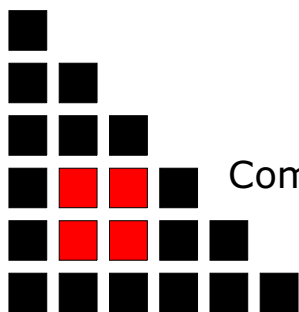


# City of Jackson HOUSING STUDY UPDATE

June 2019

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



Community Partners Research, Inc.

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>29</b>
<b>Rental Housing Inventory</b>	<b>32</b>
<b>Employment and Local Economic Trends Analysis</b>	<b>48</b>
<b>Findings and Recommendations</b>	<b>55</b>
<b>Agencies and Resources</b>	<b>114</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 update the 2013 Jackson Housing Study, which identified the needs and conditions of the City. Community Partners Research, Inc., in addition to the 2013 Study, has also 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 2019 Study.

## Goals

The multiple goals of the study include:

- ▶ Provide updated demographic data
- ▶ Provide an analysis of the current housing stock and inventory
- ▶ Determine gaps or unmet housing needs
- ▶ Examine future housing trends that the area can expect to address in the coming years
- ▶ Provide a market analysis for housing development
- ▶ Update the housing recommendations and findings from the 2013 Jackson Housing Study

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from February to June, 2019. Data sources included:

- U.S. Census Bureau
- Minnesota State Demographer
- American Community Survey
- Esri, a private data company
- Records and data from the City of Jackson

- 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
- Previous housing studies
- 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:

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## **Section Table of Contents**

	Page
Demographic Data Overview	5
Population Data and Trends	6
Population by Age Trends: 2010 to 2018	8
Population Projections	10
Household Data and Trends	11
Household by Age Trends: 2010 to 2018	12
Average Household Size	14
Household Projections	15
Jackson Household Projections by Age	16
Jackson County Household Projections by Age	17
Households by Type	18
Housing Tenure	19
Tenure by Age	20
Tenure by Household Size	21
2017 Median Income Data	22
Jackson Household Income Distribution	24
Jackson County Household Income Distribution	25
Jackson Income Distribution by Tenure	26
2017 Estimated Income and Housing Costs - Renters	27
2017 Estimated Income and Housing Costs - Owners	28

## **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 or the 2017 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 2017 estimates were the most current at the time of this Study and were derived from sampling that was done over a five-year period, between 2013 and 2017. Unless otherwise noted, the American Community Survey estimates are based on the five-year survey data.

Additionally, Community Partners Research, Inc., has obtained information from Esri, a private company based in California that generates demographic and projection data. Esri's estimates and projections are included in many of the demographic tables that follow.

## Population Data and Trends

<b>Table 1 Population Trends - 1990 to 2018</b>						
	1990 Population	2000 Population	% Change 1990-2000	2010 Population	% Change 2000-2010	2018 Esri Estimate
Jackson	3,559	3,501	-1.6%	3,299	-5.8%	3,245
Jackson County	11,677	11,268	-3.5%	10,266	-8.9%	10,113

Source: U.S. Census; Esri

- ▶ Esri, the State Demographer and the U.S. Census Bureau have all released population estimates following the 2010 Census.
- ▶ Esri’s 2018 estimate for the City of Jackson is 3,245, a decrease of 54 people from 2010. Esri’s 2018 estimate for Jackson County is 10,113, down 153 people from the 2010 Census.
- ▶ The Minnesota State Demographer and the U.S. Census have issued 2017 population estimates. For the City of Jackson, the State Demographer’s estimate was 3,403 people, an increase of 104 people from 2010. This estimate is more optimistic than the Esri estimate, which estimates a population loss. The 2017 U.S. Census population is 3,221, a loss of 78 people from 2010.
- ▶ For Jackson County, the most recent estimate from the State Demographer shows 9,946 people in 2017, down 320 people from the 2010 Census. The U.S. Census estimate shows the County is 9,951, a loss of 315 people from 2010. Esri’s 2018 estimate for Jackson County was 10,113, a loss of 153 people from 2010 to 2018.
- ▶ 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. Based on the 2017 American Community Survey, 95.2% of the City's residents identified their race as White, with the Asian population representing approximately 2.5% of the City total. Approximately 0.1% of Jackson's population was Black or African American, 0.1% was Native American and 2.0% were some other race or two or more races. Approximately 3.4% of the City's residents were identified as Hispanic/Latino.
- ▶ According to the Minnesota State Demographer, 77 Jackson residents lived in group quarters in 2017.



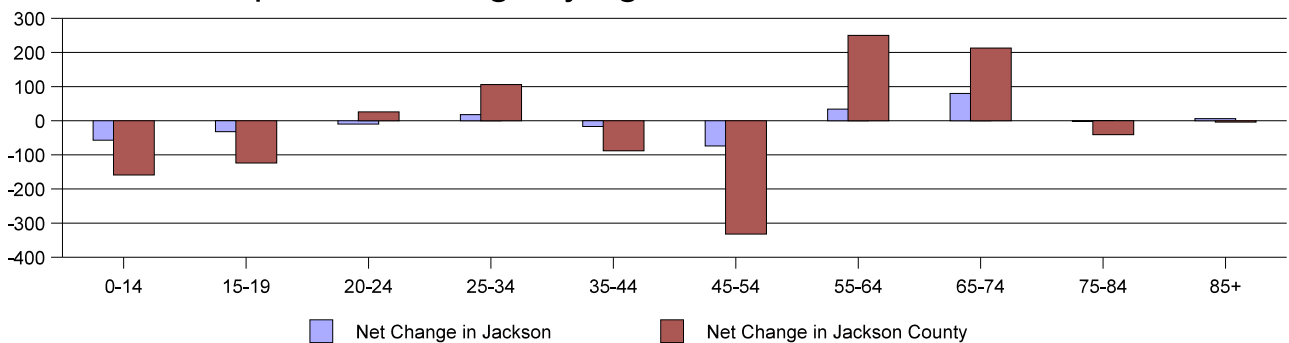
## Population by Age Trends: 2010 to 2018

Esri has generated age-based population estimates which allows for some analysis of the changing age patterns for Jackson and Jackson County. The following table compares population by age in the 2010 Census to the 2018 Esri estimates.

Table 2 Population by Age - 2010 to 2018						
Age	Jackson			Jackson County		
	2010	2018	Change	2010	2018	Change
0-14	627	570	-57	1,893	1,734	-159
15-19	215	183	-32	670	546	-124
20-24	186	176	-10	474	500	26
25-34	392	410	18	1,056	1,162	106
35-44	369	352	-17	1,162	1,074	-88
45-54	466	392	-74	1,609	1,277	-332
55-64	408	442	34	1,358	1,608	250
65-74	220	300	80	884	1,097	213
75-84	246	244	-2	738	697	-41
85+	170	176	6	422	418	-4
Total	3,299	3,245	-54	10,266	10,113	-153

Source: U.S. Census; Esri

### Population Change by Age Between 2010 and 2018



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.

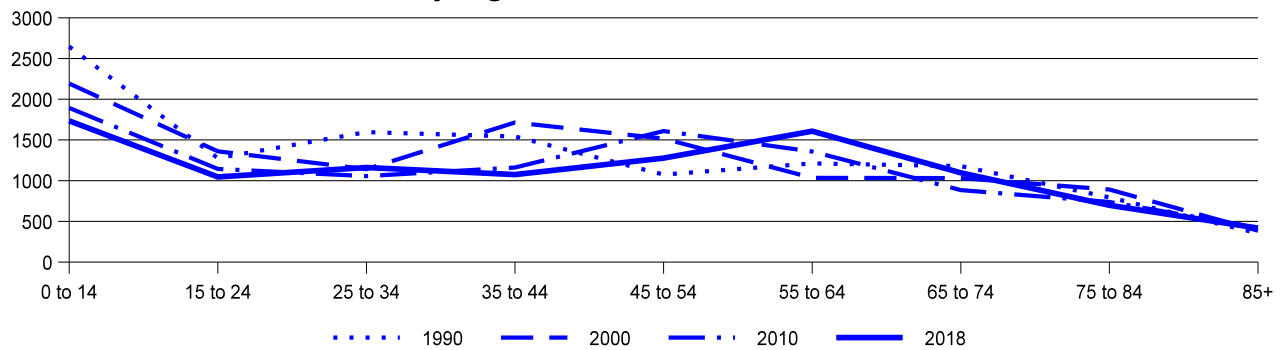
Between 2010 and 2018, Jackson had a gain of 114 people and Jackson County had a gain of 463 people in the age ranges between 55 and 74 years old. In 2018, nearly all of the baby boomers were within these age ranges. The aging of the baby boomers, is reflected in the gain in the 55 to 74 age ranges.

The City of Jackson also had an increase of 18 people in the 25 to 34 age range and a gain of six people in the 85 and older age range. There was a loss of 99 people in the 24 and younger age ranges, a loss of 91 people in the 35 to 54 age ranges and a loss of two people in the 75 to 84 age range.

In addition to the 55 to 74 age ranges, from 2010 to 2018, Jackson County had a gain of 132 people in the 20 to 34 age ranges. The County had a loss of 283 people in the 19 and younger age ranges, a loss of 420 people in the 35 to 54 age ranges and a loss of 45 people in the 75 and older age ranges.

The aging trends present in Jackson in 2018 can be traced back over the previous decades to see the movement of the baby boom generation over the last 28 years in Jackson.

**County Age Distribution: 1990 to 2018**



## Population Projections

The following table presents population projections generated by Esri for the City of Jackson and Jackson County to the year 2023.

<b>Table 3 Population Projections Through 2023 - Esri</b>			
	2010 Census	2018 Estimate	2023 Projection
Jackson	3,299	3,245	3,153
Jackson County	10,266	10,113	9,850

Source: U.S. Census; Esri

- ▶ Esri estimates that Jackson has a loss of 54 people from 2010 to 2018, and projects a loss of another 92 people from 2018 to 2023.
- ▶ Esri estimates that Jackson County had a loss of 153 people from 2010 to 2018, and projects a loss of an additional 263 people from 2018 to 2023.
- ▶ In the 2013 Jackson Housing Study, it was projected that from 2010 to 2015, Jackson would average a loss of 19 people annually. Esri has estimated that from 2010 to 2018, Jackson had an annual loss of approximately seven people and is projected to have a population decrease of 18 people annually from 2018 to 2023.

## Household Data and Trends

<b>Table 4 Household Trends - 1990 to 2018</b>						
	1990 Households	2000 Households	% Change 1990-2000	2010 Households	% Change 2000-2010	2018 Estimate
Jackson	1,484	1,487	0.2%	1,489	0.1%	1,454
Jackson County	4,560	4,556	-0.1%	4,429	-2.8%	4,330

Source: U.S. Census; Esri

- ▶ Esri estimates that Jackson had 1,454 households in 2018, which is a loss of 35 households from 2010 to 2018. Esri’s household estimate for Jackson County is 4,330, which is a loss of 99 households from 2010.
- ▶ The Minnesota State Demographer has released 2017 household estimates for Jackson and Jackson County. For the City of Jackson, the estimate shows a household count of 1,570, an increase of 81 households. This contradicts the Esri estimate, which shows household losses. For Jackson County, the 2017 State Demographer’s estimate was 4,394 households, down 35 households from the 2010 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 0.1%.
- ▶ 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 three households and Jackson County had a decrease of four households from 1990 to 2000.

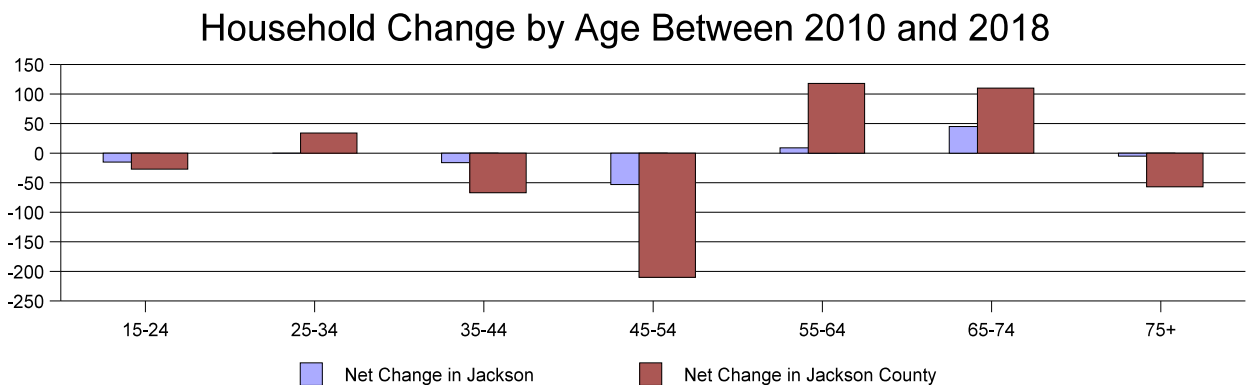
## Household by Age Trends: 2010 to 2018

Esri has also generated age-based estimates for households. The following table compares households by age of householder from the 2010 Census to Esri’s 2018 estimates.

Table 5 Households by Age - 2010 to 2018						
Age	Jackson			Jackson County		
	2010	2018	Change	2010	2018	Change
15-24	99	84	-15	177	150	-27
25-34	223	223	0	558	592	34
35-44	203	187	-16	611	544	-67
45-54	278	225	-53	910	700	-210
55-64	266	275	9	818	936	118
65-74	140	185	45	534	644	110
75+	280	275	-5	821	764	-57
Total	1,489	1,454	-35	4,429	4,330	-99

Source: U.S. Census; Esri

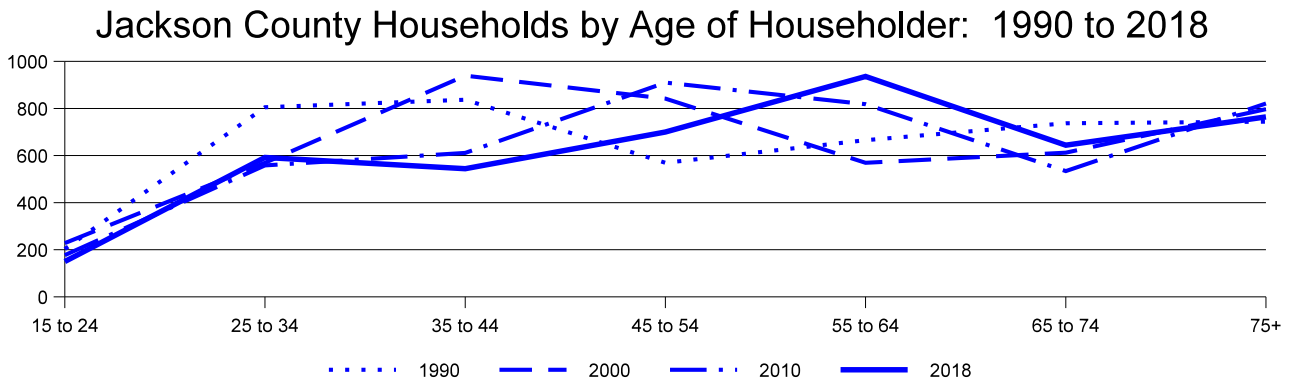
Consistent with the population by age data presented earlier, the household patterns show most of the change occurring in the baby boomer age groups. For both Jackson and the Jackson County, there was significant growth in households in the age ranges between 55 and 74 years old. The City of Jackson had a gain of 54 households and Jackson County had an increase of 228 households in these age ranges.



Jackson had a decrease of 84 households in the 54 and younger age ranges and a loss of five households in the 75 and older age range, from 2010 to 2018.

In addition to the 54 to 75 age ranges, from 2010 to 2018, Jackson County had a gain of 34 households in the 25 to 34 age range. Jackson County had a loss of 27 households in the 15 to 24 age range, a loss of 277 households in the 35 to 54 age ranges and a loss of 57 households in the 75 and older age range.

As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households over the past 28 years in Jackson County, using Census information for households by the age of householder.



## Average Household Size

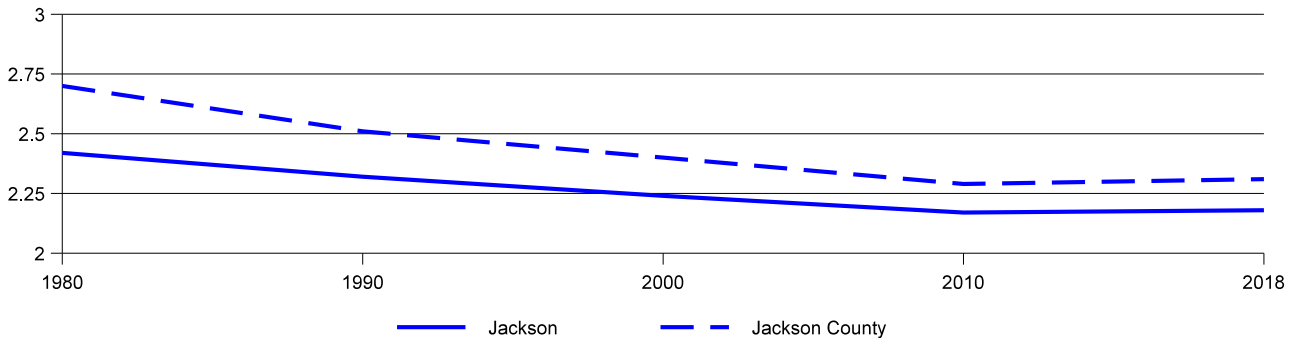
The following table provides decennial Census information on average household size.

<b>Table 6 Average Number of Persons Per Household: 1990 to 2018</b>				
	1990 Census	2000 Census	2010 Census	2018 Esri
Jackson	2.32	2.24	2.17	2.18
Jackson County	2.51	2.40	2.29	2.31

Source: U.S. Census; Esri

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 2018



The average household size in Jackson and Jackson County decreased from 1990 to 2010, but has increased slightly from 2010 to 2018. In Jackson, the average household size decreased from 2.32 persons per household in 1990 to 2.17 persons in 2010 and then increased to 2.18 in 2018.

Jackson County’s average household size decreased from 2.51 in 1990 to 2.29 in 2010 and increased from 2.29 in 2017 to 2.31 in 2018.

## Household Projections

The following table presents household projections generated by Esri for Jackson and Jackson County.

<b>Table 7 Household Projections Through 2023 - Esri</b>			
	2010 Census	2018 Estimate	2023 Projection
Jackson	1,489	1,454	1,409
Jackson County	4,429	4,330	4,204

Source: U.S. Census; Esri

- ▶ Esri estimates that Jackson had a loss of 35 households from 2010 to 2018, and projects a loss of an additional 45 households from 2018 to 2023.
- ▶ For all of Jackson County, Esri estimates that from 2010 to 2018, the County had a loss of 99 households and will lose an additional 126 households from 2018 to 2023.
- ▶ In the 2013 Jackson Housing Study, it was projected that Jackson would gain one household and Jackson County would lose 62 households from 2010 to 2015.



## Jackson Household by Age Projections: 2018 to 2023

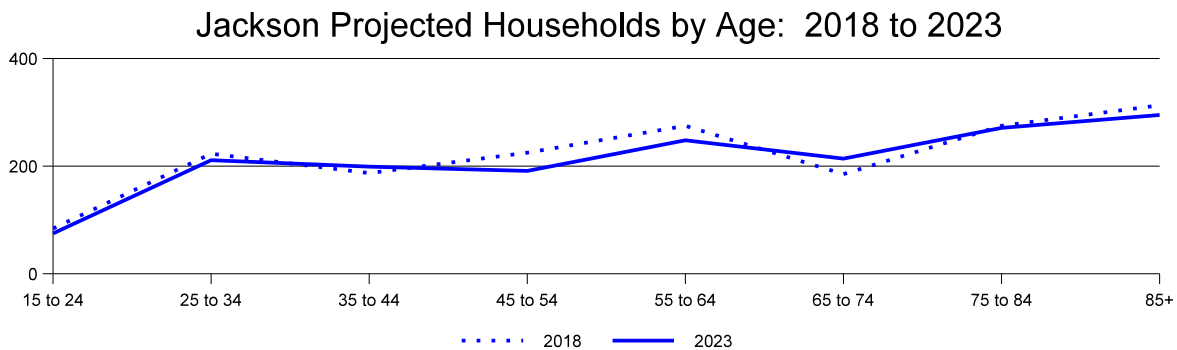
Esri has also produced projections to the year 2023 for households by age. In the following table, Esri’s 2023 projections for Jackson have been compared to their 2018 estimates to track anticipated changes over the next five years.

<b>Table 8 Jackson Projected Households by Age - 2018 to 2023</b>			
Age Range	Esri		
	2018 Estimate	2023 Projection	Change
15-24	84	75	-9
25-34	223	211	-12
35-44	187	199	12
45-54	225	191	-34
55-64	275	248	-27
65-74	185	214	29
75+	275	271	-4
Total	1,454	1,409	-45

Source: Esri

Esri’s projections for Jackson estimate a loss of 21 households in the 15 to 34 age ranges, a loss of 61 households in the 45 to 64 age ranges and a loss of four households in the 75 and older age range. Esri projects a gain of 12 households in the 35 to 44 age range and a gain of 29 households in the ‘baby boomer’ 65 to 74 age range.

The following line chart shows the progression of the age ranges from 2018 to 2023.



## Jackson County Household by Age Projections: 2018 to 2023

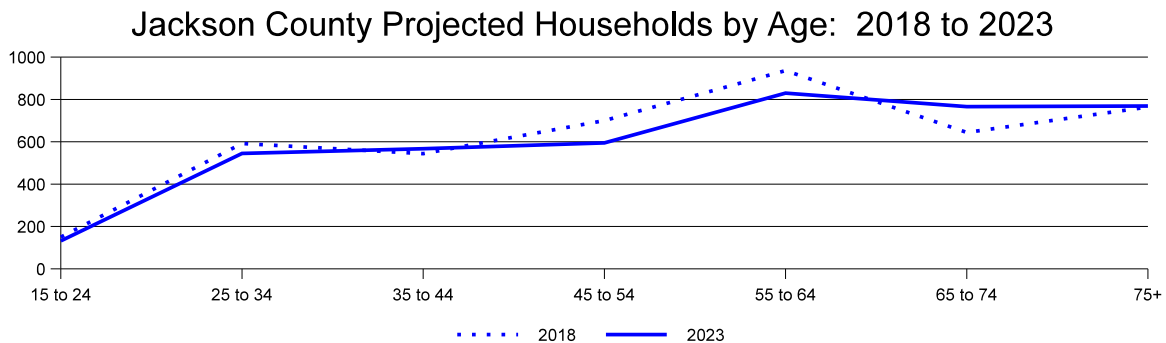
Esri has also produced projections to the year 2023 for Jackson County’s households by age. In the following table, the 2023 projections have been compared to the 2018 estimates to track anticipated changes.

<b>Table 9 Jackson County Projected Households by Age - 2018 to 2023</b>			
Age Range	Esri		
	2018 Estimate	2023 Projection	Change
15-24	150	132	-18
25-34	592	545	-47
35-44	544	567	23
45-54	700	595	-105
55-64	936	830	-106
65-74	644	766	122
75+	764	769	5
Total	4,330	4,204	-126

Source: Esri

Esri’s projections for Jackson County estimate a loss of 65 households in the 15 to 34 age ranges and a loss of 211 households in the 45 to 64 age ranges. Esri projects a gain of 23 households in the 35 to 44 age range and a gain of 127 households in 65 and older age ranges.

The following line chart shows the progression of the age ranges from 2018 to 2023.



## Households by Type

The 2017 American Community Survey data on households by type was not considered to be reliable by the analysts. As a result, decennial census information from 2010 and 2000 has been used to examine changes in household composition. The following table looks at household trends within the City of Jackson.

<b>Table 10 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 and family householder without spouse households.

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

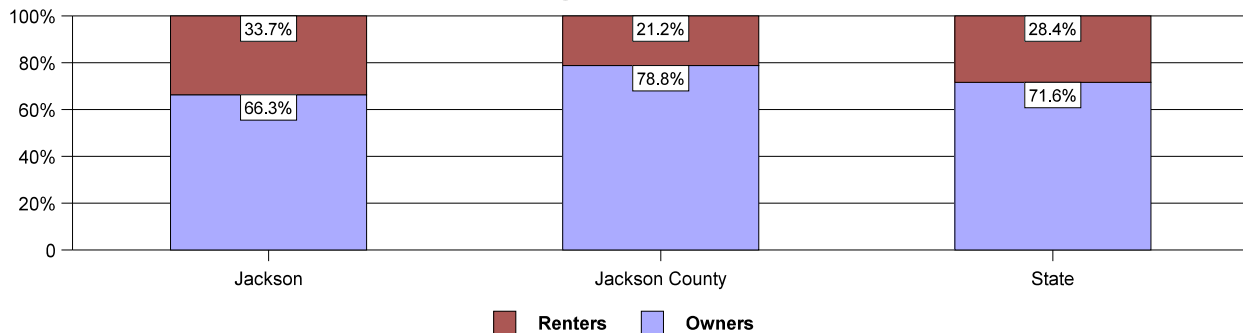
The 2017 American Community Survey provided data on housing tenure patterns. The following tables examine ownership and rental rates for Jackson and Jackson County, along with the changes in tenure that occurred from 2010 to 2017.

<b>Table 11 Household Tenure - 2017</b>				
	Number of Owners	Percent of all Households	Number of Renters	Percent of all Households
Jackson	983	66.3%	500	33.7%
Jackson County	3,426	78.8%	924	21.2%
State	-	71.6%	-	28.4%

Source: American Community Survey

According to the 2017 American Community Survey, the ownership tenure rate in Jackson was 66.3%. Jackson County’s ownership rate was 78.8%.

### Housing Tenure in 2017



<b>Table 12 Households by Housing Tenure - 2010 to 2017</b>						
Tenure	Jackson			Jackson County		
	2010	2017	Change	2010	2017	Change
Owners	1,039/69.8%	983/66.3%	-56	3,466/78.3%	3,426/78.8%	-40
Renters	450/30.2%	500/33.7%	50	963/21.7%	924/21.2%	-39
Total	1,489	1,483	-6	4,429	4,350	-79

Source: U.S. Census, ACS

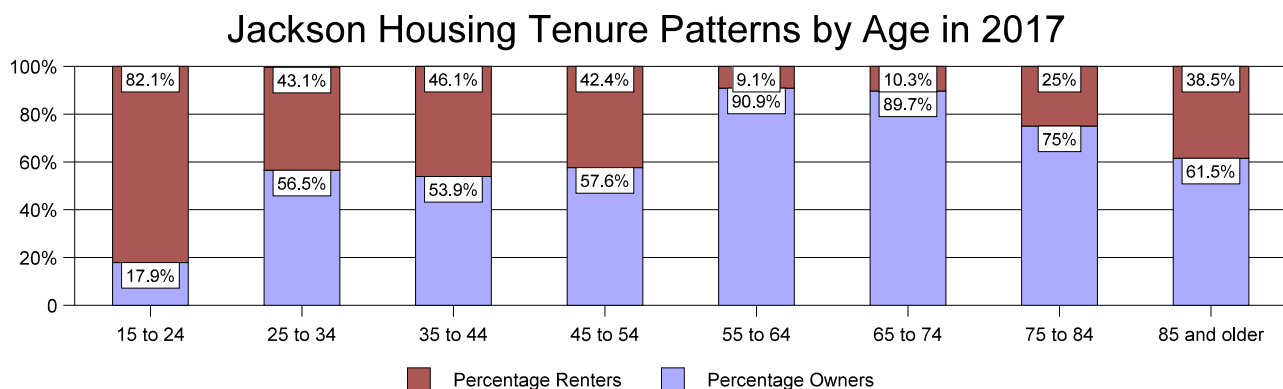
Jackson’s ownership tenure rate decreased from 69.8% in 2010 to 66.3% in 2017. For Jackson County, there was a slight increase in the rate of owner households between 2010 and 2017. The ownership tenure rate increased from 78.3% in 2010 to 78.8% in 2017.

## Tenure by Age of Householder

The 2017 American Community Survey includes an estimate 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 13 Jackson Tenure by Age of Householder - 2017</b>				
Age	Owners		Renters	
	Number	Percent within age	Number	Percent within age
15-24	19	17.9%	87	82.1%
25-34	96	56.5%	74	43.5%
35-44	130	53.9%	111	46.1%
45-54	155	57.6%	114	42.4%
55-64	260	90.9%	26	9.1%
65-74	165	89.7%	19	10.3%
75-84	102	75.0%	34	25.0%
85+	56	61.5%	35	38.5%
Total	983	66.3%	500	33.7%

Source: American Community Survey



Within the defined age ranges, typical tenure patterns were present, with households at the lowest end of the age spectrum showing greater preference for rental housing, while middle-aged and older adult households were primarily home owners.

The 54 and younger age ranges all had more than 40% of their households renting their unit. Over 82% of the households in the 15 to 24 age range rented their unit.

The 55 and older age ranges all had more than 60% of their households owning their unit. Approximately 90% of the households in the 55 to 74 age ranges owned their unit in 2017.

## 2017 Median Income Data

The American Community Survey includes information on household income. Estimates are available at the city and county level for 2017, and can be compared to the 2010 estimates to track changes. 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. Family household incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners.

<b>Table 14 Median Household Income - 2010 to 2017</b>			
	2010 Median	2017 Median	% Change
Jackson	\$39,035	\$46,096	18.1%
Jackson County	\$46,869	\$55,122	17.6%
Minnesota	\$57,253	\$65,699	14.8%

Source: American Community Survey

<b>Table 15 Median Family Income - 2010 to 2017</b>			
	2010 Median	2017 Median	% Change
Jackson	\$58,077	\$57,130	-1.6%
Jackson County	\$59,238	\$70,542	19.1%
Minnesota	\$63,217	\$82,785	31.0%

Source: American Community Survey

The median household income and the median family income for both Jackson and Jackson County were below the respective medians for the State of Minnesota in 2017. The household median incomes for Jackson and Jackson County increased significantly from 2010 to 2017. The median family income for Jackson County also increased significantly, from 2010 to 2017, however, the median family income for Jackson decreased slightly.

Although the data show that Jackson's median family income has decreased slightly from 2010 to 2017, there is a margin of error that applies to the American Community Survey estimates. The County's 2017 median family income of \$70,542 was significantly above the medians for surrounding Counties. In 2017, the median family income for Cottonwood County was \$63,326, the median in Nobles County was \$64,000, and the median in Martin County was \$66,775.

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 \$1,152 per month for ownership or rental housing in 2017. A median income family could afford approximately \$1,428 per month for housing.

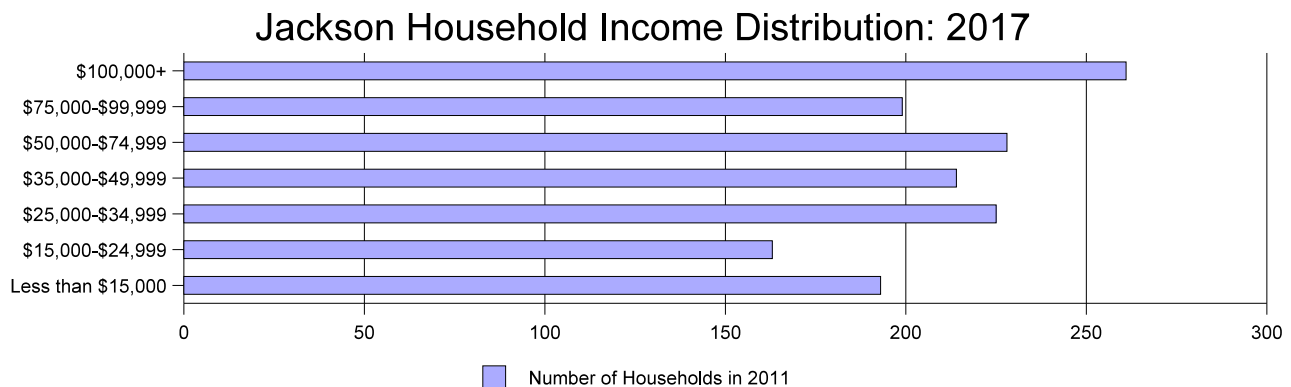


## Jackson Household Income Distribution

The 2017 American Community Survey household income estimates for the City of Jackson can be compared to the same distribution information from 2010 to examine changes that have occurred over the past seven years.

Household Income	Number of Households 2010	Number of Households in 2017	Change 2010 to 2017
\$0 - \$14,999	272	193	-79
\$15,000 - \$24,999	130	163	33
\$25,000 - \$34,999	235	225	-10
\$35,000 - \$49,999	260	214	-46
\$50,000 - \$74,999	304	228	-76
\$75,000 - \$99,999	83	199	116
\$100,000+	197	261	64
<b>Total</b>	<b>1,481</b>	<b>1,483</b>	<b>2</b>

Source: American Community Survey



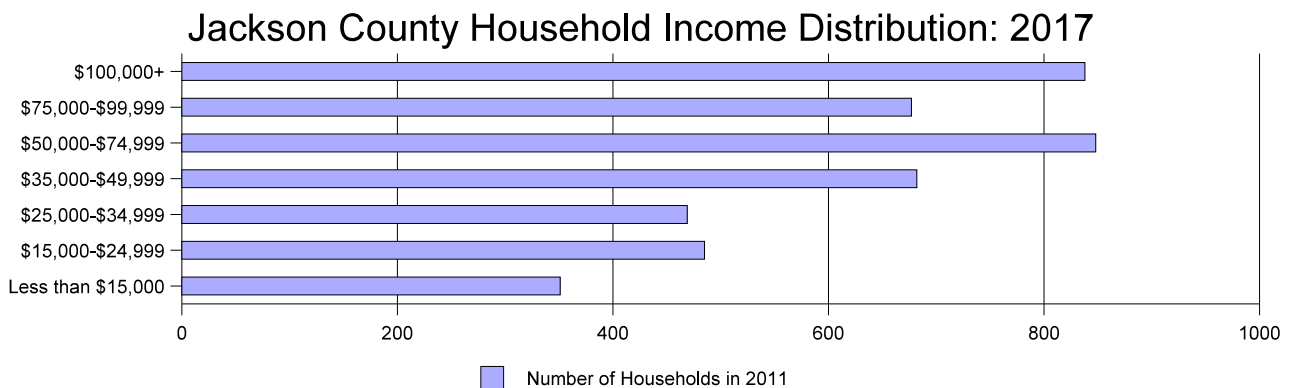
According to income estimates contained in the 2017 American Community Survey, household incomes have improved in Jackson. When compared to the 2010 American Community Survey, there was a net increase of 104 households with an income of \$50,000, or more. There was a net decrease of 102 households with incomes less than \$50,000. However, there were still 356 households in Jackson that have an annual income below \$25,000. This was 24.0% of all households.

## Jackson County Household Income Distribution

The 2017 American Community Survey household income estimates for Jackson County can be compared to the same distribution information from 2010 to examine changes that have occurred over the past seven years.

<b>Table 17 Jackson County Household Income Distribution - 2010 to 2017</b>			
Household Income	Number of Households 2010	Number of Households in 2017	Change 2010 to 2017
\$0 - \$14,999	597	351	-246
\$15,000 - \$24,999	464	485	21
\$25,000 - \$34,999	560	469	-91
\$35,000 - \$49,999	769	682	-87
\$50,000 - \$74,999	1,015	848	-167
\$75,000 - \$99,999	532	677	145
\$100,000+	594	838	244
<b>Total</b>	<b>4,531</b>	<b>4,350</b>	<b>-181</b>

Source: American Community Survey



According to income estimates contained in the 2017 American Community Survey, household incomes have improved in Jackson County. When compared to the 2010 American Community Survey, there was a net increase of 222 households with an income of \$50,000, or more. There was a net decrease of 403 households with incomes less than \$50,000. However, there were still 836 households in Jackson County that have an annual income below \$25,000. This was 19.2% of all households.

## Jackson Income Distribution by Housing Tenure

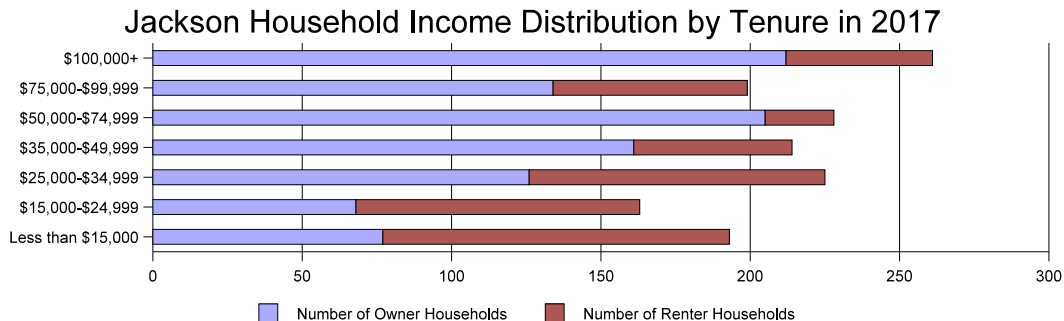
The American Community Survey provides income estimates by owner and renter status. The following table examines income distribution within the City of Jackson. The American Community Survey is an estimate, based on limited sampling data, however, it is a good indicator of household income distribution.

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	77/39.9%	116/60.1%	193
\$15,000 - \$24,999	68/41.7%	95/58.3%	163
\$25,000 - \$34,999	126/56.0%	99/44.0%	225
\$35,000 - \$49,999	161/75.2%	53/24.8%	214
\$50,000 - \$74,999	205/89.9%	23/10.1%	228
\$75,000 - \$99,999	134/67.3%	65/32.7%	199
\$100,000+	212/12.2%	49/18.8%	261
<b>Total</b>	<b>983</b>	<b>500</b>	<b>1,483</b>

Source: 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 2017, approximately 62% 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 56% 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.



## Estimated Income and Housing Costs - Jackson 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 - 2017</b>			
Percent of Income for Housing	Households Age 64 and Younger	Households Age 65 and Older	Total
Less than 20%	211/51.2%	8/9.1%	219/43.8%
20% to 29.9%	40/9.7%	9/10.2%	49/9.8%
30% to 34.9%	50/12.2%	0/0%	50/10.0%
35% or more	99/24.0%	63/71.6%	162/32.4%
Not Computed	12/2.9%	8/9.1%	20/4.0%
Total	412/100%	88/100%	500/100%

Source: American Community Survey

The 2017 American Community Survey has undercounted the number of renter households in the City of Jackson. However, it is still a good indicator of the percentage of income renters pay for gross rent.

According to the American Community Survey, approximately 42% of all renters in the City were paying 30% or more of their income for rent. The significant 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 household 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".

Senior citizen renters (age 65 and older) represented approximately 30% of all households with a rental cost burden. Households in the age ranges between 15 and 64 years old represented approximately 70% of all households with a rental cost burden.

## 2017 Estimated Income and Housing Costs - Jackson 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 2017	Percent of All Owner Households 2017
0% to 19.9%	719	73.1%
20% to 29.9%	87	8.9%
30% to 34.9%	45	4.6%
35% or more	121	12.3%
Not Computed	11	1.1%
<b>Total</b>	<b>983</b>	<b>100%</b>

Source: ACS

Most owner-occupants, which include households with and without a mortgage, reported paying less than 30% of their income for housing. However, approximately 17% 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.

## Existing Home Sales

This section examines houses that have been sold in Jackson between 2013 and 2018. Prior studies have provided similar data for the years prior to 2013. The information used is from the Jackson County Assessor's Office, and reflects "good" sales that are viewed as "arms length" transactions. 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.

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 21 Median Value of Residential Sales - 2013 to 2018</b>				
Calendar Year	Number of Sales	Median Price	Lowest Price	Highest Price
2018	37	\$98,600	\$36,000	\$275,000
2017	34	\$94,500	\$17,500	\$239,000
2016	41	\$95,000	\$20,000	\$330,000
2015	38	\$82,850	\$36,500	\$235,000
2014	51	\$112,000	\$22,000	\$279,500
2013	35	\$74,000	\$17,000	\$268,000

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

From 2013 to 2018, the median home sale price in the City varied widely, from a low of \$74,000 in 2013, to a high of \$112,000 in 2014. However, over the past three years the annual median has been more similar, ranging from \$94,500 to \$98,600.

In each of the years reviewed, at least one house in the City has sold for less than \$40,000. There has also been at least one sale for \$235,000 or more in each recent year.

An alternate estimate of owner-occupancy home values exists in the American Community Survey. In 2017, the estimated value in Jackson was \$109,100.

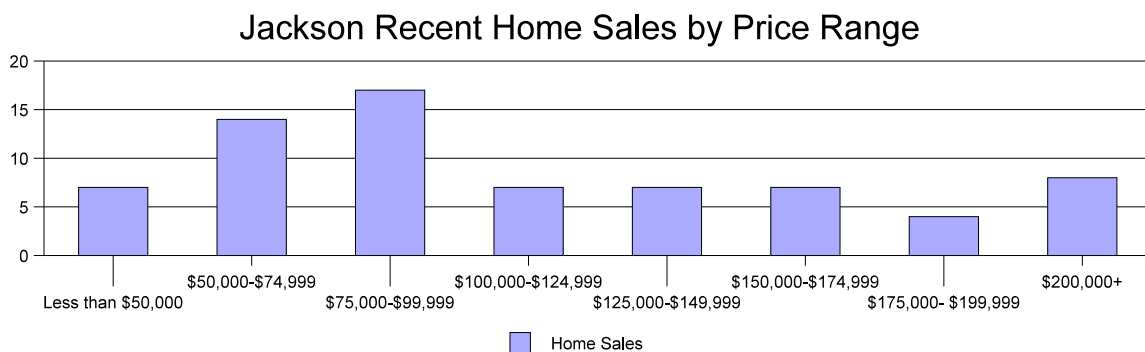
## Home Sales by Price Range

The following table looks at the price distribution of 71 single family houses that sold in Jackson in 2017 and 2018. This information is once again from Jackson County's sales records.

Table 22 Home Sales by Price Range: 2017-2018		
Sale Price	Number of Sales	Percent of Sales
Less than \$50,000	7	9.9%
\$50,000 - \$74,999	14	19.7%
\$75,000 - \$99,999	17	23.9%
\$100,000 - \$124,999	7	9.9%
\$125,000 - \$149,999	7	9.9%
\$150,000 - \$174,999	7	9.9%
\$175,000 - \$199,999	4	5.6%
\$200,000+	8	11.3%
Total	71	100%

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

Most of the sales activity in past 24 months occurred within the low and moderate price ranges, as nearly 54% of the sales were in the ranges below \$100,000. Fewer than 17% of the sales were for \$175,000 or more.



## Jackson Building Permit Trends

The following table identifies the units that have been issued a building permit in Jackson from 2005 to 2018.

<b>Table 23 Jackson Housing Unit Construction Activity: 2005 to 2018</b>				
Year	Single Family	Units in Two-Unit Structures	Multifamily Units	Total Units
2018	1	0	0	1
2017	2	0	0	2
2016	0	0	0	0
2015	3	0	42	45
2014	4	0	0	4
2013	2	0	0	2
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>38</b>	<b>6</b>	<b>66</b>	<b>110</b>

Source: City of Jackson

- ▶ Based on City reports, 110 units were constructed in Jackson from 2005 to 2018. This included 38 single family homes, six units in duplexes and 66 rental units.
- ▶ From 2005 to 2011, 55 housing units were constructed in Jackson including 25 single family homes, three duplexes and a 24-unit multifamily rental building.
- ▶ Over the past seven years, from 2012 to 2018, 55 housing units were also constructed in Jackson, including 13 single family homes and 42 rental townhomes.



## **Rental Housing**

### **Total Unit Inventory**

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

The American Community Survey's 2017 estimate shows that Jackson's rental rate increased to 33.7%, above the state rental rate of 26.4%.

From 2010 to 2019, two rental projects have been constructed. Eagle Ridge Townhomes is a 42-unit tax credit/market rate project. Ashley Estates is a 24-unit market rate project. There may also be owner-occupied units that have converted to rental housing. It is possible that there have been some rental unit losses since 2010, due to demolitions, conversions or other causes, but no reliable information is available on rental gains or losses due to these causes. As a result, with the addition of the Eagle Ridge Townhomes and Ashley Estates, the estimated rental inventory in 2019 is approximately 578 units.

### **Pending Projects**

Two rental housing projects are in the preliminary planning phase in the City of Jackson in 2019. One project involves the conversion of a motel into a 13-unit rental project. There are also discussions about converting an existing structure into student housing.

### **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 also obtained from several smaller projects including single family homes. Information was collected from February to April, 2019.

In total, we collected information on 409 rental units in all segments of the market. We also collected information on 53 skilled nursing beds.

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

- ▶ 203 market rate units
- ▶ 42 tax credit units in one project
- ▶ 130 subsidized units in four projects
- ▶ 87 senior with services units/beds

## Market Rate Summary

We surveyed the five market rate rental properties in Jackson that have 12 or more units. These properties with a total 128 units include Wedgewood Townhomes (20 units), Hillcrest Apartments (24 units), Ashley Estates (24 units), Rolling Hills Apartments (48 units), and Eagle Ridge Townhomes (12 units). We also collected information on an additional 75 market rate units. These units were in three mixed-use buildings, one 8-plex, one 7-plex, two 5-plexes, four 4-plexes, two duplexes and 11 single family homes.

Since the 2013 Jackson Housing Study, one rental project was constructed in Jackson. Eagle's Ridge Townhomes, with 12 market rate and 30 tax credit units, was constructed in 2015.

## Unit Mix

The bedroom mix of the 203 market rate units surveyed is:

- ▶ Efficiencies - 11 (5.4%)
- ▶ One-bedroom - 53 (26.1%)
- ▶ Two-bedroom - 124 (61.1%)
- ▶ Three-bedroom - 13 (6.4%)
- ▶ Four-bedroom - 2 (1.0%)

## Rental Rates

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.

<u>Unit Type</u>	<u>Identified Gross Rent Range</u>
Efficiency	\$325-\$375
One-Bedroom	\$400-\$800
Two-Bedroom	\$450-\$975
Three-Bedroom	\$630-\$1,100
Four-Bedroom	\$650-\$950

Please note that the four-bedroom unit rent range was based on only two units.

## **Occupancy/Vacancy**

We found 21 vacant units in the market rate properties, for an overall vacancy rate of 10.8%. Fourteen of the 21 vacancies were in one project, Rolling Hills Apartments.

If Rolling Hills Apartments is not included in the vacancy calculation, the market rate vacancy rate is 4.8%. With the low vacancy rates in other rental projects in the City, the high rate in Rolling Hills may indicate that the vacancies are due to unique circumstances in that project, rather than lack of demand.

Twelve of the 18 property managers we contacted reported no vacancies. West Dorms had three vacancies at the time of the survey that we did not include in the vacancy calculation because this project is a single room occupancy project that often leases to short-term occupants.

In 2013, the Housing Study reported a 3.9% market rate vacancy rate.

## **Tax Credit Summary**

There are two rental projects in Jackson that was developed using federal low income housing tax credits, River Bluff Townhomes and Eagle Ridge Townhomes.

- ▶ **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.
- ▶ **Eagle Ridge Townhomes** - Eagle Ridge Townhomes was constructed in 2015 and is owned by the Southwest Minnesota Housing Partnership. The project has 30 tax credit units, including 13 two-bedroom and 17 three-bedroom units. The project also has 12 market rate units.

## **Occupancy/Vacancy**

At the time of our rental survey, there were no vacant units reported in River Bluff Townhomes and four vacancies in Eagle Ridge Townhomes. Therefore, the 42 tax credit units in the two tax credit projects had a 9.5% vacancy rate at the time of the survey.

River Bluff Townhomes also had no vacancies at the time of the 2013 Housing Study. The manager reported that it is difficult to maintain full occupancy in the two tax credit projects because the number of households that are below the income limits that can afford the rent is limited.

## **Rental Rates**

The federal tax credit program places maximum rent limitations on assisted units. Also, tenant household incomes must be 60% or less of the median income to qualify for a unit.

The rents for the River Bluff Townhomes are \$610 for a three-bedroom unit and \$645 for a four-bedroom unit. The rents for the tax credit units in Eagle Ridge Townhomes are \$615 for a two-bedroom unit and \$720 for a three-bedroom unit. Tenants also pay heat and electricity. The rents at River Bluff Townhomes and Eagle Ridge Townhomes are below maximum allowable limits for tax credit projects.

River Bluff and Eagle Ridge 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.

The four subsidized projects include:

- ▶ **Sunrise Estates** - Sunrise Estates is a MHFA/HUD Section 8 New Construction General Occupancy Project. The project has 40 units and was constructed in 1980. There are 33 two-bedroom and seven three-bedroom units.
- ▶ **Riverine Apartments** - Riverine Apartments is a USDA Rural Development 16-unit General Occupancy Project constructed in the mid-1970s. There are two one-bedroom and 14 two-bedroom units.
- ▶ **River Valley Scattered Site** - The River Valley Scattered Site Family Public Housing HUD Project has 24 single family homes including eight two-bedroom, 15 three-bedroom and one three-bedroom. This project is owned and managed by the Jackson HRA.
- ▶ **River Valley Homes** - River Valley Homes is a 50-unit HUD Public Housing General Occupancy Project owned and managed by the Jackson HRA. There are 49 one-bedroom units and one two-bedroom unit. The Project was a senior/disabled project, but has converted to a general occupancy project.

## **Occupancy/Vacancy**

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

Our 2013 survey also identified a 0% vacancy rate.

## **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 of Minnesota have met their contractual obligations to provide affordable housing and have been converting to market rate rental housing. In 2010, Rolling Hills Apartments, with 48 units, converted from subsidized housing to market rate housing.

At the time of the 2013 Jackson Housing Study, Riverine Apartments had submitted the documents to prepay its mortgage to opt-out of the subsidy program in the future and become market rate rental housing. The owner reported that the project would probably proceed with the opt-out in 2014 or 2015. However, at the time of the 2019 Study, the owner of Riverine Apartments had still not converted the project to market rate and it remains a subsidized project.

## **Housing Choice Vouchers**

In addition to subsidized rental projects, Jackson and Jackson County households have access to the Housing Choice Voucher Program. The Worthington Housing and Redevelopment Authority administers the Housing Voucher Program in Jackson and Jackson County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income 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.

Currently, 12 Jackson County households, 10 of which live in Jackson, are receiving assistance through the Housing Voucher Program. The program has an 18-month waiting list.

## **Senior Housing with Services**

Jackson has two senior housing projects specifically constructed to provide senior housing with services.

The two senior with services projects include:

- ▶ **The Pines** -The Pines is a 34-unit assisted living project, which is part of the Good Samaritan Senior Campus. Four levels of service are offered from a light level of services to the full array of senior services. Fees are based on the size of unit and the level of services. At the time of the survey, the Administrator reported eight vacancies and the facility averages a 75% occupancy rate.
- ▶ **Jackson Good Samaritan Center** - The Jackson Good Samaritan Center is a skilled nursing home that is part of a senior campus that includes the Pines. The Good Samaritan Center is licensed for 53 residents, and reported an average occupancy rate of 86%.

In 2013, the Good Samaritan campus also included the Lighthouse, which was a 17-resident capacity memory care facility. The Lighthouse no longer exists and the beds are now utilized for short-term rehab/recovery stays.



<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	\$625-\$645 \$735-\$770 \$895 +electricity	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, however, the project had several vacancies over the winter months.
Wedgewood Townhomes	<u>20 - 2 bedroom</u> 20 Total Units	\$700-\$720 +utilities	No vacancies	Mostly senior citizens	Market rate apartments developed by the City in 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 four of the units. There were no vacancies at the time of the survey and there is a waiting list.
Hillcrest Apartments	1 - 1 bedroom <u>23 - 2 bedroom</u> 24 Total Units	\$420 \$445-\$490 +heat, electricity	2 vacancies	Mix of tenants	Hillcrest Apartments is a three level apartment building constructed in the 1970s. Upper floors have balconies and are at higher rent level. Tenants pay electric and heat (electric) in addition to rent. Coin laundry facilities available for \$30 per month. Manager reported two vacancies at the time of the survey.
312 Sheridan	<u>4 - 2 bedroom</u> 4 Total Units	\$505 +electricity	No vacancies	Mix of tenants	Four-plex with four two-bedroom units. Tenants pay electric in addition to rent. The owner reported no vacancies at the time of the survey.
113 5 <sup>th</sup> St	1 efficiency <u>3 - 1 bedroom</u> 4 Total Units	\$375 \$495-\$525	1 vacancy	Mix of tenants	Four-plex with one efficiency and three one-bedroom units. Rent includes utilities. The manager reported one vacancy at the time of the survey, but the units are usually fully occupied.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
West Dorms	<u>9 bedrooms</u> 9 Total Units	\$324	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. The tenants are primarily interns and students, thus, there is a high turnover and there are typically available rooms. The owner also reported that 20% to 30% of the tenants are typically students.
Woodland Apartments	1 - efficiency 5 - 1 bedroom <u>2 - 2 bedroom</u> 8 Total Units	\$319 \$419 \$465 +heat, electricity	No vacancies	Mix of tenants	Eight-plex constructed in 1978. Tenants pay electric and heat, in addition to rent. The owner reported no vacancies at the time of the survey.
Thurmer Properties	<u>3 - 2 bedroom</u> 4 Total Units	\$600 +utilities	No vacancies	Mix of tenants	Thurmer Properties includes three single family homes. Rent on the three homes is \$600 plus utilities. The owner reported no vacancies at the time of the survey.
Leach Properties	<u>4 - 2 bedroom</u> 4 Total Units	\$400-\$500 +heat, electricity	No vacancies	Mix of tenants	Leach Properties includes four two-bedroom units on the upper levels of downtown mixed-use buildings. Tenants pay heat and electricity in addition to rent. The owner reported no vacancies at the time of the survey.
Bezdicsek Properties	2 - 2 bedroom 1 - 3 bedroom 3 Total Units	\$345 per student	No vacancies	Mostly students	Bezdicsek Properties includes a duplex with two two-bedroom units and a three-bedroom single family home. The units are currently rented by students. The rent is \$35 per student per month. The owner reported no vacancies at the time of the survey.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Porter Investments	9 - 1 bedroom <u>2 - bedroom</u> 11 Total Units	\$300-\$450 \$450-\$500 +heat, electricity	No vacancies	Mix of tenants	Porter Investments includes 11 units. Nine units are one-bedroom and two units are two-bedroom. Four units are in a mixed-use building and seven units are in an apartment building. Tenants pay heat and electricity in addition to rent. The owner reported no vacancies at the time of the survey.
Olson Properties	2 - 1 bedroom 7 - 2 bedroom <u>2 - 3 bedroom</u> 11 Total Units	\$650 \$650-\$750 \$600-\$750	3 vacancies	Mix of tenants	Olson properties includes three single family homes, one duplex, two units in a mixed-use building and a 4-plex. Tenants in the apartment and duplex units pay heat and electric in addition to rent. Tenants in the single family homes pay all utilities in addition to rent. The owner reported three vacancies at the time of the survey.
100 2 <sup>nd</sup> St	2 - 1 bedroom <u>3 - 2 bedroom</u> 5 Total Units	\$300-\$450 \$437-\$500 +utilities	No vacancies, waiting list	Mix of tenants	Five-plex constructed in the 1940s with two one-bedroom and three three-bedroom units. Tenants pay utilities in addition to rent. The manager reported no vacancies at the time of the survey and he has a waiting list.
TLC Group Properties	2 - 2 bedroom <u>1 - 4 bedroom</u> 3 Total Units	\$500 \$700 +utilities	No vacancies	Mix of tenants	Three single family homes including two two-bedroom and one four-bedroom. Tenants pay utilities in addition to rent. The manager reported no vacancies at the time of the survey.
Hensel Properties	2 - 1 bedroom 2 - 2 bedroom <u>1 - 4 bedroom</u> 5 Total Units	\$400-\$500 \$400-\$500 \$500	1 vacancy	Mix of tenants	Hensel Properties includes a 4-plex and one four-bedroom single family home. The 4-plex has two one-bedroom and two two-bedroom units. The rent varies based on the number of people and pets in the household. The owner reported one vacancy at the time of the survey, but the units are usually fully occupied.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Rolling Hills Apartments	21 - 1 bedroom <u>27 - 2 bedroom</u> 48 Total Units	\$395 \$435	14 vacancies	Mix of tenants	This project was formerly subsidized through Rural Development, but converted to general occupancy in September 2010. Two buildings with 24 units each, built in 1977 and 1978. The manager reported 14 vacancies at the time of the survey. The project has four accessible units.
Eagle Ridge Townhomes	18 - 2 bedroom <u>24 - 3 bedroom</u> 42 Total Units	\$615-\$765 \$720-\$890	4 vacancies	Mix of tenants	Eagle Ridge Townhomes is a 42-unit market rate/tax credit project constructed in 2015. The 18 two-bedroom units include five market rate and 13 tax credit units. The 24 three-bedroom units include seven market rate and 17 tax credit units. The project is owned by the SW MN Housing Partnership. The project includes 12 market rate and 30 tax credit units. The stated lower rents are for the tax credit units and the higher rents are for the market rate units. The four vacancies reported at the time of the survey are all tax credit units.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit</b>					
River Bluff Townhomes	10 - 3 bedroom <u>2 - 4 bedroom</u> 12 Total Units	\$610 \$645 +heat, electric	No vacancies	All units at or below 60% of median	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. The manager reported full occupancy at the time of the survey, however, the manager reported that there have been ongoing vacancies in the past.
Eagle Ridge Townhomes	18 - 2 bedroom <u>24 - 3 bedroom</u> 42 Total Units	\$615-\$765 \$720-\$890	4 vacancies	Mixed income with 17 units at or below 60% of median	Eagle Ridge Townhomes is a 42-unit market rate/tax credit project constructed in 2015. The 18 two-bedroom units include five market rate and 13 tax credit units. The 24 three-bedroom units include seven market rate and 17 tax credit units. The project is owned by the SW MN Housing Partnership. The project includes 12 market rate and 30 tax credit units. The stated lower rents are for the tax credit units and the higher rents are for the market rate units. The four vacancies reported at the time of the survey are all tax credit units.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
Sunrise Estates	33 - 2 bedroom <u>7 - 3 bedroom</u> 40 Total Units	\$715 \$778 30% of income	No vacancies	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 up to the listed market rents. The manager reported no vacancies at the time of the survey and the project has been fully occupied for the past several months.
Riverine Apartments	2 - 1 bedroom <u>14 - 2 bedroom</u> 16 Total Units	\$363 \$380 30% of income	No vacancies	General occupancy	Riverine Apartments is a USDA Rural Development subsidized project for general occupancy constructed in mid-1970s. Ten 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 rent. The manager reported no vacancies at time of survey.
River Valley Scattered Site	8 - 2 bedroom 15 - 3 bedroom <u>1 - 4 bedroom</u> 24 Total Units	\$579 \$738 \$788 30% of income	No vacancies, short waiting list	General occupancy	Public Housing scattered site units owned and managed by the Jackson HRA. Tenants pay rent based on 30% of income, up to ceiling rents listed plus allowance for utilities. Full occupancy reported at the time of the survey with a 10-name waiting list.
River Valley Homes	49 - 1 bedroom <u>1 - 2 bedroom</u> 50 Total Units	\$457 \$579 30% of income	No vacancies, waiting list	General occupancy	Public Housing high rise owned and managed by the Jackson HRA and 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 a short waiting list at the time of the survey.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized</b>					
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.

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior Housing with Services</b>					
The Pines	19 - 1 bedroom <u>15 - 2 bedroom</u> 34 Total Units	Based on the size of the unit and level of services	8 vacancies - Average s a 75% occupancy rate	Senior housing with services	The Pines is a 34-unit assisted living project, which is part of the Good Samaritan Senior Campus. Four levels of service are offered from a light level of services to the full array of senior services. Fees are based on the size of unit and the level of services. At the time of the survey, the Administrator reported eight vacancies and the facility averages a 75% occupancy rate.
Jackson Good Samaritan Center	Licensed for 53 beds including Lighthouse	Based on level of services	Average 86% occupancy rate	Skilled Nursing Home	Good Samaritan skilled nursing home that is part of a senior campus that includes the Pines. The campus included the Lighthouse, which was a 17-resident capacity memory care unit. The Lighthouse no longer exists and the beds are not utilized for short-term rehab residents. Licensed for 53 residents. The facility averages an 86% occupancy rate.

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:

- ▶ West Corporation
- ▶ AGCO
- ▶ B & H Manufacturing
- ▶ Boekett Building Supply
- ▶ EnXco
- ▶ Erickson Truck n' Parts
- ▶ Crystal Valley Co-op
- ▶ 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
- ▶ Ameritech
- ▶ C & B Operations
- ▶ USF Holland Trucking
- ▶ Zeigler - Cat

Source: Jackson EDA

## Work Force and Unemployment Rates

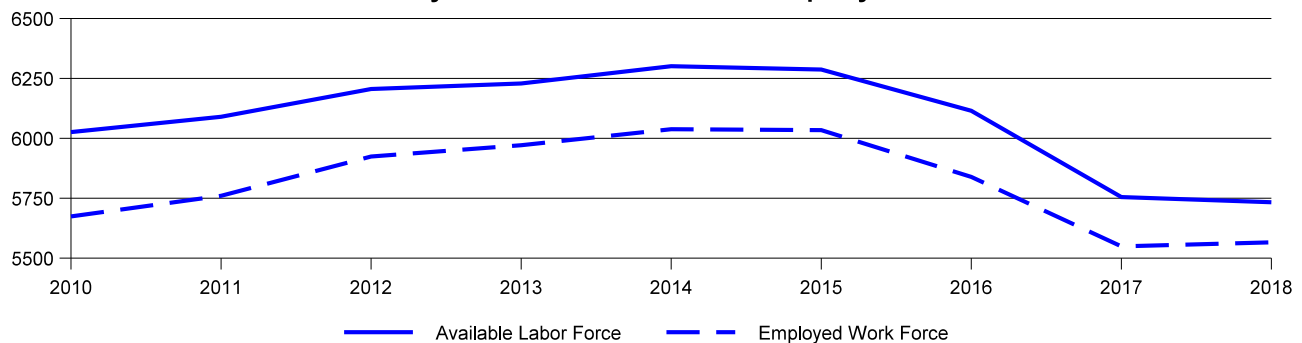
Most Employment information is only available at the County level. Unless otherwise noted, all data in the following tables are for all of Jackson County. Data in the following tables have been obtained from the Minnesota Department of Employment and Economic Development.

<b>Table 25 County Average Annual Labor Force 2010 to 2018</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	6,026	5,674	352	5.8%	7.4%	9.6%
2011	6,090	5,760	330	5.4%	6.5%	8.9%
2012	6,206	5,924	282	4.5%	5.6%	8.1%
2013	6,229	5,971	258	4.1%	5.0%	7.4%
2014	6,301	6,038	263	4.2%	4.2%	6.2%
2015	6,287	6,034	253	4.0%	3.7%	5.3%
2016	6,115	5,839	276	4.5%	3.9%	4.9%
2017	5,755	5,549	206	3.6%	3.4%	4.4%
2018	5,733	5,566	167	2.9%	2.9%	3.9%

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

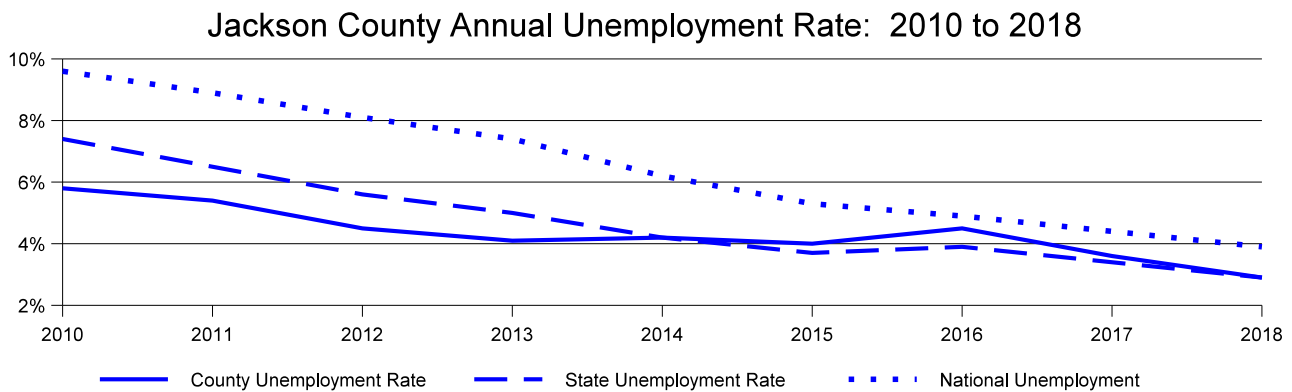
Since 2010 there has been some decrease in the size of the resident labor force in Jackson County. From 2010 through 2014, the County’s labor force was increasing, but after 2014 it has continued to grow smaller. If 2018 is compared to 2010, the available labor force has decreased by nearly 300 people, or approximately -4.9%.

**Jackson County Labor Force and Employed Work Force**



The employed work force has generally followed the same pattern as the labor force. Between 2010 and 2018, the employed work force decreased by more than 100 people, or -1.9%. Once again, 2014 represented the recent highpoint for County employment, and since that year the number of employed County residents has decreased by 472 people.

Since the County's labor force has been decreasing at a greater rate than the number of employed residents, the Jackson County unemployment rate has generally decreased during the decade, from 5.8% in 2010 to only 2.9% in 2018. Through all of the years reviewed, the County's unemployment rate has been lower than the national rate.



## Employment and Wages by Industry

The following table shows the average annual wages by major employment sector in 2018, the last full year of data. It is important to note that the major employment sectors listed do not represent all employment in Jackson County.

Past reviews of employment data 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 have believed that the QCEW information undercounts the area’s true employment information. It is also possible that some temporary workers in the County are not reflected in the data.

Industry	2018 Employment	2018 Average Annual Wage
Total All Industry	5,139	\$39,312
Natural Resources and Mining	175	\$53,300
Construction	112	\$41,132
Manufacturing	1,429	\$58,344
Trade, Transportation, Utilities	793	\$41,028
Information	37	\$21,684
Financial Activities	94	\$44,616
Professional and Business Services	298	\$40,508
Education and Health Services	1,581	\$26,676
Leisure and Hospitality	283	\$10,400
Other Services	78	\$19,448
Public Administration	259	\$34,216

Source: Minnesota Department of Employment and Economic Development

The average annual wage for all industry in 2018 was \$39,312, 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 \$44,000.

The lowest paying wage sector was Leisure and Hospitality, with an average annual wage of only \$10,400. Other Services also had a relatively low average annual wage, below \$20,000.

## Jackson Annual Covered Employment

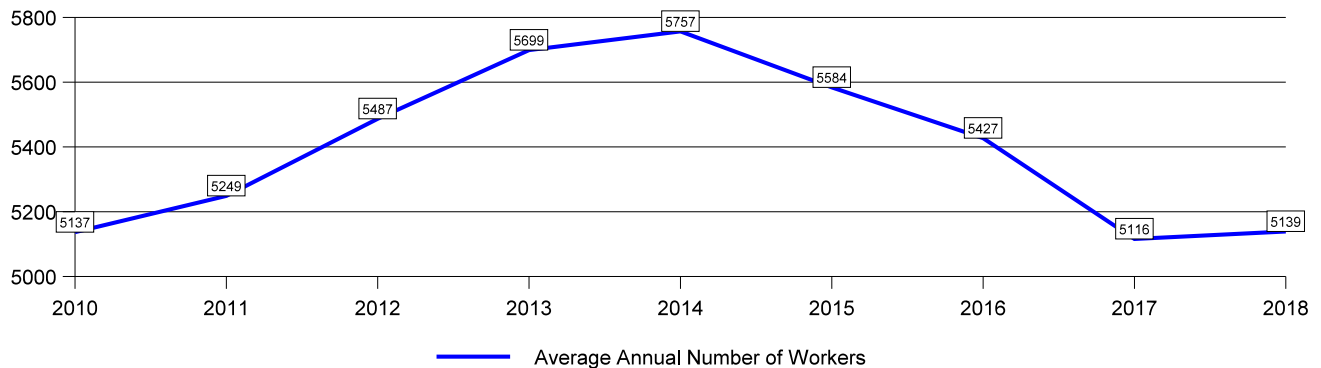
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the job, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Jackson County back to the year 2010.

<b>Table 27 Jackson Co. Average Annual Employment: 2010 to 2018</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2010	5,137	2015	5,584
2011	5,249	2016	5,427
2012	5,487	2017	5,116
2013	5,699	2018	5,139
2014	5,757	-	-

Source: QCEW - MN Department of Employment and Economic Development

There has upward followed by downward movement in the level of employment in Jackson County so far this decade. When 2018 is compared to the year 2010, the number of covered workers in the County has remained largely unchanged. The highest level was reached in 2014, but the number of jobs has decreased since that time.

**Number of Covered Workers in Jackson County**



## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment. The best information is from the 2017 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 28 Commuting Times for Jackson Residents - 2017</b>		
Travel Time	Number	Percent
Less than 10 minutes	930	58.3%
10 to 19 minutes	301	18.9%
20 to 29 minutes	158	9.9%
30 minutes +	207	13.0%
Total	1,596	100%

Source: American Community Survey

The large majority of Jackson residents were commuting less than 20 minutes to work in 2017. Presumably, most residents were working within the City limits, or in the immediately surrounding small communities. Overall, more than 77% of residents commuted less than 20 minutes to work. However, 13% of the City’s residents did commute a half hour or more for employment.

The travel time by location of employment is also provided. For people that worked in Jackson, the following travel times were identified.

<b>Table 29 Commuting Times for Jackson-based Employees - 2017</b>		
Travel Time	Number	Percent
Less than 10 minutes	1,020	29.2%
10 to 19 minutes	864	24.7%
20 to 29 minutes	662	19.0%
30 minutes +	947	27.1%
Total	3493	100%

Source: American Community Survey

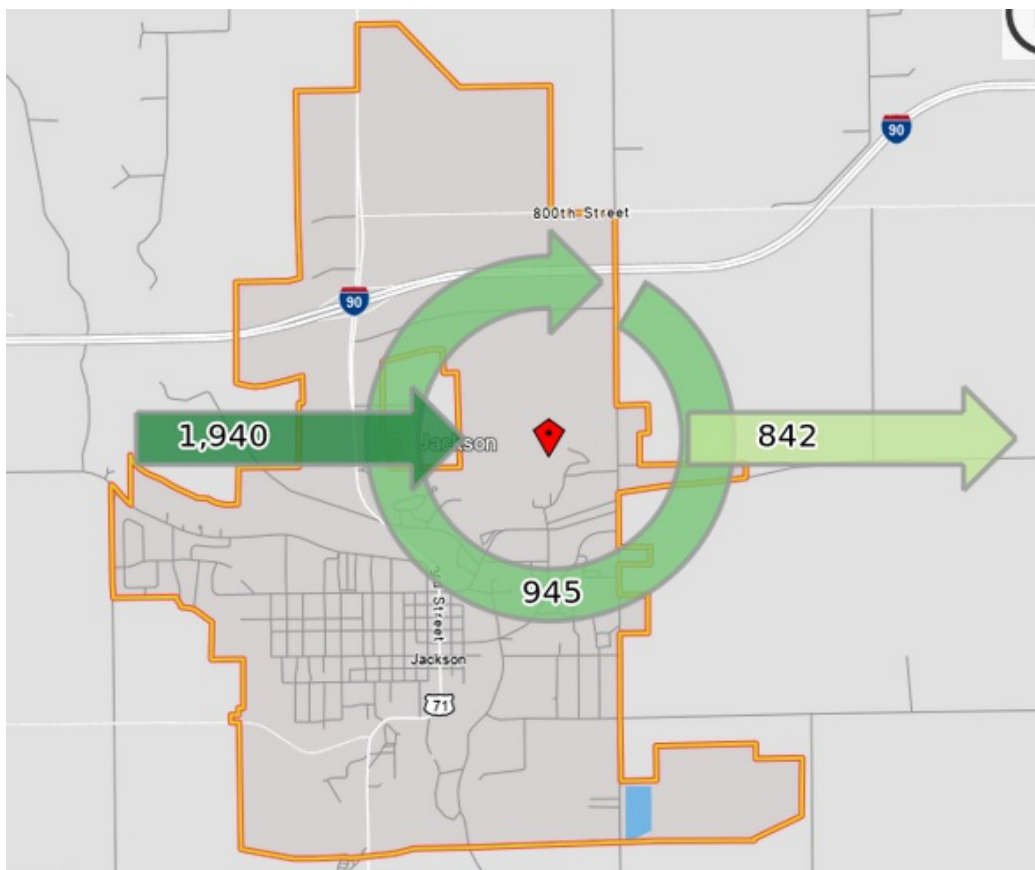
While a majority of the people that worked in Jackson lived within the surrounding area, approximately 46% of workers had a travel time of 20 minutes or more, including nearly 950 people traveling 30 minutes or more.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2015, but provides a further breakdown of worker movement patterns.

According to the report for Jackson, there were 2,885 people that were employed within the city limits in 2015. Only 945 of these Jackson-based employees also lived within the City. The remaining 1,940 employees lived outside the City limits. The percentage of City-based workers that were also residents was 32.8%. Among the primary jurisdictions supplying workers to the City included Lakefield, Windom, Esterville Township (IA), Fairmont, Center Grove Township (IA), and Sherburn.

This same source can also be used to track worker outflow patterns. Many Jackson residents were actually reported to be leaving the community for employment in 2015. Overall, approximately 47% of the City's residents worked outside of Jackson. The primary destinations were Center Grove Township (IA), Lakefield, Windom, Worthington and Des Moines Township.



## **Findings on Growth Trends**

Population trends for the City of Jackson continue to show a gradual but steady decline in the City's population. Between 1980 and 1990, the City's population decreased 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 had a loss of 202 people, a decrease of 5.8%.

From 2010 to 2018, Esri is estimating that Jackson's population had a loss of only 54 people. The U.S. Census estimate shows a loss of 78 people from 2010 to 2017. The State Demographer's estimate contradicts the Esri and U.S. Census estimates, and shows a gain of 104 people from 2010 to 2017.

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. Esri estimates that Jackson had a loss of 35 households from 2010 to 2018. The State Demographer estimates that Jackson gained 81 households from 2010 to 2017.

From 1980 to 2010, the City's population 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 to the City of Jackson, 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 1990 to 2000, the County's population decreased by 3.5% and from 2000 to 2010, Jackson County had a decrease of 1,002 people, or a loss of 8.9%. Esri estimates that from 2010 to 2018, Jackson County had a loss of 153 people and the State Demographer estimates the County had a significant loss of 315 people from 2010 to 2017.

However, contrary to the City of Jackson, which added households from 1990 to 2010, Jackson County has continued to lose households. From 1990 to 2000, Jackson County had a loss of only four households, but from 2000 to 2010, Jackson County had a loss of 127 households, which is a decrease of 2.8%. Esri estimates that from 2010 to 2018, Jackson County had a loss of 99 households and the State Demographer estimates Jackson County had a loss of 35 households from 2010 to 2017.



## **Findings on Growth Projections**

As part of this Study, we have examined population and household projections to the year 2023. These projections have been calculated by Esri.

Esri estimates that from 2010 to 2018, Jackson had a loss of 54 people and a loss of 35 households. Esri projects that from 2018 to 2023, Jackson will lose an additional 92 people and 45 households.

Esri estimates that from 2010 to 2018, Jackson County had a loss of 153 people and a loss of 99 households. Esri projects that Jackson County will lose an additional 263 people and 126 households from 2018 to 2023.

## **Summary of Jackson Growth Projections by Age**

Esri’s age-based household projections for Jackson expect future household growth to occur in the 35 to 44 and in the 65 to 74 age range. From 2018 to 2023, the 35 to 44 age range is projected to gain 12 households and the 65 to 74 age range is projected to gain 29 households.

All of the other age ranges are expected to lose households from 2018 to 2023. The 15 to 34 age ranges are projected to lose 21 households, the 45 to 64 age ranges are projected to lose 61 households and the 75 and older age range is projected to lose four households.

The following approximate forecast shows the expected net change in the number of Jackson households in each 10-year age cohort between 2018 and 2023.

<u>Age Range</u>	<u>Projected Change in Households</u>
15 to 24	-9
25 to 34	-12
35 to 44	12
45 to 54	-34
55 to 64	-27
65 to 74	29
75 and Older	-4
Total	<u>-45</u>

## **Summary on Unit Demand by Type of Housing**

Based on the household by age projections presented earlier, the changing age composition of Jackson's population through the projection period will have an impact on demand for housing.

***Age 24 and Younger*** - The projection used for this Study expect the number of households in the 15 to 24 age range to decrease by approximately nine households through the year 2023. Past tenure patterns indicate that as many as 82% of these households in Jackson will rent their housing. A decrease in the number of households in this age range should mean that rental demand from younger households will decrease during the projection period.

***25 to 34 Years Old*** - The projection shows a reduction of 12 households in this age cohort by 2023. Within this age range, households often move from rental to ownership housing. The past ownership rate among these households in Jackson has been approximately 57%. A decrease in the number of households within this age range may result in a decrease in the demand for both first-time home buyer and rental opportunities.

***35 to 44 Years Old*** - This 10-year age cohort has a projected gain of 12 households between 2018 and 2023 in the City of Jackson. In the past, this age group has had a relatively low rate of home ownership in Jackson, at approximately 54%. Households within this range often represent both first-time buyers and households looking to trade-up in housing, selling their starter home for a more expensive house. Demand from this age cohort would have an impact on overall demand for owner-occupied housing.

***45 to 54 Years Old*** - By 2023, this age cohort will represent the front-end of the "baby bust" generation that followed behind the baby boomers. This age group represents a smaller segment of the population than the baby boom age group. For Jackson, this projection shows a significant decrease of 34 households in this age range. This age group has had a rate of home ownership of approximately 58% in Jackson, and will often look for trade-up housing opportunities. With a household decrease in this age group, there will be a decrease in the demand for trade-up housing from this 10-year age cohort.

**55 to 64 Years Old** - The projection for the 55 to 64 age range shows an expected loss of 27 households in this 10-year age range by the year 2023 in the City. This age range has traditionally had a very high rate of home ownership in Jackson, at approximately 91%. Age-appropriate housing, such as town house or twin home units, 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.

**65 to 74 Years Old** - Significant household growth is expected in Jackson within this age range, with the projection showing an increase of approximately 29 households by the year 2023. While this group will begin moving to life-cycle housing options as they age, the younger seniors are still predominantly home owners. Approximately 75% of households in this age range owned their housing in Jackson. Once again, preferences for age-appropriate units should increase from household growth within this age cohort.

**75 Years and Older** - There is a projected loss of four households in Jackson in this age range between 2018 and 2023. In the past, households within this 10-year age range have had a relatively high rate of home ownership, at approximately 62%. While this is likely to continue, an expansion of other housing options for seniors, including high quality rental housing, should appeal to this age group. 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.

These demographic trends will be incorporated into the recommendations that follow later in this section.

## **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 and from the 2013 Jackson Comprehensive Housing Study.

- ▶ **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 \$98,600. This existing stock, when available for sale, provides an affordable option for home ownership.
- ▶ **Increasingly diverse housing stock** - The City has a mix of housing options, including rental housing units for various household types, owner-occupancy homes at various values, and senior housing that offers services.
- ▶ **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.
- ▶ **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 all have 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.
- ▶ **Commuters** - More than 1,900 employees are commuting into Jackson daily for work. These commuters are a potential market for future housing construction.
- ▶ **Interstate 90** - Jackson is located on Interstate 90, which gives residents easy access to several regional and population centers.
- ▶ **Proximity to recreational opportunities** - Jackson is less than 20 miles from Spirit Lake/Lake Okoboji, which provides many recreational opportunities.
- ▶ **Small Town Atmosphere** - Jackson is a small town with the real and perceived amenities of a small town. This small town living is attractive to some households.
- ▶ **Community Development** - The Community is undertaking community development projects and programs that enhance Jackson's attractiveness as a community to live and work in.

## **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 2017 was \$46,096, which translates into an approximate housing affordability level of \$1,152 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 \$98,600. This price is well below the comparable cost for new construction, which will generally be above \$175,000 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. A limited number of 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 27 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 16 to 20 general occupancy market rate rental housing units
2. Promote the development/conversion of six to eight affordable market rate units
3. Develop 10 to 12 subsidized/moderate rent rental housing units
4. Monitor the need to develop additional low income tax credit rental units
5. Develop six to eight senior housing with services (memory care) units
6. Develop 12 to 14 student housing units (40 beds)
7. Continue to apply for Housing Choice Voucher Program allocations when available from HUD
8. Maintain and preserve the existing supply of subsidized housing
9. Develop a downtown mixed-use commercial/housing project

### **Home Ownership**

10. Utilize and promote all programs that assist with home ownership
11. Continue the City's Down Payment Assistance Program

**Single Family Housing Development**

12. Lot availability
13. Strategies to encourage residential lot sales and new home construction
14. Promote twin Home and townhome housing development
15. Continue the Incentive Program for Home Owner Construction and the Spec Home Construction Program
16. Coordinate with agencies/nonprofits that develop affordable housing

**Housing Rehabilitation**

17. Promote rental housing rehabilitation programs
18. Promote ongoing owner-occupied housing rehabilitation efforts
19. Develop a Neighborhood Revitalization Program
20. Continue to implement the Rental Housing Ordinance
21. Develop a Purchase/Rehabilitation Program

**Other Housing Initiatives**

22. Continue employer involvement in housing programs
23. Acquire and demolish dilapidated structures
24. Continue coordination among housing agencies
25. Develop home ownership and new construction programs and strategies
26. Strategies for downtown redevelopment
27. Racial and ethnic minority households

# **Jackson - Recommendations Rental Housing Development**

## **Rental Housing Development**

**Overview:** As in recent decades, it continues to be 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. However, developers have had some success in constructing rental housing over the past decade in Jackson.

In 2010, a 24-rental unit market rate general occupancy project, Ashley Estates, was constructed in Jackson. Also, in 2015, the 42-unit Eagle Ridge Townhomes project was constructed, which includes 30 tax credit and 12 market rate units.

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 has a high percentage of people that work in the City but do not live in Jackson. It is estimated that more than 1,900 people are commuting into Jackson daily for work. Therefore, we are adding a demand factor, pent-up demand from employees living outside of Jackson.

Esri’s household projections for Jackson expect household losses from 2018 to 2023. From 2018 to 2023, it is projected that there will be a loss of 45 households in Jackson, and a loss of 148 households in Jackson County. However, based on projected job growth, community development projects proposed for the community, and City, EDA and HRA initiatives, it is our opinion that household growth will surpass projections and household growth will create a demand for two rental units annually or 10 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 two units per year. As a result, approximately 10 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. Also, some rental units may convert to owner-occupied housing.

Pent-up demand also exists for some rental markets. As part of this study, a rental survey was conducted. A total of 409 rental units in large multifamily buildings, mixed-use buildings, single family homes, duplexes and small rental buildings were contacted. The survey found a 10.8% vacancy rate in general occupancy market rate units, a 0% vacancy rate in subsidized units, an 8% vacancy rate in tax credit units and approximately a 17% vacancy rate in the senior with services projects. Based on stakeholder interviews, vacancy rates and the projected growth of some rental populations, we have identified a need for additional high quality rental units, workforce rental units, student housing and subsidized rental housing over the next five years.

The fourth demand factor is pent-up demand from current 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 50 to 62 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 2019 to 2024.

▶ General Occupancy Market Rate	16-20 units
▶ Subsidized/Affordable	10-12 units
▶ Conversions	6-8 units
▶ Tax Credit	0 units
▶ Student Housing	12-14 units
▶ Senior with Services (memory care)	<u>6-8 units/beds</u>
Total	50-62 units/beds

## **1. Develop 16 to 20 general occupancy market rate rental units**

**Findings:** Approximately 66% 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 578 total units in 2019. We believe that approximately 383 of these units are best described as market rate rental housing.

As part of the research for this Study, we contacted 203 market rate units. We found 21 vacant units for a vacancy rate of 10.8%, which is higher than the healthy market range of 3% to 5%. However, 14 of the 21 vacancies were in one project, Rolling Hills Apartments. If Rolling Hills is not included in the survey, the market rate vacancy rate of 4.5%. Nine of the 12 market rate rental projects surveyed had no vacancies. A Housing Study was conducted in 2013 and the vacancy rate for market rate units was reported to be 3.9%.

The construction of new market rate units provides many benefits, which include:

- ▶ Addressing pent-up demand for certain housing types
- ▶ Upgrading the overall quality of the housing stock
- ▶ Increasing the City's rental rates
- ▶ Addressing gaps in the City's rental stock
- ▶ Addressing new households' housing needs

More than 1,900 employees are commuting into Jackson daily for work. Some of these employees would potentially move to Jackson if additional housing was available.

There is a fairly wide variation in rental rates in the market rate segment in the City of Jackson. The prevailing rent range is \$325 to \$375 for an efficiency unit, \$400 to \$800 for a one-bedroom unit, \$450 to \$975 for a two-bedroom unit and \$630 to \$1,100 for a three-bedroom unit.

From 2013 to 2019, one market rate rental project was constructed. Eagle Ridge Townhomes, a 12-unit general occupancy project, was constructed in 2015. The Eagle Ridge Townhome Project also includes 30 tax credit units.

We are aware of one potential rental project at this time, a motel that may be converted into 13 market rate rental units.

In the 2013 Housing Study, we recommended the construction of 24 to 26 market rate units over a five-year period and 12 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 16 to 20 market rate rental units over the next five years.

Town house-style units or a high quality apartment building continue to be 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.

It may also be advantageous to construct some units that are pet-friendly, as the number of projects that currently allow pets is limited.

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 or other funds to construct the units. In the late 1990s, the EDA developed Wedgewood Townhomes utilizing essential function bonds. Another option is for the EDA to partner with a private developer.

There continues to be 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 fairly 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>
One Bedroom	4-5	650 - 800	\$675 - \$800
Two Bedroom	10-12	850 - 950	\$825 - \$1,000
Three Bedroom	2-3	1,050 - 1,150	\$900 - \$1,150
Total	16-20		

**Note:** The recommended rents are gross rents including all utilities. The rents are quoted in 2019 dollars.

It would be advantageous to have the rents for some of the units at or less than the Jackson County payment standards for the Housing Choice Voucher Program, thus, the units would be affordable for more households. The payment standards currently are:

- ▶ 1 bedroom - \$580
- ▶ 2 bedroom - \$760
- ▶ 3 bedroom - \$968

**2. Promote the development/conversion of six to eight affordable market rate rental housing units**

**Findings:** The previous recommendation addressed the market potential to develop high quality rental units in Jackson. Unfortunately, these units would tend to be beyond the financial capability of many area renters. Most of Jackson’s renter households have an annual income below \$25,000. These households would need a rental unit at \$625 per month or less.

There is evidence that Jackson has lost rental housing over the years and will continue to lose units due to deterioration and demolition. Part of the need for additional rental units in Jackson is to provide for unit replacement. Unfortunately, most of the lost units are probably very affordable, and new construction will not replace these units in a similar price range.

There are still some programs for affordable housing creation for moderate income renters. The federal low income housing tax credit program is one available resource. However, competition for tax credits is very difficult, and few awards are made to small cities for small rental projects.

**Recommendation:** We would encourage the City to promote the development/conversion of more affordable rental units. A goal of six to eight units over the next five years would help to replace affordable housing that has been lost.

It would be difficult to create units through new construction. Instead, it may be more practical to work on building renovation or conversion projects that can create housing. This opportunity may arise in downtown buildings, or through the purchase and rehabilitation of existing single family homes. Several single family homes have been rehabilitated for rental housing by local individuals. Also, rental units may be constructed in several downtown buildings. Additionally, there may be potential to develop rental units on the upper floors of downtown buildings or in other vacant buildings.

The estimated prevailing rent range for older rental units in Jackson is typically between \$425 and \$650 per month. Creating some additional units with contract rents below \$625 per month would help to expand the choices available to a majority of the City's renter households.

It is probable that the proposed rent structure for some units could only be obtained with financial commitments from other sources such as tax increment financing from the City and other financial resources from funding agencies such as the Minnesota Housing Finance Agency. Also, financial assistance would expand the number of buildings that would be financially feasible to convert to rental units.

### **3. Develop 10 to 12 Subsidized/Moderate Rent Housing Units**

**Findings:** We are recommending the development of 10 to 12 subsidized moderate rent units over the next five years from 2019 to 2024. The City of Jackson has four project-based subsidized projects with a combined 130 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 four subsidized projects include:

- ▶ Sunrise Estates - a 40-unit general occupancy MHFA/HUD Section 8 project
- ▶ Riverine Apartments - a 16-unit USDA Rural Development general occupancy project
- ▶ River Valley Homes - a 50-unit general occupancy HUD Public Housing 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. Six units in Riverine Apartments do not have rent assistance and tenant households pay 30% of their household income, but not less than a basic rent level established for the unit.

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 30% to 40% of their income for rent, with the program subsidy paying any additional rent amounts. Currently, 10 Jackson households have Housing Choice Vouchers. The Housing Choice Voucher Program has a waiting list of approximately 18 months.

Despite the existing supply of subsidized units in Jackson, the 2017 American Community Survey still identified that approximately 212 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. Also, some of the projects have waiting lists.

In the 2013 Jackson Housing Study, we recommended 26 to 32 subsidized/tax credit units. Thirty tax credit units were constructed in 2015, however, no deep subsidy units have been constructed since the 2013 Study.

**Recommendation:** We recommend that the City of Jackson look for opportunities to expand the supply of very affordable rental housing. Although the need is greater, a realistic goal would be the construction of 10 to 12 subsidized units over the next five years. The subsidized rental housing projects remain at full occupancy. The Housing Choice Voucher Program, which provides tenant-based rent assistance, also maintains a waiting list for participation and the number of vouchers has been reduced due to budget cuts.

The need for additional subsidized rental housing could increase even more significantly if some of the existing subsidized units are lost. In a following recommendation, we have discussed the need to preserve the existing project-based subsidized housing in the community.

The large subsidized housing production programs of the past are no longer available, and it remains very difficult to produce new units for low and moderate income renters. The best available options are to layer various subsidies together, such as tax increment financing, tax abatements, land donations and funding from the Minnesota Housing Finance Agency and the Department of Energy and Economic Development in an attempt to produce some affordable units.

For a subsidized/moderate rent project to be successful, we recommend the following:

- ▶ Rents should be affordable at \$650 or less.
- ▶ As many two-bedroom units as feasible should be constructed.
- ▶ The units should be high quality and have 'State of the Art' amenities.
- ▶ The project should have a community room, a limited access security system and ample storage space.
- ▶ To develop the rental project with affordable rents various subsidies will need to be layered. Potential funding sources include tax credits, DEED workforce housing funds, Greater Minnesota Housing funds, MHFA, Federal Home Bank funds and local funds.
- ▶ The City of Jackson could assist with reduced land donations, tax increment financing, tax abatement, water and sewer hookup fees, reduced permit fees, etc.

#### **4. Monitor the need to develop additional Low Income Tax Credit rental units**

**Findings:** The City of Jackson has two tax credit rental projects with a total of 42 units. The two projects include:

- ▶ **River Bluff Townhomes** - River Bluff Townhomes is a 12-unit project. The units include 10 three-bedroom and two four-bedroom units. Eight units are designated for households at or below 50% of median income and four units are designated for households at or below 60% of median income. River Bluff Townhomes was constructed in the late 1990s. Rent is \$610 for a three-bedroom unit and \$645 for a four-bedroom unit. Tenants also pay heat and electricity. The manager reported no vacancies at the time of the survey.

- ▶ **Eagle Ridge Townhomes** - Eagle Ridge Townhomes was constructed in 2015 and includes 30 tax credit units. There are 13 two-bedroom and 17 three-bedroom tax credit units. The project also has 12 market rate units. The units are designated for households at or below 60% of median income. Rent for the two-bedroom tax credit units is \$615 and \$720 for a three-bedroom unit. Tenants also pay heat and electricity. The manager reported four vacancies at the time of the survey.

**Recommendations:** We recommend that the City of Jackson monitor the need for the construction of additional tax credit rental units over the next five years. At this time it appears that the 42 units in River Bluff Townhomes and Eagle Ridge Townhomes are adequate to address the housing needs of the households that qualify for and have an adequate income to rent a tax credit unit.

Eagle Ridge Townhomes currently has four vacancies and has had more vacancies in the past. River Bluff Townhomes had no vacancies at the time of the survey, however, there have been ongoing vacancies in the past.

There is an ongoing need in Jackson for affordable rental housing in Jackson. However, because of income restrictions and the tax credit projects rent structure, there is a limited number of households that can rent a tax credit unit. Therefore, we are not recommending the construction of any additional tax credit units at this time.

The other rental recommendations we have provided in this Study address the rental housing needs of tenant households that have annual incomes above the tax credit income limits, as well as households that are below the tax credit income limits but do not have incomes adequate to afford the tax credit rents.

**5. Senior housing with services needs (develop a six to eight memory care beds)**

**Findings:** Senior housing with services defines a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive units. High-service housing provides 24-hour staffing and a high level of assistance with daily living needs of residents.

Lower-service housing, sometimes referred to as congregate senior housing, generally offers the availability of a daily meal, and services such as weekly light housekeeping.

Jackson has two specialized projects that provide housing with supportive services for an elderly population. The senior with services projects include:

- ▶ **The Pines** -The Pines is a 34-unit assisted living project, which is part of the Good Samaritan Senior Campus. Four levels of service are offered from a light level of services to the full array of senior services. Fees are based on the size of unit and the level of services. At the time of the survey, the Administrator reported eight vacancies and the facility averages a 75% occupancy rate.
- ▶ **Jackson Good Samaritan Center** - The Jackson Good Samaritan Center is a skilled nursing home that is part of a senior campus that includes the Pines. The Good Samaritan Center is licensed for 53 residents, and reported an average occupancy rate of 86%.

At the time of the 2013 Jackson Housing Study, there was an additional senior with services project, the Lighthouse. The Lighthouse was a 17-bed project for seniors with memory loss issues. This project no longer exists and the beds are utilized for short-term rehab/recovery stays.

**Recommendation:** In 2018, Jackson had 300 people between the age of 65 and 74, and 420 people over the age of 75. The growth projections show a gain of 44 people in the 65 to 74 age range and a slight loss of six people in the 75 and older age range through the year 2023.

- ▶ ***Skilled Nursing Home*** - The research for this Study points to a decreasing reliance on nursing homes as a long-term residency option for older senior citizens. Over time, the nursing homes have tended to use more beds for rehab/recovery stays, or other specialized uses. There has also been a long-standing State moratorium that limits expansion in most cases. The City has a well-established provider that serves this segment of the market. The Jackson Good Samaritan Center is adequately addressing the demand for skilled nursing beds and has beds available for future needs.
- ▶ ***Memory Care Housing*** - The Lighthouse had 17 memory care beds in a wing of the Good Samaritan Center. However, the Lighthouse beds have converted to rehab beds, thus, Jackson no longer has designated memory care beds. Therefore, we recommend the development of six to eight memory care beds.
- ▶ ***Assisted Living/Light Services*** - Currently, there are 34 rental units in the Pines, including 19 one-bedroom and 15 two-bedroom units. The Pines serves seniors who need minimal services as well as seniors who need the full array of care including meals, medication management, housekeeping, laundry, bathing, etc. The Pines has had ongoing vacancies and had eight vacancies at the time of the survey. It is our opinion that the Pines is adequately addressing the area's senior population that need senior housing with light services and assisted living services.

We view Jackson as the best possible location for specialized senior housing in Jackson County. The senior with services housing providers in Jackson have a pulse on future senior with services needs and a history of providing additional senior with services units as needed.

The purpose of this recommendation is to provide general guidance to potential developers. A developer or an existing senior with services provider planning a specific project should have a project-specific study conducted.

## **6. Develop 12 to 14 student housing units (40 beds)**

**Findings:** We recommend the development of 12 to 14 student housing units with a total of up to 40 beds. We had recommended the construction of 14 to 16 student housing units in the 2013 Jackson Housing 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.

Over the years, proposals have surfaced to construct a student housing. However, these projects did not proceed to construction.

The Minnesota West Community and Technical College has approximately 260 students, and enrollment has been increasing. Several of the College's programs and degrees are "signature" programs that can attract students from a large geographical area. Therefore, many of these students need to find housing when they come to the College.

**Recommendation:** We recommend the development of 12 to 14 student housing units in the City of Jackson, with a total of 40 beds. The College has been examining a 40-bed student housing model that includes a private bedroom with a private bathroom for most of the renters. This design would be appropriate to pursue in Jackson.

Also, there has been preliminary planning by developers to construct student housing through the conversion of an existing building that is located near the College.

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. A 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.

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.



**7. 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, 10 households in Jackson and a total of 12 households in Jackson County are receiving tenant-based rent assistance. The Housing Voucher Program is administered in Jackson County by the Worthington HRA. The Worthington HRA has approximately 177 Housing Vouchers available to households in a seven-county area. There is currently an 18-month waiting list for a Voucher.

The 2017 American Community Survey showed a substantial number of Jackson renter households with a housing cost burden. It is estimated that there are approximately 212 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.

## **8. Maintain and preserve the existing supply of subsidized housing**

**Findings:** Jackson has four “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 the time of this Study, both projects are still operating as subsidized housing.

**Recommendation:** The Minnesota Housing Finance Agency (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 on an ongoing basis to determine if a strategy is needed to preserve the projects as affordable housing.

## **9. Develop a Downtown Mixed-Use Commercial/Housing Project**

**Findings:** The City of Jackson has been undertaking ongoing efforts to revitalize its downtown. The City and EDA's goal is to create a more active and vibrant downtown. A mixed-use rental housing/commercial project could complement the City's efforts.

New mixed use projects have been developed in several Minnesota cities. Some of these projects were developed because of market demand, while others were developed to enhance the Downtown, to introduce a new product to the market or to serve as a catalyst for Downtown redevelopment.

**Recommendation:** We recommend the development of a mixed-use building in Downtown Jackson. There are several potential redevelopment sites in the Downtown area for a mixed-use project, including river front locations.

We recommend commercial space on the first floor and rental units on the upper floors. Prior to construction, a portion of the commercial space should be leased to an anchor tenant who would complement existing Downtown businesses and attract people to Downtown.

The rental units should be primarily market rate units, but could be mixed-use income with some moderate income units. The units should be primarily one and two-bedroom units. Please note that these units are not in addition to the units recommended in the first, second and third recommendations of this section. If a mixed use building was constructed, the number of units recommended previously should be reduced.

Ideally, a private developer would construct and own the building. The City may have a role in the project by providing TIF or other local funds and land at a reduced price.

# **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 \$98,600. With approximately 50% of the homes in Jackson valued at or below this median, 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 65 to 74 age range. Increasingly, this age range looks for lower maintenance housing options, such as twin homes or town house developments.

The number of households in the 35 to 44 age range is also expected to increase in Jackson. 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. Also, this age range represents a market for 'trade up' housing.

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

## **10. 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 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 United Community Action Partnership 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 United Community Action Partnership to develop and implement home ownership programs. Local financial institutions and nonprofit agencies also have a significant role in assisting households.

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

## **11. Continue the City's Down Payment/Closing Cost 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 since the housing crisis.

The City of Jackson has a down payment assistance/closing cost program known as the Home Ownership Means Everything (HOME).

The HOME loan has a \$7,500 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 currently under utilized.

The underutilization may be due to a number of factors including:

- ▶ Financial institutions and households are not aware of the program.
- ▶ There are other more attractive alternatives for households to receive down payment/closing cost assistance.
- ▶ The HOME Programs guideline may not be adequately addressing the needs of potential home buyers.

**Recommendation:** We recommend that the City of Jackson and the Jackson EDA consult with local mortgage bankers, realtors and potential home buyers to determine why the program is not being utilized. The EDA should then take the appropriate steps to promote the program and change the guidelines, if necessary, to increase program participation and to address the needs of home buyers. 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. Since the 2013 Housing Study, from 2013 to 2018, 12 new single family homes have been constructed. This is an average of two new single family homes per year.

The attractiveness of the community, the inventory of affordable high quality lots, the strength of the local economy and ongoing availability and creation of jobs 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 65 to 74 age range. Households in this age range tend to be predominantly home owners, and form a market for higher priced housing. This age range is also often looking for housing options such as twin homes and town homes. The 35 to 44 year old range is also projected to have household increases. This group typically represents first time home buyers as well as a market for 'trade up' housing.

It is our opinion that if the City, EDA, local housing agencies and housing developers are proactive, as many as four to six new houses could be constructed annually in Jackson over the next five years from 2019 to 2024.

The breakdown of our projection of 20 to 30 new owner-occupied homes over the next five years is as follows:

- ▶ Higher and medium-priced homes - 5-7 homes
  - ▶ Affordable homes - 7-11 homes
  - ▶ Homes on in-fill lots - 2-4 homes
  - ▶ Twin homes/Town homes - 6-8 units
- 20-30 homes/units

## **12. 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. Based on estimates provided by the Jackson EDA, there are approximately 36 single family and twin home lots available in the Sunset View I and II and Westview Ridge Estates subdivisions. Lot prices range from \$5,000 to \$11,500. The lot inventory includes 14 lots for single family detached homes and lots for 11 twin homes (22 twin home units).

There are also infill lots throughout the community. We do not know the status or availability of these infill lots.

**Recommendation:** We use a standard that a 2 ½ year supply of lots should be available in the marketplace, based on annual lot usage. Using our projections that four to six new houses will be constructed per year, the city should have approximately 10 to 15 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.

In the 2013 Jackson Housing Study, we recommended the development of a 14 to 16-lot affordable new home subdivision. Lot sales and new home development has not met our projections and there are still a significant number of lots available in Jackson. Therefore, we are not recommending the construction of additional lots until, possibly, the end of the five-year projection period.

### **13. Strategies to encourage residential lot sales and new home construction in Jackson**

**Findings:** There are approximately 36 lots available in the Sunset View and Westview Ridge Estates Subdivisions, and there are infill lots available in the City of Jackson. The capacity also exists to develop additional lots in Jackson based on demand.

**Recommendation:** We recommend that the City of Jackson, the EDA and the JEDC coordinate efforts with the private sector to promote lot sales and housing development in Jackson.

Our recommendations to promote lot sales and housing development include:

- ▶ **Competitive pricing** - There are lots that are available in communities throughout the Region. Lot prices in Jackson will need to continue to be competitive.
- ▶ **Plan for long-term absorption** - The research completed for this Study expects limited annual absorption of lots in Jackson over the next five years. It is necessary to view the lot sales and housing development as a long-term plan.
- ▶ **Generate initial activity** - Recent construction activity has been limited. To stimulate new construction and to generate momentum, proactive efforts, such as the sale of some lots at discounted prices, reduction of hookup and permit fees or other incentives could be provided if the buyer agrees to build a home of a certain quality and style within a specified time period. This will help create some momentum for houses to be built.
- ▶ **Consider developing an exclusive builder(s) relationship** - Several lots could be sold to a builder(s). Momentum can be created when a builder has access to several lots. This allows for marketing opportunities and efficiencies in the home building process. The EDA should require the builder to construct a minimum number of homes per year. Builders are more willing to enter a market when the lots are attractive and very affordable. Several lots available to an exclusive builder or developer should be explored, even if significant price concessions are required.

- ▶ **Covenants** - The subdivisions in Jackson have covenants that assure quality development. The covenants should be reviewed to assure that they protect the integrity of the subdivisions, but are not a barrier to new construction.
- ▶ **User-Friendly** - The lot purchase and homebuilding process must be 'user-friendly.' This includes builders, who are readily available to build custom homes, information on quality homes that could be moved into the community and City regulations that are fair and reasonable. This entire process should be as user-friendly as possible to encourage new home construction.
- ▶ **Lot Availability for affordable homes** - Lots should be available for affordable homes including modular homes.
- ▶ **Allow for a range of house prices** - Lots should be available in Jackson in as wide a range of home sizes and prices as possible. This would broaden the lot buyer market.
- ▶ **Incentives** - Many cities throughout Minnesota are offering incentives to construct new homes, including reduced lot prices, reduced water and sewer hookup fees, tax abatements, cash incentives, etc. Incentives should be considered to promote new home construction. Currently, the Sunset View lots are being offered at a discounted price.
- ▶ **Lot availability for twin home/town home development** - It is our opinion that there will be a demand for twin homes/town homes over the next five years. Lots should continue to be available for twin home/town home lot development.
- ▶ **Marketing** - The City of Jackson, the Jackson EDA, the Jackson HRA, the Chamber of Commerce and other stakeholders should develop a marketing strategy to sell the available lots. All stakeholders including realtors, financial institutions, builders, employers, etc. should be included in marketing strategies. In addition to marketing the lots, the City of Jackson and its amenities should be marketed.
- ▶ **Infill lot Home Development** - Infill lots in existing neighborhoods are often affordable and have existing City services. Some housing agencies and nonprofits develop affordable homes on in-fill lots.

- ▶ ***Housing Programs*** - MHFA, the Greater Minnesota Housing Fund, and USDA Rural Development may have housing programs available to assist developers, builders and home buyers.
- ▶ ***Develop an affordable design*** - The City and Jackson EDA, along with builders and area housing agencies, should develop home designs that would be affordable and compatible in City's subdivisions and in existing neighborhoods on infill lots. The Southwest Minnesota Housing Partnership has many years experience in constructing affordable homes and would be a resource for obtaining affordable designs at various prices.
- ▶ ***Manufactured and Modular Homes*** - Manufactured and modular homes can provide affordable opportunities for moderate income households.
- ▶ ***Construction of spec homes to generate additional home construction*** - Spec home construction should be encouraged. A following recommendation discusses the Spec Home Construction Program in Jackson. Also, the Jackson EDA may consider the construction of spec homes.

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

**Findings:** Jackson has experienced very limited attached housing development in recent years. Based on building permit reports, one twin home has been built in Jackson from 2010 to May, 2019. This represents 20% of all single family unit starts over the last 10 years. Many communities have seen attached housing take an increasingly large share of new construction activity over the last two decades.

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.

In 2018, there were 735 Jackson households and 2,344 Jackson County households in the 55 and older age ranges. Strong household growth from senior households in the 65 to 74 age range 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 Sunset View Subdivision includes lots for 11 twin homes which will accommodate 22 units. The EDA constructed a twin home in 2011 and it took many years to sell both units.

**Recommendation:** Twin homes and town homes have been a popular option in most communities and it is our projection that for these products to be successful in Jackson they must have the proper location, price point and design. In communities the size of Jackson, it is common to see that 25% to 30% of new housing construction is in the form of attached single family, such as town houses and twin homes. We are projecting that over the next five years, approximately 27% to 30% of Jackson's single family housing construction will be twin homes or townhomes, which is six to eight units over the next five years.

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
- ▶ Evaluate the design, price point, amenities, etc. of the twin home constructed by the EDA to determine how future twin home construction can be improved

A corporation was developed in Arlington, MN, that includes local contractors, local banks, the local lumberyard and local investors to construct twin homes. They were 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.

## **15. 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 builder who participates in the Spec Home Construction Program receives an interest-free construction loan for up to 180 days.

The Spec Builder Program and Incentive Program for Homeowner Construction are excellent Programs that have the capacity to 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 has the potential to have a variety of homes sizes, designs, and price ranges
- ▶ The City's 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

However, the Spec Builder Program and Incentive Program for Homeowner Construction currently are underutilized.

**Recommendation:** We recommend that the Jackson EDA and the local financial institutions review and evaluate the Spec Home Construction Program and the Incentive Program for Homeowner Construction and meet with stakeholders to determine why the programs are not being utilized and how the programs can be improved to achieve maximum participation and the desired results.

## **16. 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 the United Community Action Partnership 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 in existing neighborhoods. We are projecting that two to four homes will be constructed over the next five years on in-fill lots.

**Recommendation:** We recommend that the City and EDA 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.



# **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.

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

**Findings:** Based on the 2017 American Community Survey and City of Jackson data, it is estimated that the City of Jackson currently has approximately 578 rental units. These rental units are in multifamily projects, small rental buildings, mixed-use buildings, duplexes and single family homes. Many of these rental structures could benefit from rehabilitation as approximately 58% of the rental structures are more than 40 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.

**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.

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. The project must meet applicable income, rent and rehabilitation requirements.

Also, housing agencies such as the Southwest Minnesota Housing Partnership, have purchased older market rate and subsidized rental projects in several cities and utilized funds from a variety of sources to rehabilitate and preserve these projects.

### **18. 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. Approximately 55% of the single family homes in Jackson are more than 40 years old.

The Minnesota Small Cities Development Program (SCDP) continues to be the major source of funding for housing rehabilitation. Jackson has received SCDP funds for housing rehabilitation over the years.

Currently, the City of Jackson has SCDP funds to rehabilitate approximately 25 owner-occupied homes in two older Jackson neighborhoods.

United Community Action Partnership administers the SCDP Housing Rehabilitation Program for Jackson. United Community Action Partnership is also administering the Weatherization Program and MHFA Rehabilitation Programs in Jackson.

Additionally, the Jackson Economic Development Authority has a Housing Fix-Up Program to rehabilitate homes in Jackson. This program can be utilized in conjunction with the SCDP Program.

**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.

## **19. 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/or dilapidated homes. The neighborhoods could deteriorate, or could be revitalized to be strong vital neighborhoods.

**Recommendation:** Over the years, the City of Jackson has been active in housing and neighborhood revitalization projects including housing rehabilitation, the demolition of dilapidated housing, and public facility improvements. We recommend that the City of Jackson, local and area housing agencies, the EDA and the private housing sector implement a Neighborhood Revitalization Program. Redevelopment strategies and opportunities should be identified in each neighborhood including:

- ▶ A plan for each parcel in the neighborhood
- ▶ Owner-occupied rehabilitation
- ▶ Rental Rehabilitation
- ▶ Demolition of dilapidated structures
- ▶ Land pooling for larger town home and attached housing projects
- ▶ Infill new construction including single family homes and attached housing
- ▶ A Purchase/Rehabilitation Program that rehabilitates homes and provides 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 for each project or program, 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.

## **20. 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 2019, we estimate that there are approximately 578 rental units in the City of Jackson, including many that are more than 40 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 40 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. These issues result in the continuation of converting old homes to rental units and magnify the problem.

### **Maintenance Efforts**

- ▶ A large number of rental property owners are providing standard housing and reinvesting in their rental properties. However, some rental property owners 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 Rental Property Owners**

- ▶ Jackson has a significant number of rental property owners. Many of these rental property owners do an excellent job; however, some rental property owners 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.

## **21. Consider the development of a Purchase/ Rehabilitation Program**

**Findings:** Jackson has a stock of older, lower valued homes, some of which need repairs. Approximately 50% of the single family homes in Jackson are valued under \$98,600. Many of the lower-valued homes need rehabilitation. Also, some homes converted from owner-occupancy to rental use during the economic recession. As some of the lower valued single family 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.

In the past, the Minnesota Housing Finance Agency has provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, a city could purchase an existing home that needed rehabilitation, rehabilitate the home, sell the home to a low income family and provide a mortgage and a monthly payment that are affordable for the family. The MURL Program accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. However, MHFA is no longer providing funding for the MURL Program.

**Recommendation:** We recommend that the City of Jackson consider the creation of a rehab/purchase program for existing houses that is similar to the previous MURL Program. Area housing agencies and financial institutions could assist by offering some rehabilitation assistance in conjunction with first-time buyer programs to make the City's older housing a more attractive option for potential home buyers. MHFA, through its other programs, and the SCDP Program are other potential funding sources.

Also, a program could be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. USDA Rural Development provides mortgage funds to purchase a home and to make repairs to the unit.

A third option is to work with private contractors to purchase, rehab and sell existing homes in Jackson. When needed, financial assistance could increase the number of single family homes, where it is financially feasible to buy, rehab and sell the homes.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard.

# **Jackson - Other Housing Initiatives**



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

**Findings:** The City of Jackson continues to have 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. Housing for new employees is a concern for employers.

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.

Over the years, several Jackson employers have served on a committee to address housing issues. They have also participated in surveys and community events and have been represented on the Jackson Economic Development Authority and Jackson Economic Development Corporation Boards.

Also, employers have assisted with the financing and development of the Eagle Ridge Townhouse project. Additionally, Agco has committed to renting five market rate units in the Eagle Ridge Townhouse project on an ongoing basis.

**Recommendation:** We recommend continued ongoing efforts 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 affordable owner-occupied homes.

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

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

**Findings:** Past housing condition surveys conducted by Community Partners Research, Inc., and United Community Action Partnership have 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). According to city records, 22 housing units have been demolished over the past 10 years in Jackson.

**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 continue work with Jackson County to acquire and demolish tax forfeited properties that are dilapidated and beyond repair.

Additionally, the City of Jackson should maintain an inventory of structures that may be candidates for future demolition. An inventory of in-fill lots for future development should also be maintained.

### **24. Continue coordination among housing 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 Economic Development Office provides staff for the Jackson Economic Development Authority, the Jackson Economic Development Corporation, and the Jackson Business Development Committee. The City also has access to the Jackson Housing and Redevelopment Authority, the Southwest Minnesota Housing Partnership, United Community Action Partnership, the Worthington Housing and Redevelopment Authority and USDA Rural Development. 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 continue to 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 for the City of Jackson.

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

**Findings:** Since the downturn in the housing economy in the last recession, the competition among cities for households looking to buy or build a home has been greater than in the past. Several cities in the region 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.

During the interview process, people expressed concern regarding Jackson's ability to compete for new development. As the economy continues to improve, 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 and 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, Jackson EDA, Jackson HRA and the Jackson Chamber of Commerce have been active in promoting and marketing housing. We recommend that the City, EDA, HRA and Chamber of Commerce continue to do the following:

- ▶ Identify the City's strengths and competitive advantages and heavily promote them
  - ▶ 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, down payment assistance, low interest loans, etc.
  - ▶ Continually evaluate the programs the City and EDA offer:
    - ▶ EDA Owner Housing Fix-Up Fund
    - ▶ Community Purchase Partnership Program
    - ▶ Spec Home Construction Program
    - ▶ Incentive Program for Homeowner Construction
    - ▶ Downtown Facade Program
- 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.
  - ▶ Continue to work on the creation of jobs and the development of 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.
  - ▶ Preserve and improve the quality of existing neighborhoods through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
  - ▶ Develop affordable housing on in-fill lots
  - ▶ Continue to develop new housing choices that serve life-cycle housing needs, such as new rental housing, twin homes, senior with services, etc.
  - ▶ Review the City's policies and fees to assure that they are user-friendly, fair and receptive for developers, builders and households.
  - ▶ Develop a coordinated housing plan with area housing agencies.

## **26. Strategies for Downtown Redevelopment**

**Findings:** Jackson's downtown has buildings that have been renovated and have high quality commercial and/or housing space. There are also buildings that have not been maintained and are substandard. The City has recently developed a Facade Program for downtown buildings. This recommendation provides an outline for additional actions that could be taken to continue to redevelop the downtown, to maximize the usage of downtown buildings, to promote new downtown businesses and to identify and implement renovations/conversions for housing.

**Recommendation:** We are also recommending the following actions for downtown Jackson:

- ▶ Interview downtown property owners to develop a database and to determine their future plans (expanding, selling, renovations, etc.)
- ▶ Develop an overall plan for the downtown (potential new businesses, address parking needs, develop an overall theme, art and cultural opportunities, etc.)
- ▶ Develop a mini-plan for each downtown property and each downtown block. This may include:
  - ▶ Commercial building rehab and renovations
  - ▶ Participation in the Facade Program
  - ▶ Rental unit conversions or rehab
  - ▶ Building demolition
  - ▶ New construction
  - ▶ Recruiting new businesses
  - ▶ Housing Development on upper floors

- ▶ Identify funding sources
  - ▶ SCDP funds
  - ▶ Property owner funds
  - ▶ HOME funds
  - ▶ City, EDA, JEDC and HRA funds
  - ▶ Federal Home Loan Bank
  - ▶ Tax increment financing
  - ▶ Tax abatement
  - ▶ Minnesota Department of Employment and Economic Development
  - ▶ MHFA funds
  - ▶ Southwest Minnesota Housing Partnership
  
- ▶ Work with stakeholders to identify roles, secure funding, develop and implement programs and projects
  - ▶ Property owners
  - ▶ City of Jackson
  - ▶ Jackson Economic Development Authority
  - ▶ Jackson Chamber of Commerce
  - ▶ Jackson Housing and Redevelopment Authority
  - ▶ Jackson Economic Development Corporation

## **27. Racial and Ethnic Minority Households**

**Findings:** The City of Jackson has a number of major employers. As these employers continue to grow, the demand for employees will increase. Several employers have contacted an agency which assists Puerto Rico residents with relocating. Therefore, it is feasible that the City of Jackson's racial and ethnic minority population will increase over the next several years as Puerto Ricans may move to Jackson and Jackson County.

We have conducted housing studies in many cities that have new racial and ethnic minority residents from U.S. territories and other countries. Some of these residents may have unique housing issues. The purpose of this recommendation is to provide information about other cities and their racial and ethnic minorities in an attempt to make the relocation of new residents to Jackson as seamless as possible.

### **Housing Issues**

Housing issues were identified that impact racial and ethnic minority households, which include:

- ▶ **Same issues as other low/moderate income households** - A significant percentage of racial and ethnic minority households are low/moderate income and experience the same issues as many non-minority low and moderate income households, in finding affordable, standard housing.
- ▶ **Communication** - Some racial and ethnic minority individuals and households cannot speak English which causes communication issues when searching for housing.
- ▶ **Cultural Differences** - Racial and ethnic minority households may have cultural differences, which may differ from generally accepted practices.
- ▶ **Temporary residents** - Some rental property owners require six-month or one-year leases. Some racial and ethnic minority households may locate in Jackson on a short-term basis and cannot sign a long-term lease.

- ▶ **Transportation** - Transportation can be an issue because some racial and ethnic minority individuals may not have vehicles, drivers licenses or insurance when they locate in Jackson.
- ▶ **Deposit/Down payment** - Some racial and ethnic minority households may not have the savings to pay a rent deposit or to make a down payment.
- ▶ **Discrimination** - There may be isolated cases of discrimination by rental property owners against racial and ethnic minority households. Although discrimination may exist, racial and ethnic minority households are also denied housing for legitimate reasons such as no credit history, no references, etc.
- ▶ **Screening process** - Some rental property owners have a screening process that includes credit checks, reference requirements, employment requirements, etc. It may be difficult for some households to pass the screening process as racial and ethnic minority households often have no established credit, have no references, security deposit, etc.
- ▶ **Lack of information** - Some racial and ethnic minority households may arrive in Jackson and have no knowledge of what information and documentation they need to rent or purchase a home or how to begin the process.

### **Strategies in Securing Housing**

Strategies to address the housing needs of the racial and ethnic minority population include:

- ▶ **Local agencies and organizations** - Local and area agencies and organizations have established several programs to assist racial and ethnic minority households with many issues, including housing.
- ▶ **Employer Involvement** - Employers should take an active role in housing initiatives that address the housing needs of the ethnic and racial minority population.



- ▶ **Sponsorship** - In some cities, individuals, churches or nonprofit organizations have sponsored new racial and ethnic individuals and families and have assisted them with obtaining housing, employment. etc.
- ▶ **Renter Education Programs** - One of the major issues for the racial and ethnic minority population is the inability to pass the screening process. Local agencies and organizations should provide renter education programs.
- ▶ **Leadership among the racial and ethnic minority populations** - The racial and ethnic minority populations must develop leadership to foster self-help strategies and to work with agencies and governmental jurisdictions to address housing needs.
- ▶ **Financial institutions** - The financial institutions can play a vital role in the racial and ethnic minority population's opportunity to own a home and should continue to develop initiatives to address the racial and ethnic minority population's financial needs.
- ▶ **Continue to enforce the Rental Inspection Program** - The Rental Inspection Program should continue to be enforced to eliminate unsafe and unsanitary living conditions.
- ▶ **Community education** - Local agencies, the schools, the media and employers should educate the community at every opportunity about diversity and racial and ethnic minority populations. Education usually results in more tolerance and understanding. Conversely, the racial and ethnic minority population must continue to educate themselves about Jackson and integrate into the community.
- ▶ **English speaking classes** - English speaking classes should be offered and racial and ethnic minority individuals should take advantage of these classes.
- ▶ **Training & Education** - Employers should provide training and racial and ethnic minority individuals should take advantage of this training and also seek additional education. Training and education usually results in a better job which means a higher income. A higher income can solve many problems including housing needs.

- ▶ **Work with rental property owners that provide housing for the minority populations** - A number of rental property owners will provide housing for the racial and ethnic minority populations. The City or a local agency should communicate with rental property owners to address their concerns and determine how the City can work to address the racial and ethnic minority population's housing needs.
  
- ▶ **Home ownership programs** - Some racial and ethnic minority households may have an interest in gaining knowledge on how to purchase homes and what programs may be available to assist them in attaining home ownership. Racial and ethnic minority households should be encouraged to attend Home Ownership education classes.
  
- ▶ **Study Recommendations** - Finally, most of the recommendations included in this study also pertain to racial and ethnic minority populations.

## **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: Thomas Nelson, Economic Development Director

### **Jackson HRA**

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

### **Southwest MN Housing Partnership**

2401 Broadway Avenue, Suite 4  
Slayton, MN 56172  
Phone: (507) 836-8673  
Contact: Chad Adams, Chief Executive Officer

### **United Community Action Partnership**

1400 S. Saratoga St.  
Marshall, MN 56258  
Phone: (507) 537-1416  
Contact: Nancy Straw, Executive Director

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

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