

GPS::45::93 Housing Assessment

Humphrey School Capstone Report

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GPS::45::93



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Executive Summary

Introduction

East Central Minnesota, like other rural regions in the state and country, faces challenges with housing. For the purpose of this report, East Central Minnesota is defined as Chisago, Isanti, Kanabec, Mille Lacs and Pine counties. The region is facing a shortage of affordable housing and in some areas a lack of quality housing. To better understand these challenges, GPS::45::93, a regional economic development organization in East Central Minnesota, recruited and collaborated with graduate Public Policy and Urban and Regional Planning students at the University of Minnesota's Humphrey School of Public Affairs to research the topic. Through the use of data gathered through interviews, literature and document review, and secondary analysis, our team developed the following findings and recommendations.

Key Findings

1. According to language in each community's comprehensive plan, there is a shared interest in providing access to adequate, safe and affordable housing. GPS::45::93 serves as a catalyst and key entity in coordinating the interests of the region's communities and moving forward with the knowledge and recommendations from this report.
2. There is a strong need for additional affordable housing in East Central Minnesota, particularly outside of the major population centers.
3. There is a growing need for senior housing and an overall diversifying of housing stock in East Central Minnesota.
4. After assessing the housing needs of East Central Minnesota, we identified and prioritized the implementation of five key housing policies at the local and regional level

Recommendations

1. A municipal level, short-term approach
 - Impact fee reductions
 - Deregulation of zoning and design standards
 - Inclusionary zoning
2. A regional level, long-term approach
 - Land banking
 - Housing trust fund organized by GPS::45::93 in relation to the entirety of the region

Study Overview

Introduction

The purpose of this study is to assess the housing needs of the East Central Minnesota region and recommend policy tools to address those needs in coordination with the region's economic development consortium, GPS::45::93. Our work builds off previous housing assessments, comprehensive plans, and other studies done in the region. Below are the research questions we pursued:

- What are the current demographics and trends for the region?
- What are the demographic, economic, and transportation challenges and assets of the region?
- What are the characteristics of the current housing stock and development opportunities in the region based on available sites, current zoning/land use, and a developers' market assessments?
- What are the housing needs of the East Central Minnesota region?
- What are the most effective policy tools available to the cities, counties, and region to address their housing needs?

GPS::45::93

GPS::45::93, is a regional economic development consortium in East Central Minnesota. GPS::45::93's mission is to provide "a regional approach to workforce development, business attraction, retention and expansion" and act as "a conduit for members and the region to access resources and educational opportunities" through collaboration. Its members include 4 counties (Chisago, Isanti, Kanabec, and Pine), 9 municipalities (Sandstone, Hinckley, Pine City, North Branch, Isanti, Braham, Mora, Princeton, and Rush City), and the Mille Lacs Band of Ojibwe.

Organization of Report

The next section of the report provides an overview of the region, population and economic trends, and transportation. It also addresses the policy context at the federal, state, and local level and provides information on the resources available for the creation and preservation of affordable housing. The Housing Characteristics section examines the housing context in East Central Minnesota, with a focus on the communities that make up GPS::45::93. It also describes the supply, demand, and affordability inputs we used to create our index of need. After identifying housing needs we discuss various policy responses and our conclusions. The Appendix of this report includes a literature review and appendices on our survey results and the underlying data for the index.

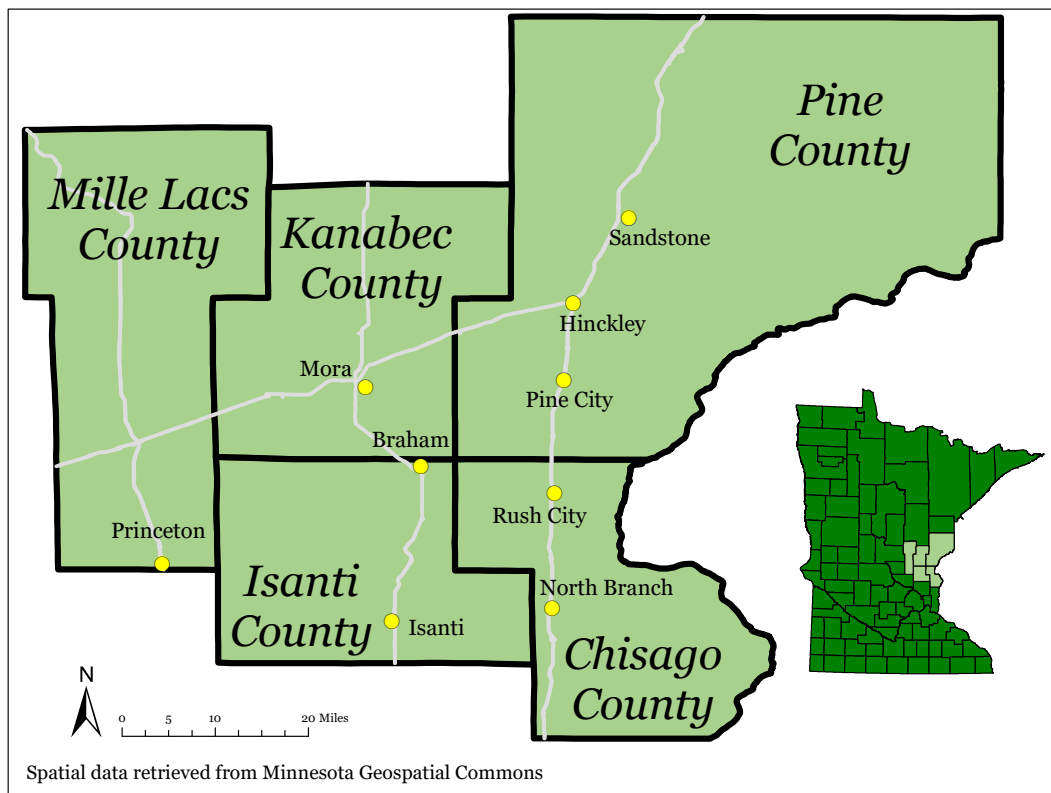
Methods

This report uses data gathered through interviews, literature and document review, and secondary analysis. We interviewed four developers, one lender, and six government officials to identify development needs and barriers in the region. Our analysis involved reviewing comprehensive plans, previous reports about East Central Minnesota, and reports published by state agencies and private and non-profit organizations about housing in Minnesota and similar rural areas. We also utilized various datasets from US Census, American Community Survey (ACS), HUD, MN DEED, the Minnesota State Demographic Center (SDC), and Minnesota Housing to assess housing needs and conditions. The literature review and appendices with our research and data analysis are at the conclusion of the report.

East Central Minnesota Context

For the purpose of this report, East Central Minnesota is defined as Chisago, Isanti, Kanabec, Mille Lacs and Pine counties (see Map 1). Although Mille Lacs County is not part of the consortium, the city of Princeton and the Mille Lacs reservation are both in Mille Lacs County, so we elected to include this county in the assessment. This section provides context for the region's demographic and economic trends, transportation, and relevant policies. The section will also include an assessment of each GPS::45::93 member's comprehensive plans to identify each community's current initiatives.

Map 1: East Central Minnesota Region



Demographic and Labor Force Trends

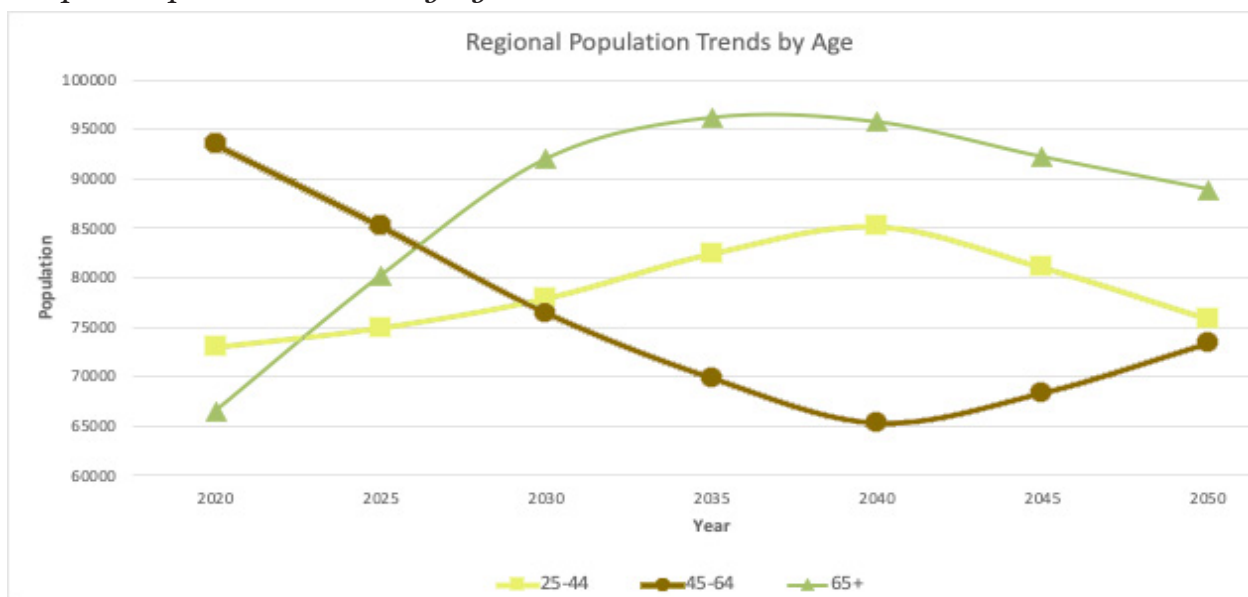
The GPS 45:93 Economic Development Assessment was conducted in 2019 by a group of University of Minnesota public policy students using demographic and employment data for a detailed industry analysis in the East Central Minnesota region (Johnson et al. 2019). Qualitative interviews to identify and inventory resources available to the region were also incorporated. The assessment produced an economic profile of all five counties as well as the region as a whole. Using these economic profiles, supplemented by additional data, we have created a summary of the region's demographics and labor force.

Demographics Trends

According to population projections provided by the Minnesota State Demographer, the population of the counties in East Central Minnesota are either in decline or will plateau by 2035 (Minnesota State Demographic Center 2020). These trajectories are largely determined by proximity to the Twin Cities, with Isanti and Chisago exhibiting moderate population growth and Kanabec, Mille Lacs, and Pine projected to have their population's decline through 2050.

These population trends obscure larger changes by age cohort. Currently, those aged 45-64 are the largest population group overtaking those aged 25-44. With an aging population, it is projected that as the 45-64 age group ages, the 65+ group will become the largest by 2030. Graph 1 below shows that as this continues the 25-44 age group will become the second largest, but the age gap remains significant.

Graph 1: Population Trends by Age in East Central Minnesota



While the region's population is 98% white, exceeding the state's 84%, there are signs of minimal diversification. Between 2000 and 2017, three minority groups have doubled in population while the number of foreign born also increases. Despite this increase, however, mobility estimates show that the number of residents moving into the region is relatively low.

Labor Force Trends

Over the past 30 years, the region's labor force participation has been slowing dramatically. The average annual growth of available workers decreased from 2,081 between 1990 and 2000 to 25 between 2010 to 2018. This is likely due to the aging population mentioned previously. The 45-64 age group makes up 43% of the workforce overtaking the prime working age population (25-44) making up a smaller portion (39%). Given population and workforce trends are correlated, it is expected that the labor force will continue to decline due to the aging population.

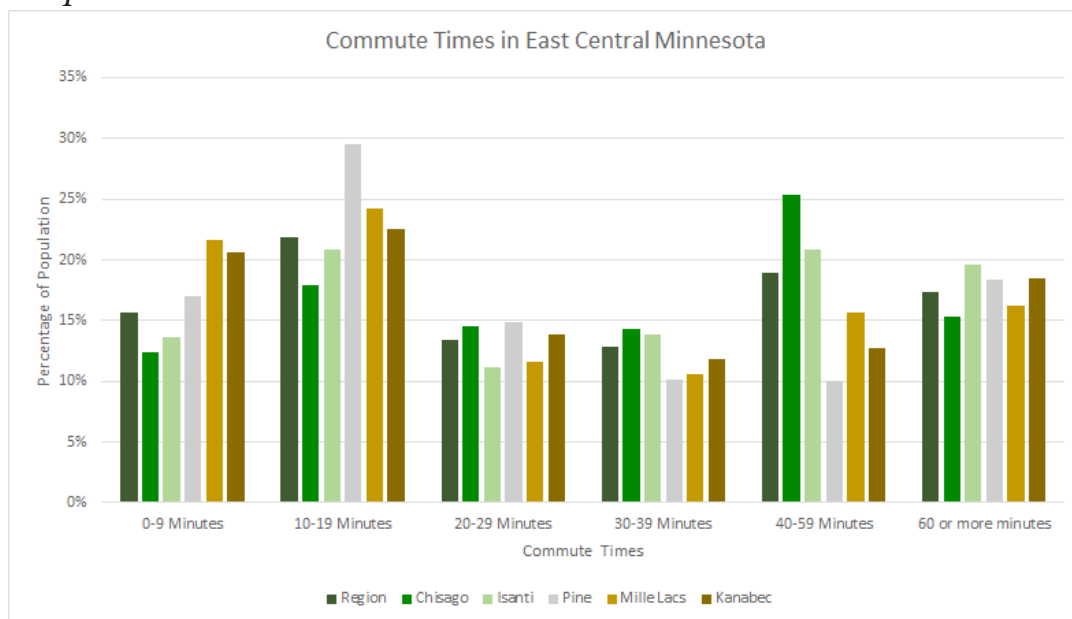
It is also important to note that the region is a net labor exporter, meaning the majority of the 84,037 people in the workforce commute to counties outside the region for employment. Relative to the rest of the state, East Central Minnesota has a low educational attainment. Approximately 17% of the state has at least a bachelor's degree compared to the state's 32%. This limits the labor force's ability to compete for high skill, high paying jobs found in proximity to the Twin Cities metro.

Industries within the region employ a total of 48,433 workers, with approximately 15,721 living outside of the region. Most employment opportunities are found in hospitality and tourism which employs 4,462 workers, with business services employing the second most at 1,248. There is also a robust manufacturing industry related to downstream metals, medical devices, lighting, and information technology, which is the most traded and productive industry in the region.

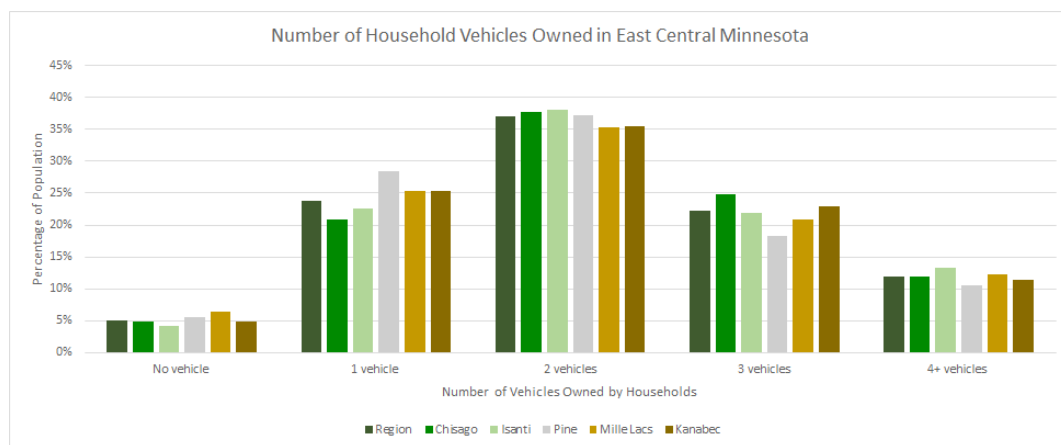
Transportation

One of the challenges of building housing in this region is transportation barriers. As seen in Graph 2, nearly half of current residents in the region with jobs have a commute of at least 30 minutes to work. Because of a lack of public transportation options, most residents rely on owning a vehicle. As illustrated in Graph 3, a significant majority of households in the region have at least two vehicles. These transportation trends provide an important context for housing in the region. For example, there are barriers to car ownership for lower-income individuals and families. Considering about half the region has commutes over 30 minutes, low-income residents may require more than just affordable housing.

Graph 2: Commute Times in East Central Minnesota



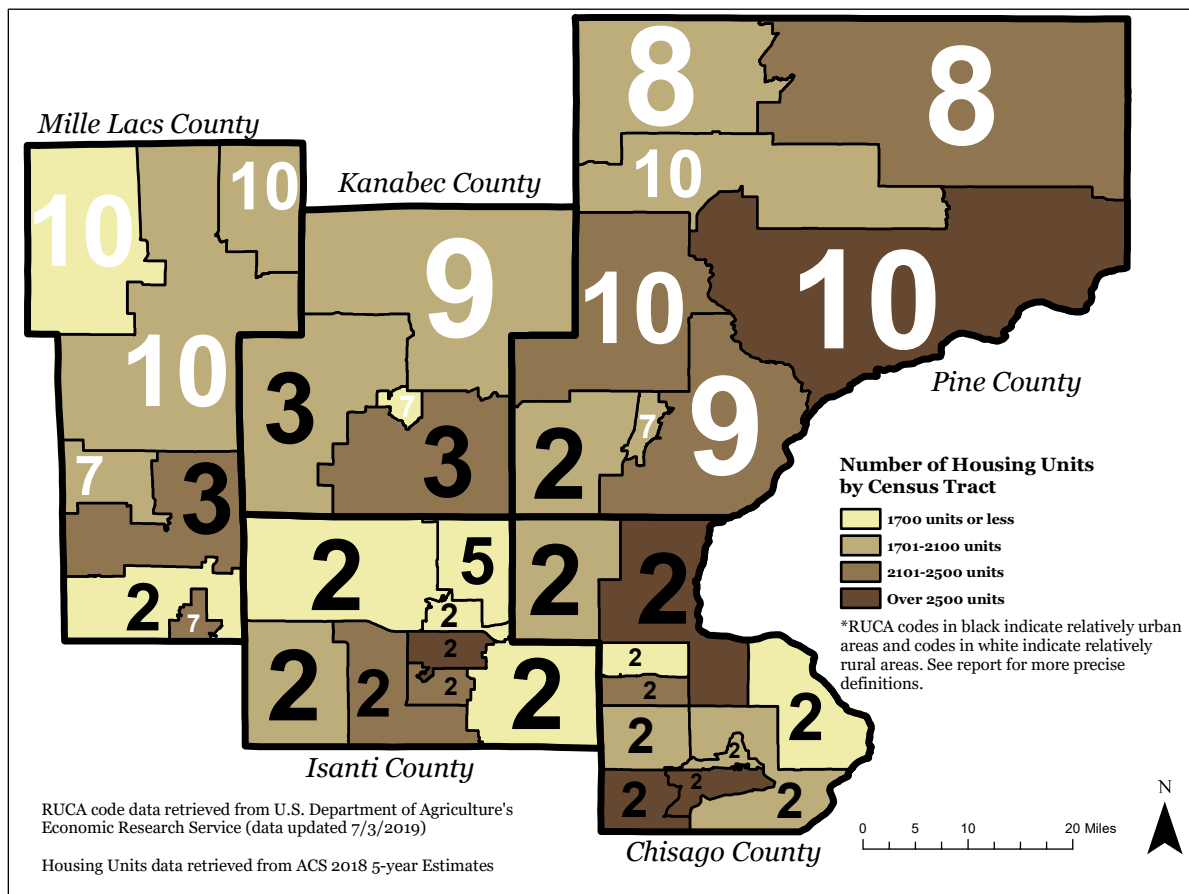
Graph 3: Number of Household Vehicles Owned in East Central Minnesota



Building housing in places close to major employers, which reduces commute times, is one possible solution to improving workforce housing. Map 2 below provides some context for this issue by utilizing USDA's RUCA codes and tract-level housing units data. RUCA codes were developed as a new way to categorize census tracts as urban and rural by looking at commuting patterns in addition to total population (USDA). Here are the different codes (codes that do not show up in the region are omitted):

- 2: Metropolitan area with high commuting; primary flow 30% or more to urban area
- 3: Metropolitan area with low commuting; primary flow 10% to 30% to an urban area
- 5: Micropolitan area with high commuting; primary flow 30% or more to an urban cluster
- 7: Small town core with primary flow within a small urban cluster
- 8: Small town with high commuting; primary flow 30% or more to a small urban cluster
- 9: Small town with low commuting; primary flow 10% to 30% to a small urban cluster
- 10: Rural areas; primary flow to a tract outside an urban area or cluster

Map 2: RUCA Codes and Housing Units by Census Tract



Policies and Resources

Many federal, state, local and private incentives support the production and preservation of housing in rural America. These resources are largely focused on single-family housing and tend to be administered through the tax code or government backed mortgages. These represent a significant, largely unseen subsidy that makes homeownership accessible and affordable to the majority of Americans. However, the federal government has been less generous in its subsidies to renters.

Federal

The federal government has a number of programs to support the creation and operation of affordable housing in the United States. There are also some specific programs for rural areas run through the US Department of Agriculture (USDA). Phase III of the federal government's response to the COVID-19 pandemic, the CARES Act, provided additional support to housing programs run through HUD, but no additional funding for rural housing development.

United States Department of Housing and Urban Development (HUD)

Nearly all of HUD's programs are administered through the state or the relevant Housing and Redevelopment Authorities (HRAs) in the area. HUD supports the creation of new affordable housing primarily by offering a rental subsidy contract called Housing Assistance Payment to a property, which provides a guaranteed income stream as long as certain standards are met. HUD also has limited funds through Section 202 to support senior housing. This funding has been extremely limited in recent years, but did receive an additional \$50 million in funding in the CARES Act (CRS).

American Indian Housing Programs

The Bureau of Indian Affairs (BIA) and HUD have a number of programs to support housing on tribal lands. The BIA's Housing Improvement Program provides grants to qualified homeowners to improve, renovate, and build homes on a tribal service area (BIA). HUD's Office of Native American Programs (ONAP) has a number of block grant and loan programs to produce and preserve housing on tribal lands (ONAP). The Mille Lacs Band of Ojibwe Housing Department provides affordable homes to Mille Lacs Band members. The Department also offers Band members home loan programs, home improvement grants, and affordable housing programs. Over the past 29 years, the Mille Lacs Band of Ojibwe has built more than 200 new homes and renovated many existing homes.

United States Department of Agriculture (USDA)

The USDA supports numerous properties with affordable units throughout East Central Minnesota. These are resources uniquely available to communities in rural areas of the country. While instrumental in creating affordable housing, funding levels have been reduced to levels that only support the preservation and rehabilitation of existing units.

Opportunity Zones

The Tax Cut and Jobs Act of 2017 included a provision designed to stimulate investment in poor areas of the country called opportunity zones. Money invested in opportunity zones provides certain tax benefits to the investors if they keep their money in the zone for a certain amount of time. The state of Minnesota picked a number of qualifying census tracts that would qualify for the tax benefit, and East Central Region has nine.

State

The state of Minnesota has a number of resources for private organizations and municipalities to stimulate the growth of housing. Most of these programs are administered through the Minnesota Housing Finance Agency (MHFA) with a few also residing at DEED. MHFA awards many of their resources through a Super RFP that uses numerous criteria to rate all of the applications. Much of East Central Minnesota has the characteristics that would make proposed affordable housing projects highly competitive. MHFA provides an interactive map that identifies how many points each area would get. The areas closer to the Metro get points for workforce housing and the entire area gets points for being a rural area.

Local/Regional

The communities of East Central Minnesota have a range of policies and tools that interact with the housing market. The most common related to multi-family housing is the use of Housing and Redevelopment Agencies (HRAs) and Economic Development Agencies (EDA) to provide and fund affordable housing. The City of Pine City has used Tax Increment Financing (TIF) to support new development. A few communities have utilized rental licenses, tax abatement, the Small Cities Development Program (SCDP), Low-Income Housing Tax Credits (LIHTC), and nine opportunity zones.

Table 1: Resources Utilized for Housing Development

	Resources Utilized for Housing Development		
	TIF and/or Tax Abatement	HRA's and/or EDA's	Other
Chisago County		x	Border-to-border Broadband Development Grant Program
City of North Branch			
City of Rush City			
Isanti County		x	
City of Braham		x	
City of Isanti			
Kanabec County		x	
City of Mora		x	
Mille Lacs County		x	
City of Princeton			
Pine County			
City of Hinckley			LIHTC
City of Pine City	x		
City of Sandstone			Rental License; SCDP

Tax Increment Financing (TIF) and Tax Abatement

Pine City offers TIF and tax abatement for the construction of housing. One recently approved use of TIF is the Timber Pines Senior Living Facility, a 100 unit senior project developed by Commonwealth Development Corporation.

Rental Licenses

Only the City of Sandstone requires a rental license for those who offer to rent a unit. The city charges an annual fee to obtain the license and conducts an inspection to ensure compliance with state building code, fire code, and city code.

Housing Redevelopment Authorities (HRA's) & Economic Development Agencies (EDA's)

The HRAs in the East Central Minnesota Region operate and support affordable housing in their respective communities. Importantly HRAs have the power to levy and collect taxes or special assessments on the value of the property in the area of operation. EDAs differ in two important ways, one they cannot collect taxes through their own levy, but must instead rely on the city for funding. Additionally, they cannot issue debt through a referendum.

Private

Minnesota has significant private funds going to support the development of affordable housing. Sources of funding range from foundations to corporations to nonprofits. One of the largest contributors is the Greater Minnesota Housing Fund (GMHF), which is a Community Development Financial Institution (CDFI) dedicated to financing and supporting the development and preservation of affordable housing in greater Minnesota. GMHF's NOAH Impact Fund specifically focuses on preservation of naturally occurring affordable housing (NOAH). Many of the organization's resources can be accessed through the annual Super RFP administered by Minnesota Housing.

Comprehensive Plans Review

Most member counties and municipalities of GPS::45::93 have produced comprehensive plans within the past 15 years, and nearly all of these plans explore possibilities for future housing. There are some general themes that unite all of these plans. First, almost all plans called out a need for a more diverse housing stock in their respective counties/cities-including affordable housing, rental housing, townhomes, apartments, and condos, although only some of them made this a specific goal. Most of the plans also highlighted similar trends that will pose future housing challenges in the region: aging populations, an increase in single-person households, and an increase in single-parent households. Cities and counties agree that the current housing stock is not adequate to adapt to these trends. There was also widespread discussion of reducing substandard housing and paying more attention to neighborhood design.

Overall, these comprehensive plans recognized the relationship between housing and economic development. The fact that local municipalities and counties are highlighting housing needs and stressing the economic importance of improving the housing stock means that these governing bodies would be receptive to innovative housing policy solutions. The matrix below summarizes the specific goals formed in the comprehensive plans. However, nearly all comprehensive plans contained concern regarding these topics regardless of whether a specific goal was committed to.

Table 2: Overview of Housing Goals of Comprehensive Plans

	Year	Diversify Housing	Affordable Housing	Strategically Designed Neighborhoods	Increasing Housing Stock	Economic Development Needed	Aging Population	Reducing Homelessness	No Housing Goals Mentioned
Chisago County	2017	X				X	X		
City of North Branch	2018	X	X	X					
City of Rush City	2009			X		X	X		
Isanti County	2009	X		X		X	X		
City of Braham	2009								X
City of Isanti	2008	X	X	X		X			
Kanabec County	2002								X
City of Mora	2009	X	X	X			X		
Mille Lacs County	2013								X
City of Princeton	2008 and 2018	X		X	X				
Pine County	2017	X			X	X			
City of Hinckley	No Comp Plan								
City of Pine City	2013	X	X			X	X	X	
City of Sandstone	2002 and 2016	X	X						

Housing Characteristics

In order to identify housing needs of the communities of East Central Minnesota, we adapted an index created by the Urban Institute and the Housing Assistance Council for 2018 report, Rental Housing for a 21st Century Rural America. Our index scores each municipality and county in GPS::45::93 on seven data points in three categories (supply, demand, and affordability) to evaluate the severity of the need for additional affordable housing in each community. Table 3 describes the indicators, the thresholds over or under which results in a point, and the sources of the data. Following the table we provide an overview of the housing stock in the region and then a discussion of each indicator. Finally, we present our key findings and our index with a score for each indicator and an overall score.

Table 3: Indicator Threshold and Sources

Driver	Indicator	Threshold	Source
Supply	Vacant Units	Share of vacant rental units $\leq 8\%$	2014-2018 ACS
	Subsidized Units	Share of subsidized units $\leq 5\%$	HUD Resources; USDA Rural Development Direct data; 2014-2018 ACS
	Housing Production	Population per unit produced ≥ 36	HUD SOCDS 2008-2018
Demand	Population Change	Population growth greater than $\geq 4\%$, 2010 to 2018	U.S Census 2010, ACS
	Poverty	$\geq 20\%$ poverty, 2018	2014-2018 ACS
	Unemployment	Unemployment higher than Central Minnesota, $> 4.0\%$, 2018	2014-2018 ACS
Affordability	Cost Burdened	Cost burdened households (households paying more than 35% of income on rent) $\geq 25\%$, 2018	2014-2018 ACS

Housing Stock

East Central Minnesota consists mostly of owner-occupied units. This is consistent among all counties in the region, with the exception of Pine County, where owner-occupied units make up 48% of the housing stock. The average median home value (MHV) in the region is \$146,413, which is 59% of the national MHV but 2.5 times higher than the average median income for the region. By county, the MHV ranges from a low of \$157,200 in Mille Lacs County to a high of \$219,400 in Chisago County.

Average median rent in the region is \$825. By county, the median rent ranges from a low of \$735 in Mille Lacs County to a high of \$981 in Isanti County. Broken down by number of rooms, median rent costs are lower in East Central Minnesota than HUD's Fair Market Rents. Currently, the highest concentration of rental units is in Chisago County with 2,835 units and the lowest concentration is in Kanabec County, however, all other counties are within the 2,000 to 2,600 range.

The housing stock in East Central Minnesota is moderately balanced between newer and older housing units. Approximately 57% (42,903) of the units were built after 1980, with most of the construction occurring in the 1990's and early 2000's. Based on ACS 2018 estimates, construction slowed down after 2010. Approximately 44% (32,971) of the housing units were built before 1980 and 13% (9,675) of the units were built before 1940. Housing units built before 1980 represent a higher risk for the presence of lead, however, this issue is more common in urban areas. Units built before 1940 raise concerns because these units tend to cost more to maintain and are more likely to be substandard units than units built after 1940. These units are good candidates for NOAH preservation.

Supply

To assess the housing supply in East Central Minnesota, we examined the region's vacancy rates, inventory of subsidized units, and the level of housing production.

Vacancy

Housing vacancy is a key indicator of housing stability and affordability. Lower vacancy rates typically indicate a functional housing market, however low vacancy rates can also indicate inadequate housing supply leading to higher housing costs. Higher vacancy rates indicate a failing housing market associated with blight and substandard housing. Higher vacancy rates also impact the tax base of local communities, which makes it harder to provide services. A "healthy" level of vacancy varies slightly from market to market, as communities with higher percentages of rental units tend to experience more volatile markets. Alan Mallach (2018) suggests that in a hypothetical community with half owner, half renter owner-occupied occupancy, a healthy vacancy rate is between 4% and 6% (p. 11). Vacancy rates of around 8% can still be considered healthy, but rates of 12% to 19% are considered too high. Rates of 20% or higher are defined as

“hypervacancy,” a condition in which vacancy is so concentrated that it alters the character of the immediate area (Mallach 2018, p. 11&27). East Central Minnesota consists of 87% owner-occupied units, therefore, a more conservative threshold should be applied.

As a region, East Central Minnesota experiences a vacancy rate of 18%, high but just under hypervacancy levels. Given that the majority of housing units in the region are owner-occupied, the vacancy rate is particularly significant. Vacancy rates are relatively high for all five counties in the region (Appendix D). Chisago and Isanti Counties are experiencing more manageable vacancy rates of 8%, while Pine, Mille Lacs and Kanabec County have reached hypervacancy. The latter group also have higher percentages of rental housing than the former. However, the cities of North Branch and Isanti are experiencing less than healthy vacancy rates and the cities of Hinckley, Pine City, and Sandstone are experiencing high vacancy.

The primary cause of the region’s high vacancy rates is due to the number of seasonal, recreational or occasional (secondary) units, which account for 73% of all vacant units. Secondary units can artificially drive up costs of primary units while limiting up the availability of units for primary use. Additionally, 7% of the region’s vacant units are designated available, those for rent or sale. While available units are proportionately less significant than secondary units, they represent 1,000 unproductive properties that may facilitate redevelopment opportunities.

Subsidized Units

The supply of subsidized housing units is important to housing security for the poorest residents of East Central Minnesota. To determine the supply of subsidized units, we collected data on the number of subsidized units in the region, including data on USDA’s Rural Development, LIHTC, public housing, and Project Based Vouchers. These data do not include rental assistance that is not attached to a particular unit, such as Housing Choice Vouchers (Section 8) and the emergency rental assistance provided by the state. Upon completion of data collection we divided the number of subsidized units by the total number of units in a particular community. This analysis revealed that there are very few subsidized units in the region and that the units are concentrated in the cities, which means that cities have the burden of supplying affordable housing for the surrounding areas. The percentage of subsidized units ranges from 2.1% in the City of Isanti to 15.8% in the City of Sandstone.

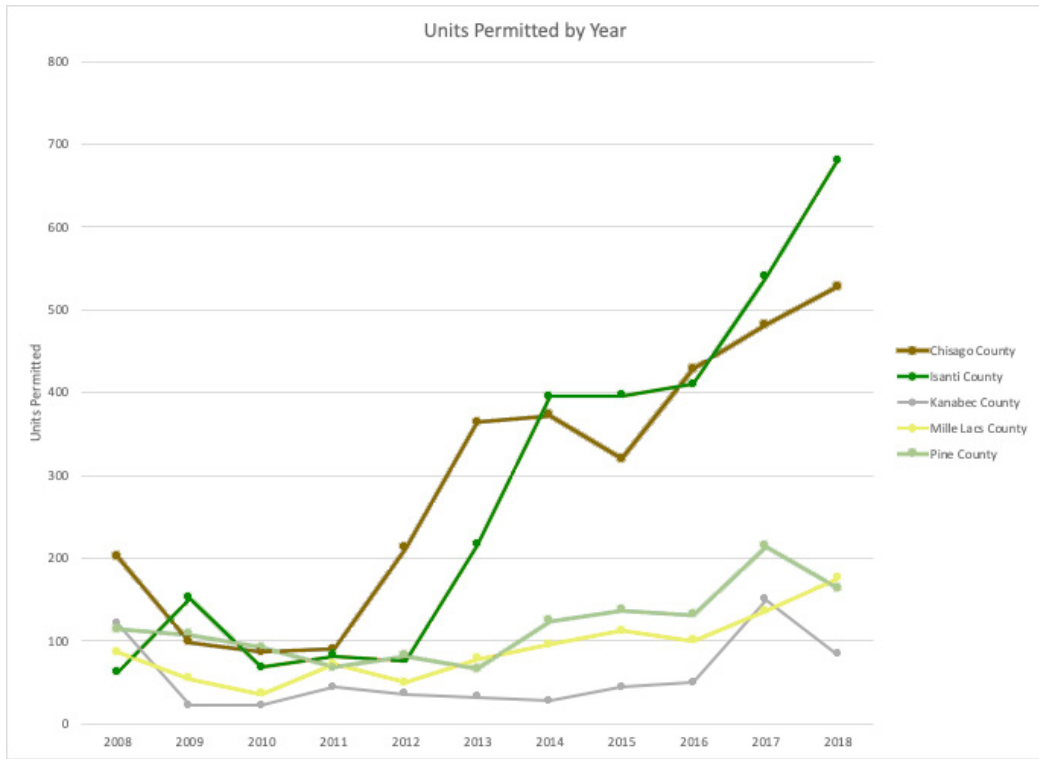
Table 4: Affordable Housing Units in East Central Minnesota

	Affordable Housing Units										Percent of Total Units in city/county
	RD		LIHTC		PHA		Assisted		Totals		
	Sites	Units	Sites	Units	Sites	Units	Sites	Units	Sites	Units	
Chisago County	9	159	4	128	1	30	3	76	17	265	1.2%
City of North Branch	2	9	3	87			1	49	6	144	3.7%
City of Rush City	4	67					1	24	5	91	9.2%
Isanti County	7	137	3	124	2	77			12	338	2.1%
City of Braham	2	23			1	32			3	55	6.8%
City of Isanti	3	44							3	44	2.1%
Kanabec County	4	36	2	65	1	43	4	103	11	247	3.1%
City of Mora	2	17	2	65	1	43	4	103	9	228	14.7%
Mille Lacs County	11	194	4	93	1	17	6	268	19	472	3.7%
City of Princeton	6	85	2	41	1	41	1	49	10	216	10.8%
Pine County	11	146	3	64	1	34	6	174	20	418	2.4%
City of Hinckley	2	45	2	52			1	24	5	121	14.4%
City of Pine City	5	64			1	34	1	60	7	158	10.0%
City of Sandstone	2	16					3	78	5	94	15.8%

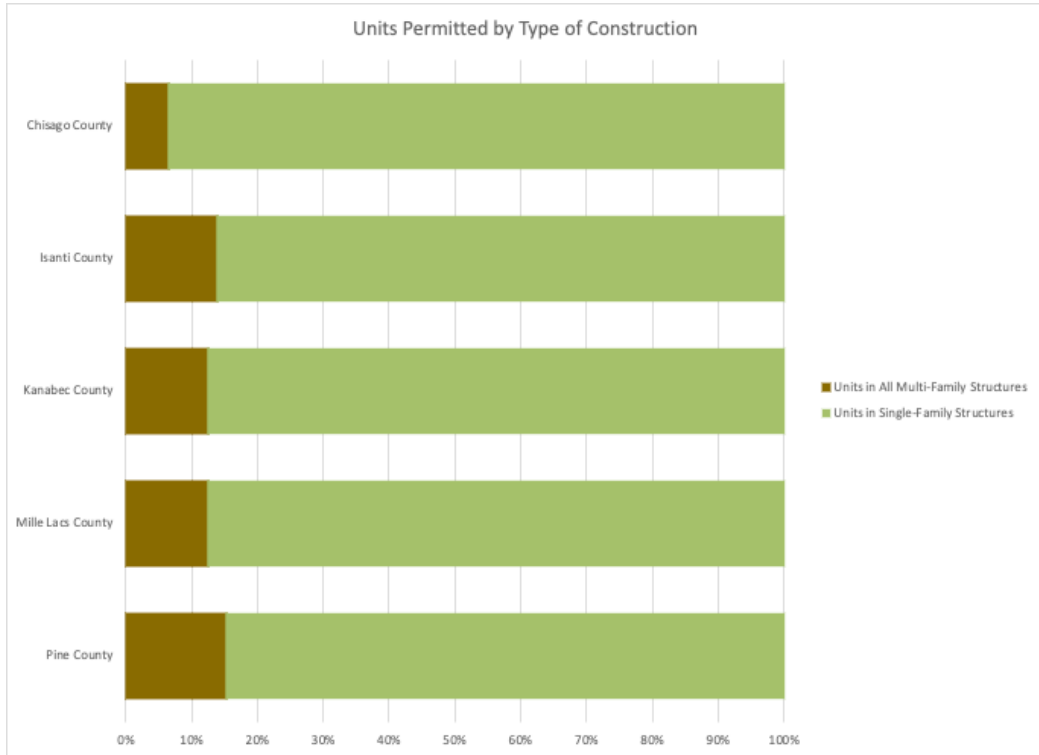
Housing Production

Housing production is a key indicator of a healthy housing market. Housing production has significantly recovered in East Central Minnesota since the Great Recession, however, growth has been almost entirely in Chisago and Isanti Counties, the areas of closest proximity to the Twin Cities. Most of housing production is single family homes, with only a small number of multi-family projects permitted. For example, in 2019, Chisago County permitted 225 new single family homes and only four units of multi-family housing. Despite the recent recovery in housing production, multi-family construction continues to be almost non-existent in the region. Housing production can also be associated with housing quality, with an older housing stock indicating low quality.

Graph 4: Number of Housing Permits Issued per Year by County



Graph 5: Percentage of Housing Permits by Type of Construction



Demand

To assess demand for additional housing in East Central Minnesota we considered the rate of population change, poverty, and unemployment in each member of GPS::45::93. Each data point provided an indication of the demand for additional housing in each community.

Population Change

A growing population significantly increases the demand for additional housing. Of the member communities, only Isanti County and the cities of North Branch, Isanti, and Hinckley reported population growth greater than 4%. As previously discussed, most communities will not experience population growth over the coming decades, but they will see a significant increase in the number of seniors. A growing senior population requires additional senior housing in order to allow senior citizens to remain in their communities as they require more care and support.

Poverty

Higher levels of poverty indicate a demand for additional affordable housing as they do not have the resources to afford market rate housing. The majority of the communities in GPS::45::93 reported more than 10% of their population living in poverty.

Unemployment

Generally an individual needs to be employed in order to afford housing and employment is highly correlated with owning a home. Due to the importance of employment in obtaining stable housing, higher levels of unemployment indicate greater demand for affordable rental housing. In 2018, all of the counties in East Central Minnesota had unemployment rates higher than the state and region average.

Affordability

To measure housing affordability in the region we examined the number of households burdened by the cost of housing. While there is variation between households, the accepted standard for a cost-burdened household is a household that spends 35% or more of household income on housing costs. The affordability indicator showed that in nearly all of the communities in GPS::45::93, over 25% of households, indicating a substantial need for additional affordable housing.

Insights into Housing Needs

The Index of Need provides scores for each indicator and an overall score for the severity of the need for additional affordable housing in each municipality and county (Table 5 on next page). Each member of GPS::45::93 and Mille Lacs County received a score of '1' or '0' for each of the seven indicators, with a '1' representing need. We then added up the scores to create an overall score for each of the counties and municipalities, with a higher score indicating a greater need for additional affordable housing. We were unable to find data about the number of units produced and the unemployment rate for some of the smaller communities. All members of GPS::45::93 met the threshold for at least two of the indicators, with the most common reason being the percentage of households in poverty and cost-burdened by their housing.

Supply

- Chisago and Isanti County have seen significant growth in the number of permits issued since 2008. However, the overwhelming majority of these units are single-family homes (85 to 95% single-family homes) which are out of reach to the poorest residents and also not likely meeting the needs of the growing senior population.
- Hypervacancy is a concern in the counties of Kanabec, Mille Lacs, and Pine and the cities of Hinckley and Pine City. However, this is tempered by the fact that 73% of the vacant units are secondary homes.
- Subsidized housing is concentrated in cities, which means that these communities bear most of the burden for housing and providing services to lower-income people.

Demand

- Population growth will create demands for additional housing in Chisago and Isanti County.
- Demand for senior housing will increase in all municipalities and counties.
- Most members of GPS::45::93 have more than 10% of their population in poverty and have less than 10% of units subsidized. An extreme example is Braham, which has 22.3% of its population in poverty but only 6.8% of its units are subsidized.

Affordability

- Every municipality and county with the exception of Chisago County has over 25% of households cost-burdened by their housing, which indicates a significant need for additional affordable housing.

Table 5: Index of Need

	Supply			Demand			Affordability	Score
	Housing Vacancy $\leq 5\%$	Federal Subsidized Rental Units $\leq 5\%$	Units Produced	Population growth greater than $>4\%$	Greater than $>10\%$ Poverty	Unemployment higher $>4.0\%$	Cost burdened households $>25\%$	
Chisago County	0	1	0	0	0	1	0	2/7
City of North Branch	1	1	0	1	0	1	1	5/7
City of Rush City	0	0	1	0	1	1	1	4/7
Isanti County	0	1	0	1	0	1	1	4/7
City of Braham	1	0	1	0	1	1	1	5/7
City of Isanti	1	1	0	1	0	0	1	4/7
Kanabec County	0	1	1	0	1	1	1	5/7
City of Mora	0	0	No data	0	1	1	1	3/6
Mille Lacs County	0	1	1	0	1	1	1	5/7
City of Princeton	1	0	1	0	1	0	1	4/7
Pine County	0	1	0	0	1	1	1	4/7
City of Hinckley	0	0	No data	1	1	1	1	4/6
City of Pine City	0	0	No data	0	1	No data	1	2/5
City of Sandstone	0	0	No data	0	1	1	1	3/6

Implications and Recommendations

Meeting the various housing needs of East Central Minnesota will require a wide range of policy tools in order to incentivize the development and preservation of quality and affordable housing. With much of the housing stock tied up in secondary homes, an aging housing stock, and stagnant housing development of all types, the region is showing signs of a weak housing market. Left unaddressed, these conditions can result in a number of challenges for the region's communities including fiscal difficulties, high maintenance costs, and limited development interest.

Accessibility to jobs and resources are also of concern. Currently, the percent of cost burdened households is greater than 25% in most jurisdictions and unemployment is higher than the region average. The implications of this trend is twofold. With limited job opportunity, workers will migrate elsewhere and with limited housing and population stability, businesses are less likely to invest.

Addressing these concerns will require a combination of local and coordinated regional housing approaches that focus on the following initiatives:

- Financial support for rent, security deposits and down payments.
- Incentivize overall housing production with a focus on multi-family rental units
- Directly promote the development of affordable units
- Support redevelopment, particularly of underutilized for-sale units and substandard for-rent units.

The following five policies-housing trust funds, inclusionary zoning, land banking, impact fee reductions, and deregulation of zoning and design standards-have been identified in accordance with these initiatives. In this section, each policy's function will be summarized along with a relevant example. Table 6 on the next page compares the policies side-by-side with the initiatives.

Table 6: Policy Matrix

Policies	Renter and Buyer Finance Assistance	Increase in Overall Housing Stock	Increase in Rental Housing Supply	Direct Impact on Affordable Housing Supply	Support Redevelopment
Housing Trust Fund	X	X		X	X
Inclusionary Zoning				X	
Impact Fee Reductions		X	X		X
Deregulation of zoning & Design Standards		X	X		X
Land Banking & Strategic Acquisition		X	X	X	X

Housing Trust Funds

Housing Trust Funds provide a dependable source of revenue for the construction and rehabilitation of homes and housing related support services such as down payment assistance, rental assistance and homebuyer counseling (League of Minnesota Municipalities). Because they can be implemented at more localized levels, housing trust funds offer flexibility for communities to solve housing issues specific to them and without federal requirements. Regulation for housing trust funds begins at the state level, setting the terms for counties and municipalities to implement them.

Establishing a housing trust fund begins through the allocation of dedicated resources, meaning a set proportion of revenues from specified taxes and fees are allocated to the fund (Housing Trust Fund Project, 2016, p.3). Committing such funding can be politically challenging at first. A more politically feasible option for funding a housing trust fund is through appropriation. Funding through appropriation adds a layer of uncertainty to the resources available in a trust fund, as unspecified funds are allocated. Despite its uncertainties, funding through appropriation serves as a political stepping stone towards dedicated resource funding.

Funding allocation can be particularly difficult in lower density, rural areas with limited resources. However, when Minnesota passed legislation allowing local governments to establish housing trust funds in 2017, it granted them the power to establish a consortium made up of various jurisdictions (Housing Trust Fund Project). Having the ability to create a consortium would allow East Central Minnesota counties and municipalities to pool resources and create a regional housing trust fund, coordinated by GPS::45::93.

A similar approach was taken by the Area 15 Regional Planning Commission, which oversees a six county region in Southeast Iowa. In partnership with Area-wide Housing Enterprises and Development (AHEAD), Inc., the Commission created the AHEAD Regional Housing Trust Fund. The trust fund serves all counties and municipalities within the commission's jurisdiction and provides programs for new construction, repair and rehabilitation, rental improvements and demolition (Area 15 Planning Commission).

Inclusionary Zoning

Inclusionary zoning is a housing policy meant to share the benefits of rising real estate values. It is a tool that requires developers to include a set percentage of below market units (BMU) in new projects and, by contract, are obligated to remain BMUs over a designated period of time. These BMUs are cheaper than their value on the market, and in some instances cheaper than their cost to produce. This can impose significant opportunity costs on developers, however, policies typically include incentives that can offset or mitigate those costs (Jacobus, 2015, p. 15-16).

Because it is implemented locally, inclusionary zoning can be tailored to fit a wide variety of housing markets. The percentage of units required differs between markets and can change based on the size of a project. This is often determined by the growth of real estate value and demand for housing. While this is often associated with central cities like Minneapolis where real estate value is skyrocketing, growing value can be captured at any degree of growth, including rural communities like those found in East Central Minnesota. Parallels to this can be found in California, where inclusionary zoning policy has been implemented across a wide range of housing markets. San Clemente, California is a small city that has capitalized on a 4% BMU requirement which was directly responsible for 600 affordable units between 1999 and 2006 (California Coalition for Rural Housing as cited in Jacobus, 2015, p. 17).

Jurisdictions can offer various degrees of flexibility to offset opportunity costs as well. Some policies allow developers to forgo including lower income units by including a greater percentage of middle-income units, which require less subsidy. Additionally, jurisdictions often allow developers to invest in affordable units elsewhere if they don't find the affordable units feasible in the development. This can include investment in another project, or government programs such as a housing trust fund.

Land Banking

A land bank is a non-profit or government authority that converts vacant, abandoned and foreclosed properties or any property experiencing significant barriers to redevelopment to productive use. Land banks are crucial to overcoming legal barriers that restrain the conversion of land or costs such as tax delinquency that dissuade developers (Alexander, 2005, p. 2). Some states grant legal powers to land banks that allow them to remove legal and financial barriers. Land banks are most effective in states that pass comprehensive statutes, as state law is typically responsible for the legal structure dealing with abandonment and local governments lack authority to overcome barriers of that legal structure (Alexander, 2015, p. 22). Minnesota is among the states without comprehensive legislation. However, one successful land bank, Twin Cities Land Bank, has been created at a regional level. In some communities, given the right circumstances, a land banking entity does not need to be created. Existing authorities such as redevelopment authorities or housing and development departments can implement some degree of land banking functions (Alexander, 2015, p. 23).

Land banking is an effective tool for addressing concentrations of vacancy and blights on a regional level. While urban decline is often a result of urban sprawl, suburban and rural areas like East Central Minnesota are equally susceptible to pockets of vacancy and blight (Alexander, 2015, p 42-43). Addressing those challenges are often difficult at the local level and as previously mentioned, local governments often lack the authority to address them on their own. With high rates of vacancy, a weak and aging housing market and limited authority to address barriers, new development and redevelopment of housing is crucial for the East Central Minnesota region. A regional land banking authority would help to alleviate legal barriers that prevent acquisitions and costs that disincentivize development in the region.

Impact Fee Reductions

Impact fees are a charge on new development that are allocated towards public service or environmental costs related to the development. Fees can also be allocated to development related programs such as site remediation or housing trust funds. These fees play an important role in offsetting costs to the public but are regressive in nature, as a small home can be charged the same fee as a mansion (Bowles et al. 2008). Impact fees can also impose costs on residential developments that outweigh the public investment by reducing affordability.

Reducing impact fees on residential development is a strategy that may increase residential development and as a result revitalize the local economy with new jobs. However, this strategy may only be helpful in communities where there is a high level of construction activity (or where new development is anticipated) and where impact fees are already high (Local Housing Solutions). A consequence of this strategy is the reduction in resources allocated to public services. Impact fees and the effectiveness of their allocation should be considered before implementing this strategy in East Central

Minnesota, but it offers an incentive for development in areas where fees exceed costs such as Chisago County (Erickson, 2019, p. 25)

Deregulation of Zoning and Design Standards

Governments use land use regulations such as zoning and development standards to shape commercial and residential development in urban and rural contexts. While these policies are necessary tools to prevent public health hazards and protect natural resources, they also have negative consequences. For decades, exclusionary zoning has been used to exclude people of various races, classes and incomes from certain neighborhoods. They are often regressive, favoring rich land-owners by protecting their property values and limiting housing supply. Less affluent communities see relatively less protection from the enforcement of land use laws.

Similarly, design standards are important for regulating the safety and continuity of housing units. However, unchecked, design standards such as costly material and amenity requirements can far exceed the standards necessary to make units safe and resilient. These policies drive up housing costs by restricting supply and, more directly, adding unnecessary costs to development (Ikeda, Washington, & et al., 2015).

Governments have started experimenting with the effects of loosening land use regulations, an example being Minneapolis' upzoning of residential lots. The extent to which deregulation alone can address the affordable housing crisis is unclear, however, developers have made it clear that loosening zoning restrictions will incentivize the development of more units with the potential to drive down costs passed to households. This policy works well for communities looking to incentivize more production and redevelopment of all types of housing, particularly those experiencing high quantities of blight and vacancy.

Conclusion

East Central Minnesota is facing shifting demographics and challenges with housing affordability and economic development. While East Central Minnesota has a mix of urban and rural areas, the housing needs and goals of its counties and municipalities are relatively homogeneous. Our assessment has uncovered the following:

- According to language in each community’s comprehensive plan, there is a shared interest in providing access to adequate, safe and affordable housing. GPS::45::93 serves as a catalyst and key entity in coordinating the interests of the region’s communities and moving forward with the knowledge and recommendations from this report.
- There is a strong need for additional affordable housing in East Central Minnesota, particularly outside of the major population centers.
- There is a growing need for senior housing and an overall diversifying of housing stock in East Central Minnesota.
- After assessing the housing needs of East Central Minnesota, we identified and prioritized the implementation of five key housing policies at the local and regional level.

The following includes the three short-term policy solutions to be implemented at the municipal level and two policy solutions to be implemented over a longer time period across the entire region:

1. A municipal level, short-term approach
 - Impact fee reductions
 - Deregulation of zoning and design standards
 - Inclusionary zoning
2. A regional level, long-term approach
 - Land banking
 - Housing trust fund organized by GPS::45::93 in relation to the entirety of the region

Municipal Short-term Solutions

Our analysis has led to the development of three short-term recommendations at the municipal level: impact fee reductions, deregulation of zoning and design standards, and inclusionary zoning. This set of policy solutions is tailored towards increasing housing production overall, with the opportunity for cost savings that can be passed along to renters and home-buyers. We’ve also opted to include inclusionary zoning. While this policy holds long-term implications, it is a municipal level tool that offers each community flexibility to directly promote the production of affordable rental units.

Impact fee reductions on a case by case basis in certain municipalities will foster economic development and housing redevelopment in the area. While this does not apply to all

communities, our developer survey identified impact fees as a barrier in some locations. The deregulation of zoning and design standards will have a similar impact. Through thoughtful land use law changes, municipalities can increase the development of housing units, and households will be less burdened by the costs. This will increase the incentive for redevelopment in those communities struggling with vacancy and housing in need of renovation.

Inclusionary zoning will be helpful at both the municipal and regional level. At the municipal level, inclusionary zoning will have a direct impact on affordable housing supply for those areas of the region that have specific affordable housing challenges. GPS::45::93 can also help individual municipalities by continuing to serve as a resource, research center, and partner in supporting these local policies.

Regional Long-term Solutions

We believe that the common themes across the region provide an opportunity for a regional approach alongside the local approach to improving housing in East Central Minnesota. Our analysis led to the development of two long-term recommendations for the region as a whole: land banking and a regional housing trust fund. These recommendations require significant resources, however, by pooling resources and with coordination facilitated by GPS::45::93, resources requirements will be manageable.

In the footsteps of Twin Cities Land Bank, we recommend East Central Minnesota create a regional land bank which capitalizes on the area's collective authority to transition vacant and underutilized properties to productive use. As a secondary priority, we recommend a regional housing trust fund to establish a dependable source of funds for East Central Minnesota housing construction, rehabilitation, and housing assistance services.

This regional approach addresses a common need for more workforce housing. While it might be preferred for cities to house their own workforces, having affordable housing for the workforce in a nearby city will help local businesses fill open positions and retain employees. A regional approach needs to be balanced with those communities with unique circumstances voicing their needs and including those specifics within the overarching regional policies.

Finally, we recommend a strong partnership between GPS::45::93 and East Central Minnesota. Each of the policy tools discussed, both at the local and regional level, will be enhanced by aligning with GPS::45::93. This partnership will assist in coordinating the interests of the region's communities. It will also strengthen the effectiveness of the policy tools recommended.

Appendix A: Literature Review

Aging Population

A brief review of housing studies, comprehensive plans, and housing policy literature illustrates the complexity of shifting rural demographics and housing needs. The multiple challenges facing rural regions are focused on individually in much of the academic literature. For example, aging populations are continuing to increase across the United States. The portion of the United States population age 65 and older has grown immensely over the past century, and that trend is projected to continue (Chan and Ellen 2016, p. 167). Chan and Ellen (2016) explain the need for more accessibility features in homes to accommodate this population. They explore this growing need for accessible housing through the use of the American Housing Survey. Accessible housing benefits also include the cost savings from long-term care services that provide assistance with essential activities (Chan and Ellen 2016, p. 168). Their research focuses on the inadequacy of the current U.S. Housing Stock to meet these rising circumstances.

Bosman (2012) corroborates the importance of critically examining the impact the baby boomer generation is having on the housing landscape. He explores the different lifestyle choices of baby boomers and the variety of housing options they are looking forward to in retirement. These range from accessible housing to what they term as “Active Adult Lifestyle Communities” in contrast to less independent community models. Bosman (2012) focuses on the tendency of baby boomers to be centered in large family homes in suburban areas, their tendency to move to coasts and warm areas, as well as their lifestyle choices regarding political activism, socializing, and relocation. The current state of housing and planning needs to adjust to these factors to make the transition to a changing population as easy as possible.

Affordable Housing

Similarly, the challenge of affordable housing is explored in the academic literature. Researchers center on the challenges of the continued recovery from the 2009 recession and the lack of affordable housing supply. While the literature is not consistently specific to the United States or rural communities, there is a consistent debate on whether to invest in policy to forward affordable single family homes, rental units, or a combination of these. Two potential areas that may impact affordable housing are land-management policies, and investment in complementary infrastructure and services (Brueckner 2015). Minimum lot sizes are an example of land-management policies that may impact the future of affordable housing.

Affordable housing has multiple components. Clapham (2012) voices the tendency for housing units of similar size, age and design generally not being randomly scattered within an urban area. This tendency contributes to an imbalance between supply and demand in an urban housing market (Clapham 2012). This tendency can also be

connected to rural areas where dense spatial clustering of various types of housing can negatively impact the diversity and affordability of housing available. Sweaney's piece (2004) explores how the lack of affordable housing is a barrier to economic development in rural areas. This interconnected relationship is important to examine, and naturally leads policymakers to see the need for more diverse housing (Sweaney 2004).

Transportation is a large challenge in diversifying housing as well as creating new types of housing. The literature explores the tradeoffs individuals make when deciding where they will locate themselves in connection with their employment. Oftentimes there is a tradeoff between larger pay or shorter commute times in a rural region (Reichelt 2015). This is clearly reflected in the figures detailing the context of East Central Minnesota.

Tax Increment Financing (TIF)

Policy measures to aid in redevelopment include public financing such as Tax Increment Financing. This public financing method used to subsidize infrastructure and redevelopment has in the past been said to deliver many benefits. Eickhoff (2012) delves into these supposed benefits: tax increment financing directs private investment, keeps municipalities in competition with larger areas, stimulates investment outside of the area, and expands the area contributing to the rejuvenation of the community (Eickhoff, 2012, p. 7). At the time, the economy was recovering from the recession and tax increment financing seemed like a solid tool for revitalizing the economy. However, other sources challenge the notion that tax increment financing has benefited communities in the long run.

In a government report from 2018, Merriman examines case studies to see whether the strategy increases real estate development and economic growth for the areas. The case studies have mixed results, but Merriman concludes that the strategy does not reach the primary goal of increased economic growth. Tax increment financing should lead to real estate investments that improve the market and value of the real estate in the area. The report also points to the variable of tax increment financing execution as lacking rather than the original design of the strategy.

Appendix B: Interviews and Surveys

Developers and Lenders Survey

As part of our research, we interviewed four non-profit affordable housing developers and one lender involved in the financing of single-family and multi-family projects in East Central Minnesota. These interviews were conducted with the purpose of understanding what motivates or detracts the organizations that would most likely serve to increase housing production in the region. Their responses can be broken into preparation, financing, and knowledge. Developers spoke about the importance of local communities making sure that potential affordable housing sites have zoning and code requirements lined up ahead of time. They also said that a RFP can be a useful tool to solicit interest. Financial means having sources of funds that can either close the gap that all affordable housing projects have or reduce costs. The lender specifically identified the high impact fees in North Branch as a barrier to development. Developers named the Rental Rehabilitation Deferred Loan Program as a great tool to fix up smaller, naturally affordable properties and USDA Rural Development properties. They also said that Tax Increment Financing (TIF) was very helpful at closing the gap for affordable housing projects. Finally, knowledge means that the community has someone who understands the process of affordable housing development. They said that if the community does not have this expertise it might make sense to hire a consultant who understands the lengthy and complicated process of affordable housing development.

County and Municipal Staff Survey

We also developed a survey to get a sense of what county and city staff think about housing in the region. The survey was sent to all counties and municipalities who are members of GPS 45:93. In total, we received 6 responses (46% response rate) from a mix of county and city officials. The first question we asked was changes they would like to see with their current housing stock. There were common themes such as debilitating housing and the need for more low income and/or multi-family housing. When asked to identify barriers to improving the housing stock, we got a range of answers including high unemployment, high housing costs, cost of construction, and more (raw survey results included later in the appendix). 4 out of 6 respondents said that developers have, at best, a mixed view of their respective housing markets. As a solution to making the region's housing market stronger and more attractive to developers, all respondents indicated willingness to implement various policies and programs including TIF districts, tax abatements, and amendments to zoning ordinances. However, when asked about how GPS::45::93 could help with the housing goals of their respective cities and counties, only one respondent discussed the organization as a resource to implement solutions on a regional level. Other responses seemed to limit the scope of the organization to a knowledge-sharing hub. Raw survey results are on the next page.

Table 7: Raw Survey Results from City/County Staff

What is your name, place of work, and job title?	Lezlie Sauter, City of Pine City, Community Development Director	Sheila Sellman, Community Development Director, City of Isanti	Chase Burnham Chisago County County Administration	Linda Woulfe, City of Cambridge, City Administrator	Mike Wimmer, Mille Lacs County, Economic Development Manager	Kathy George, City Administrator for the City of Sandstone
What changes, if any, would you like to see with the current housing stock in your jurisdiction?	Improved maintenance standards & resources for existing single family homes, for both owner-occupied and renter-occupied units.	More multi family - market rate	More Low Income Housing and More 'Starter' Homes	Workforce housing is still a need.	In some parts of our County we need an increased focus on improving existing housing stock so that it is more likely to be attractive to first-time home-buyers. We occasionally run into issues where new homes are too expensive for some younger residents/families, but the older homes fall into disrepair as older residents were physically or financially unable to keep up their home. This leads to existing homes occasionally being so expensive (when factoring in the cost of home repairs) that they are also unaffordable to first-time home buyers. We need to be attractive to first-time home buyers for workforce, educational, and civic reasons.	A variety of things. (1) A lot of our rental properties are in very bad shape. We have been aggressive with our Rental Ordinance to get these properties registered and inspected. Some improvement has been seen, but there is more work to be done. (2) Many of our owner-occupied homes are also in very bad shape. We are completing a successful Small Cities Development Grant program wherein 17 homes have been able to make significant improvement. But, more work is needed. We will apply for the program again as soon as we've closed out the current program. (3) There have been only 3 new single-family homes built in town in 12 years. This is terrible. Part of the problem is that the cost of new construction is higher than the homes value when finished; therefore, unless a person has the cash, they can't finance it - banks won't touch it. We have donated 2 lots to Habitat for Humanity, and they plan to build in 2021. We are also exploring options such as building a home ourselves (acting as the developer) or bringing in a modular on property owned by the City.
If you identified a desired change in the last question, what barriers, if any, do you think are getting in the way?	The City has been able to secure two different funding streams to improve owner-occupied single family homes (income limits apply) but there really isn't much for renter-occupied single family units as most products are for multi-family apartments.	Costs for developers	Perceptions and Market	The barriers to affordable workforce housing is the cost to extend water, sewer, storm sewer, and streets into new development areas. Compound this with the rising cost of materials and it makes workforce housing too expensive for the developer.	We have higher-than-average poverty and unemployment rates. This can lead to residents spending more on their paycheck on housing than is desired, while also not having access to the financing/credit needed to make continuous home improvements. Some residents also fall through the cracks, with them making too much money to qualify for USDA programs, but not making enough that they can obtain desirable private financing for home projects/building.	See above. Additionally, the property taxes in Sandstone are very high due to the low market value we have. This prevents people from putting money into their homes or rental properties. They can barely pay their taxes.
What is your impression of how developers view your city or county's housing market?	There is demand in our market for additional housing however our income levels are below the state average so affordable housing products are needed, which are difficult to turn a profit on without government subsidies.	Stable	Expensive and difficult	Attractive market, they now the demand is there. However, the infrastructure costs are difficult to overcome.	Probably a mixed-view. In terms of zoning regulations and/or building permits, the County puts up very few barriers to development. A bigger challenge in our County for developers in the presence of environmental regulations, specifically around wetlands. That can make Greenfield development difficult in the parts of our County. We also run into challenges with our poverty rates. Developers can make more profit by building closer to large metro areas than they can in rural Minnesota due to income disparities.	I can only speak for the City of Sandstone -- obviously, no developer will touch us. There's no money to be made here for them.
What policy tools would your city or county be most likely to use to foster more affordable housing? Examples include inclusionary zoning, tif districts, request for proposals, and/or modifying zoning ordinances.	TIF and tax abatement help. We also implemented a WAC/SAC reduction guideline for housing that is either (1) affordable to 60% AMI; (2) houses disabled; (3) houses seniors.	I think it depends on the development but we have been open to assistance in the past. Tax credits and zoning modifications would be a good starting place	all of the above	Grants from the state to extend utilities into areas scheduled for development.	TIF districts have been discussed. Part of the challenge is convincing some cities with limited capacity and technical ability to be willing to take this process on.	Zoning isn't a problem. We may need to do our own TIF district for in-fill development. I don't see that it's feasible for an outside developer to come here -- if it were, they would already be here. We have to fix this problem from within.
How could GPS::45::93 better assist your city or county's housing goals?	Periodically have housing experts come and speak about the federal & state products available.	This project is going to be a great asset. Any data or studies is helpful.	Better Comparisons of other similar Counties	No Response	Keep the conversation going. Share ideas. Work together on a larger scale to implement some of the solutions.	

Appendix C: Data Used to Determine Index of Need Scores

Table 8: Data used to determine Index of Need Scores

	Supply			Demand			Affordability
	Vacancy Rate (2018)	Federal Subsidized Units (2020)	Units Produced (2008-2018)	Population Growth (2010-2018)	Poverty Rate (2018)	Unemployment Rate (2018)	Cost Burdened Households
Chisago County	7.8%	265	1,560	4.0%	5.6%	4.2%	23.6%
City of North Branch	2.0%	144	310	4.5%	7.7%	4.6%	24.5%
City of Rush City	5.7%	91	0	3.4%	16.5%	6.7%	34.0%
Isanti County	7.0%	338	1,414	5.7%	7.1%	4.6%	26.6%
City of Braham	5.3%	55	17	-0.1%	22.3%	10.5%	29.7%
City of Isanti	0.0%	44	351	12.4%	7.5%	2.8%	29.5%
Kanabec County	18.5%	247	290	0.6%	10.7%	4.6%	29.3%
City of Mora	6.0%	228	No data	-0.9%	15.9%	6.3%	28.5%
Mille Lacs County	21.3%	472	473	0.2%	12.1%	6.1%	29.9%
City of Princeton	4.7%	216	49	0.3%	16.4%	3.4%	32.9%
Pine County	38.9%	418	640	-0.6%	12.6%	5.3%	31.0%
City of Hinckley	17.9%	121	No data	6.9%	19.8%	10.9%	30.8%
City of Pine City	13.5%	158	No data	0.1%	18.9%	No data	46.3%
City of Sandstone	10.8%	94	No data	-6.2%	19.3%	9.2%	27.3%

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