

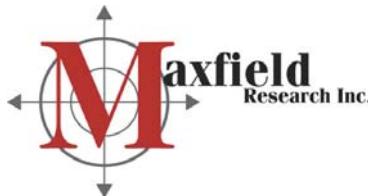
Housing Market Analysis and Demand Estimates for Hibbing, Minnesota

Prepared for:

Hibbing Housing and Redevelopment Authority
Hibbing, Minnesota

July 2010





July 29, 2010

Ms. Anita Provinzino
Executive Director
Hibbing Housing and Redevelopment Authority
3115 Seventh Avenue East
Hibbing, MN 55746

Dear Ms. Provinzino:

Attached is the *Housing Market Analysis and Demand Estimates for Hibbing, Minnesota* conducted by Maxfield Research Inc. The study projects housing demand through 2020, and gives recommendations on the amount and type of housing that could be built in Hibbing to satisfy demand over the next five years. Detailed information regarding recommended housing concepts can be found in the Housing Recommendations section at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

Jay Thompson
Vice President

Brian Smith
Research Analyst

Attachment

TABLE OF CONTENTS

	<u>Page</u>
KEY FINDINGS	1
Introduction	1
Key Findings	1
DEMOGRAPHIC ANALYSIS	3
Introduction	3
Primary Study Area Definition	3
Population Household Growth Trends and Projections	4
Household Size	6
Population Age Distribution Trends	7
Household Income	9
Tenure by Income	12
Tenure by Age of Householder	14
Household Type	16
Employment Growth Trends.....	18
Major Employer Interviews	20
HOUSING CHARACTERISTICS.....	23
Introduction	23
Age of Housing Stock	23
Housing Stock by Structure Type	25
Residential Construction Trends in Study Area.....	27
Housing Conditions.....	28
FOR-SALE MARKET ANALYSIS	30
Introduction	30
Home Resales.....	30
Current Supply of Homes on the Market	32
Actively Marketing and Pending For-Sale Housing Developments	34
Mobile Homes.....	37
For-Sale Housing Market Interview Summary	38
RENTAL MARKET ANALYSIS.....	40
Introduction	40
General Occupancy Rental Properties	40
Housing Choice Voucher Program	49
Pending General Occupancy Rental Developments	49
General Occupancy Rental Housing Market Interview Summary.....	50

TABLE OF CONTENTS

(continued)

	<u>Page</u>
SENIOR HOUSING ANALYSIS	51
Senior Housing Defined.....	51
Senior Housing in the Study Area.....	52
Pending Senior Housing Developments	60
SPECIAL NEEDS HOUSING ANALYSIS.....	62
Introduction	62
Persons with Disabilities	62
Homeless Population.....	65
CONCLUSIONS AND RECOMMENDATIONS.....	70
Introduction	70
Demographic Profile and Housing Demand	70
Housing Demand Calculations.....	71
Senior Housing Demand	74
Hibbing Recommendations.....	75
Housing for Special Populations.....	79
Housing Needs During Potential ESSAR Steel Construction Period	80
ADDENDUM.....	81

LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
1. Population and Household Growth Trends and Projections, Hibbing Study Area,..... 1990 - 2020	5
2. Households by Size, Hibbing Study Area, 2009.....	6
3. Population Age Distribution, Hibbing Study Area, 1990 to 2020.....	8
4. Household Income by Age of Householder, Hibbing Study Area, 2009.....	10
5. Household Income by Age of Householder, Hibbing Study Area, 2014.....	11
6. Tenure by Household Income, Hibbing Study Area, 2009.....	13
7. Tenure by Age, Hibbing Study Area, 2000 and 2009.....	15
8. Household Type Trends, Hibbing Study Area, 1990 to 2009.....	17
9. Resident Employment, Hibbing and St. Louis County (Excluding Duluth), 2000 to 2009.....	19
10. Covered Employment Trends, Hibbing, 2000 & 2009	20
11. Major Employers, Hibbing Market Area, May 2010.....	21
12. Age of Housing Stock, Hibbing Study Area, 2000.....	24
13. Tenure by Units in Structure, Hibbing Study Area, 2000.....	26
14. Residential New Construction, Hibbing Study Area, 2000 to 2009	27
15. Home Sale Summary, Hibbing Study Area, 2000 to 2009	31
16. Traditional and Bank Owned Home Sales, Hibbing Study Area, 2000 to 2009	32
17. Single-Family Homes Currently Listed For-Sale, Hibbing Study Area, June 2010.....	33
18. Bedrooms and Listing Price of Single-Family Homes, Hibbing Study Area, June 2010	34
19. Active and Planned For-Sale Housing Developments, Hibbing Study Area, June 2010	36
20. Mobile Home Parks, Hibbing Study Area, June 2010.....	37
21. Market Rate General Occupancy Rental Housing, Hibbing Study Area, June 2010	42
22. Affordable and Market Rate General Occupancy Rental Housing, Hibbing Study Area, June 2010	45
23. Subsidized General Occupancy Rental Housing, Hibbing Study Area, June 2010.....	47
24. Market Rate Senior Housing, Hibbing Study Area, June 2010	54
25. Affordable/Subsidized Senior Housing, Hibbing Study Area, June 2010.....	59
26. Nursing Home Facilities, Hibbing Study Area, June 2010.....	60
27. Type of Disability by Age of Non-Institutionalized People, Hibbing Study Area, 2000	63
28. Housing Demand Summary, City of Hibbing, 2010 to 2020	72
29. Senior Housing Demand Summary, City of Hibbing, 2010 - 2020.....	74
30. Recommended Housing Development, Hibbing, 2010 to 2015	76

KEY FINDINGS

Introduction

Maxfield Research Inc. was engaged by the Hibbing Housing and Redevelopment Authority to provide an assessment of housing needs for the City of Hibbing, Minnesota. This study is an update of the previous housing needs assessment completed for the HRA in 2005.

Detailed calculations of housing demand from 2010 to 2020 can be found in the *Conclusions and Recommendations* section of the report. Recommendations on the amount and types of housing that should be developed to accommodate the housing needs over the next five years are presented as well. The following are key highlights from the housing needs assessment.

Key Findings

1. The population declined -5% between 1990 and 2000 and -3% between 2000 and 2010. Growth is projected to occur in the Study Area between 2010 and 2020 by 2% with the ESSAR steel plant planned to be operational by 2012. Hibbing accounts for about 55% of the Study Area's population base.
2. Even though the total population declined last decade, the 45-to-64-age-group grew by 9.5%. This decade, the 55 to 64 and 65 to 74 age groups are projected to grow by 11% and 47%, respectively, as the baby boomers continue to age.
3. Overall, there is demand for about 190 new housing units in Hibbing between 2010 and 2015 and 240 between 2015 and 2020. Out of that demand, 40% to 45% will be for rental housing and 55% to 60% will be for owner-occupied housing.
4. Total projected demand by housing type from 2010 to 2015 is below:
 - Single-family owner-occupied
 - Entry-level = 15-20 units
 - Move-up = 45-50 units
 - Townhomes/condominiums/cooperatives
 - Upper-end = 40-45 units
 - General occupancy rental
 - Market rate = 25-30 units
 - Affordable/subsidized = 20-25 units
 - Senior rental
 - Subsidized = 0 units
 - Adult/few services = 15-20 units
 - Congregate = 40-50 units
 - Assisted living = 0 units
 - Memory care = 12-14 units
5. The current supply of available lots for single-family homes is sufficient to support development until 2012 while still maintaining a three-year supply. As the lots are currently planned, they will likely meet or exceed the need for move-up and executive housing, but

KEY FINDINGS

may fall slightly short of meeting the need for entry-level housing. Even though there is significant supply of existing homes on the market that would be affordable for entry-level buyers, these homes are older and would likely need upgrades or improvements. The proposed entry-level lots at Marshview Meadows would meet the need for newer entry-level homes.

6. Among the demand for multifamily owner-occupied units, we find that nearly all of it could be absorbed by seniors in townhomes and/or an age-restricted cooperative development (such as the planned Realife development – 22 units). The current supply of available lots for townhomes will satisfy all need for the next five years.
7. The overall vacancy rate for market rate general occupancy rental housing is 5.8%. However, there have been no new buildings added for 30 years in Hibbing or the Study Area. Therefore, we find that there is demand for a new contemporary general occupancy rental development with 25 to 30 units.
8. Many of the older market rate rental units that would become available as a result of the development of a new market rate building would be affordable to some low- and moderate-income households.
9. Affordable general occupancy rental properties are performing well, with the lone Hibbing property being fully occupied with a waiting list. We recommend adding another similar rental property with 20 to 25 units. The proposed HRA project (St. Leo's Apartments) would meet the affordable demand through 2015.
10. There is demand for 90 to 110 units of independent senior housing. We find demand for one congregate building with 40 to 60 units. There are no congregate facilities in the market area. We also recommend adding an age-restricted rental townhome development with 10 to 12 units. The proposed Realife Cooperative development will absorb 22 units of the independent demand and the remaining demand will be absorbed by existing for-sale townhome lots.
11. There is an oversupply of existing assisted living units in Hibbing and the Study Area. The existing units will meet the need for market rate assisted living over the next five years. Newer building have experienced slow absorption and current vacancies are high (21%).
12. Memory care facilities have been successful and occupancy is currently stable. We find that Hibbing could absorb 12 to 14 additional memory care units by 2015. We recommend any additional memory care units be developed as part of an existing assisted living facility or memory care facility.

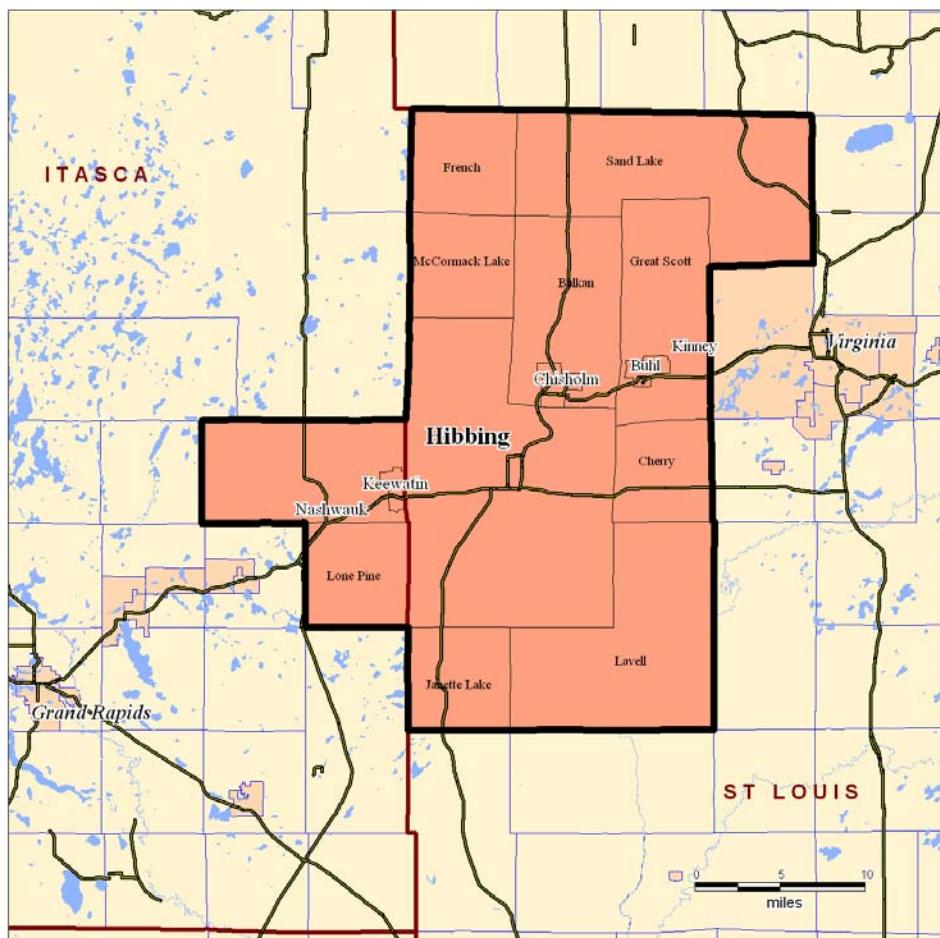
Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Hibbing, Minnesota. It includes an analysis of population and household growth trends and projections, population age trends and projections, household income data, and household tenure. A review of these characteristics provides insight into the demand for various types of housing in the City.

Primary Study Area Definition

A Study Area was defined that consists of the Cities of Hibbing, Chisholm, Keewatin, and Nashwauk, as well as several other cities, townships, and territories for which Hibbing acts as a regional retail, service, and employment center. The communities selected for the Study Area are the Cities of Hibbing, Chisholm, Keewatin, Nashwauk, Buhl, and Kinney; the Townships of Balkan, Cherry, French (including the Side Lake area), Great Scott, Lavell, Lone Pine, and Nashwauk; and the Unorganized Territories of Janette Lake, McCormack Lake, and Sand Lake. A map of the Study Area is shown below.

Hibbing Study Area



Population and Household Growth Trends and Projections

Table 1 illustrates population and household growth trends and projections for the City of Hibbing and the Study Area overall from 1990 to 2020. Data for 1990 and 2000 is provided by the U.S. Census Bureau. Estimates for 2010 and projections through 2020 were made by Maxfield Research Inc. based on information from the Minnesota State Demographic Center, Applied Geographic System, a nationally recognized demographics provider, and a review of recent building trends. There are two projections provided for the 2020 forecast. The high projection reflects the growth with an operational ESSAR steel plant in Nashwauk. The low projections reflect growth excluding the ESSAR steel plant. ESSAR Steel Minnesota, LLC is planning to construct a new steel plant just west of Nashwauk. The plant is projected to employ 500 full-time employees when completed along with up to 2,000 construction workers through development. The plant is tentatively planned to open in 2012 and when opened, the plant would become one of the largest employers in the Study Area. The following are principal conclusions from Table 2.

Population

- As of 2000, the Study Area contained 30,981 people. Within the Study Area, the City of Hibbing accounted for 55% of the population.
- During the 1990s, the Study Area declined by roughly 1,500 people (-5%). During the 2000s, nearly the same rate of decline is estimated to have occurred with a decrease of 524 people (-4%). The estimated losses are due to the declining household sizes and lack of job growth in the Study Area.
- This decade, population growth is projected to be positive as the new steel plant is planned to come online. Between 2010 and 2020, the Study Area is expected to add 1,175 people (4%).

Households

- Household growth is a particularly reliable gauge of an area's housing needs, because households, by definition, are occupied housing units. As of 2000, there were 13,265 households in the Hibbing Study Area. The City of Hibbing, with 7,439 households, accounted for 56% of the Study Area's household base.
- Households experienced positive growth during the 1990s, a trend that is estimated to have continued through 2010. Between 2000 and 2010, the Study Area is estimated to have added 260 households, a growth rate of 2%. Hibbing is estimated to have had absorbed over half of that household growth with the addition of 141 households (2%).
- Household growth in the Study Area is forecast to accelerate through 2020 with the pending addition of the ESSAR Steel Plant. Over the next decade, an additional 480 households are projected to be added to the Study Area, which is a 3.5 % increase. In Hibbing, household growth is projected to increase at a slightly lesser rate than the Remainder of the Study Area with growth of 170 households (2%) through the next decade.

DEMOGRAPHIC ANALYSIS

TABLE 1
POPULATION & HOUSEHOLD GROWTH TRENDS & PROJECTIONS
HIBBING STUDY AREA
1990 - 2020

	U.S. Census	Estimate	2020 Forcast	----- Change -----							
				1990	2000	2010	Low	High*	2000 - 2010	2010-2020	2010-2020*
	No.	Pct.	No.	Pct.	No.	Pct.					
Population											
Hibbing	18,046	17,071	16,400	16,300	16,450	-671	-3.9	-100	-0.6	50	0.3
Remainder of Study Area	14,434	13,910	13,710	14,500	14,835	-200	-1.4	790	5.8	1,125	8.2
Chisholm	5,290	4,960	4,760	5,075	5,120	-200	-4.0	315	6.6	360	7.6
Keewatin	1,118	1,164	1,130	1,180	1,190	-34	-2.9	50	4.4	60	5.3
Nashwauk	1,026	935	930	975	985	-5	-0.5	45	4.8	55	5.9
Buhl	915	983	1,050	1,070	1,105	67	6.8	20	1.9	55	5.2
Kinney	257	199	150	150	150	-49	-24.6	0	0.0	0	0.0
Townships (10)	5,828	5,669	5,690	6,050	6,285	21	0.4	360	6.3	595	10.5
Study Area Total	32,480	30,981	30,110	30,800	31,285	-871	-2.8	690	2.3	1,175	3.9
Households											
Hibbing	7,439	7,439	7,580	7,680	7,750	141	1.9	100	1.3	170	2.2
Remainder of Study Area	5,774	5,826	5,945	6,120	6,255	119	2.0	175	2.9	310	5.2
Chisholm	2,243	2,178	2,200	2,230	2,250	22	1.0	30	1.4	50	2.3
Keewatin	485	522	530	535	540	8	1.5	5	0.9	10	1.9
Nashwauk	436	434	465	475	480	31	7.1	10	2.2	15	3.2
Buhl	383	405	460	475	490	55	13.6	15	3.3	30	6.5
Kinney	101	82	70	70	70	-12	-14.6	0	0.0	0	0.0
Townships (10)	2,126	2,205	2,220	2,335	2,425	15	0.7	115	5.2	205	9.2
Study Area Total	13,213	13,265	13,525	13,800	14,005	260	2.0	275	2.0	480	3.5
* Assumes that the proposed steel mill by ESSAR Steel Industries is built and operational											
Sources: U.S. Census Bureau; Minnesota Demographic Center; Maxfield Research Inc.											

DEMOGRAPHIC ANALYSIS

- Since 1990 and projected through 2020, the household growth rate in Hibbing exceeds the population growth rate. The average household size in Hibbing declined from 2.43 people per household in 1990 to 2.29 in 2000, 2.16 in 2010, and is projected to decline further to 2.12 in 2020. Smaller families as well as the aging of the area population, which results in increasing numbers of empty-nester households and seniors living alone, cause this trend. An aging population largely explains how rural parts of Study Area lost 871 people between 2000 and 2010 (-3 %) but gained 260 households (2%).

Household Size

Table 2 shows the estimated distribution of households by size for 2009. This data comes from Applied Geographic Solutions. Household size for renters tends to be much smaller than for owners.

- In the Study Area overall, one-person and two person households account for 70% of the households and are split at roughly in half between the two. They comprise 71% of Hibbing's households and 67% of the remainder of the Study Area. Hibbing attracts to a greater extent young, single households seeking rental units and single seniors seeking alone independent and service-intensive housing.

TABLE 2 HOUSEHOLDS BY SIZE HIBBING STUDY AREA 2009			
Household Size	Hibbing	Remainder of Study Area	Study Area Total
1-person	2,733	1,942	4,675
2-person	2,671	2,061	4,732
3-person	917	801	1,718
4-person	841	684	1,525
5-person	284	315	599
6-person	81	117	198
7-or-more-persons	33	30	63
Total	7,560	5,950	13,510
Sources: Applied Geographic Solutions; Maxfield Research Inc.			

Population Age Distribution Trends

Table 3 shows the age distribution of the Study Area population in 1990 and 2000 with estimates for 2010 and projections through 2020. The 1990 and 2000 distributions are from the U.S. Census Bureau. Maxfield Research Inc. derived the 2010 estimates and 2020 projections were made by Maxfield Research Inc. based on data from Applied Geographic System, a nationally recognized demographics provider. The following points are key trends in the Study Area's age distribution.

- Mirroring trends observed across the Nation, the aging of the baby boomer generation is substantially impacting the composition of the Study Area's population. Born between 1946 and 1964, these individuals comprised the age groups 35 to 54 in 2000. As of 2000, baby boomers accounted for 30% of the total population in the Study Area. Baby boomers (ages 45 to 64 in 2010) are estimated to have grown by nearly 1,200 people (41%) through 2010, however the Study Area is estimated to have declined by 870 people (-3%).
- Following in the baby boomers' wake is the baby bust generation, a group born between 1965 and 1976. These individuals were born during a period of lower birth rates and as a result, substantive decline in the 35 to 44 age cohort was observed last decade. Through 2010, this cohort is estimated to have declined by -29% in the Hibbing Study Area.
- Younger households are a primary market for rental housing. During this decade, the 18 to 34 population in the Study Area is estimated to have increased by roughly 860 persons (15%). Within this age cohort, the 18 to 24 population experienced an increase (158 people, or 6%), while the population age 25 to 34 increased by 708 people or 22%. This age group (18 to 34) typically accounts for the highest proportion of the renter population in the community.
- Growth between this decade will shift to older populations in both Hibbing and the remainder of the County. All age cohorts in Study Area will grow except the 18 to 24 (-13%) and the 45 to 54 (-30%) cohorts. The loss in the 45 to 54 population is a result of the decline in population in the previous decade of the 35 to 44 cohort not keeping up with the aging of baby boomers. The most rapid growth will be in the 55 to 64 (11%) and 65 to 74 (46%) age groups due to the aging of baby boomers.
- After experiencing significant declines through 2010, the growth in the number of people age 17 will see a slight increase by 2020. Over the decade, the number of people 17 and under is projected to increase by about 270 people (4%) in the Hibbing Study Area. This is mainly due to the age 25 to 44 cohort whom represents the children of the baby boom generation (also referred to as the "baby boomerlet") who are in the prime child bearing years.

DEMOGRAPHIC ANALYSIS

TABLE 3
POPULATION AGE DISTRIBUTION
HIBBING STUDY AREA
1990 to 2020

	Number of Persons				---- Change ----			
	1990	2000	2010	2020*		2000 - 2010	2010 - 2020	
Hibbing	No.	No.	No.	No.	No.	Pct.	No.	Pct.
17 & under	4,506	3,891	3,230	3,345	-661	-17.0	115	3.6
18-24	1,526	1,559	1,520	1,130	-39	-2.5	-390	-25.7
25-34	2,414	1,720	1,950	2,270	230	13.4	320	16.4
35-44	2,565	2,468	1,735	1,795	-733	-29.7	60	3.5
45-54	1,745	2,560	2,465	1,705	-95	-3.7	-760	-30.8
55-64	1,780	1,501	2,255	2,310	754	50.2	55	2.4
65-74	1,949	1,522	1,445	2,120	-77	-5.1	675	46.7
75+	1,561	1,850	1,800	1,775	-50	-2.7	-25	-1.4
Total	18,046	17,071	16,400	16,450	-671	-3.9	50	0.3
Remainder of Study Area	No.	No.	No.	No.	No.	Pct.	No.	Pct.
17 & under	3,781	3,264	2,905	3,060	-359	-11.0	155	5.3
18-24	875	983	1,180	1,225	197	20.0	45	3.8
25-34	1,798	1,437	1,915	1,810	478	33.3	-105	-5.5
35-44	2,390	2,060	1,490	2,090	-570	-27.7	600	40.3
45-54	1,397	2,342	2,010	1,430	-332	-14.2	-580	-28.9
55-64	1,419	1,363	1,780	2,185	417	30.6	405	22.8
65-74	1,627	1,093	1,255	1,825	162	14.8	570	45.4
75+	1,147	1,368	1,175	1,210	-193	-14.1	35	3.0
Total	14,434	13,910	13,710	14,835	-200	-1.4	1,125	8.2
Study Area Total	No.	No.	No.	No.	No.	Pct.	No.	Pct.
17 & under	8,287	7,155	6,135	6,405	-1,020	-14.3	270	4.4
18-24	2,401	2,542	2,700	2,355	158	6.2	-345	-12.8
25-34	4,212	3,157	3,865	4,080	708	22.4	215	5.6
35-44	4,955	4,528	3,225	3,885	-1,303	-28.8	660	20.5
45-54	3,142	4,902	4,475	3,135	-427	-8.7	-1,340	-29.9
55-64	3,199	2,864	4,035	4,495	1,171	40.9	460	11.4
65-74	3,576	2,615	2,700	3,945	85	3.3	1,245	46.1
75+	2,708	3,218	2,975	2,985	-243	-7.6	10	0.3
Total	32,480	30,981	30,110	31,285	-871	-2.8	1,175	3.9

* Assumes that the proposed steel mill by ESSAR Steel Industries is built and operational

Sources: U.S. Census Bureau; Applied Geographic Solutions; Maxfield Research Inc.

Household Income

Tables 4 and 5 show the estimated distribution of household incomes in the Study Area for 2009 and 2014. The data was estimated by Applied Geographic Systems and adjusted by Maxfield Research Inc. based on household growth projections by the Minnesota State Demographic Center. The data helps in ascertaining the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs for families as 30% of a household's adjusted gross income. Maxfield Research Inc. uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 2.5 to 3.0 times their annual income on a single-family home, down from 3.0 to 3.5 or even higher a few years ago when high-risk loans were easily available. Thus, a \$50,000 income would translate to an affordable single-family home of \$125,000 to \$150,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but does not have savings or equity in an existing home which would allow them to purchase a higher priced home.

The following are key points from Tables 4 and 5:

- The median household income in Hibbing in 2009 was estimated to be \$42,537. The median household income is estimated to be similar in the remainder of the Study Area – at \$42,766. Typically, cities such as Hibbing have a lower median income than surrounding rural areas because they tend to have a greater number of lower-income households living in subsidized rental or lower-priced housing than the surrounding rural area. However, the majority of the Study Area is occupied and populated by the Cities of Hibbing, Buhl, Chisholm, and Keewatin with much of the surrounding land undevelopable due to mining.
- Overall, incomes are expected to increase by about 8% between 2009 and 2014, or slightly less than 2% annually, in Hibbing and the remainder of the County. This will result in the median income in Hibbing increasing to \$57,932 and the median income in the remainder of the county increasing to \$64,062 by 2014. However, income in Hibbing will not likely keep up with inflation. Between 2000 and 2009, annual inflation ranged from 1.6% to 3.8%, and was over 2% in every year except 2002.

Non-Senior Households

- In 2009, 12% of the non-senior households in Hibbing had incomes under \$15,000 (508 households). All of these households would be eligible for subsidized rental housing. Another 12.5% of Hibbing's non-senior households had incomes between \$15,000 and \$25,000 (520 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market-rate rentals. If housing costs absorb

DEMOGRAPHIC ANALYSIS

30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.

- Median incomes for households in Hibbing peaked at \$63,094 for the 45 to 54 age group in 2009. These households could afford to purchase a home valued from \$157,735 to \$189,280 (2.5 to 3.0 times income). However, the majority of households (86%) in this age group are homeowners, so would have equity from an existing home that they could allocate toward the purchase of a higher priced home. By 2014, the median income for the 45 to 54 age group is projected to increase to \$68,261, an 8% increase.

TABLE 4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER HIBBING STUDY AREA (Number of Households) 2009								
	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	75+
Hibbing								
Less than \$15,000	1,185	130	150	107	121	158	185	333
\$15,000 to \$24,999	1,117	109	180	114	117	136	193	269
\$25,000 to \$34,999	924	82	151	117	119	142	152	162
\$35,000 to \$49,999	1,104	82	219	154	201	185	146	117
\$50,000 to \$74,999	1,491	66	249	258	378	275	148	117
\$75,000 to \$99,999	914	20	111	152	300	190	75	67
\$100,000 to \$150,000	622	9	55	95	208	148	60	47
\$150,000+	204	4	13	30	68	45	15	30
Total	7,560	501	1,127	1,026	1,513	1,279	974	1,140
<i>Median Income</i>	\$42,537	\$26,374	\$40,656	\$52,091	\$63,094	\$51,675	\$32,160	\$23,846
Remainder of Study Area								
Less than \$15,000	903	63	106	85	107	134	134	275
\$15,000 to \$24,999	776	43	123	77	88	109	130	206
\$25,000 to \$34,999	800	46	139	97	108	140	125	144
\$35,000 to \$49,999	958	33	173	136	197	188	121	110
\$50,000 to \$74,999	1,293	18	200	221	358	270	118	107
\$75,000 to \$99,999	706	5	70	118	248	156	55	53
\$100,000 to \$150,000	408	2	35	56	149	103	34	29
\$150,000+	106	4	1	14	42	30	4	11
Total	5,950	214	848	805	1,298	1,129	721	935
<i>Median Income</i>	\$42,766	\$25,353	\$39,863	\$50,807	\$60,375	\$49,486	\$32,759	\$24,342
Study Area Total								
Less than \$15,000	2,088	193	256	192	228	292	319	608
\$15,000 to \$24,999	1,893	152	303	191	205	245	323	475
\$25,000 to \$34,999	1,723	128	290	214	227	282	277	306
\$35,000 to \$49,999	2,062	115	393	290	399	373	267	227
\$50,000 to \$74,999	2,784	84	449	479	736	545	267	224
\$75,000 to \$99,999	1,620	25	181	270	548	345	129	121
\$100,000 to \$150,000	1,030	11	90	152	357	251	94	75
\$150,000+	310	8	14	44	111	75	20	40
Total	13,510	715	1,975	1,831	2,810	2,408	1,695	2,076
<i>Median Income</i>	\$42,643	\$26,007	\$40,306	\$51,498	\$61,772	\$50,550	\$32,430	\$24,061
Sources: Applied Geographic Solutions; Maxfield Research Inc.								

DEMOGRAPHIC ANALYSIS

TABLE 5
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
HIBBING STUDY AREA
(Number of Households)
2014*

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65-74	75+
Hibbing								
Less than \$15,000	1,092	96	170	94	87	156	206	283
\$15,000 to \$24,999	1,076	80	211	100	86	139	217	243
\$25,000 to \$34,999	840	60	163	95	80	139	166	137
\$35,000 to \$49,999	1,105	63	262	139	150	199	177	116
\$50,000 to \$74,999	1,540	56	308	252	316	302	185	120
\$75,000 to \$99,999	940	17	139	147	256	215	97	70
\$100,000 to \$150,000	787	12	86	117	218	211	91	51
\$150,000+	270	4	23	39	74	67	27	36
Total	7,650	388	1,362	981	1,268	1,428	1,167	1,056
<i>Median Income</i>	\$46,088	\$27,868	\$42,829	\$56,316	\$68,261	\$56,725	\$34,628	\$25,161
Remainder of Study Area								
Less than \$15,000	857	50	121	75	75	137	150	248
\$15,000 to \$24,999	710	37	129	63	56	103	143	178
\$25,000 to \$34,999	777	38	151	91	79	140	146	133
\$35,000 to \$49,999	929	29	197	121	145	186	142	109
\$50,000 to \$74,999	1,328	19	243	213	296	299	149	109
\$75,000 to \$99,999	771	6	98	126	225	185	73	58
\$100,000 to \$150,000	549	5	54	74	165	154	55	43
\$150,000+	138	2	10	19	44	42	10	12
Total	6,060	185	1,003	782	1,085	1,247	868	890
<i>Median Income</i>	\$46,071	\$26,474	\$42,642	\$54,784	\$65,843	\$54,762	\$34,671	\$26,394
Study Area Total								
Less than \$15,000	1,949	146	291	169	162	293	356	531
\$15,000 to \$24,999	1,786	118	340	163	142	242	360	421
\$25,000 to \$34,999	1,617	98	315	185	158	279	312	270
\$35,000 to \$49,999	2,034	92	458	260	295	385	319	225
\$50,000 to \$74,999	2,868	74	551	465	612	601	334	229
\$75,000 to \$99,999	1,712	23	237	273	481	400	170	128
\$100,000 to \$150,000	1,335	17	140	190	383	365	146	94
\$150,000+	408	5	33	58	118	109	37	48
Total	13,710	573	2,365	1,763	2,353	2,675	2,035	1,946
<i>Median Income</i>	\$46,080	\$27,328	\$42,749	\$55,614	\$67,093	\$55,749	\$34,648	\$25,768
* Assumes that the proposed steel mill by ESSAR Steel Industries is built and operational								
Sources: Applied Geographic Solutions; Maxfield Research Inc.								

- The average resale price of homes in Hibbing was \$72,430 in 2009 (see Table 15). The income required to afford a home at this price would be about \$24,140 to \$28,970, based on the standard of 2.5 to 3.0 times the median income (and assuming these households do not have a high level of debt). In 2009, 78% (7,592 households) of Hibbing's non-senior households had incomes greater than \$49,000.

Senior Households

- Incomes drop significantly as households age. The median income in Hibbing for households age 65 to 74 is 22% less than that of the 55 to 64 age cohort. The median drops an additional 63% for the 75+ age cohort. In Hibbing, 19% of households ages 65 to 74 had incomes below \$15,000, compared to 29% of households age 75 and over. Many of these low-income older senior households rely solely on Social Security benefits. Typically, younger seniors have higher incomes because they are still able to work or are married couples with two pensions or higher Social Security benefits.
- Generally, senior households with incomes greater than \$25,000 can afford market-rate senior housing. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$833. About 1,135 senior households in Hibbing (54% of senior households) had incomes above \$25,000 in 2009, as did 910 senior households in the remainder of the Study Area (55% of senior households).
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$45,000 to afford monthly rents of \$3,000, which is about the beginning monthly rent for assisted living in Hibbing. In Hibbing, there were an estimated 300 older senior (ages 75 and over) households with incomes greater than \$45,000 in 2009. Seniors age 75 and over are the primary market for assisted living housing.

Tenure by Income

Table 6 shows the number of owner and renter households in the Hibbing Study Area by household income as of 2009. The data is useful in that it shows the propensity toward owner-occupied or renter-occupied housing options based on household affordability. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households; spend more than 30% of their incomes, while middle-aged households with higher incomes in their prime earning years typically allocate 20% to 25% of their income.

- A direct relationship exists between household income and homeownership. In each income category assessed in Table 6, the rate of homeownership increases as household income increases. In the Study Area in 2009, approximately 93% of households earning \$35,000 or more owned homes compared to only 61% of households with incomes of below \$25,000.
- Homeownership rates for the lowest income households in Hibbing are much lower than in the remainder of the Study Area – 39% versus 54% for households earning less than \$15,000 per year – because of lower housing costs in rural areas and a concentration of low-cost rental properties in Hibbing. In both areas, low-income homeowners tend to be seniors that have paid off their mortgages.

DEMOGRAPHIC ANALYSIS

TABLE 6
TENURE BY HOUSEHOLD INCOME
HIBBING STUDY AREA
2009

	Hibbing				Rem. of Study Area				Study Area Total			
	Own		Rent		Own		Rent		Own		Rent	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$15,000	467	39.4	718	60.6	491	54.4	412	45.6	958	45.9	1,130	54.1
\$15,000 to \$24,999	629	56.3	488	43.7	570	73.5	206	26.5	1,199	63.3	694	36.7
\$25,000 to \$34,999	661	71.5	263	28.5	681	85.2	118	14.8	1,342	77.9	381	22.1
\$35,000 to \$49,999	881	79.9	222	20.1	904	94.3	55	5.7	1,785	86.6	277	13.4
\$50,000 to \$74,999	1,344	90.1	147	9.9	1,259	97.4	34	2.6	2,603	93.5	181	6.5
\$75,000 to \$99,999	871	95.3	43	4.7	703	99.6	3	0.4	1,574	97.2	46	2.8
\$100,000 to \$150,000	615	98.9	7	1.1	406	99.5	2	0.5	1,021	99.1	9	0.9
\$150,000+	202	99.0	2	1.0	106	100.0	0	0.0	308	99.4	2	0.6
Total	5,670	75.0	1,890	25.0	5,120	86.1	830	13.9	10,790	79.9	2,720	20.1
<i>Median Income</i>	\$53,664		\$19,651		\$48,573		\$15,145		\$51,066		\$18,314	

Sources: US Census Bureau; Applied Geographic Solutions; Maxfield Research Inc.

DEMOGRAPHIC ANALYSIS

- Typically, renter households with incomes of \$25,000 or less qualify for government subsidized housing. In 2009, there were 2,205 such households in Study Area, or about 81% of the total renter households. However, waitlists are often long for subsidized housing, forcing low-income households into market rate units. If such households allocated 30% of their monthly incomes to housing, they could afford a unit that cost no more than \$625 per month. Due to the age of the market rate rental housing in the Study Area, all of market rate efficiency and one-bedroom apartments in Hibbing have monthly rents below \$625 and a majority of two-bedroom and three-bedroom apartments have rents below \$625 per month.
- Renter households with incomes of between \$25,000 and \$40,000 are usually the market for “affordable” rental projects with a shallow subsidy (housing with income restrictions and rents slightly below market rents, such as those financed through Minnesota Housing Finance Agency’s Section 42/Low-Income Housing Tax Credit program). These households can typically afford housing costs of between \$625 and \$1,000 per month. As of 2009, there were 473 households in Study Area with incomes between \$25,000 and \$40,000. Units with shallow subsidies are also scarce, but market rate housing in the Study Area is relatively affordable to such households. Rent for two-bedroom units do not exceed \$683 and \$725 per month at three-bedroom units.
- It is important to note that seniors are often able and willing to allocate a larger share of their income on rental housing that meets their needs since they no longer have to save for retirement, their children’s education or major purchases (home, car, etc.). This is particularly true in senior rental housing where support services and personal care assistance are available. In fact, research has shown that, in assisted living projects, up to 50% of residents not only allocated all of their income but spent-down assets in order to afford monthly housing and service costs.

Tenure by Age of Householder

Table 7 shows the number of owner and renter households in the Study Area by age group in 2000 and 2009. This data shows the propensity of households to own or rent their housing based on their age. Key points derived from the table are:

- In 2000, 75% of the households in Hibbing owned their housing. This is significantly less than the Remainder of the Study Area (at 86%) which has a higher homeownership rates because the low densities allowed in those areas cannot support multi-family rental housing.
- The Study Area as a whole has a homeownership rate of 80% in 2000. By 2009, homeownership rates are estimated to have remained around roughly the same figures. Home ownership rates are high in the Study Area because the owned housing stock is affordable.

DEMOGRAPHIC ANALYSIS

TABLE 7
TENURE BY AGE
HIBBING STUDY AREA
2000 and 2009

	Age 15 - 24		Age 25 - 34		Age 35 - 44		Age 45 - 54		Age 55 - 64		Age 65 - 74		Age 75+		Total		
	Own	Rent															
2000																	
Hibbing	102	392	566	380	1,093	303	1,327	206	759	126	827	143	896	319	5,570	1,869	
<i>Pct. Own</i>	20.6%		59.8%		78.3%		86.6%		85.8%		85.3%		73.7%		74.9%		
Rem. of Study Area	82	118	516	172	953	119	1,255	110	777	52	630	74	802	166	5,015	811	
<i>Pct. Own</i>	41.0%		75.0%		88.9%		91.9%		93.7%		89.5%		82.9%		86.1%		
Study Area Total	184	510	1,082	552	2,046	422	2,582	316	1,536	178	1,457	217	1,698	485	10,585	2,680	
<i>Pct. Own</i>	26.5%		66.2%		82.9%		89.1%		89.6%		87.0%		77.8%		79.8%		
2009																	
Hibbing	110	391	687	440	805	221	1,312	201	1,099	180	831	143	826	314	5,670	1,890	
<i>Pct. Own</i>	22.0%		61.0%		78.5%		86.7%		85.9%		85.3%		72.5%		75.0%		
Rem. of Study Area	92	122	632	216	717	88	1,194	103	1,061	68	652	69	772	164	5,120	830	
<i>Pct. Own</i>	43.0%		74.5%		89.1%		92.1%		94.0%		90.4%		82.5%		86.1%		
Study Area Total	202	513	1,319	656	1,522	309	2,506	304	2,160	248	1,483	212	1,598	478	10,790	2,720	
<i>Pct. Own</i>	28.3%		66.8%		83.1%		89.2%		89.7%		87.5%		77.0%		79.9%		

Sources: U.S. Census, Applied Geographic Solutions; Maxfield Research Inc.

- By the time households reach their senior years, rental housing often becomes a more viable option than homeownership. The rate of homeownership decreases from an 87% rate of homeownership for households age 65 to 74 to 78% for households age 75 and older. Typically, we see a more dramatic decrease between these age cohorts as many senior households choose to sell their homes and move to rental housing because of the lower maintenance responsibilities or because they require service-intensive housing such as assisted living or skilled nursing. However, seniors on the Iron Range have a propensity to remain in their homes until they are forced to move into senior housing or nursing homes due to health reasons.
- Although the propensity for households ages 15 to 24 to rent their housing is higher, the 25 to 34 age group had, by far, the largest number of renters (656), accounting for about one-quarter of all renters. Their needs will therefore be a significant driving force for rental housing development in the next decade.

Household Type

Table 8 shows a breakdown of the type of households in the Study Area in 1990, 2000, and 2009. This data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred. Key points from the table are:

- Between 2000 and 2009, the Study Area saw substantial increases in the number of families that are Married without Children (342 households or 8%) and in the number of households that are Living Alone (442 households or 10%). An increase in households that are Living Alone may indicate the trend of an aging society with more single elderly residents.
- The Study Area is estimated to have experienced a decrease in all other household types. Married Couples with Children are estimated to have lost of 224 households (-8.5%), which is due to couples waiting longer to have children and the baby boomers aging into empty nester years.
- Other Family households are expected to decrease by 306 households (-18%) between 2000 and 2009 in the Study Area. Other Family Households is a group that is predominately comprised of single-parent households with children, who often need affordable housing since they have only one source of household income. These households are most likely to need affordable rental or ownership housing.
- Persons living alone continued to gain as a portion of households, increasing by 442 households between 2000 to 2009 to constitute 35% of all households. This reflects the increased number of persons choosing to remain single and also an increase in the number of seniors. As the frailty level of these seniors increases, they will be moving out of their homes creating pressure on senior housing alternatives.

DEMOGRAPHIC ANALYSIS

TABLE 8
HOUSEHOLD TYPE TRENDS
HIBBING STUDY AREA
1990 to 2009

	Family Households									Non-Family Households								
	Total Households			Married With Children			Married w/o Children			Other Family			Persons Living Alone			Other (Roommates)		
	1990	2000	2009	1990	2000	2009	1990	2000	2009	1990	2000	2009	1990	2000	2009	1990	2000	2009
Number of Households																		
Hibbing	7,439	7,439	7,560	1,762	1,413	1,242	2,340	2,180	2,394	892	1,001	861	2,195	2,495	2,733	250	350	330
Rem.of Study Area	5,774	5,826	5,950	1,540	1,214	1,161	1,903	1,961	2,089	574	694	528	1,609	1,738	1,942	148	219	230
Study Area Total	13,213	13,265	13,510	3,302	2,627	2,403	4,243	4,141	4,483	1,466	1,695	1,389	3,804	4,233	4,675	398	569	560
Percent of Total																		
Hibbing	100.0	100.0	100.0	23.7	19.0	16.4	31.5	29.3	31.7	12.0	13.5	11.4	29.5	33.5	36.2	3.4	4.7	4.4
Rem.of Study Area	100.0	100.0	100.0	26.7	20.8	19.5	33.0	33.7	35.1	9.9	11.9	8.9	27.9	29.8	32.6	2.6	3.8	3.9
Study Area Total	100.0	100.0	100.0	25.0	19.8	17.8	32.1	31.2	33.2	11.1	12.8	10.3	28.8	31.9	34.6	3.0	4.3	4.1
Minnesota	100.0	100.0	100.0	30.1	24.7	24.4	29.8	29.4	28.8	9.6	10.8	11.1	26.4	29.3	31.6	4.1	5.8	4.1

Sources: U.S. Census Bureau (1990 & 2000); Applied Geographic Solutions; Maxfield Research Inc. (2009)
 Maxfield Research Inc.

Employment Growth Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. However, housing is often less expensive in smaller towns, making longer commutes attractive for households concerned about housing affordability.

Recent employment growth trends for the Study Area are shown in Tables 9 and 10. Table 9 presents resident employment data for the Study Area from 2000 through 2009. Resident employment data is calculated as an annual average and reveals the work force and *number of employed persons living in Hibbing and St. Louis County*. It is important to note that not all of these individuals necessarily work in Hibbing or the County. Table 10 presents covered employment in the Study Area from 2000 through 3rd Quarter 2009. Covered employment data is calculated as an annual average and *reveals the number of jobs in Hibbing*, which are covered by unemployment insurance. Most farm jobs, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data in both tables is from the Minnesota Department of Employment and Economic Development. The following are key trends from the employment data:

Labor Force/Resident Employment

- Hibbing has experienced an increased labor force but a decline in the total number of employed persons from 2000 to 2009. With the current recession, the unemployment rate in Hibbing increased to 14.1% in 2009. This is significantly higher than both the State average (8.0%) and the National average (9.3%).
- In comparison, St. Louis County (excluding Duluth) has seen a loss of both the labor force and total employed persons. The unemployment rate is not as high as in Hibbing but still above the State average of 8.0%.

Covered Employment by Industry

- According to data provided in Table 10, Hibbing lost roughly 720 jobs between 2000 and 3rd quarter 2009, a decrease of 11%. The Hibbing population is estimated to have experienced a significant decline also from 2000 to 2010, but a much lower rate than employment. In comparison, the residential household growth in the Hibbing (Table 2) is estimated to have increased in growth in the past decade.
- Service-providing industries added 65 jobs in the Study Area through 3rd quarter 2009, while goods-producing jobs declined by 790 jobs. The only numerical increases occurred in the Professional & Business Services (258 jobs, or 70.5%) and Retail Trade (88 jobs). The greatest job loss was in Manufacturing (-787 jobs). Data for Mining & Construction is not available.

DEMOGRAPHIC ANALYSIS

TABLE 9
RESIDENT EMPLOYMENT (ANNUAL AVERAGE)
HIBBING AND ST. LOUIS COUNTY (EXCLUDING DULTUH)
2000 to 2009

City of Hibbing						
Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	Minnesota Unemployment Rate	U.S. Unemployment Rate
2000	8,589	8,179	410	4.8%	3.1%	4.0%
2001	8,762	8,076	686	7.8%	3.8%	4.7%
2002	8,720	8,065	655	7.5%	4.5%	5.8%
2003	8,721	8,008	713	8.2%	4.9%	6.0%
2004	8,643	8,045	598	6.9%	4.6%	5.6%
2005	8,526	8,023	503	5.9%	4.2%	5.4%
2006	8,326	7,870	456	5.5%	4.1%	4.6%
2007	8,448	7,844	604	7.1%	4.6%	4.6%
2008	8,632	7,888	744	8.6%	5.4%	5.8%
2009	9,004	7,734	1,270	14.1%	8.0%	9.3%
Change 2000-09	415	-445	860			
	4.83%	-5.44%	209.76%			
St. Louis County (Excluding Duluth)						
Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	Minnesota Unemployment Rate	U.S. Unemployment Rate
2000	57,724	55,226	2,498	4.3%	3.2%	4.0%
2001	58,493	54,517	3,976	6.8%	3.9%	4.7%
2002	58,242	54,603	3,639	6.2%	4.6%	5.8%
2003	58,106	54,138	3,968	6.8%	4.9%	6.0%
2004	57,423	53,955	3,468	6.0%	4.7%	5.6%
2005	56,674	53,694	2,980	5.3%	4.0%	5.1%
2006	57,273	54,198	3,075	5.4%	4.1%	4.6%
2007	58,257	54,691	3,566	6.1%	4.6%	4.6%
2008	59,051	54,997	4,054	6.9%	5.4%	5.8%
2009	59,763	54,215	5,548	9.3%	8.0%	9.3%
Change 2000-09	-1,050	-1,532	482			
	-1.82%	-2.77%	19.30%			

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research Inc.

- Wages dropped significantly in most industries between 2000 and 3rd Quarter 2009, and job losses were concentrated in the highest paying industries, such as Manufacturing and Education and Health Services. The losses have significantly depressed demand for new and higher-value housing.
- So far this decade, job growth has been posted in Professional & Business Services and Retail Trade. These two industries had annual average wages of \$27,114 and \$16,434 in 3rd quarter 2009, respectively. Many of the jobs in these industries are filled by people who will need affordable housing due to the low average wages.

DEMOGRAPHIC ANALYSIS

TABLE 10
COVERED EMPLOYMENT TRENDS
HIBBING
2000 & 2009*
Standard Industrial Classification (SIC)

	2000		2008		Change	
	Employment	Avg. Wage	Employment	Avg. Wage	No.	Pct.
Goods Producing Industries¹						
Manufacturing	1,428	22.4%	\$28,948	641	11.4%	\$31,399
Mining & Construction			Not Available			
Service Providing Industries						
Retail Trade	1,068	16.8%	\$16,888	1,156	20.5%	\$16,434
Financial Activities	246	3.9%	\$26,529	230	4.1%	\$24,287
Professional & Business Services	366	5.7%	\$27,740	624	11.1%	\$27,114
Education & Health Services	2,232	35.1%	\$29,571	2,163	38.3%	\$28,988
Leisure & Hospitality	723	11.4%	\$8,733	638	11.3%	\$7,819
Other Services	305	4.8%	\$19,655	194	3.4%	\$17,883
Total	6,368	100%		5,646	100%	-722 -11.3%

¹ Includes Natural Resource/Mining, Construction, Manufacturing

* Data is through 3rd quarter 2009.

Sources: Minnesota Department of Employment and Economic Development, Maxfield Research Inc.

Major Employer Interviews

Maxfield Research Inc. interviewed representatives of large employers in Hibbing in June 2010. The interviews covered topics such as recent trends in job growth, projected job growth, job types, and average hourly wages or annual salaries. Representatives were also asked about housing needs of their employees. Interviews with the area's largest employers not only provide data regarding commercial job growth, but also reveal employer attitudes and perceptions regarding housing demand in any given area. Table 11 on the following page shows the top employers located in the Study Area.

The following are key points from the interviews with major employers:

- Employers said that housing is not a typical concern for the employees that they hire. There may be isolated issues but overall, housing is not an issue. Most production, manufacturing, and retail employees are from the Hibbing area and do not need to find housing. In cases where new employees do not live in Study Area, they typically commute from cities just outside Study Area such as Virginia and Mountain Iron and do not choose to relocate to Hibbing.
- With the decrease in vacancy rates there remains a lack of transitional rental housing for relocated employees who only want to rent for a few months at most while they seek to purchase a single-family home. Most rental properties require a one-year lease and employees in transition do not need an apartment for that long a period.

DEMOGRAPHIC ANALYSIS

TABLE 11
MAJOR EMPLOYERS
HIBBING MARKET AREA
May 2010

Employer	Products/Services	Employee Count
Hibbing		
Fairview University Medical Ctr-Mesabi	General Medical & Surgical Hospitals	908
Hibbing Taconite Co	Metal Ore Mining	720
Wal-Mart	Department Stores	425
Hibbing Public Schools-ISD #701	Elementary & Secondary Schools	400
Hibbing Community College	Junior Colleges	225
Leisure Hills	Nursing Care Facilities	204
L&M Radiator Inc	Architectural & Structural Metals Manufacturing	166
SMDC-Duluth Clinic - Hibbing	Offices of Physicians	136
Fairview - Mesaba Clinic	Offices of Physicians	125
Golden Crest Nursing Home	Nursing Care Facilities	116
Super One	Grocery Stores	115
Industrial Rubber/Irathane	Rubber Product Manufacturing	100
Manney's Shopper Inc	Newspaper, Periodical, Book, & Directory Publishers	100
Subtotal		3,524
Chisholm		
Delta Airlines	Scheduled Air Transportation	640
Range Center	All Other Misc. School & Instruction	200
Chisholm Public Schools	Elementary & Secondary Schools	105
Heritage Manor	Nursing Care Facilities	100
Minnesota Twist Drill	Machine Shops; Turned Prod.; & Screw, Nut & Bolt Mfg.	100
Subtotal		1,145
Nashwauk/Keewatin		
Keewatin Taconite	Iron & Steel Mills & Ferroalloy Manufacturing	379
Buhl		
Mesabi Academy	Comm. Food & Hsg. & Emerg. & Other Relief Svcs.	90
Total Employees at Major Employers		4,759

Sources: MN Department of Employment and Economic Development; Maxfield Research Inc.

- Although the majority of manufacturing/processing jobs are filled with area residents, most professional and education jobs are filled by people from throughout Minnesota and beyond due to the lack of qualified candidates throughout the Range. The community perception of Hibbing is fairly good and due to its size, people are attracted to the higher level of service and retail that it provides. Most often, housing is not a deciding factor.
- ESSAR Steel Minnesota, LLC is planning to construct a new steel plant just west of Nashwauk. The plant is projected to employ 500 full-time employees when completed along with up to 2,000 construction workers through development. The plant is tentatively planned to open in 2012 and when opened, the plant would become one of the largest employers in the Study Area.

DEMOGRAPHIC ANALYSIS

- The largest employer in Hibbing is the Fairview University Medical Center, which employs about 900 people. Fairview employment has remained strong through the recession and is currently expanding their facility. Fairview was one of the companies interviewed that have employees (mainly physicians) relocating from around Minnesota. These relocating employees and new employees have not had difficulty finding homes in Hibbing.
- The shutdown of the Iron Range steel plants has delayed the large number of employees (about 60%) reaching the age of retirement that they will need to replace. Retirements have been delayed by roughly two to three years. These employees will need to be replaced during this decade creating the need for additional housing.
- Hibbing has seen large employers close their doors since 2005 with companies such as Repron and Golden Crest Nursing Home. Minnesota Diversified Industries closed for a period and then reopened with roughly a quarter of its 2005 employee figures. However, other companies have expanded (Industrial Rubber/Irathane and DMR Electronics) and some new ones were created (Lowe's Home Improvement and Trison Electronics).
- The majority of employers interviewed noted either increased or stable employment over the past three years. When asked about growth over the next three years, many were reluctant to answer and most noted that they hope to remain stable depending on the current market situation. Because there can be many variables that affect the future growth and sustainability for companies, however, it is difficult to predict how companies will perform through the decade and beyond.
- The continued development of senior housing facilities such as Hillcrest Nashwauk, Northland Village, and the planned Realife Cooperative since the last study are providing job creation even though they are not among the areas largest employers.

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing is the primary building block of neighborhoods, supporting goods and services. We examined the housing market in Hibbing and the remainder of Study Area by: 1) reviewing data on the age of the existing housing in Study Area from the 2000 Census; 2) examining the housing stock by structure type; 3) examining recent residential building trends since 2000; and 4) examining condition of single-family, duplex, and triplex homes in Hibbing.

Age of Housing Stock

Table 12 on the following page shows the age of the Study Area's occupied housing stock in 2000. The table includes the number of housing units built in both Hibbing and the Remainder of the Study Area over the six decades ending in the 1990s as well as the number of units built prior to 1940. The table further breaks down the data by number of owner-occupied and renter-occupied units. The following are key points from Table 12.

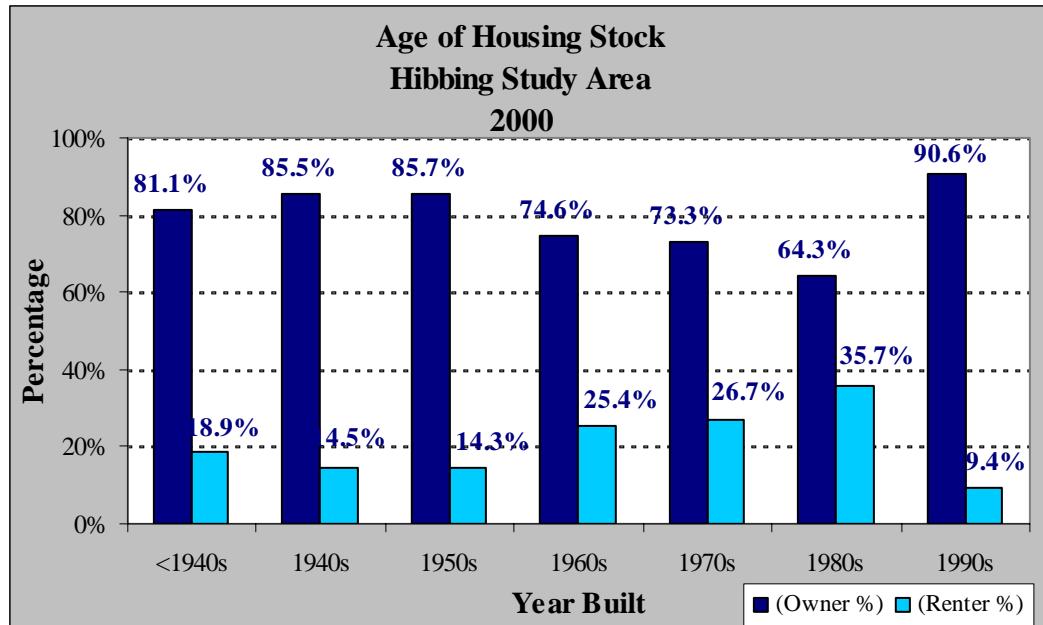
- The greatest percentage of the Study Area's housing stock was built prior to 1940.
- Housing growth in Hibbing outpaced housing growth in the Remainder of the through the 1960s. During the 1970s, housing growth in the Remainder of the Study Area exceeded that within Hibbing by about 10 units, as Hibbing and the Remainder of the Study began to add housing at roughly the same rate. During the 1990s, however, housing growth in the Remainder of the Study Area exceed Hibbing's housing growth by about 90 units. The shift to the housing growth in the Remainder of the Study Area is due, in part, to the desire to build housing closer to the many natural amenities in the area such as lakes.
- For housing units built prior to 1960, 81% of the units built in Hibbing were owner-occupied units (4,071 households), and only 19% were renter-occupied (944 households). Since the 1960s, the distribution shifted slightly towards more rental housing with about 62% being owner-occupied (1,495 units) and 38% being renter-occupied (929 units). Unlike Hibbing, the Remainder of the Study Area's distribution of owner and renter-occupied housing units has been very consistent. Throughout each decade in Table 12, about 86% of all housing units built were owner-occupied units and only 14% were renter-occupied. This is mainly due to the fact that the Remainder of the Study Area consists of smaller towns and rural areas which do not support significant demand for rental housing.
- Due to substantial development of federally subsidized rental projects, the number of renter-occupied housing units built surpassed the number of owner-occupied housing units built during the 1980s in Hibbing (248 to 235). The fact that such a sizable percentage of these units were built in Hibbing further signifies the City's role as the economic and residential "center" of the County.
- Hibbing comprised about 70% of the Study Area's rental housing stock as of 2000.

HOUSING CHARACTERISTICS

TABLE 12
AGE OF HOUSING STOCK
HIBBING STUDY AREA
2000

	Total Units	Year Structure Built													
		<1940		1940s		1950s		1960s		1970s		1980s		1990s	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Hibbing															
Owner-Occupied	5,566	1,847	77.8	857	84.0	1,367	84.3	300	63.8	732	61.5	235	48.7	228	81.4
Renter-Occupied	1,873	527	22.2	163	16.0	254	15.7	170	36.2	459	38.5	248	51.3	52	18.6
Total	7,439	2,374	100.0	1,020	100.0	1,621	100.0	470	100.0	1,191	100.0	483	100.0	280	100.0
Remainder of Market Area															
Owner-Occupied	5,062	1,749	84.9	494	88.1	726	88.5	344	87.5	1,023	85.1	364	81.3	362	97.6
Renter-Occupied	792	310	15.1	67	11.9	94	11.5	49	12.5	179	14.9	84	18.8	9	2.4
Total	5,854	2,059	100.0	561	100.0	820	100.0	393	100.0	1,202	100.0	448	100.0	371	100.0
Market Area Total															
Owner-Occupied	10,628	3,596	81.1	1,351	85.5	2,093	85.7	644	74.6	1,755	73.3	599	64.3	590	90.6
Renter-Occupied	2,665	837	18.9	230	14.5	348	14.3	219	25.4	638	26.7	332	35.7	61	9.4
Total	13,293	4,433	100.0	1,581	100.0	2,441	100.0	863	100.0	2,393	100.0	931	100.0	651	100.0
Minnesota															
Owner-Occupied	1,412,724	297,686	75.6	91,240	76.8	185,418	80.4	151,127	67.2	233,514	67.1	202,701	73.2	251,038	83.0
Renter-Occupied	482,403	95,935	24.4	27,569	23.2	45,194	19.6	73,888	32.8	114,473	32.9	74,104	26.8	51,240	17.0
Total	1,895,127	393,621	100.0	118,809	100.0	230,612	100.0	225,015	100.0	347,987	100.0	276,805	100.0	302,278	100.0

Sources: Bureau of the Census
Maxfield Research Inc.



Housing Stock by Structure Type

Table 13 shows the housing stock in the Hibbing Study Area by type of structure and tenure as of 2000. The data is from the 2000 U.S. Census, and indicates the types of housing structures that are owner-occupied or renter-occupied, or that are vacant.

- The dominant housing type in the Study Area is the single-family detached home, representing 93% of all owner-occupied housing and 80% of all occupied units. Single-family homes accounted for 77% of all occupied housing units in the City of Hibbing versus 84% in the Remainder of the Study Area.
- There were approximately 152 owner-occupied multifamily (townhomes and condominiums) units in Hibbing in 2000, or only 2.9% of the owner-occupied stock. The remaining owned units were mobile homes.
- In 2000, about 20% of Hibbing's renter-occupied units were in single-family homes (368 homes), compared to 26% in the Remainder of the Study Area (209 homes). Hibbing, on the other hand, contains the majority of apartments in the Study Area, accounting for 75% of the rental buildings with 5 or more units. There are no structures with 50 or more units outside of Hibbing.
- According to the Census, 10% of the Hibbing Study Area's housing stock was vacant as of 2000. Approximately 8% of Hibbing's housing stock vacant as of 2000, compared to nearly 13% in the Remainder of the Study Area. It is important to note, however, that the Census' definition of vacant housing units includes units that have been rented or sold but not yet occupied, seasonal housing (vacation or second homes), housing for migrant workers, and even boarded-up housing.

HOUSING CHARACTERISTICS

TABLE 13							
TENURE BY UNITS IN STRUCTURE							
HIBBING STUDY AREA							
2000							
		Hibbing City		Remainder of Study Area		Total Study Area	
		No.	Pct.	No.	Pct.	No.	Pct.
Owner-Occupied							
1, detached	5,137	96.6		4,688	92.6	9,825	94.7
1, attached	16	0.3		22	0.4	38	0.4
2	109	2.1		63	1.2	172	1.7
3 or 4	21	0.4		11	0.2	32	0.3
5 to 9	0	0.0		0	0.0	0	0.0
10 to 19	6	0.1		0	0.0	6	0.1
20 to 49	0	0.0		0	0.0	0	0.0
50 or more	0	0.0		0	0.0	0	0.0
Mobile home	27	0.5		275	5.4	302	2.9
Other	0	0.0		3	0.1	3	0.0
Total	5,316	100.0		5,062	100.0	10,378	100.0
Renter-Occupied							
1, detached	368	19.6		209	26.4	577	21.7
1, attached	18	1.0		24	3.0	42	1.6
2	233	12.4		91	11.5	324	12.2
3 or 4	226	12.1		72	9.1	298	11.2
5 to 9	126	6.7		133	16.8	259	9.7
10 to 19	216	11.5		55	6.9	271	10.2
20 to 49	165	8.8		137	17.3	302	11.3
50 or more	454	24.2		0	0.0	454	17.0
Mobile home	67	3.6		71	9.0	138	5.2
Other	0	0.0		0	0.0	0	0.0
Total	1,873	100.0		792	100.0	2,665	100.0
Total-Occupied Units							
1, detached	5,505	76.6		4,897	83.7	10,402	79.8
1, attached	34	0.5		46	0.8	80	0.6
2	342	4.8		154	2.6	496	3.8
3 or 4	247	3.4		83	1.4	330	2.5
5 to 9	126	1.8		133	2.3	259	2.0
10 to 19	222	3.1		55	0.9	277	2.1
20 to 49	165	2.3		137	2.3	302	2.3
50 or more	454	6.3		0	0.0	454	3.5
Mobile home	94	1.3		346	5.9	440	3.4
Other	0	0.0		3	0.1	3	0.0
Total	7,189	100.0		5,854	100.0	13,043	100.0
Vacant Units							
1, detached	307	51.3		706	82.7	1,013	69.8
1, attached	13	2.2		4	0.5	17	1.2
2	56	9.4		15	1.8	71	4.9
3 or 4	48	8.0		30	3.5	78	5.4
5 to 9	37	6.2		7	0.8	44	3.0
10 to 19	19	3.2		3	0.4	22	1.5
20 to 49	60	10.0		28	3.3	88	6.1
50 or more	28	4.7		0	0.0	28	1.9
Mobile home	30	5.0		49	5.7	79	5.4
Other	0	0.0		12	1.4	12	0.8
Total/Vac. Rate	598	100.0		854	100.0	1,452	100.0
Sources: U.S. Census; Maxfield Research Inc.							

HOUSING CHARACTERISTICS

Residential Construction Trends in Study Area

We obtained data from the Hibbing Building and Inspection Office, Itasca County Building Department, St. Louis County Building Department, as well as from individual cities in the Study Area on the number of building permits issued for new housing units. This data is presented in Table 14, which displays the total number of building permits issued in Hibbing, as well as the remainder of the Study Area for single-family homes and multifamily units each year since 2000. The following are key points about housing units added since 2000:

- A total of 282 permitted housing units were added in Hibbing last decade. This is an average of 28 new permitted housing units annually. Of the total permitted units, approximately 25% were for multifamily units. The remainder of the Study Area added 529 housing units, roughly 90% of which were single-family homes. A high proportion in the remainder of the County's new housing units are single-family due to the more rural nature of the area.

TABLE 14
RESIDENTIAL NEW CONSTRUCTION
HIBBING STUDY AREA
2000 to 2009

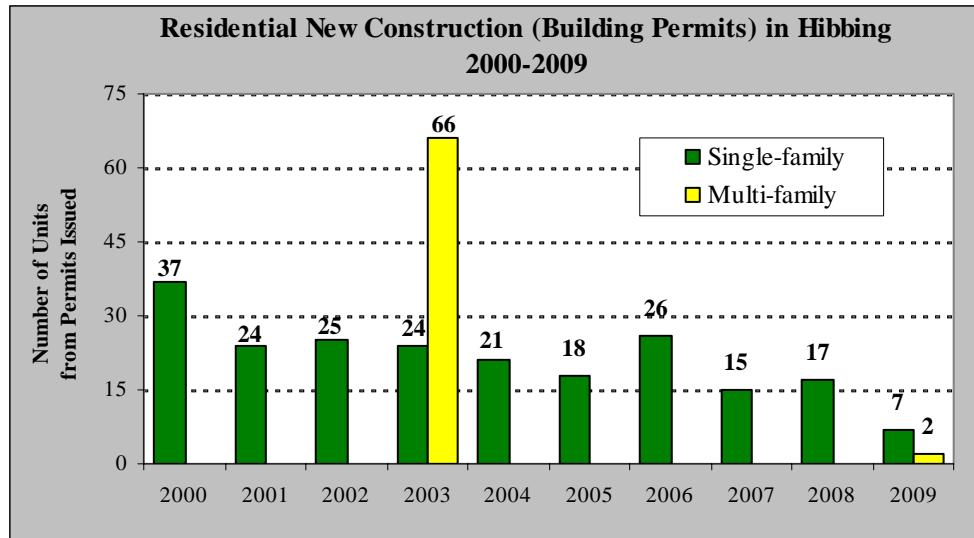
Year	Hibbing			Remainder of Study Area			Total
	SF	MF	Total	SF	MF	Total	
2000*	37	0	37	66	0	66	103
2001*	24	0	24	42	0	42	66
2002	25	0	25	52	0	52	77
2003	24	66	90	53	0	53	143
2004	21	0	21	66	0	66	87
2005	18	0	18	46	0	46	64
2006	26	0	26	50	0	50	76
2007	15	0	15	41	44	85	100
2008	17	0	17	30	20	50	67
2009	7	2	9	19	0	19	28
Total	214	68	282	465	64	529	811

*Permit information unavailable in these years for townships and unorganized territories in St. Louis County.

Sources: Cities of Hibbing Study Area, Itasca and St. Louis Counties
Maxfield Research Inc.

- Senior housing comprised nearly all of the multi-family housing construction during the last decade. There were four senior projects built in the Study Area with a total of 128 units. Hillcrest Alice (28 units) and Realife Cooperative (38 units) in Hibbing, opened in 2004 with the most recent developments being Hillcrest Nashwauk (42 units) in Nashwauk opened in 2008 and Northland Village (20 units) in Buhl opened in 2009. Senior housing has performed well because the aging population of the Study Area is driving demand for senior housing.

HOUSING CHARACTERISTICS



Housing Conditions

Since housing is the most visible and tangible component of neighborhoods and their desirability as living environments, debate on the vitality of a community often centers on the quality of its housing. While a detailed neighborhood assessment was beyond the scope of this Study, Maxfield Research Inc. interviewed city staff to provide an overview of the quality of Hibbing's housing stock. Listed below are some key points from the interviews and windshield survey:

- Hibbing's building inspector indicated that roughly 20% of the City's current housing stock remains in poor condition as it did in 2005. The majority of these homes are found in lower income neighborhoods such as Brooklyn and Park Additions. The City has condemned five properties since 2005.
- Larger apartment complexes are in good condition in the City of Hibbing. Jefferson Woods which was purchase from the HRA and renamed Graysherwoods was the only substandard apartment complex back in 2005. The current owner is in the process of rehabbing the units. A large portion of the rental housing stock in Hibbing (duplexes, single-family homes, garage units, and storefront units) remains in very poor condition.
- Hibbing has been averaging about five demolitions a year since 2005. The City helps residents utilize a program offered by Iron Range Resources (IRR) to aid with the demolition of dilapidated buildings. There are roughly 25 applications per year for building demolition which typically involves garages and storage sheds.
- The Arrowhead Economic Opportunity Agency continues to offer low interest home improvement loans and 20-to 30-year deferred loans for low-income households. Currently the home rehabilitation loan program from the AEOA is full with a lengthy waiting list.

HOUSING CHARACTERISTICS

Overall, the majority of the City's housing stock has remained in good condition from 2005 to 2010. Realtors and the City have seen an increase in home improvement projects by existing homeowners. The City's housing stock is still growing older as a significant amount of homes were built before 1950. While the majority of homes appear to be in good condition, many might not be energy efficient or there may be issues with heating, electrical, or plumbing systems simply because of their age.

Introduction

Maxfield Research Inc. analyzed the for-sale housing market by collecting data on: 1) single-family home sales in the City of Hibbing and the remainder of Study Area; 2) the residential lot supply in the Hibbing area; 3) pending for-sale developments in the Hibbing area; and 4) interviewing local real estate professionals, civic leaders and other community members directly involved in the local housing market to solicit their impressions of existing market conditions and trends.

Home Resales

Table 15 displays data on home sales in the City of Hibbing and the remainder of Study Area for the years 2000 through 2009. Table 16 shows the number of traditional sales relative to bank-owned sales between 2000 and 2009. The St. Louis County Assessor's Office provided the data. The table shows the annual number of sales, average sales price, and percentage increase in average sales price.

The following are key points from the table:

- The housing market was at its peak in the Study Area between 2005 and 2007. The number of homes sold declined from its high of 666 in 2005 to 542 in 2007, but prices continued to rise, reaching the peak average sales price of \$81,093 in 2007. The average sales price in 2007 was 60% higher than in 2000, consistent with the real estate boom that was occurring nationwide.
- Hibbing accounted for 60% of all home sales in Study Area between 2000 and 2009 while other Study Area cities account for 26% and townships 14%. In 2009, 64% of sales were in Hibbing.
- The housing market declined between 2007 and 2009 with the average sales price in the Study Area decreasing by 12% and by 14% in the City of Hibbing. The total number of sales dropped about 41% in the Study Area and Hibbing experiencing a 36% decline.
- The average resale price in the Remainder of the Study Area Cities was \$50,680 in 2009, or over 30% lower than in Hibbing. Contributing to the lower average prices in the remaining cities in the Hibbing Study Area is that there is likely higher demand for housing in Hibbing than in the remainder cities due to its location near employment, shopping and services.
- Because of their lower housing prices, we find that smaller communities in the Study Area attract some people who work in Hibbing but cannot afford to purchase homes there. Buyers can typically find larger sized homes and get purchase more home for the money than in Hibbing.

FOR-SALE MARKET ANALYSIS

TABLE 15
HOME SALE SUMMARY*
HIBBING STUDY AREA
2000 to 2009

Year	Hibbing				Remainder of Study Area Townships				Remainder of Study Area Cities				Study Area Totals		
	No. Sold**	% of SA	Avg. Sales Price	% Change	No. Sold**	% of SA	Avg. Sales Price	% Change	No. Sold**	% of SA	Avg. Sales Price	% Change	No. Sold**	Avg. Sales Price	% Change
2000	353	59%	\$50,428	-	89	15%	\$74,500	-	157	26%	\$37,560	-	599	\$50,632	-
2001	317	62%	\$55,088	9.2%	70	14%	\$71,494	-4.0%	122	24%	\$41,838	11.4%	509	\$54,168	7.0%
2002	347	60%	\$27,027	-50.9%	78	14%	\$86,394	20.8%	150	26%	\$40,353	-3.5%	575	\$54,209	0.1%
2003	310	56%	\$61,352	127.0%	88	16%	\$83,088	-3.8%	154	28%	\$45,822	13.6%	552	\$59,822	10.4%
2004	415	63%	\$65,650	7.0%	84	13%	\$114,966	38.4%	156	24%	\$48,405	5.6%	655	\$67,935	13.6%
2005	383	58%	\$73,896	12.6%	92	14%	\$123,920	7.8%	191	29%	\$47,217	-2.5%	666	\$73,155	7.7%
2006	389	61%	\$74,064	0.2%	75	12%	\$108,255	-12.6%	175	27%	\$56,903	20.5%	639	\$72,255	-1.2%
2007	324	60%	\$83,972	13.4%	73	13%	\$127,809	18.1%	145	27%	\$58,110	2.1%	542	\$81,093	12.2%
2008	298	63%	\$79,525	-5.3%	56	12%	\$123,547	-3.3%	122	26%	\$61,970	6.6%	476	\$79,549	-1.9%
2009	206	64%	\$72,431	-8.9%	35	11%	\$112,986	-8.5%	81	25%	\$50,680	-18.2%	322	\$71,368	-10.3%
Total	3,342				740				1,453				5,535		
% Change from 2000-2007				66.5%	71.6%				54.7%				60.2%		
% Change from 2007-2009				-13.7%	-11.6%				-12.8%				-12.0%		

* Does not include bank-owned sales (e.g., foreclosures, short sales, liquidation, deed in-lieu of foreclosure) and seasonal homes.

** Includes single-family homes and duplex and triplex units.

Sources: St. Louis County Assessor and Itasca County Assessor

FOR-SALE MARKET ANALYSIS

- The average resale price for homes in the Remainder of Study Area Townships was \$112,986 in 2009, or 36% higher than in Hibbing. The townships within the Study Area tend to be a little higher because most of the homes are located on farms and have a larger lot sizes and more land.
- Sales of bank owned properties has put downward pressure on prices of non-bank owned properties throughout the country and has made it more difficult to sell them. In the Hibbing Study Area foreclosures have remained relatively steady over the decade and higher foreclosure figures actually occurring during the peak of the housing market in 2006. However, due to the lower number of overall sales the percent of bank owned sales reached a decade high of 6% in 2009 which is having its affect on traditional home sales. According to realtors, most foreclosures now are a result of unemployment, not sub-prime loans. Therefore, foreclosures and bank owned sales are expected to continue until unemployment decreases.

TABLE 16				
TRADITIONAL AND BANK-OWNED HOME SALES				
HIBBING STUDY AREA				
2000 to 2009				
Year	Traditional Sales	Bank Owned Sales*	Total Sales	Percent Bank Owned Sales
2000	599	16	615	2.6%
2001	509	17	526	3.2%
2002	575	33	608	5.4%
2003	552	22	574	3.8%
2004	655	30	685	4.4%
2005	666	14	680	2.1%
2006	639	32	671	4.8%
2007	542	27	569	4.7%
2008	476	15	491	3.1%
2009	322	21	343	6.1%

* Bank owned sales include foreclosures, short sales, liquidations, and deeds in-lieu of foreclosure.

Sources: St. Louis County Assessor's Office, Maxfield Research Inc.

Current Supply of Homes on the Market

Table 17 shows the number of homes currently listed for sale in Hibbing and the Remainder of Study Area (including the Cities of Buhl, Chisholm, Keewatin, and Nashwauk), distributed into six price ranges. The Range Association of Realtors MLS provided the data. Table 17 shows the listing prices by number of bedrooms. Key findings from our assessment of the actively listed homes in the Study Area are:

FOR-SALE MARKET ANALYSIS

- A total of 360 homes were listed with the regional Multiple Listing Service in the Study Area in June 2010 compared to 96 back in 2005. Hibbing contains 63% of the listed houses for sale in the Study Area. The median listing price for the Study Area was \$99,900 and the average price was \$128,832 due to a large number of homes priced over \$200,000.
- Three-bedroom homes, which could serve the needs of many family households, are the most abundant housing type available. About 49% of homes for sale in Study Area in June 2010 had three-bedrooms. With a median list price of \$99,900, a household would need an income of \$33,300 to afford a typical three-bedroom home if it spent 3.0 times its annual income. Based on household income data in Table 4, about 67% of all Study Area households ages 25 to 64 on 2009 are estimated to have an income of at least \$33,000 and could afford to purchase a home in the community; however, after accounting for lack of savings and high debt loads, this percentage is likely to be significantly lower.
- Less than a quarter of homes for sale in both Hibbing and the remainder of Study Area are listed for \$200,000 or over. These homes are likely to have four or five bedrooms and would require an annual income at least \$66,700 to afford a \$200,000 home. About 24% of households have incomes of at least \$66,700. Because many homes in the \$200,000 and over category are listed for far more than \$200,000, these homes would be unaffordable to most households in Study Area.

TABLE 17
SINGLE-FAMILY HOMES CURRENTLY LISTED FOR-SALE
HIBBING STUDY AREA
June 2010

Hibbing			Remainder of SA*			Total SA		
Price Range	No.	Pct.	Price Range	No.	Pct.	Price Range	No.	Pct.
<\$50,000	24	10.6%	<\$50,000	37	27.8%	<\$50,000	61	16.9%
\$50,000 to \$74,999	32	14.1%	\$50,000 to \$74,999	34	25.6%	\$50,000 to \$74,999	66	18.3%
\$75,000 to \$99,999	41	18.1%	\$75,000 to \$99,999	18	13.5%	\$75,000 to \$99,999	59	16.4%
\$100,000 to \$149,999	42	18.5%	\$100,000 to \$149,999	16	12.0%	\$100,000 to \$149,999	58	16.1%
\$150,000 to \$199,999	42	18.5%	\$150,000 to \$199,999	11	8.3%	\$150,000 to \$199,999	53	14.7%
\$200,000 and Over	46	20.3%	\$200,000 and Over	17	12.8%	\$200,000 and Over	63	17.5%
	227	100%		133	100%		360	100%
Min. \$13,999			Min. \$12,900			Min. \$12,900		
Max. \$475,000			Max. \$529,900			Max. \$529,900		
Med. \$119,900			Med. \$72,000			Med. \$99,900		
Avg. \$137,791			Avg. \$113,541			Avg. \$128,832		

* Includes the Cities of Buhl, Chisholm, Keewatin, and Nashwauk

Sources: Range Association of Realtors MLS, Maxfield Research Inc.

- The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

FOR-SALE MARKET ANALYSIS

TABLE 18
BEDROOMS AND LISTING PRICE OF SINGLE-FAMILY HOMES
HIBBING STUDY AREA
June 2010

Hibbing						
Bedrooms	No.	Pct.	Med. Price	Avg. Price	Min. Price	Max. Price
1	3	1.3%	\$79,900	\$75,074	\$25,421	\$214,900
2	67	29.5%	\$89,900	\$108,979	\$13,999	\$119,900
3	106	46.7%	\$124,463	\$141,777	\$19,021	\$379,900
4	41	18.1%	\$159,900	\$168,700	\$25,999	\$399,000
5	9	4.0%	\$139,500	\$185,244	\$79,900	\$475,000
6	1	0.4%	\$139,500	\$139,500	\$139,500	\$139,500
Total	227					
Remainder of SA						
Bedrooms	No.	Pct.	Med. Price	Avg. Price	Min. Price	Max. Price
1	8	-	\$171,950	\$148,950	\$27,900	\$250,000
2	32	24.1%	\$67,400	\$92,554	\$12,900	\$529,900
3	71	53.4%	\$71,000	\$108,897	\$22,222	\$499,900
4	18	13.5%	\$107,900	\$144,185	\$24,900	\$395,000
5	3	2.3%	\$99,900	\$190,266	\$70,999	\$399,900
6	1	0.8%	\$49,900	\$49,900	\$49,900	\$49,900
Total	133					
Total SA						
Bedrooms	No.	Pct.	Med. Price	Avg. Price	Min. Price	Max. Price
1	11	3.1%	\$119,900	\$128,802	\$25,421	\$250,000
2	99	27.5%	\$74,900	\$116,570	\$12,900	\$529,900
3	177	49.2%	\$99,900	\$128,587	\$19,021	\$499,900
4	59	16.4%	\$145,000	\$161,221	\$24,900	\$399,000
5	12	3.3%	\$132,200	\$186,500	\$70,999	\$475,000
6	2	0.6%	\$94,700	\$94,700	\$49,900	\$139,500
Total	360					

Sources: Range Association of Realtors MLS; Maxfield Research Inc.

Actively Marketing and Pending For-Sale Housing Developments

Maxfield Research Inc. interviewed City administrators, realtors, and developers/builders of single-family subdivisions and for-sale multi-family developments that are currently being marketed or are pending in the Study Area. We identified eight actively marketing subdivisions in the Study Area and three pending subdivisions. This study focuses only on lots in subdivisions currently being marketed or that are pending. Table 19 shows information regarding both single-family and townhome subdivisions.

FOR-SALE MARKET ANALYSIS

The following are key points about these subdivisions:

- Of the actively marketing subdivisions, four are located in Hibbing, two in Buhl, one in Chisholm, and one in Nashwauk. Among the subdivisions there are 67 single-family lots available, 54% of which are in Hibbing. Available multi-family lots hold 36 units, all of which are in Hibbing.
- There have been five subdivisions added since the previous study in 2005 with a total of 92 lots. Only three lots have been purchased in two of the subdivisions. Three of the subdivisions are located in Hibbing and two in Buhl.
- Very little building is occurring in any of the actively marketing subdivisions. Before the recession developers were adding about 24 single-family units per year in Hibbing. The current supply of 101 would have lasted about four years at that pace, but will last much longer at the current rate of building.
- A three year supply of single-family lots is an appropriate balance between providing adequate consumer choice and minimizing developers' carrying costs. With an annual absorption of about 14 lots (based on the average building permits over the last three years in Hibbing), Hibbing would need a supply of 42 platted lots. There are currently 70 available lots within the City of Hibbing indicating an oversupply of buildable lots that would last roughly five years at the current rate of building permits issued.
- Actively marketing subdivisions predominantly target households seeking move-up housing. Of the available for-sale lots in Hibbing, nearly all are marketed for homes priced over \$150,000, with a few lots within the Mesaba Woods subdivision priced for homes as low as \$125,000.
- The State and Stubler Pit subdivisions in Buhl are the only for-sale lots that would attract entry-level buyers and according to the City there was some interest within the 20 to 30 age group before the mines temporarily closed. Both developments are sold through the City of Buhl. The State subdivision has lot prices of \$8,000 and the one lot sold is occupied by a modular home. Stubler Pit has lot price ranging from \$18,000 to \$21,000. Modular homes are allowed at these subdivisions. Modular homes can start as low as \$75,000 and go up to \$200,000
- There are three remaining subdivisions from the prior study in 2005. River Creek has sold 20 lots since 2005 with five still available. Many buyers in this development have bought one-and-a-half or two lots and combined them and the realtor stated that he believes up to 40 homes will be built in this subdivision when complete.
- In Chisholm, one lot has been sold since 2005 in the Bethlehem Greens subdivision which is offered by the City. Seven remaining lots are available. The 5th Addition of Nashwauk also sold one lot since 2005 and has two lots available. The Damien Addition in Buhl sold all three remaining lots that were available in the 2005.

FOR-SALE MARKET ANALYSIS

TABLE 19
ACTIVE AND PLANNED FOR-SALE HOUSING DEVELOPMENTS
HIBBING STUDY AREA
June 2010

Subdivision Name	Year	Type of Homes	Lot Inventory Total	Lot Inventory Avail.	Lot Sizes (Acreage)	Base Lot Price	Size of Homes (Sq. Ft.)	Base Home Price (including lot price)	Buyer Profile/Comments
ACITIVE SUBDIVISIONS									
The State <i>City of Buhl</i> Buhl	2007	SF	6	5	.23	\$8,000	n.a.	\$75,000+	Sold lot has a modular home built on it.
Stubler Pit <i>City of Buhl</i> Buhl	2008	SF	19	19	.31 - .66	\$18,000 - \$21,000	n.a.	\$75,000+	Prospective buyers were younger (20-30 years old) but after plants closed interest has dried up.
Mesaba Woods <i>Perella & Associates</i> Hibbing	2009	SF Villa	22 9	20 9	.33 - 10.81 .16 - .73	\$24,900 - \$49,900 \$18,900 - \$25,900	n.a. 1,300	\$125,000 - \$250,000 \$170,000+	* The project is expected to draw moderate to high income households. Move-up buyers and older adults.
Mesabi Pines <i>Village Realty</i> Hibbing	2008	TH	28	28	0.14 - 0.23	n.m	1,215 - 1,507	\$179,000+	Mainly empty nesters/older adults along with higher income families and married professionals.
Forest Heights Hibbing	2008	TH	8	8	n.a.	n.m	1,350 - 2,200	\$180,000+	Three homes framed in as of June 2010. Majority of perspective buyers were seniors.
River Creek <i>Perella & Associates</i> Hibbing	2002	SF & Detached Townhomes	55	5	.22 - .74	\$13,900 - \$30,000	1,400 - 3,000	\$160,000 - \$450,000	Mix of retirees and families, b/t 30 and 65 years old. Mod to high incomes. Some buyers combined lots with an estimate of 40 total homes when complete. Buyers have option to form association at future date.
5th Addition Nashwauk	2000	SF	36	2	.75	\$9,700	n/a	\$140,000 - \$300,000	Mix of families with kids. Move-up buyers.
Bethlehem Green Chisholm	1999	SF	32	7	.43	\$500	1,600 - 2,000	\$130,000 - \$140,000	Mostly families with children. Homes are mix of ramblers and two-story homes.
		Total	215	103					
FUTURE/PLANNED SUBDIVISIONS									
Marshview Meadows <i>RLK Inc.</i> Hibbing	2011	SF Planned Rowhomes	48 46	-- --	.25 - .45 n.a.	n.a. n.a.	1,100+ 1,100 - 1,450	\$99,000+ \$99,000+	First-time homebuyers, younger families, and older adults/empty nesters,
Nelson Addition of Chisholm Chisholm	2010	SF Planned	5	--		-----	n.a. -----		Former large lots being subdivided.
Appaloosa Meadows <i>Village Realty</i> Hibbing	n.a.	SF	16	--	0.50 20.66	\$2,500 - \$25,000	-----	n.a. -----	Not believed to be platted at this time.
		Planned	115						
* Estimated based on lot price being 20% of the home value.									
Source: Maxfield Research Inc.									

FOR-SALE MARKET ANALYSIS

- All of the new single-family and multi-family subdivisions in the remainder of Study Area entered the market between 2007 and 2009. The housing market in the Study Area began to soften between 2006 and 2007 and with the closing of the mines in 2008 the result has been that the subdivisions have struggled to attract buyers. Developers and real estate professionals are optimistic that the reopening of the steel plants and the potential addition of the ESSAR plant will help increase lot absorption.
- There are three planned subdivisions within the Study Area, none of which are platted. Marshview Meadows and Appaloosa Woods are in Hibbing and Nelson Addition is in Chisholm. Marshview Meadows plans to add 48 single-family lots and 46 rowhome units over the next several years beginning with eight single-family lots in 2011. Homes will be marketed towards the first-time home buyers with pricing of homes starting at \$99,000. The Nelson Addition is a subdivision planned for larger lots. Appaloosa Woods is planned to have 16 lots ranging from a half acre to 20 acres. Further information on Appaloosa Woods was unobtainable.

Mobile Homes

Traditionally, research shows that mobile homes usually serve as an alternative to permanent housing, and during times of housing scarcity, the number of these homes usually rises. Table 20 shows detailed information for mobile home parks in the Hibbing Study Area.

TABLE 20 MOBILE HOME PARKS HIBBING STUDY AREA June 2010				
Project Name/ Address	Total Pads	Vacant	Rent Range	Comments
Birch Lane 530 E 41st St Hibbing	50	15	\$140 (pad only)	Pad rent does not include water. Residents generally have low incomes, and there are quite a few young families and some seniors.
Country Estates 3649 Country Estates Dr Hibbing	115	36	\$185 (pad only) \$435 - \$550 (with home)	Owns and rents out about 23 homes (1, 2, & 3 BR). Pad with home rent includes water, sewer. Pad and home rents include water and sewer. Home owners are typically older while the renters are younger and families.
Forest Heights 2240 E 25th St Hibbing	50	35	\$200 (pad only)	New ownership in 2009. Vacancies due to owner cleaning out delapidated homes and troublesome renters. Pad rent includes water, sewer, and trash removal. Variety of residents, including families with children, couples, seniors, singles.
Olsons Mobile Home Park Keewatin	24	0	\$120 (pad only) \$325 - \$400 (with home)	Occupancy has been increasing over the last couple of years. 4 homes are rented out by park owner. A mix with some seniors, singles, and families with children. Pad rent only includes lot, no utilities included.
Total	239	86	36.0%	

Source: Maxfield Research Inc.

Our research revealed that there are four parks currently operating in the Hibbing Study Area, with one park in Keewatin and the rest in Hibbing. Combined, there are a total of 239 pads in the four mobile home parks. Our interviews with property owners indicated a total of 81

FOR-SALE MARKET ANALYSIS

vacancies in June 2010, for a vacancy rate of 34%. Rents for pads range from \$120 to \$200 per month, while pads with homes rent for \$325 to \$550 per month.

Birch Lane is located at 530 East 41st Street in Hibbing and contains a total of 50 pads. All of the pads are rented for \$140 per month to residents with owned homes. Tenants pay all utilities (water/sewer, garbage, electric). As of June 2010, 15 pads were vacant. Most of the homes are occupied by working families and some seniors. The majority of the tenants work in Hibbing.

Country Estates is located at 3649 Country Estates Drive in Hibbing and has a total of 115 pads. As of June 2010, 36 pads were vacant for a vacancy rate of 31%. Pads are rented to residents with owned homes for \$185 per month. Tenant pays all utilities (water and sewer included). The majority of the residents who own their own homes typically are older adults and seniors.

Forest Heights is located at 2240 East 25th Street in Hibbing and has a total of 50 pads. As of June 2010 there were 35 vacant pads. The current owner purchased Forest Heights within the last year and stated that he is in the process of cleaning up the park by removing dilapidated homes and problem owners. All of the pads are rented for \$200 per month to residents with owned homes. The rent includes water, sewer, and garbage, while the tenants pay the electricity. There is a wide mix of tenants, including families, singles, couples, and seniors. Most of the tenants work in Hibbing.

Olsons Mobile Home Park is located in Keewatin and has a total of 24 pads. As of June 2010, all pads were occupied. The pads are rented for \$120 per month to residents with owned homes. The tenant pays all utilities. There is a wide mix of tenants, including families, seniors, and singles. Most of the tenants work in Hibbing. The owners stated that they attempt to keep a clean park. Rents are the lowest in the Study Area.

For-Sale Housing Market Interview Summary

Interviews with area real estate agents, developers, and other people familiar with the Hibbing Study Area's for-sale housing market were conducted to solicit their impressions of current market conditions. The following are key points derived from these interviews.

- The housing market as of June 2010 in both Hibbing and Remainder of the Study Area is soft. Due to the current economy and the mining company shut downs during 2008, the average length of time (roughly 6 months or longer) to sell a home has increased and the average price for homes has decreased.
- The inventory of homes on the market is extremely high. During the peak of the housing market in 2005, Hibbing had only 40 homes listed for sale and the Study Area as a whole had less than 100. There are now over 200 homes listed in Hibbing and 360 in the entire Study Area. This large supply of homes for sale has put downward pressure on prices.
- Hibbing and the surrounding area is currently experiencing exceptionally higher than normal unemployment. The area has seen numerous businesses close with some reopening with

FOR-SALE MARKET ANALYSIS

fewer employees and although the mines have reopened, their temporary closure during 2008 and 2009 had a substantial negative affect for the area. The housing market is expected to stay soft into the immediate future as the economy recovers slowly.

- Because of the poor resale housing market, activity is down because homeowners who may have considered moving up in the past are instead staying in their homes to avoid equity loss. Although realtors saw a small boost in sales due to the first time homebuyer tax credit that was available through April of 2009, fewer renters have been purchasing homes even with the decrease in home prices with the uncertainty in their employment and strict financing regulations. This has all impacted home resales and the sales of new housing.
- Foreclosures have impacted the Study Area's housing market somewhat, yet compared to the other communities around the state, Hibbing has not experienced a dramatic rise. Many of the foreclosures are among people who simply couldn't make their mortgage payments due to loss of jobs with some that are going into foreclosure because they owe much more money than the home is worth.
- The Study Area is over saturated with both existing homes for sale and new lots. Combined with the dramatic decrease in new home construction over the past couple years the current lot supply in Hibbing and the Remainder of the Study Area will last several years at least.
- The majority of the buyers have shifted to the move-up market as first-time home buyers have declined. The current lot supply and pricing is more than adequate in providing consumer choice for the move-up home buyer. The higher end home market has all but dried up with realtors seeing very little interest in these types of homes.
- Older adults and empty nesters are growing in the Study Area and many are interested in downsizing, moving to one-level living, or moving to rural areas of Hibbing. There has been a lack of quality one-level living options for this market to choose from. The popularity and success of the Realife Cooperative indicates pent-up demand for older adult and senior housing options.
- Cross shopping between communities in the area is still rare, especially with older adults and those that have been established in there specific community. For example, people from Hibbing very rarely move to Chisholm and vice versa. Younger families and working professionals new to the area are more likely to shop around but gravitate towards the larger cities due to the convenience factors.
- Overall housing conditions in Hibbing are good despite the housing market and economy. There are always homes that need improvement due to the age of the housing stock and areas of dilapidation have remained the same since the previous study. Realtors have noticed that many homeowners are improving their homes and adding new additions either to improve value for the future or for an upcoming listing in the market.

Introduction

Maxfield Research Inc. identified and surveyed rental properties of twelve or more units in Hibbing. In addition, interviews were conducted with real estate agents, rental housing management firms, private owner landlords, and others in the community familiar with Hibbing's rental housing stock.

For purposes of analysis, we have classified rental properties into two groups: general occupancy and senior (age restricted). All senior properties are included in the *Senior Rental Analysis*. The general occupancy rental properties are divided into three groups: market rate (those without income restrictions), affordable, (those receiving tax credits in order to keep rents affordable), and subsidized (those where residents pay 30% of their income for rent).

It was beyond the scope of the study to inventory and aggregate the number of scattered single-family homes that are rented in the Study Area. We are well aware of the role these homes play in the general occupancy rental housing market. Rented single-family homes, duplexes, triplexes, and general occupancy market rate apartments compete for some of the same target markets.

General-Occupancy Rental Properties

Our research of the Study Area's general occupancy rental market included a survey of 21 larger apartment properties in June 2010. These properties represent a combined total of 920 units, including 380 market rate units, 119 affordable units, and 451 subsidized units. At the time of our survey, 22 market rate units, five affordable units, and two subsidized units were vacant, resulting in an overall vacancy rate of 3%. Our previous study, completed in 2005, found 34 vacancies among market rate units, 12 in affordable units, and 96 in subsidized properties, for an overall vacancy rate of 15%. Nearly half (53 units) of the vacant subsidized units were located in the former Jefferson Apartments that the HRA was in the process of selling at the time. Excluding those units accounted for a vacancy rate still significantly high at 10%.

The overall vacancy rate of 3% is below the industry standard of 5% for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover. The market indicates some pent-up demand for rental housing in the community.

Tables 21, 22, and 23 summarize information on general occupancy properties surveyed. Table 21 shows information on market rate properties, Table 22 shows information on affordable properties, and Table 23 shows information on subsidized properties. Photographs accompany each section of text. The following are key points from our survey of these developments.

Market Rate Properties

- There are 380 units in the 9 market rate developments surveyed. A total of 22 vacant units were identified, for a vacancy rate of 5.8%. This vacancy rate is slightly lower than the rate of 10% when surveyed in October 2005, which may reflect a higher demand for rental hous-

RENTAL MARKET ANALYSIS

ing. Many households can no longer qualify to purchase a home and turnover is lower because people are staying in their apartments rather than upgrading due to uncertain job prospects.

- All of the market rate apartment properties are located in Hibbing and are thirty years and older, with the majority of the units (90 percent) built during the 1970s.
- Four of the projects (Southview, Westgate, Birch Court and Park Place Apartments) have a combination of market rate, subsidized, and/or affordable units.
- The majority of market rate units are one-bedroom (163 units, or about 47.5%), followed by two-bedroom (150 units, or 44%), and then three-bedroom or larger (21 units, or 6%) and studio (9 units, or 2.5%). There were only two properties that offered studio units and four properties that offered three-bedroom or larger units.
- The monthly rents ranged from \$300 to \$350 for studios, from \$390 to \$555 for one-bedroom units, from \$450 to \$683 for two-bedroom units, and from \$509 to \$827 for three- and four-bedroom units. It should be noted that we were unable to obtain current rents for Parkview Apartments and Westwind.
- All of the market rate complexes contain a community laundry room with coin-operated washers and dryers, and either off-street parking or a parking lot for the residents. Covered garage parking is available at three of the 10 properties. Most units do not have air conditioning units.
- Although the resident profile varied considerably from property to property, nearly all respondents indicated that a wide range of ages and household types were represented at each project. Resident profiles include families with children, seniors, students, couples, and singles.

Market Rate General Occupancy Rental Properties



Bear Den



Graysherwoods

RENTAL MARKET ANALYSIS

TABLE 21
MARKET RATE GENERAL OCCUPANCY RENTAL HOUSING
HIBBING STUDY AREA
June 2010

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments	
Bear Den Apartments <i>Hibbing</i>	1975	28	2	27 - 1 BR 1 - 2 BR	\$450 \$600	300 n.a.	Units are fully furnished 1 BR kitchenettes. Rent includes all utilities and cable TV. . Mostly single adults.	
Graysherwoods Apts <i>Hibbing</i>	1970 1988 (R)	60	9	16 - 1 BR 32 - 2 BR 12 - 3 BR	\$395 \$575 \$725	500 800 1,100	8 buildings. Former Hibbing HRA property called Jefferson Apartments. Utilities included. Units have laundry hook-ups. Units are being refurbished as tenants move out.	
Belmont Apts <i>Hibbing</i>	1984 (R)	32	0	3 - 0 BR 11 - 1 BR 12 - 2 BR	\$300 - \$325 \$385 - \$425 \$450 - \$500	n.a. n.a. n.a.	Off-street parking. Mix of families, single adults, and seniors. Tenant pays all utilities. Small waiting list of roughly 5 names.	
Birch Court Apts <i>Hibbing</i>	1973	54	4	30 - 1 BR 22 - 2 BR 2 - 4 BR	\$555 \$683 \$827	599 860 1,392	The breakdown of unit mix for market rate and subsidized units estimated based on info. from property manager. There is a wait list for 3 and 4 BR units.	
Parkview Apartments <i>Hibbing</i>	1970s	18	1	----- not available -----				
Oliver Apartments <i>Hibbing</i>	1980s (R)	12	0	6 - 0 BR 6 - 1 BR	\$350 \$500	n.a. n.a.	Off-street parking. Utilities included.	
Park Place Apts <i>Hibbing</i>	1978	55	5	30 - 1 BR 24 - 2 BR 1 - 3 BR	\$390 \$495 \$509	627 848 - 904 n/a	Majority single parents with a mix of single adults, couples, and some seniors. 20 units are rented with the use of housing vouchers.	
Southview Terrace Apts <i>Hibbing</i>	1977	51	1	18 - 1 BR 26 - 2 BR 6 - 3 BR	\$485 - \$516 \$563 - \$593 \$614 - \$639	688 792 973	145 total units in 12, 12-unit buildings with market rate, tax-credit and subsidized apartments. Waiting list of about 5 to 10 names.	
Westgate Apts <i>Hibbing</i>	1976	70	0	25 - 1 BR 33 - 2 BR 12 - 2 BR (Delx)	\$410 \$505 \$525	625 825 917	Mix of 40% families, 5% single adults/students, and 55% seniors. 24 garage parking stalls	
Total Market Rate Units		380	22	5.8%	Vacancy Rate			

Source: Maxfield Research Inc.

RENTAL MARKET ANALYSIS



Belmont



Birch Court



Parkview



Park Place



Southview



Westgate

Affordable Properties

- We identified three affordable properties (including one in Hibbing and two in Chisholm), two of which were financed through the Low Income Housing Tax Credit (LIHTC) program, otherwise known as the Section 42 program. The maximum income limit for residency at these properties is 60% of the area median income. Income limits are shown in Figure 1.
- The three affordable apartment properties contain a total of 119 units. Five vacant units were identified (4.2% vacancy rate) in Study Area as of June 2010. The majority of the units are two-bedroom (60 units) followed by one-bedroom (43 units), and three-bedroom units (18). The vast majority of tenants are families, including a high percentage of single-parents.
- Along with income limits for residents, the properties have maximum rents that are based on a percentage of median income – usually 40% to 60% of median income. With these limits, rents at the affordable properties range from \$405 to \$529 for the one-bedroom, \$479 to \$630 for two-bedroom units, and \$540 to \$714 for three-bedroom units. These rents are similar to many of the market rate properties, and there is likely some market overlap.

Affordable General Occupancy Rental Housing



Southview



Lakeside Manor



Lincoln Square

RENTAL MARKET ANALYSIS

TABLE 22
AFFORDABLE AND MARKET RATE GENERAL OCCUPANCY RENTAL HOUSING
HIBBING STUDY AREA
June 2010

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Southview Terrace Apts 100 Southview Drive <i>Hibbing</i>	1977	51	0	18 - 1 BR 27 - 2 BR 6 - 3 BR	\$405 - \$430 \$479 - \$492 \$540 - \$540	688 792 973	Tax-Credit. 12-unit buildings on campus including market rate and Section 8 for a total of 145 units. Waiting list of about 5 to 10 names.
Lakeside Manor 100 N. Central Avenue <i>Chisholm</i>	1978	30	4	8 - 1 BR 20 - 2 BR 4 - 3 BR	\$460 - \$529 \$564 - \$630 \$639 - \$714	494 699 875	Section 236 (30 units) and Section 8 (18 units) for a total of 48 units; Higher rent is market rate rent. Heat included in rent. Section 8 is full.
Lincoln Square Apts. 310 5th Street NW <i>Chisholm</i>	1995	38	1	17 - 1 BR 13 - 2 BR 8 - 3 BR	\$455 \$535 \$610	600 - 750 875 - 955 910 - 1,250	Tax Credit. Redeveloped Lincoln School. No waiting list but many inquiries.
Total Affordable Units		119	5	4.2% Vacancy Rate			

Source: Maxfield Research Inc.

Subsidized

- The eight properties offer a total of 451 subsidized rental units in the Study Area. Only two vacancies were reported by building managers, translating to a vacancy rate of 0.4%. Typically, subsidized rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. Thus, the very low vacancy rate indicates that there is pent-up demand in the Study Area for subsidized rental units.
- Two of the properties are operated by the Hibbing Housing and Redevelopment Authority (HRA). Haven Court and 1st Avenue Apartments have a total of 160 units and are both fully occupied.
- About 42% of the units at the surveyed apartments are two-bedroom units (175 units), 34% are one-bedrooms (138 units) and 14% are one-bedrooms (59 units). There are also 35 studio units (9%) and 14 four bedrooms units (3%).
- Combined, there are six buildings with 366 subsidized units in the City of Hibbing (over 90% of the Study Area total) with the remainder located in Chisholm and Keewatin.
- Like many areas of the Upper Midwest, the majority of subsidized rental housing developments in Hibbing were built in the early- to mid-1970s.
- All of the subsidized projects are HUD Public Housing, Section 8, or Section 42/Section 236 tax credit projects, most of which require a monthly rent of 30% of a resident's adjusted gross income.
- Unit and common area amenities are limited at the subsidized properties. Features and amenities found at some of the subsidized developments include playground/picnic areas, balcony/patios, common laundry facility, and party room. Two properties features detached garages renting for \$25 to \$35 per month, with the remaining offering only off-street parking for their residents.

RENTAL MARKET ANALYSIS

TABLE 23
SUBSIDIZED GENERAL OCCUPANCY RENTAL HOUSING
HIBBING STUDY AREA
June 2010

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
1st Avenue Apts <i>Hibbing</i>	1968 2003 (R)	59	0	35 - 0 BR 24 - 1 BR	30% of AGI	350 378	Hibbing HRA. 3-story building with elevator, community and laundry rooms. Of the occupied units, about 80% are single adults and 20% are seniors. Average annual income = \$6,558; average monthly rent = \$147.
Birch Court Apts* <i>Hibbing</i>	1973	54	0	28 - 1 BR 20 - 2 BR 4 - 3 BR 2 - 4 BR	30% of AGI	599 860 1,064 1,392	Section 8 units. The breakdown of unit mix for market rate and subsidized units estimated based on info. from property manager. There is a wait list for all subsidized its types.
Haven Court <i>Hibbing</i>	1952 1995 (R)	100	0	32 - 1 BR 36 - 2 BR 24 - 3 BR 8 - 4 BR	30% of AGI	n/a n/a n/a	Hibbing HRA. 23 townhouse-style buildings. Of the occupied units, 35% are families, 26% are single adults, 33% are disabled individuals, and 6% are seniors. Average annual income = \$9,761; average monthly rent = \$207.
Park Place Apts* <i>Hibbing</i>	1978	80	0	80 - 2 BR	30% of AGI	848 - 904	Section 8 units. Waiting list of about 7 names.
Southview Terrace Apts* <i>Hibbing</i>	1977	43	0	12 - 1 BR 20 - 2 BR 11 - 3 BR	30% of AGI	688 792 973	Section 8. 12-unit buildings on campus. Waiting list of about 5 to 10 names.
Westgate Apts* <i>Hibbing</i>	1976	30	0	30 - 2 BR	30% of AGI	825	Section 8 units. No waiting list. 100% of residents are families.
Sunnyslope I & II <i>Chisholm</i>	1951(I) 1956(II)	50	2	8 - 1 BR 18 - 2 BR 20 - 3 BR 4 - 4 BR	30% of AGI	n/a n/a n/a n/a	Public Housing. 2-story townhome units with basements.
Keewatin Apartments <i>Keewatin</i>	n/a	35	0	34 - 1 BR 1 - 2 BR	30% of AGI	650 750	Section 8 units. Mix of families with children, seniors, and students. Market rents \$528- 1BR and \$648 - 2BR.
Total Units		451	2	0.4%	Vacancy Rate		
<i>Hibbing HRA Units</i>		159	0	0.0%			
<i>Excl. Hibbing HRA Units</i>		292	2	0.8%			

* These properties also include market rate and/or affordable units in addition to subsidized units.

Source: Maxfield Research Inc.

RENTAL MARKET ANALYSIS

Subsidized General Occupancy Rental



Birch Court Apartments



Haven Court (HRA)



Park Place



Southview Terrace Apartments



Westgate Apartments



Keewatin Apartments

Housing Choice Voucher Program

In addition to subsidized apartments, the Study Area also has a “tenant-based” subsidy called Housing Choice Vouchers to help lower income households find affordable housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development’s (HUD), and is managed by the Virginia Housing and Redevelopment Authority. Under the Housing Choice Voucher program (formerly Section 8 Certificates and Vouchers), qualified households are issued a voucher that the household can take to an apartment that has rent levels allowable under HUD guidelines.

The Housing Choice Voucher Program utilizes the existing private rental market to provide affordable housing to low-income households. Program participants pay a minimum of 30% of their monthly adjusted income toward rent. The program provides rental assistance, which is the difference between the participants rent portion and the contract rent. To be eligible, households must have incomes at or below 50% of area median. The Virginia HRA’s current payment standard for the voucher program is \$652 for two-bedroom units, \$819 for three-bedroom units, and \$1,044.

The Virginia Housing and Redevelopment Authority have jurisdiction over Hibbing, as well as the other communities located in the Study Area. About 430 vouchers are issued by the Virginia HRA for the entire Iron Range area with a capacity of 490. The Virginia HRA’s waiting list for the Housing Choice Voucher Program is currently open as of January after being closed for the last year with roughly 470 people on the list. Due to the availability of vouchers and the number of people on the waiting list, there is estimated to be a two-year wait or longer. Monthly turnover of households in the voucher program is typically 6 or 7 per month.

Pending General Occupancy Rental Developments

Interviews with City officials and developers in 2010 identified two rental developments in the Hibbing Study Area.

RLK Incorporated is planning to build a 30-unit market rate apartment building on the west side of the City that would part of the Marshview Meadows subdivision off Dillon and Ansley Roads. Current plans are to construct the infrastructure of the subdivision in 2010 with a target of spring 2011 for the apartment building. Overall there could be a total of four buildings with a 120 units in the development. Timeframe for additional buildings is uncertain and will be based on the market and performance of the first building.

The Hibbing HRA is pursuing the redevelopment of the St. Leo’s School and Church on East 39th Street. The proposed development would consist of 24 tax-credit rental units. The HRA has submitted to get funding from the Minnesota Housing Finance Agency. Timeframe of the development is uncertain and based upon approval from the MHFA.

General Occupancy Rental Housing Market Interview Summary

Interviews with area property managers, real estate agents, and other people familiar with Hibbing's rental housing market were conducted to solicit their impressions of current market conditions. The following are key points derived from these interviews.

- There is mixed opinions about the need for additional general-occupancy rental units in the area. Although waiting lists exist at many properties, the lists are not large and most are for larger units. Some believe that the addition of more units may saturate the market in expense of their property. Others believe that the current economic conditions and lack of newer rental properties has left the Study Area with the need for more units.
- Demand exists for larger units (three- and four-bedrooms) for low-income families. These types of units are currently full and have waiting lists. There remains a lack handicapped-accessible housing units with more than one-bedroom for families in which a parent or child is disabled.
- Much of the rental housing that is single-family homes, mother-in law units, and duplexes may pass rental code but are in poor condition and managed by individuals or companies not in the study area who sometimes defer maintenance.

SENIOR HOUSING ANALYSIS

Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research Inc. classifies senior housing properties into four categories based on the level of support services offered:

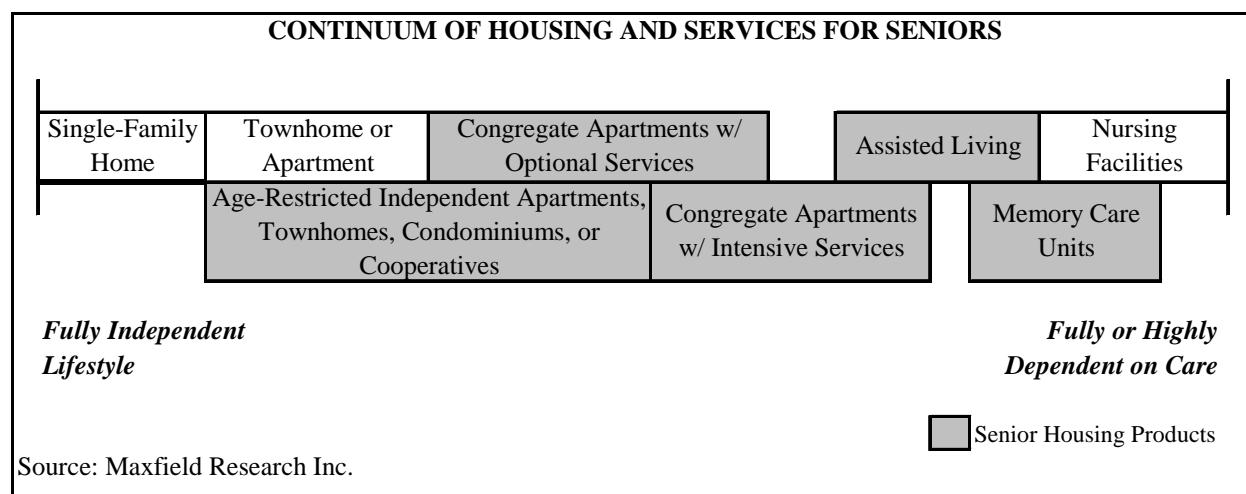
Adult/Few Services; where few, if any, support services are provided and rents tend to be modest as a result;

Congregate; optional services where support services such as meals and light housekeeping are available for an additional fee or service-intensive where support services such as meals and light housekeeping are included in the monthly rents;

Assisted Living; where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming and dressing is included in the fees or is available either for an additional fee or included in the rents.

Memory Care; where more rigorous and service-intensive personal care is required for people with dementia and Alzheimer's disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These four senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants to promote security. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living developments sometimes serve non-elderly people with special health considerations.



SENIOR HOUSING ANALYSIS

The four senior housing products offered today form a continuum of care from a low level to a fairly intensive one; often the service offerings at one type overlap with those at another. In general, however, adult/few services developments tend to attract younger, more independent seniors, while assisted living and memory care developments tend to attract older, frailer seniors.

Senior Housing in the Study Area

As of June 2010, Maxfield Research identified 18 senior housing properties in the Study Area. These properties contain a total of 657 units. Half of the properties are subsidized and affordable, while the other half are market rate.

Table 24 provides information on market rate properties and Table 25 provides information on subsidized properties. Information in both tables includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each property. Photographs follow each section and a map of the properties follows the final photographs.

The following are key points from our survey of the Study Area's senior housing supply.

Market Rate Senior Properties

Maxfield Research Inc. identified nine existing market rate, senior properties in Study Area. These properties contain 261 rental units, and represent three of the four previously defined levels of care on the senior housing continuum displayed in Figure 2. The properties are listed in Table 24 by the type of service they provide. The following are key findings from each level of care:

Adult/Few Services

- There are three adult/few service facilities with a total of 56 units. Realife Cooperative is an owner-occupied property for active older adults. Under the cooperative model, residents buy a share of the corporation that owns the building and then leases their unit from the corporation for a monthly fee. The remaining two properties, The Roosevelt Cente and Hertiage Manor, are rental properties that offers few services. There is currently only one vacancy located at the Roosevelt School Apartments.
- Realife Cooperative requires an entrance fee of \$34,140 for a one-bedroom unit and from \$32,900 to \$39,994 for the two-bedroom units. Heritage Manor is much older than the other two development and is part of the Heritage Manor Nursing Home and thus offers substantially lower rents at \$475 for one-bedroom units.
- Amenities in the market rate units are significantly greater than in their subsidized counterparts. The Realife and The Roosevelt Center developments offer covered parking, patios, and community rooms. Realife Cooperative also offers a library and other recreational spaces. The Roosevelt center has washers and dryers in the units.

SENIOR HOUSING ANALYSIS

Assisted Living

- There are four assisted living facilities in Hibbing, with a total of 157 units. Two of the facilities, representing 62 units, or 39% of the total, opened in 2008 and 2009. Because need drives demand for assisted living more than economic trends, development of assisted living has continued despite the recession. Assisted living is a fairly new product in the area as all of the facilities were built during the 2000s.
- There were 33 vacancies in the Study Area as of June 2010 for a vacancy rate of 21%, well above the market equilibrium of 7%. However, 21 of the vacancies were located in the new Hillcrest Nashwauk which opened in June 2008. Excluding Hillcrest Nashwauk, the vacancy rate for assisted living is 10%, which is still above the market equilibrium indicating an over-supply of assisted living units in the Study Area.
- Northland Village in Buhl opened in February 2009 and only has two vacancies. The faster absorption of this facility compared to Hillcrest Nashwauk may be attributed to the propensity of the Study Area's population to not cross shop for properties in other communities. Management indicated that the majority of the residents are from Buhl.
- The Range Development Company owns and operates three of the four facilities in the Study Area. Hillcrest Nashwauk, Hillcrest Suites, and Hillcrest Adams charge rents between \$750 and \$980 for a unit. Each resident is assessed before moving in and rents are increased depending on the assessed service level. Hillcrest's rents including assessment range from roughly \$2,500 to \$4,500.
- All of the developments include in the base fee three meals per day and housekeeping. Each also has a dining room and activities. Amenities are relatively similar because all of the facilities were built since 2000 as the demand for assisted living grew.

Memory Care

- There are two memory care facilities with 48 beds in Hibbing. As of June 2010, there were three vacancies in the Study Area, all at Hillcrest Alice. The vacancy rate is 6%, which is slightly below the market equilibrium of 7%. This indicates a stable market for memory care units.
- All of the facilities offer single/private rooms, but only the Greenview Residence offers shared rooms, of which there are only two.

SENIOR HOUSING ANALYSIS

TABLE 24
MARKET RATE SENIOR HOUSING
HIBBING STUDY AREA
June 2010

Project Name/City	Year Built	No. of Units	No. Vacant	No.	Type	Unit Mix/Sizes/Rents	Comments
Adult/Few Services - For Sale							
Realife Cooperative Hibbing	2004	38	0	6 - 1BR	1,079	\$957 \$34,140	3-story woodframe building. One heated attached parking stall included in rent and \$40 for extra stall. Utilities included in rent (roughly 4% of total fee). Average age of 84 with 19 couples. Average turnover of 4 units per year. Waiting list of 35 names. Units include central a/c, walk-in closet, dishwasher, disposal, walk-in shower, raised outlets, and balconies. Building features include garden plots, community room, terrace, and laundry on each floor.
32 - 2BR				1,043 - 1,359		\$912 - \$1,133 \$32,906 - \$39,994	
Total Adult/Few Service For-Sale 38 0 0.0% Vacancy Rate							
Adult/Few Services - Rental							
Roosevelt School Apts. Chisholm	2003	12	1	10 - 1BR 2 - 2BR	725 1,450	\$700 \$1,000	Remodeled three-story school. Tenant pays electricity (heat is electric), phone, and cable. Garages are available for \$50 per month. In-unit washer and dryer. Average age is in the upper 70's
Heritage Manor Chisholm	1981 (R)	6	0	6 - 1BR	N/A	\$475	Attached to Heritage Manor Nursing Home. Strictly senior independent living but share facilities and can purchase meals at \$3-4 per meal and other services if necessary. Rent includes utilities except electricity and phone. Emergency call buttons, community room, emergency RN of staff 24 hours.
Total Adult/Few Services 18 1 5.6% Vacancy Rate							
Assisted Living							
Hillcrest Nashwauk	June 2008	42	21	42 - 1BR	900 - 1,000	\$980	Range Development Company. Rents do not include services. Each resident is assessed and then fees are added to rents accordingly. Average age of resident is 81. 3 meals and 2 snacks provided daily. Activities coordinator and provide transportation for residents.
Northland Village Buhl	Feb. 2009	20	2	20 - Suites	300	\$846	Services purchased additionally and ranges from \$2,600 to \$5,200 based on assessment. Average age is in the 80s with residents ranging from 59 to 98. Rent includes utilities, 3 meals per day, housekeeping, laundry, activities director, and transportation.
Hillcrest Adams Hibbing	2000	56	6	6 - 1BR 50 - Single Room	700 - 800 400 - 600	\$886 \$750	Range Development Company. Rents do not include services. Each resident is assessed and then fees are added to rents accordingly. Average age of resident is 79. 3 meals and 2 snacks provided daily. Activities coordinator and provide transportation for residents.
Hillcrest Suites Hibbing	2002	39	4	22 - 1BR 13 - Single Room 4 - Double Room	700 - 800 400 600 - 800	\$980 \$750 - \$800 \$800 - \$825	Range Development Company. Rents do not include services. Each resident is assessed and then fees are added to rents accordingly. Average age of resident is 77. 3 meals and 2 snacks provided daily. Activities coordinator and provide transportation for residents.
Total Assisted Living 157 33 21.0% Vacancy Rate							
Memory Care							
Hillerest Alice Hibbing	2004	28	3	28 - Single Room	400 - 600	\$760 - \$880	Range Development Company. Rents do not include services. Each resident is assessed and then fees are added to rents accordingly. Average age is 78. Meals provided daily.
Greenview Residence Fairview Range Health Services Hibbing	1993	20	0	18 - Private 2 - Dbl. Occ.	N/A	\$3,500	Dual license to provide dementia-specific assisted living and adult foster care. 3 Meals included along with 24-hour onsite staff. Beauty salon, garden plots, and walking paths. Majority of tenants on Elderly Waivers.
Total Memory Care 48 3 6.3% Vacancy Rate							

Source: Maxfield Research Inc.

SENIOR HOUSING ANALYSIS

Market Rate Senior Housing



Realife Cooperative (Adult Ownership - Few Services)



The Roosevelt Center (Adult Rental - Few Services)



Heritage manor (Adult Rental – Few Services)



Hillcrest Nashwauk (AL)



Northland Village (AL)



Hillcrest Adams (AL)

SENIOR HOUSING ANALYSIS



Hillcrest Suites (AL)



Hillcrest Alice (MC)



Greenview Residence (MC)

Subsidized Senior Housing Properties

- There were a total of 396 units in the Study Area's nine subsidized and affordable senior properties. There were 13 vacant units among these properties as of June 2010, resulting in a vacancy rate of 3.3%.
- Four of the subsidized senior properties (Lee Center, 7th Avenue Apartments, Park Terrace, and The Androy) are located in Hibbing. These properties have a combined total of 233 units, or 59% of the Study Area total. Seven of the 13 vacancies were at Lee Center (95 units) which consists of nearly one-quarter of the total Study Area units. The vacancy rate in Study Area was only 3.3%, indicating that the market for subsidized senior housing in Hibbing is stable. The Study Area's other subsidized properties are located Chisholm (two buildings - 59 units), Nashwauk (one building - 40 units), and Buhl (one building – 23 units).
- Due to the age of the buildings most of the unit sizes at the subsidized senior properties are unavailable. The facilities with unit sizes provided are considerably smaller than many of the

SENIOR HOUSING ANALYSIS

previously mentioned general-occupancy rental properties, and smaller than most of the market rate senior rental properties.

Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes with rents based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent.

Subsidized Senior Housing



Lee Center



Seventh Avenue



Lincoln Center



The Androy

SENIOR HOUSING ANALYSIS



Longyear Terrace



Maple View Terrace



Deering Manor



State Street

SENIOR HOUSING ANALYSIS

TABLE 25
AFFORDABLE/SUBSIDIZED SENIOR HOUSING
HIBBING STUDY AREA
June 2010

Project Name/City	Year Built	No. of Units	No. Vacant	Unit Mix/Sizes/Rents			Comments
				No.	Type	Sizes	
Lee Center 3220 8th Avenue E <i>Hibbing</i>	1981	95	7	90 - 1 BR 5 - 2 BR	N/A N/A	30% of AGI	6-story building. HUD 202/Project-Based Section 8. Market rate for one-bedroom unit is \$752 and \$949 for the two-bedroom units. Allowed to have small percentage paying market rents. A small waiting list. Unit features include wall a/c, microwave, walk-in shower and closet. Building amenities include garden plots, community room, craft/hobby room, library, mini-grocery store and beauty salon.
7th Avenue Apts <i>Hibbing</i>	1984	70	0	69 - 1 BR 1 - 2 BR	N/A Office	30% of AGI	Hibbing HRA; low income seniors; shared garden space; coin-operated laundry; 3-story building with elevator; assisted living services available through County. Current waiting list of two names. Average annual income of residents is \$11,966 and average rent is \$212.
Park Terrace <i>Hibbing</i> Renovated 1998	1962	20	0	19 - 1 BR 1 - 2 BR	618 Caretaker Unit	30% of AGI	Hibbing HRA; low income seniors and disabled individuals; secured access building; 2-story building with elevator; community room; laundry room. Current waiting list of one name. Average annual income of residents is \$9,909 and average rent is \$189.
Androy Apts <i>Hibbing</i>	1995 (R)	48	3	2 - 0 BR 40 - 1 BR 6 - 2 BR	439 - 513 580 - 769 849 - 861	\$319 \$455 \$650	Renovated hotel. Housing Tax Credit/Section 42 with income limits of \$25,140 for a one-person household and \$28,740 for two-person households. Average age of resident is 75-80. Considering converting to market rate.
Lincoln Center <i>Chisholm</i>	1980	41	0	40 - 1 BR 1 - 2 BR	601 - 626 960	30% of AGI	5-story building. Section 8 with rents based on income. 2 names on waiting list. Market rents are \$647 for one-bedroom and \$779 for two-bedroom. Average Age of resident is about 75 and there are 1 couples. No Turnover in last two years.
Longyear Terrace <i>Chisholm</i>	1971	39	1	39 - 1BR	N/A	30% of AGI	Chisholm HRA Public housing. Not age-restricted but keep focus on elderly (10% roughly 55 and under). Maximum Rent is \$325. AEOA (Arrowhead Economic Opportunity Agency) nutrition site. AEOA provides meals to residents at a donation.
Maple View Terrace <i>Chisholm</i>	1967	20	0	8 - 0 BR 10 - 1 BR 2 - 2 BR	N/A N/A N/A	30% of AGI	Chisholm HRA Public housing. Not age-restricted but keep focus on elderly (10% roughly 55 and under). Maximum rents are \$280 for an efficiency, \$325 for a one-bedroom, and \$445 for a two-bedroom.
Deering Manor Apts. <i>Nashwauk</i>	N/A	40	1	40 - 1BR	587	30% of AGI	5-story Section 8 building.
State Street Apts. <i>Buhl</i>	N/A	23	1	21 - 1BR 2 - 2BR	N/A N/A	30% of AGI	Section 8 housing. Not age restricted but nearly all residents are seniors or disabled persons. Building includes community room and laundry room. Units only have stove and refrigerator along with a sleeve for a/c.
Total		396	13	3.3%			

Source: Maxfield Research Inc.

SENIOR HOUSING ANALYSIS

Skilled Nursing Facilities

In addition to the assisted living and memory care facilities located in the Hibbing Study Area, there are currently three skilled nursing facilities (“nursing homes”) in the Area. Table 26 presents information collected during our survey of the existing nursing homes located in the Study Area.

- As of June 2010, a total of 228 beds were in service within the three nursing homes. The number of licensed beds is down from 372 beds in the previous 2005 study to 266 beds, which is mainly due to the closing of Golden Crest in 2008 (80 beds).
- Nursing home beds in Minnesota have been decreasing substantially over the past 25 years. The State mandated moratorium on nursing home beds will continue this decline in beds through the coming decades.

TABLE 26 NURSING HOME FACILITIES HIBBING STUDY AREA June 2010					
Nursing Home Facility	Licensed Beds	Beds in Service	Daily Rates	Memory Care Units	Comments:
Guardian Angels Health & Rehab Center Hibbing	120	96	\$115 - \$217	0	
Heritage Manor Health Center Chisholm	102	89	\$119 - \$222	0	There are six independent senior units connected at Heritage Manor.
Cornerstone Villa Buhl	44	43	\$126 - \$220	0	
Study Area Totals	266	228	\$115 - \$222	0	

Source: Maxfield Research Inc.

- The decrease in nursing home beds in the State is, in part, due to the increase in senior housing options. The availability of more desirable living spaces and extensive health care provided has allowed seniors to choose to reside in assisted living facilities and independent congregate housing rather than nursing homes. Seniors are now entering nursing homes later when they require very high care levels and need a round-the-clock skilled nursing care.

Pending Senior Housing Developments

Interviews with City officials and developers in June 2010 identified three proposed senior living facilities in the Hibbing Study Area.

Realife is planning to build a 22-unit limited-equity market rate cooperative facility in southern Hibbing near the Wal-Mart. Construction is planned for the fall of 2010. Realife has indicated that 18 of the 22 units have been pre-sold. More information on this project is included in Table 24 on page 56.

SENIOR HOUSING ANALYSIS

Todd Nelson of Serving Hands, Inc. is planning to build up to 10 units of assisted living housing adjacent to their current building on East Lake Street in Chisholm. The current Serving Hands facility offers seven units of assisted living housing in a residential model. A residential model or board and care product typically consists of private rooms that share common space. The second building is planned to begin construction late summer 2010.

Dave Kotula has proposed to construct two 10 unit assisted living buildings in Chisholm on Iron Drive near the Delta Reservation Center. The city indicated that building permits have been submitted and upon approval construction would begin. Both building would offer assisted living in a residential model.

Although there is likely to be some market overlap, it is important to note, that we do not consider board and care facilities (or residential model assisted living products) to be competitive with the apartment style facilities as listed in Table 24 on page 56. Thus, we have not included these units in our demand calculations for traditional assisted living presented later in this report.

Introduction

This section of the study presents information on special populations that are currently living in or receiving special services in Hibbing. These populations include the homeless, victims of domestic abuse, persons with disabilities, and other lower-income individuals who have a difficult time finding affordable housing. Interviews were conducted with persons in the St. Louis County Human Services Department, and other area social service agencies and organizations involved in assisting these populations. The purpose of these interviews was to assess incidence levels, available housing product and services, and the perceived need for housing for people with special needs.

Services that assist special populations in Hibbing that allow them to remain in their own homes, become independent or help stabilize their lives are available from both county agencies and from regional social service agencies, including Range Transitional Resources, the Salvation Army, Arrowhead Economic Opportunity Agency, and a number of private organizations. Many of these services and housing products are summarized below.

Persons with Disabilities

Incidence Level

Data on the number of people in the Study Area with disabilities was obtained from the 2000 Census. The Census Bureau defines a disability as a long-lasting physical, mental, or emotional condition lasting six months or more. These conditions can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. They can also impede a person from being able to go outside the home alone or to work at a job or business. Table -- shows the number of people by age group who are classified as having one of three types of disabilities: **sensory** (blindness, deafness, or a severe vision or hearing impairment), **physical** (a condition that substantially limits one or more basic physical activities, such as walking, climbing stairs, reaching lifting, or carrying), and **mental** (difficulty learning, remembering, or concentrating). Table -- also shows the number of people, who because of their disability also have difficulty with dressing, bathing, or getting around inside the home (self-care disability), going outside the home alone to shop or visit a doctor's office (going-outside-the-home disability) and working at a job or business (employment disability).

The following are key points from Table 27. It should be noted that a person can have more than one disability

- In the Hibbing Study Area, a total of 5,356 people were classified with a sensory, physical, or mental disability in 2000, or about 17% of the total population. In comparison, 12% of the State's population was classified with these disabilities.
- In Hibbing in 2000, an estimated 1,503 people ages 16 and over had a physical disability and 638 people had a mental disability. Because of these disabilities, 433 people had difficulty with self-care, 920 people had difficulty going outside the home, and 907 people ages 16 to

SPECIAL NEEDS HOUSING ANALYSIS

64 had difficulty maintaining employment. With difficulty leaving the home and maintaining employment – and thus a stable income necessary to maintain housing – we can estimate that just over 900 people in Hibbing may need affordable housing with or without supportive services. Most of these people may be seniors.

TABLE 27 TYPE OF DISABILITY BY AGE OF NON-INSTITUTIONALIZED PEOPLE HIBBING STUDY AREA 2000			
	Hibbing	Rem. Of Market Area	Market Area Total
Age 5 to 15 years			
Sensory disability	12	15	27
Physical disability	18	20	38
Mental disability	68	111	179
Subtotal	98	146	244
<i>Self-care disability</i>	5	18	23
Age 16 to 64 years			
Sensory disability	193	211	404
Physical disability	680	704	1,384
Mental disability	417	338	755
Subtotal	1,290	1,253	2,543
<i>Self-care disability</i>	220	183	403
<i>Go-outside-home disability</i>	448	384	832
<i>Employment disability</i>	907	930	1,837
Age 65 years and over			
Sensory disability	432	355	787
Physical disability	823	558	1,381
Mental disability	221	180	401
Subtotal	1,476	1,093	2,569
<i>Self-care disability</i>	213	177	390
<i>Go-outside-home disability</i>	472	385	857
Total Disabilities	2,864	2,492	5,356
<i>Pct. of Population</i>	16.8%	17.9%	17.3%
<i>Minnesota</i>			12.4%
Sources: Census Bureau; Maxfield Research Inc.			

SPECIAL NEEDS HOUSING ANALYSIS

Housing Programs

Based on a Minnesota Department of Human Services database of licensed facilities, we estimate that Hibbing has a total of 205 beds in 53 facilities serving people with disabilities. We estimate that about three-quarters of the beds are in facilities serving people with developmental disabilities. Some facilities serve all disabled populations (including dual diagnosis) but only a few serve solely people with a mental disability. The licensed facilities in Hibbing are shown below by type of facility.

Inventory of Housing for Disabled Persons, Hibbing Area			
June 2010			
	Total Facilities	Total Beds	Program Description
Adult Foster Care	39	162	A living arrangement that provides food, lodging, supervision, and household services. They may also provide personal care and medication assistance. Adult foster care providers may be licensed to serve up to four adults and costs for room and board are met with client income such as Social Security Income and Group Residential Housing (GRH).
Waiver Services	8	N/A	Home and community-based services for people who would otherwise require the level of care provided in a nursing facility. Waiver services may be provided in a private home, foster care home, board & lodging facility or assisted living facility.
Semi-Independent Living Services (SILS)	0	-	Includes training and assistance to persons in managing money, preparing meals, shopping, personal appearance, hygiene and other activities needed to maintain and improve the capacity of a person with a diagnosis of mental retardation to live in the community.
Residential Mental Illness	2	21	Intensive Residential Treatment Services (IRTS) facility designed to enhance psychiatric stability and personal and emotional adjustment. Converted from Rule 36 Facility in February 2005.
Residential Services	4	22	Licensed residential service providers for persons with mental retardation or related conditions.
Total	53	205	

Sources: MN Dept. of Human Services; Maxfield Research Inc.

There are several organizations offering housing services to people with disabilities in Hibbing. The most common type of housing is adult foster care homes, which provide food, lodging, supervision, and household services to up to four adults per home. There are 39 adult foster care homes in the Study Area, including eight operated by Range Center, Inc. and four operated by Northstar Specialized Services.

There are four larger special needs apartments in the Study Area. Three are in Hibbing and one is in Chisholm. Two of the properties are managed by the Range Development Corporation and cater to individuals with mental illness. Hillcrest Terrace in Hibbing and Hillcrest Terrace of Chisholm consist of 62 and 42 units, respectively, and both are about 85% to 90% percent occupied. The Hillcrest developments provide full services for their residents including three meals per day, housekeeping, personal assistance, and medical assistance. The remaining property (Winston Courts Apartments managed by Accessible Space, Inc.) is designated for

mobility impaired adults that must be mentally capable of making their own decisions. Winston Court Apartments has 18 units and rent is based on income.

The Range Center is building a 5,000 square foot facility for individuals with mental illness that need supportive services. Overall the Hibbing Areas' need for accessible housing for people with physical, mental, developmental disabilities is being met.

People with a mental illness often have difficulty maintaining a job, and therefore, a stable income is necessary to maintain permanent housing. While many can survive in private housing while receiving support services, there is a portion of the mentally ill population that needs housing with greater supervision, such as a group home.

Homeless Population

Overview of the National Homeless Situation

According to the Stewart B. McKinney Act, a person is considered homeless who lacks a fixed, regular, and adequate night-time residence and has a primary night-time residence that is: (a) a supervised publicly or privately operated shelter designed to provide temporary living accommodations, (b) an institution that provides a temporary residence for individuals intended to be institutionalized, or (c) a public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This definition does not include people living with friends or relatives in overcrowded or substandard housing.

Because of its nature, homelessness is impossible to measure with high accuracy. Approximately 3.5 million people are estimated to experience homelessness in the United States in a given year including over 1.35 million children (National Law Center on Homelessness and Poverty, 2007).

According to the National Coalition for the Homeless, there are two trends largely responsible for the rise in the number of people experiencing homelessness over the last 20 to 25 years. First, there is a growing shortage of affordable rental housing and second, there are an increasing number of people living in poverty. In essence, the gap between the number of affordable housing units (affordable housing is defined as housing costs equal to 30% or less of household income) and the number of people needing these units has created a housing crisis for poor people. This housing crisis has, in turn, forced many people to become homeless and has also put a large number of people at risk of becoming homeless. In addition, due to the recent foreclosures crisis, homelessness has been on the rise. In the U.S. Conference of Mayor's 2008 report, 12 of the 25 cities surveyed reported an increase in homelessness due to foreclosures and another six did not have enough data to be sure.

Additional factors contributing to homelessness include lack of affordable health care, domestic violence, mental illness, and addiction disorder.

SPECIAL NEEDS HOUSING ANALYSIS

Studies done in 2007 by the U.S. Conference of Mayors and the National Law Center on Homelessness and Poverty on the demographics of people experiencing homelessness in the largest cities in the United States found the following:

- Single adults account for 76% of the nation's homeless population and men comprise 68% of these single homeless adults.
- Homeless families with children have increased significantly over the past decade; in 2007, they accounted for 23% of the homeless population. Research indicates that the number of homeless families is even higher in rural areas.

These studies have also found that domestic violence is one of the nation's leading causes of homelessness among women. Forty percent of the nation's homeless men are veterans. Twenty six percent of the nation's homeless single adults suffer from some form of severe and persistent mental illness. About 38% of all single homeless adults in the nation suffer from alcohol problems and another 26% with addiction to other drugs. Inadequate incomes as well as job losses result in many people facing homelessness.

Based on the demographics above, people who become homeless do not fit one general description. National studies have found that homeless people have certain shared basic needs, including the need for affordable housing, adequate incomes, and health care. In addition, some homeless people need additional services such as treatment for mental illness or drug addiction in order to retain their own housing.

Overview of the St. Louis County Homeless Situation

Homeless trends and the number of people experiencing homelessness in St. Louis County are best summarized by data compiled by two organizations: The Amherst H. Wilder Foundation and the Minnesota Department of Children Families & Learning within the Office of Economic Opportunity. Findings from reports conducted by these agencies are outlined below.

Amherst H. Wilder Foundation

The most comprehensive studies of the homeless population in Minnesota have been conducted once every three years by the Wilder Research Center, a division of the Amherst H. Wilder Foundation (Wilder Foundation). The most recent study completed by the Wilder Research Center was in October 2009. The surveys are conducted on a single day and represent a snapshot of the population of people in Minnesota experiencing homelessness. The following are key highlights from the most recent survey for St. Louis County.

- There were 624 homeless interviewed for the study, of which 117 people were unsheltered.
- Of the total, 55% were male and 45% female.
- The majority of sheltered individuals were located in an informal shelter (57%), followed by transitional housing (29%), emergency shelters (13%), and battered women shelters (1%).

SPECIAL NEEDS HOUSING ANALYSIS

- The majority of homeless individuals are in the 18 to 29 age group (257 people). This is followed by the 40 to 49 age group (150 people), 30 to 39 age group (149 people), and 50+ age group (69 people).
- Seventy percent were never married and of those. Of those currently not married, 13% are living with a partner.

Quarterly Shelter Reports

The Minnesota Department of Children, Families and Learning conducts the Quarterly Shelter Survey each year during the months of May and November (prior to 2006 the study was also completed in February and August). The survey covers about 430 shelters, transitional housing programs, and motel voucher providing agencies, such as county social service agencies, community action agencies, and Salvation Army units across the State. The number of facilities surveyed was up from 300 locations/programs in the early 1990s.

These programs and agencies count the number of people provided with temporary shelter, the number turned away, and their shelter capacity on the last Tuesday or Thursday of May and November, and then report to the Department of Children, Families and Learning. The survey does not count the number of people sleeping on the street, in cars, in abandoned buildings, or those who are inappropriately doubled up. For this reason, the survey is not a count of all homeless people, only those provided with or turned away from shelter for the night. The survey counts people staying in shelter facilities and those provided with motel vouchers. The following types of agencies are included in the survey:

Overnight Shelters	Transitional Housing Programs
Battered Women's Shelters	Battered Women's Safe Homes
Youth Shelters/Transitional Housing	Salvation Army Centers
County Social Service Agencies	Community Action Agencies
Miscellaneous Agencies	Detoxification Centers

According to the Fourth Quarter 2009 Shelter Survey, agencies reported sheltering 7,713 individuals in Minnesota. Minnesota is divided into 13 Continuum of Care (COC) regions. Committees in COC regions coordinate and generate resources to prevent homelessness, to alleviate its effects and to work toward long-term solutions. St. Louis County is designated as its own region. In the January 27th 2010 survey, the St. Louis County region sheltered 568 people. This equates to fewer than 8% of the State's sheltered population that night.

St. Louis County Unsheltered Survey

St. Louis County conducted a one-night survey of unsheltered homeless shelters and transitional housing programs on January 27th, 2010. The County's survey counted 216 people who were not living in any formal shelter or housing program in Minnesota. It is important to note that not all individuals answered all the questions of the County's survey. The study was not separated out by cities. The homeless people identified included the following on the next page:

SPECIAL NEEDS HOUSING ANALYSIS

- 86 in Southern St. Louis County
- 32 in Northern St. Louis County
- 76 women
- 109 men
- 172 were single individuals
- 17 were children
- 116 were continually homeless for one year
- 68 had a disabling condition

There are no definitive figures or estimates on the number of homeless people in Hibbing and the Remainder of the Study Area. This is because counting homeless people is a very difficult task. Most homeless people will either temporarily stay with family or friends, sleep in a hidden place in the community, or they will leave the community to seek shelter in a homeless facility located elsewhere.

Homeless Needs Providers in Hibbing

The Hibbing Study Area has numerous outreach services available through Range Transitional Housing, Range Mental Health, the Salvation Army, AEOA, and St. Louis County Department of Human Services. People seeking assistance through these organizations are either provided shelter in smaller shelters (scattered units throughout the communities) or local hotel/motels. The following are summaries of interviews with representatives of these five organizations concerning homeless needs in Hibbing.

- The Study Area has experienced an increase in homelessness due to current economic woes along with the changes in healthcare funding policies. Homelessness continues to occur with individuals and families whom have situations where they suddenly cannot afford their current housing due to job loss or very low incomes. A portion of the homelessness is the result of lifestyle choices, such as chemical abuse, or a felony conviction which makes it difficult for a person to qualify for rental housing.
- The temporary closure of the taconite plants, delayed development of the new ESSAR steel plant, major employer closures, downsizing, and the continued decline of the job market in the area have contributed to the rise of homelessness.
- The majority of the homeless adult population involves single men while the youth population tends to be split among men and women. The adult population is considered those over the age of 22 and the youth population 21 and under (typically 16 to 21).
- There is always a need for more homeless housing. Individuals in homeless shelters wait months to be placed in a more stable situation. The Perpich Apartments has been extremely successful since opening in 2007. All groups continue to have a hard time placing the homeless into both transitional and permanent housing because of the strict background checks at all rental properties.

SPECIAL NEEDS HOUSING ANALYSIS

- Range Mental Health remains the main organization in the area assisting people with special needs. However, the Salvation Army, AEOA, and Range Transitional Housing continue to work together by referring clients to each other in order to serve these populations to the best of their abilities.
- Range Mental Health opened the Perpich Apartments in 2007. The project included the redevelopment of the Cobb-Cook School in Hibbing into 27 low-income units for households experiencing homelessness. Rents are based on income and tenants do not necessarily have to be homeless to qualify. Demand has been very high and units do not stay vacant very long.
- The AEOA operates about four units that act as homeless shelters in Hibbing. Range Transitional Housing has programs to place homeless households in either transitional or permanent housing and operates seven scattered site transitional units, seven permanent units, and 10 chronic units. These units are typically located in duplexes, apartments, single-family, homes and are scattered throughout the community. Range Transitional Housing is limited by the amount of funding they are provided.
- The St. Louis County Human Services Department is responsible for administration of all forms of public assistance, child support collection enforcement, employment and training initiatives, child and adult protection, and community social services for the developmentally disabled, elderly, mentally ill, and chemically dependent. As of October 2010, the Human Services Department was unable to provide me with the number of applications received for emergency assistance in the County and in the Hibbing Area.

Summary of Findings

Historically, a shortage of jobs that pay living wages and a shortage of affordable housing are primary reasons for homelessness in Minnesota, St. Louis County, and the Hibbing area. In addition, many of the homeless have a chemical dependency or mental illness that makes it difficult to maintain steady employment and hence, an income to afford private housing. Having bad credit, negative rental histories, and criminal records increase the difficulty of finding housing as landlords are more selective in their tenant screening. Domestic violence also continues to contribute significantly to homelessness. The most recent Wilder Foundation reports also find the following key trends among the homeless population in Minnesota: an increase in overall distress including mental illness, substance abuse, traumatic brain injury, and other disabilities among homeless people; an increase in the number of ex-offenders among the homeless and fewer homeless newcomers to Minnesota than in the past.

CONCLUSIONS AND RECOMMENDATIONS

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the City of Hibbing and its PMA (Study Area). This section of the report presents our estimates of housing demand in Hibbing from 2010 to 2015 and 2015 to 2020.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
 - Often rent basic, inexpensive apartments
 - Usually single parents, singles or couples without children all in their early 20's
 - Will often “double-up” with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often purchase modestly-priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally in their late 60's or 70's

CONCLUSIONS AND RECOMMENDATIONS

6. Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

The baby boom generation will have the biggest effect on the housing market in Hibbing as their life cycle continues. Baby boomers are currently ages 46 to 64, and as they age over this decade, they will increase the population in the age groups 55 to 74. The 55 to 64 and 65 to 74 age groups in Hibbing will see increases of 955 (+34%) and 898 (+57%) people, respectively, during this decade. Some of these baby boomers will prefer more expensive single-family homes, while many others who become empty nesters may prefer to downsize or desire maintenance-free alternatives. With the baby busters following in the baby boomers' wake, the age group 45 to 54 will decline, somewhat decreasing the overall demand for move-up housing.

Housing Demand Calculations

Demand for additional housing in Hibbing will primarily come from household growth, although replacement need will also contribute to the demand for additional residential development. Pent-up rental demand can also be a source of housing demand. We found pent-up demand in Hibbing, as the rental vacancy rate is below the 5% stabilized rate. Table 28 shows our calculations of housing demand in Hibbing with and without the addition of the ESSAR Steel Plant from 2010 to 2015 and 2015 to 2020. The following discussion will follow the growth from the inclusion of the steel plant.

Table 1 in the *Demographic Analysis* section shows that Hibbing is projected to add 170 households between 2010 and 2020 with the addition of the ESSAR steel plant. We also project that Hibbing can capture 20% of growth in the Remainder of Study Area (310 households) by providing sufficient housing choices, for a total potential growth of up to 432 households. Another factor in calculating demand for housing is an examination of replacement need.

Replacement need is generated from the loss of housing, or the need to replace housing units that are physically or functionally obsolete (i.e., they no longer meet the needs of the current housing market). A review of the age of Hibbing's housing stock from the U.S. Census revealed that there are about 3,400 housing units built prior to 1950. Based on interviews with City officials, realtors, and a windshield survey of the City, we estimate that about 0.6% of these units should be replaced annually, or about 20 units. This would result in a replacement need for 200 housing units between 2010 and 2020.

The current downturn in the local and national economy combined with the reduction in home values has led to little demand for new housing in Hibbing for the past couple of years. Only seven housing units were added in Hibbing in 2009, down from a peak of 37 in 2000. Home construction in 2010 is not poised to exceed the 2009 level by a significant margin as the poor economy continues. Thus, we project that 60% to 65% of the household growth in Hibbing this decade will occur after 2015 (or about new 240 units) and more specifically after the ESSAR

CONCLUSIONS AND RECOMMENDATIONS

steel plant is fully operational. The remaining growth of 35% to 40% is over the next five years (192 new units). Demand will likely be lowest in 2010 and steadily increase each successive year as the economy improves and home values begin rising again.

Based on demographic and market trends, we believe that 40% to 45% of the housing demand from household growth and replacement need in Hibbing between 2010 and 2015 (about 75 to 85 units) and 35% to 40% (about 85 to 95 units between 2015 and 2020) will be for rental housing (including senior rental housing). This rental rate is higher than currently exists in Hibbing. The primary reasons are that there has been a lack of rental housing built for 30 years and the leading edge of the baby boom generation will age into their 70s, at which point many will seek to shed the responsibilities of home ownership. As a proportion of the growing senior population seeks to downsize, there will be an increase in existing single-family homes becoming available, thereby reducing the number of new single-family homes needed to meet demand.

Pent-up rental demand is another source of housing demand. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. With pent-up demand (a shortage of units), persons who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, or live in housing outside of the area and commute to jobs. In Hibbing, we found that the overall vacancy rate was 3% among the general-occupancy rental supply – indicating pent-up demand of 25 to 30 units that would need to be added to reach stabilized occupancy in the market. Combining the rental housing demand with the additional units needed to alleviate pent-up demand equates to a total need of roughly 100 to 115 rental units by 2015. Demand is projected for another 85 to 95 rental units from 2015 to 2020

TABLE 28
HOUSING DEMAND SUMMARY
CITY OF HIBBING
2010 to 2020

	Without ESSAR Steel Plant		With ESSAR Steel Plant	
	2010 to 2015	2015 to 2020	2010 to 2015	2015 to 2020
Household growth*	61	74	92	140
(plus) Replacement need	+ 100	+ 100	+ 100	+ 100
(equals) Total housing demand	= 161	= 174	= 192	= 240
(times) Percent rental demand	x 40% to 45%	x 35% to 40%	x 40% to 45%	x 35% to 40%
(equals) Rental housing demand	= 64 to 72	= 61 to 70	= 77 to 86	= 84 to 96
(plus) Pent-up rental demand	+ 25 to 30	+ 0 to 0	+ 25 to 30	+ 0 to 0
(equals) Total rental housing demand	= 89 to 102	= 61 to 70	= 102 to 116	= 84 to 96
(times) Percent owner demand	x 55% to 60%	x 60% to 65%	x 55% to 60%	x 60% to 65%
(equals) Total owner housing demand	= 89 to 97	= 104 to 113	= 106 to 115	= 144 to 156
*Includes Hibbing (100 without plant and 170 with plant) plus 20% of growth in Remainder of the Study Area (175 without plant and 310 with plant)				
Source: Maxfield Research Inc.				

CONCLUSIONS AND RECOMMENDATIONS

For-Sale Housing Needs

Table 28 shows that there is a projected demand for about 105 to 115 additional owner-occupied housing units in Hibbing between 2010 and 2015 with the ESSAR steel plant being built. We estimate that about 60% of the demand for owned housing will be for single-family homes (about 65 to 70 homes), and the remaining 40% for multifamily units (40 to 45 homes), such as townhomes and a senior condominium/cooperative. Demand for multifamily owned housing is primarily generated by empty nesters seeking to downsize from their existing single-family homes.

Currently, Hibbing has a supply of about 34 platted single-family lots available and about 36 platted townhome lots available. Approval of planned subdivisions would add more lots to the supply. With demand for new single-family and townhomes expected to be low for the next year or more and gradually increasing as the economy improves, no new single-family or townhome lots will likely be needed until 2012.

From 2015 to 2020, we calculate that another 145 to 155 owner occupied homes will be needed for Hibbing's to reach its projected 2020 population and household base of 16,450 people and 7,750 households. This demand equates to the average development of about 30 new owner-occupied homes each year, or a pace similar to earlier last decade.

It is important to note that if the ESSAR Steel plant does not move forward, then the current supply of for-sale lots and townhomes will satisfy Hibbing's for-sale housing needs through 2015. In addition, if there is a significant improvement in the economy during this period, the need for additional lots could increase slightly.

Rental Housing Needs

Based on the calculations in Table 28, demand exists for roughly an additional 100 to 115 rental units in Hibbing between 2010 and 2015 and about another 85 to 95 between 2015 and 2020. This rental demand includes senior rental housing, which accounts for a large portion of the rental demand because of the aging demographics (senior housing demand is discussed in more detail in the following section). Subtracting the recommended senior rental demand (about 50 to 72 units between 2010 and 2015), results in a total general-occupancy rental demand for up to 65 units between 2010 and 2015. Between 2015 and 2020, demand for 60 to 85 senior rental units results in the total demand for up to 35 general occupancy units between 2015 and 2020.

Landlords stated that the local rental market has improved over the past couple years as the housing market and economy has declined. We find that there is demand for newer, contemporary units, as the last market rate apartment was built the 1970s. Thus, we project that there would be demand from existing residents for a new market rate product. Building a new apartment complex would also free up units in older market rate buildings that have rents affordable to most lower-income groups. This will help satisfy demand from lower-income renters by 2015.

CONCLUSIONS AND RECOMMENDATIONS

Our review of the rental housing market during this decade indicates that about 60% of the demand in Hibbing is for market rate units (30 units), and about 40% is for affordable units (20 units).

Senior Housing Demand

Maxfield Research Inc. calculated excess demand in Hibbing for the various senior housing product types, including adult ownership, adult rental, congregate, assisted living, and memory care, as well as subsidized senior rental. The calculations of excess demand are based on multiplying the age/income-qualified base for market rate senior housing by appropriate captures rates for each product type and then subtracting the existing supply. Generally, the age/income-qualified base for market rate senior housing is seniors age 65+ with incomes of \$30,000+, although lower income homeowners also income-qualify and the capture rate is higher for seniors age 75+ (the primary target market).

Currently, the City of Hibbing has a supply of 56 adult units, no congregate units, 157 assisted living units, 48 memory care units, and 396 subsidized senior rental units. When comparing the calculated total demand to the existing supply, we find that Hibbing has an adequate supply of assisted living and subsidized units to meet the city's need over the next five years. We find demand for an additional 35 to 40 adult ownership units (cooperative, townhomes or condominium), 15 to 20 adult rental units, 40 to 50 congregate units, and 12 to 14 memory care units to meet the city's need through 2015. Table 29 below shows the calculated demand for each product type over the next five years, as well as between 2015 and 2020.

TABLE 29 SENIOR HOUSING DEMAND SUMMARY CITY OF HIBBING 2010-2020		
	2010 to 2015	2015 to 2020
<i>Market Rate</i>		
Adult Ownership*	35 - 40	10 - 15
Adult Rental	15 - 20	8 - 12
Congregate	40 - 50	20 - 30
AL	0	10 - 12
MC	12 - 14	12 - 14
<i>Subsidized Rental</i>	0	0
Total	102 - 124	60 - 83
* Includes age-restricted townhomes, condominiums, & cooperatives		
Source: Maxfield Research Inc.		

The demand figures for 2015 to 2020 are derived by first calculating the total number of units needed in 2020 based on maintaining the penetration rates for each type of senior housing needed to satisfy current demand. We then subtract the number of units needed in the next five

CONCLUSIONS AND RECOMMENDATIONS

years, resulting in the demand for 2015 to 2020. In total, we calculate demand for an additional 60 to 83 senior housing units in Hibbing from 2015 to 2020. Overall, the penetration rate of senior housing in Hibbing to meet demand equates to about one unit for every six seniors age 65+. Currently, Hibbing has one unit for every eight seniors (414 units for 3,245 seniors). Senior properties in Hibbing serve seniors from throughout Study Area, and the penetration rate needed to meet the Study Area's demand is about one unit for every six seniors.

Growth of the age 65+ population in Hibbing from 3,245 seniors in 2010 to 3,895 seniors in 2020, or a 20% increase, will generate the additional senior housing demand this decade. Much of the senior growth will occur as the leading edge of the baby boom generation ages into their early 70s (the oldest baby boomer will be age 74 in 2020). The primary target market for senior housing is seniors ages 75 and over, however. Seniors age 75+ are declined during the 2000s and are projected to continue to decline during this decade (-1.5%, or -25 additional 75+ seniors in Hibbing by 2020). Thus, additional demand for assisted living and memory care housing – the highest levels of care offered – is projected to be less than for more independent senior products between 2015 and 2020.

Hibbing Recommendations

This section recommends housing development concepts for Hibbing from 2010 to 2015, based demand analysis (assumed completion of the ESSAR steel plant) and interviews with persons knowledgeable about the Hibbing housing market. Table 30 shows a summary of these recommended development concepts. Detailed recommendations for each housing type are also included.

Single-Family Housing

We recommend maintaining a three-year lot supply, which ensures adequate consumer choice without excessively prolonging developer carrying costs. If construction in 2010 through 2012 matches the annual average from 2007 through 2009 and no new lots are added to the supply, construction of about 39 homes will occur in the next three years, absorbing the current lot supply in Hibbing. Thus, the current lot supply will therefore be sufficient through at least 2012, at which point the City would need to start platting at a rate of about 15 to 20 lots annually to maintain a three-year lot supply and meet the demand for single-family homes from 2013 to 2015.

The current lot supply in Hibbing will satisfy the need for move-up and executive homes through 2012, but may fall short of meeting the need for new entry-level homes. In 2009, 206 homes sold in Hibbing, and as of June 2010, 227 were listed for sale, so there is about a one year supply of existing homes for sale in Hibbing, and about 60% of them are listed below \$150,000 and 80% listed below \$200,000. Due to the older age of some of the existing housing in Hibbing, there is demand for affordable entry-level homes. Our interviews indicate that the planned Marshview Meadows subdivision would market lots with homes starting roughly at \$100,000 and up. Marshview Meadows plans to start with eight single-family lots in 2011. We find that eight to 10 entry level lots would satisfy immediate demand for this market. Due to the current

CONCLUSIONS AND RECOMMENDATIONS

high number of existing homes on the market, building additional entry-level homes beyond that may saturate the existing home market which largely satisfies the need for entry-level housing. Thus, after Marshview Meadows, we do not recommend additional platting of lots intended for entry-level homes through 2015.

TABLE 30 RECOMMENDED HOUSING DEVELOPMENT HIBBING 2010 to 2015			
	Purchase Price/ Monthly Rent Range	No. of Units	Pct. of Total
Owner-Occupied Housing			
Single-Family			
Entry-level	\$100,000 - \$150,000	15 - 15	23%
Move-up	\$150,000 - \$250,000	45 - 50	77%
Total		60 - 65	100%
General Occupancy Rental Housing			
Market Rate Rental Housing	\$725 - \$1,000	25 - 30	67%
Affordable/subsidized Rental Housing	-	20 - 25	33%
Total		45 - 55	100%
Senior Rental Housing			
Adult Rental Townhomes	\$900 - \$1,250	10 - 12	16.7%
Congregate	\$1,250 - \$1,750	40 - 60 [^]	83.3%
Total		50 - 72	100%
* Includes senior ownership units (about half of the units could be age-restricted).			
^ A congregate building of up to 60 units could be built with market overlap of adult rental units or ownership units.			
Source: Maxfield Research Inc.			

Due to tight credit, a weak real estate market, and a sense of economic insecurity the executive home market in the Study Area is practically non-existent. A portion of households that would have considered executive housing three years ago will now instead purchase move-up housing, which would result in some lots currently intended as executive housing being developed as move-up housing. We therefore also do not recommend additional platting of lots intended for executive homes.

For-Sale Multifamily Housing

In Hibbing, the target market for for-sale multifamily housing (twinhomes, townhome, and condominiums) has been empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance. In larger housing markets with high housing costs, younger households also find purchasing multifamily units to be generally more affordable

CONCLUSIONS AND RECOMMENDATIONS

than purchasing new single-family homes. This is not the case in Hibbing, and thus, there is little demand from younger households.

There are currently lots available to support about 36 additional twinhome/townhome units in Hibbing. With demand projected for 45 to 50 units by 2015, the current supply of lots along with the proposed Realife senior cooperative will satisfy all need for multifamily owner-occupied housing in Hibbing for the next five years. The target market for cooperative housing partially overlaps both the senior ownership and rental markets. Thus, the development of a cooperative would reduce townhome demand by no more than half of its units (it may also slightly reduce senior rental demand).

General-Occupancy Rental Housing

Market Rate

While our analysis of the rental market found that the overall vacancy rate is slightly above the 5% stabilized rate, Hibbing has an older rental housing stock as there have no market rate general occupancy apartments built since 1970s. Due to the poor economy and housing market, the Hibbing rental market has experienced a boost in occupancy as households can no longer afford to own their own home or who are worried about job security. Based on our interviews and research, demand exists for newer, contemporary market rate units.

RLK Incorporated is planning to develop a 30-unit market rate apartment building as part of the Marshview Meadows subdivision. The tentative schedule would be to begin construction in spring 2011. If this project is developed as planned it will meet the unmet need for market rate rental housing through 2015. As we understand, RLK also has proposed up to three additional 30-unit market rate rental buildings within Marshview Meadows that could be developed at a later date as demand warrants.

Affordable

Existing LIHTC affordable properties in the Study Area are performing well with the lone Hibbing property fully occupied with a small waiting list. We recommend another similar affordable rental property with 20 to 30 units. At the time of the study, the Hibbing Housing and Redevelopment Authority had applied for funding to redevelop the St. Leo's School and Church into an affordable Tax-Credit rental property consisting of 24 units with income restrictions at 60% of the area median income. The development of the HRA's planned affordable housing project would satisfy the calculated demand for affordable housing through 2015.

If a new market rate development is added to Hibbing, several units in older market rate buildings with rents affordable to lower- and moderate-income households will become available as existing residents "step-up" into the new market rate apartment.

It is important to note that these findings are based on the planned ESSAR steel plant completion and being operational during 2010 to 2015. If the plant were to be delayed or not built we find that Hibbing's current lot supply of single-family and multifamily townhomes would be adequate

CONCLUSIONS AND RECOMMENDATIONS

through 2015. The majority of calculated for-sale and rental demand would be the absorbed senior development due the continuing aging of the Study Area population.

Senior Housing

Independent

Roughly 90% of the demand for senior housing units in Hibbing over the next five years is for independent housing including adult rental, adult ownership units, and congregate units.

The majority of senior housing demand (40 to 50 units) is estimated to be for congregate housing followed by ownership (35 to 40 units) and market rate rental (15 to 20 units). There is some market overlap that occurs between these three product types and thus a larger congregate building could be developed by absorbing some of the ownership and/or market rate rental demand.

In the previous study in 2005, there was a planned congregate development of 39 units in Chisholm. This project fell through due to financing issues and leaves the Study Area untapped by the service level. Our research indicates that Hibbing could support an additional project with 40 to 60 units by 2015. The congregate development should include a daily noon meal, bi-weekly housekeeping, transportation, and activities in the monthly rent. Personal care services should be available on an optional basis either through the project or a home health care agency.

Realife Cooperative is in the process of developing a 22-unit adult ownership product similar to their existing building in Downtown Hibbing. If this building is constructed as planned it will absorb the majority of adult ownership demand in the Study Area through 2015. The remaining ownership demand will likely be absorbed by existing multifamily for-sale townhome lots in Hibbing

We recommend an age-restricted market rate single-level rental townhome development with 10 to 12 units through 2015. This project would appeal to active seniors who wish to shed the maintenance of their single-family home and may not be able to afford for-sale townhomes, or who would rather rent and who also do not want to live in a larger multifamily building.

Assisted Living

The addition of Hillcrest Nashwauk and Northland Village in the past two years has saturated the assisted living market in the Study Area and thus the existing supply will sufficient to meet the demand over the next five years. We do not recommend development of additional assisted living units through 2015.

Memory Care

The vacancy rate for memory care housing is slightly below equilibrium as of June 2010. Although the existing supply of memory care units is currently meeting the need for memory care units in Hibbing we believe that the Study Area could absorb 12 to 14 additional units over

CONCLUSIONS AND RECOMMENDATIONS

the next five years. We recommend that any future development occur as part of an existing assisted living facility or memory care facility.

Subsidized Senior Housing

We find that the existing supply of subsidized senior housing is meeting the current demand and will continue to meet the demand through 2020. Therefore, we do not recommend the development of additional subsidized senior housing in Hibbing, as existing projects will likely accommodate demand throughout the remainder of the decade.

It is important to continue to educate current seniors and their adult caregivers about the many senior housing options and their benefits. Education can help change perceptions in the Study Area where seniors typically remain in their homes until they are forced into housing with services. It can also benefit both existing facilities and the development of additional market rate developments into the future.

Housing for Special Populations

Developmentally Disabled

Hibbing has a substantial supply of housing for people with developmental disabilities. While there may be a need for a small number of additional group homes, the greater need continues to be for increased funding of the State's *Waiver* programs to help cover the housing costs for developmentally disabled people. Without an increase in funding to the Waiver program, adding to the supply of homes for developmentally disabled individuals will be difficult.

Mentally Ill

Our interviews indicate that existing facilities along with the addition of a new facility by the Range Center under construction in Chisholm will adequately serve the housing needs for the mentally ill into the immediate future. We suggest that over the remainder of the decade, the St. Louis County Department of Human Services monitor the demand for facilities for persons with mental illness and issue request for proposals to add new facilities on an incremental basis as demand warrants.

Homeless

Although homelessness has increased since 2005, our interviews indicate that there is still only small homeless population at any given time. It remains less than an estimated 10 families/individuals are homeless each month in Hibbing, increasing during the winter months. The incident rate of homelessness in Hibbing still would not likely justify the development of a homeless shelter of which there are currently none. With the success of the Perpich Apartments we suggest that the City pursue or assist with similar developments along with the continuance and the consideration of increased funding to existing homeless prevention programs operated by

CONCLUSIONS AND RECOMMENDATIONS

the Range Transitional Housing, AEOA, St. Louis County Department of Human Services, and other agencies.

Housing Needs During Potential ESSAR Steel Construction Period

The proposed ESSAR Steel Minnesota project is projected to employ 2,000 workers during construction. The construction workers will be a combination of those that live within the Study Area, those who will commute from communities throughout the Iron Range, and those whom will temporarily relocate to the area. Demand from construction workers is not included in our demand calculations for long-term or permanent housing. The workers who relocate to the area during the construction period will create a short-term strain on the housing market. The construction workers who come to the area are likely to fill hotel rooms, absorb existing vacancies of rental units and mobile home parks, and rent or (to a lesser extent) buy single-family homes, throughout the Study Area, causing significant strain on the housing market. We find that the existing vacancies at Study Area mobile home parks and in the market rate rental market will accommodate the majority overflow of construction workers in the short-term.

ADDENDUM

Corrected Major Employers Table

Our initial major employers table provided within the report and was not completely updated. The data provided in Table 11 is provided by the Minnesota Department of Employment and Economic Development (DEED).

TABLE 11 MAJOR EMPLOYERS HIBBING MARKET AREA May 2010		
Employer	Products/Services	Employee Count
Hibbing		
Fairview University Medical Ctr-Mesabi	Genral Medical & Surgical Hospitals	1,005
Hibbing Taconite Co	Metal Ore Mining	720
Hibbing Public Schools-ISD #701	Elementary & Secondary Schools	400
Wal-Mart	Department Stores	300
Guardian Angels	Nursing Care Facilities	204
Hibbing Community College	Junior Colleges	160
L&M Radiator Inc	Architectural & Structural Metals Manufacturing	166
Essentia - Hibbing	Offices of Physicians	136
Super One	Grocery Stores	115
Lowes Home Improvement	Department Stores	112
Industrial Rubber/Irathane	Rubber Product Manufacturing	100
Manney's Shopper Inc	Newspaper, Periodical, Book, & Directory Publishers	100
Subtotal		3,518
Chisholm		
Delta Airlines	Scheduled Air Transportation	640
Range Center	All Other Misc. School & Instruction	200
Chisholm Public Schools	Elementary & Secondary Schools	105
Heritage Manor	Nursing Care Facilities	100
Minnesota Twist Drill	Machine Shops; Turned Prod.; & Screw, Nut & Bolt Mfg.	100
Subtotal		1,145
Nashwauk/Keewatin		
Keewatin Taconite	Iron & Steel Mills & Ferroalloy Manufacturing	379
Buhl		
Mesabi Academy	Comm. Food & Hsg. & Emerg. & Other Relief Svcs.	90
Total Employees at Major Employers		4,753
Sources: MN Department of Employment and Economic Development; Maxfield Research Inc.		

The Impact of Housing Foreclosures on the Hibbing Housing Market

The following expounds upon the impact of foreclosures and their effects on the Hibbing housing market from the initial data collected in Table 16 on page 32 of the housing study. Table 16 provided data from the St. Louis County Assessor and included bank owned sales which included foreclosures, short sales, liquidations, and deeds in-lieu of foreclosure. This information

ADDENDUM

did not indicate the actual number of foreclosures that took place during a specific year but rather those foreclosures that were sold by the bank during those years.

To better gauge the actual number of foreclosures occurring each year we contacted the St. Louis County Recorder. They record foreclosures from sheriff sales throughout the County and only could provide information as far back as 2005. The following table shows foreclosures for Hibbing Study Area cities (Hibbing, Buhl, and Chisholm) along with data from cities outside of the Study Area on the Iron Range (Virginia, Eveleth, and Mountain Iron) for comparison.

HOME FORCLOSURE COMPARISON ST. LOUIS COUNTY CITIES 2005 to 2010						
Year	Cities					
	Hibbing	Chisholm	Buhl	Virginia	Eveleth	Mtn. Iron
2005	38	8	2	10	13	3
2006	32	16	2	15	12	9
2007	40	10	4	19	12	4
2008	53	10	3	21	14	4
2009	42	29	1	29	18	2
2010	42	34	12	31	17	7
Total	247	107	24	125	86	29
<u>2010</u>						
Housing Units	8,200	2,524	496	4,738	1,942	1,442
Pct. Foreclosure	3.0%	4.2%	4.8%	2.6%	4.4%	2.0%
Final and Post-Sale Foreclosures.						
Sources: St. Louis County Recorder's Office, Maxfield Research Inc.						

Overall, the table shows that although Hibbing has had a number of foreclosures over the period. Because Hibbing is a larger City, it can be expected to experience a higher number of foreclosures. However when the foreclosures are compared as a percentage of the total housing units from the 2010 Census, Hibbing is similar and in fact has an overall lower percentage than some other Iron Range cities. The data shows that Hibbing has remained relatively steady in foreclosure activity over the period with the exception of 2008, when there was a spike in foreclosures from 40 to 53. From 2008 to 2009, foreclosures decreased to 42, similar to the figures during the peak of the housing boom in 2005. Foreclosures remained steady in 2010 at 42. Other communities such as Chisholm and Virginia have experienced larger increases in foreclosures relative to the size of their community and continued to increase through 2010. Virginia, for instance, jumped to 31 foreclosures in 2010, only a quarter less than Hibbing and is roughly half of Hibbing's size. Chisholm is even higher at 34 in 2010.

Foreclosures can have a negative effect on a housing market by decreasing property values, increasing the number of homes for-sale on the market, and increasing the time it takes to sell a home. Foreclosures that remain vacant can become dilapidated which further affects the surrounding neighborhood, attracts criminal activity, and can also increase municipal expenses.

Because Hibbing has not experienced a large increase in the amount of foreclosures, the housing market has only been affected slightly. As shown in Table 15 on page 30 in the housing study, single-family home values which peaked in 2007 at roughly \$84,000 had declined to \$72,500 as of 2009, a 14% decline. Some communities in the Twin Cities Metro Area are experiencing home value declines of 50% to close to 100%.

While foreclosures have had some effect on the declining prices, the main contributor is most likely the unsustainable rapid inflation that occurred during the decade. Home prices nearly doubled from \$50,500 in 2000 to the peak of \$84,000 in 2008, an overall increase of 66.5% in value. Our interviews with local Realtors as stated in the report indicated that they do not feel foreclosures are inhibiting their ability to buy or sell properties in the Hibbing area.

We recommend that the City of Hibbing and the HRA create programs and support services for those households that may be nearing foreclosure. If those programs are already in place, continue to adequately fund those programs to keep foreclosure levels stable. At minimum, if services cannot be provided, individuals should be referred to other various resources through the state, county, or local agencies (AEOA).

Affects of Employee Retirement on Hibbing Housing Market

A number of major employers in the area are projected to experience a large number of retirements over the next five years. These employers include Hibbing Taconite (Hibbing), Minntac (Mountain Iron), Keetac (Keewatin), Blandin Paper Mill (Grand Rapids), Lake Country Power (Grand Rapids, Kettle River, and Mountain Iron), and Minnesota Power (Grand Rapids). U.S Steel (Keetac and Minntac) was uncooperative with our efforts and Minnesota Power was unavailable at the time.

The taconite mines on the Range are expected to experience a large number of retirees over the next decade. Only Hibbing Taconite cooperated with the study and U.S. Steel declined to provide any information. A number of employees have delayed retirement due to the recession and over the next three years, Hibbing Taconite estimates hiring 30 to 50 people to replace those individuals lost to retirement. Through 2020, an estimated 120 hourly employees and 40 to 50 professional positions are expected to be vacant due to retirements. We estimate that Keetac and Minntac (U.S. Steel) in a similar situation.

Retirements at the taconite plants may have a slight ripple affect on the Hibbing economy. For instance, new hires for replacement jobs at the plants will be occupied most likely by qualified persons already in the Hibbing area and across the Range. As those individuals leave positions at their current employer, it will open up positions for new hires in that company and keep continuing down the line as people fill the recently vacated jobs. Some of the replacement positions will be filled by recruiting qualified individuals from outside the Study Area.

The most significant impact on housing in the Hibbing area would be new households relocating to the market and absorbing housing units. In addition, new high school and or college graduates

will also have the potential to earn a wage that would allow them to purchase a single-family house and/or move out of their parent's home and into rental housing. A portion of these jobs may be absorbed by persons already living on the Range and thus, would most likely commute to work having no impact on the current housing market. There is the unknown potential for some of the retirees moving elsewhere off of the Range, placing additional strain on an already saturated resale market.

Industries outside of the Study Area are also projected to experience the need to hire replacement workers. Both Blandin Paper Mill and Lakes Country Power are estimated to lose 10% to 20% of their workforces (Blanding Paper Mill – 500 employees and Lake Country Power – 120 employees) over the next five to seven years. According to the human resources departments both Blandin and Lake Country Power only have a total of 10 employees combined that live in the Hibbing area. The main issue for the lack of Hibbing area employees is the lengthy commuting times and distance. Thus, while some of the new jobs created may be absorbed by Hibbing residents, it will most likely be a small number and some Hibbing residents may choose to relocate if these job openings provide a better opportunity. Overall, the retirements at these companies are not expected to have a significant on the Hibbing housing market.

Homeless Housing Need in the Hibbing Market Area

Initially in our report, we concluded that homelessness in the Hibbing area did not justify the need for the development of a shelter. This conclusion was based on information gathered through interviews with officials from Range Mental Health, Range Transitional Housing, The Salvation Army, and St. Louis County. Repeated attempts to contact the individual at AEOA, responsible for providing the needed information on the majority of homeless in the Hibbing area were unsuccessful at that time. We have revisited the issue and followed up with the AEOA to gather further information.

The AEOA operates four homeless shelter units at the Tomasini apartment building that provide shelter for up to 30 days and are typically fully occupied year round. The units are used as temporary housing units for the homeless while they attempt to secure a permanent situation. In addition, the AEOA provides hotel vouchers to place homeless in area hotels/motels. The funding for hotel vouchers as with all homeless services is limited and typically all available vouchers are being supplied each month.

Previously, we stated that roughly 10 individuals and/or families or less are homeless on any given night in the Hibbing Study Area. While that may have been true in the previous study in 2005 and before the recession, discussions with the AEOA indicates that this number has risen slightly and they estimate that 10 to 15 individuals and/or families are currently homeless on any given night. Hibbing has experienced a slight increase in families not being able to afford current market rents during the recession.

Based on our interviews and additional data gathered, we conclude that there is a need for five to 10 additional homeless shelter units in the Hibbing area. We recommend that the Hibbing HRA pursue the development of 30- to 45-day congregate (serving individuals and families) homeless

ADDENDUM

shelter of the up to 10 units that would serve all types of homeless populations. The shelter should provide a secure environment with a community setting along with support services available specific to needs of the homeless population. If a new shelter is not financially feasible, we recommend that additional shelter units similar to the four at the Tomasini be considered.

Available funding is the main issue in providing shelter and supportive services for the homeless population. Currently, much of the funding is being provided to permanent supportive housing and thus many agencies do not build shelters in their communities. In addition, the federal Hearth Act will affect the way funding is allocated to area agencies. It is unclear from our conversations with AEOA and other agencies on how the monies will be allocated and may influence the services offered in the County. The Hearth Act is expected to be effective during 2011.

Please contact Brian Smith at Maxfield Research Inc. with any questions you may have about this report. PH# 612.904.7970