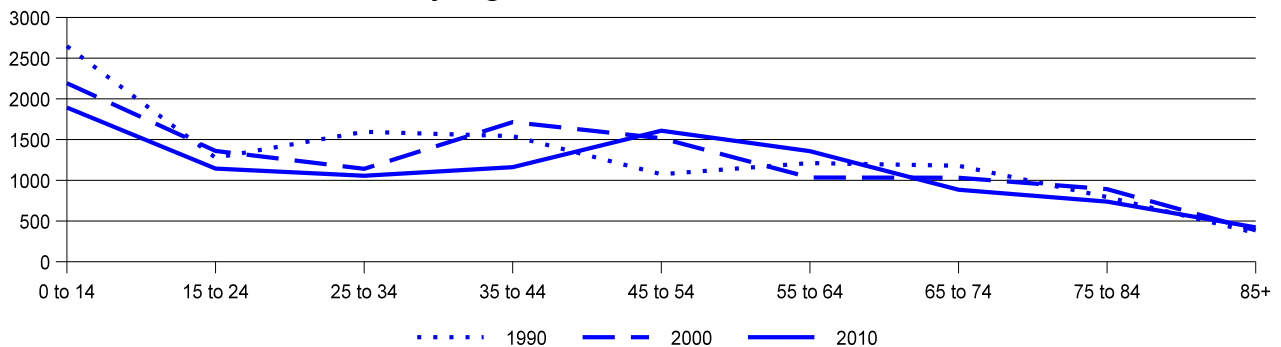


For many years, demographic analysts have been talking about the impact that is occurring as the large “baby boom” generation moves through the aging cycle. This trend has been evident in Jackson and Jackson County.

Between 2000 and 2010, Jackson had a net gain of 157 people and Jackson County had a gain of 417 people in the age ranges between 45 and 64 years old. In 2010, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, is reflected in the numeric net gain in the 45 to 64 age ranges.

The City and County also had an increase of older senior citizens, age 85 and older. There was a gain of four people in Jackson and a gain of 36 people in Jackson County in the age 85 and older age range.

**County Age Distribution: 1990 to 2010**



The aging trends present in Jackson in 2010 can be traced back over the previous decades to see the movement of the baby boom generation over the last 20 years in Jackson County.

## Population Projections

The following table presents population projections to the year 2015. Community Partners Research, Inc., has calculated projections based on past patterns of population change. The 20-year growth trend is based on the rate of change between 1990 and 2010, using the 1990 and 2010 Census. The 10-year growth trend uses the same methodology, but calculates an annual growth rate from 2000 to 2010.

<b>Table 3 Population Projections Through 2015</b>			
	2010 Population Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Jackson	3,299	3,204	3,239
Jackson County	10,266	9,810	9,956

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

- ▶ The growth projections based on 10- and 20-year growth trends estimate population losses from 2010 to 2015 for the City of Jackson and Jackson County.
- ▶ The 10- and 20-year growth trend population projections for Jackson estimate a decrease of 60 to 95 people by 2015.
- ▶ Jackson County’s population, based on 10- and 20-year growth trends, is projected to lose between 310 and 456 people from 2010 to 2015.

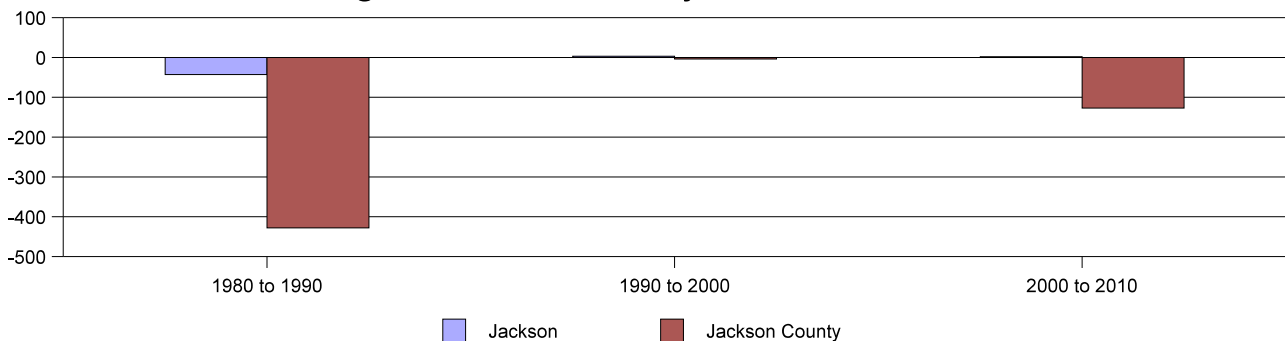
## Household Data and Trends

<b>Table 4 Household Trends - 1980 to 2010</b>						
	1980 Households	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010
Jackson	1,527	1,484	1,487	0.2%	1,489	0.1%
Jackson County	4,988	4,560	4,556	-0.1%	4,429	-2.8%

Source: U.S. Census

- ▶ According to the 2010 U.S. Census, Jackson gained households but Jackson County lost households from 2000 to 2010.
- ▶ Jackson had 1,489 households in 2010. This is an increase of two households since 2000, which is a household gain of 0.2%.
- ▶ Jackson County had 4,429 households in 2010. This is a loss of 127 households, which is a household decrease of 2.8%.
- ▶ Jackson gained households and Jackson County experienced household losses during the 1990s. Jackson gained by three households and Jackson County had a decrease of four households from 1990 to 2000.

**Net Change in Households by Decade: 1980 to 2010**



- ▶ The Minnesota State Demographer has also issued 2011 household estimates. For the City of Jackson, the estimate shows a household count of 1,491, up two households from the 2010 Census. For Jackson County, the 2011 estimate was 4,422 households, down seven households from the 2010 Census.

## Household by Age Trends: 2000 to 2010

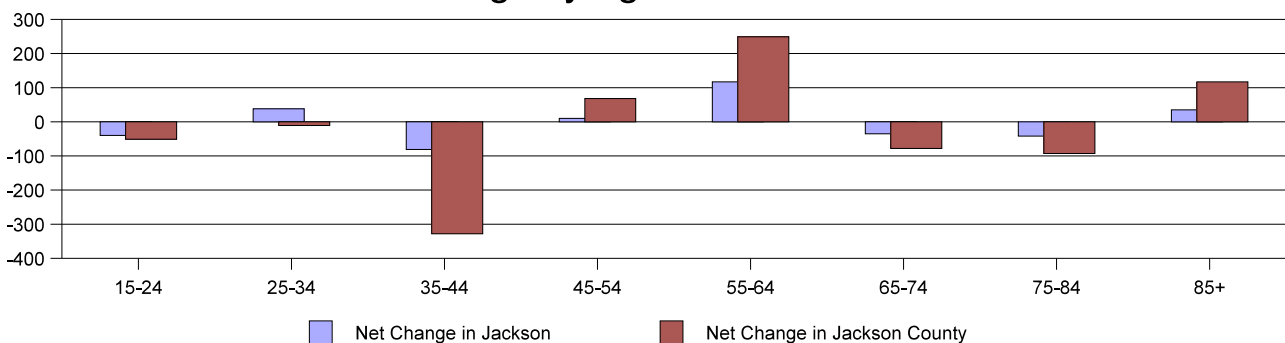
The 2010 Census allows for some analysis of Jackson’s and Jackson County’s changing age patterns. The following table compares households by age of householder in 2000 and 2010, along with the numeric changes.

<b>Table 5 Households by Age - 2000 - 2010</b>						
Age	Jackson			Jackson County		
	2000	2010	Change	2000	2010	Change
15-24	139	99	-40	228	177	-51
25-34	185	223	38	569	558	-11
35-44	284	203	-81	939	611	-328
45-54	268	278	10	842	910	68
55-64	149	266	117	569	818	249
65-74	175	140	-35	612	534	-78
75-84	208	166	-42	601	508	-93
85+	79	114	35	196	313	117
Total	1,487	1,489	2	4,556	4,429	-127

Source: U.S. Census

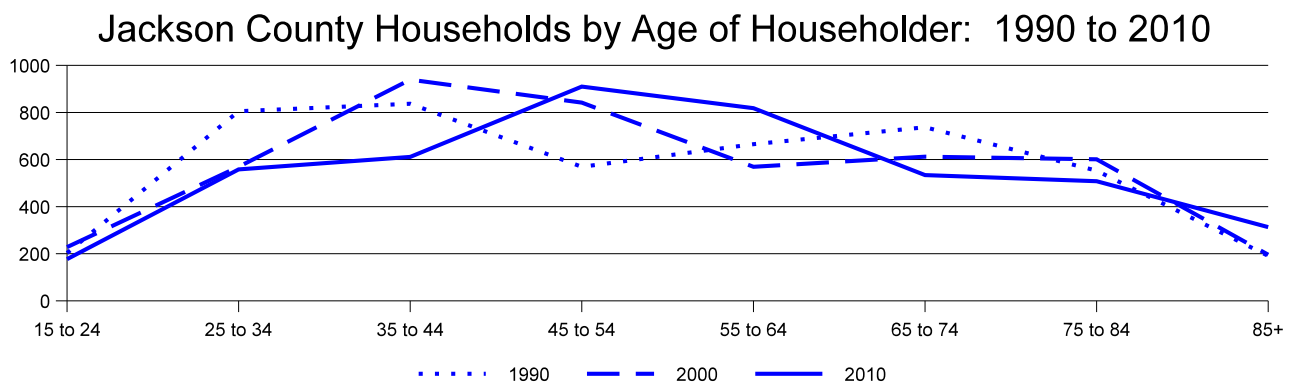
Consistent with the population by age data presented earlier, the household patterns show most of the net change occurring in the baby boomer age groups. For both Jackson and the Jackson County, there was a large net growth in households in the age ranges between 45 and 64 years old. For all of Jackson County there was an increase of 317 households in these age ranges.

**Household Change by Age Between 2000 and 2010**



Jackson and Jackson County had a net decrease in the number of households age 44 and younger. In 2010, Jackson had 83 fewer households and Jackson County had 390 fewer households in the age groups less than 45 years old, than in the year 2000.

For Jackson and Jackson County there was an increase in the number of older senior-headed households. From 2000 to 2010, Jackson gained 35 households and Jackson County gained 117 households, age 85 and older.



As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 30 years in Jackson County, using Census information for households by the age of householder.

## Average Household Size

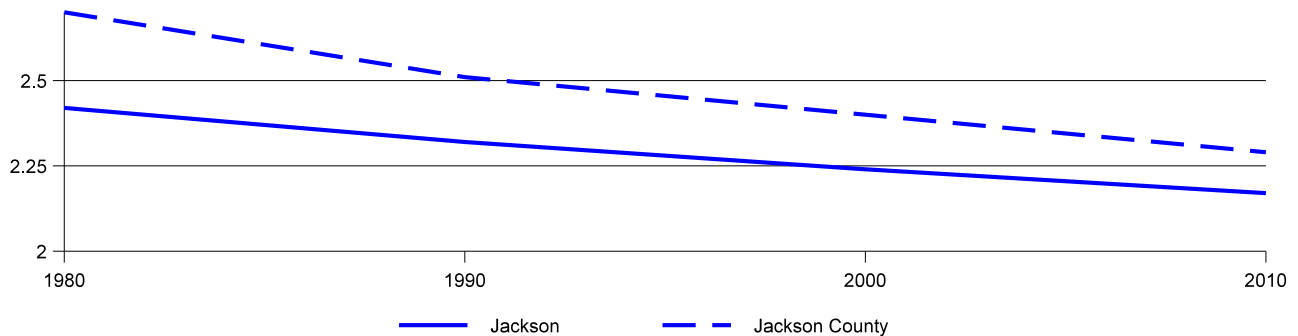
The following table provides decennial Census information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2010</b>				
	1980 Census	1990 Census	2000 Census	2010 Census
Jackson	2.42	2.32	2.24	2.17
Jackson County	2.70	2.51	2.40	2.29

Source: U.S. Census

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

Average Household Size: 1980 to 2010



The average household size in Jackson and Jackson County has continued to decrease over the past three decades. In Jackson, the average household size has decreased from 2.42 persons per household in 1980 to 2.17 persons in 2010.

Jackson County’s average household size decreased from 2.70 in 1980 to 2.29 in 2010.

## Household Projections

The following table presents household projections for Jackson and Jackson County using two different calculation methods. Both of these calculations have been generated by Community Partners Research, Inc., and are based on the rate of change that was present between 2000 and 2010, and between 1990 and 2010.

<b>Table 7 Household Projections Through 2015</b>			
	2010 Census	2015 Projection from 10-year trend	2015 Projection from 20-year trend
Jackson	1,489	1,490	1,490
Jackson County	4,429	4,367	4,396

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

- ▶ The growth projections based on 10- and 20-year trends estimate household losses for Jackson County and a slight household gain for the City of Jackson.
- ▶ From 2010 to 2015, the projections for Jackson estimate a gain of one household.
- ▶ Jackson County is projected to decrease by 33 to 62 households from 2010 to 2015.

## Household by Age Projections: 2010 to 2015

With the release of the 2010 Census, a new benchmark has been established for Jackson County age-related statistics. In the following table, Community Partners Research, Inc., has generated age-based household projections for Jackson County to the year 2015.

The projections were created by Community Partners Research, Inc., by trending forward past retention rates within defined age cohorts, and assuming that these past patterns are a reasonable predictor of future age-based population changes.

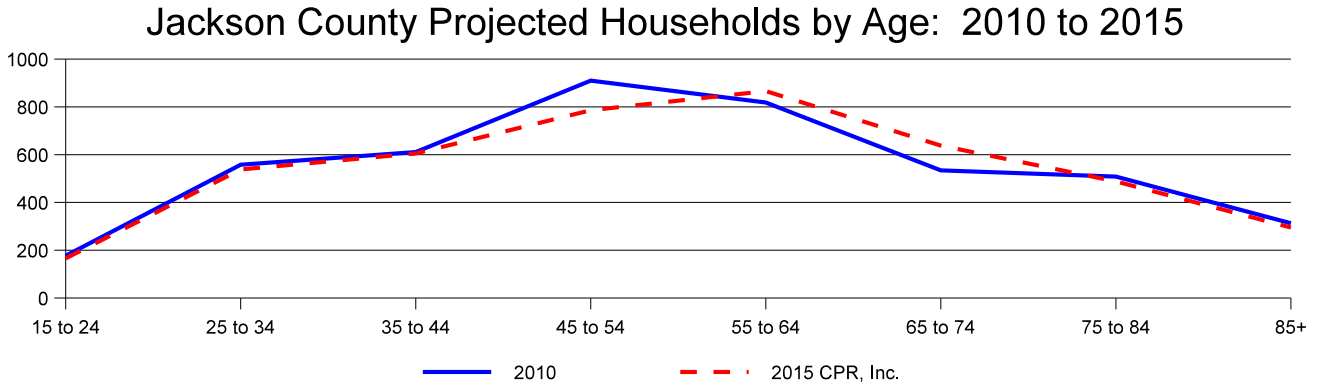
The projections assume that historical patterns will continue into the near-future, especially related to household formation and household size within specific age groups. If the County loses population at a rate that is slower than past patterns would suggest, traditional age-based forecasts could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

<b>Table 8 Jackson County Projected Households by Age - 2010 to 2015</b>			
Age Range	2010 Census	Community Partner Research	
		2015 Projection	Change from 2010
15-24	177	166	-11
25-34	558	538	-20
35-44	611	605	-6
45-54	910	786	-124
55-64	818	866	48
65-74	534	638	104
75-84	508	488	-20
85+	313	295	-18
Total	4,429	4,382	-47

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



The following line chart shows the progression of the age ranges from 2010 to 2015.



The Community Partners Research, Inc., projections estimate a loss of 37 households in the 15 to 44 age ranges. The 45 to 54 age range is projected to lose 124 households. The 75 and over age ranges are projected to lose 38 households.

All of the 'baby boomer' generation will be in the 55 to 74 age ranges. This is reflected by the growth that is anticipated in these age ranges. Jackson County is projected to increase by 152 households in these age ranges by 2015.

## Households by Type

The 2010 Census can be compared to statistics from 2000 to examine changes in household composition. The following table looks at household trends within the City of Jackson.

<b>Table 9 Jackson Household Composition - 2000 to 2010</b>			
	2000 Census	2010 Census	Change
Family Households			
Married Couple with own children	285	225	-60
Single Parent with own children	119	159	40
Married Couple without own children	443	410	-33
Family Householder without spouse	40	62	22
Total Families	887	856	-31
Non-Family Households			
Single Person	540	565	25
Two or more persons	60	68	8
Total Non-Families	600	633	33

Source: U.S. Census

Between 2000 and 2010, Jackson experienced losses in the total number of family households. The family household losses were due to a decrease in the number of married couple families with children and without children. The City had an increase in single parents with children.

The City had a net increase in "non-family" households. This was primarily due to an increase in single person households, although, there also was an increase in the number of unrelated individuals living together.

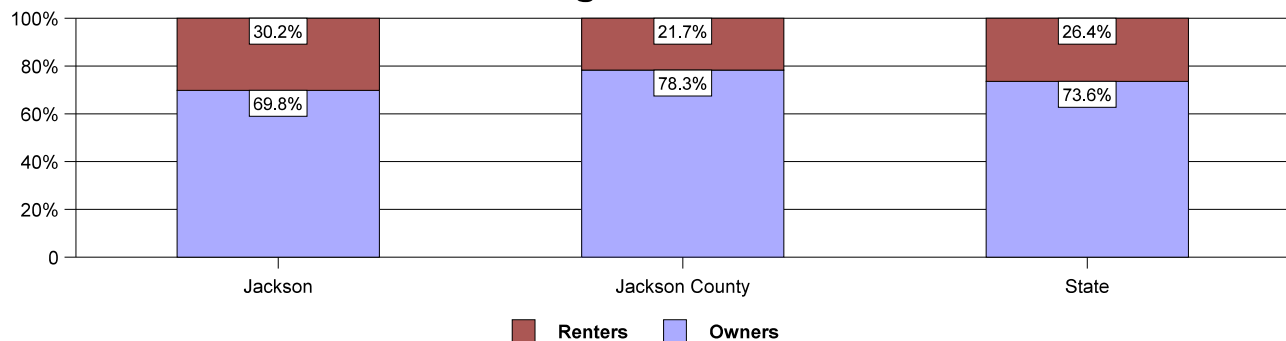
## Housing Tenure by Ownership or Rental

The 2010 Census provided an updated look at housing tenure patterns. The following tables examine ownership and rental rates for Jackson and Jackson County, along with the changes in tenure that occurred over the last decade.

<b>Table 10 Household Tenure - 2010</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Jackson	1,039	69.8%	450	30.2%
Jackson County	3,466	78.3%	963	21.7%
State	1,542,370	73.6%	551,895	26.4%

Source: U.S. Census

### Housing Tenure in 2010



According to the 2010 Census, the ownership tenure rate in the City of Jackson was 69.8%. Jackson County's ownership rate was 78.3%.

<b>Table 11 Households by Housing Tenure - 2000 to 2010</b>						
Tenure	Jackson			Jackson County		
	2000	2010	Change	2000	2010	Change
Owners	1,050/70.6%	1,039/69.8%	-11	3,601/79.0%	3,466/78.3%	-135
Renters	437/29.4%	450/30.2%	13	955/21.0%	963/21.7%	8
Total	1,487	1,489	2	4,556	4,429	-127

Source: U.S. Census

Jackson's ownership tenure rate decreased slightly over the last decade, from 70.6% in 2000 to 69.8% in 2010. For Jackson County, there was also a slight decrease in the rate of owner households between 2000 and 2010. The ownership tenure rate decreased from 79.0% in 2000 to 78.3% in 2010.

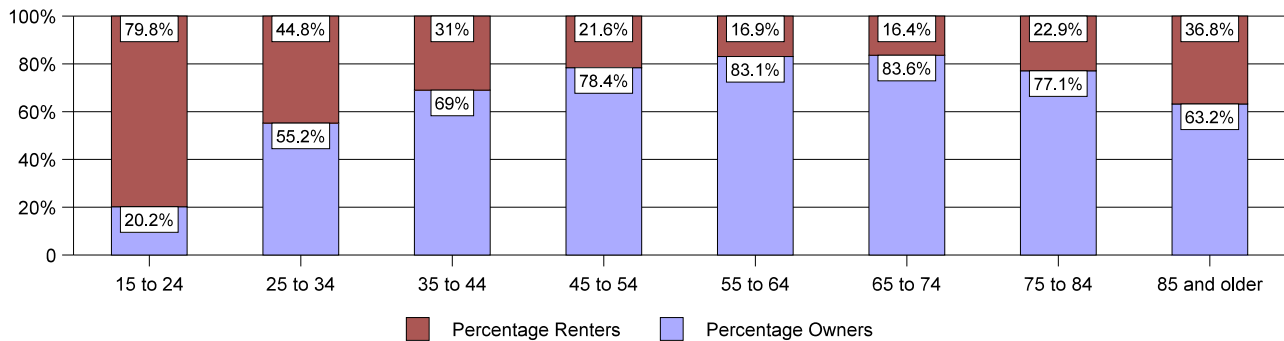
## Tenure by Age of Householder

The 2010 Census provided information on the tenure distribution of households within each defined age range. The following table examines the number and percentage of renters and owners in each age group in the City of Jackson.

<b>Table 12 Jackson Tenure by Age of Householder - 2010</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	20	20.2%	79	79.8%
25-34	123	55.2%	100	44.8%
35-44	140	69.0%	63	31.0%
45-54	218	78.4%	60	21.6%
55-64	221	83.1%	45	16.9%
65-74	117	83.6%	23	16.4%
75-84	128	77.1%	38	22.9%
85+	72	63.2%	42	36.8%
Total	1,039	69.8%	450	30.2%

Source: U.S. Census

**Jackson Housing Tenure Patterns by Age in 2010**



Within the defined age ranges, typical tenure patterns were present, with households at the lowest and highest ends of the age spectrum showing greater preference for rental housing, while middle-aged adult households were primarily home owners. Approximately 80% of the households age 24 and younger rented their unit, and approximately 37% of households age 85 and older were renters. Home ownership rates for each of the 10-year age cohorts between 45 and 84 years old were above 77%.

## Tenure by Household Size

The 2010 Census did provide information on housing tenure by household size. This can be compared to 2000 Census information to better understand trends for housing unit needs. The following table provides information for Jackson.

<b>Table 13 Jackson Tenure by Household Size - 2000 to 2010</b>						
Household Size	Owners			Renters		
	2000	2010	Change	2000	2010	Change
1-Person	272	310	38	268	255	-13
2-Person	416	406	-10	88	92	4
3-Person	148	130	-18	34	52	18
4-Person	113	116	3	25	29	4
5-Person	63	57	-6	15	16	1
6-Person	28	13	-15	4	3	-1
7-Persons+	10	7	-3	3	3	0
Total	1,050	1,039	-11	437	450	13

Source: U.S. Census

- ▶ Over the past decade, there was a decrease in the number of owner households and an increase in renter households in Jackson. There was an increase of 38 owner households with one household member, however, there was a decrease of 28 owner households with two or three household members. There was also a decrease of 24 owner households with five or more people.
- ▶ There was a net loss of 13 one-person renter households and a net gain of 22 two-person and three-person renter households.
- ▶ Approximately 77% of the renter households in Jackson are one-person or two-person households.

## 2011 Income Data

The 2010 Census did not collect information on household income. However, estimates are available at the city and county level through the 2011 American Community Survey. Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household.

<b>Table 14 Median Household Income - 2000 to 2011</b>			
	2000 Median	2011 Median	% Change
Jackson	\$33,452	\$38,873	16.2%
Jackson County	\$36,746	\$47,455	29.1%
Minnesota	\$47,111	\$58,476	24.1%

Source: U.S. Census; 2011 ACS 5-year survey

<b>Table 15 Median Family Income - 2000 to 2011</b>			
	2000 Median	2011 Median	% Change
Jackson	\$42,553	\$49,042	15.2%
Jackson County	\$43,426	\$59,059	36.0%
Minnesota	\$56,874	\$73,046	28.4%

Source: U.S. Census; 2011 ACS 5-year survey

Information contained in the American Community Survey shows local income levels and growth between 2000 and 2011. Both the median household income and the median family income for Jackson were below the respective medians for the State of Minnesota.

The household and family median incomes for Jackson and Jackson County increased from 2000 to 2011. Family household incomes tend to be much higher than the overall household median, as families have at least two household members, and potentially more income-earners.

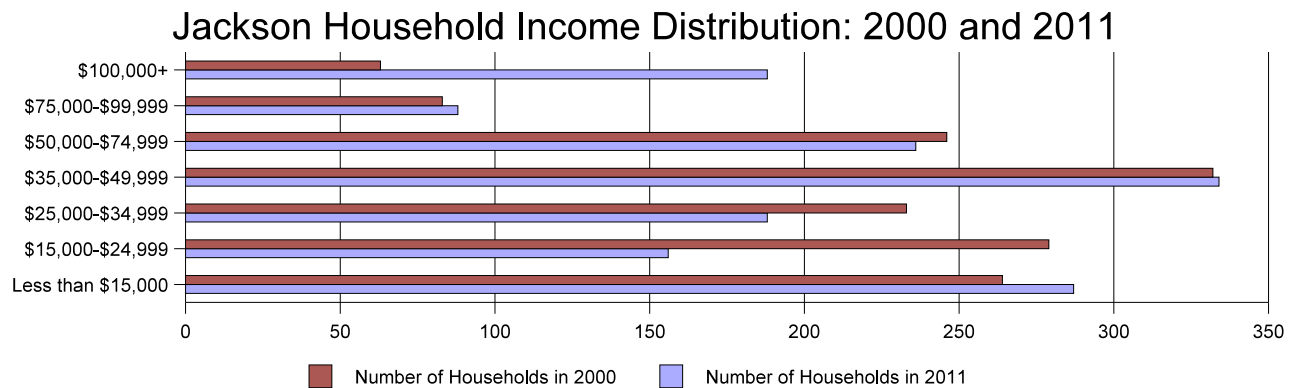
Using the commonly accepted standard that up to 30% of gross income can be applied to housing expenses without experiencing a cost burden, a median income household in Jackson could afford approximately \$972 per month for ownership or rental housing in 2011. A median income family could afford approximately \$1,226 per month for housing. However, as will be detailed later in this section, renter households tend to be below the overall median, while owner households tend to be above the overall median level.

## Jackson Household Income Distribution

The 2011 American Community Survey household income estimates for the City of Jackson can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade. Please note that the household by income data in the following table is taken from sampling information, and the total household count may vary slightly from the more accurate decennial Census count.

<b>Table 16 Jackson Household Income Distribution - 2000 to 2011</b>			
Household Income	Households in 2000	Households in 2011	Change 2000 to 2011
\$0 - \$14,999	264	287	23
\$15,000 - \$24,999	279	156	-123
\$25,000 - \$34,999	233	188	-45
\$35,000 - \$49,999	332	334	2
\$50,000 - \$74,999	246	236	-10
\$75,000 - \$99,999	83	88	5
\$100,000+	63	188	125
<b>Total</b>	<b>1,500</b>	<b>1,477</b>	<b>-23</b>

Source: 2000 Census; 2011 ACS



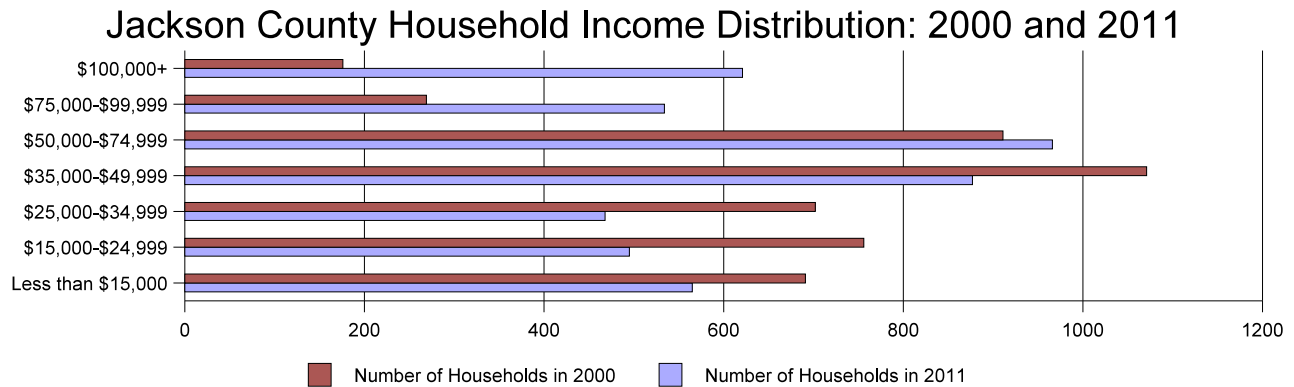
According to the 2011 American Community Survey estimates, household incomes have generally improved. When compared to the 2000 Census (1999 income), the number of households with an income of \$75,000, or more, increased by 130 households. Although there was a decrease in the number of households in the \$15,000 to \$24,999 ranges, there was a gain of 23 households with an income below \$25,000. In 2011, there were still 443 households with annual incomes below \$25,000.

## Jackson County Household Income Distribution

The 2011 American Community Survey household income estimates for Jackson County can be compared to the same distribution information from 2000 to examine changes that have occurred over the past decade.

<b>Table 17 Jackson County Household Income Distribution - 2000 to 2011</b>			
Household Income	Number of Households 2000	Number of Households in 2011	Change 2000 to 2011
\$0 - \$14,999	691	565	-126
\$15,000 - \$24,999	756	495	-261
\$25,000 - \$34,999	702	468	-234
\$35,000 - \$49,999	1,071	877	-194
\$50,000 - \$74,999	911	966	55
\$75,000 - \$99,999	269	534	265
\$100,000+	176	621	445
<b>Total</b>	<b>4,576</b>	<b>4,526</b>	<b>-50</b>

Source: 2000 Census; 2011 ACS



According to income estimates contained in the 2011 American Community Survey, household incomes have improved in Jackson County. When compared to the 2000 Census (1999 income), the number of households with an income of \$50,000, or more, increased by 765 households. Conversely, there was a decrease of 621 households with an income below \$25,000.

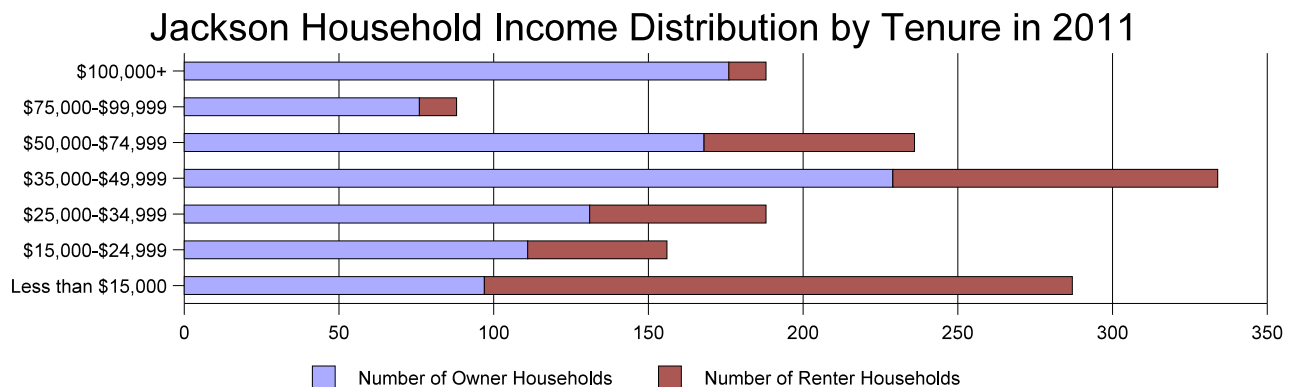


## Jackson Income Distribution by Housing Tenure

The 2011 American Community Survey provides income estimates by owner and renter status. The following table examines income distribution within the City of Jackson. The American Community Survey is an estimate, based on limited sampling data, and there are some differences when compared to the 2010 Census. For total households, the American Community Survey reported 12 more households than the Census, a difference of 4.9%. The American Community Survey estimated 51 fewer owner households than the Census, and 39 more renter households. Since owner households tend to have higher incomes than renters, the over-weighting of renters in the estimate probably results in some lower totals in the higher income ranges.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	97/33.8%	190/66.2%	287
\$15,000 - \$24,999	111/71.2%	45/28.8%	156
\$25,000 - \$34,999	131/69.7%	57/30.3%	188
\$35,000 - \$49,999	229/68.6%	105/31.4%	334
\$50,000 - \$74,999	168/71.2%	68/28.8%	236
\$75,000 - \$99,999	76/86.4%	12/13.6%	88
\$100,000+	176/93.6%	12/6.4%	188
<b>Total</b>	<b>988</b>	<b>489</b>	<b>1,477</b>

Source: 2011 American Community Survey



Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.

In 2010, approximately 60% of all renter households in Jackson had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.

Conversely, most owner households had a substantially higher income level. Approximately 43% of all owner households had an annual income of \$50,000 or more. At 30% of income, an owner could afford \$1,250 or more per month for housing costs.

## 2011 Estimated Income and Housing Costs - Renters

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

<b>Table 19 Gross Rent as a Percentage of Household Income - Jackson</b>		
Percentage of Household Income for Housing Costs	Number of Renter Households 2011	Percent of All Renter Households 2011
0% to 19.9%	187	38.2%
20% to 29.9%	95	19.4%
30% to 34.9%	15	3.1%
35% or more	151	30.9%
Not Computed	41	8.4%
Total	489	100%

Source: 2011 American Community Survey

Based on the more recently released tenure information from the 2010 Census, the 2011 American Community Survey did overestimate the number of renter households in Jackson. However, the estimates on housing cost burden are the best available information on income and expenses for housing.

According to the American Community Survey, approximately 34% of all renters in the City were paying 30% or more of their income for rent. The large majority of these households were actually paying 35% or more of their income for housing. Federal standards for rent subsidy programs generally identify 30% of income as the maximum household contribution. When more than 30% of income is required, this is often called a "rent burden". When more than 35% is required, this can be considered a "severe rent burden".

## 2011 Estimated Income and Housing Costs - Owners

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

<b>Table 20 Ownership Costs as a Percentage of Income - Jackson</b>		
Percentage of Household Income for Housing Costs	Number of Owner Households 2011	Percent of All Owner Households 2011
0% to 19.9%	601	60.8%
20% to 29.9%	138	14.0%
30% to 34.9%	101	10.2%
35% or more	138	14.0%
Not Computed	10	1.0%
<b>Total</b>	<b>988</b>	<b>100%</b>

Source: 2011 ACS

Based on the 2010 Census, the 2011 American Community Survey underestimated the number of owner households in the City by 51 households. The 2010 Census reported 1,039 households in 2010.

Most owner-occupants, which would include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 24% of all home owners reported that they paid more than 30% of their income for housing. A majority of these households were paying more than 35% of income for housing costs.

As would be expected, most of the cost-burdened home owners had a mortgage on their home.

## Occupancy Status of Housing Units - 2010

<b>Table 21 Occupancy Status of Housing Units - 2010</b>						
	Occupied Units		Vacant Units			
	Owner	Renter	For Rent	For Sale	Seasonal Use	Other Vacant
Jackson	1,039	450	60	21	13	52
Jackson Co.	3,466	963	95	64	154	248

Source: U.S. Census

- ▶ In 2010, according to the U.S. Census, there were 154 seasonal housing units in Jackson County, including 13 units in Jackson.
- ▶ There were 561 vacant housing units in Jackson County in 2010, including 146 units in Jackson.

## Existing Home Sales

This section examines houses that have been sold in Jackson between 2009 and 2012. It is important to note that the number of houses that have sold is limited, and may not be an accurate indicator of overall home values in the City. However, this sample does provide some insight into those units that are turning-over in a given year. 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 22 Median Value of Residential Sales - 2009 to 2012</b>			
Calendar Year	Number of Good Sales	Median Sale Price	Average Sale Price
2009	19	\$62,000	\$68,808
2010	33	\$60,000	\$62,333
2011	31	\$79,000	\$90,389
2012	35	\$103,000	\$107,600

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

From 2009 to 2012, there were 118 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.

In 2012, there were 35 residential sales in Jackson. The median sales price was \$103,000. The highest valued sale was for \$262,500 and the lowest valued sale was for \$17,000. Although the number of sales is limited in each year, there was a substantial increase in the median sale price between the 2011 and 2012 sales years. In 2011, there were 31 residential sales in Jackson. The median sales price was \$79,000. The highest valued sale was for \$240,000 and the lowest valued sale was for \$27,250.

The prices in 2011 also showed an increase from the prior years. In 2010, the median sales price was \$60,000. In 2009, the median sales price was \$62,000.

Based on data from previous housing studies, Jackson's median sales price was \$65,500 in 2005 and \$69,000 in 2008.

## Jackson Building Permit Trends

The following table identifies the units that have been issued a building permit in Jackson from 2005 to 2012.

<b>Table 23 Jackson Housing Unit Construction Activity: 2005 to 2012</b>				
Year	Single Family	Units in Two-Unit Structures	Multifamily Units	Total Units
2012	1	0	0	1
2011	2	2	0	4
2010	3	0	24	27
2009	1	0	0	1
2008	3	4	0	7
2007	4	0	0	4
2006	5	0	0	5
2005	7	0	0	7
<b>TOTAL</b>	<b>26</b>	<b>6</b>	<b>24</b>	<b>56</b>

Source: City of Jackson

- ▶ Based on City reports, 56 units were constructed in Jackson from 2005 to 2012. This included 26 single family homes, six units in duplexes and a 24-unit multifamily rental building. According to the Jackson building official, approximately five housing units are demolished annually.
- ▶ From 2000 to 2004, 27 housing units were constructed in Jackson including 21 single family homes, a duplex and four multifamily units that were the last phase of the Wedgewood project.
- ▶ Over the past four years, 18 housing units have been demolished in Jackson.

## **Rental Housing**

### **Total Unit Inventory**

According to the 2010 U.S. Census, there were 450 occupied rental housing units and 62 vacant rental units in Jackson in April 2010, for a total estimated rental inventory of 512 units. The City's rental rate in 2010 was 30.2%, above the statewide rental rate of 26.4%.

At the time of the 1990 Census, the City had 437 occupied rental units and 88 vacant units, for a total estimated inventory of 525 units. Between the 2000 Census and the 2010 Census, the City added 13 renter households, but apparently lost 13 rental units to the total inventory.

Since the 2010 Census was conducted, we believe that one rental construction project has occurred, Ashley Estates, a 24-unit market rate project. There have been some rental unit losses since 2010, due to demolitions, conversions or other causes, but no reliable information is available on lost rental housing. As a result, with the addition of the Ashley Estates units, the estimated rental inventory in 2013 is approximately 536 units.

### **Pending Projects**

We are not aware of any pending rental housing developments in the City of Jackson at this time.



## **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 six or more units, although, information was obtained from several smaller projects. Information was collected in January and February 2013.

In total, we collected information on 337 rental units in all segments of the market. This represents approximately 63% of the City's total estimated rental inventory. We also collected information on 63 nursing home and memory care beds.

The breakdown of rental units by type that were contacted by the survey is as follows:

- ▶ 162 market rate units in 12 developments
- ▶ 12 tax credit units in one project
- ▶ 130 subsidized units in four projects
- ▶ 96 senior with services units/beds in two projects

## **Market Rate Summary**

We were able to identify six market rate rental properties in Jackson that have six or more units. These properties were Wedgewood Condominiums (20 units), Hillcrest Apartments (24 units), Evergreen Apartments (8 units), Ashley Estates (24 units), Rolling Hills Apartments (48 units), and 207 Second Street (7 units). We were able to contact all six properties. We also collected information on six projects with five or fewer rental units. The 12 properties that were contacted have a combined total of 162 market rate rental units.

Since 2010, two rental projects with 72 units have been added to the market rate rental stock. Ashley Estates, with 24 units, was constructed in 2010 and Rolling Hills Apartments, with 48 units, converted from subsidized to market rate rental in 2010.

## **Unit Mix**

The bedroom mix of the 162 market rate units surveyed is:

- ▶ Efficiencies - 17 (10.5%)
- ▶ One-bedroom - 43 (26.5%)
- ▶ Two-bedroom - 98 (60.5%)
- ▶ Three-bedroom - 4 (2.5%)

## **Rental Rates**

Rental rates in Jackson are generally very modest. The highest rental rates in the market rate segment are in Ashley Estates and Wedgewood Apartments. These projects are the newest in the City’s market rate rental inventory. A two-bedroom unit in Wedgewood Apartments has a gross rent of \$765 to \$795 per month, including tenant-paid utilities. A three-bedroom gross rent in Ashley Estates is estimated at approximately \$925 per month.

Rental units may include the primary utility payments within the contract rent, or the tenant may be required to pay some utilities separately, in addition to contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of an estimate for tenant-paid utilities.

The lowest and highest gross rents have been identified, as reported in the telephone survey. Since the highest and lowest ends of the rent range do not vary greatly, they also tend to represent the prevailing rents for the community.

<u>Unit Type</u>	<u>Identified Gross Rent Range</u>
Efficiency	\$275-\$405
One-Bedroom	\$470-\$665
Two-Bedroom	\$400-\$810
Three-Bedroom	\$750-\$925

## **Occupancy/Vacancy**

We found only six vacant units in the market rate properties, for an overall vacancy rate of 3.9%. Five of the six vacancies were in one project, Rolling Hills Apartments. Nine of the 12 projects had no vacancies and several of the projects have waiting lists. Most of the managers reported excellent occupancy rates and a strong demand for units. Doc’s Dorms has three vacancies that we did not include in the vacancy calculation because this project is a single room occupancy project.

## **Tax Credit Summary**

There is one rental project in Jackson that was built using federal low income housing tax credits, River Bluff Townhomes. 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 two four-bedroom units.

## **Occupancy/Vacancy**

At the time of our rental survey, there were no vacant units reported in River Bluff Townhomes. The manager reported full occupancy with a short waiting list. The project was also fully occupied when we conducted rental surveys in 2006, 2009 and 2010.

## **Rental Rates**

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

The rents for the River Bluff Townhomes are \$550 for a three-bedroom unit and \$570 for a four-bedroom unit. Tenants also pay heat and electricity. The rents at River Bluff Townhomes are well below maximum allowable limits for tax credit projects.

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

## **Subsidized Summary**

There are four federally subsidized apartment projects in Jackson. Combined, these projects have 130 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.

Prior to 2010, there were 168 subsidized rental units in Jackson. However, in 2010, Rolling Hills Apartments, with 48 units, converted from subsidized to market rate.

## **Occupancy/Vacancy**

At the time of our survey, there were no vacant units in the four subsidized projects, for a vacancy rate of 0%. All four projects maintain waiting lists.

Our 2006 survey identified, six vacancies for a vacancy rate of 3.4%. Our 2009 rental survey identified nine vacant units for a vacancy rate of 5.1% and our 2010 rental survey reported two vacancies for a vacancy rate of 1.5%.

## **Unit Mix**

The bedroom mix of the 130 subsidized units surveyed is:

- ▶ One-bedroom - 51 (39.2%)
- ▶ Two-bedroom - 56 (43.1%)
- ▶ Three-bedroom - 22 (16.9%)
- ▶ Four-bedroom - 1 (0.8%)

## **Rental Rates**

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 up to a maximum rent. However, Riverine Apartments has some units without rent assistance and these tenants pay 30% of income, but not less the base rent established for the unit.

## **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 rental housing. Riverine Apartments has submitted the documents to prepay its mortgage and could opt-out of the subsidy program in the future and become market rate rental housing. However, at the time of this study, the project had not opted-out and is still operating as subsidized housing. However, the owner reported that the project will probably proceed with the opt-out in 2014 or 2015.

In 2010, Rolling Hills Apartments, with 48 units, did convert from subsidized housing to market rate housing.

## **Senior Housing with Services**

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

The Pines is a 33-unit project providing housing with services for seniors. The project is affiliated with the Good Samaritan Center campus. 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. The base rent is \$1,562 to \$2,050 for a one-bedroom and \$1,936 to \$2,424 for a two-bedroom unit. The Pines reported no vacancies. The manager reported that the vacancy rate fluctuates. At the time of the 2006 survey, there were four vacancies at the Pines. In 2009, our survey reported no vacancies and in 2010, there were eight vacancies.

Jackson also has a memory care housing option known as The Lighthouse, which occupies a wing of the Good Samaritan Center, and was created in the late 1990s. The project currently has capacity for 17 residents, but there is typically an average of 11 or 12 residents. Because the Lighthouse is part of the Good Samaritan Center campus, there is some flexibility in the number of residents it can accommodate at the Lighthouse.

<b>Table 24 Jackson Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Ashley Estates	6 - 1 bedroom 15 - 2 bedroom <u>3 - 3 bedroom</u> 24 Total Units	\$565-\$615 \$705-\$750 \$865 +electric	No vacancies	Mix of tenants	Three-level apartment building constructed in 2010. Rent includes heat, sewer, water and garbage but tenant pays electric. Garage parking available for extra fee. Amenities include dishwasher, coin laundry, security entrance and patio/balcony. Manager reports no vacancies and an excellent occupancy rate. A majority of the tenants are AGCO employees.
Wedgewood Apartments	<u>20 - 2 bedroom</u> 20 Total Units	\$665-\$695 +utilities	No vacancies, waiting list	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 hookups. 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 there is a waiting list. Manager reports that the units are usually fully occupied.
Hillcrest Apartments	1 - 1 bedroom <u>23 - 2 bedroom</u> 24 Total Units	\$390 \$405-\$450 +heat, electric	No vacancies, long waiting list	Mix of tenants	Three level apartment building. Upper floors have balconies and are at higher rent level. Tenants pay electric and heat (electric) in addition to rent. Coin laundry facilities available; some garages available for extra fee. Manager reports full occupancy and waiting list. Manager also reports that there are more families renting than in the past.
402 Butler	2 - 1 bedroom 1 - 2 bedroom <u>1 - 3 bedroom</u> 4 Total Units	\$400 \$550 \$650 + utilities	No vacancies	Mix of tenants	Four-plex with two one-bedroom, one two-bedroom and one three-bedroom unit. Manager reports no vacancies. Tenants pay utilities.

<b>Table 24 Jackson Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
725 White St.	2 - efficiencies 1 - 1 bedroom <u>2 - 2 bedroom</u> 5 Total Units	\$275 \$400 \$450 + utilities	No vacancies	Mix of tenants	Five-plex with two efficiencies, one one-bedroom, and two two-bedroom units. One unit is vacant, but it is due to remodeling, thus, we are reporting no vacancies. Tenants pay utilities.
310 Sheridan	<u>4 - 2 bedroom</u> 4 Total Units	\$450 + utilities	No vacancies	Mix of tenants	Four-plex with four two-bedroom units. One unit is vacant, but it is due to remodeling, thus, we are reporting no vacancies. Tenants pay utilities.
510 Sheridan	1 - 1 bedroom <u>4 - 2 bedroom</u> 5 Total Units	\$400 \$450 + utilities	No vacancies	Mix of tenants	Five-plex with one one-bedroom and four two-bedroom units. Manager reports no vacancies. Tenants pay utilities.
113 5 <sup>th</sup> St.	1 efficiency <u>3 - 1 bedroom</u> 4 Total Units	\$325 \$425	No vacancies	Primarily singles and couples	Four-plex with one efficiency and three one-bedroom units. Manager reports no vacancies. Rent includes utilities.
Docs Dorms	<u>9 bedrooms</u> 9 Total Units	\$300	3 vacancies	Singles	Building with nine bedrooms. Tenants share bathrooms and living area. Set-up dorm style. Currently, there are three vacant bedrooms. Rent includes utilities.
Evergreen Apartments	6 - 1 bedroom <u>2 - 2 bedroom</u> 8 Total Units	\$400 \$450 +utilities	No vacancies	Mix of tenants	Eight-plex constructed in 1978. Tenants pay utilities, including electric heat, in addition to rent. Manager says occupancy rates are generally high. Currently, there are no vacancies.
207 2 <sup>nd</sup> Street	5 - Efficiencies <u>2 - 1 bedroom</u> 7 Total Units	\$275 \$400	1 vacant efficiency	Mostly singles	Older house converted into small apartments in the mid-1960s. Rent includes all utilities. A mix of tenants, but mostly singles. Good occupancy history due to affordable rents, but high turn over. One vacancy at time of survey.

<b>Table 24 Jackson Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Rolling Hills Apartments	21 - 1 bedroom <u>27 - 2 bedroom</u> 48 Total Units	\$380 \$420	5 vacant units	General occupancy	This project was formerly subsidized through Rural Development, but converted to general occupancy in Sept. 2010. Two buildings with 24 units each, built in 1977 and 1978. Tenants previously receiving rent assistance have tenant-based Voucher available. Market rate tenants pay new contract rents listed. Manager reports five vacancies although they have been full in the past. The project has some student tenants.
<b>Tax Credit</b>					
River Bluff Townhomes	10 - 3 bedroom <u>2 - 4 bedroom</u> 12 Total Units	\$550 \$570 +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 a short waiting list.
<b>Subsidized</b>					
Sunrise Estates	33 - 2 bedroom <u>7 - 3 bedroom</u> 40 Total Units	\$669 \$726 30% of income	No vacancies, 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. Manager reports no vacancies and a waiting list.



**Table 24 Jackson Multifamily Rental Housing Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
Riverine Apartments	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 Total Units	\$250-\$325 \$300-\$342 30% of income	No vacancies, waiting list	General occupancy	Rural Development subsidized apartments for general occupancy constructed in mid-1970s. Eight 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. Owner plans to leave subsidy program in 2014 and convert to market rate. No vacancies at time of survey and waiting list.
River Valley Scattered Site	8 - 2 bedroom 15 - 3 bedroom <u>1 - 4 bedroom</u> 24 Total Units	\$526 \$671 \$664 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 ceiling rents listed plus allowance for utilities. Full occupancy reported - with a 15-name wait list for two bedrooms and short list for three- and four-bedroom units.
River Valley Homes	49 - 1 bedroom <u>1 - 2 bedroom</u> 50 Total Units	\$387 \$469 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 more than ceiling rents listed. Mix of tenants - seniors, disabled and students. No vacancies and 10 name waiting list - this is one of the only projects for students with rent based on income.
Housing Choice Vouchers	Approximately 250 assisted households in seven counties with three households in Jackson	30% of income	Waiting list of 450 names including 11 in Jackson County	N/A	HUD Housing Choice Vouchers provide tenant-based assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income with the assistance program paying the additional subsidy. The Worthington HRA administers the Program in seven counties and assists 250 households. In 2013, there are five voucher households in Jackson and a total of nine households in Jackson County. Waiting list of 450 for all counties including 11 in Jackson County.

<b>Table 24 Jackson Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Senior Housing with Services</b>					
The Pines	18 - 1 bedroom <u>15 - 2 bedroom</u> 33 Total Units	1,562-2,050 1,936-2,424 basic package + services as needed	No vacancies	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 meals, weekly house keeping, emergency call system, common space and planned activities. Additional assisted living services available for additional fee.
The Lighthouse	17 resident capacity	Based on level of services	Average occupancy is 11 to 12 residents, capacity varies based on single or double occupancy	Memory care housing	Memory care housing created in 1997 through conversion of one wing of Good Samaritan Center. Seventeen-person capacity, but average occupancy is 11 to 12 residents. Capacity can vary based on residents renting single or double rooms.
Jackson Good Samaritan Center	Licensed for 63 beds including Lighthouse	Based on level of services	93.7% occupancy rate in 2012	Skilled Nursing Home	Good Samaritan nursing home. Affiliated with the Pines senior apartments and the Lighthouse memory care housing. Licensing for 63 residents includes 17 in the Lighthouse.

Source: Community Partners Research, Inc.

## **Employment and Local Economic Trends Analysis**

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

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

Major employers in Jackson and Jackson County include:

- ▶ Accent Insurance Recovery Solutions
- ▶ AGCO - Ag Chem Division
- ▶ B & H Manufacturing
- ▶ Best Western Country Manor Inn
- ▶ enXco
- ▶ Erickson Truck n' Parts
- ▶ FCA Coop
- ▶ Good Samaritan Center
- ▶ Hitch Doc
- ▶ Hyline North America
- ▶ Iberdrola
- ▶ Jackson County Central Schools
- ▶ Jackson County
- ▶ Kemna Asa Auto Plaza
- ▶ Kozy Heat
- ▶ Last Deck
- ▶ Livewire Printing Company
- ▶ Minnesota West Community and Technical College
- ▶ New Fashion Pork
- ▶ Pioneer Hi-Bred International Inc.
- ▶ Sanford Jackson Medical Health Center
- ▶ Technical Services for Electronics
- ▶ Tri County Implement
- ▶ USF Holland Trucking
- ▶ Zeigler - Cat

Source: TargetJackson.com

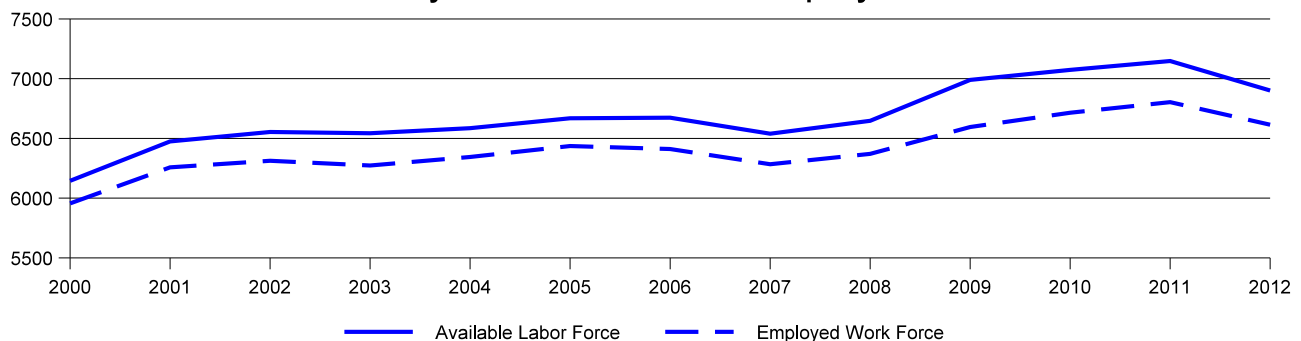
## Work Force and Unemployment Rates

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 25 County Average Annual Labor Force 2000 to 2012</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2000	6,145	5,956	189	3.1%	3.1%	4.0%
2001	6,475	6,258	216	3.3%	3.8%	4.7%
2002	6,554	6,313	241	3.7%	4.5%	5.8%
2003	6,543	6,273	270	4.1%	4.9%	6.0%
2004	6,586	6,345	241	3.7%	4.6%	5.5%
2005	6,669	6,436	233	3.5%	4.2%	5.1%
2006	6,674	6,411	263	3.9%	4.1%	4.6%
2007	6,540	6,284	256	3.9%	4.6%	4.6%
2008	6,648	6,371	277	4.2%	5.4%	5.8%
2009	6,990	6,595	395	5.7%	8.1%	9.3%
2010	7,074	6,715	359	5.1%	7.3%	9.6%
2011	7,148	6,804	344	5.8%	6.4%	8.9%
2012	6,901	6,615	286	4.1%	5.7%	8.1%

Source: MN Department of Employment and Economic Development  
Not Seasonally Adjusted

### Jackson County Labor Force and Employed Work Force



Although there have been some cyclical changes from year to year, the longer-term patterns for Jackson County show an upward trend in the size of the available labor force. Between 2000 and 2012, the labor force increased by 756 people, or 12.3%. The available labor force actually reached a peak in 2011, before decreasing slightly in 2012.

The employed work force has generally followed the same pattern. Between 2000 and 2012, the employed work force increased by 659 people, or 11.1%. Once again, 2011 represented the highpoint for County employment, although 2012 still represents the third highest year of the 13 years reviewed.

The County's unemployment rate in 2012, at only 4.1% was well below both the State and the national unemployment rate. The County's unemployment rate actually reached its highest level in 2011, at 5.8%. However, this was caused by an expansion of the labor force in that year, as 2011 also represented the peak year for the number of County residents that were employed.

## Employment and Wages by Industry

The following table shows the average annual wages by major employment sector in 2011, 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.

There is information to suggest that some of the larger corporate employers in Jackson may not be reporting their information based on the actual location of their work force, but rather, based on the location of their corporate head quarters. As a result, economic development officials in Jackson County believe that the following information undercounts the area’s true employment information. It is also possible that some temporary workers in Jackson are not reflected in the data.

<b>Table 26 County Average Annual Wages by Industry Detail: 2011</b>		
Industry	2011 Employment	2011 Average Annual Wage
Total All Industry	5,249	\$31,772
Natural Resources and Mining	134	\$39,988
Construction	131	\$29,276
Manufacturing	1,379	\$47,996
Trade, Transportation, Utilities	818	\$33,748
Information	45	\$23,244
Financial Activities	120	\$40,040
Professional and Business Services	250	\$33,280
Education and Health Services	1,645	\$22,256
Leisure and Hospitality	321	\$7,800
Other Services	97	\$14,092
Public Administration	308	\$30,056

Source: Minnesota Department of Employment and Economic Development

The average weekly wage for all industry in 2011 was \$31,772, assuming that workers were employed for 52 weeks. The highest paying wage sectors were Manufacturing and Financial Activities. These were the only industry sectors with an annual average wage above \$40,000.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$7,800. Other Services also had a relatively low average annual wage, at just over \$14,000.

## Projected Employment

There are two available sources of information on employment projections for Jackson County. The State Demographer’s Office has issued projections for the size of the available labor force at the County level. Overall, the Demographer projects a relatively stable labor force in the County. Between 2010 and 2015, this projection expects the labor force to increase by 80 people, or 1.2%, but then add only 20 more workers by the year 2020.

The second available data source is the MN Department of Employment and Economic Development. Their projections are for the region, which includes all of southwestern Minnesota. For their 10-year projection period, between 2010 and 2020, they believe that total employment growth in southwestern Minnesota will be at a rate of 10.4%, with more than 21,300 jobs added in the entire region.

## Commuting Patterns of Area Workers

Only limited information is available on area workers that commute for employment. The best information is from the 2011 American Community Survey, and has been examined for the City of Jackson. This table only examines people that commuted, and excludes people that work at home.

<b>Table 27 Commuting Times for Jackson Residents - 2011</b>		
Travel Time	Number	Percent
Less than 10 minutes	1,011	60.1%
10 to 19 minutes	301	17.9%
20 to 29 minutes	140	8.3%
30 minutes +	229	13.6%
Total	1,681	100%

Source: 2011 American Community Survey 5-year estimates

The large majority of Jackson residents were commuting less than 20 minutes to work in 2011. Presumably, most residents were working within the City limits, or in the immediately surrounding small communities. Overall, 78% of residents commuted less than 20 minutes to work.

However, nearly 14% of the City’s residents did commute a half hour or more for employment. This could include destinations such as Sioux Falls, Mankato or the Twin Cities Metropolitan Area, as most of the longer-distance commuters reported a drive time of one hour or more.

## **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%. From 2000 to 2010, the City's population continued to decrease with a loss of 202 people, a decrease of 5.8%.

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 from 2000 to 2010, the City added two households. While it does appear that the City has reversed the pattern of household losses in recent years, it should be noted that the household count in 2010 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 population trends for all of Jackson County are similar, although 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 slower rate. From 2000 to 2010, Jackson County had a decrease of 1,002 people, or a loss of 8.9%.

However, contrary to the City of Jackson, which added households, Jackson County has continued to also lose households. From 2000 to 2010, Jackson County had a loss of 127 households, which is a decrease of 2.8%.

The Census Bureau generates countywide population estimates, which include the components of population change. For all of Jackson County, past estimates have shown population loss caused by natural decrease, as deaths have exceeded births. However, past trends have also shown some gains from in-migration to Jackson County, as the County had people move in from both domestic and international locations. The most recent estimate, for the period between 2010 and 2012, shows in-migration slightly exceeding natural decrease, but this is the only source that has shown this trend, and a reversal of the longer-term population declines.



## **Findings on Growth Projections**

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

Projections that are based on past trends would expect the City of Jackson to add only one household from 2010 to 2015. Although this projection of average annual growth is supported by longer-term patterns, the City can impact growth with continued housing development, job growth, etc.

Also, based on rental vacancy rates in 2013 versus 2010, it is our belief that there has been household growth in Jackson over the past three years.

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 high rates of occupancy. For new household growth to occur in the City, there will need to be continued new housing construction activity. Between 2005 and 2010, the City has added 56 housing units including 26 single family homes, three duplexes and 24 multifamily units.

Jackson County is projected to lose between 33 and 62 households from 2010 to 2015. Household growth in the City of Jackson can impact these projections.

## **Findings on Growth Projections by Age Group**

The following age-based population projections have been prepared by Community Partners Research, Inc. 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 pages that follow, we have used the household by age projections to form predictions on future demand by tenure.

The projections and changes by age range are for all of Jackson County between the year 2010 and the year 2015. It is very important to note that these age-based projections represent an informed prediction of future growth. Actual market activity and economic growth could substantially alter these expectations.

The Jackson County projections have been provided as a range for each age cohort.

<u>Age Range</u>	<u>Projected Change in Households 2010 to 2015</u>
24 and Younger	-11 to -12
25 to 34	18 to -22
35 to 44	-4 to -8
45 to 54	-122 to -127
55 to 64	+45 to +51
65 to 74	+102 to +106
75 to 84	-19 to -22
85 and Older	-17 to -19

## **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 11 to 12 younger households in Jackson County by the year 2015. Past tenure patterns indicate that approximately 80% of Jackson 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 minimal numeric decrease in this age cohort, with an expected loss of 18 to 22 households in the County by 2015. Within this age range younger adult households often move from rental to ownership housing. The ownership rate among these households in Jackson was above 55% in 2010. The projected losses within this age range will decrease the 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 slightly in size through the year 2015. The projections show a probable loss of four to eight households in the County between 2010 and 2015. In the past, this age group has had a high rate of home ownership, approximately 69%. 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. A slightly lower demand from this age cohort will have some minimal impact on overall demand for owner-occupancy housing.

**45 to 54 Years Old** - By 2015, our projections show a decrease of 122 to 127 households between 2010 and 2015. It is important to note that this loss of households does not necessarily mean that these younger households are moving out of the area. This age group represents the "baby bust" generation that followed behind the "baby boomers". This age group represents a much

smaller segment of the population than immediately older age ranges. As demographic patterns progress, there are fewer of these households following behind the aging baby boomers. This age group historically has had a high rate of home ownership, in excess of 78% in 2010, and will often look for trade-up housing opportunities. Fewer households in this age range will reduce demand for home ownership and trade-up housing.

***55 to 64 Years Old*** - The tail end of the baby boom generation will be in this age cohort by 2015. The projections show an expected increase of 45 to 51 additional households in this 10-year age range in the County by the year 2015. This age range has traditionally had a high rate of home ownership in Jackson, at more than 83%. 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*** - This age range has the highest projected growth, with the expected increase of 102 to 106 households. Households in this younger senior range will typically begin moving to other life-cycle housing options as they age. However, younger seniors are still predominantly home owners. At the time of the 2010 Census, almost 84% of Jackson 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 19 to 22 households in the County between 2010 and 2015. In the past, households within this 10-year age range have had a high rate of home ownership, at over 77%. 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 17 to 19 households in the County. Historic Jackson home ownership rates in this age group have been relatively high, at approximately 63% in 2010.

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

## **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 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 \$103,000, and the average value is \$107,600. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Increasingly diverse housing stock** - The City has a good mix of housing options, including rental housing units for 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 2000, 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.
- ▶ **Proactive City involvement** - The City, the EDA, and the HRA have all been successful in developing and delivering housing programs and have 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 Sanford Jackson Medical Health 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 organizations** - The City has an Economic Development Authority and the Jackson Economic Development Corporation that are 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 with many large employers that are creating jobs.
- ▶ **Commercial development** - Jackson's commercial district is adequate to meet daily needs.
- ▶ **Incentive programs** - The Jackson EDA has developed and is implementing several programs that encourage housing rehabilitation, home ownership and new construction.

## **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 Jackson County are lower than the Statewide medians. The City's median household income in 2010 was \$38,873, which translates into an approximate housing affordability level of \$972 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** - Some of the jobs in Jackson are at the lower end of the pay scale and these workers have limited housing choices.
- ▶ **Distance from a major regional center** - Many households will choose to live close to a regional center due to the amenities and services 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 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 value gap exists between newly constructed homes and the City's older, existing housing stock. The median value sale for existing houses was \$103,000, and the average sale price was \$107,600. These prices are well below the comparable cost for new construction, which will generally be above \$150,000 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.

## **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 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.

## **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 24 recommendations. The findings/recommendations have been developed in the following five categories:

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

The findings/recommendations for each category are as follows:

### **Rental Housing Development**

1. Develop 24 to 26 General Occupancy Market Rate Rental Housing Units
2. Develop 28 to 32 Subsidized/Tax Credit Rental Housing
3. Monitor the Need for Additional Senior Housing with Services
4. Develop 14 to 16 Student Housing Units
5. Continue to Apply for Housing Choice Voucher Program Allocations When Available from HUD
6. Maintain and Preserve the Existing Supply of Subsidized Housing

### **Home Ownership**

7. Utilize and Promote all Programs that Assist with Home Ownership
8. Continue the City's Down Payment Assistance Program

### **Single Family Housing Development**

9. Lot Availability and Subdivision Development
10. Consider the Development of a 14 to 16-Lot Affordable Home Subdivision
11. Promote Twin Home and Townhome Housing Development

12. Continue the Incentive Program for Home Owner Construction and the Spec Home Construction Program
13. Coordinate with Agencies/Nonprofits that Develop Affordable Housing

**Housing Rehabilitation**

14. Promote Rental Housing Rehabilitation Programs
15. Promote Ongoing Owner-Occupied Housing Rehabilitation Efforts
16. Develop a Neighborhood Revitalization Program
17. Continue to Implement the Rental Housing Ordinance
18. Develop a Purchase/Rehabilitation Program

**Other Housing Initiatives**

19. Continue Employer Involvement in Housing Programs
20. Acquire and Demolish Dilapidated Structures
21. Create a Plan and a Coordinated Effort Among Housing and Economic Development Agencies
22. Competition with Other Jurisdictions
23. Develop Home Ownership, Housing Rehabilitation and New Construction Programs
24. Promote Commercial Rehabilitation and Development

# **Jackson - Recommendations Rental Housing Development**

## **Rental Housing Development**

**Overview:** In recent decades it has been difficult to produce new rental housing units that are viewed as “affordable” when compared to existing rental housing. A number of factors, including federal tax policy, state property tax rates, high construction costs and a low rent structure, have all contributed to the difficulty in developing rental housing in most Minnesota communities.

From 2000 to 2012, based on U.S. Census Bureau and City of Jackson data, approximately 24 rental units were constructed in Jackson. The 24 rental units are a market rate general occupancy project, Ashley Estates.

Demand for new rental housing is typically generated from three factors:

- ▶ Growth from new households
- ▶ Replacement of lost units
- ▶ Pent-up demand from existing households

However, Jackson is unique in that it has a high percentage of people who work in Jackson, but do not live in Jackson. A recent survey of 12 of Jackson’s largest employers found that approximately 69% of their employees do not live in Jackson. Therefore, we are adding a demand factor, pent-up demand from employees living outside of Jackson’s zip code.

Our household projections for Jackson expect very limited household growth. From 2010 to 2015, it is projected that there will be a gain of one household in Jackson. However, based on projected job growth, the low vacancy rates in rental units and the absorption of Ashley Estates units, it is our opinion that household growth has surpassed projections and household growth will create a demand for three rental units annually or 15 units over the next five years.

Demand created by replacement of lost units is difficult to determine, but the best available evidence suggests that the City will lose as many as three units per year. As a result, approximately 15 additional units will be needed over the next five years to replace lost units. In some cases, this unit replacement will be necessary as existing units are removed from the inventory through demolition or conversion. In other cases, this replacement is appropriate due to the deteriorating condition of older, substandard rental housing that should be removed from the occupied stock.

Pent-up demand also exists. As part of this study, a rental survey was conducted. A total of 337 rental units in 18 multifamily buildings were contacted. Information was also obtained on single family homes, duplexes and small rental buildings. The survey found a 3.9% vacancy rate in general

occupancy market rate units, a 0% vacancy rate in subsidized units, a 0% vacancy rate in tax credit units and approximately an 8% vacancy rate in the senior with services projects.

Based on this information and interviews with stakeholders, we are estimating that there is a pent-up demand for approximately 20 to 24 additional subsidized/tax credit rental units and 16 to 20 market rate units in Jackson over the next five years.

The fourth demand factor is pent-up demand from Jackson workers who do not live in Jackson. We are estimating that with additional rental housing, approximately three households a year will move to Jackson or 15 households over a five-year period.

These four demand factors show a need for 66 to 74 rental units over the next five years. Based on the factors stated above, we recommend the development of the following new rental units in Jackson over the next five years from 2013 to 2018.

▶ General Occupancy Market Rate	24-26 units
▶ Subsidized/Tax Credit	28-32 units
▶ Student Housing	14-16 units
▶ Senior with Services	0 units
Total	66-74 units

### **1. Develop 24 to 26 general occupancy market rate rental units**

**Findings:** Approximately 67% of the rental housing in the City of Jackson can be classified as general occupancy market rate housing. These units are free of any specific occupancy restrictions such as financial status, age, or student enrollment. Market rate housing does not have any form of rent controls, other than those imposed by the competitive marketplace.

The entire rental inventory in the City includes approximately 536 total units in 2013. We believe that approximately 371 of these units are best described as market rate rental housing.

As part of the research for this Study, we contacted 162 market rate units. We found six vacant units for a vacancy rate of 3.9%, which is within the healthy market range of 3% to 5%. However, five of the six vacancies were in one project, Rolling Hills Apartments. Nine of the 12 market rate rental projects surveyed had no vacancies. A Housing Study was conducted in 2009 and the vacancy rate for market rate units was reported to be 1.7%.

There is a fairly wide variation in rental rates in the market rate segment in the City of Jackson. The prevailing rent range for an efficiency apartment is \$275-\$405 and up to \$750-\$925 for a three-bedroom unit.

From 2000 to 2012, only one market rate rental project was constructed. Ashley Estates, a 24-unit general occupancy project, was constructed in 2010. Also in 2010, Rolling Hills Apartments, a 48-unit general occupancy project, converted from subsidized to market rate. Therefore, 72 units were added to the market rate rental housing stock in Jackson since 2010.

We are not aware of any pending rental projects at this time, although the Good Samaritan Center is open to working with a developer to construct senior rental twin homes.

In the 2009 Housing Study, we recommended the construction of 28 to 32 units over a five-year period and 24 units have been constructed.

**Recommendation:** As stated earlier in this section, rental housing demand is based on household growth, pent-up demand from existing households, replacement of housing units that have been demolished or converted and demand from Jackson workers who do not live in Jackson.

Based on this combination of demand generators, we believe that it is reasonable to plan for production of between 24 to 26 market rate rental units over the next five years. This includes the market rate rental projects that may be in the planning phase.

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

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

The first option to developing market rate housing would encourage private developers to construct the units. If private developers don't proceed, the Jackson Economic Development Authority could potentially utilize essential function bonds to construct the units. The EDA developed Wedgewood Apartments utilizing essential function bonds. Another option is for the EDA to partner with a private developer.

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

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

**Recommended unit mix, sizes and rents for the Jackson Market Rate Housing Units:**

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size/Sq. Ft.</u>	<u>Rent</u>
Two Bedroom	13-14	1,000 - 1,100	\$650 - \$975
Three Bedroom	7-8	1,150 - 1,250	\$700 - \$1,050
Four Bedroom	4	1,350 - 1,500	\$900 - \$1,100
Total	24-26		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2013 dollars.

**2. Develop 28 to 32 Subsidized/Tax Credit Rental Housing Units**

**Findings:** We are recommending the development of 28 to 32 subsidized/tax credit projects over the next five years from 2013 to 2018. The City of Jackson has five project-based subsidized/tax credit developments with a combined 142 units. Subsidies have been provided by USDA Rural Development, the Department of Housing and Urban Development (HUD) and through the Minnesota Housing Finance Agency. The five projects include:

- ▶ Sunrise Estates - 40-unit general occupancy MHFA/Section 8 Project
- ▶ Riverine Apartments - a 16-unit Rural Development general occupancy project
- ▶ River Valley Homes - a 50-unit general occupancy HUD Public Housing Project
- ▶ River Bluff Town Homes - a 12-unit general occupancy tax credit project
- ▶ River Valley Scattered Site - a 24-unit scattered site HUD public housing general occupancy project

Most of the City’s subsidized units serve low income people and charge rent based on 30% of the tenant's household income. Eight units in Riverine



Apartments don't have rent assistance and tenant households pay a basic rent level established for the unit.

The rents for the tax credit project are \$550 for a three-bedroom unit and \$570 for a four-bedroom unit plus heat and electricity.

In addition to these subsidized projects, Jackson County has access to Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for rent, with the program subsidy paying any additional rent amounts. Currently, five Jackson households have Housing Choice Vouchers.

Despite the existing supply of subsidized units in Jackson, the 2010 Census still identified that approximately 166 renter households in Jackson reported a housing cost burden, with 30% or more of their income going to housing costs. A majority of these households were actually paying 35% or more of their income for housing, which is defined as a severe cost burden.

Our rental survey found no vacancies in the subsidized projects or the tax credit project. Also, all of the projects have waiting lists.

**Recommendation:** We recommend the development of 28 to 32 subsidized/tax credit rental housing units for low and moderate income households. In the 2009 Housing Study, we recommended the development of 10 to 12 subsidized/tax credit units. Since 2009, no subsidized/tax credit units have been constructed and 48 subsidized units have been lost due to the Rolling Hills Apartments conversion from subsidized to market rate.

Tax credit projects utilize the federal low income housing tax credit program. Tax credits alone do not produce 'deep subsidy' rental units that can serve very low income households, but tax credits do provide a 'shallow subsidy' that allows for the construction of units that can serve households at or below 60% of the median income established for the County. When other resources are combined with tax credits, even lower income households can be served. It is our recommendation that other resources are accessed to assure that a portion of the units are available to low income households.

If tax credit units are constructed, we strongly recommend that the rents are at or below the fair market rents for Housing Vouchers, thus, a low income household in a tax credit unit can apply for a Housing Voucher, which will enable the household to pay 30% of their income for their unit.

We recommend that at least 30% of the subsidized/tax credit units constructed over the next five years should have three-bedrooms or four-bedrooms and be constructed as town home style units.

The City of Jackson should work with a private developer or area housing agency to apply for tax credits and other subsidies to develop a subsidized or tax credit project. The City could assist with lowering rents by providing Tax Increment Financing, land at a reduced cost, employer contributions, etc.

### **3. Monitor the Need for Additional Senior Housing with Services**

**Findings:** Jackson has two senior housing projects, the Pines and the Lighthouse. The Pines 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 33 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. On average, approximately half of the tenants are receiving assisted living services, and the remainder are just accessing the lighter package of a daily meal, weekly housekeeping, and similar services.

At the time of our rental survey, there were no vacant units in the Pines. However, according to the manager, the occupancy rate fluctuates and there often are vacancies.

There is increased competition in neighboring communities that impacts demand for senior with services housing. Over the last decade, there has been a significant change in the availability of senior housing with services options in the Minnesota communities that surround Jackson. Lakefield, Heron Lake and Sherburn all have developed senior with services projects. Also, home health care continues to expand and delay some seniors' move to a senior with services project.

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 17 residents, and on average has 11 to 12 tenants. Because the Lighthouse is part of the Good Samaritan Center, there is some flexibility in the number of residents the Lighthouse can accommodate. 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 skilled nursing home, Good Samaritan Center, which is licensed for 63 beds, including the 17 beds in the Lighthouse wing. There are also nursing homes in Lakefield and Heron Lake. 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 senior housing with services. At this time, the Pines and the Lighthouse, are addressing the area's assisted living, housing with light services and memory care housing needs.

When The Pines was constructed, it was one of the only providers of specialized senior housing with services in the area, but 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 show a slight decline in the older senior population, age 75 and above, through the year 2015. With 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 over the next five years.

#### **4. Develop 14 to 16 Student Housing Units**

**Findings:** We recommend the development of 14 to 16 student housing units. We also recommended the construction of 12 to 16 student housing units in the 2009 Study. Minnesota West Community and Technical College is located in the City of Jackson. There is no on-campus student housing available. Some of the privately owned rental projects contacted in the rental survey indicated that they had student renters. There are also students residing in River Valley Homes.

In 2006, 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 did proceed to construction. Also in 2010, the Jackson HRA proposed a 16-unit student housing project, but this project also did not proceed.

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.

**Recommendation:** We recommend the development of 14 to 16 student housing units in the City of Jackson. 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 contributed to the high rate of occupancy in many multifamily projects. A small student housing project will provide a new housing option for students, open up affordable units for low/moderate income households and can be absorbed into the market without having a detrimental impact on existing rental projects.

A successful student housing project will require affordable rents that are competitive in the Jackson market. Also, good management is critical. If the student housing project is successful, additional phases should be considered.

## **5. 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, five households in Jackson and a total of nine 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. It is estimated that there are more than 166 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 Housing Choice Voucher rent 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.

## **6. 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.

Two subsidized rental housing projects are 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.

In 2010, Rolling Hills Apartments opted out of its subsidy contract and is now a market rate project, thus, 48 units have been lost from Jackson's subsidized rental stock.

Jackson has two projects, Riverine Apartments and Sunrise Estates, that have previously filed the documents to prepay their mortgages and opt-out of their subsidy programs. These projects have 56 affordable units. However, at this time of this study both projects are still operating as subsidized projects. Riverine Apartments is planning to convert to market rate housing in 2014 or 2015. It appears that Sunrise Estates may have withdrawn its documents to opt-out of its subsidy contract.

**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. We recommend that the City of Jackson and the local housing agencies assess the status of the Riverine Apartments and Sunrise Estates to determine if a strategy is needed to preserve the projects as affordable housing.

# **Jackson - Home Ownership Recommendations**

## **Home Ownership Recommendations**

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

The median owner-occupied home value in Jackson is estimated to be \$103,000. With nearly 50% of the homes in Jackson valued at or below \$100,000, Jackson has a number of ownership options for first time home buyers and households seeking moderately priced homes.

Our analysis of Jackson demographic trends shows strong household growth over the next five years in the 55 to 74 age ranges. While most households in these age ranges already own their housing, this group represents a strong potential market for 'trade-up' housing. Increasingly, the older age ranges within this group look for lower maintenance housing options, such as twin homes or town house developments. The strong growth in the 55 to 74 age range, however, is offset somewhat by expected household losses in the 45 to 54 age range.

The number of households in the 35 to 44 age range is expected to remain stable in Jackson and Jackson County. While some of these households already own their housing, those households that have not been able to achieve the goal of home ownership, may need the assistance of special programs to help them purchase their first home and will be seeking affordable homes such as those homes in Jackson.

The 25 to 34 age range is projected to decrease slightly 2010 to 2015. Households in this age range are typically first-time home buyers.

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



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

**Findings:** We continue to believe that affordable home ownership is 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 the 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 Southwest Minnesota Housing Partnership and the other area housing agencies have an excellent reputation in providing home ownership programs, and will continue to 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. Other options including employer-assisted home ownership programs, purchase/rehab programs, and a local down payment assistance program can also assist households with purchasing a home. The City has a large supply of houses that are price eligible for these assistance programs. The home value estimates used in this study indicate that a large majority of the existing stock currently is valued under the purchase price limits for the first-time home buyer assistance programs.

**Recommendation:** Jackson should utilize all available home ownership assistance programs for home ownership. The community should also explore the possibility of obtaining specific program set-asides from some of the mortgage 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 continue to work with the Southwest Minnesota Housing Partnership and other area housing agencies to develop and implement home ownership programs. Local financial institutions and nonprofit agencies can also have a significant role in assisting households.

Funding sources for home ownership programs include Rural Development, the Minnesota Housing Finance Agency, and the Greater Minnesota Housing Fund.

## **8. Continue the City's Down Payment Assistance Program**

**Findings:** One of the identifiable barriers preventing households from owning a home is the inability to save money for down payment and closing costs. This is especially true now that lending institutions have tightened their lending criteria and some conventional loans require a lower loan-to-value ratio.

The City of Jackson has a down payment assistance program known as the Community Purchase Partnership Program (CPPP).

The CPPP loan has a \$5,000 maximum. The interest rate is 0% for the first five years and the interest rate for the second five years will match the U.S. Treasury Bond rate. This Program is under utilized.

**Recommendation:** We recommend that the City of Jackson and the Jackson EDA consult with local mortgage bankers to determine why the program is not being utilized and take the appropriate steps to promote the program and to increase program participation. This program could have a significant impact on the City's housing market including the sale of existing homes and the construction of new homes.

# **Jackson - Single Family Housing Development**

## **Single Family Housing Development**

**Findings:** Jackson has experienced some single family housing construction in recent years. Over the past eight years 32 single family homes have been constructed in the City, which is an average of approximately four new single family homes per year. These homes include 26 detached single family homes and three duplexes.

The attractiveness of the community, the strength of the local economy and ongoing job creation should result in the continued construction of new homes annually. Also, the City's home values for older, existing houses are rising, and this may increase the number of new homes that are constructed annually.

Household growth projections for Jackson indicate some 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 74 years old. Households in these age ranges tend to be predominantly home owners, and form a market for higher priced and trade-up housing. These age ranges are also often looking for housing options such as twin homes and town homes. The 25 to 34 year old range is projected to have slight household losses, although, these projections can be reversed. This group typically represents first time home buyers.

It is our opinion that if the City, local housing agencies and housing developers continue to be proactive, as many as eight to nine new houses could be constructed annually in Jackson over the next five years from 2013 to 2018.

The breakdown of our projection of 40 to 45 new owner-occupied homes over the next five years is as follows:

- ▶ Higher and median priced homes - 17-20 homes
- ▶ Affordable homes - 7-8 homes
- ▶ Homes on In-fill lots - 4-5 homes
- ▶ Twin homes/Town homes - 12 units  
40-45 homes/units

## **9. Lot Availability and Development**

**Findings:** As part of this Study, we attempted to identify the inventory of available residential lots for single family housing construction in the City of Jackson. Our most reliable estimates indicated there are 25 single family and 22 twin home lots available in the Sunset View Phase I and II and West Ridge Estates Subdivisions. Lot prices range from \$14,500 to \$22,200 for single family lots and the twin home lots are \$11,000. There are also in-fill lots available throughout the community. We do not know the status of these lots.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that eight and nine new houses will be constructed per year, the city should have approximately 20 to 23 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's current residential lot inventory is adequate to meet demand generated over the next 2 ½ years. While lot availability may be an issue for the City in the future, it should be stated that developers, the EDA and JEDC have demonstrated that they can respond to market demand. They have been able to develop an adequate supply of lots to facilitate ongoing construction activity. Also, the JEDC has purchased land for future lot development.

## **10. Consider the Development of a 14 to 16-Lot Affordable New Home Subdivision**

**Findings:** Providing affordable new construction ownership options in Jackson is a priority issue. The City's median household income in 2011 was \$38,873. 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. This leaves a significant gap between affordability and the costs associated with new ownership housing construction, which will generally be more than \$175,000.

Also, Jackson has a large number of older existing houses that are relatively low valued, although values are increasing. Based on sales in 2010, the median sales price was \$103,000, and the average sales price was \$107,600. A large value gap still 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. It should be noted, however, that these agencies have scaled back their support of affordable new housing development due to the downturn in the housing economy. The Jackson Economic Development Corporation has recently purchased land that may accommodate an affordable subdivision.

**Recommendation:** We recommend the development of a 14 to 16-lot affordable home subdivision. It is our opinion that a total of one to two homes could be developed annually in the subdivision, which would be an absorption period of approximately seven to eight years to fill the subdivision.

The home prices in the subdivision must be affordable to low and moderate income households, with sale prices preferably less than \$140,000. 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 and modest stick-built 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.
- ▶ Covenants should be put in place to assure a quality subdivision.
- ▶ 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.
- ▶ Major employers should be involved in the financing and publicity.
- ▶ The project should be adequately publicized and advertised. Two homes would be 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.
- ▶ A successful subdivision will need the cooperation of local housing and economic development agencies, funding agencies and the City.

### **11. Promote twin home and town home housing development**

**Findings:** Jackson has experienced limited attached housing development in recent years. Based on building permit reports, we believe that six attached housing units, in the form of twin homes, have been built in Jackson from 2005 to 2012. This represents 25% of all single family housing starts over the last eight 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 147 to 157 households from 2010 to 2015. 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.

The second phase of the Sunset View Subdivision includes 12 lots for twin homes, which will accommodate 24 units. Also, the EDA has constructed a twin home and the twin home is currently for sale. Additionally, the Good Samaritan Center has a site available for twin home construction.

**Recommendation:** Twin homes and town homes have been a popular option in most communities and it is our projection that these products 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. We are projecting that over the next five years, approximately 30% of Jackson's single family housing construction will be twin homes or townhomes, which is two to three units annually.

It is our opinion that there is adequate demand for the construction of approximately two to four twin home units annually.

It should be noted that the twin home/town home development has been impacted by the downturn in the housing economy and full recovery of this segment of the market may not occur until later in the five-year time period.

For twin home development to be successful, the following should be considered:

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

A corporation has been developed in Arlington, MN, that includes local contractors, local banks, the local lumberyard and local investors to construct twin homes. They have been very successful. It may also be advantageous to meet with a group of empty nesters and seniors who are interested in purchasing a town home or town house to solicit their ideas.

## **12. Continue the Incentive Program for Home Owner Construction and the Spec Home Construction Program**

**Findings:** The Jackson Economic Development Authority has in coordination with local financial institutions, developed and is implementing the Incentive Program for Home Owner Construction and the Spec Home Construction Program.

A spec builder who participates in the Spec Home Construction Program receives up to a \$50,000 interest free construction loan for up to one year. The Incentive Program for Homeowner Construction subsidizes the interest on a home owner's construction loan for up to 180 days, at a maximum amount of \$3,125.



The Spec Builder Program and Incentive Program for Homeowner Construction are excellent Programs that provide the following:

- ▶ Encourages spec builders and homeowners to construct homes in Jackson
- ▶ Reduces the development costs for spec builders and homeowners
- ▶ With more builders, the City's Subdivisions will have a variety of homes sizes, designs, and price ranges
- ▶ The subdivisions may 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 and homeowner will have a variety of suppliers, subcontractors, etc.
- ▶ Spec builder and homeowner 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 and other homeowners have confidence in the market

**Recommendation:** We recommend that the Jackson EDA and the local financial institutions continue to implement the Spec Home Construction Program and the Incentive Program for Homeowner Construction. We also recommend that the Jackson EDA continue to evaluate the programs and possibly meet with stakeholders to assure that the programs are generating maximum participation and the desired results.

### **13. Coordinate with agencies/nonprofits that develop affordable housing**

**Findings:** With the difficulty of producing new housing units that are affordable to lower income people, it is important to take advantage of opportunities presented by housing agencies and nonprofit groups and organizations. The Southwest Minnesota Housing Partnership and Western Community Action may have an interest in constructing affordable homes in the future. A local Habitat for Humanity Chapter could also be developed. These sources can help generate new homes for lower income families in Jackson.

Affordable homes could be constructed on in-fill lots or in an affordable subdivision. We are projecting that one home will be constructed annually on an in-fill lot.

**Recommendation:** We recommend that the City continue its cooperation with housing agencies and nonprofit organizations that help to produce housing units for lower income ownership. The City may be able to contribute to the project through land donations, TIF, grant writing, or project coordination activities.

It should be noted that due to the downturn in the housing economy, most housing agencies have cut back on new housing production. However, as the economy improves and home values continue to increase, an agency or nonprofit may become involved in new affordable home construction in Jackson.

# **Jackson - Housing Rehabilitation**

## **Housing Rehabilitation**

**Findings:** Jackson has an asset in its existing housing stock. Existing units, both now and into the future, will represent the 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 and in preventing the deterioration of existing neighborhoods.

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

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

### **14. Promote rental housing rehabilitation programs**

**Findings:** Based on 2010 U.S. Census data, the City of Jackson currently has approximately 536 rental units. These rental units are in multifamily projects, small rental buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as many of the rental structures are more than 30 years old and some rental units are in poor condition.

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

The Jackson EDA has a Rental Fix-Up Fund to assist property owners with the rehabilitation of rental units. Western Community Action also has access to rental rehabilitation programs.

**Recommendation:** The City of Jackson and local housing agencies should seek funds that can be dedicated to the rehabilitation of rental units. For a rental rehabilitation program to be workable and successful, the funds should to the extent possible, allow for program design flexibility. The Jackson EDA should also continue to implement the Rental Fix-up Fund.

Potential funding sources include USDA Rural Development, the Federal Home Loan Bank, the Minnesota Housing Finance Agency, and local funds.

The Minnesota Housing Finance Agency initiated the Rental Rehabilitation Deferred Loan Program. The Southwest Minnesota Housing Partnership is administering this new program in Jackson County. This program provides a maximum 0% deferred loan of \$25,000/per unit and \$300,000 per project. The project must meet applicable income, rent and rehabilitation requirements.

### **15. Promote ongoing owner-occupied housing rehabilitation efforts**

**Findings:** The affordability of the Jackson housing stock will continue to be a major attraction for families that are seeking housing in the area. Efforts and investment in owner-occupied housing rehabilitation activities will be critical to offering affordable housing opportunities.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. Jackson received SCDP funds in 2009 for housing rehabilitation. Fourteen homes were rehabilitated with these funds.

Also, the City of Jackson is currently in the process of applying for additional SCDP funds to rehabilitate approximately 28 owner-occupied homes in two older Jackson neighborhoods.

Western Community Action will administer the SCDP Housing Rehabilitation Program for Jackson. Western Community Action is also administering the Weatherization Program in Jackson.

Additionally, the Jackson Economic Development Authority has developed a Housing Fix-Up Program to rehabilitate homes with an emphasis on the exterior of the homes.

**Recommendation:** We recommend that the City of Jackson continue to apply for SCDP funds to rehabilitate homes on an ongoing basis and continue the EDA Owner Housing Fix-Up Fund.

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 the housing rehabilitation programs.

## **16. Develop a Neighborhood Revitalization Program**

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

**Recommendation:** We recommend that the City of Jackson, local housing agencies, and the private housing sector select a neighborhood and develop and implement a Neighborhood Revitalization Program. Redevelopment strategies and opportunities should be identified for the Neighborhood including:

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

The Neighborhood Revitalization Plan should include time lines, the identification of the responsible city department or housing agency, funding sources, etc. The program should be evaluated on an ongoing basis as opportunities and potential projects may change priorities.

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

After a neighborhood is revitalized, a new neighborhood can be selected for future targeted efforts.

## **17. Continue to implement the Rental Housing Ordinance**

**Findings:** The City of Jackson's Rental Housing Ordinance is a valuable tool in improving the quality of the City's rental housing and assuring safe and sanitary housing. In 2013, we estimate that there are approximately 536 rental units in the City of Jackson, including many that are more than 25 years old. Neighborhood deterioration, lower property values and unsafe rental units are often prevented when a Rental Housing Ordinance is successfully implemented.

The need for the ongoing implementation of a Rental Housing Ordinance includes the following:

### **Health and Safety**

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

### **Age of Housing Stock**

- ▶ Much of the existing rental housing stock in Jackson is more than 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 and commercial use buildings. In conversion, owners often do the work themselves and may 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**

- ▶ Many of today's buyers want more amenities and conveniences, and less maintenance, thus, they are less likely to purchase older homes. Also, there has been an increase in foreclosures. These issues result in the continuation of converting old homes to rental units and magnify the problem.

### **Maintenance Efforts**

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

### **High Number of Landlords**

- ▶ 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, and such things as parked junk cars, trash and debris all have a negative impact on residential neighborhoods.

### **Zoning and Codes**

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

### **Coordination**

- ▶ A Rental Housing Ordinance provides a record of rental units and owners.
- ▶ The ordinance provides a better opportunity for coordination of city programs and codes.
- ▶ The ordinance assures that rental units comply with minimum housing standards.

**Recommendation:** We recommend the continued implementation and enforcement of the Rental Housing Ordinance to assure that all rental units in Jackson comply with housing laws and codes. The ordinance assures that Jackson rental units are safe and sanitary, thus, removing blighted and unsafe conditions.

We also recommend that the City consider ongoing rental unit inspections on a uniform basis to assure all rental units comply with codes.

## **18. Develop a Purchase/Rehabilitation Program**

**Findings:** Jackson has a large stock of older, lower valued homes, many of which need repairs. Our analysis of recent sales activity indicates that some of the homes in Jackson are valued under \$75,000. As some lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of repair work that is required.

Jackson has utilized the Minnesota Urban and Rural Homesteading (MURL) Program in the past to rehabilitate and sell several existing homes. However, the MURL Program no longer is offered by MHFA.



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

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

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

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

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

# **Jackson - Other Housing Initiatives**

## **19. Continue employer involvement in housing programs**

**Findings:** The City of Jackson has a significant number of large employers. The connection between economic development and housing availability has become an increasingly important issue as low area unemployment rates dictate the need to attract new workers into the community. Also, a high percentage of Jackson employees live outside of Jackson.

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 have organized a committee to address housing issues. Also, employers have participated in surveys, community events and are represented on the Jackson Economic Development Authority and Jackson Economic Development Corporation Boards.

**Recommendation:** We recommend the ongoing effort to involve employers as partners in addressing Jackson's housing needs. Several funding sources have finance programs that include employers. Additionally, the funding agencies often view funding applications favorably that include employers in the problem solving process.

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

Employers also assist by providing their employees with information on housing opportunities.

## **20. Acquire and demolish dilapidated structures**

**Findings:** Past housing condition surveys conducted by Community Partners Research, Inc., and Western Community Action of Jackson neighborhoods identified homes that are dilapidated and too deteriorated to rehabilitate. Many homes were also identified as needing major repair (several of these homes may be too dilapidated to rehabilitate upon a more detailed inspection). Additionally, according to the 2010 U.S. Census, there were approximately 146 housing units vacant in Jackson in 2010. Some of these housing units may deteriorate to the point of being beyond repair.

According to city records, 18 housing units have been demolished over the past four years.

**Recommendation:** We recommend that Jackson continue to demolish severely dilapidated structures. The City and its neighborhoods are enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units. Additionally, the demolition of dilapidated rental structures will upgrade the rental housing stock.

Jackson and local housing agencies should work with Jackson County to acquire and demolish tax forfeited properties that are dilapidated and beyond repair.

## **21. Create a coordinated effort among housing and economic development agencies**

**Findings:** Jackson needs staff resources in addition to existing City, HRA 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 Jackson Economic Development Corporation, the Southwest Minnesota Housing Partnership, Western Community Action and the Worthington Housing and Redevelopment Authority. 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 and economic development 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.

## **22. Competition with Other Jurisdictions**

**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 jurisdictions 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 and among Jackson employees
- ▶ 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.
- ▶ Communication with Jackson employees to assure they are aware of the housing opportunities in Jackson
- ▶ Develop a coordinated plan with area housing agencies

### **23. Develop home ownership, housing rehabilitation and new construction marketing programs**

**Findings:** With the downturn in the housing economy, the competition among cities for households looking to buy or build a home has been greater than past years. Also, some cities have an excess inventory of residential lots, homes for sale, vacant homes and homes in foreclosure. Additionally, households are evaluating the appropriate timing to buy or build a home.

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

**Recommendation:** The City of Jackson and Jackson EDA have been very active in promoting and marketing housing. We recommend that the City and EDA continue to do the following:

- ▶ Continue to create marketing materials that can be distributed regionally
  - ▶ Continue the real estate website
  - ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in Jackson
  - ▶ Work with housing agencies and employers to provide home owner education and home owner counseling programs
  - ▶ Continually evaluate the programs the City and EDA offer:
    - ▶ EDA Rental Fix-Up Fund
    - ▶ EDA Owner Housing Fix-Up Fund
    - ▶ Community Purchase Partnership Program
    - ▶ Spec Home Construction Program
    - ▶ Incentive Program for Homeowner Construction
- If changes are needed to increase program participation and effectiveness, these changes should be considered.
- ▶ Consider an annual Housing Fair that provides information on lots, builders, finance programs, etc. Developers, builders, lenders, realtors, public agencies and local businesses could participate.
  - ▶ Work with builders to make the construction of a new home a very user friendly process.

## **24. Promote Commercial Rehabilitation and Development**

**Findings:** The City of Jackson's commercial district is in good condition, and several commercial buildings have been renovated, however, there are several substandard commercial buildings in Jackson.

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

The City of Jackson has utilized program income from past SCDP Programs to rehabilitate two commercial buildings downtown and a third commercial rehab project is in process. Western Community Action is providing the administration for this program.

**Recommendation:** We recommend that the City of Jackson, the EDA and JEDC continue to work with commercial property and business owners to rehabilitate their buildings. Also, new businesses should continue to be encouraged to locate in Jackson.

The City of Jackson, the EDA and JEDC should be encouraged to seek funding to assist property owners with rehabilitating their commercial buildings.

## **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: Susan Pirsig, 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: Jeff Gladis, Housing Director

### **Worthington Housing and Redevelopment Authority**

819 10<sup>th</sup> Street  
Worthington, MN 56187  
Phone: (507) 376-6788  
Contact: Randy Thompson, Executive Director