

Comprehensive Housing Needs Analysis for Hibbing, Minnesota

Prepared for:

City of Hibbing
Hibbing, MN

October 2023



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October 16, 2023

Hibbing Housing & Redevelopment Authority
Attn: Jackie Prescott
3115 7th Avenue East
Hibbing, MN 56746

Dear Ms. Prescott:

Attached is the *Comprehensive Housing Needs Analysis for Hibbing, Minnesota* conducted by Maxfield Research and Consulting, LLC. The housing analysis projects housing need through 2035 and provides recommendations on the amount and type of housing that could be built across Hibbing to satisfy demand from current and future residents over this decade. The study identifies a potential demand for over 1,200 new housing units through 2035. Demand was nearly equally divided between general-occupancy housing (48%) and age-restricted senior housing (52%).

Overall, the housing market is very tight across Hibbing and the pandemic further tightened the housing market over the past few years. Our inventory of rental properties (market rate and affordable/subsidized) found a combined vacancy rate of 4.4%; indicating strong demand for new rental supply and few opportunities for existing/new households to relocate to Hibbing. The for-sale market has experienced record-low supply and strong appreciation since the pandemic (+33% between 2019 and 2022). Finally, senior housing is dominated by service-based supply (assisted living) and affordable/subsidized active adult; whereas demand is strongest for market rate and affordable active adult and independent senior housing.

Detailed information regarding recommended housing concepts and the challenges associated with developing the needed housing can be found in the *Recommendations and Challenges and Opportunities* sections 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 AND CONSULTING, LLC

Matt Mullins
Vice President

Brian Smith
Senior Associate

Attachment

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KEY FINDINGS

This section highlights the key findings from the Housing Demand Analysis completed for Hibbing. Calculations of projected housing demand are provided through 2035 and recommendations for housing products to meet demand over the short-term are found in the *Conclusions and Recommendations* section of the report.

Key Findings

1. Population in Hibbing grew historically through 1980 when a significant 15% decline occurred by 1990. The population has steadily decreased since the 1990s to a population lower than back before 1940. Hibbing experienced a slight decline this past decade of 0.9% in population (-147 persons) and 0.1% in households (-11 households). Projections through 2030 indicate continued decline in both population and households of 0.7% and 0.3%, respectively. While we project decline through 2030, if we enter a recession and if inflation were to remain high through the decade, these projections may exacerbate and decline further.
2. The aging baby boomer generation (ages 59 to 77 in 2023) is impacting the composition of the Hibbing population. Younger seniors (ages 65 to 74) are projected to grow by 7% from 2020 to 2028 (144 people). The 75 and older age group is also projected to grow significantly by 2028 (33%, or 500 people). This older population growth will result in demand for alternative housing products; both for-sale and rental housing types. At the same time, the only other growth projected is in the older Generation Z (ages 18 to 24) that will either go off to secondary education or be seeking rental housing opportunities.
3. Hibbing is a major job importer as there is a positive inflow of about 4,125 workers. This provides an opportunity to draw new households to Hibbing. Due to the lack of available housing in Hibbing, a portion of these inflow workers who may have chosen to live in Hibbing are forced to look elsewhere and commute. The labor force in Hibbing which has fluctuated over the past decade but had remained relatively steady declined significantly from 2021 to 2022 and nearly a reduction of 254 people (-4%) since 2010. The unemployment rate jumped to 10.1% in 2020 due to the COVID-19 pandemic and has recovered to 4.2% in 2022. However, part of the unemployment rate decline is due to the labor force decline being larger than the increase in those employed. Employers find the lack of housing options in all areas to be somewhat of hinderance to attracting and retaining employees.
4. The overall rental vacancy rate for the rental products surveyed in the Hibbing Study Area was 4.4%. Rental vacancy rates are below market equilibrium (5% for market rate and 3% for subsidized/affordable) for market rate products at 3.7% and 2.0% at affordable (shallow-subsidy) products. Subsidized (deep-subsidy) vacancy rates were well above equilibrium at 5.4%. Vacancy rates below equilibrium indicating pent-up demand

KEY FINDINGS

for additional units at those income levels. As a result, there are little availability for householders seeking rental housing in the community.

5. The average number of resales in Hibbing has increased roughly 31% from an average of 177 sales per year over 2015 to 2017 to averaging 231 sales over the past five years. Median sales prices have grown steadily from 2013 to 2021 increasing by 4% per year. The median sales price has risen substantially with an increase of 16% from 2021 to 2022 and 44% from 2015 to 2022. Inventory has been tight in Hibbing for many years and 39 homes were listed for sale in Hibbing as of September 2023. Much of the homes available are older with little to no updates and are typically in need of additional monetary investment.
6. The new construction market continues to be a slow and steady producing an average of nine homes annually in Hibbing. Quality lots are relatively minimal in Hibbing as 38 vacant buildable lots were identified in five subdivisions which have all been platted for over a decade. Homes priced under \$250,000 are difficult to construct as builders are unable to pencil-out this price point given today's development and regulatory costs. Therefore, new construction caters to move-up and executive buyers; while entry-level homes are serviced by the existing housing stock. All area builders are smaller and can only build a few homes per year and market to the entirety of the Iron Range. Area builders, also due to their smaller sizes, never build spec homes. This is due to them not being able to sit on a home they may not immediately sell.
7. The demand for for-sale housing through 2035 was calculated for 245 units of which only 17% would potentially be absorbed by the existing available lot supply. Thus, need for additional buildable lots are needed for both single family and multifamily for-sale housing. There is also strong need is for additional rental housing ; both market rate and shallow-subsidy affordable units. With the exception of assisted living senior housing, demand for additional active adult and senior independent housing options will grow with the increasing aging population in Hibbing.
8. In the near-term, 40-year record inflation and rising mortgage rates are projected to slow the for-sale market and could impact multifamily housing development with rising construction and financing costs. As a result, mobility rates could flatten in the short-term as households are on the side-lines impacted by affordability and supply constraints. As a result, public-private partnerships will be sought after to alleviate headwinds while providing much needed housing supply in Hibbing.

Purpose and Scope of Study

Maxfield Research and Consulting, LLC. was engaged by the City of Hibbing to conduct a *Comprehensive Housing Needs Analysis* for Hibbing, Minnesota. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic Analysis

- Hibbing's population declined by 4% (-710 people) from 2000 to 2010. During the past decade, the population in Hibbing experienced continued declines by only by 1% (-147 people) by 2020. Population retreat in Hibbing is projected to continue as the population is expected to decrease by roughly 1% (-114 people) by 2030.
- Although the population in Hibbing declined significantly from 2000 to 2010, households remained relatively stable with a minimal decline of only -0.3% (-25 households). Household stagnation continued through 2020 with Hibbing losing another 11 households (-0.1%). Projected to 2030, Hibbing is expected to lose about 20 households (-0.3%).
- The Hibbing population is aging as the 65 and older age cohort is projected to have the greatest percentage growth, increasing by 644 people (18%) from 2023 to 2028. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years. The population under the age of 65 is projected to decline by 711 people (-6%).
- In 2023, the median household income in Hibbing was estimated to be \$55,974 and is projected to climb 20% to \$67,352 by 2028. The average annual increase of 4.1% in Hibbing is significantly higher than the historical annual inflation rate of 2.5% over the past ten years.
- In Hibbing, 69% of all households are estimated to be owned in 2020. Hibbing grew by an estimated 143 renter households (7%) from 2010 to 2020 while owner households declined by 3%, losing 154 households.
- Nearly 80% of renter households in Hibbing were occupied by one- or two-persons in 2020 with 58% of renter households in Hibbing one-person households. In comparison, two-person owner represent the majority of owned housing at an 38%.

- Family households comprised 54% of all households in Hibbing (in 2020). Single-person households were the most common household type (40%) followed by married couples without children (25%).

Housing Characteristics

- Between 2010 and 2022, 151 housing units were permitted averaging 12 units annually in Hibbing since 2010. Development was heavily weighted for single-family housing versus multifamily housing structures with only one multifamily development (32units) built over the past decade. Single family units were constructed at an average pace of 9 units per year over the period.
- The greatest percentage of homes in Hibbing were built prior to 1940, which comprised nearly 25% of the entire housing stock. Much of the remaining housing development occurred from 1950s through the 1970s accounting for about 41% of the housing built in the city. Housing built prior to the 1980s account for 78% of the housing stock in Hibbing.
- The dominant housing type is the single-family detached home, representing 96% of all owner-occupied housing units in Hibbing. In addition, 29% of renter households are estimated to be single-family detached homes.
- In Hibbing, 49% of homes have a mortgage. This is less than the state proportion of homes with a mortgage (66%) indicating more household own their home outright in comparison. It is important to note that the median home value in Hibbing for housing units without a mortgage was \$113,800 compared to \$230,400 for the State of Minnesota.
- In Hibbing, 76% of owner-occupied homes are estimated to be valued from \$50,000 to \$199,999. The overall median value of homes in Hibbing is estimated at \$111,990 compared to \$281,700 in the State of Minnesota.
- The median **contract** rent in Hibbing was estimated at \$510 (see page 177 for contract rent definition). Based on a 30% allocation of income to housing, an income of \$20,400 would be needed to afford the median rent. The State of Minnesota contract rent is estimated at \$972 (91% higher than Hibbing).
- The median income of renter households was significantly lower than the median income owner households in the Study Area. In 2023, owner-occupied households in the Study Area reported a median income of estimated at \$65,399 compared to \$25,827 among renter-occupied households.

EXECUTIVE SUMMARY

- The majority of Hibbing residents (96%) did not move within the year. Of the residents that moved within the last year, approximately 69% moved within St. Louis County and 16% moved from outside of the county but from within the State of Minnesota.
- Of those who reported a move in Hibbing, 32% were under age 18 and 19.5% were between the ages of 25 and 34. Older adults, between 55 and 64 years of age, accounted for 12% of those who moved in Hibbing.

Employment Trends

- Resident employment in Hibbing has decreased by 71 people between 2010 and 2022 (-1%). The number of individuals in the labor market also decreased at a significantly higher rate (-7%) than resident employment.
- Until the COVID-19 pandemic hit in 2020, the labor force in Hibbing had been relatively stable since 2010 along with those employed. The unemployment rate in comparison has been steadily declining from 16.1% in 2009 to 4.8% in 2018.
- The pandemic caused the unemployment rate in Hibbing to jump to 10.1% with a decline in the labor force of 3.5% from 2020 to 2021 and a reduction of those employed (-4%) from 2019 to 2020. While the unemployment rate has rebounded to 4.2% in 2022, the labor force has stabilized and employed persons has continued to increase at 2.5% from 2020 to 2022.
- Hibbing is the top home destination for workers in the city with a 44% share, while many are commuting from Chisholm (6.5%), Duluth (3.5%), Virginia (2.5%), and Grand Rapids (1.8%). About 54% of Hibbing's residents travel less than ten miles to their place of employment, while 16% have a commute distance greater than 50 miles.
- Hibbing can be considered an importer of workers, as the number of residents coming into the city for work (inflow) is greater than the number of workers leaving the city (outflow) for employment. Approximately 4,126 workers came into the city for work while 3,541 workers left, for a net difference of 585.
- The Education and Health Services industry is the largest employment sector in Hibbing, providing 2,683 jobs in 2022 (33% of the total). The Trade, Transportation, and Utilities sector was the next largest sector with 1,743 workers (22% of the total jobs) followed by the Manufacturing sector with 850 workers (10.5%). It is important to note that the Natural Resources and Mining industry is not reported for Hibbing and the Study Area.

EXECUTIVE SUMMARY

- Employers indicate a continued lack of available housing across the board for market rate and affordable housing for both rental and for-sale. Those skilled employees relocating to the area particularly have a difficult time finding suitable permanent and/or temporary housing in the area.

Rental Housing Market Analysis

- Based on the US Census American Community Survey data, the median **gross** rent in Hibbing was \$610 in 2023 (see page 179 for definition of gross rent). An income of \$24,400 would be needed to afford the median rent allocating 30% of income to housing. The median gross rent in the State of Minnesota is estimated at \$1,081 (77% higher than Hibbing).
- Overall, 21 out of 25 general occupancy apartment communities were contacted and confirmed rents and vacancies. At the time of our survey, 13 market rate units, two affordable, and 37 subsidized units were vacant, resulting in an overall vacancy rates of 3.7% for market rate units, 2.0% for affordable, and 5.4% for subsidized. The industry standard is 5% vacancy for market rate and 3% for affordable/subsidized for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover.
- Nearly 45% of the market rate units inventoried in multifamily buildings in Hibbing are two-bedroom units. The following is the unit breakdown, monthly rent ranges, and average rent for each market rate unit type:

○ Studio:	6.5%		\$n.a.		Avg. \$n.a.
○ One-bedroom units:	40%		\$500 to \$895		Avg. \$691
○ Two-bedroom units:	45%		\$590 to \$1,400		Avg. \$869
○ Three-bedroom units:	9%		\$660 to \$1,185		Avg. \$967
- The majority of affordable units inventoried in multifamily buildings in Hibbing are one-bedroom units (59%). The following is the unit breakdown, monthly rent ranges, and average rent for each affordable unit type:

○ Studio:	2%		\$439		Avg. \$439
○ One-bedroom units:	59%		\$577 to \$777		Avg. \$653
○ Two-bedroom units:	33%		\$745 to \$861		Avg. \$771
○ Three-bedroom units:	6%		\$845 to \$965		Avg. \$855

Senior Housing Market Analysis

- Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

EXECUTIVE SUMMARY

- The strongest growth is predicted to occur among older adults in Hibbing. Aging of baby boomers led to an increase of 715 people (55%) in the 65 to 74 population between 2010 and 2023 in Hibbing. As this group ages, the 75 and older cohort is projected to grow by 17% (296 people) while the 65 to 74 age group will also grow by 7% (145 people) by 2028.
- Maxfield Research identified 11 senior housing properties in the Study Area with 494 units, of which 46% of the units provide service-enhanced housing. These include 228 assisted living units and 46 memory care units. Active adult housing consists of 66 market rate units and 200 subsidized units.
- At the time of the survey, there were 30 vacant service-enhanced units (13% vacancy rate). The market rate active adult units were fully occupied, and the subsidized senior properties had a 4.0% vacant (eight vacant) all of which were in one property (Lee Center).
- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care housing, while 95% occupancy considered equilibrium in independent living and active adult. As such, the current supply of service-enhanced units appear to be oversupplied while the active adult units (and lack of independent living) appear to be undersupplied.

For-Sale Housing Market Analysis

- Hibbing has averaged 211 resales of for-sale housing annually since 2015. Transaction activity has increased over the past five years averaging 231 resales during that time. Lower activity occurred during the 2015 to 2017 period with the average being 177 home resales per year.
- The pricing of resales in Hibbing has remained within \$50,000 to \$199,999 higher over the period ranging from 77% to 82% of all resales occurring within this price range.
- Pricing has shifted upwards over the past few years as homes priced from \$150,000 to \$199,999 accounted for 22% in 2022 compared to the 14.5% average over the period. Only 3% of all sales were under \$50,000 in Hibbing in 2022 compared to 15% in 2015. In addition, only 8% of resales in 2015 were priced more than \$200,000 compared to 17% by 2022.
- The median resale price of single-family homes in Hibbing was 33% higher in 2022 (\$133,000) when compared to 2015 (\$89,000). Through July 2023, the median resale price has fell back to \$112,000 (-19%) from the previous year; however supply has been limited and interest rate hikes are impacting affordability.

EXECUTIVE SUMMARY

- Inventory (i.e. homes for sale) has been low recently with only 54 homes listed in the entire Study Area as of September 2023; resulting in a tight market of homes for sale for buyers. Few homes were available at all price ranges with 28% of the listings priced between \$100,000 to \$149,999. Overall, 81.5% of listings were priced \$250,000 and lower.
- Based on the median list price of \$149,900 in Hibbing, the income required to afford a home at this price would be about \$42,828 to \$49,967 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).
- Maxfield Research inventoried seven subdivisions with 97 available lots. Of these lots, only Mesabi Pines has lots for twin home/townhome development. It is important to note that only about 54 lots are currently available due to lack of infrastructure and some lots being marketed as combined lots. Based on historic new construction volumes and demand the current Study Area lot supply is roughly about 4.5-years deep.

Development Pipeline

- The City of Hibbing has plans to develop a 70-acre area consisting of multiple parcels in the center of town west of Highway 169 and south of the Highland Park subdivision. The PUD would likely involve a mix of single family and multifamily for-sale and rental housing. At this time, the number of units to be developed is undetermined at this time.
- The City of Chisholm is planning to develop open development in the Wenton Addition on the west side of town for single family and multifamily for-sale townhomes. The subdivision may contain 50 to 55 single family and townhome units at build-out if fully developed. In addition to for-sale housing, the City of Chisholm also plans on pursuing multifamily rental housing in the near future.

Housing Affordability

- In Hibbing, about 38% of renter households and 13% of owner householders are estimated to be paying more than 30% of their income for housing costs. Compared to the Minnesota average, the percentage of cost burdened renter households is lower than the state average of 44% and owner households at 18%.
- The Virginia HRA administers 587 housing choice vouchers in Northern St. Louis County, however due to unit availability and budget, about 520 vouchers are utilized at this time. Hibbing is home to 38% (197 vouchers) of the housing choice vouchers.
- An estimated 51% of existing renter households in the Study Area can afford to rent a one-bedroom unit in Hibbing (\$700/month) and an estimated 43% that can afford an existing two-bedroom unit (\$870/month).

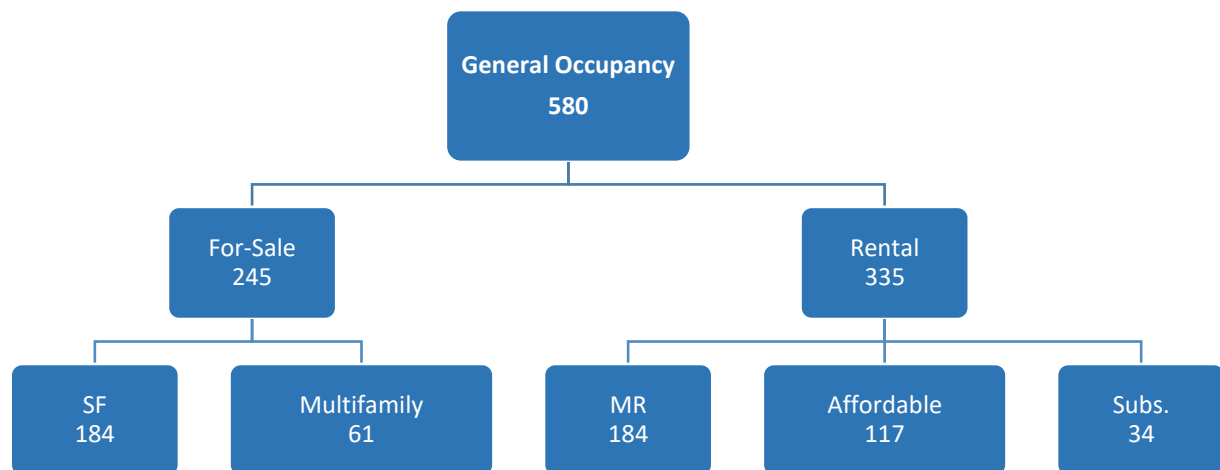
EXECUTIVE SUMMARY

- Approximately 54.5% of all Study Area households could afford to purchase an entry-level home in Hibbing (\$150,000) and 32.5% of all households would income qualify for move-up buyers (\$250,000).

Housing Needs Analysis Summary

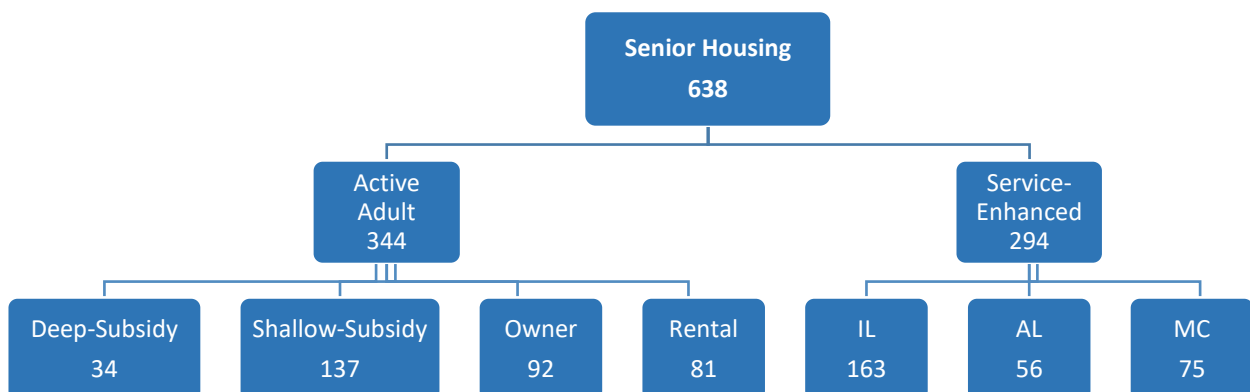
- Based on our calculations, demand exists in Hibbing for the following general occupancy product types between 2023 and 2035:

Hibbing Projected General Occupancy Demand, 2023 – 2035



- In addition, we find demand for multiple senior housing product types. By 2028, demand in Hibbing for senior housing is forecast for the following:

Hibbing Projected Senior Demand, 2023 – 2028



EXECUTIVE SUMMARY

- Below are recommended product types for Hibbing:

RECOMMENDED HOUSING DEVELOPMENT CITY OF HIBBING 2023 to 2035					
	Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing	
Owner-Occupied Homes					
Single Family²					
Move-up	\$250,00 - \$350,000	130 - 135	76%	Ongoing	
Executive	\$350,000+	40 - 45	24%	Ongoing	
Total		170 - 180	100%		
Townhomes/Detached Townhomes/Twinhomes²					
Attached Townhomes	\$225,000-\$275,000	30 - 35	54%	2024+	
Twinhomes/Detached Townhomes	\$285,000+	25 - 30	46%	2024+	
Total		55 - 65	100%		
Total Owner-Occupied		225 - 245			
General Occupancy Rental Housing					
Market Rate Rental Housing					
Apartment-style	\$975/1BR - \$1,250/2BR	130 - 150	76%	2024+	
Townhomes	\$1,250/2BR - \$1,400/3BR	40 - 50	24%	2024+	
Total		170 - 200	100%		
Affordable Rental Housing					
Apartment-style	Moderate Income ³	75 - 80	67%	2024+	
Townhomes	Moderate Income ³	35 - 40	33%	2024+	
Total		110 - 120	100%		
Total Renter-Occupied		280 - 320			
Senior Housing (i.e. Age Restricted) 2023-2028					
Active Adult Cooperative	1BR+D & 2BR / \$75,000+	50 - 60	23%	2024+	
Active Adult Affordable Rental	Moderate Income ³	40 - 50	19%	2024+	
Active Adult Market Rate Rental	\$1,000/1BR - \$1,200/2BR	40 - 50	19%	2024+	
Independent Living (Congregate)	\$1,500/1BR - \$2,000/2BR	50 - 60	23%	2024+	
Assisted Living	\$3,500/1BR - \$4,000/2BR	20 - 30	11%	2028+	
Memory Care	\$5,000/Studio - \$6,000/1BR	32 - 40	15%	2024+	
Total		212 - 260	100%		
Total - All Units		717 - 825			
¹ Pricing in 2023 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. ³ Affordability subject to income guidelines per Minnesota Housing Financing Agency (MHFA). See St. Louis County Income limits. Note - Recommended development does not coincide with total demand. Hibbing may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)					
Source: Maxfield Research & Consulting, LLC					

Detailed demand calculations and recommendation by submarket are provided in more detail in the recommendations and conclusions section of the report.

Introduction

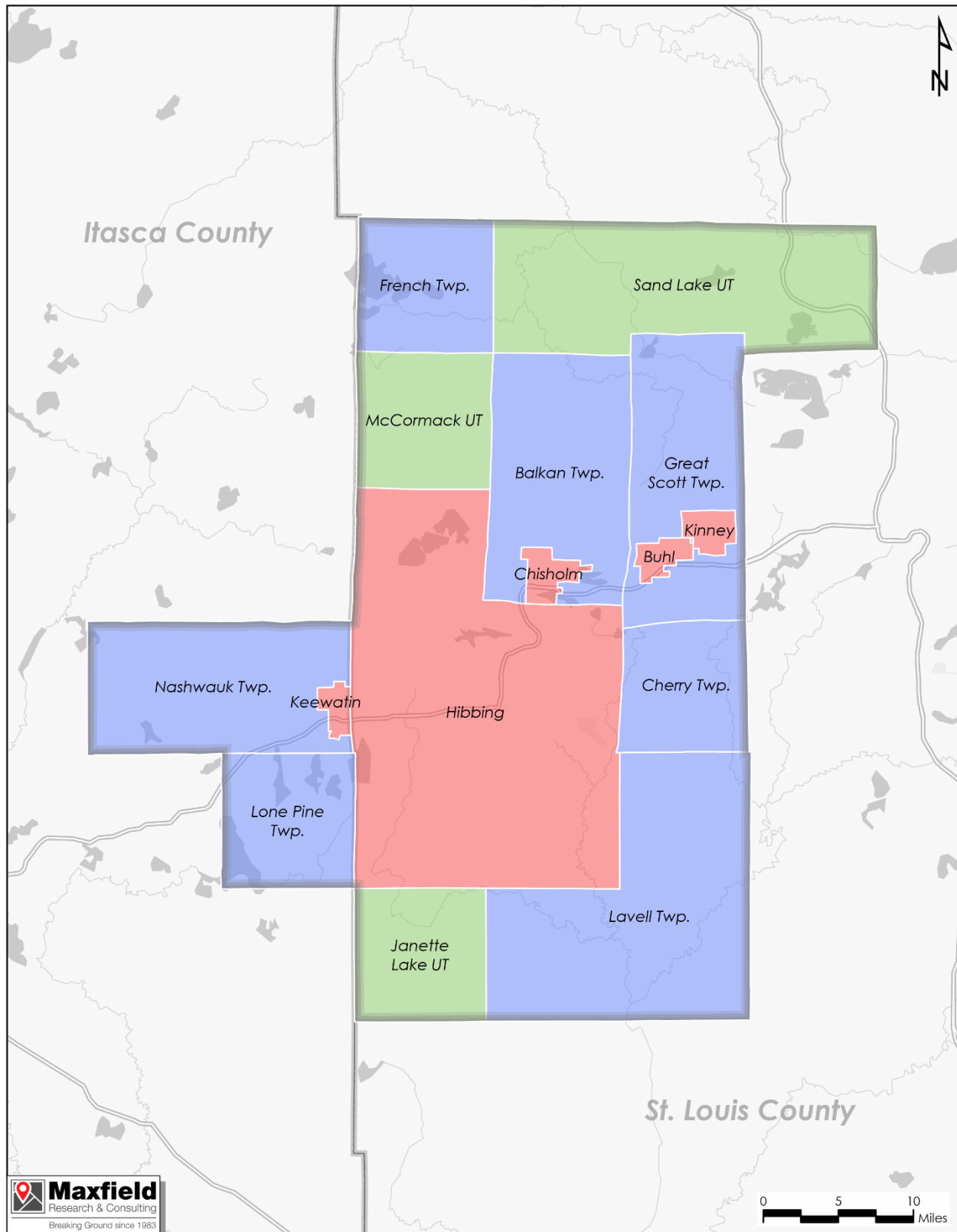
This section of the report examines factors related to the current and future demand for both owner and renter-occupied housing in Hibbing, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types and household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

Hibbing Study Area

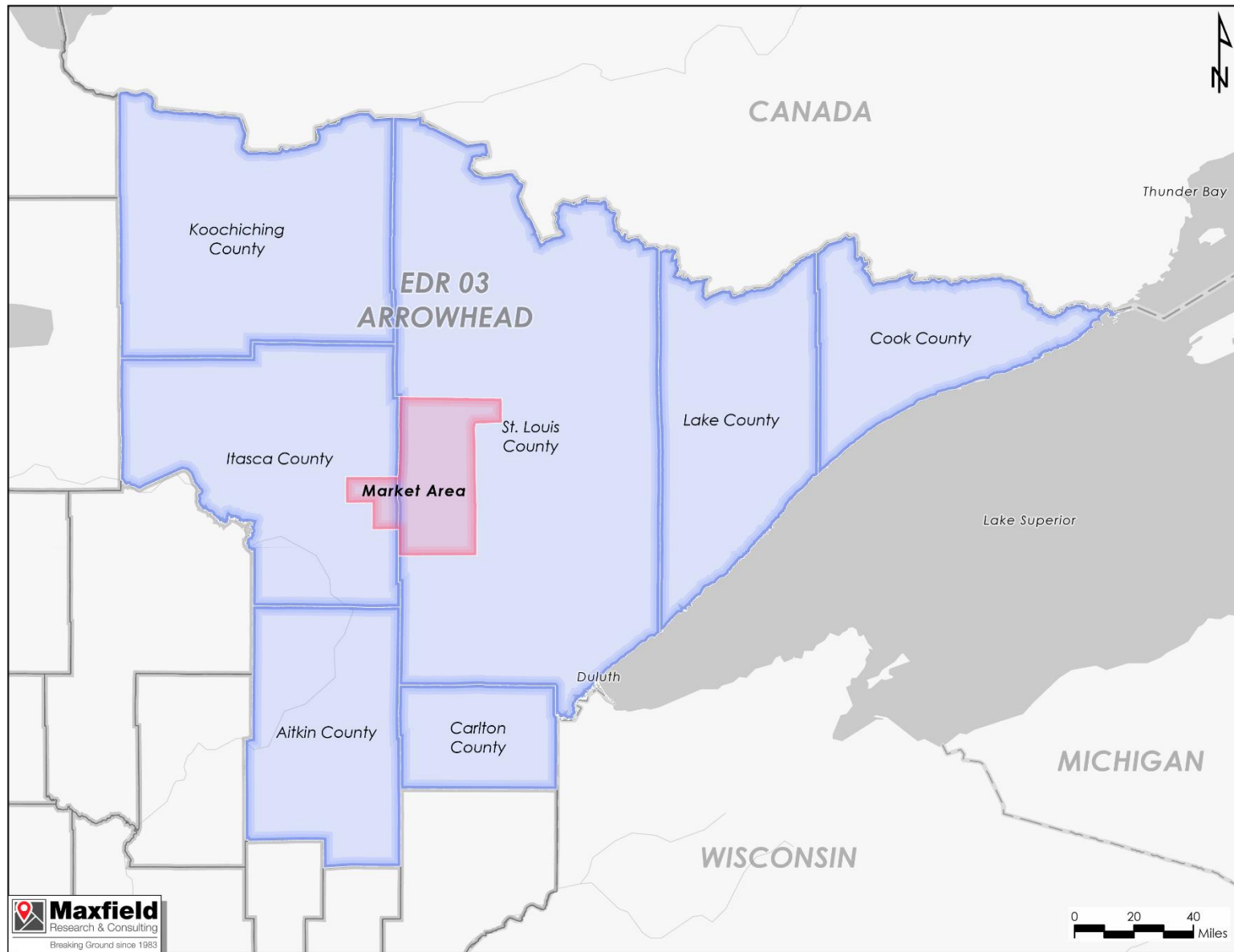
For purposes of the housing analysis, the Hibbing Study Area encompasses the following geographies: the cities of Hibbing, Chisholm, Buhl, Kinney, Keewatin, and Nashwauk; the townships of Balkan, Cherry, French (including the Side Lake Area), Great Scott, Lavell, Lone Pine, and Nashwauk; and the unorganized Territories of Janette Lake, McCormack, and Sand Lake. A map of the Study Area is shown on the following page.

In some cases, additional demand for housing will come from individuals moving from just outside the Study Area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations), and seniors who move to be near the adult children living in Hibbing and the larger Study Area. Demand generated from within and outside of the Study Area is considered in the demand calculations presented later in this analysis. The maps on the following pages highlight the City of Hibbing, the Hibbing Study Area, and Minnesota's Arrowhead Economic Development Region 3, which includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis County.

City of Hibbing and Primary Market Area



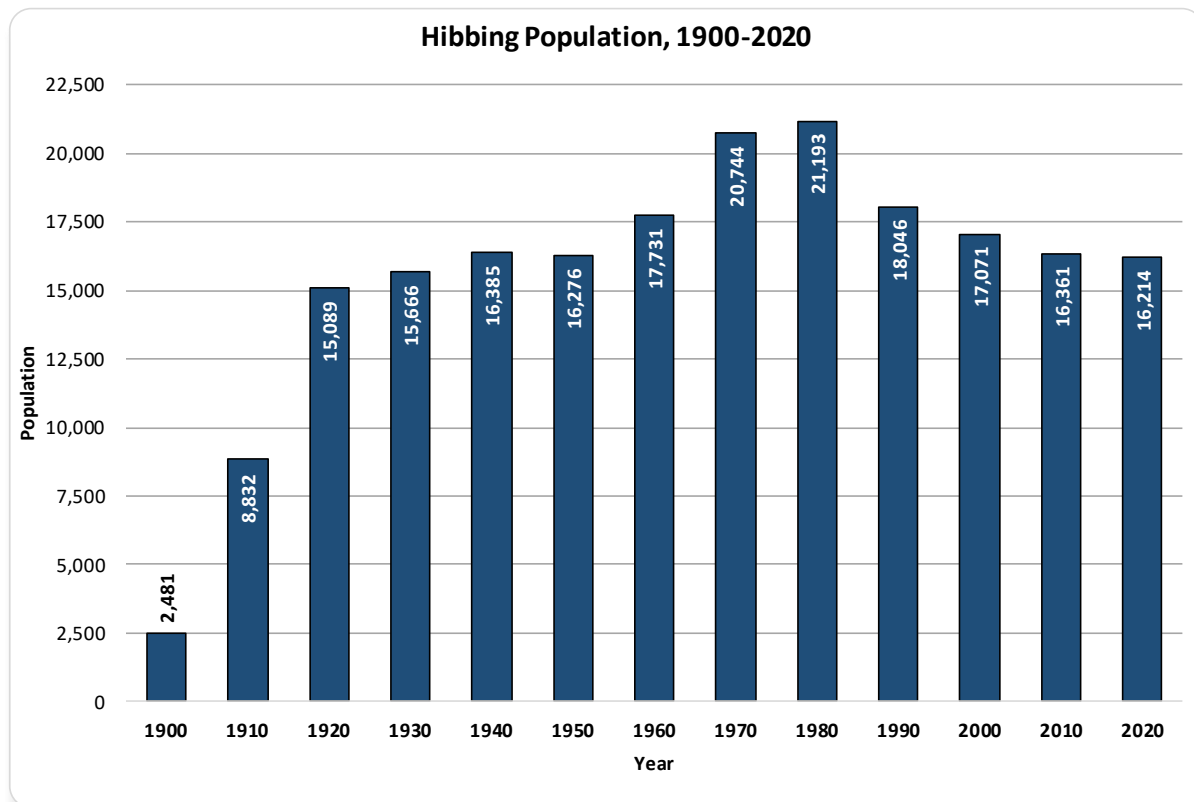
Hibbing Study Area and Arrowhead Minnesota EDR



Historic Population

The figure below shows Hibbing's historic population from 1900 to 2020. Data was obtained from the US Census Bureau.

- The population in Hibbing grew nearly every decade from 1900 through the 1970s with the exception of 1940s when the population declined 109 people (-0.7%) by 1950.
- Hibbing's population grew to its largest size in 1980 of 21,193 people but has fallen back down to 16,214 in 2020 which is similar to the population in 1940s and 1960s.
- Since 1980, the population in Hibbing has declined every decade after. Overall, Hibbing's population has declined 31% from 1980 with the most severe decline occurring from 1980 to 1990 with a loss 3,147 people (-15%).
- Average population growth since 1900 is 28% and has ranged from has ranged from a high of 163% growth between 1900 and 1920 during the initial boom from its inception in 1893 to a low of a -15% decline between 1980 and 1990. The average growth for Hibbing was 6% from 1920 to 1980 but has fallen to an average of less than -6% from 1980 to 2020.



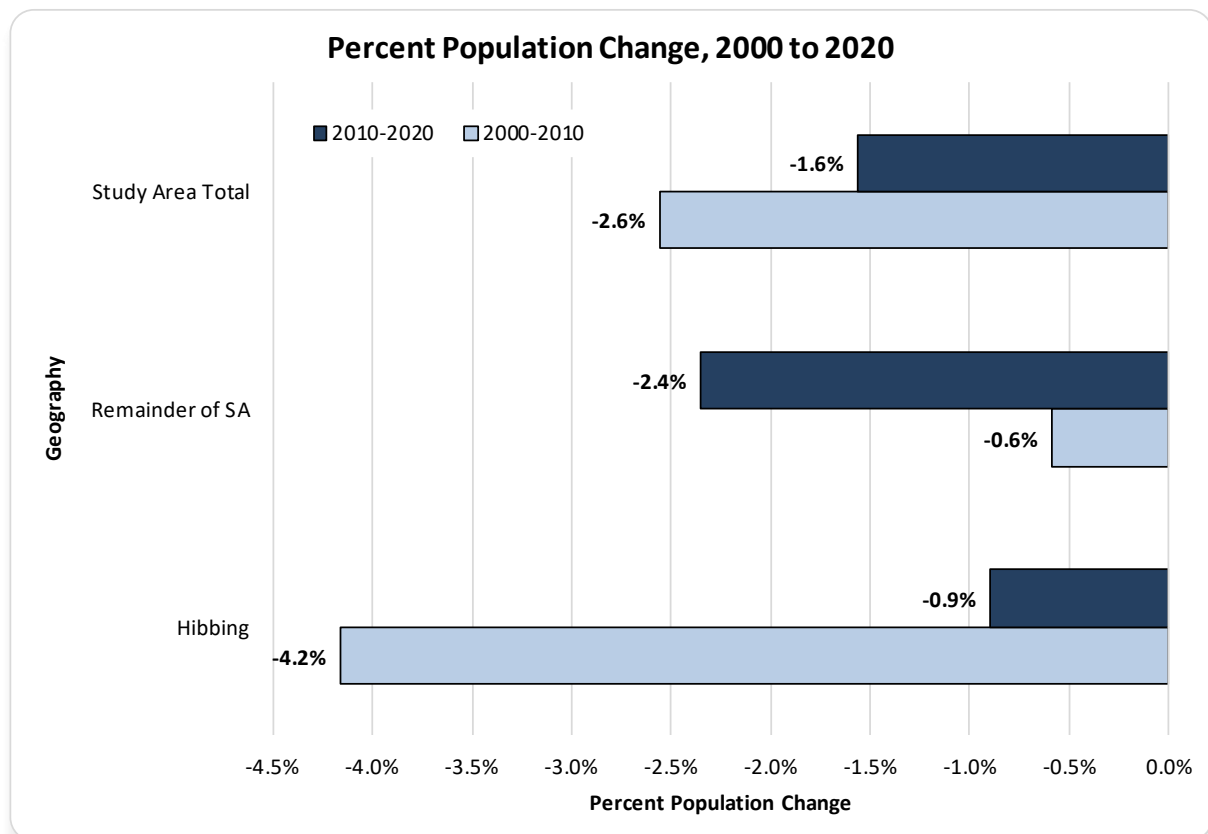
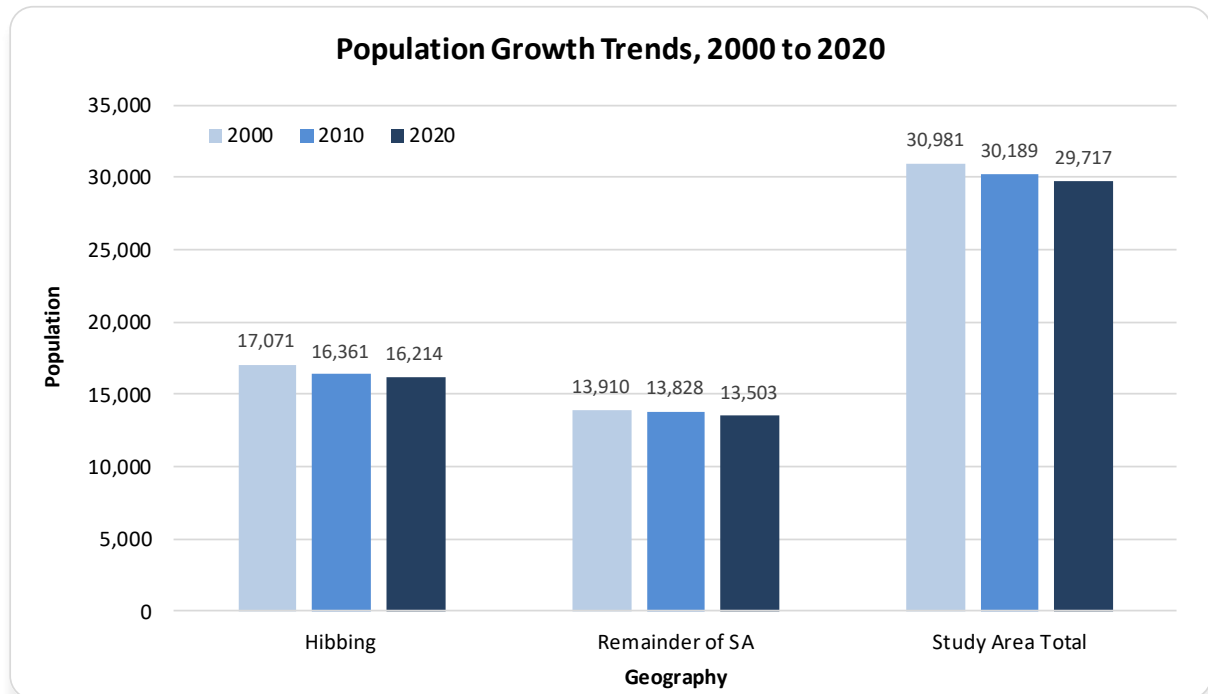
Population and Household Growth from 2000 to 2020

Tables D-1 and D-2 present the population and household growth of Hibbing, the Remainder of the Study Area, the Hibbing Study Area, the Arrowhead Minnesota EDR/Planning Region, and the State of Minnesota in 2000, 2010, and 2020. The data is sourced from the U.S. Census. Additionally, data for Hibbing, the Remainder of the Study Area, and the Study Area from tables D-1 and D-2 is also presented in graph format.

Population

- The population of Hibbing declined between 2000 and 2010 falling 710 people from 17,071 to 16,361. The decline of the population in Hibbing between 2000 and 2010 (-4%) was more than the loss in population in the Remainder of the Study Area (-0.6%). The Arrowhead Minnesota Planning Area and the State of Minnesota however, experienced growth of 1% and 8%, respectively over the same decade.
- From 2010 to 2020, the population of Hibbing lost 147 people, less of a decline in population (-1%) in comparison to last decade. Hibbing's population loss between 2010 and 2020 was fewer than the loss in the Remainder of the Study Area (-325 people, -2%). While the State of Minnesota gained population (8%) over the decade, the Arrowhead Minnesota EDR lost population (-0.2%).
- From 2000 to 2020, the most significant percent change in population gain occurred in the State of Minnesota (16%), followed by the Arrowhead Minnesota Planning Area (1%). Hibbing and the Remainder of the Study Area fell in population by 5% and 3%, respectively over the last 20 years.

TABLE D-1 HISTORIC POPULATION HIBBING STUDY AREA 2000 - 2020							
	Historic Population			Change			
	Census			2000 - 2010		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
Hibbing	17,071	16,361	16,214	-710	-4.2%	-147	-0.9%
Remainder of SA	13,910	13,828	13,503	-82	-0.6%	-325	-2.4%
Study Area Total	30,981	30,189	29,717	-792	-2.6%	-472	-1.6%
Arrowhead Minnesota EDR	322,073	326,225	325,716	4,152	1.3%	-509	-0.2%
Minnesota	4,919,479	5,303,925	5,706,494	384,446	7.8%	402,569	7.6%
Note: Arrowhead Minnesota EDR includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.							
Sources: U.S. Census; Maxfield Research and Consulting, LLC							

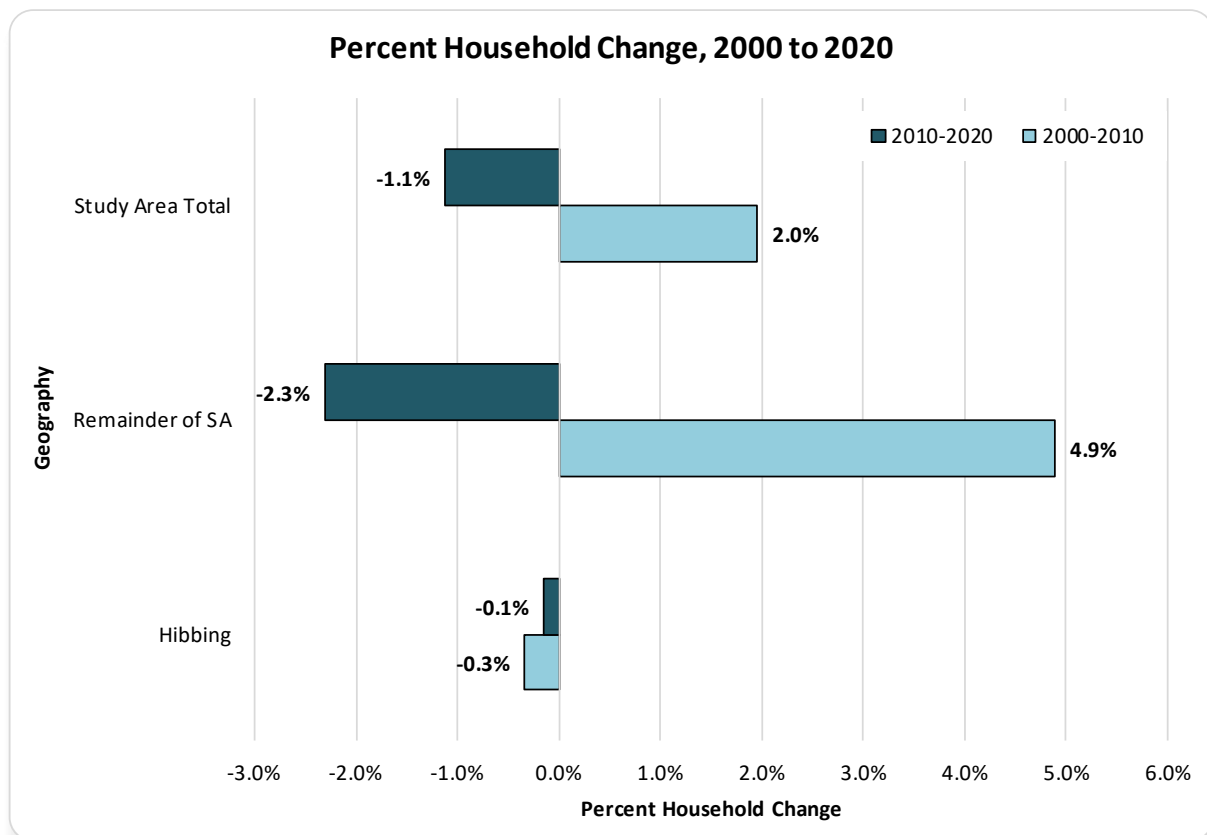
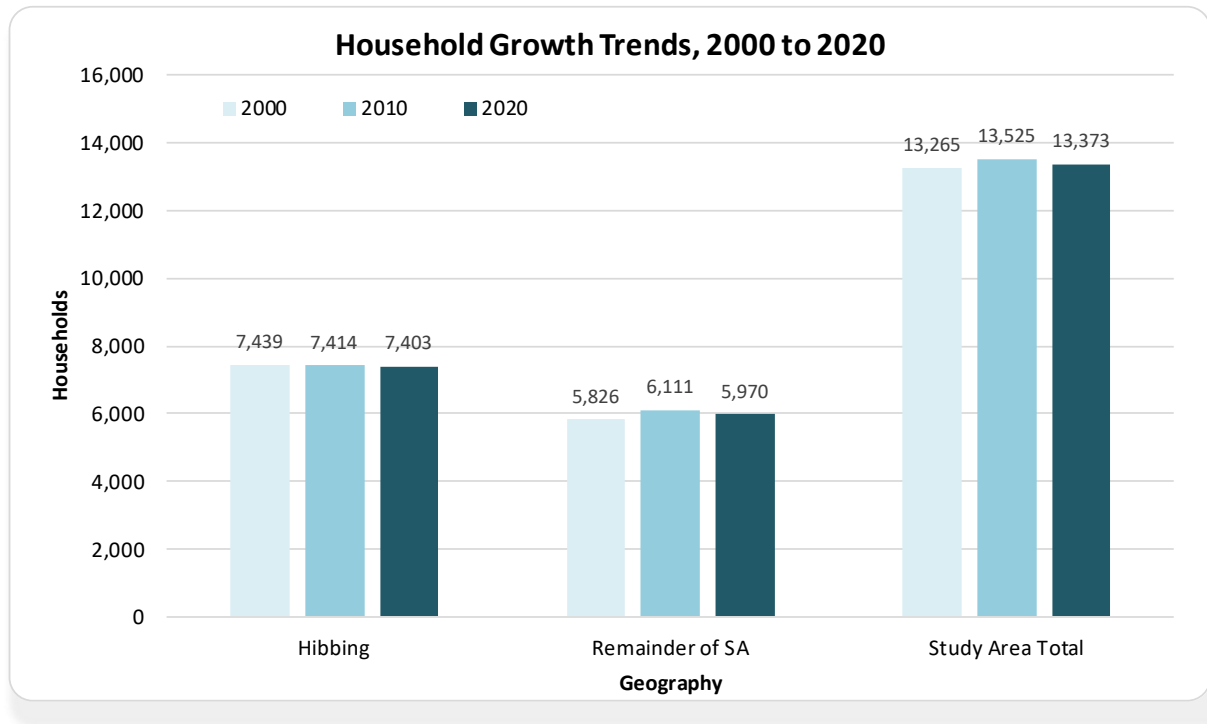


Households

Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can result from changing demographics of the population base, which results in demand for different housing products.

- Households have remained relatively stable in Hibbing over the past few decades as the number of Hibbing households declined by 25 households (-0.3%) between 2000 and 2010 while the Remainder of the Study Area experienced growth of 5% in the number of households between. The Arrowhead Minnesota EDR/Planning Area increased by 4% and Minnesota 10%.
- From 2010 to 2020, the number of Hibbing households declined by only 11 households (-0.1%) with the Remainder of the Study Area losing 141 households (-2%). The Arrowhead Minnesota EDR/Planning Area in comparison gained 1.5% households while the State of Minnesota gained 8%.
- From 2000 to 2020, the most significant percent change in household gain occurred in the State of Minnesota (19%), followed by the Arrowhead Minnesota Planning Area (6%). The Remainder of the Study Area gained households by 2.5% while Hibbing experienced minor decline of 0.5% over the last 20 years.

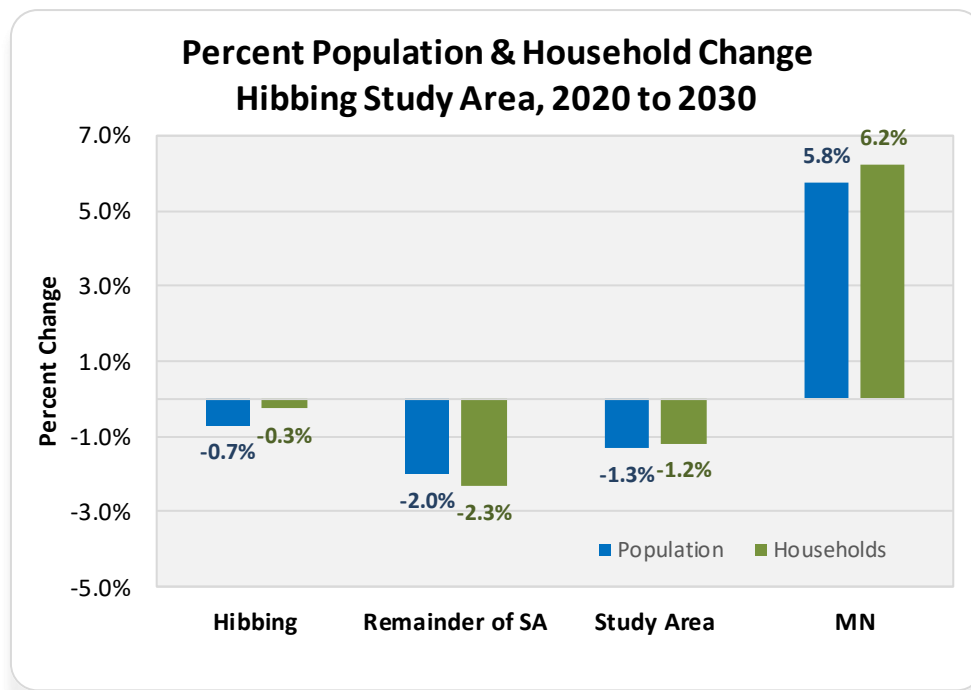
TABLE D-2 HISTORIC HOUSEHOLDS HIBBING STUDY AREA 2000 - 2020							
	Historic Households			Change			
	Census			2000 - 2010		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
Hibbing	7,439	7,414	7,403	-25	-0.3%	-11	-0.1%
Remainder of SA	5,826	6,111	5,970	285	4.9%	-141	-2.3%
Study Area Total	13,265	13,525	13,373	260	2.0%	-152	-1.1%
Arrowhead Minnesota EDR	132,152	137,586	139,680	5,434	4.1%	2,094	1.5%
Minnesota	1,895,127	2,087,227	2,253,990	192,100	10.1%	166,763	8.0%
Note: Arrowhead Minnesota EDR includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.							
Sources: U.S. Census; Maxfield Research and Consulting, LLC.							



Population and Household Estimates and Projections

Table D-3 presents population and household growth trends and projections for Hibbing, the Remainder of the Study Area, Study Area, the Arrowhead Minnesota EDR (Economic Development Region), and the State of Minnesota through 2030. Projections for 2030 are based on information from ESRI, the Minnesota State Demographic Center, and adjusted by Maxfield Research and Consulting, LLC based on local trends.

- Projections indicate Hibbing will continue to decline slightly, experiencing a 0.7% decrease in population between 2020 and 2030. The projected population decrease will be slightly less than the population decrease experienced in the decade between 2010 and 2020 (-0.9%). However, the population loss has stabilized considerably from 2000 to 2010 in Hibbing when the population declined by 4%.
- The Study Area reported population decline between 2000-2010 (-2.6%) and from 2010-2020 (-1.6%). The majority of the decline occurred in Hibbing during the 2000s but during the 2010s, the Remainder of the Study Area experienced the majority of the population loss, declining by 2.5% from 2010 to 2020.
- Due to declining household size, household decline is projected to be lesser than population loss. A 0.3% decrease in households is forecast for Hibbing between 2020 to 2030. Similar trends are expected to occur for the Study Area, which is expected to decrease in households by 1.2%. The State of Minnesota in comparison, is expected to increase in households by 6%.



DEMOGRAPHIC ANALYSIS

TABLE D-3
POPULATION GROWTH TRENDS AND PROJECTIONS
CITY OF HIBBING, STUDY AREA, ARROWHEAD MINNESOTA EDR: 3, AND THE STATE OF MINNESOTA
2000 - 2030

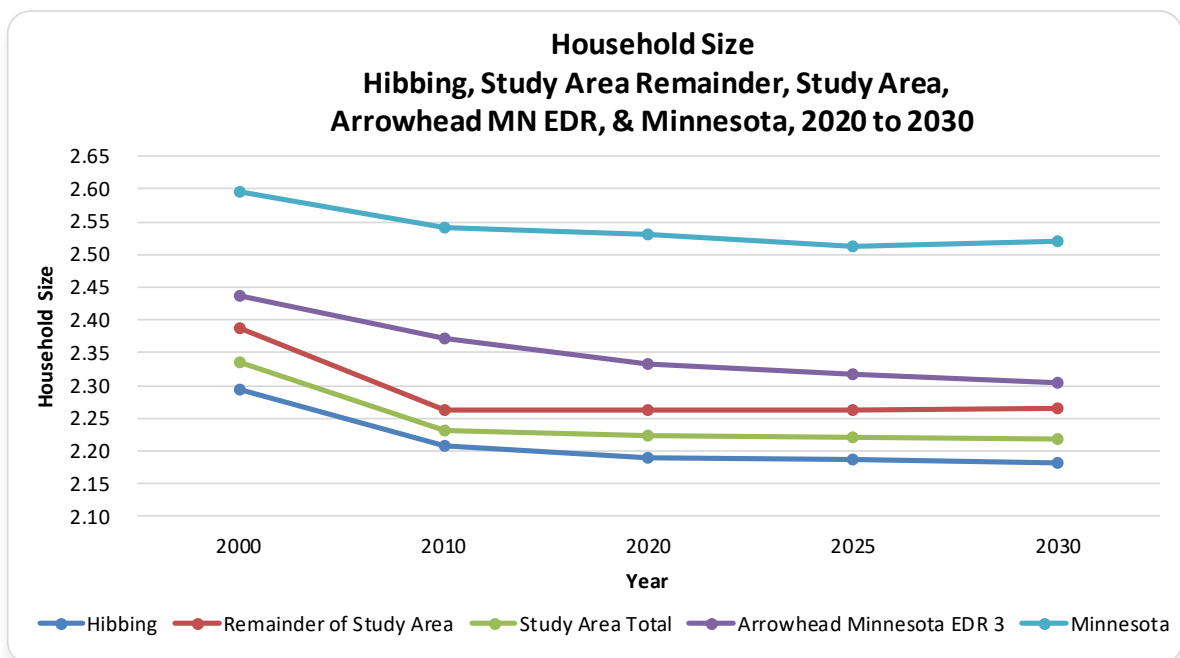
	Census			Projected			Change					
							2000 - 2010		2010 - 2020		2020 - 2030	
	2000	2010	2020	2025	2030	2035	No.	Pct.	No.	Pct.	No.	Pct.
Population												
Hibbing	17,071	16,361	16,214	16,157	16,100	16,055	-710	-4.2%	-147	-0.9%	-114	-0.7%
Remainder of Study Area	13,910	13,828	13,477	13,342	13,207	13,115	-82	-0.6%	-351	-2.5%	-270	-2.0%
Study Area Total	30,981	30,189	29,691	29,499	29,307	29,170	-792	-2.6%	-498	-1.6%	-384	-1.3%
Arrowhead Minnesota EDR 3	322,073	326,225	325,716	324,800	324,474	323,819	4,152	1.3%	-509	-0.2%	-1,242	-0.4%
State of Minnesota	4,919,479	5,303,925	5,706,494	5,833,655	6,034,892	6,095,513	384,446	7.8%	402,569	7.6%	328,398	5.8%
Households												
Hibbing	7,439	7,414	7,403	7,393	7,383	7,375	-25	-0.3%	-11	-0.1%	-20	-0.3%
Remainder of Study Area	5,826	6,111	5,970	5,901	5,832	5,795	285	4.9%	-141	-2.3%	-138	-2.3%
Study Area Total	13,265	13,525	13,373	13,294	13,215	13,170	260	2.0%	-152	-1.1%	-158	-1.2%
Arrowhead Minnesota EDR 3	132,152	137,586	139,680	140,208	140,912	141,400	5,434	4.1%	2,094	1.5%	1,232	0.9%
State of Minnesota	1,895,127	2,087,227	2,253,990	2,323,125	2,394,162	2,415,000	192,100	10.1%	166,763	8.0%	140,172	6.2%
Persons Per Household												
Hibbing	2.29	2.21	2.19	2.19	2.18	2.18						
Study Area Remainder	2.39	2.26	2.26	2.26	2.26	2.26						
Study Area	2.34	2.23	2.22	2.22	2.22	2.21						
Arrowhead Minnesota EDR 3	2.44	2.37	2.33	2.32	2.30	2.29						
State of Minnesota	2.60	2.54	2.53	2.51	2.52	2.52						
Note: The Arrowhead Minnesota EDR (Economic Development Region) Area includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.												
Sources: U.S. Census; State of Minnesota Demographer; ESRI; Maxfield Research and Consulting, LLC												

Household Size

Household size is calculated by dividing the number of persons in households by the number of households (or householders). Nationally, the average number of people per household has been declining for over a century; however, there have been sharp declines starting in the 1960s and 1970s. Persons per household in the U.S. were about 4.5 in 1916 and declined to 3.2 in the 1960s. Over the past 50 years, it dropped to 2.57 as of the 2000 Census. However, due to the economic recession this trend has been temporarily halted as renters and laid-off employees “doubled-up,” which increased the average U.S. household size to 2.59 as of the 2010 Census and further increasing to 2.61 in 2020 as rental housing unit production increased dramatically.

The declining household size has been caused by many factors, including: aging, higher divorce rates, cohabitation, smaller family sizes, demographic trends in marriage, etc. Most of these changes have resulted from shifts in societal values, the economy, and improvements in health care that have influenced how people organize their lives. Table D-3 highlights the declining household size in Hibbing, the Study Area, the Arrowhead Minnesota EDR, and the State of Minnesota.

- In 2010, the household size in Hibbing was 2.21 while the Study Area had a household size of 2.23. In comparison, household size in the Arrowhead Minnesota EDR 3 averaged 2.37 persons per household while the State of Minnesota had 2.54 persons per households. By 2020, household size had fallen to 2.19 in Hibbing and 2.22 in the Study Area. The Arrowhead Minnesota EDR 3 fell to 2.33 with the Minnesota’s household size decreasing slightly to 2.53.



- Hibbing's household size is projected to be 2.19 by 2025 and declining to at 2.18 by 2030. Hibbing's projected household size will be less than the Arrowhead Minnesota EDR 3, which is projected to be 2.32 in 2025 and 2.29 by 2030. Household size in Minnesota is also much higher than Hibbing at 2.52 in 2025 and 2.52 by 2030
- The Remainder of the Study Area's household size is projected to be 2.26 by 2025 and remaining stable at 2.26 by 2030.

Age Distribution Trends

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Table D-4 presents the age distribution of Hibbing and the Study Area population from 2000 to 2028. We also include the Arrowhead EDR 3 and the State of Minnesota for comparison. Information from 2000-2010 is sourced from the U.S. Census. Age distribution data for the 2020 U.S. Census was unavailable at the time of the study. The 2023 estimates and projections for 2028 were provided by ESRI, with adjustments made by Maxfield Research.

- In 2020, the largest adult cohort by age in Hibbing is estimated to be the 55 to 64 age cohort, totaling an estimated 2,391 people (15% of the population), followed by the 65 to 74 age group with an estimated 2,014 people (12%). In the Study Area, the 55 to 64 cohort is the largest age group (15% of the population) in 2020, followed by 65 to 74 cohort (14%).
- The most rapid growth occurred among older adults in the Study Area. Aging of baby boomers led to an estimated increase of 716 people (55%) in the 65 to 74 population in Hibbing and 1,514 people (60%) in the Study Area between 2010 and 2020.
- As these older adult groups age, the majority of growth in Hibbing and the Study Area is expected to continue to increase in those ages 65 and older over the next several years. The 65 and older age group is projected to grow 18% in Hibbing adding a projected 644 people while the Study Area is set to expand 1,218 people (18%) from 2020 to 2028.
- The Study Area is expected to experience declines in most adult age cohorts under age 65 with the largest decline expected in the 55 to 64 age group between 2020 and 2028, which is projected to contract 705 people (-15%) in the Study Area and 332 people in Hibbing (-14%). The loss projected for this cohort is a result of the comparatively small number of people who will move into this age group between 2020 and 2028, a phenomenon known as the "baby bust." The "baby bust" is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.

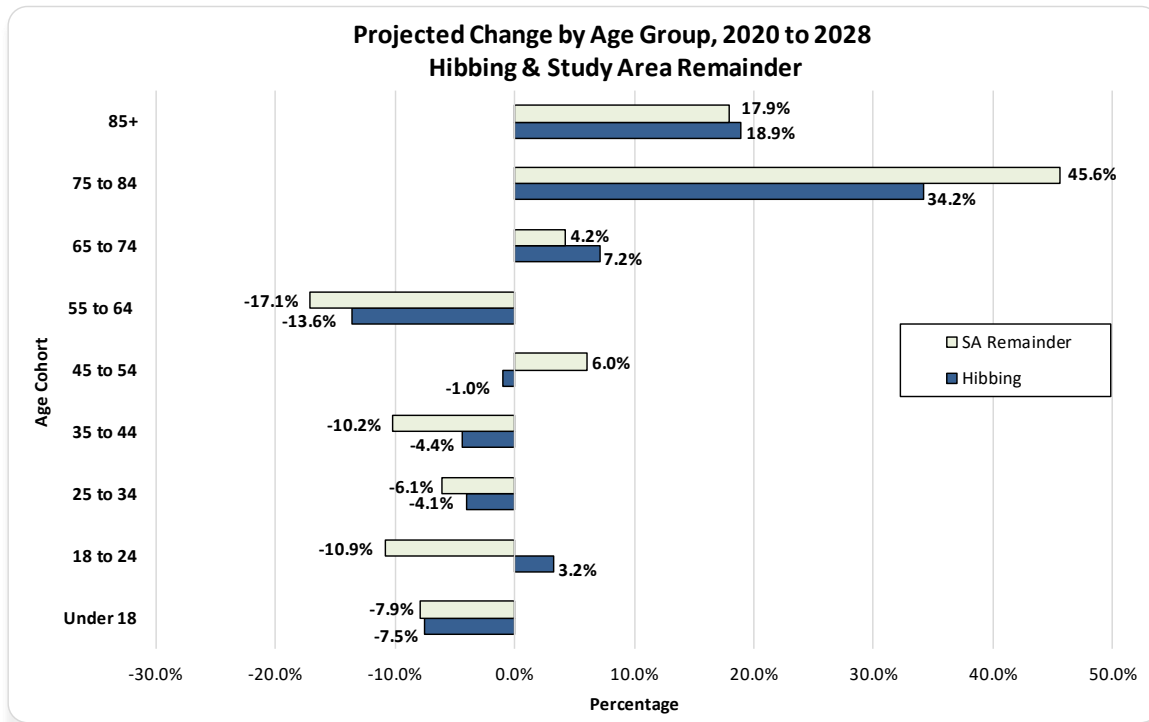
DEMOGRAPHIC ANALYSIS

TABLE D-4
POPULATION AGE DISTRIBUTION
HIBBING, STUDY AREA REMAINDER, STUDY AREA, ARROWHEAD MINNESOTA EDR 3, & MINNESOTA
2000 to 2028

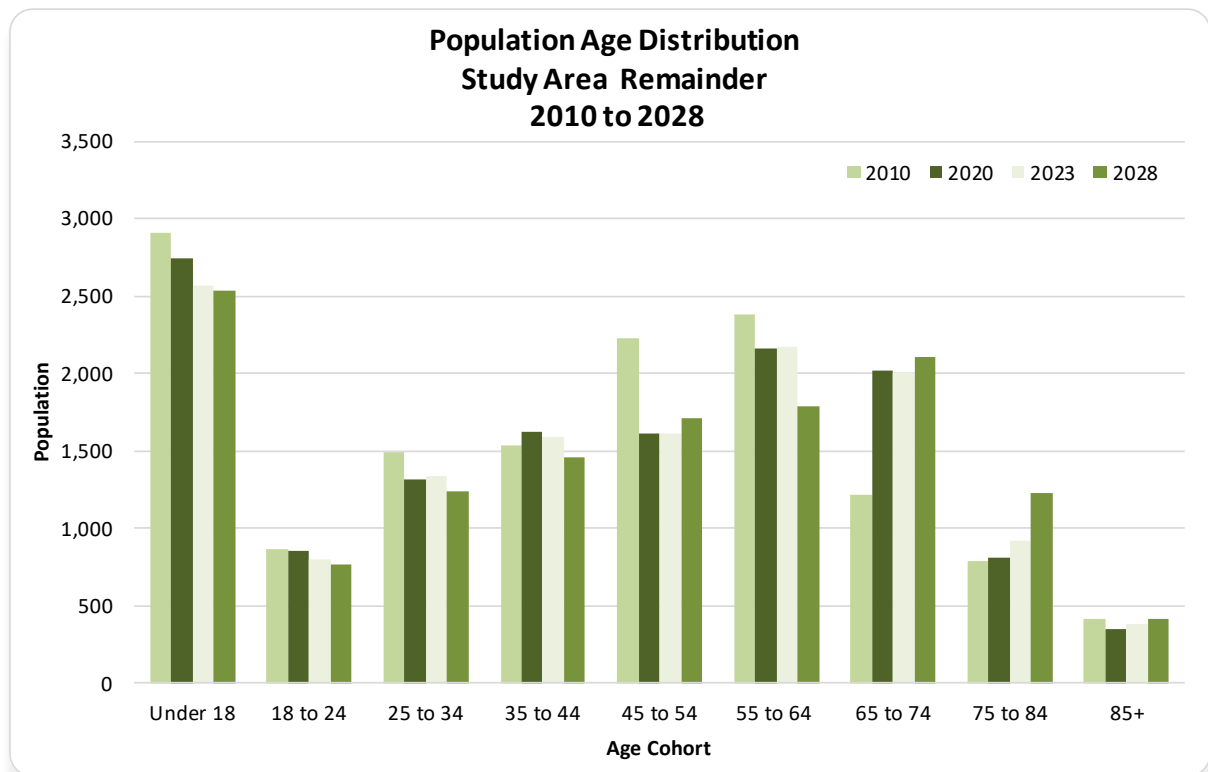
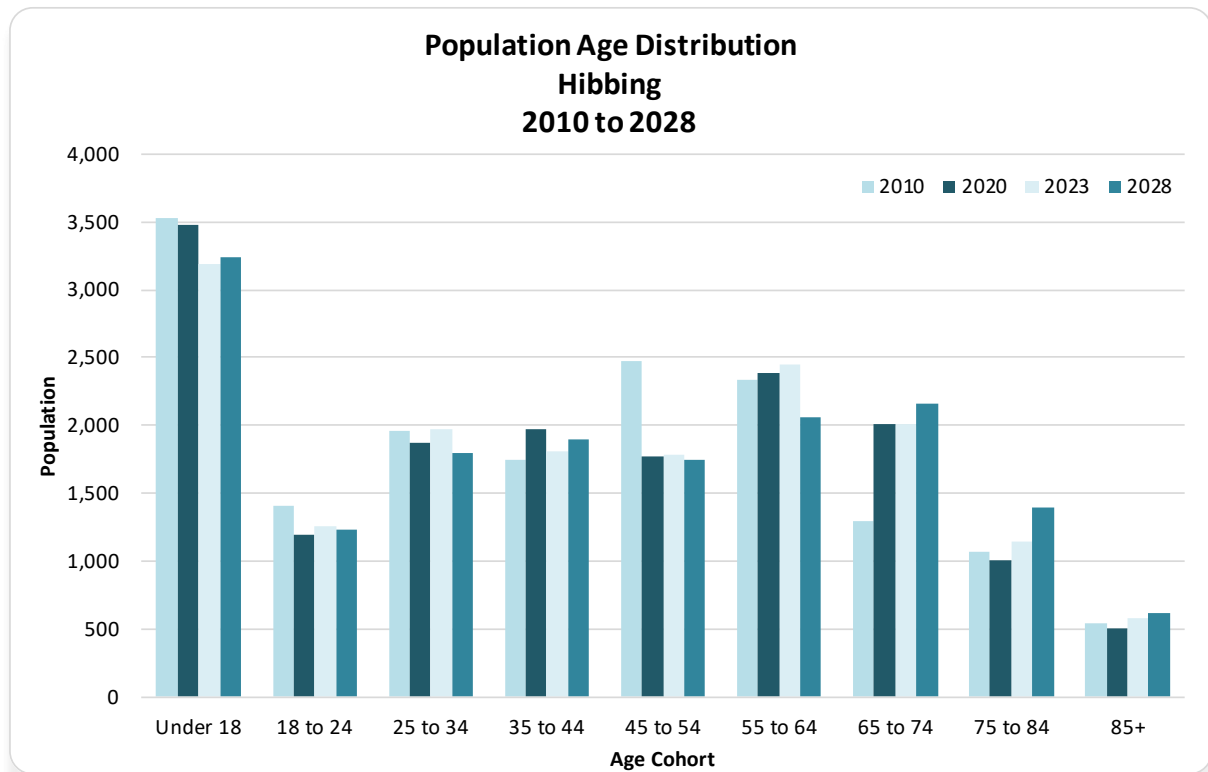
	Number of People					Change					
	U.S. Census			Estimate	Forecast	U.S. Census			Forecast		
	2000	2010	2020	2023	2028	2000-2010		2010-2020		2020-2028	
Hibbing	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	3,891	3,532	3,480	3,193	3,239	-359	-9.2%	-52	-1.5%	-241	-7.5%
18 to 24	1,559	1,406	1,195	1,253	1,235	-153	-9.8%	-211	-15.0%	40	3.2%
25 to 34	1,720	1,959	1,873	1,971	1,792	239	13.9%	-86	-4.4%	-81	-4.1%
35 to 44	2,468	1,744	1,975	1,806	1,896	-724	-29.3%	231	13.2%	-79	-4.4%
45 to 54	2,560	2,473	1,767	1,780	1,749	-87	-3.4%	-706	-28.5%	-18	-1.0%
55 to 64	1,501	2,337	2,391	2,443	2,059	836	55.7%	54	2.3%	-332	-13.6%
65 to 74	1,522	1,299	2,015	2,014	2,159	-223	-14.7%	716	55.1%	144	7.2%
75 to 84	1,337	1,073	1,009	1,143	1,400	-264	-19.7%	-64	-6.0%	391	34.2%
85+	513	538	509	578	618	25	4.9%	-29	-5.4%	109	18.9%
Total	17,071	16,361	16,214	16,181	16,147	-710	-4.2%	-147	-0.9%	-67	-0.4%
Study Area Remainder	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	3,264	2,910	2,741	2,572	2,537	-354	-10.8%	-169	-5.8%	-204	-7.9%
18 to 24	983	860	857	798	770	-123	-12.5%	-3	-0.3%	-87	-10.9%
25 to 34	1,437	1,495	1,317	1,341	1,235	58	4.0%	-178	-11.9%	-82	-6.1%
35 to 44	2,060	1,531	1,620	1,586	1,459	-529	-25.7%	89	5.8%	-161	-10.2%
45 to 54	2,342	2,223	1,612	1,612	1,709	-119	-5.1%	-611	-27.5%	97	6.0%
55 to 64	1,363	2,378	2,163	2,177	1,791	1,015	74.5%	-215	-9.0%	-372	-17.1%
65 to 74	1,093	1,219	2,017	2,007	2,102	126	11.5%	798	65.5%	85	4.2%
75 to 84	1,040	793	805	923	1,226	-247	-23.8%	12	1.5%	421	45.6%
85+	328	419	345	379	413	91	27.7%	-74	-17.7%	68	17.9%
Total	13,910	13,828	13,477	13,395	13,241	-82	-0.6%	-351	-2.5%	-236	-1.8%
Study Area	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	7,155	6,442	6,221	5,766	5,776	-713	-10.0%	-221	-3.4%	-445	-7.7%
18 to 24	2,542	2,266	2,052	2,051	2,005	-276	-10.9%	-214	-9.4%	-47	-2.3%
25 to 34	3,157	3,454	3,190	3,312	3,028	297	9.4%	-264	-7.6%	-162	-4.9%
35 to 44	4,528	3,275	3,595	3,392	3,355	-1,253	-27.7%	320	9.8%	-240	-7.1%
45 to 54	4,902	4,696	3,379	3,392	3,457	-206	-4.2%	-1,317	-28.0%	78	2.3%
55 to 64	2,864	4,715	4,554	4,621	3,849	1,851	64.6%	-161	-3.4%	-705	-15.3%
65 to 74	2,615	2,518	4,032	4,021	4,261	-97	-3.7%	1,514	60.1%	229	5.7%
75 to 84	2,377	1,866	1,814	2,066	2,625	-511	-21.5%	-52	-2.8%	811	39.3%
85+	841	957	854	956	1,031	116	13.8%	-103	-10.8%	177	18.5%
Total	30,981	30,189	29,691	29,576	29,388	-792	-2.6%	-498	-1.6%	-303	-1.0%
Arrowhead MN EDR 3	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	73,726	66,397	63,642	59,174	58,854	-7,329	-9.9%	-2,755	-4.1%	-4,788	-8.1%
18 to 24	31,303	33,452	29,131	28,286	27,759	2,149	6.9%	-4,321	-12.9%	-1,372	-4.9%
25 to 34	33,555	36,015	36,527	37,698	34,297	2,460	7.3%	512	1.4%	-2,230	-5.9%
35 to 44	49,260	35,835	38,011	36,298	37,824	-13,425	-27.3%	2,176	6.1%	-187	-0.5%
45 to 54	48,524	50,364	36,278	37,320	37,170	1,840	3.8%	-14,086	-28.0%	892	2.4%
55 to 64	32,068	47,959	49,610	49,900	43,523	15,891	49.6%	1,651	3.4%	-6,087	-12.2%
65 to 74	26,500	29,004	43,006	44,212	46,988	2,504	9.4%	14,002	48.3%	3,982	9.0%
75 to 84	19,569	18,484	20,938	22,549	27,662	-1,085	-5.5%	2,454	13.3%	6,724	29.8%
85+	7,568	8,715	8,573	9,437	10,588	1,147	15.2%	-142	-1.6%	2,015	21.4%
Total	322,073	326,225	325,716	324,874	324,665	4,152	1.3%	-509	-0.2%	-1,051	-0.3%
Minnesota	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	1,286,894	1,284,063	1,317,461	1,277,045	1,309,564	-2,831	-0.2%	33,398	2.6%	-7,897	-0.6%
18 to 24	470,434	502,799	505,776	512,536	507,309	32,365	6.9%	2,977	0.6%	1,533	0.3%
25 to 34	673,138	715,586	756,149	767,868	772,761	42,448	6.3%	40,563	5.7%	16,612	2.2%
35 to 44	824,182	681,094	742,823	768,848	790,458	-143,088	-17.4%	61,729	9.1%	47,635	6.2%
45 to 54	665,696	807,898	670,229	684,563	678,378	142,202	21.4%	-137,669	-17.0%	8,149	1.2%
55 to 64	404,869	629,364	764,763	764,719	725,569	224,495	55.4%	135,399	21.5%	-39,194	-5.1%
65 to 74	295,825	354,427	557,198	602,257	642,984	58,602	19.8%	202,771	57.2%	85,786	14.2%
75 to 84	212,840	222,030	275,437	299,017	342,138	9,190	4.3%	53,407	24.1%	66,701	22.3%
85+	85,601	106,664	116,658	121,974	129,777	21,063	24.6%	9,994	9.4%	13,119	10.8%
Total	4,919,479	5,303,925	5,706,494	5,798,827	5,898,938	384,446	7.8%	402,569	7.6%	192,444	3.3%

Note: The Arrowhead Minnesota EDR 3 includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

Source: U.S. Census Bureau; ESRI; Maxfield Research and Consulting, LLC



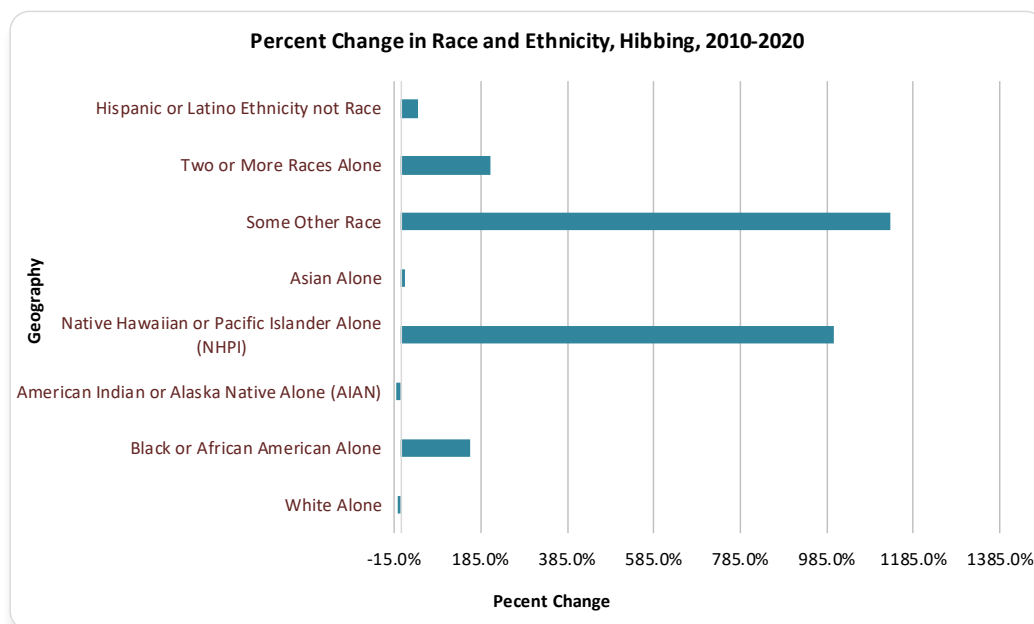
- Contraction is also forecast for younger adults in the Study Area between 2020 and 2028, as the 25 to 34 cohort is projected to decline 5% (-162 people). Hibbing is projected to experience a decline in the 25 to 34 cohort of 81 people (-4%).
- After the growth in the 25 to 34 age cohort (13%) between 2010 and 2020, Hibbing is projected to experience a slight decrease in the age 35 to 44 cohort, losing on 18 people (-1% decline) even as the “echo boom” moves into this age group from 2020 to 2028.
- Traditionally, this age group has been a target market for entry level and/or move-up ownership housing, although a higher proportion of this cohort is now likely to rent their housing longer than in the past versus shifting over into the for-sale market due to lifestyle and economic factors.
- Based on age distribution projections for Hibbing and the Study Area, demand is expected to be strongest for housing units catering to the senior population (65+).
- Typical housing products sought by households in various age groups include:
 - Rental housing targeting the young adult (25 to 34) age group;
 - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group);
 - Entry-level ownership housing for first-time home buyers (age 25 to 34);
 - Entry-level and move-up ownership housing for family households (age 35 to 54); and,
 - Age-restricted active adult or service-enhanced (i.e. assisted living) housing for seniors.



Race of Population

The race of the population illustrates the diversity for Hibbing, the Remainder of the Study Area, Study Area, Arrowhead Minnesota EDR 3, and State of Minnesota. Data for 2010 and 2020 was obtained from the U.S. Census.

- The majority of Hibbing residents reported their race as “White Alone” in 2020 (92%) which was a decrease from 96% in 2010. Study Area residents are also overwhelming “White Alone” at 93% in 2020.
- From 2010 to 2020, population growth in Hibbing increased in the population of most racial groups with only the White Alone and American Indian or Alaskan Native Alone (AIAN) racial groups experienced declines. The largest numerical increase occurred in residents reporting their race as Two or More Races (487 people, or 173% growth) followed by Black or African American Alone followed increasing by 145 people (161%).
- Although residents identifying as a race other than White Alone or American Indian or Alaskan Native Alone (AIAN) represented significant proportional increase in population, these groups still make up a small proportion of the total population. The Two or More Races population represented 4.8% of Hibbing’s population in 2020 while those identifying as Black or African American Alone represent 1.5% of Hibbing’s population.
- Between 2010 and 2020 the Hispanic or Latino population increased in all geographies. In 2010, 1.1% of Hibbing’s population reported their ethnicity as Hispanic or Latino. In 2020, the proportion of the population reporting their ethnicity as Hispanic, or Latino increased to 1.6% of Hibbing’s population (an increase of 41%).



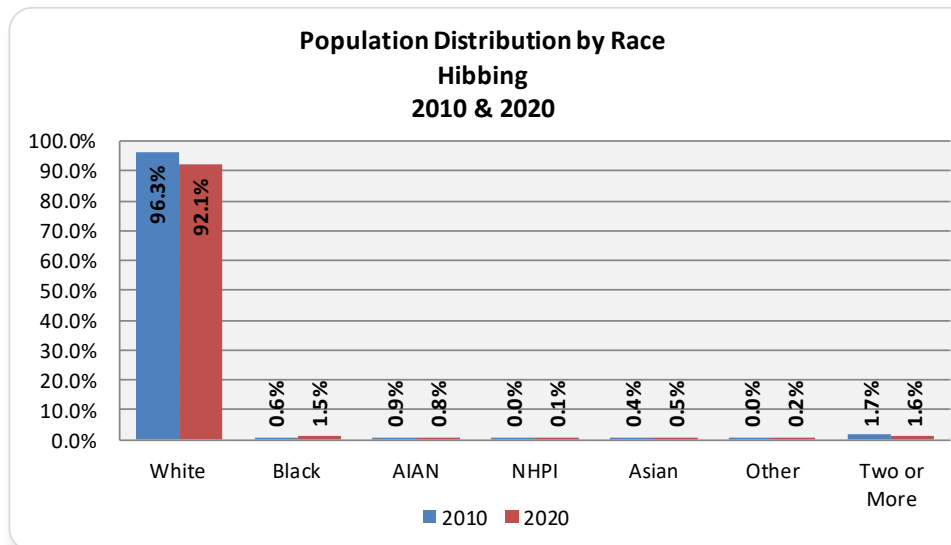
DEMOGRAPHIC ANALYSIS

TABLE D-5
POPULATION DISTRIBUTION BY RACE
HIBBING, STUDY AREA REMAINDER, STUDY AREA, ARROWHEAD MN EDR 3, & STATE OF MINNESOTA
2010 & 2020

	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino <i>Ethnicity not Race</i>	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
Number																
Hibbing	15,588	14,701	90	235	149	132	1	11	70	77	3	37	281	768	179	253
SA Remainder	13,242	12,446	63	83	119	98	0	1	34	33	1	27	237	567	132	222
Study Area	28,830	27,147	153	318	268	230	1	12	104	110	4	64	518	1,335	311	475
Arrowhead MN EDR 3	301,174	287,538	3,478	4,943	8,996	9,104	82	86	2,191	2,374	127	899	6,431	15,316	3,746	5,456
State of Minnesota	4,405,142	4,353,880	269,141	392,850	55,421	57,046	1,860	2,621	212,996	297,460	5,947	20,963	103,160	236,034	250,258	345,640
Percentage																
Hibbing	96.3%	92.1%	0.6%	1.5%	0.9%	0.8%	0.0%	0.1%	0.4%	0.5%	0.0%	0.2%	1.7%	4.8%	1.1%	1.6%
SA Remainder	96.7%	93.9%	0.5%	0.6%	0.9%	0.7%	0.0%	0.0%	0.2%	0.2%	0.0%	0.2%	1.7%	4.3%	1.0%	1.7%
Study Area	96.5%	92.9%	0.5%	1.1%	0.9%	0.8%	0.0%	0.0%	0.3%	0.4%	0.0%	0.2%	1.7%	4.6%	1.0%	1.6%
Arrowhead MN EDR 3	93.4%	89.8%	1.1%	1.5%	2.8%	2.8%	0.0%	0.0%	0.7%	0.7%	0.0%	0.3%	2.0%	4.8%	1.2%	1.7%
State of Minnesota	87.2%	81.2%	5.3%	7.3%	1.1%	1.1%	0.0%	0.0%	4.2%	5.5%	0.1%	0.4%	2.0%	4.4%	5.0%	6.4%

Note: The South Central Minnesota EDR includes the following counties: Aitkin, Carlton, Itasca, Koochiching, Lake, and St. Louis.

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC



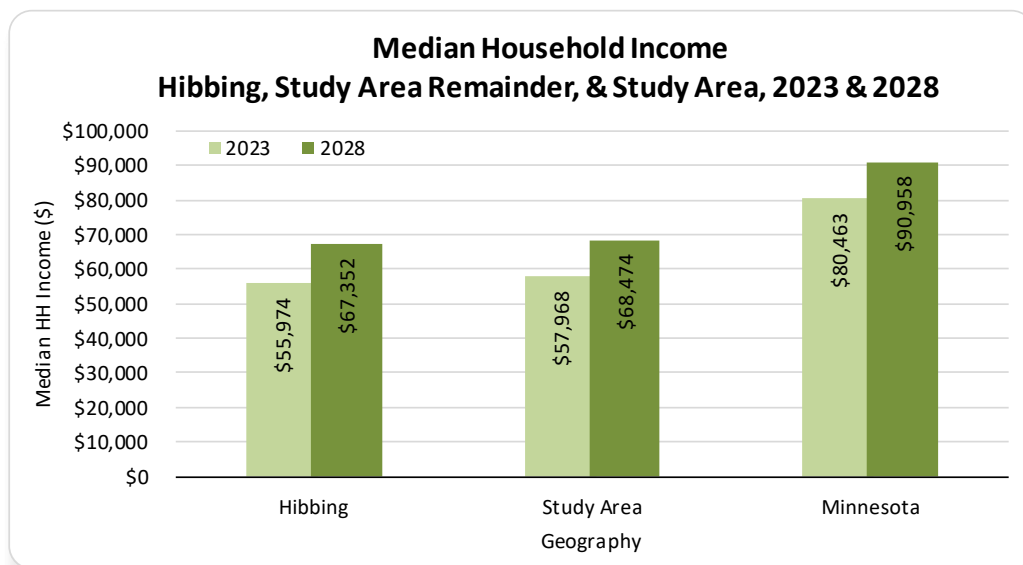
Household Income by Age of Householder

The estimated distribution of household incomes in Hibbing and the Study Area Remainder for 2023 and 2028 are shown in Tables D-6 and D-7. The data was estimated by Maxfield Research and Consulting, LLC based on income trends provided by ESRI. The data helps ascertain 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 as 30% of a household's adjusted gross income. For example, a household with an income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research and Consulting, LLC utilizes 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.

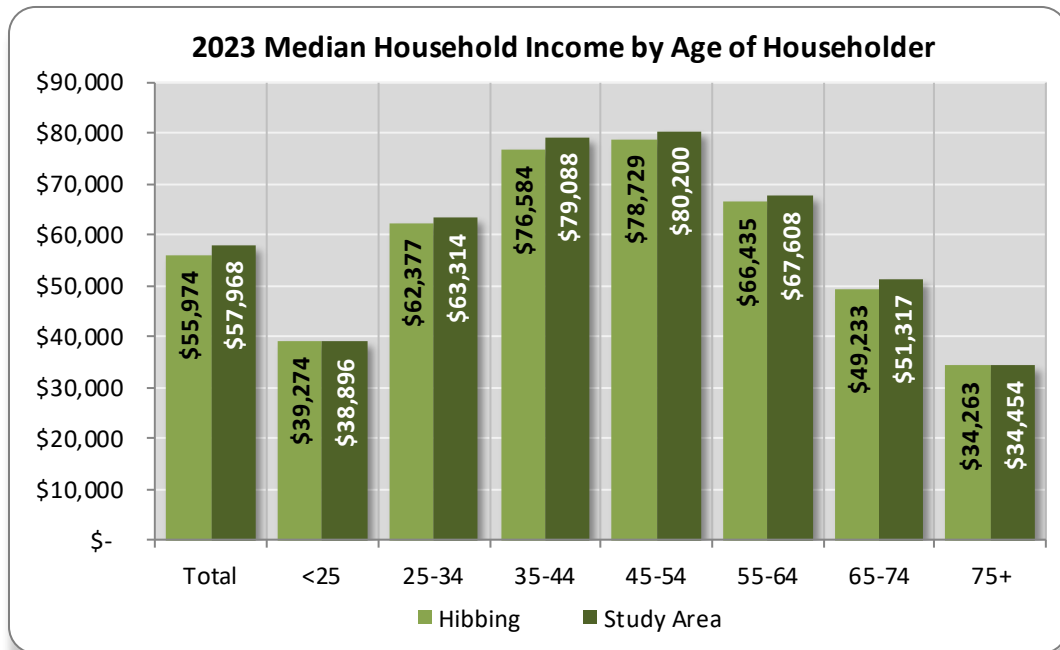
A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home.

- In 2023, the median household income is estimated to be \$55,974 in Hibbing, 4% lower than \$57,968 in the Study Area as a whole and 44% lower than the State of Minnesota (\$80,463).
- By 2028, the median household income is projected to rise by 20% to \$67,352 in Hibbing, compared to 18% growth in the Study Area as well. The average annual increase of 4.1% in Hibbing is higher than the historical annual inflation rate of 2.5% over the past ten years but lower than the annual inflation rate during 2022 of 8%.



DEMOGRAPHIC ANALYSIS

- As households age through the lifecycle, household incomes typically tend to peak in their mid-40s to mid-50s. This trend is evident in the Study Area as the age 45 to 54 cohort has the highest estimated income at \$80,200, compared to \$78,729 in Hibbing in 2023.



- Rental housing typically targets younger renter households. The median household income in Hibbing was estimated at \$39,274 for the under-25 age group and \$62,377 for the 25 to 34 age group as of 2023. Households earning the median income for these age groups could afford monthly housing costs based on spending 30% if their income estimated at \$993 and \$1,599, respectively.
- Based on the current market rate weighted average rent of roughly \$807 for market rate renter-occupied housing units in Hibbing, a household would need to have an estimated annual income of \$32,230 or greater to not exceed 30% of its monthly income on rental housing costs. In 2023, an estimated 5,410 households in Hibbing (73% of the total households) were estimated to have incomes of at least \$32,230 or more.
- Newer market rate properties are likely to have average monthly rents of at least \$950 for a one-bedroom unit and \$1,100 for a two-bedroom unit. Thus, to afford one-bedroom market rate units at \$950 a household would need estimated annual incomes of \$38,000 or higher, allocating 30% of their adjusted gross income (AGI) and \$44,000 or higher for a two-bedroom unit.
- In 2023, an estimated 4,967 households in the City (67% of all households) were estimated to have incomes of at least \$38,000 and 4,507 households (61% of all households) were estimated to have incomes of \$44,000 or more.

DEMOGRAPHIC ANALYSIS

TABLE D-6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF HIBBING (Number of Households) 2023 and 2028								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2023								
Less than \$15,000	857	63	114	86	88	175	169	163
\$15,000 to \$24,999	571	36	78	48	42	99	95	173
\$25,000 to \$34,999	770	41	89	60	64	117	135	264
\$35,000 to \$49,999	1,151	55	131	139	120	193	257	256
\$50,000 to \$74,999	1,119	54	169	164	171	246	205	111
\$75,000 to \$99,999	1,026	37	157	172	177	241	170	73
\$100,000 to \$149,999	1,380	28	217	271	264	336	174	90
\$150,000 to \$199,999	357	5	51	49	66	90	63	34
\$200,000+	164	1	17	35	48	31	26	7
Total	7,395	318	1,023	1,022	1,040	1,529	1,293	1,171
<i>Median Income</i>	<i>\$55,974</i>	<i>\$39,274</i>	<i>\$62,377</i>	<i>\$76,584</i>	<i>\$78,729</i>	<i>\$66,435</i>	<i>\$49,233</i>	<i>\$34,263</i>
2028								
Less than \$15,000	754	62	96	70	72	118	150	186
\$15,000 to \$24,999	402	29	45	34	30	52	69	144
\$25,000 to \$34,999	657	38	67	51	49	75	113	262
\$35,000 to \$49,999	1,001	45	101	124	91	126	230	284
\$50,000 to \$74,999	1,154	57	153	174	155	210	249	156
\$75,000 to \$99,999	1,086	40	152	191	179	212	200	110
\$100,000 to \$149,999	1,617	37	239	323	300	338	233	147
\$150,000 to \$199,999	506	7	65	66	90	117	96	65
\$200,000+	211	1	19	46	60	33	38	14
Total	7,388	318	936	1,080	1,026	1,282	1,379	1,369
<i>Median Income</i>	<i>\$67,352</i>	<i>\$43,664</i>	<i>\$75,765</i>	<i>\$84,432</i>	<i>\$89,360</i>	<i>\$80,472</i>	<i>\$60,361</i>	<i>\$38,621</i>
Change - 2023 to 2028								
Less than \$15,000	-103	-0	-18	-16	-16	-56	-19	24
\$15,000 to \$24,999	-168	-7	-33	-14	-12	-47	-26	-29
\$25,000 to \$34,999	-113	-2	-22	-8	-15	-42	-22	-2
\$35,000 to \$49,999	-150	-9	-30	-15	-29	-67	-27	28
\$50,000 to \$74,999	35	4	-16	10	-16	-36	44	45
\$75,000 to \$99,999	60	4	-5	20	3	-29	31	37
\$100,000 to \$149,999	237	10	21	53	36	2	59	57
\$150,000 to \$199,999	149	2	14	17	23	27	33	31
\$200,000+	47	-0	2	12	13	2	13	7
Total	-7	0	-87	58	-14	-247	86	198
<i>Median Income</i>	<i>\$11,378</i>	<i>\$4,390</i>	<i>\$13,388</i>	<i>\$7,848</i>	<i>\$10,631</i>	<i>\$14,037</i>	<i>\$11,128</i>	<i>\$4,358</i>

Sources: ESRI; Maxfield Research and Consulting LLC

- Shallow-subsidy (i.e. LIHTC, low-income-housing-tax-credit) affordable housing units typically target households with incomes between 40% and 60% of AMI or lower if the household utilizes additional housing assistance such as a voucher. Households would need to qualify at or below \$25,320 for a one-person household at 40% to \$62,880 for a six-person household at 60% of AMI. St. Louis County income guidelines are shown in Table HA-1 in the Housing Affordability section.

DEMOGRAPHIC ANALYSIS

- Based on affordability at 60% of AMI and two-bedroom average rent of \$771 at the affordable properties in the Study Area, households would need incomes between \$30,840 and \$54,180 to qualify and afford a two-bedroom unit. In 2023, an estimated 2,485 households (34% of the total households) in Hibbing have incomes of between \$29,000 and \$52,380.
- Households with incomes below \$15,000 are typically a market for deep-subsidy (i.e. project-based Section 8) rental housing. An estimated 12% (857 households) of Hibbing's households in 2023 had incomes of less than \$15,000.

TABLE D-7 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER HIBBING STUDY AREA (Number of Households) 2023 and 2028								
	Total	Age of Householder						
		Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2023								
Less than \$15,000	1,462	98	178	151	153	309	297	275
\$15,000 to \$24,999	1,017	53	115	76	73	181	196	322
\$25,000 to \$34,999	1,327	64	143	102	125	191	272	430
\$35,000 to \$49,999	1,974	88	207	227	201	345	487	420
\$50,000 to \$74,999	2,208	77	286	315	326	495	500	209
\$75,000 to \$99,999	1,839	57	246	311	308	454	338	126
\$100,000 to \$149,999	2,434	44	359	492	489	571	326	153
\$150,000 to \$199,999	689	7	79	110	144	176	109	64
\$200,000+	398	2	29	91	101	95	59	21
Total	13,348	491	1,641	1,875	1,920	2,818	2,584	2,020
Median Income	\$57,968	\$38,896	\$63,314	\$79,088	\$80,200	\$67,608	\$51,317	\$34,454
2028								
Less than \$15,000	1,262	97	147	115	127	202	255	319
\$15,000 to \$24,999	754	43	68	54	56	99	149	286
\$25,000 to \$34,999	1,122	60	104	80	97	120	223	438
\$35,000 to \$49,999	1,718	74	162	184	161	225	436	476
\$50,000 to \$74,999	2,213	85	266	298	291	404	575	293
\$75,000 to \$99,999	1,902	60	225	317	309	393	406	191
\$100,000 to \$149,999	2,838	59	400	556	568	572	423	259
\$150,000 to \$199,999	930	11	96	133	196	213	159	124
\$200,000+	521	2	31	110	139	105	91	42
Total	13,259	492	1,499	1,846	1,944	2,333	2,718	2,427
Median Income	\$68,474	\$42,988	\$75,158	\$88,250	\$93,128	\$80,834	\$60,262	\$39,152
Change - 2023 to 2028								
Less than \$15,000	-200	-1	-31	-36	-27	-107	-42	44
\$15,000 to \$24,999	-262	-11	-47	-23	-18	-82	-47	-36
\$25,000 to \$34,999	-205	-4	-38	-22	-28	-71	-49	8
\$35,000 to \$49,999	-256	-14	-45	-42	-40	-119	-51	56
\$50,000 to \$74,999	5	8	-20	-17	-34	-91	75	85
\$75,000 to \$99,999	62	3	-20	6	1	-62	69	65
\$100,000 to \$149,999	403	16	40	64	79	1	97	106
\$150,000 to \$199,999	241	4	16	23	52	36	50	59
\$200,000+	123	-0	2	19	38	10	31	21
Total	-89	1	-142	-29	24	-485	134	408
Median Income	\$10,506	\$4,092	\$11,844	\$9,162	\$12,928	\$13,226	\$8,945	\$4,698
Sources: ESRI: Maxfield Research and Consulting LLC								

Sources: ESRI; Maxfield Research and Consulting LLC

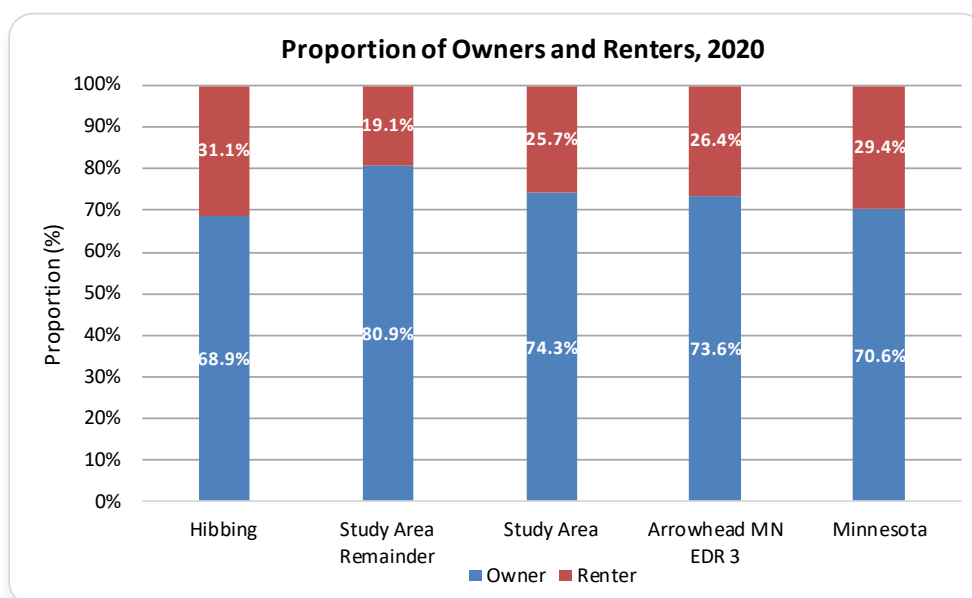
DEMOGRAPHIC ANALYSIS

- The median resale price for a detached single-family home sold in Hibbing through July 2023 was \$112,000. Assuming that a potential home buyer has good credit, makes a 10% down payment, and current 7.8% mortgage rates (30-year fixed), a household would need to have a minimum annual income of roughly \$39,800 to be income-qualified for a home purchased at the 2023 median resale price in Hibbing.
 - In 2023, an estimated 67% of Study Area households (8,911 households) and 70% of Hibbing households (5,197 households) have incomes of \$39,800 or higher.
 - The proportions of Study Area households able to afford a detached single-family home sold at the current median sale price by age group are as follows:
 - 50% of households under age 25
 - 61% of households age 25 to 34
 - 70% of households age 35 to 44
 - 71% of households age 45 to 54
 - 64% of households age 55 to 64
 - 37% of households age 65 and older

Tenure by Age of Householder

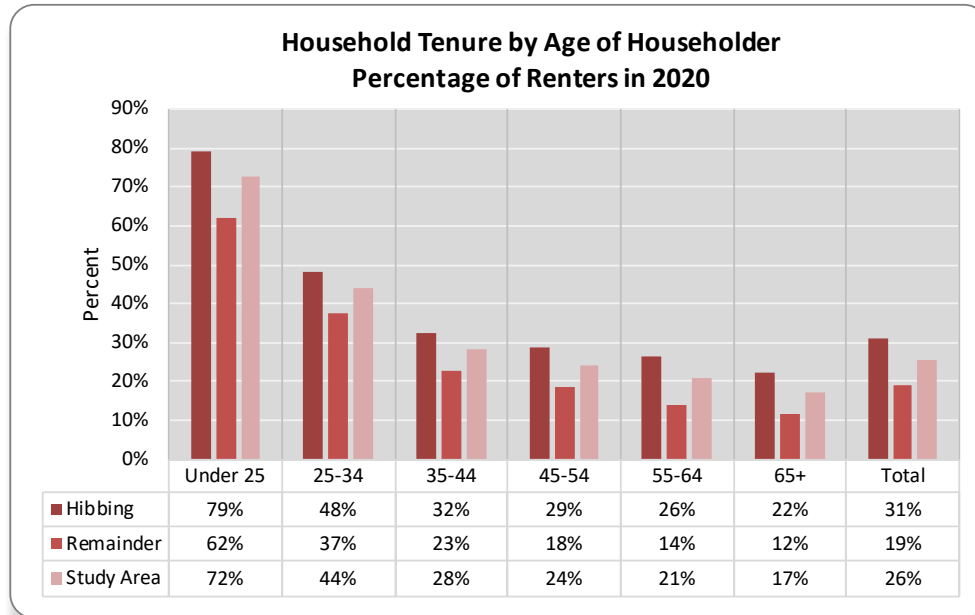
Table D-8 shows 2010 and 2020 tenure data for by age cohort from the U.S. Census Bureau. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

- In Hibbing, 69% of all households own their home in 2020, giving it a homeownership rate significantly lower than the Remainder of the Study Area (81%) and the EDR: 3 (74%).

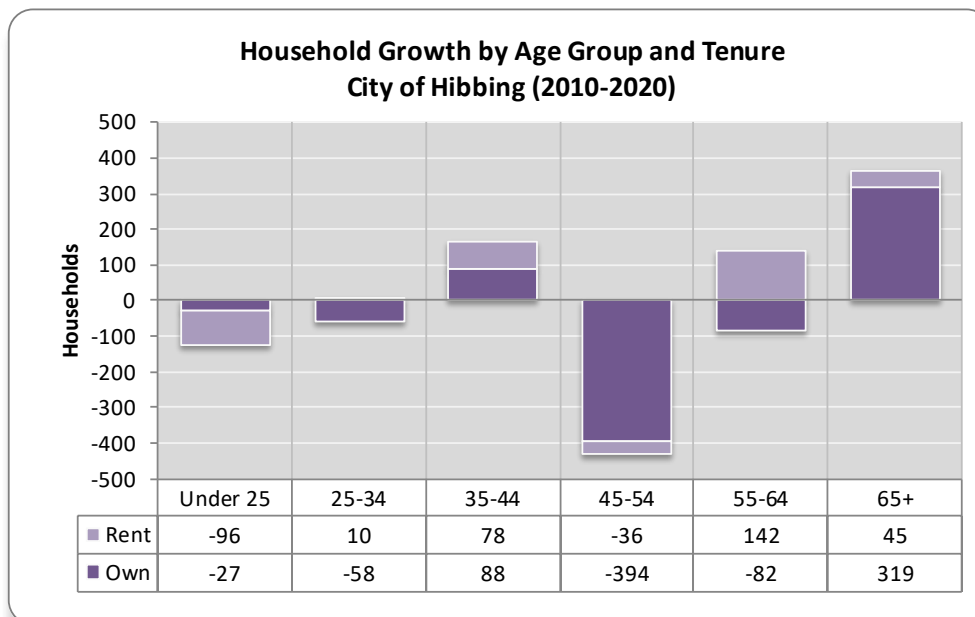


DEMOGRAPHIC ANALYSIS

- Typically, the youngest and oldest households rent their housing in greater proportions than middle-aged households. This pattern is apparent among the younger Market Area households as 55% of the population under the age of 35 rented in Hibbing compared to 42.5% in the Remainder of the Study Area.



- Renter household growth in Hibbing occurred for households age 25 to 34 along with the 55 to 74 age group both with growth of 9%. The 45 to 54 age group declined (-11%) along with the 75 and older cohort which was estimated to have experienced a decline of 20%. Renter households experienced the largest decline in the 15 to 24 age group at 31%.



DEMOGRAPHIC ANALYSIS

TABLE D-8
TENURE BY AGE OF HOUSEHOLDER
HIBBING STUDY AREA
2010 AND 2020

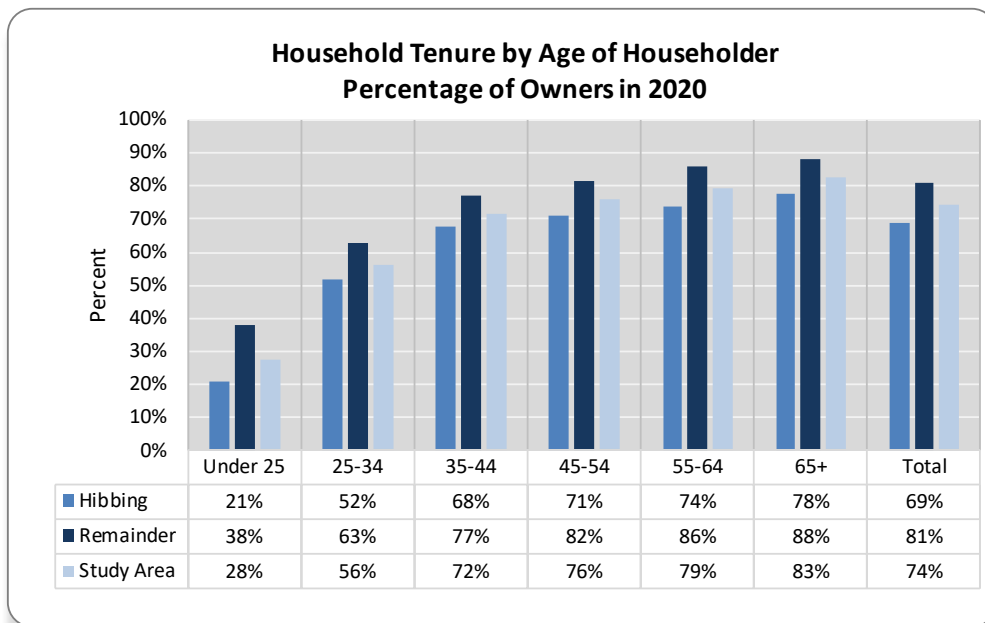
Age		Hibbing				Study Area Remainder				Study Area				Arrowhead MN EDR 3				Minnesota	
		2010		2020		2010		2020		2010		200		2010		2020		2010	2020
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.
15-24	Own	83	21.2%	56	20.9%	63	31.7%	64	38.1%	146	24.7%	120	27.5%	1,293	18.4%	1,153	18.5%	19.8%	17.6%
	Rent	308	78.8%	212	79.1%	136	68.3%	104	61.9%	444	75.3%	316	72.5%	5,719	81.6%	5,094	81.5%	80.2%	82.4%
	Total	391	100.0%	268	100.0%	199	100.0%	168	100.0%	590	100.0%	436	100.0%	7,012	100.0%	6,247	100.0%	100.0%	100.0%
25-34	Own	573	55.1%	515	51.9%	498	67.3%	404	62.6%	1,071	60.2%	919	56.1%	9,908	57.9%	9,669	55.3%	56.1%	50.1%
	Rent	467	44.9%	477	48.1%	242	32.7%	241	37.4%	709	39.8%	718	43.9%	7,208	42.1%	7,816	44.7%	43.9%	49.9%
	Total	1,040	100.0%	992	100.0%	740	100.0%	645	100.0%	1,780	100.0%	1,637	100.0%	17,116	100.0%	17,485	100.0%	100.0%	100.0%
35-44	Own	705	70.0%	793	67.6%	656	78.9%	691	77.2%	1,361	74.0%	1,484	71.8%	14,499	76.0%	14,835	73.1%	75.0%	70.7%
	Rent	302	30.0%	380	32.4%	175	21.1%	204	22.8%	477	26.0%	584	28.2%	4,579	24.0%	5,451	26.9%	18.3%	29.3%
	Total	1,007	100.0%	1,173	100.0%	831	100.0%	895	100.0%	1,838	100.0%	2,068	100.0%	19,078	100.0%	20,286	100.0%	93.3%	100.0%
45-54	Own	1,146	77.1%	752	71.1%	1,065	84.9%	758	81.5%	2,211	80.7%	1,510	76.0%	23,277	81.7%	16,130	78.7%	84.0%	77.4%
	Rent	341	22.9%	305	28.9%	189	15.1%	172	18.5%	530	19.3%	477	24.0%	5,231	18.3%	4,360	21.3%	16.0%	22.6%
	Total	1,487	100.0%	1,057	100.0%	1,254	100.0%	930	100.0%	2,741	100.0%	1,987	100.0%	28,508	100.0%	20,490	100.0%	100.0%	100.0%
55-64	Own	1,216	82.3%	1,134	73.7%	1,311	89.5%	1,084	85.8%	2,527	85.9%	2,218	79.2%	24,878	86.3%	23,964	81.5%	86.6%	81.0%
	Rent	262	17.7%	404	26.3%	153	10.5%	179	14.2%	415	14.1%	583	20.8%	3,944	13.7%	5,443	18.5%	13.4%	19.0%
	Total	1,478	100.0%	1,538	100.0%	1,464	100.0%	1,263	100.0%	2,942	100.0%	2,801	100.0%	28,822	100.0%	29,407	100.0%	100.0%	100.0%
65-74	Own	680	81.0%	1,065	80.1%	714	90.0%	1,169	90.8%	1,394	85.4%	2,234	85.4%	15,797	86.0%	22,712	84.9%	87.5%	82.6%
	Rent	159	19.0%	264	19.9%	79	10.0%	119	9.2%	238	14.6%	383	14.6%	2,573	14.0%	4,029	15.1%	12.5%	17.4%
	Total	839	100.0%	1,329	100.0%	793	100.0%	1,288	100.0%	1,632	100.0%	2,617	100.0%	18,370	100.0%	26,741	100.0%	100.0%	100.0%
75-84	Own	592	75.4%	550	78.1%	451	83.1%	473	87.4%	1,043	78.5%	1,023	82.2%	9,879	76.8%	10,885	80.0%	78.9%	78.0%
	Rent	193	24.6%	154	21.9%	92	16.9%	68	12.6%	285	21.5%	222	17.8%	2,979	23.2%	2,720	20.0%	21.1%	22.0%
	Total	785	100.0%	704	100.0%	543	100.0%	541	100.0%	1,328	100.0%	1,245	100.0%	12,858	100.0%	13,605	100.0%	100.0%	100.0%
85+	Own	258	66.7%	234	68.4%	210	73.2%	188	78.3%	468	69.4%	422	72.5%	3,224	55.4%	3,501	64.6%	55.3%	59.6%
	Rent	129	33.3%	108	31.6%	77	26.8%	52	0.0%	206	30.6%	160	27.5%	2,598	44.6%	1,918	35.4%	44.7%	40.4%
	Total	387	100.0%	342	100.0%	287	100.0%	240	100.0%	674	100.0%	582	100.0%	5,822	100.0%	5,419	100.0%	100.0%	100.0%
TOTAL	Own	5,253	70.9%	5,099	68.9%	4,968	81.3%	4,831	80.9%	10,221	75.6%	9,930	74.3%	102,755	74.7%	102,849	73.6%	73.0%	70.6%
	Rent	2,161	29.1%	2,304	31.1%	1,143	18.7%	1,139	19.1%	3,304	24.4%	3,443	25.7%	34,831	25.3%	36,831	26.4%	27.0%	29.4%
	Total	7,414	100.0%	7,403	100.0%	6,111	100.0%	5,970	100.0%	13,525	100.0%	13,373	100.0%	137,586	100.0%	139,680	100.0%	100.0%	100.0%

Note: The Arrowhead Minnesota EDR 3 includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC

DEMOGRAPHIC ANALYSIS

- Overall, Hibbing increased by 143 renter households (6%) over the period while owner households fell by 3% overall, losing 154 owner households.
- Although owner household growth in Hibbing was good overall, growth occurred from ages 35 to 44 (18%, 130 households) and 65 to 74 (86%, 582 households). Ownership decline was strongest in households ages 45 to 54 (-27%, -309 households), 25 to 34 (-27%, -153 households), and 75 to 84 (-21%, -126 households).



Tenure by Household Size

Tables D-9 show the distribution of households by size in 2020. Data is collected from the U.S. Census. This data is useful in that it sheds insight into unit types that may be most needed in Hibbing.

- Household size for renters tends to be smaller than for owners. This is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as older adults and seniors who choose to down-size from their single-family homes. This is evident by 79.5% of renter households in Hibbing occupied by one- or two-persons in 2020. Due to the more rural nature of the Remainder of the Study Area, one- and two-person households are estimated to be lower at 73%.
- In 2020, an estimated 40% of renter households in Hibbing and 48% in the Study Area were one-person households. These are much higher percentages when compared to the Arrowhead Minnesota EDR (33%) but slightly higher than the State of Minnesota (29%).

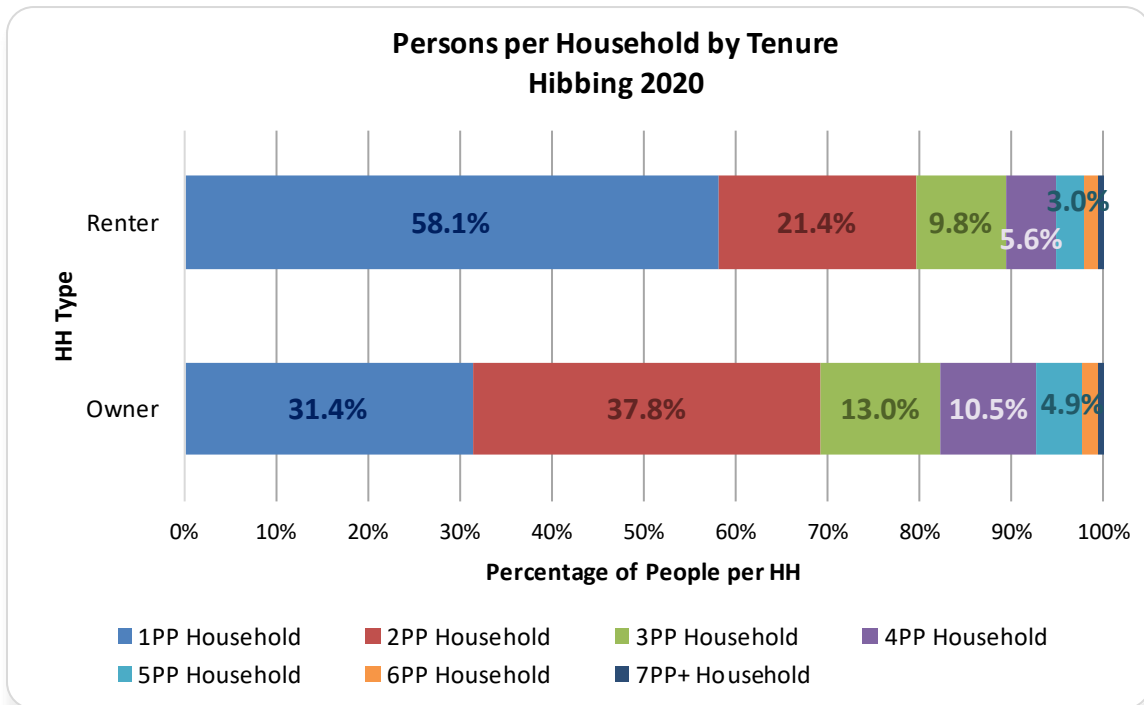
DEMOGRAPHIC ANALYSIS

**TABLE D-9
OWNER AND RENTER HOUSEHOLDS BY SIZE
HIBBING STUDY AREA
2020**

Size	Hibbing		SA Remainder		Study Area		Arrowhead MN EDR 3		Minnesota	
	Owner Households									
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1PP Household	1,971	35.6%	1,022	23.3%	2,993	30.1%	27,186	26.4%	347,272	21.8%
2PP Household	2,091	37.7%	1,851	42.2%	3,942	39.7%	43,376	42.2%	607,977	38.2%
3PP Household	547	9.9%	670	15.3%	1,217	12.3%	13,126	12.8%	232,906	14.6%
4PP Household	586	10.6%	444	10.1%	1,030	10.4%	11,277	11.0%	231,670	14.6%
5PP Household	205	3.7%	284	6.5%	489	4.9%	5,032	4.9%	105,853	6.7%
6PP Household	91	1.6%	94	2.1%	185	1.9%	1,883	1.8%	39,994	2.5%
7PP+ Household	52	0.9%	22	0.5%	74	0.7%	969	0.9%	24,749	1.6%
Total	5,543	100%	4,387	100%	9,930	100%	102,849	100%	1,590,421	100%
Size	Renter Households									
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1PP Household	990	52.1%	890	57.6%	1,880	54.6%	19,137	52.0%	302,367	45.6%
2PP Household	379	20.0%	401	26.0%	780	22.7%	9,280	25.2%	178,468	26.9%
3PP Household	220	11.6%	126	8.2%	346	10.0%	3,864	10.5%	76,462	11.5%
4PP Household	98	5.2%	134	8.7%	232	6.7%	2,503	6.8%	54,208	8.2%
5PP Household	103	5.4%	23	1.5%	126	3.7%	1,194	3.2%	27,471	4.1%
6PP Household	88	4.6%	-34	-2.2%	54	1.6%	503	1.4%	13,581	2.0%
7PP+ Household	21	1.1%	4	0.3%	25	0.7%	350	1.0%	11,012	1.7%
Total	1,899	100%	1,544	100%	3,443	100%	36,831	100%	663,569	100%

Note: The Arrowhead Minnesota EDR 3 includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

Sources: U.S. Census Bureau; Maxfield Research and Consulting, LLC

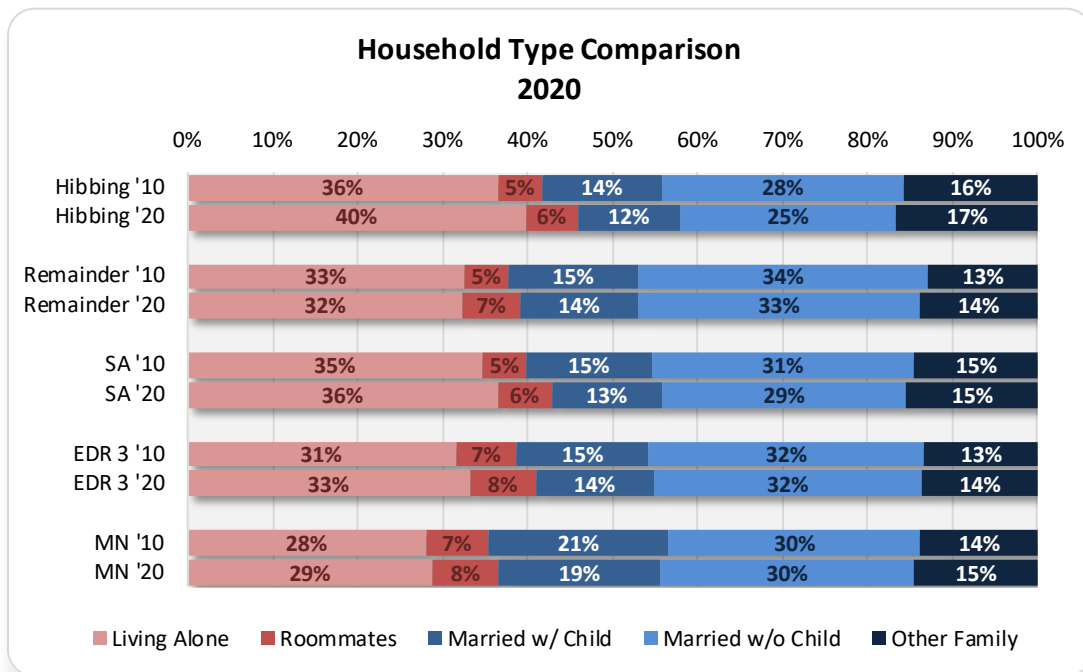


- Owner households were most likely to contain two or more people. In Hibbing, two-person households represent the majority of owner households as an estimated 38% of these households are owners. Two-person households account for 41% of the owner households in the Remainder of the Study Area. The percentage of two-person owner households in the Arrowhead MN EDR 3 and the State of Minnesota are estimated to be slightly higher than Hibbing at 42% and 39%, respectively.
- Owner households with three or more people in the Hibbing Study Area account for 30% while renter households account for 23%. This ratio difference may be due to a lack of rental housing available for larger households and an aging population moving into rental housing.

Household Type

Table D-10 shows household type trends in Hibbing compared to the Remainder of the Study Area in 2010 and 2020 obtained from the Decennial Census. Shifting household types can stimulate demand for a variety of housing products. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

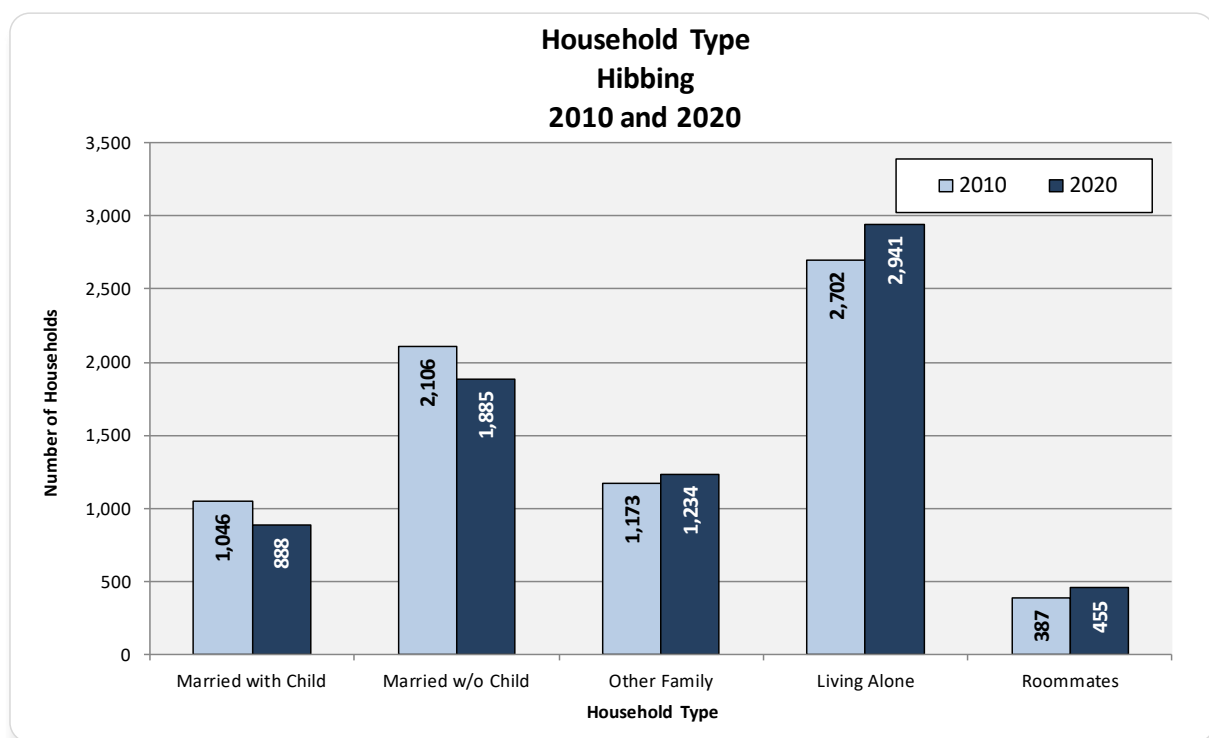
- Married couple family households typically generate demand for single-family detached ownership housing.
- Married couples without children often desire multifamily housing for convenience reasons. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home.
- Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing.
- Changes in non-family households (households living alone and households composed of unrelated roommates) often drive demand for rental housing.



- In 2020, family households comprised of 54% of all households in Hibbing compared to 61% in the Remainder of the Study Area.
- In Hibbing, single-person households were the most common household type in 2023 (40%), followed by married couples without children (25.5%) in 2020. Married couple without children account for the largest type in the Remainder of the Study Area at 33% followed by those households living alone (32%).

DEMOGRAPHIC ANALYSIS

- Family households experienced a 7% decline between 2010 and 2020 in Hibbing, decreasing by about 320 households, while declining by an estimated 4% (170 households) in the Remainder of the Study Area.
- Hibbing experienced a 15% decrease in the number of married couples with children losing 158 households between 2010 and 2020, while the number of married couples without children fell by 10.5% (-221 households). The Remainder of the Study Area also experienced declines in both married couples with children and married without children decreasing by 11% and 5%, respectively.
- Other Family households expanded by 61 households (5%) in Hibbing and by 41 households (5%) in the Remainder of the Study Area over the decade.
- Between 2010 and 2020, non-family households increased by 10% (307 households) in Hibbing and only 1% in the Remainder of the Study Area.
- The number of single-person households increased by 9% (239 households) in Hibbing while the number of roommate households increased by 68 households (18%) from 2010 to 2020.



DEMOGRAPHIC ANALYSIS

TABLE D-10
HOUSEHOLD TYPE
HIBBING STUDY AREA
2010 & 2020

Households	Total HH's		Family Households						Non-Family Households			
			Married w/ Child		Married w/o Child		Other *		Living Alone		Roommates **	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
Hibbing	7,414	7,403	1,046	888	2,106	1,885	1,173	1,234	2,702	2,941	387	455
SA Remainder	6,111	5,970	937	836	2,078	1,968	793	834	1,990	1,932	313	400
Study Area	13,525	13,373	1,983	1,724	4,184	3,853	1,966	2,068	4,692	4,873	700	855
Arrowhead MN EDR 3	137,586	139,680	21,248	19,307	44,715	44,171	18,326	19,016	43,313	46,323	9,984	10,863
State of Minnesota	2,087,227	2,253,990	443,212	428,615	617,297	672,658	288,506	328,480	584,008	649,639	154,204	174,598
Percent												
Hibbing	100.0%	100.0%	14.1%	12.0%	28.4%	25.5%	15.8%	16.7%	36.4%	39.7%	5.2%	6.1%
SA Remainder	100.0%	100.0%	15.3%	14.0%	34.0%	33.0%	13.0%	14.0%	32.6%	32.4%	5.1%	6.7%
Study Area	100.0%	100.0%	14.7%	12.9%	30.9%	28.8%	14.5%	15.5%	34.7%	36.4%	5.2%	6.4%
Arrowhead MN EDR 3	100.0%	100.0%	15.4%	13.8%	32.5%	31.6%	13.3%	13.6%	31.5%	33.2%	7.3%	7.8%
State of Minnesota	100.0%	100.0%	21.2%	19.0%	29.6%	29.8%	13.8%	14.6%	28.0%	28.8%	7.4%	7.7%
Change 2010-2020												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Hibbing	-11	-0.1%	-158	-15.1%	-221	-10.5%	61	5.2%	239	8.8%	68	17.6%
SA Remainder	-141	-2.3%	-101	-10.8%	-110	-5.3%	41	5.2%	-58	-2.9%	87	27.8%
Study Area	-152	-1.1%	-259	-13.1%	-331	-7.9%	102	5.2%	181	3.9%	155	22.1%
Arrowhead MN EDR 3	2,094	1.5%	-1,941	-9.1%	-544	-1.2%	690	3.8%	3,010	6.9%	879	8.8%
State of Minnesota	166,763	8.0%	-14,597	-3.3%	55,361	9.0%	39,974	13.9%	65,631	11.2%	20,394	13.2%

* Single-parents with children

** Includes unmarried couples without children and group quarters

Note: The Arrowhead Minnesota EDR 3 includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

Sources: U. S. Census; ESRI, Inc.; Maxfield Research and Consulting, LLC

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Hibbing and the Study Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2010; and reviewing housing data from the American Community Survey.

Residential Construction Trends

Building Permits

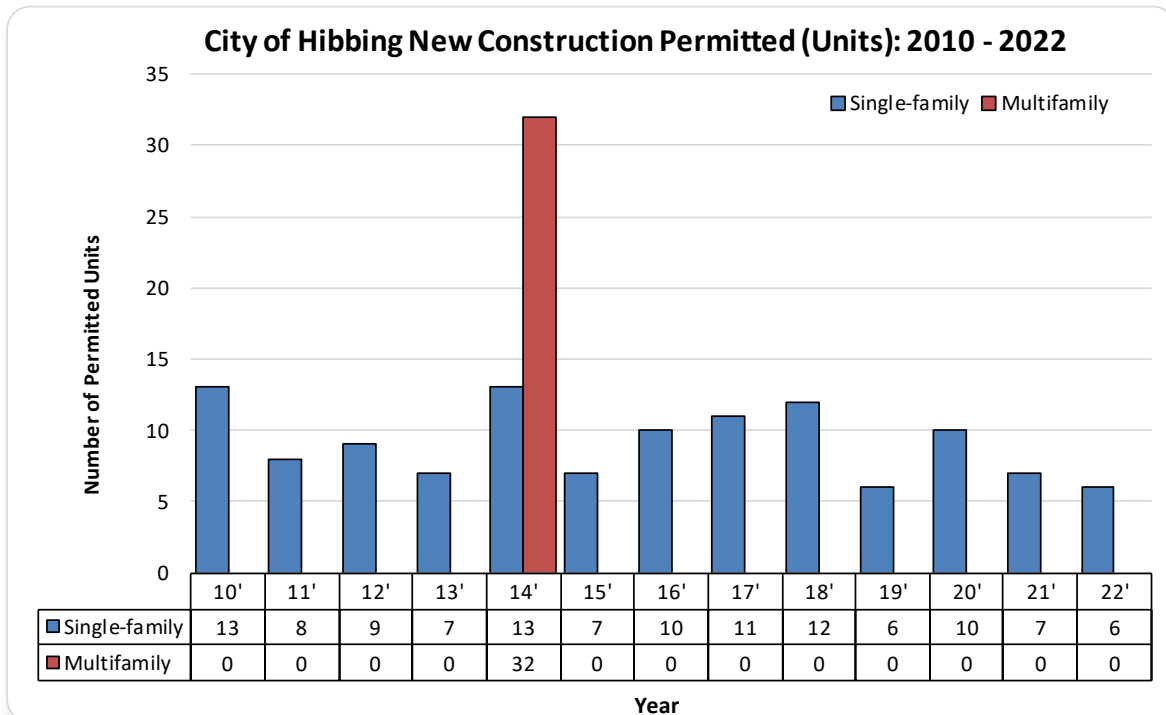
Maxfield Research obtained data on the number of new construction housing units from 2010 through 2022. Data was obtained from the US Department of Housing and Urban Development's (HUD) State of the City Data Systems (SOCDS) and the City of Hibbing. Table HC-1 on the following page displays the number of building permits issued for new construction of residential units by City in Hibbing, the Remainder of the Study Area, and the Arrowhead Minnesota EDR.

Detached single-family is defined as fully detached housing units. Multifamily housing includes for-sale and rental projects includes duplex, triplex, and four-plex structures, in addition to buildings with five or more units. A multifamily structure is generally defined as a residential building containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Townhomes include attached single-family units, semi-attached units, side-by-side units, and rowhouses.

- Development activity has been relatively steady in the City of Hibbing with an average of nine detached single-family homes built per year since 2010.
- According to the data from HUD, there were no multifamily units permitted during the period. However, data from the City shows 32 multifamily permits in 2014 for Marshview Meadows. The total 151 new residential units permitted in Hibbing with 79% being single-family units.
- Within the Remainder of the Study Area, a total of 59 units were permitted from 2010 to 2022 including two multifamily developments in Chisholm accounting for 43 of the 59 units (73%). Only 16 single family units were permitted over the period, an average of one unit per year. In comparison, single-family permits accounted for 77% in the Arrowhead EDR.
- Hibbing accounted for nearly three-quarters (68%) of the permitted units between 2010 and 2022 in the Study Area and only 1% of all units in the Arrowhead Minnesota EDR.

HOUSING CHARACTERISTICS

- All of the multifamily units permitted (65 units) were in projects containing Five or more units.



HC-1 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED CITY OF HIBBING, REMAINDER OF STUDY AREA^, & ARROWHEAD EDR: 03* 2010 to 2022									
Year	City of Hibbing			Remainder of Study Area^			Arrowhead EDR: 03*		
	Units Permitted			Units Permitted			Units Permitted		
	Single-Family Units	Multifamily Units	Total Units	Single-Family Units	Multifamily Units	Total Units	Single-Family Units	Multifamily Units	Total Units
2010	13	0	13	1	20	21	599	85	684
2011	8	0	8	0	23	23	573	105	678
2012	9	0	9	1	0	1	544	145	689
2013	7	0	7	0	0	0	579	184	763
2014	13	32	45	1	0	1	717	199	916
2015	7	0	7	2	0	2	704	460	1,164
2016	10	0	10	1	0	1	797	146	943
2017	11	0	11	3	0	3	832	158	990
2018	12	0	12	3	0	3	789	221	1,010
2019	6	0	6	1	0	1	782	479	1,261
2020	10	0	10	1	0	1	631	284	915
2021	7	0	7	1	0	1	841	124	965
2022	6	0	6	1	0	1	800	199	999
Total	119	32	151	16	43	59	9,188	2,789	11,977

* Includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, lake, and St. Louis.
 ^ Data was only available for Buhl, Chisholm, Hibbing, Keewatin, and Nashauk.
 Sources: Hibbing Building Dept.; HUD's State of the City Data Systems (SOCDS); & Maxfield Research and Consulting LLC.

American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years.

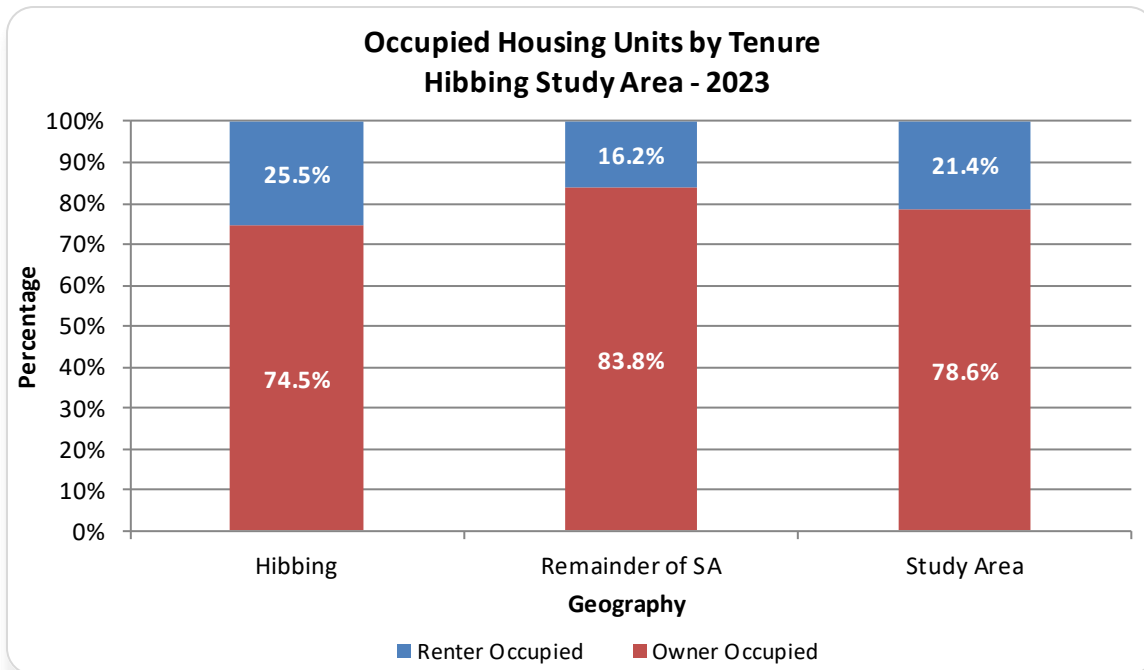
The most recent ACS highlights data collected between 2017 and 2021. It should be noted that all ACS surveys are subject to sampling error and uncertainty. The ACS reports margins of errors (MOEs) with estimates for most standard census geographies. The MOE is shown by reliability from low, medium to high. Due to the MOE, 2021 ACS data may have inconsistencies with previous 2010 Census data and currently available 2020 Census data. We then utilize the percentages from the ACS data and apply it to current year estimates. Tables HC-2 through HC-10 show key data from the American Community Survey for the City of Hibbing, the Remainder of the Study Area, and the total Study Area.

Occupied Housing Units by Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-2 shows the tenure by occupied housing units in 2023.

- Housing in the Study Area is overwhelmingly owner occupied. In 2023, an estimated 79% of housing units were owner occupied with 74.5% in Hibbing and 84% in the Remainder.
- The proportion of renter occupied units was higher within the City of Hibbing than in the Remainder of the Study Area. In Hibbing, 25.5% of households were renter occupied in 2023 compared to 16% in the Remainder of the Study Area.

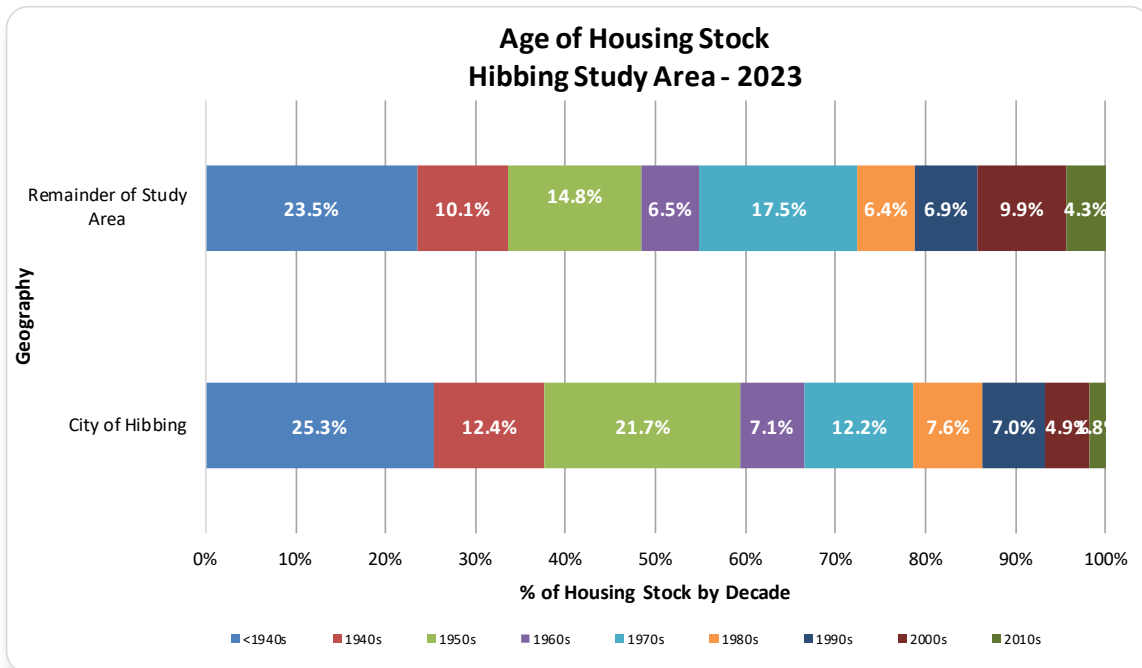
TABLE HC-2 OCCUPIED HOUSING UNITS BY TENURE Hibbing Study Area 2023						
Year/Occupancy	Hibbing		Remainder of SA		Study Area	
	Pct.	Pct.	No.	Pct.	No.	Pct.
Owner Occupied	5,508	74.5%	4,990	83.8%	10,498	78.6%
Renter Occupied	1,887	25.5%	963	16.2%	2,850	21.4%
Total	7,395	100.0%	5,953	100.0%	13,348	100.0%
Sources: U.S. Census Bureau-American Community Survey & Maxfield Research and Consulting, LLC						



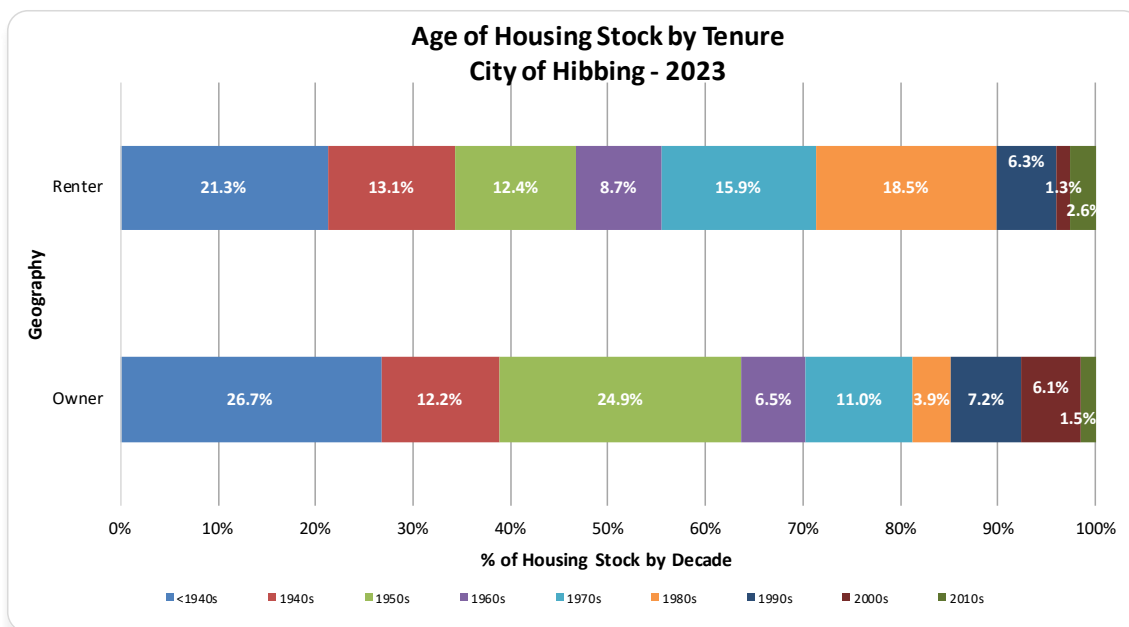
Age of Housing Stock

The following graph shows the age distribution of the housing stock based on data from the U.S. Census Bureau and the 2021 American Community Survey (5-Year estimates). Table HC-3 includes the number of housing units built in the City of Hibbing, the Remainder of the Study Area, and the Study Area, prior to 1940 and during each decade since.

- In Hibbing, the Remainder of the Study Area, and the Study Area, the largest decade for which housing stock was built was prior to the 1940s. This time period represented the following percentages for each of the three geographies: Hibbing, 27%; the Remainder of the Study Area, 24%; and the Study Area, 25%.
- The second highest decade for which housing was built in the Study Area and Hibbing geographies was the 1950s while the Remainder of the Study Area was in the 1970s. The 1950s represented the 25% of the housing for Hibbing and 20% of the housing in the Study Area. The 1970s represents 14% of the housing in the Remainder of the Study Area.
- Since the 2000s, 14% of the Remainder of the Study Area's housing stock has been built compared to only 7% in Hibbing during the past two decades.
- The charts on the following page illustrates the breakdown by decade of the housing stock in both Hibbing and the Remainder of the Study Area.



- Owner occupied units in Hibbing have a slightly older median age (1954) than in the Remainder of the Study Area (1961). In contrast, renter occupied units in Hibbing have the same median age as the Remainder of the Study Area (1964).
- Owner-occupied housing reported a median age of 1957 in the Study Area and renter-occupied housing reported a median age of 1964. Below is a bar graph of the decade breakdown by tenure for the Study Area.



HOUSING CHARACTERISTICS

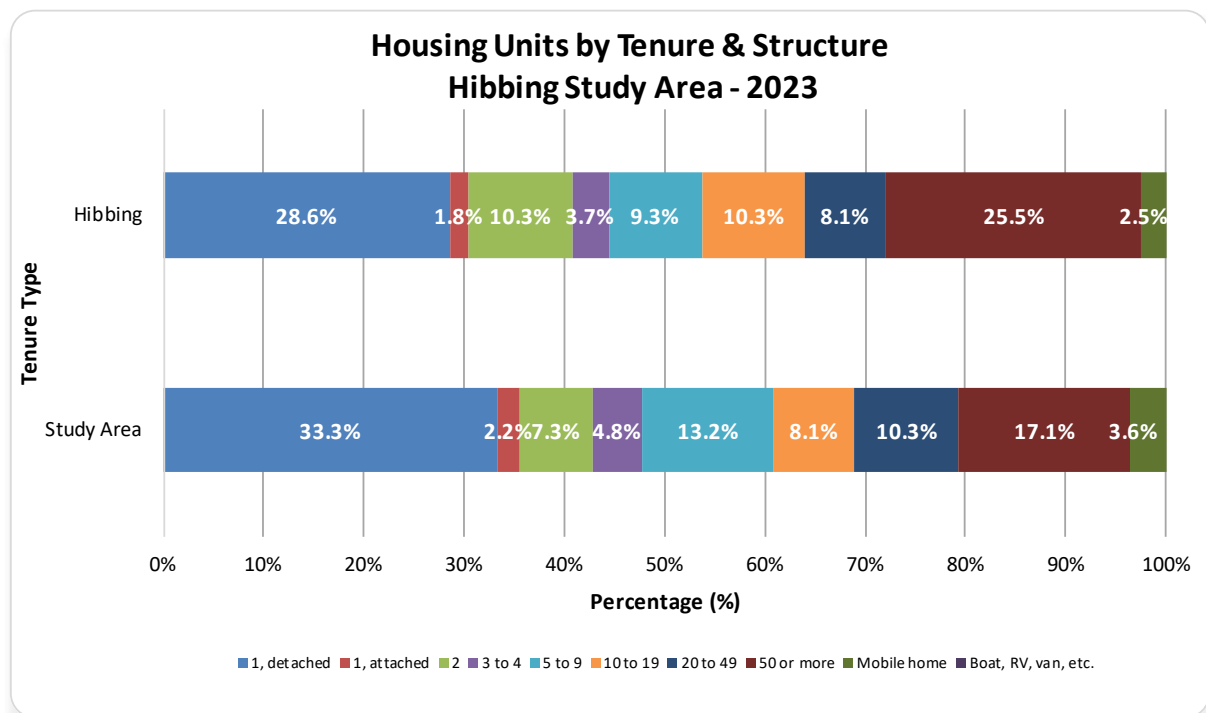
TABLE HC-3
AGE OF HOUSING STOCK
HIBBING STUDY AREA
2023

			Year Unit Built																	
Total Units	Med. Yr. Built	<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010s		
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
City of Hibbing																				
Owner-Occupied	5,508	1954	1,471	26.7%	670	12.2%	1,369	24.9%	361	6.5%	605	11.0%	215	3.9%	397	7.2%	336	6.1%	84	1.5%
Renter-Occupied	1,887	1964	401	21.3%	247	13.1%	234	12.4%	164	8.7%	299	15.9%	349	18.5%	118	6.3%	25	1.3%	50	2.6%
Total	7,395	1956	1,872	25.3%	917	12.4%	1,603	21.7%	525	7.1%	904	12.2%	563	7.6%	516	7.0%	361	4.9%	134	1.8%
Remainder of Study Area																				
Owner-Occupied	4,990	1961	1,190	23.8%	528	10.6%	710	14.2%	309	6.2%	871	17.4%	309	6.2%	372	7.5%	488	9.8%	213	4.3%
Renter-Occupied	963	1964	209	21.7%	71	7.4%	173	18.0%	79	8.2%	173	18.0%	70	7.2%	42	4.3%	101	10.5%	45	4.7%
Total	5,953	1961	1,399	23.5%	599	10.1%	883	14.8%	388	6.5%	1,044	17.5%	379	6.4%	413	6.9%	589	9.9%	258	4.3%
Study Area																				
Owner-Occupied	10,498	1957	2,661	25.3%	1,198	11.4%	2,079	19.8%	669	6.4%	1,476	14.1%	524	5.0%	769	7.3%	824	7.9%	298	2.8%
Renter-Occupied	2,850	1964	610	21.4%	319	11.2%	407	14.3%	243	8.5%	473	16.6%	419	14.7%	160	5.6%	126	4.4%	95	3.3%
Total	13,348	1958	3,271	24.5%	1,517	11.4%	2,486	18.6%	912	6.8%	1,948	14.6%	942	7.1%	929	7.0%	950	7.1%	393	2.9%
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.																				

Housing Units by Structure and Tenure

Table HC-4 shows the housing stock in Hibbing, the Remainder of the Study Area, the Study Area, and Minnesota by type of structure and tenure based on the 2021 ACS estimates.

- Single-family detached units are the dominate housing type for owner-occupied units in the City of Hibbing (96%) and the Remainder of the Study Area (92%).
- Single-family detached units also made of up the largest share of renter-occupied units in the City of Hibbing (29%) with 50 or more units the second largest (25.5%). Single-family detached renter household were largest in the Remainder of the Study Area (43%). In comparison, in the State of Minnesota, structures with 50 or more units made up the largest percentage of renter occupied units (25%) and single-family detached units constituted 19%.



- Single-family units account for 81% of all unit types in the Study Area and 79% in the City of Hibbing. As home prices have risen significantly, single family rental housing is on the rise and is expected to continue to increase. The Study Area has a significantly high amount of single-family rental units at 33% compared to the State of Minnesota at 19%.
- Although single family detached units accounted for the largest share of rental units in Hibbing, renter-occupied units in the city were more varied across building types compared to the Remainder of the Study Area. Rental properties with 50 or more units accounted for 25.5% of rental units and buildings with 10 to 19 units accounted for 10% of rental units in

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the City of Hibbing. In the Remainder of the Study Area, rental buildings with 5 to 9 units (21%) accounted for the highest share followed by 20-to-49-unit buildings at 15%.

Units in Structure	Hibbing				Remainder of Study Area				Study Area				State of MN	
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied %	Renter-Occupied %
1, detached	5,273	95.7%	540	28.6%	4,571	91.6%	411	42.6%	9,844	93.8%	950	33.3%	85.1%	18.6%
1, attached	9	0.2%	35	1.8%	53	1.1%	29	3.0%	62	0.6%	64	2.2%	7.9%	8.1%
2	51	0.9%	195	10.3%	52	1.0%	13	1.4%	103	1.0%	208	7.3%	0.7%	5.7%
3 to 4	28	0.5%	70	3.7%	0	0.0%	68	7.1%	28	0.3%	138	4.8%	0.5%	6.1%
5 to 9	0	0.0%	175	9.3%	0	0.0%	201	20.8%	0	0.0%	376	13.2%	0.5%	6.7%
10 to 19	0	0.0%	194	10.3%	4	0.1%	36	3.7%	4	0.0%	230	8.1%	0.3%	11.6%
20 to 49	34	0.6%	152	8.1%	0	0.0%	143	14.8%	34	0.3%	295	10.3%	0.7%	16.8%
50 or more	0	0.0%	481	25.5%	7	0.1%	7	0.7%	7	0.1%	488	17.1%	1.4%	24.9%
Mobile home	113	2.1%	47	2.5%	298	6.0%	56	5.8%	412	3.9%	103	3.6%	2.9%	1.4%
Boat, RV, van, etc.	0	0.0%	0	0.0%	4	0.1%	0	0.0%	4	0.0%	0	0.0%	0.0%	0.1%
Total	5,508	100%	1,887	100%	4,990	100%	963	100%	10,498	100%	2,850	100%	100%	100%

Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status from the American Community Survey for 2021 (5-Year estimates) and adjusted to current year estimates. Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it is the only mortgage. A second (and sometimes third) mortgage is called a “junior mortgage,” a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- In the City of Hibbing, homes with a mortgage and homes without a mortgage are estimated to be nearly split at 51% without and 49% with. Thus, the percentage of housing units in Hibbing owned without a mortgage is significantly higher than the State of Minnesota (34%).
- Within the owner-occupied housing units with a mortgage, only 6% had an additional second mortgage or home equity loan in Hibbing. In comparison, 6.5% of the Remainder of the Study Area homes and 14% of homes throughout the State of Minnesota had a second mortgage or home equity loan.
- Where debt other than a mortgage was reported, it was most likely to be a home equity loan only, with an estimated 4% of homes with a mortgage in Hibbing carrying a home equity loan and 6% in the Remainder of the Study Area. This is compared to an estimated 10% in the State of Minnesota.

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- Housing units with a mortgage reported a minimally higher median value than those without a mortgage. The median value of housing units with a mortgage was estimated at \$108,700 in Hibbing compared to \$113,800 for homes without a mortgage.
- Median home prices within the City of Hibbing were lower than those in the Remainder of the Study Area. Homes with a mortgage had an estimated median value of \$160,208 and homes without a mortgage had a median value of \$127,335 in the Remainder of the Study Area. These values are roughly 47% and 12% higher than in Hibbing, respectively.
- The median value of a home with a mortgage in the State of Minnesota was 140% higher than Hibbing at \$260,500 among homes with a mortgage and 102% higher than homes without a mortgage at \$230,400.

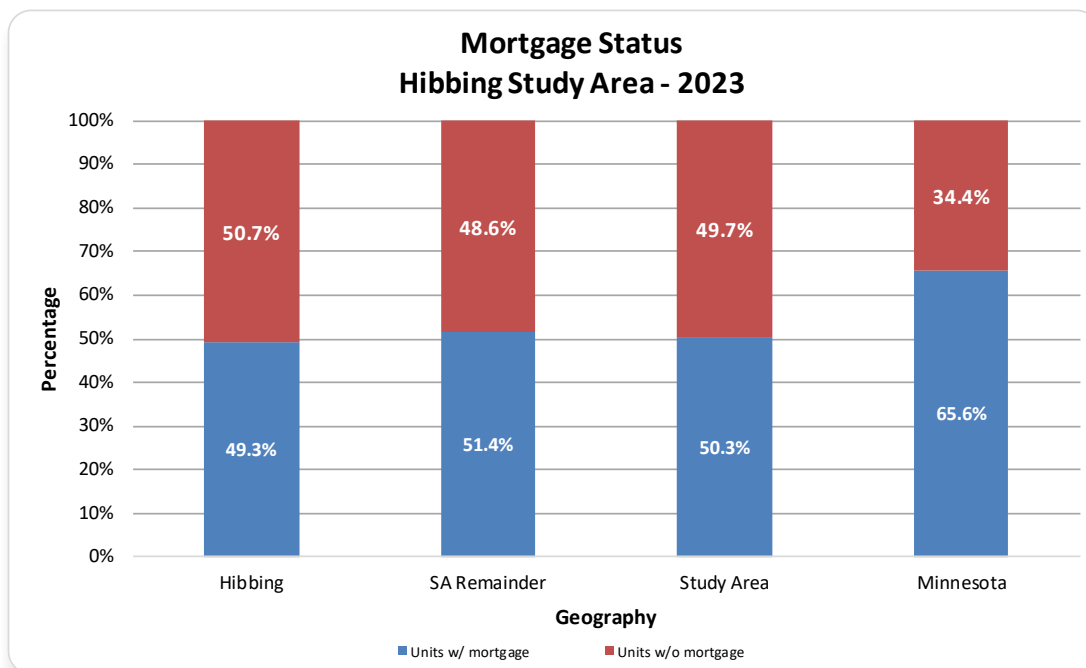
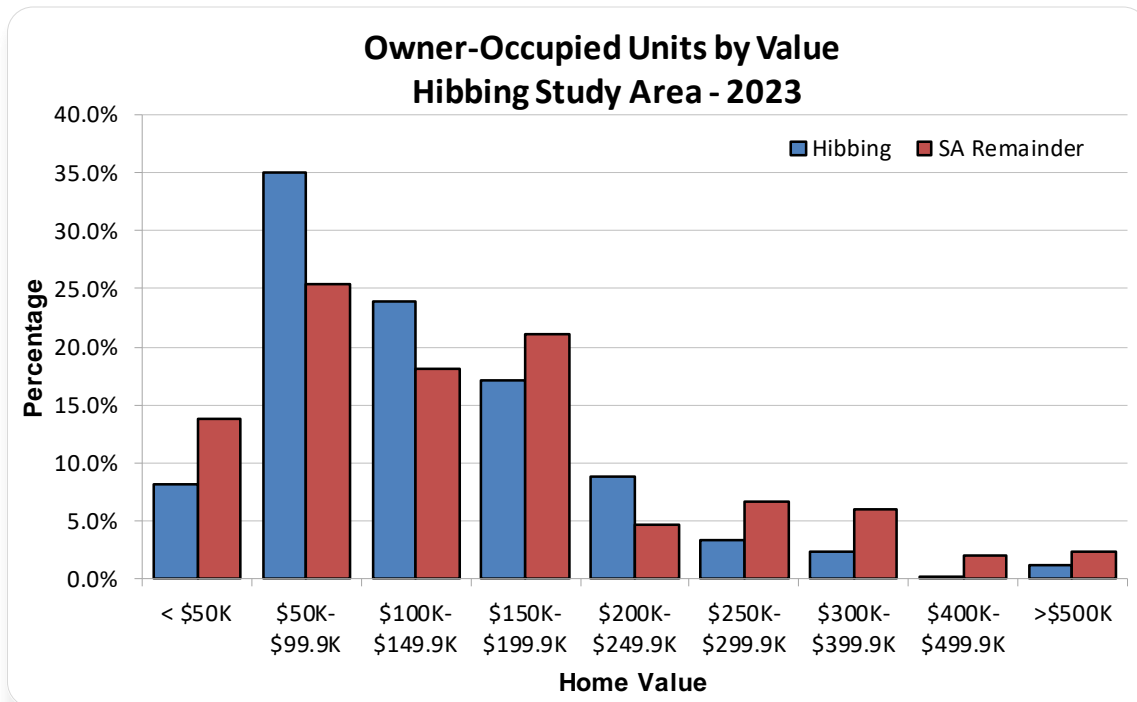


TABLE HC-5 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS HIBBING STUDY AREA 2023							
Mortgage Status	Hibbing		SA Remainder		Study Area		State of MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Housing units without a mortgage	2,793	50.7%	2,425	48.6%	5,219	49.7%	34.4%
Housing units with a mortgage/debt	2,715	49.3%	2,565	51.4%	5,279	50.3%	65.6%
<i>Second mortgage only</i>	39	1.4%	11	0.4%	50	0.9%	3.2%
<i>Home equity loan only</i>	105	3.9%	154	6.0%	259	4.9%	10.2%
<i>Both second mortgage and equity loan</i>	14	0.5%	2	0.1%	16	0.3%	0.4%
Total	5,508	100.0%	4,990	100.0%	10,498	100.0%	100.0%
Median Value by Mortgage Status							
Housing units with a mortgage	\$108,700		\$160,208		\$130,475		\$260,500
Housing units without a mortgage	\$113,800		\$127,335		\$116,515		\$230,400
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.							

Owner-Occupied Housing Units by Value

Table HC-6 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

- The estimated median owner-occupied home value in Hibbing (\$111,900) was significantly lower (22.5%) than the estimated median home value in the Remainder of the Study Area (\$137,094) in 2020. In comparison, median owner-occupied home value the State of Minnesota is estimated at \$281,700 which is 152% higher than in Hibbing.
- In Hibbing, homes estimated to be valued between \$50,000 and \$99,999 made up the largest proportion of homes, accounting for 35% of owner-occupied units. Another 24% of owner-occupied units were valued between \$100,000 and \$149,999. Overall, homes priced under \$200,000 in Hibbing accounted for an estimated 84% of the owner-occupied housing units.
- The largest proportion of owner-occupied homes in the Remainder of the Study Area was also those between \$50,000 and \$99,999 (25.5%). The proportion of homes priced under \$200,000 are estimated to be lower (79%) than Hibbing. A higher proportion of homes in the Remainder of the Study Area (10%) are valued above \$300,000 compared to the City of Hibbing (4%).



HOUSING CHARACTERISTICS

**TABLE HC-6
OWNER-OCCUPIED UNITS BY VALUE
HIBBING STUDY AREA
2023**

Home Value	Hibbing		SA Remainder		Study Area		State of MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
Less than \$50,000	432	8.2%	720	13.8%	1,152	11.0%	4.3%
\$50,000-\$99,999	1,851	35.1%	1,331	25.5%	3,181	30.3%	6.1%
\$100,000-\$149,999	1,263	23.9%	949	18.2%	2,212	21.1%	9.5%
\$150,000-\$199,999	900	17.1%	1,105	21.2%	2,005	19.1%	14.8%
\$200,000-\$249,999	461	8.7%	244	4.7%	704	6.7%	15.2%
\$250,000-\$299,999	176	3.3%	343	6.6%	520	4.9%	13.5%
\$300,000-\$399,999	124	2.4%	308	5.9%	433	4.1%	17.6%
\$400,000-\$499,999	9	0.2%	101	1.9%	110	1.0%	8.7%
Greater than \$500,000	58	1.1%	123	2.3%	181	1.7%	10.2%
Total	5,273	100.0%	5,224	100.0%	10,498	100.0%	100.0%
Median Home Value	\$111,900		\$137,094		\$123,486		281,700

Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.

Renter-Occupied Units by Contract Rent

Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- There are an estimated 65% of renter households in Hibbing paying between \$250 and \$749 in monthly rent split almost even between the \$250 and \$499 (33%) range \$500 and \$749 (32%) range. There were only an estimated 2% of Hibbing renter paying over \$1,000 monthly.
- Minnesota renters as a comparison were most likely to pay between \$1,000 and \$2,499 in monthly rent with an estimated 38.5% of rental units reported rents within this range.
- The median rent in Hibbing was estimated at \$509 in 2020, about 9% lower than the Remainder of the Study Area (\$557) but significantly lower (80%) than the median rent in the State of Minnesota (\$916).
- Housing units without payment of rent ("no cash rent") make up 8% of Study Area renters with the proportion both in the Remainder of the Study Area and the City of Hibbing at 8%. Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

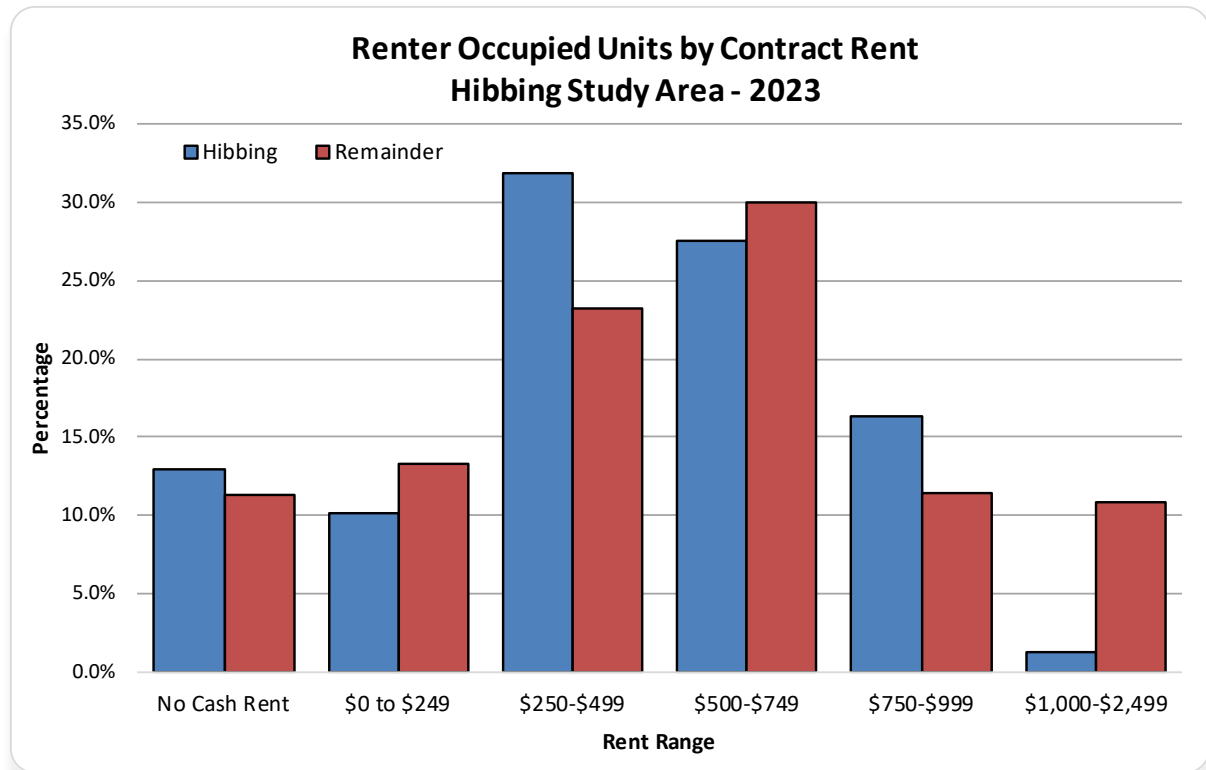
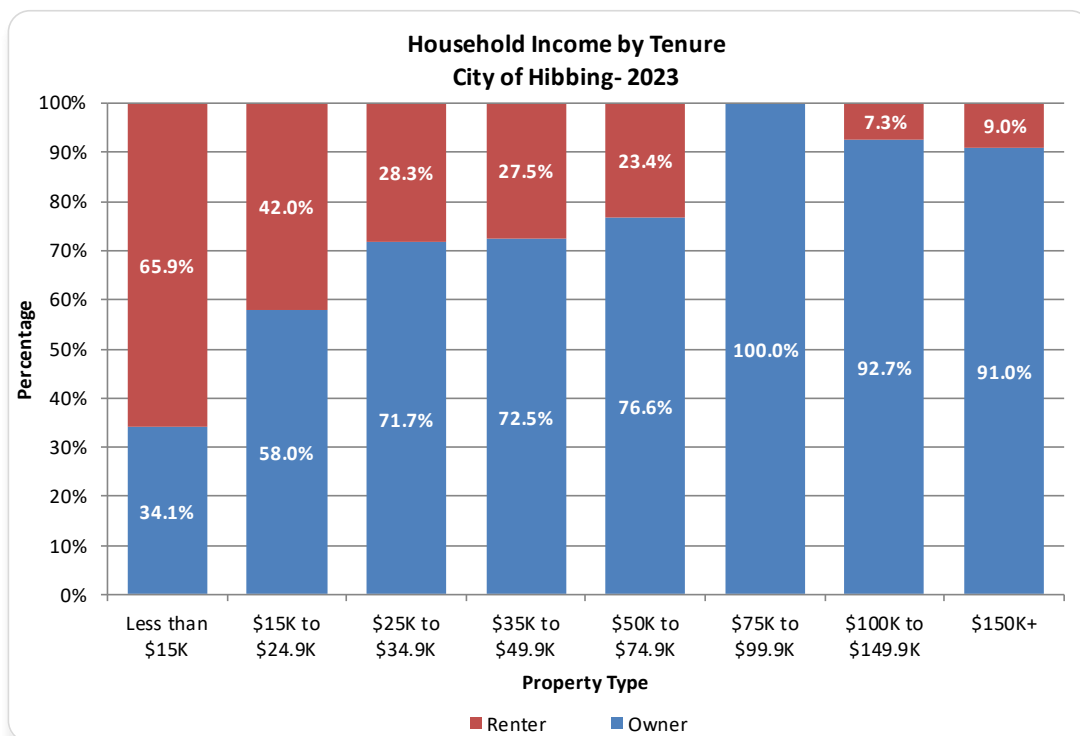


TABLE HC-7 RENTER-OCCUPIED UNITS BY CONTRACT RENT HIBBING STUDY AREA 2023							
Contract Rent	Hibbing		PMA Remainder		PMA		State of MN
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.
No Cash Rent	243,453	12.9%	108	11.2%	352	12.3%	4.1%
Cash Rent	1,644	87.1%	855	88.8%	2,499	87.7%	95.9%
\$0 to \$249	191	10.1%	128	13.3%	319	11.2%	4.4%
\$250-\$499	601	31.9%	224	23.3%	825	29.0%	9.7%
\$500-\$749	521	27.6%	290	30.1%	810	28.4%	14.7%
\$750-\$999	307	16.3%	110	11.4%	417	14.6%	21.8%
\$1,000-\$2,499	24	1.3%	104	10.8%	128	4.5%	43.4%
\$2,500+	0	0.0%	0	0.0%	0	0.0%	2.0%
Total	1,887	100.0%	963	100.0%	2,850	100.0%	100.0%
Median Contract Rent	\$510		\$595		\$539		\$972
Sources: U.S. Census Bureau - American Community Survey & Maxfield Research and Consulting LLC.							

Tenure by Household Income

Table HC-8 presents information on tenure by household incomes in the Study Area. Data was obtained through the American Community Survey for years 2017-2021 and adjusted to current year estimates.

- Hibbing is largest community in the Study Area. Larger communities typically attract development of rental properties due to the services offered and employment opportunities. Hibbing is estimated to have 25.5% renter-occupied households and 74.5% owner-occupied. In the Remainder of the Study Area, 16% of households are renter-occupied and 84% owner-occupied.
- Lower income householders are more likely to be renters. This is evident in Hibbing as an estimated 66% of households earning less than \$15,000 and 42% households earning between \$15,000 to \$24,999 living in renter-occupied units in 2023.
- Due to the rural nature of the Remainder of the Study Area, households at all income levels are more likely to be owner-occupied as 56% of households earning less than \$15,000 owner-occupied in the Remainder of the Study Area compared to 34% in Hibbing.
- As incomes rise, the proportion of owner-occupied units increases. In Hibbing, when incomes reached \$50,000 or more, owner households were reported at an estimated 89% in 2023.



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- A portion of renter households are referred to as lifestyle renters, those who are financially able to own a home but choose to rent. Lifestyle renters typically have household incomes above \$50,000. An estimated 20% of renter-occupied household have incomes of \$50,000 or greater in Hibbing.
- The median income of renter households was significantly lower than the median income owner households in Hibbing. In 2023, owner-occupied households in Hibbing reported an estimated median income of \$65,399 compared to \$25,827 among renter-occupied households.

Income	City of Hibbing				Study Area Remainder				Study Area			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	323	34.1%	624	65.9%	295	56.1%	231	43.9%	618	42.0%	855	58.0%
\$15,000 to \$24,999	413	58.0%	299	42.0%	427	71.3%	171	28.7%	840	64.1%	471	35.9%
\$25,000 to \$34,999	657	71.7%	259	28.3%	414	78.4%	114	21.6%	1,071	74.1%	374	25.9%
\$35,000 to \$49,999	839	72.5%	318	27.5%	652	76.9%	196	23.1%	1,491	74.4%	514	25.6%
\$50,000 to \$74,999	843	76.6%	257	23.4%	996	86.5%	155	13.5%	1,838	81.7%	413	18.3%
\$75,000 to \$99,999	904	100.0%	0	0.0%	687	94.2%	42	5.8%	1,592	97.4%	42	2.6%
\$100,000 to \$149,999	1,129	92.7%	89	7.3%	967	94.8%	53	5.2%	2,096	93.6%	143	6.4%
\$150,000+	400	91.0%	40	9.0%	551	100.0%	0	0.0%	951	96.0%	40	4.0%
Total	5,508	74.5%	1,887	25.5%	4,990	83.8%	963	16.2%	10,498	78.6%	2,850	21.4%
Median Household Income	\$65,399		\$25,827		\$67,138		\$32,844		\$66,212		\$28,109	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting LLC.

Mobility in the Past Year

Table HC-9 shows the mobility patterns of Study Area residents. The information reflects the proportion of residents that reported a move within the last year at the time the ACS survey was conducted. The table presents the estimates of mobility within the last year based on five years of data collection, 2017-2021.

- The majority of Hibbing residents (86%) are estimated to not have moved during 2021. Mobility was limited in the Remainder of the Study Area as well where 91% of the population did not move in 2021.
- Among Hibbing residents that moved, they were estimated most likely to move within their same county (10%) followed by a move from a different county within Minnesota (2%).
- The adult age group most likely to move were between the ages of 18 and 24 as an estimated 27% moved within the past year followed by those ages of 25 and 34 and under the age of 18 both at 22%.

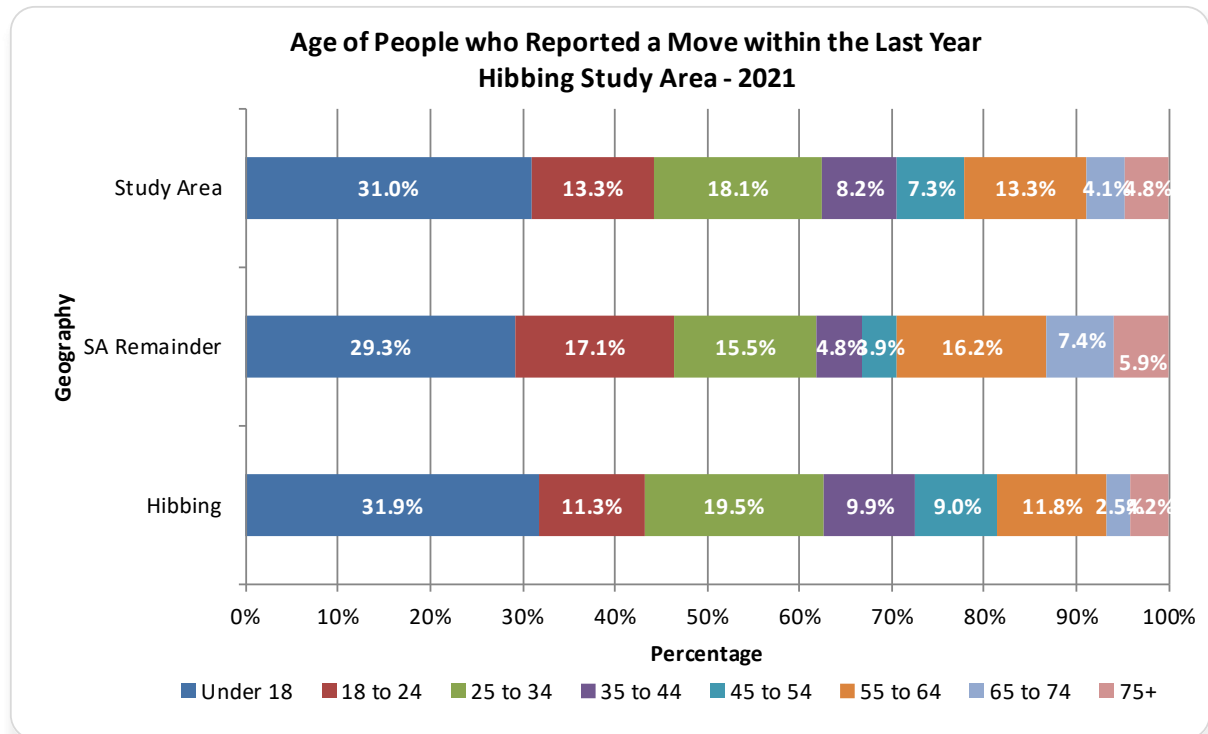
HOUSING CHARACTERISTICS

- Mobility typically experiences a slight uptick among those over age 75. Reflecting a need, or desire to, downsize homes among retirees. This cohort may move to smaller homes, a senior living facility or to another area to be closer to family. Hibbing, however, has only 4% of those age 75 and who have moved which is lower than the 8% in the State of Minnesota.

TABLE HC-9
MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE
HIBBING STUDY AREA
2021

Age	Not Moved		Moved							
	Same House		Within Same County		Different County		Different State		Abroad	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Hibbing										
Under 18	2,634	78.3%	485	14.4%	103	3.0%	145	4.3%	0	0.0%
18 to 24	686	72.6%	127	13.4%	72	7.7%	60	6.4%	0	0.0%
25 to 34	1,616	78.3%	399	19.3%	21	1.0%	27	1.3%	0	0.0%
35 to 44	1,645	87.9%	133	7.1%	57	3.1%	37	2.0%	0	0.0%
45 to 54	1,633	88.8%	142	7.7%	64	3.5%	0	0.0%	0	0.0%
55 to 64	2,177	89.0%	200	8.2%	31	1.3%	19	0.8%	20	0.8%
65 to 74	2,138	97.4%	40	1.8%	0	0.0%	17	0.8%	0	0.0%
75+	1,322	93.1%	62	4.4%	28	2.0%	7	0.5%	0	0.0%
Total	13,850	85.8%	1,587	9.8%	377	2.3%	313	1.9%	20	0.1%
Remainder of Study Area										
Under 18	2,412	87.6%	291	10.6%	47	1.7%	3	0.1%	0	0.0%
18 to 24	717	78.2%	145	15.8%	56	6.1%	-1	-0.2%	0	0.0%
25 to 34	1,081	85.7%	109	8.6%	51	4.1%	20	1.6%	0	0.0%
35 to 44	1,034	94.8%	45	4.1%	6	0.6%	1	0.1%	4	0.4%
45 to 54	1,585	97.2%	37	2.3%	8	0.5%	0	0.0%	0	0.0%
55 to 64	2,316	92.5%	157	6.3%	27	1.1%	2	0.1%	2	0.1%
65 to 74	2,027	95.9%	65	3.1%	21	1.0%	1	0.0%	0	0.0%
75+	1,092	94.1%	61	5.3%	-1	-0.1%	8	0.7%	0	0.0%
Total	12,264	91.3%	910	6.8%	215	1.6%	34	0.3%	6	0.0%
Study Area										
Under 18	5,046	82.5%	776	12.7%	149	2.4%	148	2.4%	0	0.0%
18 to 24	1,403	75.3%	272	14.6%	128	6.9%	59	3.2%	0	0.0%
25 to 34	2,696	81.1%	508	15.3%	73	2.2%	47	1.4%	0	0.0%
35 to 44	2,679	90.4%	178	6.0%	64	2.2%	38	1.3%	4	0.1%
45 to 54	3,217	92.8%	179	5.1%	73	2.1%	0	0.0%	0	0.0%
55 to 64	4,493	90.7%	357	7.2%	58	1.2%	22	0.4%	23	0.5%
65 to 74	4,166	96.7%	105	2.4%	21	0.5%	18	0.4%	0	0.0%
75+	2,414	93.6%	124	4.8%	27	1.1%	15	0.6%	0	0.0%
Total	26,114	88.3%	2,497	8.4%	592	2.0%	346	1.2%	26	0.1%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research and Consulting, LLC.



Introduction

Employment characteristics are important components in assessing housing needs in any given community. These trends are important to consider since employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. This preference is particularly true among renters. Young adults entering the workforce, a primary target market for rental housing, often place excellent value on living near employment, education, shopping, and entertainment. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. We include data for the Arrowhead Economic Development Region 3 (EDR: 3) as shown on the map on Page 13.

Employment Growth

Table E-1 on the following page shows employment growth trends and projections from 2000 to 2030 based on the latest information available from the Minnesota Department of Employment and Economic Development (MN DEED). Data for 2000, 2005, 2010, 2015, 2020, 2021, and 2022 and represents the annual average employment for that year. Data for 2025 and 2030 was based off historic and projected employment from MN DEED and adjusted by Maxfield Research.

- As a result of the Great Recession, Hibbing, and St. Louis County saw employment declines of 7.5% and 2%, respectively between 2000 and 2010. By comparison, the Arrowhead Minnesota EDR: 3 declined in employment by 2%, respectively during the decade.
- Hibbing accounted for 9.7% of the jobs in St. Louis County in 2000 decreasing to 9.1% by 2010 during the recession. Last decade, the employment concentration in Hibbing continued to decrease slightly to 8.8% of St. Louis Counties total jobs by 2020 and down to 8.7% by 2022. Through this decade, Hibbing is projected to remain at an estimated 8.7% of the total jobs in St. Louis County.
- Over the past decade, Hibbing lost 595 jobs (-7%) while St. Louis County lost 3,447 jobs (-4%) between 2010 and 2020. During that time, the number of jobs decreased in the Arrowhead Minnesota EDR: 3 by 5,528 jobs (-4%).
- It is important to note that due to the COVID-19 pandemic, Hibbing experienced a significant decline between 2019 to 2020 losing 694 jobs (-8%) and St. Louis County declined by 8,435 jobs (-9%). The Arrowhead Minnesota EDR: 3 experienced a decline of 11,773 jobs (-8%).
- It is important to note that Hibbing was experiencing a decline in employment prior to the COVID-19 pandemic as 506 jobs had been lost from 2015 to 2019 (-5.5%). Hibbing and the other Study Area communities are greatly affected by the Iron Range mining industry. Thus,

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employment can fluctuate based on market factors that may not affect larger metropolitan communities.

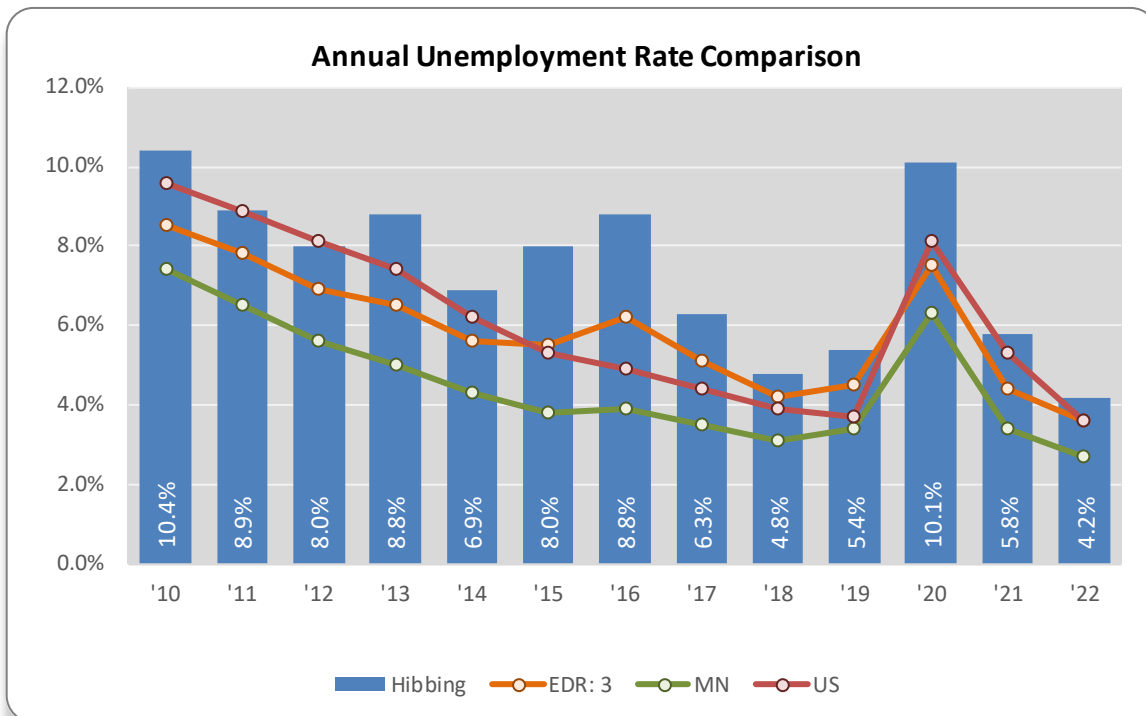
TABLE E-1 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS HIBBING STUDY AREA 2000 to 2030								
Annual Employment	City of Hibbing		Remainder of PMA		St. Louis County		EDR: 03 Arrowhead*	
2000	9,231		2,764		95,068		140,058	
2005	8,852		2,542		94,174		140,024	
2010	8,539		2,361		93,407		137,438	
2015	9,144		1,978		97,413		142,731	
2019	8,638		2,202		98,435		143,683	
2020	7,944		1,985		89,960		131,910	
2021	7,976		2,011		91,382		134,480	
2022	8,074		2,085		92,886		136,532	
2025 Forecast	8,095		2,120		93,296		137,200	
2030 Forecast	8,205		2,091		94,493		139,370	
Change	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	-692	-7.5%	-403	-14.6%	-1,661	-1.7%	-2,620	-1.9%
2010 - 2020	-595	-7.0%	-376	-15.9%	-3,447	-3.7%	-5,528	-4.0%
2020 - 2030	261	3.3%	106	5.2%	4,533	5.0%	7,460	5.5%
* Includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.								
Sources: MN DEED; & Maxfield Research and Consulting, LLC.								

- Albeit slow, recovery of jobs from the pandemic shut down occurred from 2020 to 2022 as Hibbing employment grew by only 150 jobs (2%). St. Louis County grew over the last two years gaining 2,926 jobs (3%) while the Arrowhead Minnesota EDR: 3 gained 4,622 jobs (3.5%).
- As the pandemic has subsided into an endemic, job growth is projected for Hibbing between 2020 and 2030. This includes a gain of 261 jobs in Hibbing (3% increase) and 4,533 jobs in St. Louis County (3% increase). The Arrowhead Minnesota EDR: 3 is projected to grow this decade by 7,460 jobs (5.5%).

Resident Labor Force

Table E-2 presents resident employment data for the City of Hibbing from 2008 through 2022. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in Hibbing. The data is obtained from the Minnesota Department of Economic Development (MN DEED). Unemployment rate data is also provided for St. Louis County, Minnesota EDR: 3 Arrowhead, Minnesota, and the US.

- In 2022, Hibbing had a labor force of 7,019 with 6,739 employed residents, which equates to a 3.3% unemployment rate. By comparison, unemployment rates were at 3.6% in the Arrowhead Minnesota EDR, 2.7% in the State of Minnesota, and 3.6% in Nationally.
- Hibbing's unemployment rate has been marginally lower than the State of Minnesota's unemployment rate between 2008 and 2022. Average unemployment rate in Hibbing since 2010 is 7.2%, which is considerably higher than the average of Minnesota (4.3%) and slightly higher than the U.S unemployment rate (2.8%).
- The chart below illustrates how unemployment in Hibbing has mirrored national trends but has remained above the national rate throughout much of the past decade. Hibbing's unemployment rate has consistently tracked higher than unemployment trends in the State.



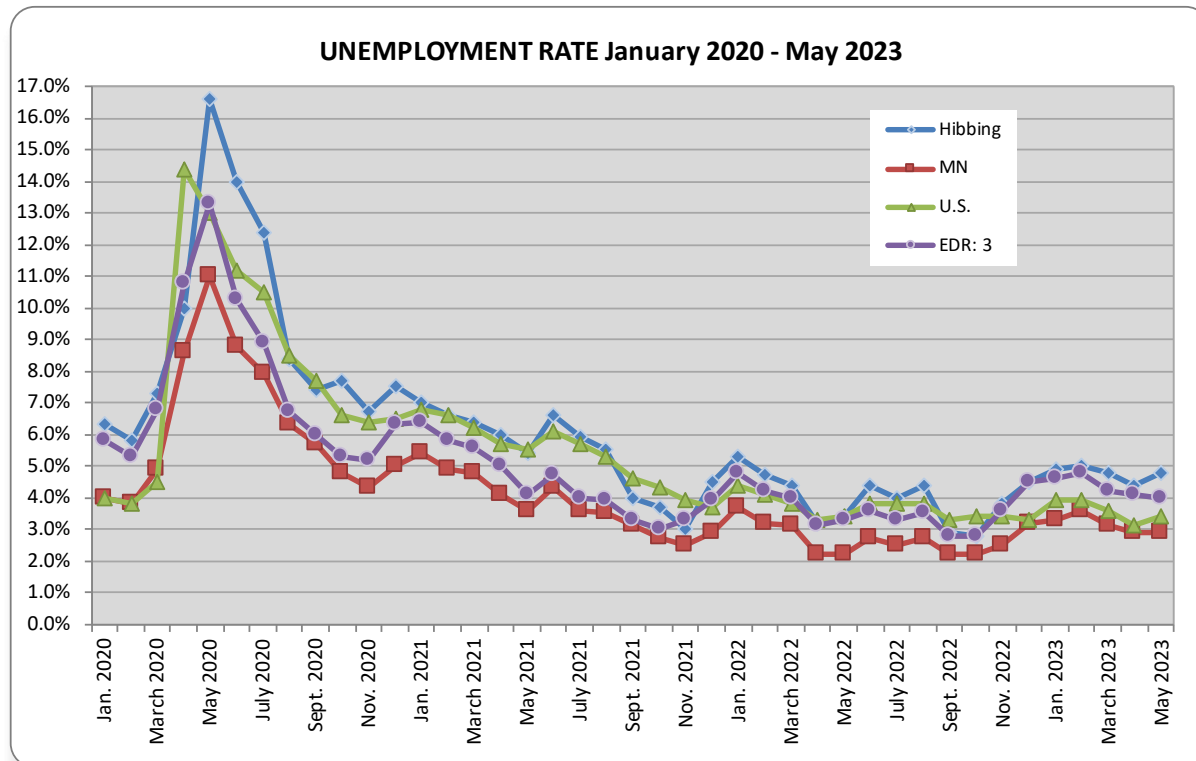
EMPLOYMENT TRENDS

**TABLE E-2
RESIDENT EMPLOYMENT (ANNUAL AVERAGE)
CITY OF HIBBING
2008 through 2022**

Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate				
				Hibbing	St.Louis Co.	EDR: 03	MN	U.S.
2008	8,561	7,827	734	9.4%	6.3%	6.7%	5.4%	5.8%
2009	8,934	7,692	1,242	16.1%	9.1%	9.3%	7.8%	9.3%
2010	7,516	6,810	706	10.4%	8.1%	8.5%	7.4%	9.6%
2011	7,392	6,790	602	8.9%	7.4%	7.8%	6.5%	8.9%
2012	7,329	6,785	544	8.0%	6.5%	6.9%	5.6%	8.1%
2013	7,454	6,854	600	8.8%	6.1%	6.5%	5.0%	7.4%
2014	7,403	6,922	481	6.9%	5.2%	5.6%	4.3%	6.2%
2015	7,438	6,885	553	8.0%	5.1%	5.5%	3.8%	5.3%
2016	7,432	6,830	602	8.8%	5.7%	6.2%	3.9%	4.9%
2017	7,348	6,915	433	6.3%	4.7%	5.1%	3.5%	4.4%
2018	7,207	6,878	329	4.8%	3.8%	4.2%	3.1%	3.9%
2019	7,230	6,858	372	5.4%	4.0%	4.5%	3.4%	3.7%
2020	7,236	6,572	664	10.1%	7.3%	7.5%	6.3%	8.1%
2021	6,982	6,601	381	5.8%	5.2%	4.4%	3.4%	5.3%
2022	7,019	6,739	280	4.2%	3.3%	3.6%	2.7%	3.6%
Change 2010-15	-78	75	-153	-2.3%	-3.0%	-3.0%	-3.6%	-4.3%
Change 2015-20	-202	-313	111	-2.3%	0.1%	-1.1%	-0.4%	0.0%
Change 2019-20	6	-286	292	-4.3%	-2.1%	-3.1%	-2.9%	-2.8%
Change 2020-22	-217	167	-384	-5.9%	-4.0%	-3.9%	-3.6%	-4.5%

Sources: MN DEED; Maxfield Research & Consulting, LLC

- The unemployment rate in Hibbing peaked in 2009 during the Great Recession at 16.1% and fluctuated through 2016 averaging 8.5% from 2010 to 2016. The unemployment dropped to 4.8% in 2018 climbing again to 10.1% in 2020. It is important to note that the steep rise in unemployment in 2020 was directly impacted by the COVID-19 pandemic. The unemployment rate has fallen back down to 5.8% in 2021 and has fallen further to 4.2% in 2022 which is the lowest rate since 2008.
- The chart on the following page provides a month over month comparison in the unemployment rate for Hibbing, EDR: 3 Arrowhead, the State of Minnesota, and the Nation from January 2020 before the pandemic through May 2023. The chart shows that after the initial shut down due to the emerging pandemic, the resulting high unemployment rates throughout the country declined rapidly.
- As such, it appears as though the unemployment rate decline through 2022 in Hibbing was in due in part by the employed persons outpacing the growth in the labor force. The following bullet points discuss the declining labor force and employment in Hibbing.

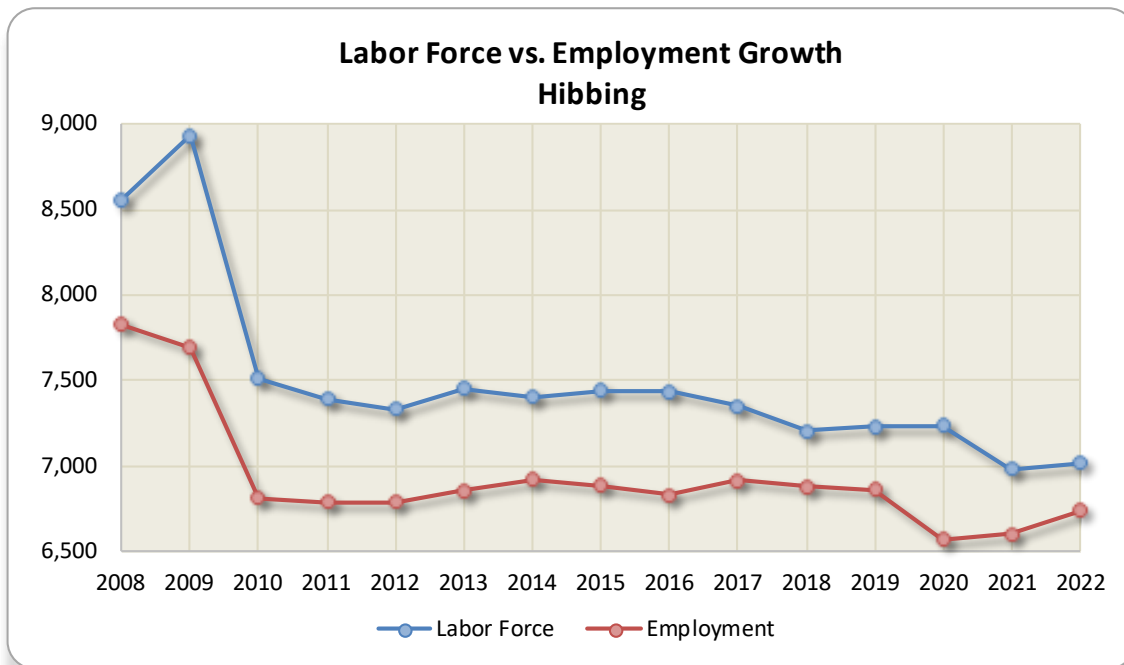


- As shown in the chart on the following page, Hibbing’s labor force significantly declined during the Great Recession dropping 16% from 2009 to 2010. Since 2010, the labor force has remained relatively steadily with slight fluctuations over the decade until the COVID-19 pandemic when it fell 3.5%. Overall, the labor force in Hibbing has declined by 21% since the high over the analyzed period in 2009. It is important to note that much of that loss occurred during the recession.
- Resident employment has mirrored labor force in Hibbing declining 13% during the great recession from a high of 7,827 employed in 2008 to 6,810 in 2010. Since the decline in employment during the great recession, the total employed in Hibbing has fluctuated but remained relatively stable up until the pandemic experiencing a loss of 286 employed persons (-4%) from 2019 to 2020. On average, resident employment declined at a similar rate (-1.3%, -110 jobs) since 2008 compared to the average decline of the labor force of 1.0% (-78 people).
- The COVID-19 pandemic had an effect on employment in Hibbing as the total employed persons fell by 286 people (-4%) from 2019 to 2020. The labor force though gained six individuals (less than 1% growth).
- When many other communities saw strong recovery of labor force and employment from 2020 to 2021 as the pandemic shifted, Hibbing experienced continuing decline of the labor

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force (-3.5%) as employed persons dropped another 286 people (-4%) while the labor force grew minimally by 29 people (0.4%).

- The decline in employment in 2020 and 2021 accounted for about all of the overall employment and labor force loss since 2015. Hibbing lost over 90 jobs (-1.0%) and over 400 people (-5.5%) in the labor force from 2015 to 2022.



Covered Employment by Industry

Table E-3 presents covered employment workforce numbers for Hibbing and the Study Area for 2010, 2015, 2019, 2020, 2021, and 2022. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data is sourced from the Minnesota Department of Employment and Economic Development (DEED). It is important to note that DEED sometimes suppresses employment data for industries when there are limited establishments and/or single large employers in a given geography. Thus, this is case in the Study Area with the Natural Resources and Mining and Construction industries. The following are key trends derived from the employment data:

- Hibbing is the employment center for the Study Area and accounts about 80% of the covered employment as of 2022.

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- While the Natural Resources and Mining industry is a strong employment sector in Hibbing and the Study Area, DEED suppresses this data due to their being single large employers in specific geographies. We can make employment assumptions for the Natural Resources & Mining industry by subtracting the sum of all the industries by the total employment reported. Consequently, we can estimate that there are 1,060 employees in Hibbing and 1,889 employees in the Study Area as of 2022 making it the third largest industry in Hibbing and the Study Area. There was an estimated decline of just over 100 employees from 2019 to 2022 in both Hibbing and the Study Area (-11% to -6%, respectively).
- The Education and Health Services industry currently accounts for the largest share of reported employment in Hibbing, accounting for 33% of the total employment (2,683 jobs) in 2022. The Trade, Transportation, & Utilities sector follows Education and Health constituting 22% of the total employment (1,743 jobs) with the Manufacturing sector third at 10.5% (850 jobs). The Leisure and Hospitality sector consists of 8% (618 jobs).
- Covered employment declined by 465 jobs (-5%) from 2010 to 2022 with nearly all of the industry sectors experiencing loss. Covered employment grew slightly from 2010 to 2015 increasing by 605 jobs (7%) but began declining after 2015 decreasing to 8,638 employed persons (-5.5%) by 2019. The declining covered employment was severely exacerbated by the onset of the COVID-19 pandemic in early 2020 dropping 694 jobs (-8%). Employment has stabilized and witnessed slight growth of 2% (130 jobs) from 2020 to 2022.

City of Hibbing							Change		Percentage Of Total Employment					
							2010 - 2022							
Industry	2010	2015	2019	2020	2021	2022	No.	Pct.	2010	2015	2019	2020	2021	2022
Natural Resources & Mining*	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Manufacturing	729	768	818	784	752	850	121	16.6%	8.5%	8.4%	9.5%	9.9%	9.4%	10.5%
Trade, Transportation, and Utilities	2,049	2,079	1,889	1,806	1,738	1,743	-306	-14.9%	24.0%	22.7%	21.9%	22.7%	21.8%	21.6%
Information	147	78	69	55	54	63	-84	-57.1%	1.7%	0.9%	0.8%	0.7%	0.7%	0.8%
Financial Activities	227	224	194	180	165	152	-75	-33.0%	2.7%	2.4%	2.2%	2.3%	2.1%	1.9%
Professional and Business Services	775	777	370	377	388	387	-388	-50.1%	9.1%	8.5%	4.3%	4.7%	4.9%	4.8%
Education and Health Services	2,465	2,848	2,887	2,699	2,677	2,683	218	8.8%	28.9%	31.1%	33.4%	34.0%	33.6%	33.2%
Leisure and Hospitality	622	626	674	565	598	618	-4	-0.6%	7.3%	6.8%	7.8%	7.1%	7.5%	7.7%
Other Services	211	224	234	210	211	216	5	2.4%	2.5%	2.4%	2.7%	2.6%	2.6%	2.7%
Public Administration	367	367	339	302	301	302	-65	-17.7%	4.3%	4.0%	3.9%	3.8%	3.8%	3.7%
Totals	8,539	9,144	8,638	7,944	7,976	8,074	-465	-5.4%						
Study Area							Change		Percentage Of Total Employment					
							2010 - 2022							
Industry	2010	2015	2019	2020	2021	2022	No.	Pct.	2010	2015	2019	2020	2021	2022
Natural Resources & Mining*	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Construction	61	49	32	--	--	--	--	--	0.6%	0.4%	7.5%	--	--	--
Manufacturing	729	768	818	784	752	850	121	16.6%	6.7%	6.9%	18.9%	7.9%	7.5%	8.4%
Trade, Transportation, and Utilities	2,177	2,202	2,054	2,018	1,952	1,943	-234	-10.7%	20.0%	19.8%	0.6%	20.3%	19.5%	19.1%
Information	147	78	69	55	54	63	-84	-57.1%	1.3%	0.7%	2.1%	0.6%	0.5%	0.6%
Financial Services	255	254	225	214	199	152	-103	-40.4%	2.3%	2.3%	3.4%	2.2%	2.0%	1.5%
Professional and Business Services	789	777	370	377	388	387	-402	-51.0%	7.2%	7.0%	33.6%	3.8%	3.9%	3.8%
Education and Health Services	3,453	3,759	3,646	3,421	3,364	3,360	-93	-2.7%	31.7%	33.8%	8.2%	34.5%	33.7%	33.1%
Leisure and Hospitality	753	807	891	755	794	845	92	12.2%	6.9%	7.3%	2.4%	7.6%	8.0%	8.3%
Other Services	267	269	260	225	211	216	-51	-19.1%	2.4%	2.4%	4.4%	2.3%	2.1%	2.1%
Public Administration	536	537	481	442	446	454	-82	-15.3%	4.9%	4.8%	0.0%	4.5%	4.5%	4.5%
Totals	10,900	11,122	10,840	9,929	9,987	10,159	-741	-6.8%						
* Natural Resources & Mining along with Construction data is being suppressed by MN DEED due to single large employers and/or limited establishments.														
Sources: MN DEED (Minnesota Department of Employment and Economic Development) & Maxfield Research and Consulting LLC.														

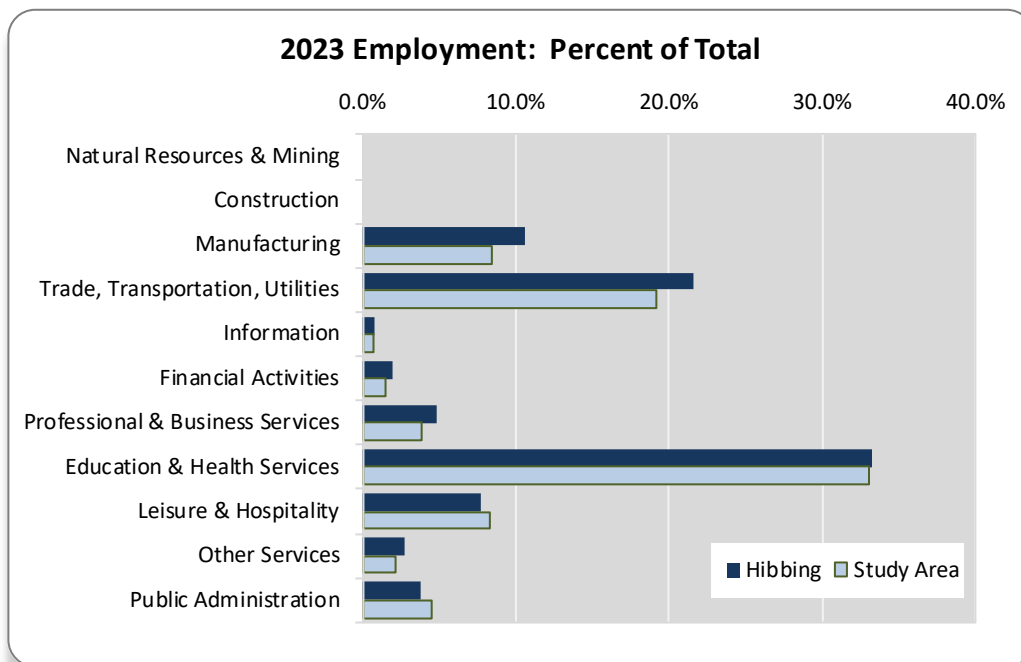
Industry Employment and Wages

Tables E-4 and E-5 displays information on employment and wages in the City of Hibbing and Study Area. Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for the annual average of 2015 and 2019 (Table E-5) and 2019 and 2022 (Table E-4), the most recent annual data available.

All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers, or one employer comprises too much of the employment in that geography which is likely the result in this Study Area for Natural Resources & Mining and Construction.

Technically some farming/agricultural employment is covered in QCEW, however, because that data omits big sections of the industry namely the self-employed and family farms, it isn't deemed a reliable source of data for overall industry analysis.

- The largest concentration of reported jobs (the Natural Resources & Mining sector is not reported) in Hibbing are with two sectors. Education and Health Services sector has the highest percentage of total employment in the City at 33% followed by the Trade, Transportation, and Utilities sector each at 22%. Combined these sectors account for 57% of the employment in the city.



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TABLE E-4 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES HIBBING STUDY AREA 2019 and 2022										
Industry	2019			2022			Change 2019 - 2022			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment		Wage	
							#	%	#	%
CITY OF HIBBING										
Total, All Industries	444	8,638	\$946	454	8,074	\$1,057	-564	-6.5%	\$111	11.7%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	25	818	\$997	28	850	\$1,081	32	3.9%	\$84	8.4%
Trade, Transportation, Utilities	109	1,889	\$775	105	1,743	\$859	-146	-7.7%	\$84	10.8%
Information	6	69	\$673	7	63	\$730	-6	-8.7%	\$57	8.5%
Financial Activities	42	194	\$980	44	152	\$1,100	-42	-21.6%	\$120	12.2%
Professional & Business Services	55	370	\$1,211	57	387	\$1,361	17	4.6%	\$150	12.4%
Education & Health Services	61	2,887	\$861	66	2,683	\$994	-204	-7.1%	\$133	15.4%
Leisure & Hospitality	43	674	\$308	39	618	\$354	-56	-8.3%	\$46	14.9%
Other Services	37	234	\$609	44	216	\$591	-18	-7.7%	(\$18)	-3.0%
Public Administration	11	339	\$1,086	12	302	\$1,256	-37	-10.9%	\$170	15.7%
STUDY AREA										
Total, All Industries	600	10,840	\$918	615	10,159	\$1,062	-681	-6.3%	\$144	15.7%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	12	32	\$562	--	--	--	n.m	n.m	n.m	n.m.
Manufacturing	25	818	\$997	28	850	\$1,081	32	3.9%	\$84	8.4%
Trade, Transportation, Utilities	124	2,054	\$774	127	1,943	\$845	-111	-5.4%	\$71	9.1%
Information	6	69	\$673	7	63	\$730	-6	-8.7%	\$57	8.5%
Financial Activities	50	225	\$948	44	152	\$1,100	-73	-32.4%	\$152	16.1%
Professional & Business Services	55	370	\$1,211	57	387	\$1,361	17	4.6%	\$150	12.4%
Education & Health Services	87	3,646	\$814	92	3,360	\$946	-286	-7.8%	\$132	16.2%
Leisure & Hospitality	56	891	\$301	53	845	\$348	-46	-5.2%	\$48	15.9%
Other Services	42	260	\$571	44	216	\$591	-44	-16.9%	\$20	3.5%
Public Administration	22	481	\$947	25	454	\$1,069	-27	-5.6%	\$122	12.9%
Sources: Minnesota Department of Employment and Economic Development (DEED); Maxfield Research & Consulting, LLC										

Sources: Minnesota Department of Employment and Economic Development (DEED); Maxfield Research & Consulting, LLC

- Hibbing experienced job losses between 2019 and 2022 of 6.5% (-564 jobs). All but two industry sectors (Manufacturing and Professional and Business Services) experienced job losses over the period in Hibbing.
- The largest contraction of job losses occurred within the Education & Health Services sector which declined 204 jobs (-7%) followed by the Trade, Transportation, and Utilities sector with 146 jobs (-8%). The Leisure & Hospitality sector lost 82 jobs (-9%) over the period.
- In comparison, the State of Minnesota experienced job also experienced declines over the period in most sectors with an overall 2% decrease in jobs (-49,854 jobs). The most notable loss occurred within the and Leisure & Hospitality sector (-21%, or -40,703 jobs) and the Education and Health Services sector (-2%, or -13,016 jobs).
- The average weekly wage in 2022 in Hibbing (\$1,057) is significantly lower than the State of Minnesota (\$1,351). Overall, wages in Hibbing are 28% lower than the state average.
- Highest average weekly wages in Hibbing are found in the Professional and Business Services (\$1,361) and Public Administration (\$1,256) sectors. The lowest wages in Hibbing are in the Leisure & Hospitality and Other Services sectors at \$354 and \$591 per week, respectively. It is important to note that many of the Leisure & Hospitality jobs are part-time.

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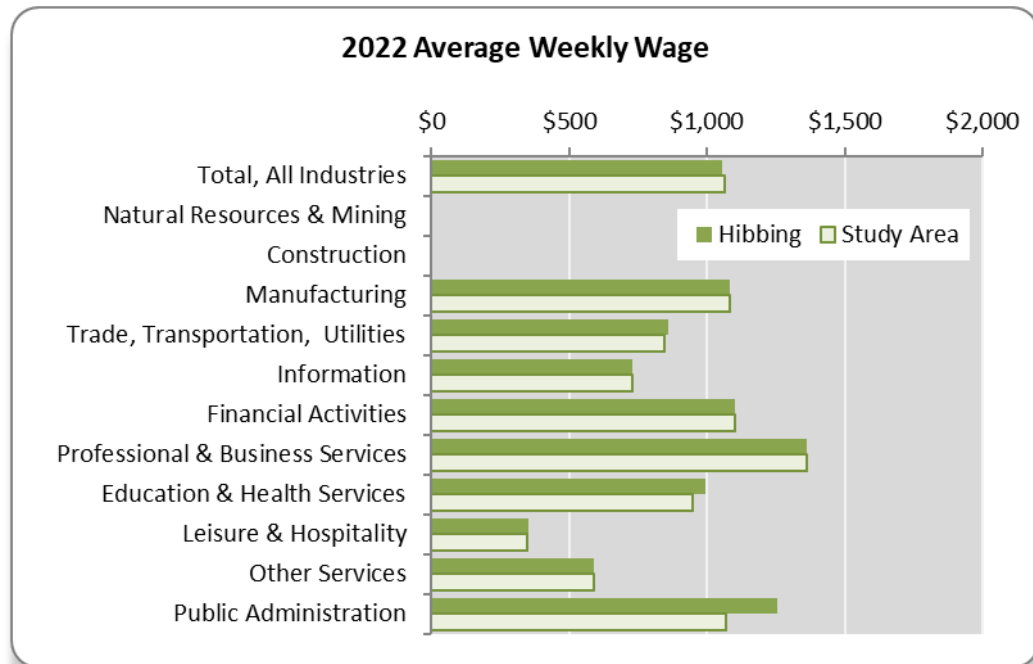


TABLE E-5
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES
HIBBING STUDY AREA
2015 and 2019

Industry	2015			2019			Change 2015 - 2019			
	Establish-ments	Employ-ment	Weekly Wage	Establish-ments	Employ-ment	Weekly Wage	Employment #	Employment %	Wage #	Wage %
CITY OF HIBBING										
Total, All Industries	459	9,144	\$819	444	8,638	\$946	-506	-5.5%	\$127	15.5%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	27	768	\$890	25	818	\$997	50	6.5%	\$107	12.0%
Trade, Transportation, Utilities	124	2,079	\$689	109	1,889	\$775	-190	-9.1%	\$86	12.5%
Information	7	78	\$598	6	69	\$673	-9	-11.5%	\$75	12.5%
Financial Activities	45	224	\$862	42	194	\$980	-30	-13.4%	\$118	13.7%
Professional & Business Services	59	777	\$771	55	370	\$1,211	-407	-52.4%	\$440	57.1%
Education & Health Services	53	2,848	\$755	61	2,887	\$861	39	1.4%	\$106	14.0%
Leisure & Hospitality	44	626	\$262	43	674	\$308	48	7.7%	\$46	17.6%
Other Services	34	224	\$568	37	234	\$609	10	4.5%	\$41	7.2%
Public Administration	11	367	\$993	11	339	\$1,086	-28	-7.6%	\$93	9.4%
STUDY AREA										
Total, All Industries	594	11,122	\$803	600	10,840	\$918	-282	-2.5%	\$115	14.4%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	14	49	\$756	12	32	\$562	-17	-34.7%	(\$194)	-25.7%
Manufacturing	27	768	\$890	25	818	\$997	50	6.5%	\$107	12.0%
Trade, Transportation, Utilities	140	2,202	\$688	124	2,054	\$774	-148	-6.7%	\$86	12.5%
Information	7	78	\$598	6	69	\$673	-9	-11.5%	\$75	12.5%
Financial Activities	54	254	\$843	50	225	\$948	-29	-11.4%	\$105	12.4%
Professional & Business Services	59	777	\$771	55	370	\$1,211	-407	-52.4%	\$440	57.1%
Education & Health Services	59	3,759	\$699	87	3,646	\$814	-113	-3.0%	\$115	16.4%
Leisure & Hospitality	57	807	\$264	56	891	\$301	84	10.4%	\$36	13.8%
Other Services	45	269	\$533	42	260	\$571	-9	-3.3%	\$38	7.0%
Public Administration	22	537	\$823	22	481	\$947	-56	-10.4%	\$123	15.0%

Sources: Minnesota Department of Employment and Economic Development (DEED); Maxfield Research & Consulting, LLC

EMPLOYMENT TRENDS

- A household earning the average weekly wage in the City of Hibbing (\$1,057 in 2022) would be able to afford a monthly mortgage or apartment rent for an estimated \$1,374 per month to not exceed 30% of its monthly income on housing costs. This is significantly higher than the average rent for the surveyed existing market rate rental properties in Hibbing (\$807).
- The data indicates the existing housing stock in Hibbing is relatively affordable proportionate to average wages in the city.

Table E-5 on the page above presents covered employment data from 2015 and 2019 to provide a look at Hibbing and the Study Area before the COVID-19 pandemic.

- The table shows that the reported covered employment in Hibbing declined from 2015 to 2019 by 506 jobs (-5.5%). The State of Minnesota in comparison over the period gained 127,206 jobs (4.5%).
- Wages in Hibbing experienced strong growth of 15.5% during 2015 to 2019. This growth was higher than that of the State of Minnesota which grew by 11% and an average 2019 weekly wage of \$1,115.

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting patterns in the City of Hibbing and the Study Area. Table E-6 provides a summary of the inflow and outflow characteristics of the workers in the City based on data from the U.S. Census Bureau Local Employment Dynamics data for 2020, the most recent data available.

Outflow reflects the number of workers living in the area but employed outside the City, while inflow measures the number of workers that are employed in the City but live outside the area. Interior flow reflects the number of workers that live and work in Hibbing.

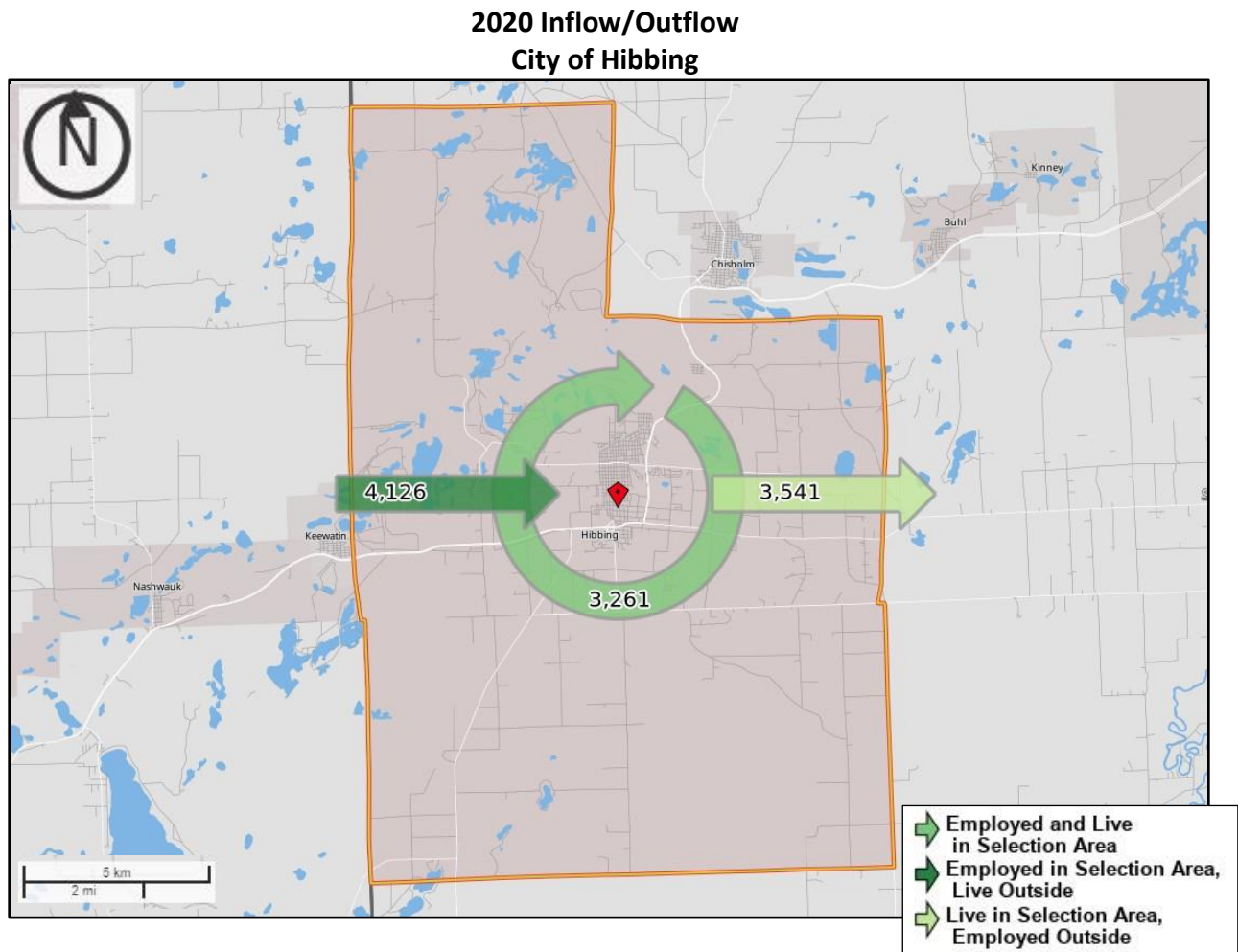
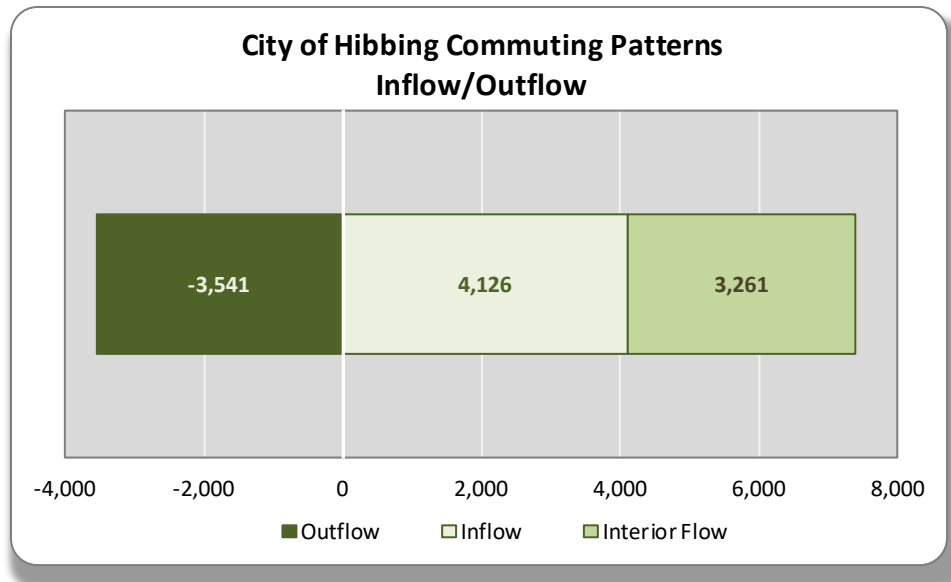
- Overall, Hibbing is an importer of workers as a higher number of non-residents commute into the City for work than residents leave for work. The Study Area is both an exporter and an importer of workers as roughly the same number of workers commuting into the Study Area as leaving. The City of Hibbing has a net gain of 585 workers compared to the Study Area that has a net loss of 1,899 workers.
- An estimated 4,126 workers come into Hibbing for employment (inflow) daily, while 3,541 resident workers commute out of the City (outflow). An estimated 3,261 people both live and work in the City (interior flow).

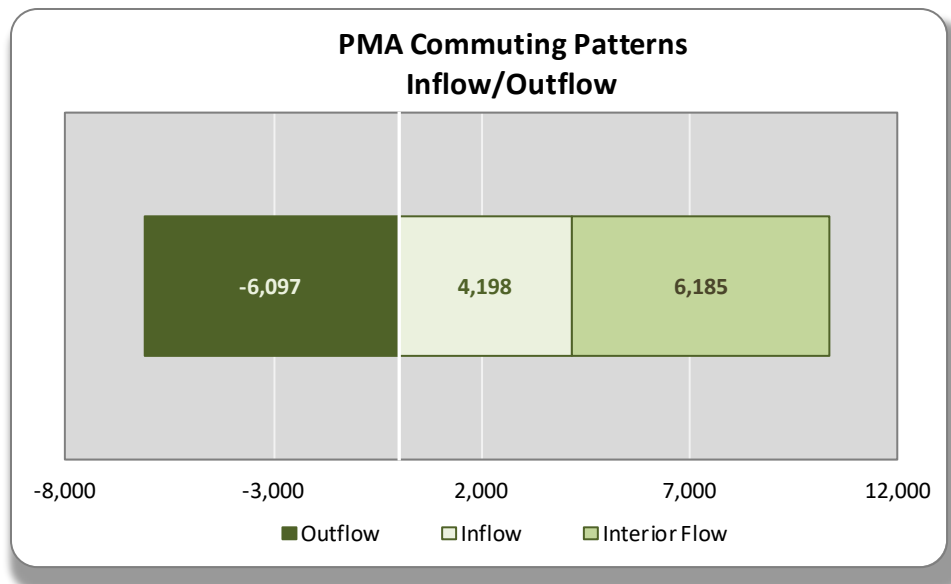
EMPLOYMENT TRENDS

- Roughly 38% of the jobs in Hibbing are filled by workers commuting into the City. The highest proportion of workers coming into the City are aged 30 to 54 (53%) and 43% earn more than \$3,333 per month (\$40,000 per year).
- About 25% of Study Area jobs are filled by workers commuting into the Study Area. Workers between 30 and 54 years of age account for 53% of incoming workers and 46% earn more than \$3,333 per month.
- A much higher proportion of workers leaving Hibbing and the Study Area earn more than \$3,333 per month than those workers that commute in and workers who live and work within Hibbing or the Study Area
- In the City of Hibbing, 30% of employed individuals live and work in the City. In comparison, 38% of study areas workers live and work in the Study Area.

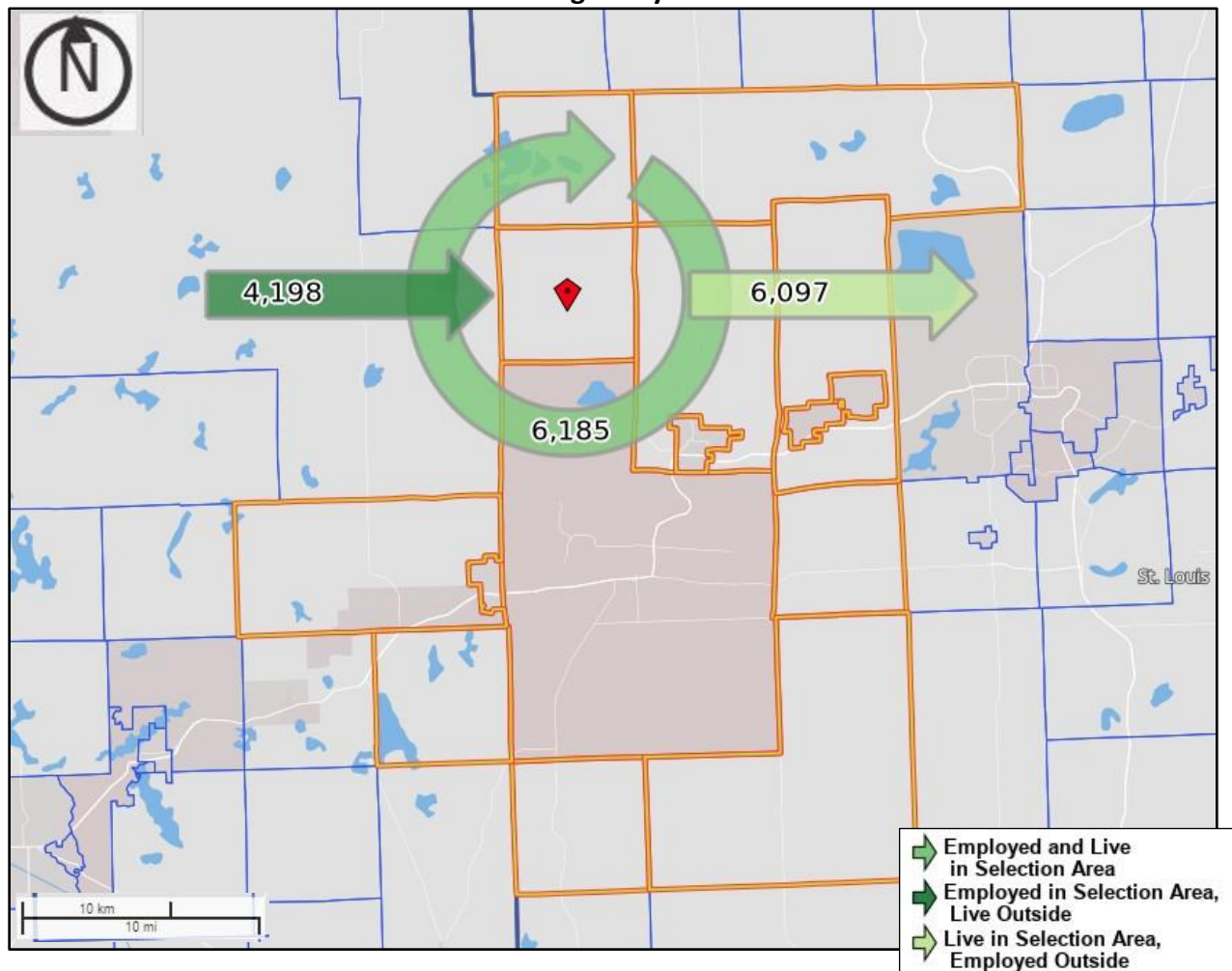
**TABLE E-6
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
HIBBING STUDY AREA
2020**

City of Hibbing	Outflow		Inflow		Interior Flow	
All Jobs	3,541	32.4%	4,126	37.8%	3,261	29.8%
By Age						
Workers Aged 29 or younger	735	20.8%	823	19.9%	691	21.2%
Workers Aged 30 to 54	1,991	56.2%	2,193	53.2%	1,684	51.6%
Workers Aged 55 or older	815	23.0%	1,110	26.9%	886	27.2%
By Monthly Wage						
Workers Earning \$1,250 per month or less	774	21.9%	1,038	25.2%	914	28.0%
Workers Earning \$1,251 to \$3,333 per month	1,017	28.7%	1,315	31.9%	1,160	35.6%
Workers Earning More than \$3,333 per month	1,750	49.4%	1,773	43.0%	1,187	36.4%
By Industry						
"Goods Producing"	799	22.6%	1,362	33.0%	848	26.0%
"Trade, Transportation, and Utilities"	511	14.4%	663	16.1%	589	18.1%
"All Other Services"*	2,231	63.0%	2,101	50.9%	1,824	55.9%
Study Area	Outflow		Inflow		Interior Flow	
All Jobs	6,097	37.0%	4,198	25.5%	6,185	37.5%
By Age						
Workers Aged 29 or younger	1,252	20.5%	825	19.7%	1,306	21.1%
Workers Aged 30 to 54	3,464	56.8%	2,205	52.5%	3,261	52.7%
Workers Aged 55 or older	1,381	22.7%	1,168	27.8%	1,618	26.2%
By Monthly Wage						
Workers Earning \$1,250 per month or less	1,373	22.5%	985	23.5%	1,704	27.6%
Workers Earning \$1,251 to \$3,333 per month	1,632	26.8%	1,283	30.6%	2,164	35.0%
Workers Earning More than \$3,333 per month	3,092	50.7%	1,930	46.0%	2,317	37.5%
By Industry						
"Goods Producing"	1,374	22.5%	1,404	33.4%	1,665	26.9%
"Trade, Transportation, and Utilities"	1,026	16.8%	668	15.9%	1,006	16.3%
"All Other Services"*	3,697	60.6%	2,126	50.6%	3,514	56.8%
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC						





**2020 Inflow/Outflow
Hibbing Study Area**



EMPLOYMENT TRENDS

Table E-7 and E-8 highlights the commuting patterns, including distance and destination, of workers in Hibbing and the PM7 based on data from the U.S. Census Bureau Local Employment Dynamics data. Home Destination summarizes where workers live who are employed in the City, while Work Destination represents where workers are employed who live in the City.

- As the table illustrates, about 56% of the workers employed in Hibbing reside outside the City, while 38% (3,261) reside in the City. The largest proportions of workers commuting into Hibbing come from Chisholm (6.5%), Duluth (3.5%), Virginia (2.5%) and Grand Rapids (2%).
- Roughly 54% of the workers in Hibbing reside within ten miles of their place of employment while 18.5% travel from 10 to 24 miles. About 12% of the workers commute from 25 to 50 miles and another 16% come from more than 50 miles away.
- An estimated 48% of the workers living in Hibbing also have jobs in the City. The remaining 52% commute to other communities, most notably to Virginia (7%), Duluth (7%), Chisholm (6%), Mountain Iron (5%), and Grand Rapids (3%).

TABLE E-7 COMMUTING PATTERNS CITY OF HIBBING 2020					
Home Destination			Work Destination		
Place of Residence	Count	Share	Place of Employment	Count	Share
Hibbing city, MN	3,261	44.1%	Hibbing city, MN	3,261	47.9%
Chisholm city, MN	483	6.5%	Virginia city, MN	476	7.0%
Duluth city, MN	256	3.5%	Duluth city, MN	467	6.9%
Virginia city, MN	186	2.5%	Chisholm city, MN	401	5.9%
Grand Rapids city, MN	134	1.8%	Mountain Iron city, MN	359	5.3%
Eveleth city, MN	105	1.4%	Grand Rapids city, MN	208	3.1%
Nashwauk city, MN	104	1.4%	Keewatin city, MN	125	1.8%
Keewatin city, MN	98	1.3%	Minneapolis city, MN	93	1.4%
Buhl city, MN	80	1.1%	Eveleth city, MN	64	0.9%
Mountain Iron city, MN	71	1.0%	Nashwauk city, MN	60	0.9%
All Other Locations	2,609	35.3%	All Other Locations	1,288	18.9%
Distance Traveled			Distance Traveled		
Total All Jobs	7,387	100.0%	Total All Jobs	6,802	100.0%
Less than 10 miles	4,014	54.3%	Less than 10 miles	3,798	55.8%
10 to 24 miles	1,366	18.5%	10 to 24 miles	1,179	17.3%
25 to 50 miles	835	11.3%	25 to 50 miles	415	6.1%
Greater than 50 miles	1,172	15.9%	Greater than 50 miles	1,410	20.7%
Home Destination = Where workers live who are employed in the selection area			Work Destination = Where workers are employed who live in the selection area		
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC					

EMPLOYMENT TRENDS

- About 56% of the resident workers in Hibbing travel less than ten miles for their jobs, while 12% have a commute distance from 10 to 24 miles. Roughly 6% commute between 25 and 50 miles and 21% commute more than 50 miles for employment.
- With 4,126 workers commuting into Hibbing for employment daily and 27% coming from over 25 miles, there may be an opportunity to provide housing options for a portion of these workers.

**TABLE E-8
COMMUTING PATTERNS
HIBBING STUDY AREA
2020**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Hibbing city, MN	3,967	38.2%	Hibbing city, MN	4,423	36.0%
Chisholm city, MN	1,031	9.9%	Virginia city, MN	1,040	8.5%
Duluth city, MN	303	2.9%	Chisholm city, MN	1,025	8.3%
Virginia city, MN	273	2.6%	Duluth city, MN	847	6.9%
Keewatin city, MN	203	2.0%	Mountain Iron city, MN	752	6.1%
Nashwauk city, MN	185	1.8%	Grand Rapids city, MN	488	4.0%
Grand Rapids city, MN	173	1.7%	Keewatin city, MN	241	2.0%
Eveleth city, MN	159	1.5%	Nashwauk city, MN	179	1.5%
Buhl city, MN	130	1.3%	Minneapolis city, MN	169	1.4%
Mountain Iron city, MN	120	1.2%	Cook city, MN	140	1.1%
All Other Locations	3,839	37.0%	All Other Locations	2,978	24.2%
<u>Distance Traveled</u>			<u>Distance Traveled</u>		
Total All Jobs	10,383	100.0%	Total All Jobs	12,282	100.0%
Less than 10 miles	5,572	53.7%	Less than 10 miles	5,729	46.6%
10 to 24 miles	2,209	21.3%	10 to 24 miles	2,934	23.9%
25 to 50 miles	1,146	11.0%	25 to 50 miles	909	7.4%
Greater than 50 miles	1,456	14.0%	Greater than 50 miles	2,710	22.1%
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC					

Resident Profile

Table E-9 compares characteristics of employed residents living in Hibbing, the Study Area, and State of Minnesota in 2020. Information on monthly earnings, age, race and ethnicity, educational attainment and job classification is provided. Both primary and private jobs are included.

- Residents earning more than \$3,333 per month account for 43% of workers in Hibbing and 44% in the Study Area. These are both lower than the proportion of residents in Minnesota at 53%.

EMPLOYMENT TRENDS

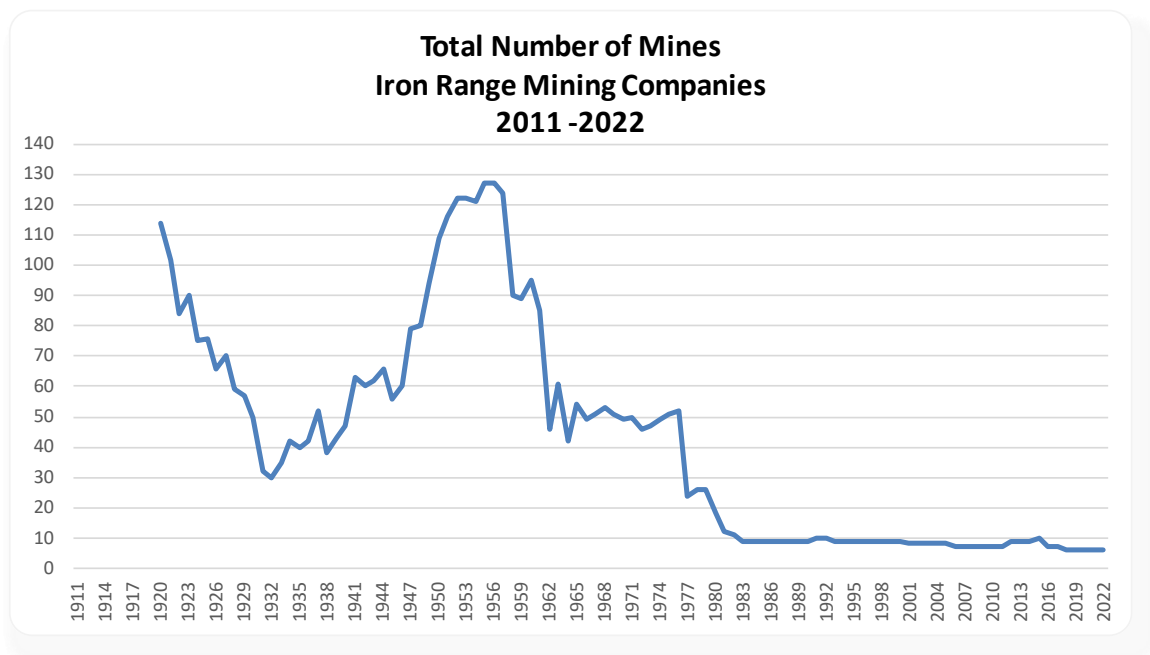
- The majority of workers in Hibbing are age 30 to 54 accounting for 54% of workers, nearly identical to the proportion in the Study Area (55%) but slightly more than the State of Minnesota (53%).
- The majority of resident workers in Hibbing and the Study Area are White Alone (95.5%). All other race and ethnicity groups are roughly 1% or less.
- The proportion of workers who live in Hibbing with a high school diploma was 25% in Hibbing and in the Study Area. Higher than the state of Minnesota (20%).
- The proportion of those with a bachelor's degree or higher in Hibbing and the Study Area was 16% but much lower than in Minnesota (24%).

TABLE E-9 RESIDENT PROFILE HIBBING STUDY AREA 2020					
	City of Hibbing		Study Area		MN
	No.	Pct.	No.	Pct.	Pct.
Total Jobs					
Total All Jobs	6,802	100.0%	12,282	100.0%	100.0%
Monthly Earnings					
\$1,250 per month or less	1,688	24.8%	3,077	25.1%	23.2%
\$1,251 to \$3,333 per month	2,177	32.0%	3,796	30.9%	24.0%
More than \$3,333 per month	2,937	43.2%	5,409	44.0%	52.8%
Worker Ages					
Age 29 or younger	1,426	21.0%	2,558	20.8%	23.1%
Age 30 to 54	3,675	54.0%	6,725	54.8%	53.1%
Age 55 or older	1,701	25.0%	2,999	24.4%	23.8%
Worker Race and Ethnicity					
White Alone	6,494	95.5%	11,761	95.8%	85.3%
Black or African American Alone	82	1.2%	118	1.0%	6.6%
American Indian or Alaska Native Alone	74	1.1%	134	1.1%	0.9%
Asian Alone	40	0.6%	68	0.6%	5.4%
Native Hawaiian or Other Pacific Islander Alone	2	0.0%	6	0.0%	0.1%
Two or More Race Groups	110	1.6%	195	1.6%	1.7%
Ethnicity					
Not Hispanic or Latino	6,706	98.6%	12,109	98.6%	95.2%
Hispanic or Latino	96	1.4%	173	1.4%	4.8%
Worker Educational Attainment					
Less than high school	459	6.7%	814	6.6%	6.7%
High school or equivalent, no college	1,709	25.1%	3,119	25.4%	19.8%
Some college or Associate degree	2,147	31.6%	3,856	31.4%	26.4%
Bachelor's degree or advanced degree	1,061	15.6%	1,935	15.8%	24.0%
Educational attainment not available (workers aged 29 or younger)	1,426	21.0%	2,558	20.8%	23.1%
Sources: U.S. Census Bureau, Maxfield Research and Consulting, LLC.					

Iron Range Mining Industry Overview

Maxfield Research & Consulting compiled data from the Annual Report of the Inspector of Mines. St. Louis County in conjunction with Itasca County produce an annual report on the inspections of active and inactive mining properties. Yearly reports are available from 2002 to 2022 which includes data on the number of mining companies and mines in operation, taconite products shipped, taconite mined, material moved, people employed, accidents (both fatal and non-fatal), hours worked, and wage rates. The following charts show historical data from 1911 to 2022 including total number of mines, employed miners, and average mining wages. Figure 1 provides data on the average number of employees at each mining company while Figure 2 shows the daily wage rate for the industry from 2005 to 2022.

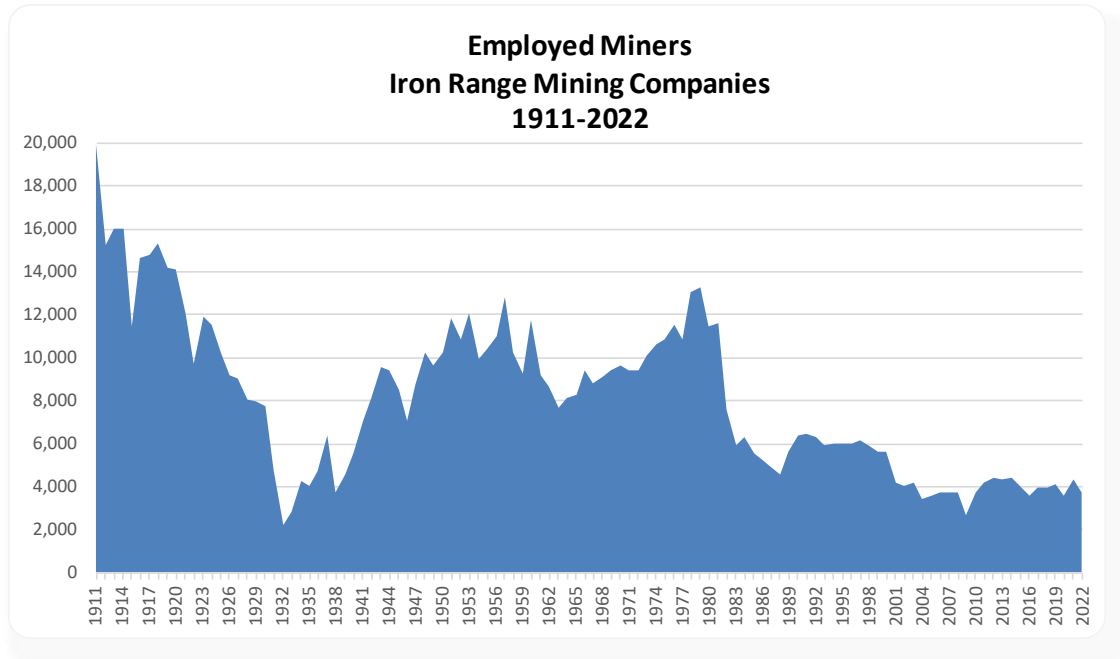
- Currently, there are six active mines on the Iron Range. There has been 10 or fewer mines since 1982 with the current figure the lowest ever recorded.
- The number of mines was largest during the 1950s when the number reach a peak of 127 mines in 1956. After the 1950s, the number of mines declined and fluctuated around 50 through the mid-1970s.



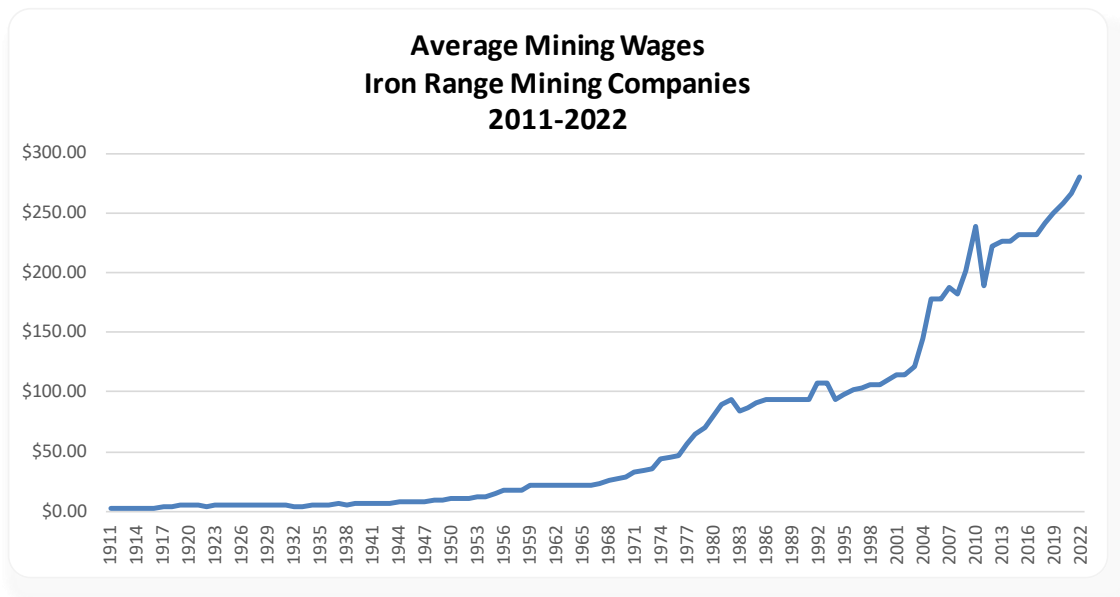
- The chart on the following page the average number of employed miners by year from 2011 to 2022. As the chart shows. The highest number of employees was at the start of the recording period with nearly 20,000 employees in 1911.
- Employment from 1911 declined steadily the start of the Great Depression in 1929 when employment dropped to about 8,000. During the depression, employment fell to its lowest number over the last 110 years of 2,243 employees in 1932.

EMPLOYMENT TRENDS

- Over the period, employment ebbs and flows with opening and closing of mines along the Iron Range. Currently with six operating mines, employment consisted of 3,770 employees in 2022. Employment has averaged 3,900 employees since 2001 with a significant drop to 2,687 employees during the Great Recession.

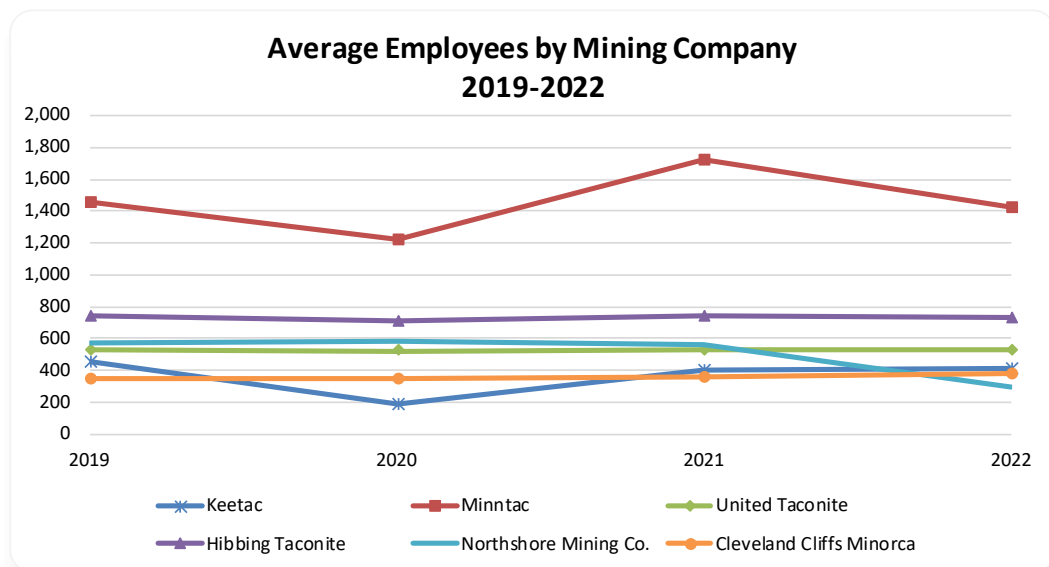


- Average daily wages have risen significantly since 2003 from \$121.94 per day to \$279.44 by 2022. A significant wage decline (-21%) occurred from 2010 to 2011 but grew back by 18% the following year (2012) and has continued grow by an average 2.3% each year through 2022.



EMPLOYMENT TRENDS

- Figure 1 provides data on the average number of employees per mining company in St. Louis and Itasca Counties from 2005 to 2022. In 2022, there were an average of 3,770 employees in total at all six mining companies. This figure was a slight increase from 2010 of 46 employees (1%).
- During the COVID-19 pandemic, it appears as though only Keetac and Minntac experienced significant declines in employees (-59% and -17%, respectively). The other companies remained relatively stable with very slight declines from 2019 to 2020. Overall, mining employees declined by 13% (-543 employees).



- Both Keetac and Minntac experienced a strong recovery from 2020 to 2021, growing by 119% and 42%, respectively. The other companies again remained relatively stable with minimal growth. Overall, growth rebounded by 21% from the initial pandemic declines.
- During the period from 2019 to 2022, the combined total employees declined 8% (-335 employees). Keetac and Hibbing Taconite which are located in the Study Area and account for about 30% of the total mining employees experienced a decline of 4% (-46 employees) over the period.
- Figure 2 provides data on the daily wage rates for employees of the mining companies from Grade 1 to Grade 5. The chart below shows that from 2005 to 2022, wages have steadily increased in each job grade.

EMPLOYMENT TRENDS

FIGURE 1
AVERAGE EMPLOYEE TOTALS BY MINING COMPANY
ANNUAL REPORT OF THE INSPECTOR OF MINES
ST. LOUIS AND ITASCA COUNTIES
2005, 2010, 2015, 2019 - 2022

Mining Company	Location	Average Number of Employees							Change					
		2005	2010	2015	2019	2020	2021	2022	2005 to 2022		2015 to 2020		2019 to 2022	
		No.							No.	Pct.	No.	Pct.	No.	Pct.
Keetac	Keewatin	386	416	412	451	184	403	412	26	6.7%	-228	-55.3%	-39	-8.6%
Minntac	Mountain Iron	1,243	1,264	1,338	1,460	1,217	1,727	1,421	178	14.3%	-121	-9.0%	-39	-2.7%
United Taconite	Eveleth	440	499	355	529	525	529	526	86	19.5%	170	47.9%	-3	-0.6%
Hibbing Taconite	Hibbing	664	631	731	740	711	746	733	69	10.4%	-20	-2.7%	-7	-0.9%
Northshore Mining Co.	Babbitt	500	575	548	575	577	559	297	-203	-40.6%	29	5.3%	-278	-48.3%
Cleveland Cliffs Minorca	Virginia	335	339	355	350	348	359	381	46	13.7%	-7	-2.0%	31	8.9%
Totals		3,568	3,724	3,739	4,105	3,562	4,323	3,770	202	5.7%	-177	-4.7%	-335	-8.2%

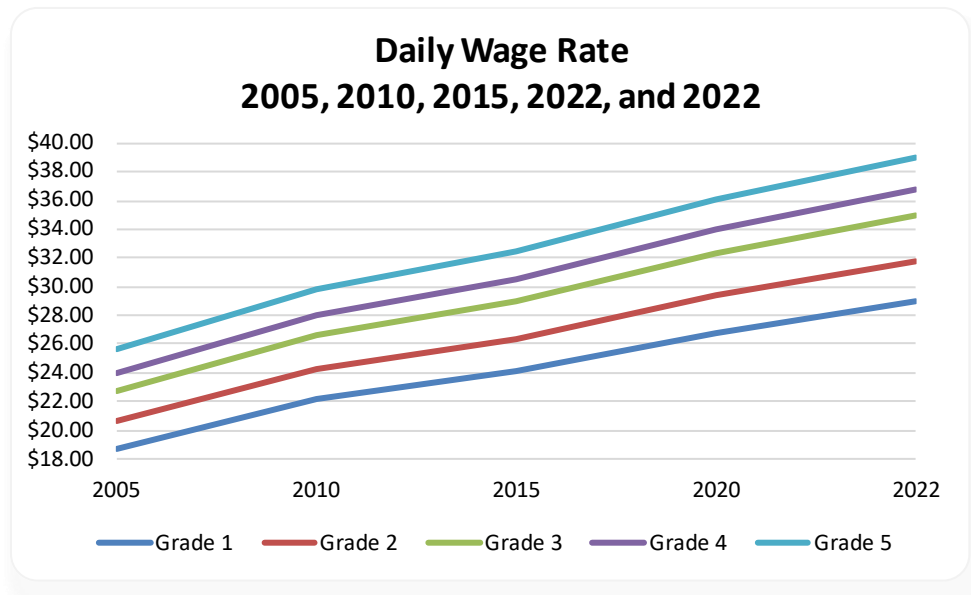
Sources: St. Louis County Inspector of Mines; Maxfield Research & Consulting, LLC

FIGURE 2
DAILY WAGE RATES
ANNUAL REPORT OF THE INSPECTOR OF MINES
ST. LOUIS AND ITASCA COUNTIES
2005, 2010, 2015 - 2022

Labor Grade	Wage Rates							Change					
	2005	2010	2015	2019	2020	2021	2022	2005 to 2022		2015 to 2020		2019 to 2022	
	No.							No.	Pct.	No.	Pct.	No.	Pct.
1	\$18.74	\$22.15	\$24.08	\$25.92	\$26.83	\$27.63	\$29.02	\$10.28	54.9%	\$2.75	11.4%	\$3.10	12.0%
2	\$20.61	\$24.23	\$26.36	\$28.38	\$29.37	\$30.25	\$31.76	\$11.15	54.1%	\$3.01	11.4%	\$3.38	11.9%
3	\$22.80	\$26.67	\$28.99	\$31.21	\$32.30	\$33.27	\$34.93	\$12.13	53.2%	\$3.31	11.4%	\$3.72	11.9%
4	\$24.05	\$28.06	\$30.51	\$32.84	\$33.99	\$35.01	\$36.76	\$12.71	52.9%	\$3.48	11.4%	\$3.92	11.9%
5	\$25.61	\$29.80	\$32.40	\$34.88	\$36.10	\$37.19	\$39.05	\$13.44	52.5%	\$3.70	11.4%	\$4.17	12.0%

Sources: St. Louis County Inspector of Mines; Maxfield Research & Consulting, LLC

- During the period from 2005 to 2022, all job grades have increased by over 50%. Over the last three years, wages have increased by about 12% from 2019 to 2022.



Major Employers Interviews

Maxfield Research & Consulting interviewed representatives of large employers in the Hibbing Study Area. Representatives were asked about housing needs of their current and future 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. The following are key points from the interviews with major employers:

- Employers state that the current housing market is a concern and has been since the economic recovery early last decade from the Great Recession.
- Due to the lack of housing options in both for-sale and rental markets, new hires wishing to relocate to the area often find housing in other communities such as Grand Rapids. Commuting from farther locations (Duluth area or their current residents if local) is often the fallback plan. However, this takes its toll and only will last about a year if no place is found in that timeframe. The last option is to turn down the position which although does not happen for all employers it does happen on occasion.
- The majority of housing available are lower priced homes (around \$100k) in questionable condition that require large investment to upgrade and repair. The other homes on the market beyond the lower priced homes are high priced executive level homes priced over \$400,000. There is nothing in between for the middle-class worker.

EMPLOYMENT TRENDS

- The for-sale market has been so tight that if an employee or future employee finds a potential home, they must work quickly to put in an offer. In addition, these desirable homes often have multiple offers and sell above asking price. Most homes on the market turnover very quickly.
- In recent years, the amount of investor buying single family homes and turning them into permanent rentals or VRBOs has increased.
- Transitional rental housing continues to be an issue for employers recruiting employees who would be relocating to Hibbing area. Relocating employees that want to rent temporarily while they seek to purchase or build a single-family home have no viable options. Most rental properties require a one-year lease and employees in transition typically do not need an apartment for that long a period.
- Rental housing overall is deficient in the Study Area. With only one new property built or converted since the 1990s, the market is severely pent-up. Due to the age of the existing properties, employers state that the quality of anything available is often poor and not suitable for those relocating.
- After discussing employee earnings, employees at the surveyed major employers can afford all current rental housing options. When looking for a single family home, employees can afford most homes on the market in the Study Area with the current median sales price around \$130k. As discussed however, many of these homes are older, smaller, not updated, and can be in dilapidated condition. Unless part of a dual income family, the majority of employees cannot afford the higher end of homes priced over \$300k without spending more than 30% of their income for housing.

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in the Hibbing Study Area. Topics covered include rental housing data from the American Community Survey, detailed information on individual rental developments in the Study Area. Maxfield Research and Consulting identified and surveyed larger rental properties of eight or more units in Hibbing and the Remainder of the Study Area.

For purposes of our analysis, we have classified rental projects into three groups, market rate (those without income restrictions), affordable (those receiving tax credits in order to keep rents affordable), and subsidized (those with income restrictions based on 30% allocation of income to housing).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Hibbing. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. This data is used due to figures not being available from the decennial census.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units for 2021 from the ACS Census Data (2017-2021 five-year estimates) with household figures adjusted to current 2023 estimates. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- An estimated median gross rent of \$610 was reported in Hibbing in 2023. This is 21% lower than the median gross rent reported in the Remainder of the Study Area (\$737).
- In comparison, estimated rents in St. Louis County (\$849) were reported to be 39% higher than Hibbing. Estimated rents in the State of Minnesota were \$1,081 in 2023, 77% higher than in Hibbing.
- One-bedroom units are the most common unit type estimated in Hibbing (37%), followed by two-bedroom units (32%) and then three- or more-bedroom units (23%). Studio units (No Bedroom) only account for an estimated 6% of units in Hibbing.
- The Remainder of the Study Area is weighted more towards two-bedrooms units (47%) due to the rural nature of the surrounding communities which typically have more single-family rental housing. Three- or more bedroom units in the Remainder of the Study Area account for 23% and one-bedroom units 22%. Studio units (No Bedroom) are estimated at 8%.

RENTAL MARKET ANALYSIS

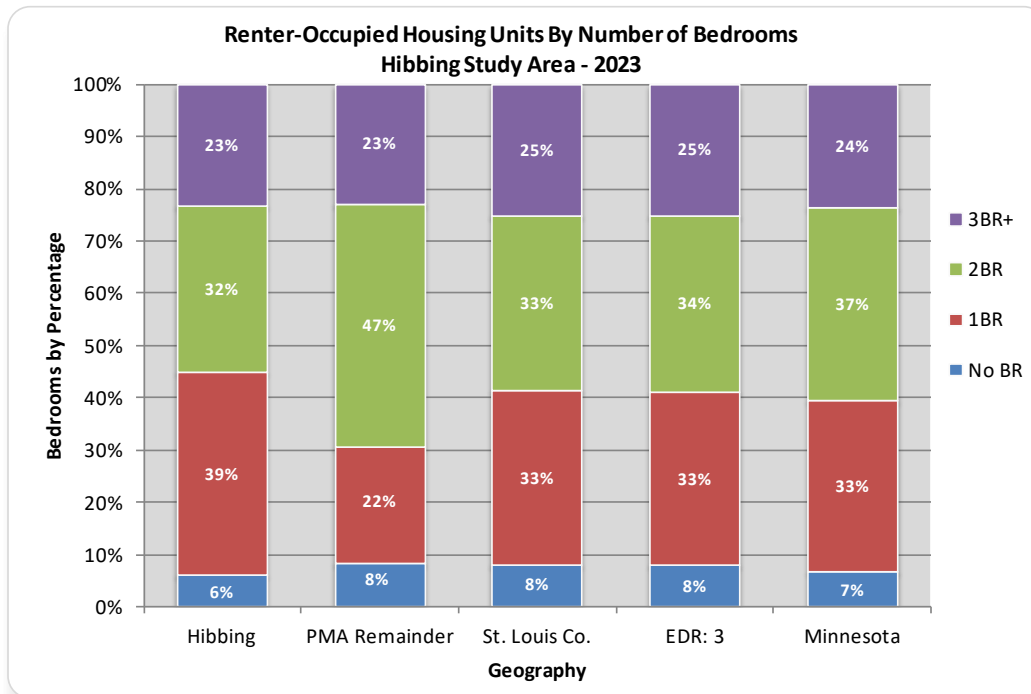
- Minnesota's two-bedroom units in comparison make up 37% of the total estimated renter-occupied units, one-bedroom units 33%, three- or more-bedroom units 24%, and units with no bedrooms made up 7% of total units.

TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
HIBBING STUDY AREA
2023

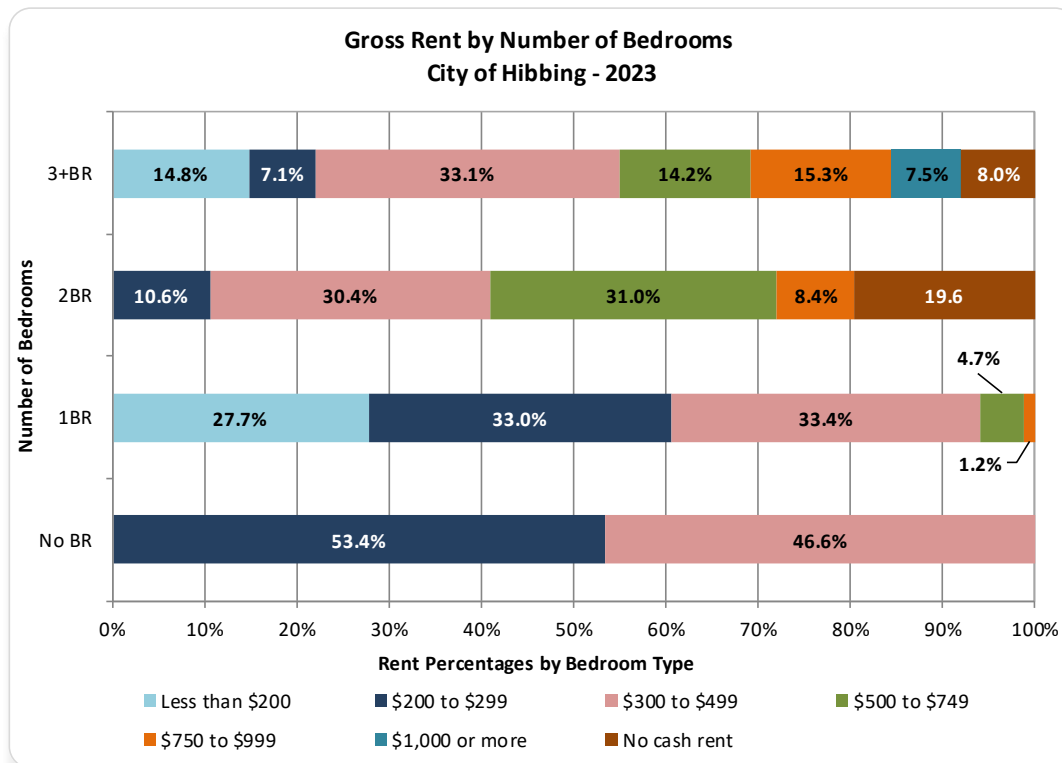
	Hibbing		SA Remainder		St. Louis County		EDR: 3		Minnesota	
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	#	% of Total
Total:	1,869	100.0%	1,160	100.0%	24,815	100.0%	55,688	100.0%	619,377	100.0%
Median Gross Rent	\$610		\$737		\$849		\$808		\$1,081	
No Bedroom	116	6.2%	95	8.2%	2,006	8.1%	4,434	8.0%	41,528	6.7%
Less than \$200	0	0.0%	9	0.8%	198	0.8%	414	0.7%	3,676	0.6%
\$200 to \$299	62	3.3%	0	0.0%	242	1.0%	608	1.1%	4,497	0.7%
\$300 to \$499	54	2.9%	20	1.7%	737	3.0%	1,622	2.9%	9,191	1.5%
\$500 to \$749	0	0.0%	17	1.5%	378	1.5%	790	1.4%	11,650	1.9%
\$750 to \$999	0	0.0%	19	1.6%	147	0.6%	332	0.6%	7,866	1.3%
\$1,000 or more	0	0.0%	19	1.6%	145	0.6%	328	0.6%	3,905	0.6%
No cash rent	0	0.0%	11	0.9%	159	0.6%	340	0.6%	743	0.1%
1 Bedroom	722	38.6%	259	22.3%	8,268	33.3%	18,498	33.2%	202,819	32.7%
Less than \$200	200	10.7%	77	6.6%	1,788	7.2%	4,130	7.4%	19,729	3.2%
\$200 to \$299	238	12.7%	99	8.5%	1,406	5.7%	3,486	6.3%	21,213	3.4%
\$300 to \$499	241	12.9%	53	4.6%	2,202	8.9%	4,992	9.0%	30,845	5.0%
\$500 to \$749	34	1.8%	21	1.8%	1,684	6.8%	3,478	6.2%	55,677	9.0%
\$750 to \$999	9	0.5%	0	0.0%	774	3.1%	1,566	2.8%	50,723	8.2%
\$1,000 or more	0	0.0%	0	0.0%	303	1.2%	606	1.1%	22,246	3.6%
No cash rent	0	0.0%	9	0.8%	111	0.4%	240	0.4%	2,386	0.4%
2 Bedrooms	593	31.7%	541	46.6%	8,266	33.3%	18,800	33.8%	228,135	36.8%
Less than \$200	0	0.0%	73	6.3%	342	1.4%	830	1.5%	5,717	0.9%
\$200 to \$299	63	3.4%	47	4.1%	607	2.4%	1,434	2.6%	9,217	1.5%
\$300 to \$499	180	9.6%	261	22.5%	1,589	6.4%	4,060	7.3%	29,467	4.8%
\$500 to \$749	184	9.8%	109	9.4%	2,815	11.3%	6,216	11.2%	50,870	8.2%
\$750 to \$999	50	2.7%	27	2.3%	1,799	7.2%	3,752	6.7%	85,835	13.9%
\$1,000 or more	0	0.0%	0	0.0%	536	2.2%	1,072	1.9%	39,499	6.4%
No cash rent	116	6.2%	24	2.1%	578	2.3%	1,436	2.6%	7,530	1.2%
3 or More Bedrooms	438	23.4%	265	22.8%	6,275	25.3%	13,956	25.1%	146,895	23.7%
Less than \$200	65	3.5%	0	0.0%	253	1.0%	636	1.1%	2,465	0.4%
\$200 to \$299	31	1.7%	13	1.1%	404	1.6%	896	1.6%	6,300	1.0%
\$300 to \$499	145	7.8%	52	4.5%	897	3.6%	2,188	3.9%	12,614	2.0%
\$500 to \$749	62	3.3%	72	6.2%	826	3.3%	1,920	3.4%	19,728	3.2%
\$750 to \$999	67	3.6%	81	7.0%	1,751	7.1%	3,798	6.8%	41,151	6.6%
\$1,000 or more	33	1.8%	3	0.3%	1,644	6.6%	3,360	6.0%	50,018	8.1%
No cash rent	35	1.9%	44	3.8%	500	2.0%	1,158	2.1%	14,619	2.4%

Note: Median Gross Rent in the Remainder of the Study Area only includes the average of the county subdivisions with data reported. Median gross rent was not reported for the county subdivisions of Lone Pine, French, Great Scott, Janette Lake UT, Lavell, McCormack UT, and Sand Lake UT.

Sources: American Community Survey & Maxfield Research and Consulting, LLC.



- The majority of estimated rents in Hibbing were reported from \$300 to \$499 at 33%. Just under a quarter (23.5%) of renter-occupied rental units in Hibbing have rents estimated over \$500. As shown in the graph below, estimated rents rise with larger bedrooms sizes.



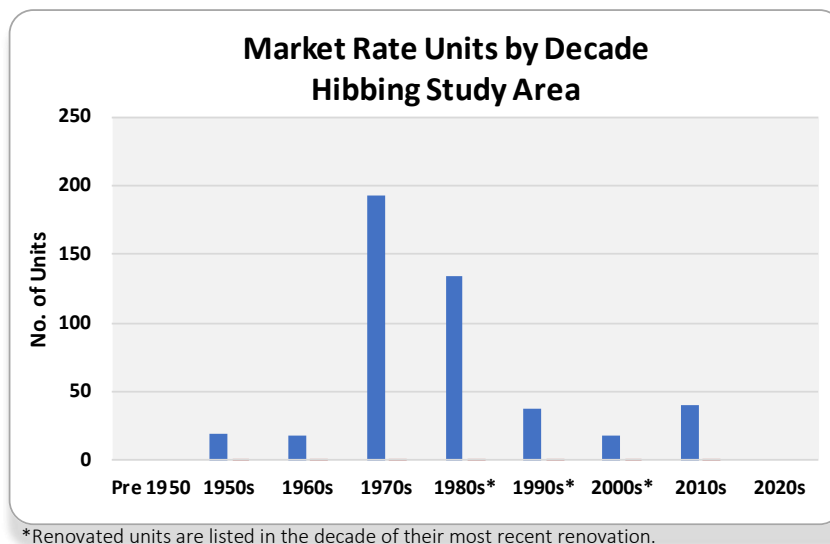
General Occupancy Rental Housing Properties

Maxfield Research compiled detailed information for select larger rental housing properties in Hibbing and the Study Area, including two shallow-subsidy (affordable) properties, 15 deep-subsidy (subsidized) properties and 15 general occupancy market rate properties. Data for these rental housing properties was collected by contacting managers and owners for each of the properties in September 2023. It is important to note that a portion of vacancies in both market rate and subsidized rental units are due to the eviction moratorium instilled during the COVID-19 pandemic which resulted in abuse by tenants causing significant damage that needs to be repaired before turnover. Further exacerbating this issue is the shortage and availability of contractors to complete the work. Rental Market Analysis Tables RM-2 through RM-5 on the following pages summarize information on these properties.

Market Rate Rental Property Summary

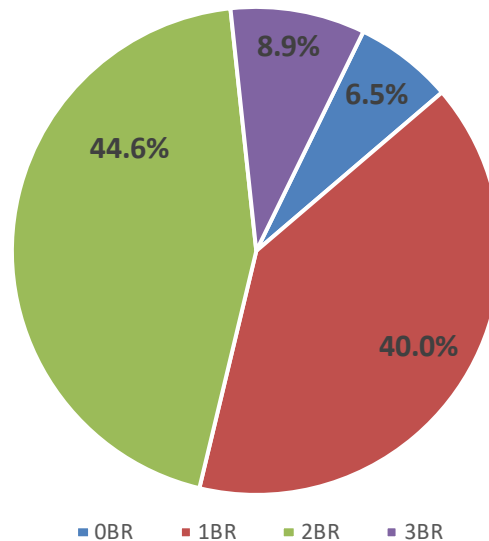
Table RM-2 provides a summary of the unit mix, vacancies, average sizes, and average rental rates among the market rate rental properties. Rental rates presented in the table are a weighted average based on the number of units at each property. Therefore, buildings with a larger number of units of any one type contribute more toward the average than those with only a few units of a specific type. Except for the unit mix, data from properties we were unable to contact are not included in the table.

- We inventoried 15 general occupancy market rate apartment properties with a total of 460 units of which 11 are located in the City of Hibbing and the other four located in Chisholm.
- Only two of the 15 surveyed developments were built after 1995, all other properties in Hibbing are much older built mostly during the 1970s and 1980s. The newest market rate developments are *Nelson Addition Townhomes* in Chisholm (8 units, 2015) and *Marshview Meadows* (2015). The graph below shows the market rate units built by decade.



Two-bedroom and one-bedroom units account for the majority (85%) of market rate units in Hibbing Study Area. The unit breakout by unit type is show in the following pie chart.

Market Rate Unit Mix - Hibbing



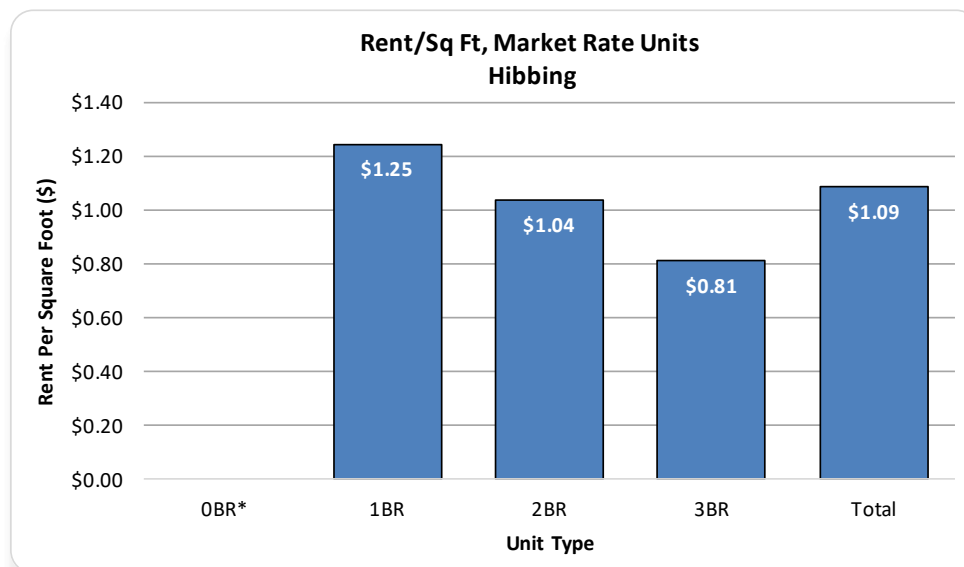
- At the time of the survey, there were 13 market rate vacant units in only two buildings, for a market rate vacancy of 3.7% in the Study Area. There were 10 vacant units located in *Graysherwoods*. *Graysherwoods* was formerly managed by the Hibbing HRA. New Management indicated that a number of vacant units need repair and unable to turnover due to lack of local contractors or contractors being busy.

TABLE R-2 UNIT TYPE SUMMARY MARKET RATE RENTAL DEVELOPMENTS HIBBING STUDY AREA SEPTEMBER 2023							
Unit Type	Total Units	% of Total	Total Vacant	Avg. Size	Monthly Rents*		
					Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
0BR	30	6.5%	0	n.a.	n.a. - n.a.	n.a.	n.a.
1BR	184	40.0%	7	555	\$500 - \$895	\$691	\$1.25
2BR	205	44.6%	4	838	\$590 - \$1,400	\$869	\$1.04
3BR	41	8.9%	2	1,193	\$660 - \$1,185	\$967	\$0.81
Total	460	100.0%	13	743	\$500 - \$1,400	\$807	\$1.09
* Average data based participating properties where unit mix and rents were provided							
Source: Maxfield Research and Consulting, LLC.							

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- The equilibrium vacancy rate for rental housing is 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of market rate rental housing in the Study Area is below the level to adequately meet demand for market rate housing indicating pent-up demand for additional rental housing.
- The following is the average unit size for each market rate unit type:
 - **Studio units:** n.a.
 - **One-bedroom + den units:** 555 S.F.
 - **Two-bedroom units:** 838 S.F.
 - **Three-bedroom units:** 1,193 S.F.
- The following is the monthly rent ranges and average rent for each market rate unit type:

○ Studio units:	n.a.		n.a.
○ One-bedroom units:	\$500 to \$895		Avg. \$691
○ Two-bedroom units:	\$590 to \$1,400		Avg. \$869
○ Three-bedroom units:	\$660 to \$1,185		Avg. \$967
- The average rent per square foot for market rate rental units in Hibbing at the time of the survey was \$1.09. The average rent per square foot is higher based on the size of the unit and decreases as unit sizes increase. The average rent per square foot by unit type is shown in the following chart.



- While each property manages utilities differently, trash removal, water, and sewer are typically included in the rent at most properties. Most buildings have electric heat and thus tenants pay the electric bill. Off-street surface parking is available at the majority of buildings and those few with garage parking charge an extra fee.

RENTAL MARKET ANALYSIS

Table R-3 summarizes information on the Study Area's rental projects by type (market rate, affordable, and subsidized).

TABLE R-3 RENTAL PROJECTS (12 UNITS AND LARGER) HIBBING STUDY AREA SEPTEMBER 2023								
Project Name/Location	Year Built	Units/ Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
Market Rate Projects								
Nelson Addition SE 5th Avenue Chisholm	2015	8 0 0.0%	8 - 2BR	0	1,176	\$1,365 - \$1,400	\$1,383	\$1.16 - \$1.19
Comments/Amenities: Owned and operated by the Chisholm HRA. Four, duplex townhome units. Tenants responsible for electric, gas, phone, internet, and cable. All residents are over the age of 60 but the project is not age restricted.								
Marshview Meadows 12015 W 32nd Street Hibbing	2015	32 n.a. n.a.	8 - 1BR 20 - 2BR 4 - 3BR	n.a. n.a. n.a.	500 800 1,100	After numerous calls and messages, we received no response from contact. We understand that this is the 3rd owner since being built.		
Comments/Amenities: One, four-story buildings. Common amenities include: Open floorplan, SS appliances, central A/C, laundry on each floor, balconies, a nd detached g arages (24 stall s, \$--/mo.). All utilities except electric are included.								
Lincoln Square Apts. & TH 310 5th Street NW Chisolm	1920/ 1995 (R)	38 0 0.0%	17 - 1BR 13 - 2BR 8 - 3BR TH	0 0 0	600 - 750 875 - 955 910 - 1,250	\$500 \$590 \$660	\$500 \$590 \$660	\$0.67 - \$0.83 \$0.62 - \$0.67 \$0.53 - \$0.73
Comments/Amenities: Former Lincoln School building renovated into apartments along with newer townhome style units adjacent. The property features a community room, laundry facilities, fitness center, playground, detached garages (\$), and off street parking. Landlord covers heat, water, and trash/sewer while residents cover electricity.								
The Roosevelt Center 400 1st Avenue SW Chisholm	1920/ 2003 (R)	18 n.a. n.a.	11 - 1BR 5 - 2BR 2 - 3BR	n.a. n.a. n.a.	699 985 1,208	Unable to find contact number. Recently sold. Property may potentially be undergoing some renovation.		
Comments/Amenities: Remodeled school. Amenities include; in-unit washer/dryer and detached garages (\$/mo.). Tennant pays electricty (heat is electric), phone, and cable.								
Timberline Lodge 801 East 41st St. Hibbing	1976	32 0 0.0%	30 - 1BR 1 - 2BR 1 - 3BR	0 0 0	300 650 900	\$650 - \$695 \$875 \$975	\$673 \$875 \$975	\$2.17 - \$2.32 \$1.35 - \$1.35 \$1.08 - \$1.08
Comments/Amenities: Formerly Bear Den Apartments. Units are fully furnished. Off-street parking. Rent includes utilities. Mostly single and couple households.								
Graysherwoods 1600 E 29th Street Hibbing	1969 1988 (R)	60 10 16.7%	16 - 1BR 32 - 2BR 12 - 3BR	4 4 2	500 800 1,100	\$700 - \$800 \$850 - \$1,000 \$1,100 - \$1,200	\$750 \$925 \$1,150	\$1.40 - \$1.60 \$1.06 - \$1.25 \$1.00 - \$1.09
Comments/Amenities: Former Hibbing HRA property called Jefferson Aparments. Total of 8 buildings. Amenities include: Laundry hook-ups and off-street parking. Heat, sewer, and water included. Roughly half of the units are occupied by those with Housing Choice vouchers. Work with AEQA and Range Transitional Housing. High turnover. Some vacant units are in need of updating. Landlord has issues quickly turning over units due to lack of available contractors.								
Belmont Apartments & Suites 802 E Howard Street Hibbing	1925/ 1984 (R)	32 n.a. n.a.	5 - 0BR 19 - 1BR 8 2BR	n.a. n.a. n.a.	n.a. n.a. n.a.	Unable to contact property after leaving messages with phone # identified.		
Comments/Amenities: Mixed-use building. Tenants pay all utilities. Amenities include: Some off-street parking and courtyard.								
Birch Court Apartments 600 E. 40th Street Hibbing	1974	33 0 0.0%	14 - 1BR 16 - 2BR TH 3 - 3BR	0 0 0	599 860 1,064	\$895 \$1,075 \$1,185	\$895 \$1,075 \$1,185	\$1.49 - \$1.49 \$1.25 - \$1.25 \$1.11 - \$1.11
Comments/Amenities: Mixed income property. Has a total of 108 units in seven buildings. 75 are project-base Section 8, and 33 market rate units. Unit amenities include wall units a/c. The property features a private entry, playground, off-street parking, bicycle racks, BBQ grilling area, and common laundry facilities. Utilities included.								
Parkview Apartments 1325 3rd Avenue E Hibbing	1966	18 0 0.0%	7 - 1BR 11 - 2BR	0 0	600 900	\$840 \$1,050	\$840 \$1,050	\$1.40 \$1.17
Comments/Amenities: Amenities include: Detached garages (\$100/mo.) and coin-op common laundry facility. Tenant pays electric and garbage.								
Oliver Apartments 2011 6th Avenue East Hibbing	1920/ 1980s (R)	12 n.a. n.a.	6 - Studio 6 - 1BR	n.a. n.a.	n.a. n.a.	Unable to find contact information.		
Comments/Amenities: Off-street parking.								
CONTINUED								

RENTAL MARKET ANALYSIS

TABLE R-3 (Cont.) RENTAL PROJECTS (12 UNITS AND LARGER) HIBBING STUDY AREA SEPTEMBER 2023								
Project Name/Location	Year Built	Units/ Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
Market Rate Projects (Cont.)								
Lakeside Manor	1980	30	8 - 1BR	0	494 - 575	\$605 - \$700	\$653	\$1.22 - \$1.22
100 N. Central Avenue		0	18 - 2BR	0	699	\$760 - \$825	\$793	\$1.09 - \$1.09
Chisholm		0.0%	4 - 3BR	0	875	\$865 - \$995	\$930	\$0.99 - \$0.99
Comments/Amenities: Formerly a LIHTC property converted to market rate after tax-credit contract was completed. Has a total of 48 units of which 30 are market rate and 18 are HUD Section 8 subsidized. Community amenities include: Bicycle racks, common laundry facilities, car plug-ins, BBQ grilling area, and detached garages (\$45). Landlord covers heat, water, and trash/sewer while residents cover electricity.								
Meadowview Apartments	1978	55	30 - 1BR	3	627	\$670	\$670	\$1.07
3505 9th Avenue W		3	24 - 2BR	0	848 - 904	\$750	\$750	\$0.88 - \$0.88
Hibbing		5.5%	1 - 3BR	0	1,000	\$800	\$800	\$0.80
Comments/Amenities: Formerly Park Place Apts. Mixed income property. Has a total of 135 units in two, three-story buildings. 80 are HUD Section 8 project based. Waiting list. Common amenities include: Common laundry facility, playground, covered parking garage (\$/mo.), and off-street parking. Resident pays electric. There are 21 residents in market rate units utilizing Housing Choice Vouchers.								
Southview Terrace Apts.	1976	51	18 - 1BR	0	688	\$610 - \$760	\$685	\$0.89 - \$0.89
100 Southview Drive		0	27 - 2BR	0	792	\$745 - \$885	\$815	\$0.94 - \$0.94
Hibbing		0.0%	6 - 3BR	0	978	\$945 - \$965	\$955	\$0.97 - \$0.97
Comments/Amenities: Mixed income property. Has a total of 145 units in 12, 12-unit buildings, 41 are HUD Project-base Section 8, and 51 LIHTC units. Unit amenities include: balconies and wall units a/c. Common amenities include: controlled building access, playground, detached garages (\$35) w/plug-ins, bicycle racks, BBQ grilling area, common laundry facilities, and soft water. Landlord covers water, and trash/sewer while residents cover electricity.								
Westgate Apartments	1975	22	22 - 2BR	0	825 - 917	\$781	\$781	\$0.95 - \$0.95
4020 9th Avenue W		0						
Hibbing		0.0%						
Comments/Amenities: Mixed income property. 100 total units with 78 HUD Project-based Section 8 and 811 subsidized units. LIHTC for rehab 2017. Small wait list for market rate. Common amenities include: Community room, sauna, fitness room, common laundry facilities, storage lockers (\$20/mo.), and detached garages (\$50 for electric/\$45 non-electric per mo.). Tenants pay electric. Some residents on Housing Choice voucher (Utility allowance of \$75).								
3901 1st Avenue	1950	19	19 - Studio	n.a.	n.a	Unable to contact property after leaving messages with phone # identified.		
3901 1st Avenue		n.a.						
Hibbing		n.a.						
Comments/Amenities: Off-street parking.								
Market Rate Subtotal	Total Units:	460	Vacancies:	13	Vacancy Rate*: 3.7%			
Affordable (Shallow-Subsidy) Projects								
Southview Terrace	1976	51	18 - 1BR	0	688	\$645 - \$777	\$711	\$0.94 - \$1.13
100 Southview Drive		0	27 - 2BR	0	792	\$745 - \$760	\$753	\$0.94 - \$0.96
Hibbing		0.0%	6 - 3BR	0	978	\$845 - \$965	\$905	\$0.86 - \$0.99
Comments/Amenities: LIHTC @ 60% AMI. Has a total of 145 units in 12, 12-unit buildings, 41 are project-base Section 8, and 51 market rate units. Unit amenities include balconies and wall units a/c. The property features a controlled building access, playground, detached garages (\$35) w/plug-ins, bicycle racks, BBQ grilling area, common laundry facilities, and soft water. Landlord covers water, and trash/sewer while residents cover electricity.								
Androy Apartments	1920	48	2 - 0BR	0	513	\$439	\$439	\$0.86
2010 5th Avenue E	1995 (R)	2	40 - 1BR	2	689 - 752	\$577 - \$677	\$627	\$0.84 - \$0.90
Hibbing		4.2%	6 - 2BR	0	849	\$849 - \$861	\$855	\$1.00 - \$1.01
Comments/Amenities: LIHTC @ 60%. Renovated hotel. No longer monitored for affordability. Can become market rate at any time. Mostly senior residents. Community amenities include: Common laundry facilities, community room, lobbies, dining space, onsite management, and off-street parking. All utilities included.								
Affordable Subtotal	Total Units:	99	Vacancies:	2	Vacancy Rate: 2.0%			
Subsidized (Deep-Subsidy) Properties								
Lakeside Manor	1980	18	4 - 1BR	0	494 - 575	\$700	\$700	\$1.42 - \$1.42
100 N. Central Avenue		0	10 - 2BR	0	699	\$825	\$825	\$1.18 - \$1.18
Chisholm		0.0%	4 - 3BR	0	875	\$995	\$995	\$1.14 - \$1.14
Comments/Amenities: HUD Section 236/MHFA/Project-based Section 8 (18 units) in addition to 30 market rate units. Community amenities include: Bicycle racks, common laundry facilities, car plug-ins, BBQ grilling area, and detached garages (\$45). Landlord covers heat, water, and trash/sewer while residents cover electricity.								
State Street Apartments	1978	23	21 - 1BR	n.a.	n.a.	Unable to find contact information. May be temporarily closed.		
212 State Street		n.a.	2 - 2BR	n.a.	n.a.			
Buhl		n.a.						
Comments/Amenities: Listed as a HUD Project-based Section 8 property. May be temporarily closed. Formerly operated by AEQA. Unable to find a contact number for new owner.								
CONTINUED								

RENTAL MARKET ANALYSIS

TABLE R-3 (Cont.) RENTAL PROJECTS (12 UNITS AND LARGER) HIBBING STUDY AREA SEPTEMBER 2023								
Project Name/Location	Year Built	Units/Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
Subsidized (Deep-Subsidy) Properties (Cont.)								
Seventh Avenue Apts. 3230 East Seventh Avenue Hibbing	1984	70	69 - OBR	3	n.a.	\$576	\$576	n.a.
		3	1 - 1BR	0	Office	\$585	\$585	n.a.
		4.3%				Flat Rent		
						30% of AGI		
<i>Comments/Amenities: Hibbing HRA Public Housing. Three-story brick building. Common amenities include: include community room, common laundry facility, off-street parking, and elevator. Tenant pays electricity. Utility allowance \$38/mo. Waiting list for property. Vacant units are in process of turnover which is taking longer due to lack of contractors and damage levels.</i>								
First Avenue Apts. 2315 First Avenue Hibbing	1969	60	32 - OBR	4	350	\$576	\$576	\$1.65
	2010-13 (R)	7	28 - 1BR	3	378	\$585	\$585	\$1.55
		11.7%				Flat Rent		
						30% of AGI		
<i>Comments/Amenities: Hibbing HRA Public Housing. Three-story building. Amenities include community room, common laundry facility, off-street parking, private courtyards (2), and elevator. All utilities paid by HRA. Vacant units are in process of turnover. Substantial damage to units with some taken offline waiting for contractors to complete. Additional mold abatement on some vacant units.</i>								
Birch Court Apts. 600 E 40th Street Hibbing	1974	75	46 - 1BR	2	599	\$460	\$460	\$0.77
		2	24 - 2BR	0	860	\$510	\$510	\$0.59
		2.7%	4 - 3BR	0	1,064	n.a.	\$0	\$0.00
			1 - 4BR	0	1,392	n.a.	\$0	\$0.00
						Contract		
						30% of AGI		
<i>Comments/Amenities: Mixed income property. Has a total of 108 units in seven buildings. 75 are project-base Section 8, and 33 market rate units. Unit amenities include wall units a/c. The property features a private entry, playground, off-street parking, bicycle racks, BBQ grilling area, and common laundry facilities. Utilities included.</i>								
Park Terrace Manor 301 East 18th Street Hibbing	1963	20	19 - 1BR	2	618	\$650	\$650	\$1.05
	1998 (R)	2	1 - 2BR	0	Caretaker	n.a.	n.a.	n.a.
		10.0%				Flat Rent		
						30% of AGI		
<i>Comments/Amenities: Hibbing HRA Public Housing. Two-story brick building. Common amenities include: community room, private courtyard, common laundry facility, some off-street parking, and elevator. All utilities paid by HRA. One of the vacancies cannot be occupied due to needed repairs (awaiting contractor commitment). Vacant units offline due to excessive damage.</i>								
Haven Court 3100/3200 6th Avenue E Hibbing	1952	100	32 - 1BR	3	n.a.	\$585	\$585	n.a.
	1995 (R)	8	36 - 2BR	4	n.a.	\$765	\$765	n.a.
		8.0%	24 - 3BR	0	n.a.	\$999	\$999	n.a.
			8 - 4BR	1	n.a.	\$1,242	\$1,242	n.a.
						Flat Rent		
						30% of AGI		
<i>Comments/Amenities: Hibbing HRA Public Housing. 23 two-story townhome style apartment buildings with two pr four units per building. Private entrances, off-street parking and wall A/C. All utilities paid by HRA. Three of the vacancies cannot be occupied due to needed repairs (awaiting contractors commitments). Vacant units due to excessive damage issues. Asbestos abatement needed in some units due to unreported flooding.</i>								
Meadowview Apartments 3505 9th Avenue W Hibbing	1978	80	80 - 2BR	12	848 - 904	\$748	\$748	\$0.88
		12				Contract		
		15.0%				30% of AGI		
<i>Comments/Amenities: Formerly Park Place Apts. HUD Project-based Section 8 subsidized. A portion of tenants on rental assistance. Remaining tenants pay 30% of AGI. No waiting list. Amenities: Common laundry facility, off-street parking, and covered parking garage (\$30-\$35/mo.). Residents pays electric.</i>								
Southview Terrace Apts. 100 Southview Drive Hibbing	1977	43	12 - 1BR	0	688	\$760	\$760	\$1.10
		0	20 - 2BR	0	792	\$885	\$885	\$1.12
		0.0%	11 - 3BR	0	973	\$965	\$965	\$0.99
						Contract		
						30% of AGI		
<i>Comments/Amenities: HUD Project-based Section 8 subsidized. Has a total of 145 units in 12, 12-unit buildings, 51 or LIHTC, and 51 market rate units. Unit amenities include balconies and wall units a/c. The property features a controlled building access, playground, detached garages (\$35) w/plug-ins, bicycle racks, BBQ grilling area, common laundry facilities, and soft water. Landlord covers water, and trash/sewer while residents cover electricity.</i>								
Westgate Apartments 4020 9th Avenue W Hibbing	1975	78	27 - 1BR	0	625	\$626 - \$752	\$689	\$1.00 - \$1.10
		0	51 - 2BR	0	825 - 917	\$852	\$852	\$1.03
		0.0%				Contract		
						30% of AGI		
<i>Comments/Amenities: Mixed income property. 100 total units with 22 market rate units. LIHTC for rehab 2017. Extensive subsidized wait list. Common amenities include: Community room, sauna, fitness room, common laundry facilities, storage lockers (\$20/mo.), and detached garages (\$50 for electric/\$45 non-electric per mo.). Utility allowance from \$55-\$69.</i>								
Keewatin Apartments 201 East 2nd Avenue Keewatin	1980	35	33 - 1BR	2	650	\$635	\$635	\$0.98
		3	2 - 2BR	1	750	\$759	\$759	\$1.01
		0.0%				Contract		
						30% of AGI		
<i>Comments/Amenities: HUD Project-based Section 8 subsidized. Community amenities include: Community room, common coin-op laundry facilities, gazebo, controlled access, and auto plug-ins. Water, garbage, and sewer included in rent.</i>								
CONTINUED								

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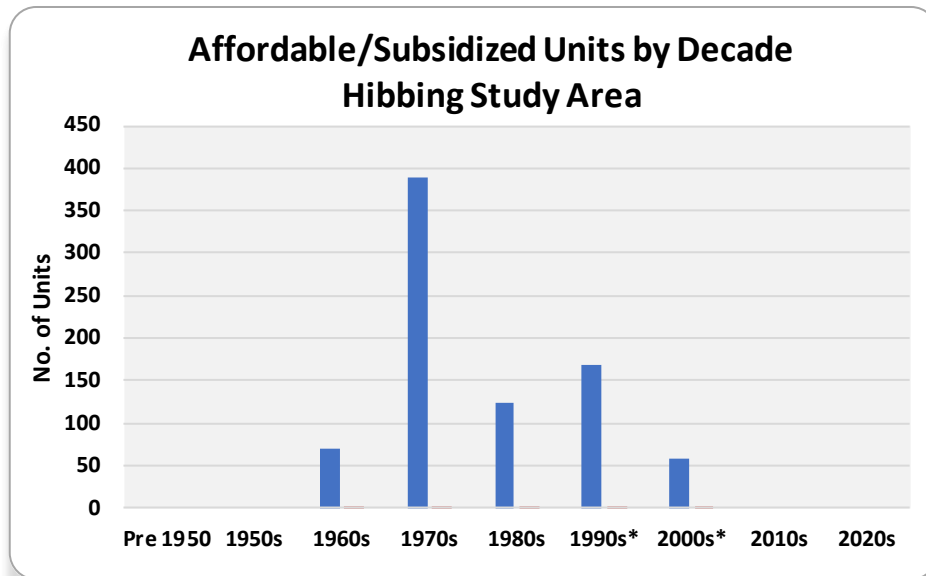
TABLE R-3 (Cont.) RENTAL PROJECTS (12 UNITS AND LARGER) HIBBING STUDY AREA SEPTEMBER 2023								
Project Name/Location	Year Built	Units/ Vacancy	Unit Mix	Vacant	Unit Size	Monthly Rent	Avg Rent	Rent Per Sq Ft.
Subsidized (Deep-Subsidy) Properties (Cont.)								
Longyear Terrace 10 NE 1st Street Chisholm	1971	39 0 0.0%	39 - 1BR	0	n.a.	\$50 Flat Rent 30% of AGI	\$50	n.a.
Comments/Amenities: Chisholm HRA Public Housing. Five, one-story buildings w/private entrances. Not age-restricted but occupied by mostly elderly residents (75% over age 55). Community amenities include : Community room and some off-street parking. Tenant pays phone, internet, & cable. 40 names on waiting list across all Chisholm HRA properties. One 2BR unit currently being turned over and will be filled immediately when ready.								
Mapleview Terrace 400 1st & 2nd Street SW Chisholm	1965	20 0 0.0%	8 - 0BR 10 - 1BR 2 - 2BR	0 0 0	n.a. n.a. n.a.	\$50 \$50 \$50 Flat Rate 30% of AGI	\$50 \$50 \$50	n.a. n.a. n.a.
Comments/Amenities: Chisholm HRA Public Housing. Five, one-story buildings w/private entrances. Not age-restricted but half are elderly residents (50% over age 55). Community amenities include : Community room and some off-street parking. Tenant pays phone, internet, & cable. 40 names on waiting list across all Chisholm HRA properties. Two units currently being turned over and will be filled immediately when ready.								
Sunnyslope I & II 519 SW 6th Street Chisholm	1965	50 0 0.0%	8 - 1BR 18 - 2BR 20 - 3BR 4 - 4BR	0 0 0 0	n.a. n.a. n.a. n.a.	\$50 \$50 \$50 \$50 Flat Rate 30% of AGI	\$50 \$50 \$50 \$50	n.a. n.a. n.a. n.a.
Comments/Amenities: Chisholm HRA Public Housing. Two-story townhomes w/basements. Majority of residents are families. Community amenities include : playground and off-street parking. Tenant pays phone, internet, & cable. 40 names on waiting list across all Chisholm HRA properties for 1BR, 2BR, and 3BR units. One unit currently being turned over and will be filled immediately when ready.								
Subsidized Subtotal	Total Units:	710	Vacancies:	37	Vacancy Rate*: 5.4%			
General Occupancy Total	Total Units:	1,269	Vacancies:	50	Vacancy Rate: 4.4%			
n.a.: Not Available								
* Vacancy rates does not include properties we were unable to contact.								
Sources: Hibbing HRA; Chisholm HRA; Property Managers; Property Management Web Sites; & Maxfield Research and Consulting LLC.								

Shallow-subsidy/Deep-Subsidy Rental Property Summary

- We inventoried two shallow-subsidy (affordable) apartment properties with a total of 99 units and 13 deep-subsidy (Subsidized) apartment properties with a total of 710 units, of which, 10 properties are located in the City of Hibbing.
- All of the deep- and shallow-subsidy developments were all built prior to 1980. However, The *Androy Apartments* was renovated from a hotel into apartments in 1995. Three other properties were renovated:

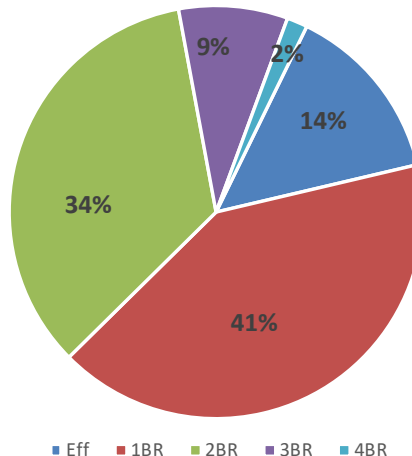
<u>Property</u>	<u>Renovated</u>	<u>Original Date</u>
First Avenue Apts.	2010-13	1969
Park Terrace Manor	1998	1963
Haven Court	1995	1952

The graph on the following page shows the affordable and subsidized units built by decade.



*Renovated units are listed in the decade of their most recent renovation.

Affordable/Subsidized Unit Mix - Hibbing



- At the time of the survey there was 37 vacant units, all but two of which were deep-subsidy units resulting for an overall vacancy rate of 5.0% in the Study for affordable/subsidized properties. The equilibrium vacancy rate for affordable and subsidized rental housing is typically considered 3.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. It is important to note the deep-subsidy units are experiencing high vacancies due to extensive tenant damages along with the lack and limited availability of local contractors to complete turnover work in a timely manner. Extensive damage of units occurred during the COVID-19 pandemic due to the eviction moratorium. Waiting lists were reported for all income-restricted properties.
- If we separate the deep subsidy types, shallow-subsidy properties have a vacancy rate of only 2% while deep-subsidy properties have a vacancy rate of 5.4%. Although as stated above, these units are vacant due to damage and the inability to turn over units with many

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households on the waiting lists. In effect, the supply of shallow- and deep-subsidy rental housing in the Study Area is below the vacancy level to adequately meet demand for affordable housing indicating pent-up demand for additional income-restricted rental housing.

Table RM-4 summarizes key observations for shallow-subsidy (affordable) and deep-subsidy (subsidized) rental units in the Study Area.

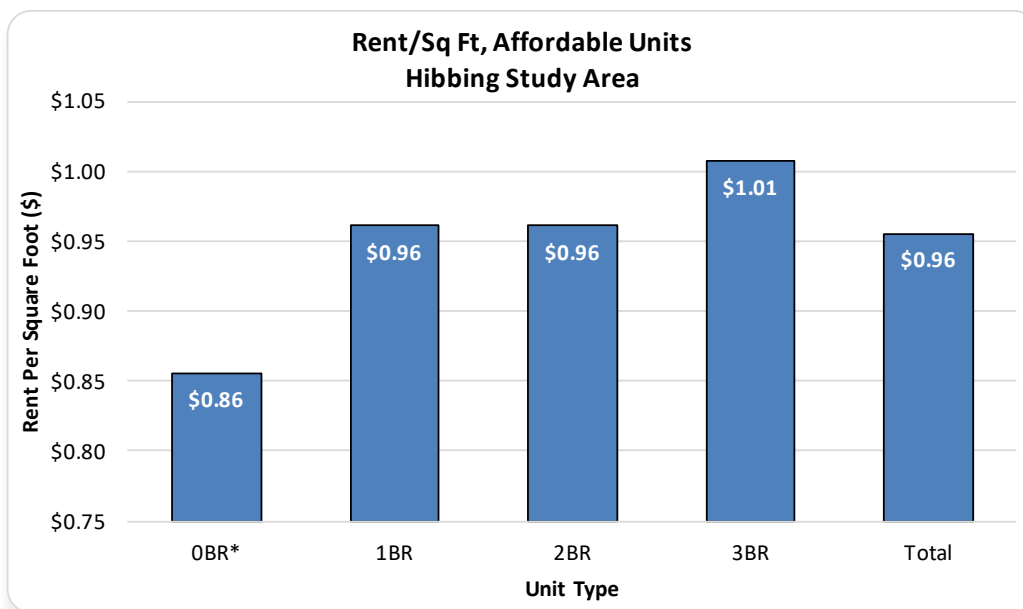
TABLE R-4 UNIT TYPE SUMMARY AFFORDABLE/SUBSIDIZED RENTAL DEVELOPMENTS HIBBING STUDY AREA SEPTEMBER 2023							
SHALLOW-SUBSIDY (AFFORDABLE)*							
Unit Type	Total Units	% of Total	Total Vacant	Avg. Size	Monthly Rent [^]		
					Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
0BR	2	2.0%	0	513	\$439 - \$439	\$439	\$0.86
1BR	58	58.6%	2	689	\$577 - \$777	\$653	\$0.95
2BR	33	33.3%	0	802	\$745 - \$861	\$771	\$0.96
3BR	6	6.1%	0	849	\$845 - \$965	\$855	\$1.01
Total	99	100.0%	2	733	\$439 - \$965	\$700	\$0.96
DEEP-SUBSIDY (SUBSIDIZED)**							
Unit Type	Total Units	% of Total	Total Vacant	Avg. Size	Monthly Rents		
					Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Rents are based on income (30% of AGI). Rents listed are flat/contract/or market rate rents. [^]							
0BR	112	15.8%	7	359	\$50 - \$576	\$576	\$1.61
1BR	276	38.9%	24	614	\$50 - \$760	\$598	\$0.97
2BR	246	34.6%	5	922	\$50 - \$850	\$765	\$0.83
3BR	63	8.9%	0	973	\$50 - \$999	\$989	\$1.02
4BR	13	1.8%	1	1,392	\$50 - \$1,242	\$1,242	\$0.89
Total	710	100.0%	37	746	\$50 - \$999	\$677	\$0.91
[^] Average data based participating properties where unit mix and rents were provided * Shallow-subsidy rents are set by the development and involve state income guidelines. ** Rents listed for deep-subsidy are flat, contract, or market rents. USDA development funded developments require tenants to pay base rent or 30% of their AGI or whichever is higher. Rent for project based Section 8 buildings is based on 30% of AGI.							
Source: Maxfield Research and Consulting, LLC.							

- The following is the average unit size for each affordable and subsidized unit type:

	<u>Affordable</u>	<u>Subsidized</u>
○ Efficiency/Studio units:	513 S.F.	359 S.F.
○ One-bedroom units:	689 S.F.	614 S.F.
○ Two-bedroom units:	802 S.F.	922 S.F.
○ Three-bedroom units:	849 S.F.	973 S.F.
○ Four-Bedroom units:	--	1,392 S.F.

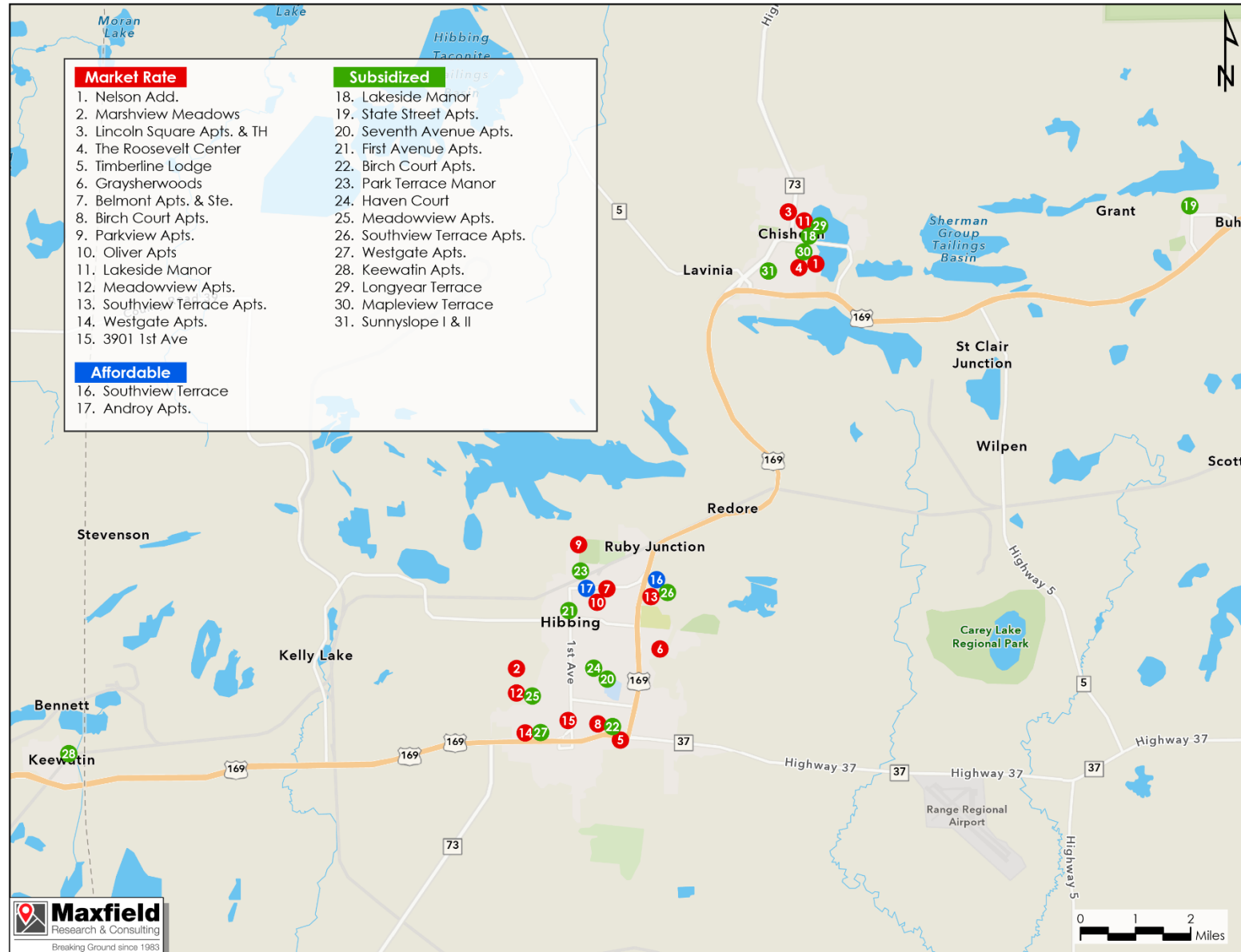
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- The following is the monthly rent ranges and average rent for each affordable unit type:
 - Efficiency/Studio units:** \$439 | Avg. \$439
 - One-bedroom units:** \$577 to \$777 | Avg. \$653
 - Two-bedroom units:** \$745 to \$861 | Avg. \$771
 - Three-bedroom units:** \$845 to \$965 | Avg. \$855
- The average rent per square foot for affordable rental units in Hibbing at the time of the survey was \$0.96. The average rent per square foot by unit type is shown in the following chart.



- The following is the monthly rent ranges and average rent for each subsidized unit type:
 - Efficiency units:** \$50 to \$665 | Avg. \$576
 - One-bedroom units:** \$50 to \$642 | Avg. \$598
 - Two-bedroom units:** \$50 to \$781 | Avg. \$765
 - Three-bedroom units:** \$50 to \$999 | Avg. \$989
 - Four-Bedroom units:** \$50 to \$1,242 | Avg. \$1,242
- Deep-subsidy properties financed with Section 515 loans made by the United States Department of Agriculture's (USDA) Rural Development Housing and Community Facilities Program target very low-, low-, and moderate-income family households. Tenants pay basic rent or 30% of their adjusted income, whichever is greater. In the HUD Project-Based Section 8 properties and public housing properties, rent is based on 30% of income and households qualify with an income at or less than 50% AMI (Section 8) and at or less than 80% AMI (public housing).

Rental Housing Location Map by Property Type: Hibbing Study Area



Natural Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with income restrictions, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various government agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four-unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment and upgrades due to their age, modest rents, and deferred maintenance.

Because many of these properties have rents that are affordable, project-based, and private housing markets cannot be easily separated. Some households may income-qualify for both market rate and project-based affordable housing, although the gap is widening between market rate and affordable properties as rents in the private market continue to rise. Therefore, it is important to recognize the naturally occurring affordable housing stock to quantify the proportion of units with rents that may be affordable to low and/or moderate-income renters. The analysis does not identify the number of units that are rented to households with incomes at those affordability levels as any tenant that financially qualifies may be able to rent at the property.

Table R-5 illustrates monthly rents by unit type and household size as they relate to affordability. Table R-6 presents a breakdown of all market rate general-occupancy rental properties by household size and area median income (AMI). Table R-7 summarizes property data from Table R-6 based on unit type and affordability. Because we could not contact all properties in the Study Area, we were unable to calculate affordability for some developments.

- All of the market rate rental units surveyed in Hibbing can be considered naturally occurring affordable housing as all properties have monthly rents that fall at or below 80% of the county’s AMI for each bedroom type. Roughly 96% of units are affordable at 50% of the county’s AMI.
- Among the market rate units inventoried by unit mix and monthly rents, nearly two thirds (75.5%) of the units are affordable to householders with incomes at 50% of AMI and 21% of units are affordable to households with incomes at 30% AMI. Another 4% are affordable to households with incomes at 50% or 60% AMI.

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TABLE R-5
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
ST. LOUIS COUNTY - 2023 (Effective 05/15/23)

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$475	- \$475	\$791	- \$791	\$950	- \$950	\$1,266	- \$1,266	\$1,583	- \$1,583	\$1,899	- \$1,899
1BR	1	2	\$475	- \$542	\$791	- \$904	\$950	- \$1,085	\$1,266	- \$1,446	\$1,583	- \$1,808	\$1,899	- \$2,169
2BR	2	4	\$542	- \$677	\$904	- \$1,129	\$1,085	- \$1,355	\$1,446	- \$1,806	\$1,808	- \$2,258	\$2,169	- \$2,709
3BR	3	6	\$610	- \$786	\$1,016	- \$1,310	\$1,220	- \$1,572	\$1,626	- \$2,096	\$2,033	- \$2,620	\$2,439	- \$3,144
4BR	4	8	\$677	- \$738	\$1,129	- \$1,230	\$1,355	- \$1,476	\$1,806	- \$1,968	\$2,258	- \$2,460	\$2,709	- \$2,952

¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.

Note: 4-person St. Louis County AMI is \$93,500 (2023).

Sources: HUD, Novogradac, Maxfield Research and Consulting, LLC.

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TABLE R-6
MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS
ASSESSMENT OF MARKET RATE RENTAL HOUSING BY AFFORDABILITY CALCULATION
HIBBING STUDY AREA
SEPTEMBER 2023

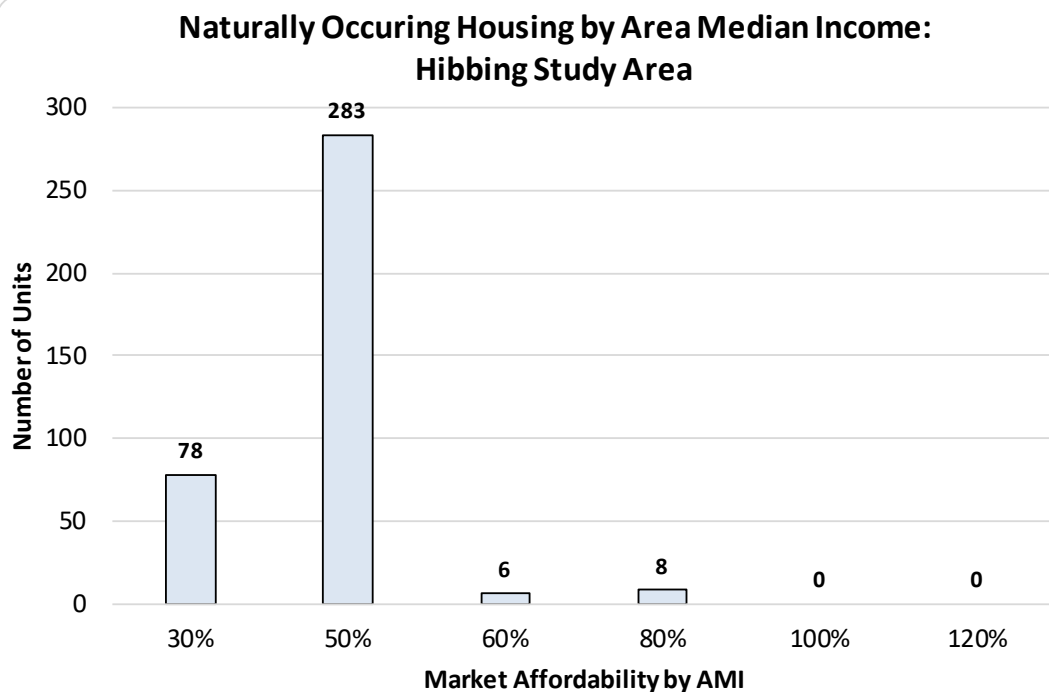
	Total	Rent Range		Min. Income	Units that are affordable based on AMI ²					
Unit Type/Project Name	Units	Min	Max	Needed to Afford ¹	30%	50%	60%	80%	100%	120%
Efficiency/Studio										
Belmont Apartments & Suites	19	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Oliver Apartments	6	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
3901 1st Avenue	19	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Total/ Average	44				--	--	--	--	--	--
One-Bedroom										
Marshview Meadows	8	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Lincoln Square Apartments. & TH	17	\$500 - \$500		\$20,000 - \$20,000	17	--	--	--	--	--
The Roosevelt Center	11	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Timberline Lodge	30	\$650 - \$695		\$26,000 - \$27,800	--	30	--	--	--	--
Graysherwoods	16	\$700 - \$800		\$28,000 - \$32,000	--	16	--	--	--	--
Belmont Apartments & Suites	19	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Birch Court	14	\$895 - \$895		\$35,800 - \$35,800	--	14	--	--	--	--
Parkview Apartments	7	\$840 - \$840		\$33,600 - \$33,600	--	7	--	--	--	--
Oliver Apartments	6	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Lakeside Manor	8	\$605 - \$700		\$24,200 - \$28,000	--	8	--	--	--	--
Meadowview Apartments	30	\$670 - \$670		\$26,800 - \$26,800	--	30	--	--	--	--
Southview Terrace Apartments	18	\$610 - \$760		\$24,400 - \$30,400	--	18	--	--	--	--
Total/ Average	184				17	123	0	0	0	0
Two Bedroom					30%	50%	60%	80%	100%	120%
Nelson Addition Townhomes	8	\$1,365 - \$1,400		\$54,600 - \$56,000	--	--	--	8	--	--
Marshview Meadows	20	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Lincoln Square Apartments. & TH	13	\$590 - \$590		\$23,600 - \$23,600	52	--	--	--	--	--
The Roosevelt Center	5	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Timberline Lodge	1	\$875 - \$875		\$35,000 - \$35,000	--	1	--	--	--	--
Graysherwoods	32	\$850 - \$1,000		\$34,000 - \$40,000	--	26	6	--	--	--
Belmont Apartments & Suites	8	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Birch Court	16	\$1,075 - \$1,075		\$43,000 - \$43,000	--	16	--	--	--	--
Lakeside Manor	18	\$760 - \$825		\$30,400 - \$33,000	--	18	--	--	--	--
Meadowview Apartments	24	\$750 - \$750		\$30,000 - \$30,000	--	24	--	--	--	--
Southview Terrace Apartments	27	\$745 - \$885		\$29,800 - \$35,400	--	27	--	--	--	--
Westgate Apartments	22	\$781 - \$781		\$31,240 - \$31,240	--	22	--	--	--	--
Total/ Average	194				52	134	6	8	0	0
Three Bedroom					30%	50%	60%	80%	100%	120%
Marshview Meadows	4	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Lincoln Square Apartments. & TH	8	\$660 - \$660		\$26,400 - \$26,400	8	--	--	--	--	--
The Roosevelt Center	2	n.a. - n.a.		n.a. - n.a.	--	--	--	--	--	--
Timberline Lodge	1	\$975 - \$975		\$39,000 - \$39,000	1	--	--	--	--	--
Graysherwoods	12	\$1,100 - \$1,200		\$44,000 - \$48,000	--	12	--	--	--	--
Birch Court	3	\$1,185 - \$1,185		\$47,400 - \$47,400	--	3	--	--	--	--
Lakeside Manor	4	\$865 - \$995		\$34,600 - \$39,800	--	4	--	--	--	--
Meadowview Apartments	1	\$800 - \$800		\$32,000 - \$32,000	--	1	--	--	--	--
Southview Terrace Apartments	6	\$845 - \$965		\$33,800 - \$38,600	--	6	--	--	--	--
Total/Average	41				9	26	0	0	0	0

¹ Based on a 30% allocation of income to housing for general-occupancy.

² Market rate housing that has rents that could be classified as "unsubsidized affordable" units based on the monthly rents and adjusted for household size.

Source: Maxfield Research and Consulting, LLC.

TABLE R-7 MULTIFAMILY MARKET RATE RENTAL DEVELOPMENTS NATURAL OCCURRING SUMMARY HIBBING STUDY AREA SEPTEMBER 2023						
Unit Type	Market Rate Affordability by AMI					
	30%	50%	60%	80%	100%	120%
Eff./Studio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 BR	17	123	0	0	0	0
2 BR	52	134	6	8	0	0
3 BR	9	26	0	0	0	0
Subtotal	78	283	6	8	0	0
Pct. Of Total	20.8%	75.5%	1.6%	2.1%	0.0%	0.0%
Pct. Of Affordability Category						
Eff./Studio	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 BR	21.8%	43.5%	0.0%	0.0%	0.0%	0.0%
2 BR	66.7%	47.3%	100.0%	0.0%	0.0%	0.0%
3 BR	11.5%	9.2%	0.0%	0.0%	0.0%	0.0%
Source: Maxfield Research & Consulting, LLC.						

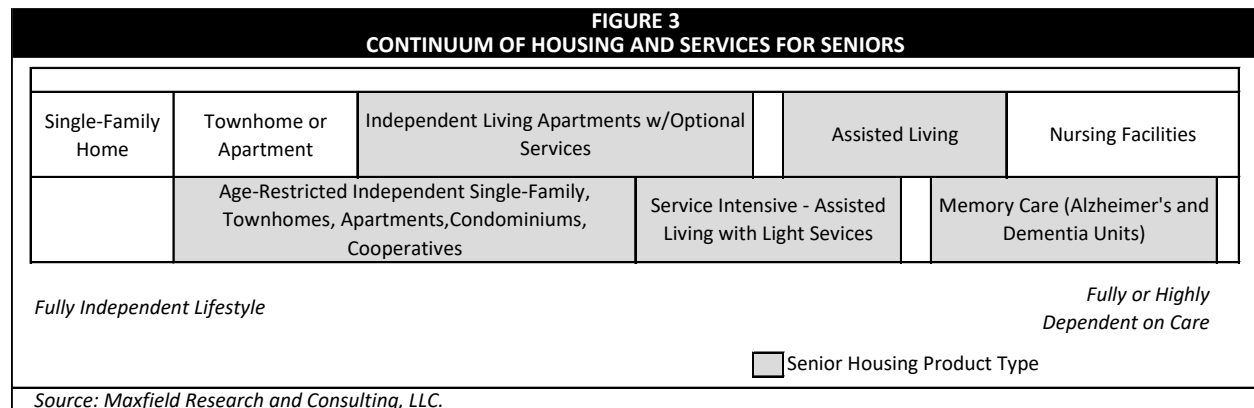


Introduction

This section provides an assessment of the market support for senior housing (active adult, independent living with services, assisted living, and memory care) in Hibbing and the Remainder of the Study Area. An overview of the demographic and economic characteristics of the senior population is presented along with an inventory of existing senior housing developments in the city. Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the city. Our assessment concludes with an estimation of the proportion of city demand that could be captured by senior housing communities located in Hibbing and the Remainder of the Study Area.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people 65 years of age and over while assisted living typically attracts people 80 years of age and older who need assistance with activities of daily living (ADLs). For analytical purposes, Maxfield Research and Consulting, LLC classifies senior housing into five primary categories based on the level and type of services offered as described in the following figure.

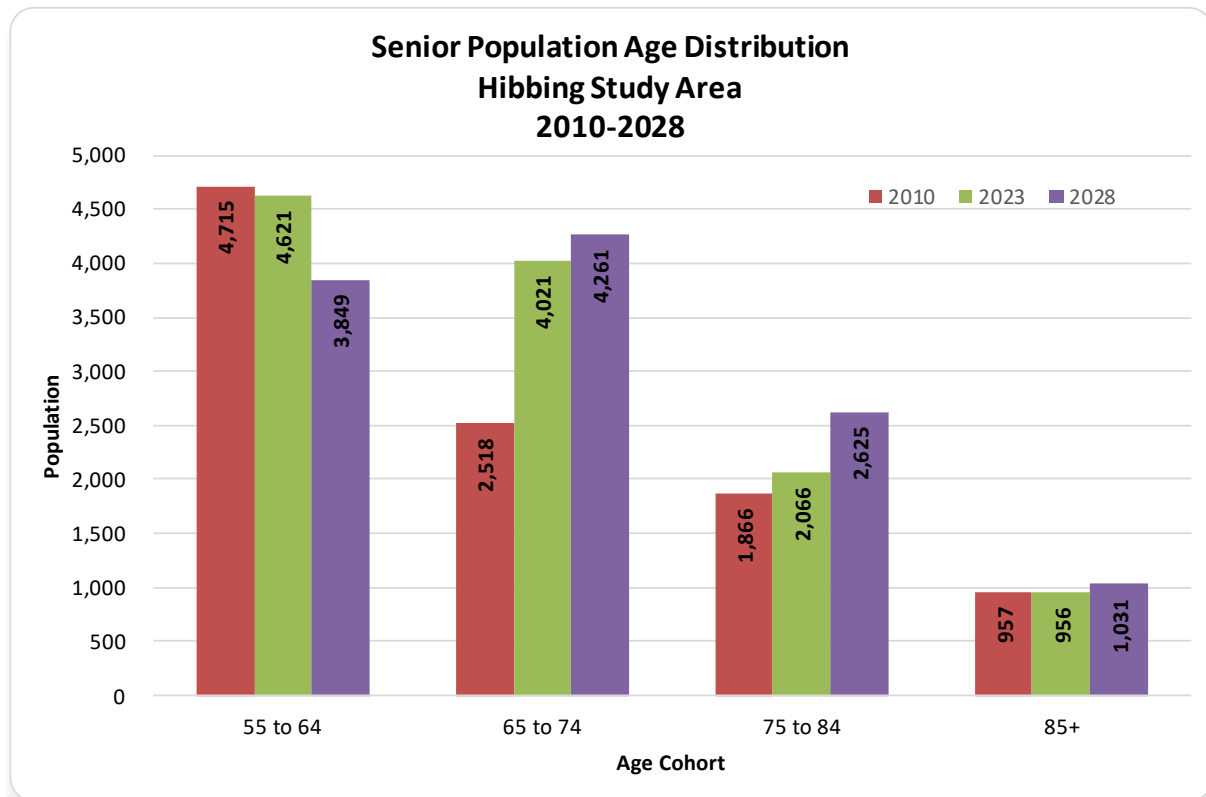
- **Active Adult** properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
- **Independent Living** properties (or independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors 75 years of age or older. Rents are also above those of the active adult buildings. Sponsorship by a nursing home, hospital or other health care organization is common.
- **Assisted Living** properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.
- **Memory Care** properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.

- **Skilled Nursing Care**, or long-term care facilities, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, and private insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

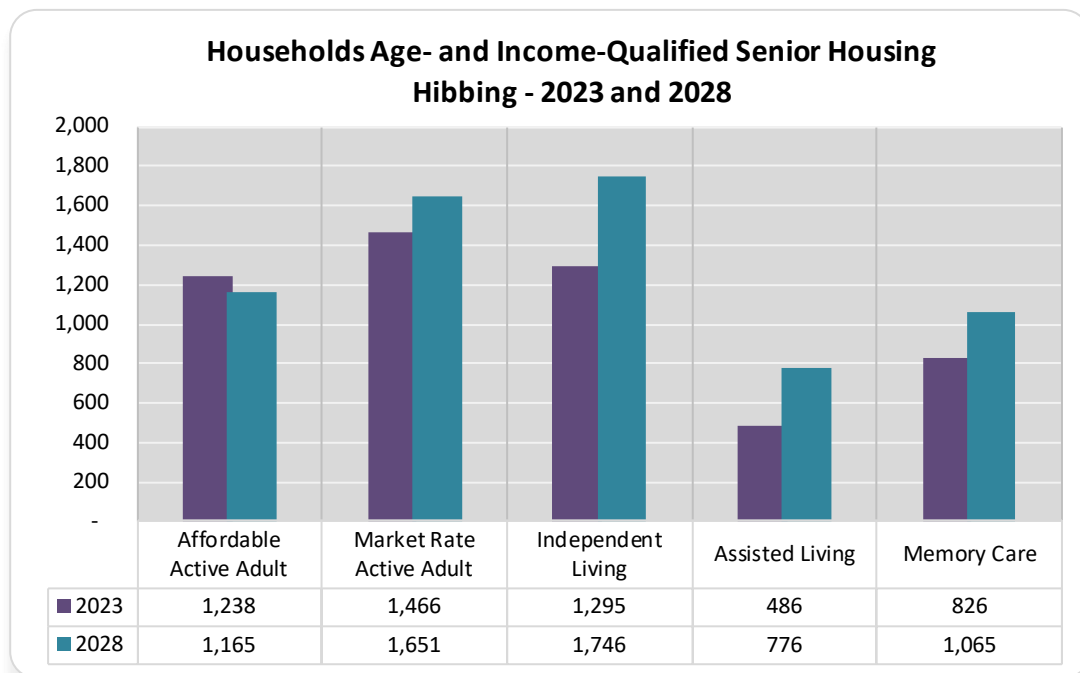
The *Demographic Analysis* section of this study presented general demographic characteristics of Hibbing's population in comparison to the Remainder of the Study Area. The following points summarize key findings from that section as they pertain to the older adult population in Hibbing and the Remainder of the Study Area.

- The strongest growth is expected to occur among older adults in Hibbing. Aging of baby boomers led to an increase of 715 people (55%) in the 65 to 74 population in the city between 2010 and 2023. As this group ages, the 65 and older age cohorts are expected to experience continue growth in the next several years.
 - The 75 and older age group is projected to grow 17%, adding 296 people by 2028.
 - The 65 to 74 age group is projected to expand 7% (145 people).
 - The 55 to 64 age group is expected to contract 16%, decreasing by 385 people.
- The target market for affordable active adult senior housing is households age 65 and older with incomes at or below 60% Area Median Income (AMI). At 60% AMI, household income limits are \$37,980 for a one-person household and \$43,380 for a two-person household.
 - As of 2023, there are an estimated 897 households age 65 and older in Hibbing with incomes at or below \$44,000 (53% of all age 65 and older households in the City).
 - The number of 65 and older households projected to income-qualify for affordable active adult housing at 60% AMI in the City is projected to decrease by 73 households in 2028 (6% decline).
- The key market for market rate active adult housing is comprised of senior households (age 65 and older) with incomes of \$35,000 or more. The age threshold increases to 70 and older if in an apartment-style building.
 - In 2023, we estimate there are 1,466 age- and income-qualified 65 and older households in Hibbing that comprise the key market for active adult housing (59.5% of 65 and older households).
 - Including all households with incomes of \$40,000 and over (adjusted for inflation), the number of age 65 and older households projected to income-qualify for market rate active adult housing is expected to increase by 186 households in 2028 (11%).



- The key market for active adult housing is generally comprised of senior households 65 years of age and older, although many active adult developments are restricted to residents 55 years of age and older.
- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products.
- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations described below:
 - 40% to 50% for market rate active adult senior housing with little or no services;
 - 65% for independent living housing with services available; and,
 - 80% to 90% or more for assisted living housing.

- The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income to afford senior housing alternatives.



- Independent living with services available (congregate) housing demand is driven by senior households (with the majority age 75 and older) with incomes of \$40,000 or more.
 - There are an estimated 1,295 age- and income-qualified 65 and older households in Hibbing that comprise the key market for independent living housing (52.5% of 65 and older households).
 - Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of age 65 and older households projected to income-qualify for market rate active adult housing is expected to increase by 451 households in 2028 (26%).
- The target market for assisted living housing is senior households age 75 and older with incomes of at least \$40,000 (plus senior homeowners with lower incomes).
 - As of 2023, there are an estimated 486 older senior households (age 75 and older) in Hibbing with incomes of at least \$40,000, accounting for 41.5% of all older senior households (75+).
 - Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to grow by 60% to 290 households in 2028.

- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least \$60,000. We estimate that roughly 15% of the senior population has a memory impairment.
 - In 2023, we estimate that there are 826 age 65 and older households in Hibbing with incomes of at least \$60,000, accounting for 38% of all senior households (65+). Based on the estimated 25% incidence rate of Alzheimer's/dementia, approximately 206 households in the City are candidates for memory care housing in 2023.
 - The number of income-qualified (\$65,000 adjusted for inflation) households is projected to increase 22.5% to 1,065 by 2028 (266 households eligible for memory care housing based on the 25% incidence rate).

Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.

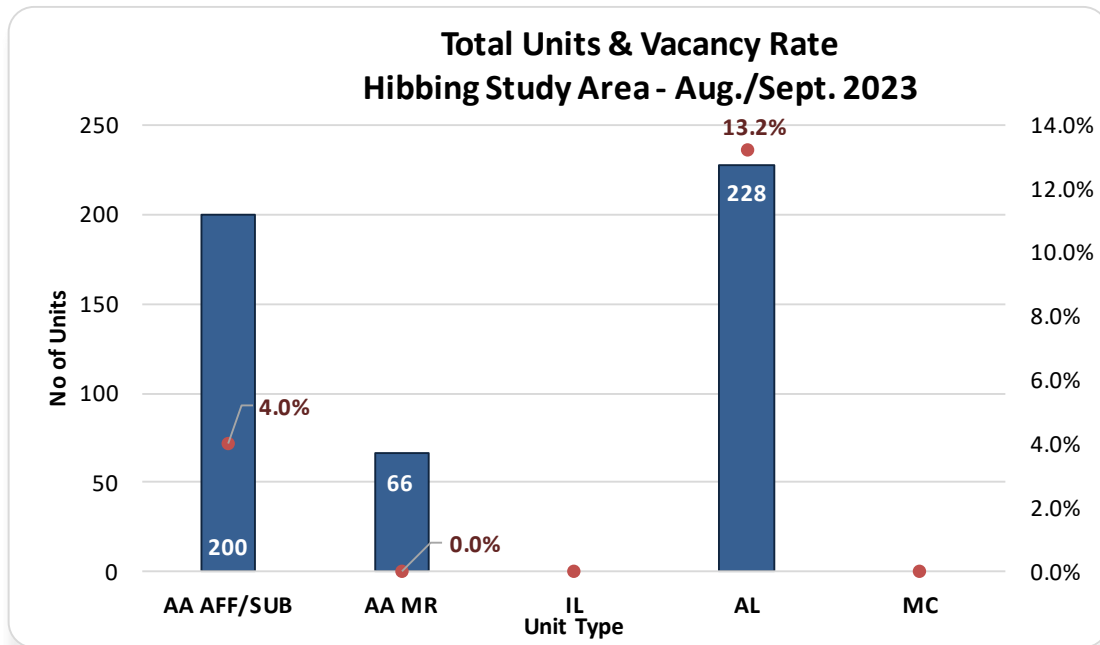
- Hibbing maintains homeownership rates in the older adult age cohorts that are lower than in the Remainder of the Study Area due to the availability of senior housing options in the community.
- Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated by the decline in homeownership between the 65 to 74 age cohort (85.5%) and the 75 and older age cohort (76.5%) in Hibbing.
- With a homeownership rate of 81% for all households age 65 and older, the majority residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.
- Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives.
- Based on the 2023 median sale price for homes in Hibbing (\$112,000), a senior household could generate approximately \$4,211 of additional income annually (about \$350 per month) if they invested in an income-producing account (4.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).
- Should a senior utilize the home proceeds dollar for dollar to support living in service-enhanced senior housing, the proceeds of the home sale would last several years, as outlined below:

- Just over 4 years in independent living housing (monthly rent approximated at \$2,000);
 - About 2.5 years in assisted living (monthly rent approximated at \$3,500); or,
 - Nearly 1.75 years in memory care housing (monthly rent approximated at \$5,000).
- Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of Hibbing seniors will be financially prepared to privately pay for their housing and services.

Supply of Senior Housing

Table S-1 provides information on the various senior housing products in Hibbing and the Remainder of the Study Area by facility type and service-level. Information in the table includes year built, total units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from our survey of senior housing facilities in the County.

- Maxfield Research identified 14 senior housing properties in the Study Area. Combined, these projects contain a total of 494 senior housing units. There are 10 facilities that are market rate with 294 units (59.5%) and four subsidized projects, totaling 200 units (40.5%).
- Based on our survey, 46% of the units provide service-enhanced housing, for a total of 228 units. All of these units are assisted living units. The remaining 54% (266 units) are active adult, including 200 subsidized (deep-subsidy) and 66 market rate units.
- Of the 494 senior housing units, 38 are currently vacant, representing an 8% vacancy rate. At the time of the survey, there were 30 vacant service-enhanced units (13% vacancy rate) all of which are assisted living facilities. There are no secured designated memory care developments within the Study Area.
- There is only one market rate active adult rental property (Heritage Manor – Chisholm) in the Study Area. Heritage manor has six units, all of which are full. Additionally, there are two market rate active adult for-sale cooperatives (Realife in Hibbing) with 60 total units combined. Both properties are immensely popular with waiting lists for available units.
- A 93% occupancy rate is generally considered equilibrium for service-enhanced housing and 95% in independent living and active adult. Thus, the current supply of service-enhanced assisted living units appear to be oversupplied while active adult units are undersupplied.
- There four deep-subsidy active adult properties totaling 200 units, eight of which are vacant (4% vacancy rate) and all in one property (Lee Center). These target very low-, low-, and moderate-income households age 62 or older or persons with a disability. Tenants pay basic rent or 30% of their adjusted income, whichever is greater.



- There are seven developments that provide 228 assisted living units in Hibbing, 30 of which are vacant for a 13% vacancy rate. Vacancy rates for assisted living have been elevated across Minnesota and the U.S. since the pandemic as assisted living occupancies trended to their lowest on record. However, the assisted living market has slowly improved, and we anticipate occupancy improvements in the short-term. Additionally, staffing shortages continue to plague this sector of market with no signs of waning.
- The following is the monthly base rent ranges for each assisted living unit type:
 - **Studio/Suite units:** \$2,972 to \$3,860
 - **One-bedroom units:** \$3,049 to \$3,994
- Base assisted living unit fees in the Hibbing Study Area include housekeeping, linen and laundry service, and emergency call systems. Fees for personal care and meals are in addition to the base monthly fee and based on assessment.
- There were two memory care facilities that provided 48 units in Hibbing in our previous 2010 study. These memory care facilities are now closed with Hillcrest Alice being converted into the new homeless shelter and the Greenview Residence closed permanently and sitting empty. Thus, those in need of dementia/memory care services must be accepted into a current assisted living facility, local nursing home, or travel outside of the Study Area.

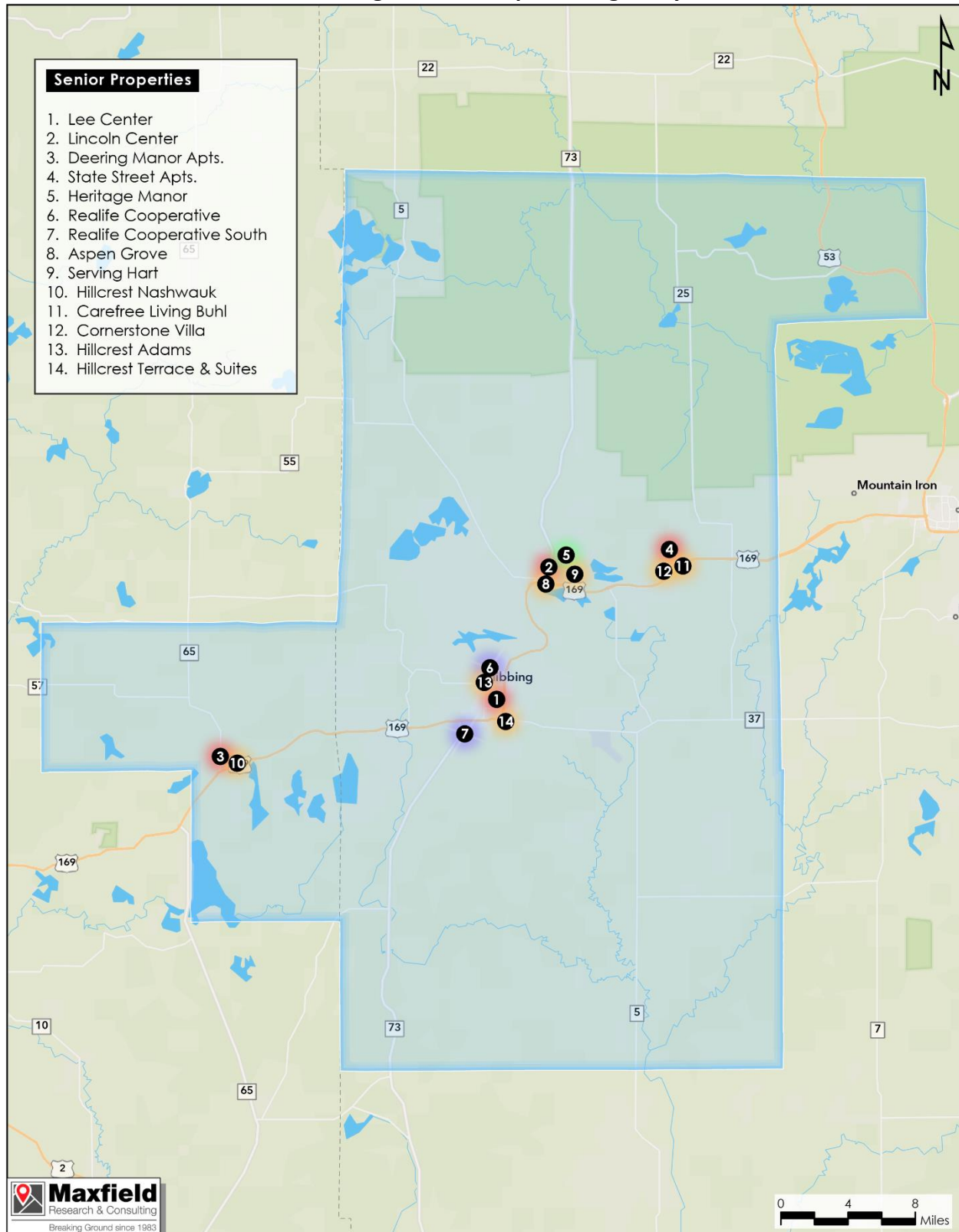
SENIOR HOUSING ANALYSIS

TABLE SN-1 SENIOR HOUSING PROJECTS HIBBING STUDY AREA August/September 2023										
Project Name/Location	Year Open	No. of Units	Total Vacant	Unit Description		Monthly Rent		Rent/sq. ft.		
				Type	No.	Size	Min	Max	Min	Max
ACTIVE ADULT - Affordable/Subsidized Rental										
Lee Center 3220 8th Avenue Hibbing	1980	95	8	1BR - 90	552	\$1,002		\$1.82		
				2BR - 5		768	\$1,262		\$1.64	
				vacancy rate: 8.4%						
				30% of AGI						
Notes: HUD 223/Project-based Section 8. Tenants pay 30% of AGI. 62+ Age-restricted or 18+ w/disability. Six units for disabled adults under age 62. Vacancies due to mass exodus of tenants needing assisted living services along with recent new ownership. Unit amenities include: wall a/c, microwave, walk-in shower, and walk-in closet. Community amenities include: community room, meal service, garden plots, craft/hobby room, library, mini-grocery store, and beauty salon. Service Coordinator. Waiting list.										
Lincoln Center 100 North Central Avenue Chisholm	1980	41	0	1BR - 40	601 - 626	\$841		\$1.34 - \$1.40		
				2BR - 1		960	\$1,063		\$1.11	
				vacancy rate: 0.0%						
				30% of AGI						
Notes HUD Section 202/Project-based Section 8. Tenants pay 30% of AGI. 62+ age-restricted and 18+ disabled. Could not provide number of disabled under age 62. Community Amenities include: elevator, controlled access, community room, cable TV, BBQ grilling area, and common laundry facilities. Tenants pay electricity. Small waitlist.										
Deering Manor Apts. 201 3rd Street Nashwauck	1978	41	0	1BR - 40	587	\$927		\$1.58		
				2BR - 1		730	\$1,104		\$1.51	
				vacancy rate: 0.0%						
				30% of AGI						
Notes HUD Section 202/HUD Project-based Section 8 subsidized units restricted to residents age 62+ or disabled. Community amenities: Common laundry facility, off-street parking, elevator, garbage shutes, gym, and community room w/kitchen. All utilities included.										
State Street Apts. 212 State Street Buhl	1978	23	n.a.	1BR - 21	n.a.	n.a.		n.a.		
				2BR - 2		n.a.	n.a.		n.a.	
				vacancy rate: n.a.						
				30% of AGI						
Notes May be closed for remodel. Formerly operated by AEOA. Unable to find a contact number for new owner.										
ACTIVE ADULT - Market Rate										
Rental										
Heritage Manor 321 6th Street NE Chisholm	1981 (R)	6	0	1BR - 6	n.a.	\$575		n.a.		
				vacancy rate: 0.0%						
Notes Attached to Heritage Manor Nursing Home. Strictly independent living but share facilities and can purchase meals at \$7 per meal and other services if needed. Amenities include community room, emergency call button, and emergency RN on staff. Utilities included (except electricity & phone).										
Ownership										
Realife Cooperative 2020 3rd Avenue East Hibbing	2004	38	0	1BR+D - 6	1,079	\$1,148		\$1.06		
				vacancy rate: 0.0%						
				2BR - 32		1,043 - 1,359	\$49,610			
				\$1,095 - \$1,360						\$1.05 - \$1.00
Notes Unit amenities include: In-unit W/D, storage space, garbage disposal, dishwasher, microwave, individually controlled heating & cooling, kitchen pantry, and balcony. Community amenities include: Heated underground parking garage (Included/\$40 additional stall), community room, garden plots, terrace, and common laundry each floor. Average age of 84 with 7 couples. Waiting list of 50 names. Utilities included in monthly fee.										
Realife Cooperative South 12070 47th Street W. Hibbing	2010	22	0	2BR - 19	1,085 - 1,387	\$1,208 - \$1,544		\$1.11 - \$1.42		
				2BR+D - 3		1,521	\$61,243 - \$78,318			
				vacancy rate: 0.0%						
Notes Unit amenities include: In-unit W/D, storage space, garbage disposal, dishwasher, microwave, individually controlled heating & cooling, kitchen pantry, and balcony. Community amenities include: underground parking garage (Included), community room, garden plots, terrace, and common laundry each floor. Average age of 85 with 12 couples. Waiting list of 43 names. Utilities included in monthly fee.										
Continued										

SENIOR HOUSING ANALYSIS

TABLE S-1 SENIOR HOUSING PROJECTS HIBBING STUDY AREA August/September 2023										
Project Name/Location	Year Open	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.	
				Type	No.	Size	Min	Max	Min	Max
ASSISTED LIVING										
Aspen Grove 504 Iron Drive Chisholm	2009/ 2021	60 vacancy rate:	2 3.3%	Room - 60		n.a.		n.a.		n.a.
Notes: Licensed for 61 beds. Two buildings with board and care style assisted living. Private rooms with shared living spaces (i.e. bathroom, shower/bath, and gathering spaces. Some rooms have private toilets. All utilities included.										
Serving Hart 601 E Lake Street Chisholm	2007	27 vacancy rate:	5 18.5%	Studio - 21 1BR - 6		n.a. n.a.	\$3,674 \$3,994		n.a. n.a.	
Notes: Licensed for 27 beds. All utilities included. Basic fees include the following services: weekly housekeeping and linens, on-site staff, activities, and 3 meals/2 snacks per day. Amenities include: Community/dingin room w/kitchen and lobby w/fireplace. Personal care is based on assessment and priced by Tier (\$425) to Tier 3 (\$1,275). Accepts Elderly Waiver.										
Hillcrest Nashwauk 570 Platt Avenue East Nashwauk	2008	40 vacancy rate:	10 25.0%	1BR - 40		400 - 438	\$3,824			\$9.56
Notes: Licensed for 42 beds. Base monthly rent includes all utilities, weekly housekeeping/linens; three meals/day plus snacks, all activities, weekly transp. to groceries/shopping; cable TV/Wi-fi; Personal Care tier I includes medication administration, limited bathing/dressing assistance (\$800/mo); Subsequent Tiers are \$300/mo in addition. Private pay/Elderly Waiver = 60/40. Community amenities include: dining room, common areas w/fireplace and TV, beauty shop, walking paths, and outdoor patio.										
Carefree Living Buhl 500 Monroe Drive Buhl	2009	20 vacancy rate:	0 0.0%	Suite - 20		300	\$1,837			\$6.12
Notes: Formerly Northland Village. Amenities include: Private suite w/private bath, library, craft/activities room, outdoor walking path, off-stret parking, excersize classes, and lounge w/TV. Personal care is based on assessment and in a-la-carte packages. Base package is \$1,135/mo. and includes housekeeping, call pendant, OK checks, vitals, finance assistance, laundry, and life enrichment. Meals, medication management, and other personal care are all additional costs based on auity and need. All utilities included. Average age = 80s raning from 50 to 99. Currently have 9 Elderly Waiver and county assistance residents.										
Cornerstone Villa 1000 Forest Street Buhl	2005	10 vacancy rate:	0 0.0%	Suite - 10		n.a.	\$3,000			n.a.
Notes: Licensed for 10 beds. All utilities included. Basic fees include the following services: weekly housekeeping, on-site staff, activities, wellness & educational programs, three meals/snacks per day, beautician services, nursing oversight, emergency call system, and daily trash pick up. Amenities include: kitchen area w/microwave, common area w/fireplace, walking path, patio, and beauty salon. Personal care is based on assessment and range from \$1,650 for Teir 1 to \$4,500 for Tier 6. Currently about 75% of residents are on Elderly Waiver. Waiting list.										
Hillcrest Adams 2229 Third Avenue East Hibbing	1995	32 vacancy rate:	8 25.0%	1BR - 6 Room/Suite - 26		700 - 800 400 - 600	\$3,049 \$3,860			\$4.36 \$9.65
Notes: Licensed for 32 beds. Base monthly rent includes all utilities, weekly housekeeping/linens; three meals/day plus snacks, all activities, weekly transp. to groceries/shopping; cable TV/Wi-fi; Personal Care tier I includes medication administration, limited bathing/dressing assistance (\$800/mo); Subsequent Tiers are \$300/mo in addition. Private pay/Elderly Waiver = 50/50. Community amenities include: dining room, common areas w/fireplace and TV, beauty shop, and outdoor patio.										
Hillcrest Terrace & Suites 1507 East 41st Street Hibbing	1991	39 vacancy rate:	5 12.8%	1BR - 22 Single - 13 Double 4		550 - 580 400 600 - 800	\$3,150 \$3,860 \$3,310 - \$3,375			\$5.73 \$9.65 \$4.22 - \$5.52
Notes: Licensed for 90 beds. Base monthly rent includes all utilities, weekly housekeeping/linens; three meals/day plus snacks, all activities, weekly transp. to groceries/shopping; cable TV/Wi-fi; Personal Care tier I includes medication administration, limited bathing/dressing assistance (\$800/mo); Subsequent Tiers are \$300/mo in addition. Private pay/Elderly Waiver = 50/50. Community amenities include: dining room, common area w/fireplace/TV/pool table, and beauty shop.										
MEMORY CARE										
No Secured Memory Care Facilities Identified										
Source: Senior Living Sites and Property Management Companies/Sites & Maxfield Research and Consulting, LLC.										

Senior Housing Location Map: Hibbing Study Area



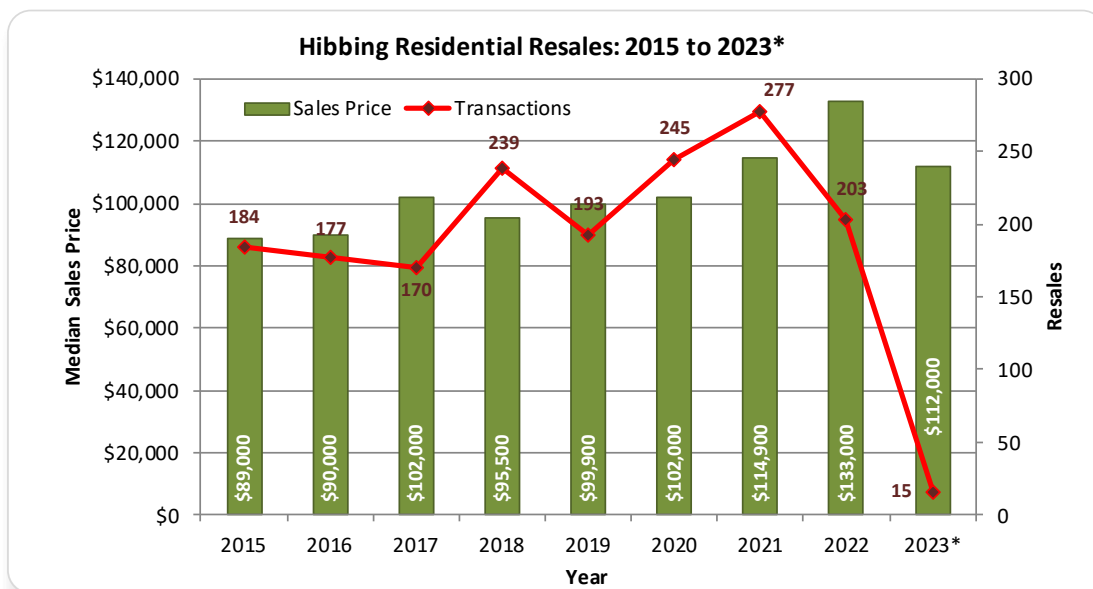
Introduction

Maxfield Research and Consulting analyzed the for-sale housing market in Hibbing and Study Area by collecting data on single-family and multifamily home sales and active listings, identifying active subdivisions, and pending for-sale developments; and conducting interviews with local real estate professionals and planning officials. Also, used as comparison are St. Louis County, which includes a portion of the Study Area as well as Minnesota's Arrowhead Economic Development Region 03 (EDR 03).

Home sales in Hibbing

Table FS-1 presents summary data for residential sale activity in Hibbing between 2015 and July 2023. The data was obtained from the St. Louis County Assessor and includes all qualified residential transactions. The table displays information on the number of resales, average sales price, and median sales price. The following are key points from Table FS-1.

- Over the past eight years Hibbing has averaged about 210 resales annually. Transaction activity averaged around 177 home resales from 2015 to 2019 before jumping 31% to an average of 231 resales from 2018 through 2022.
- Like many markets across the country, Hibbing has also experienced the rising home appreciation; in part from the pandemic impacts. The City's median sales price steadily risen since 2018, increasing from \$95,500 in 2018 to \$133,000 in 2022 (39% growth). Over the entire period from 2015 to 2022, median home sale prices have risen 49% (\$44,000).



*Data in 2023 is through July

FOR-SALE MARKET ANALYSIS

TABLE FS-1
HOME SALES BY PRICE POINT
CITY OF HIBBING
2015 to 2023*

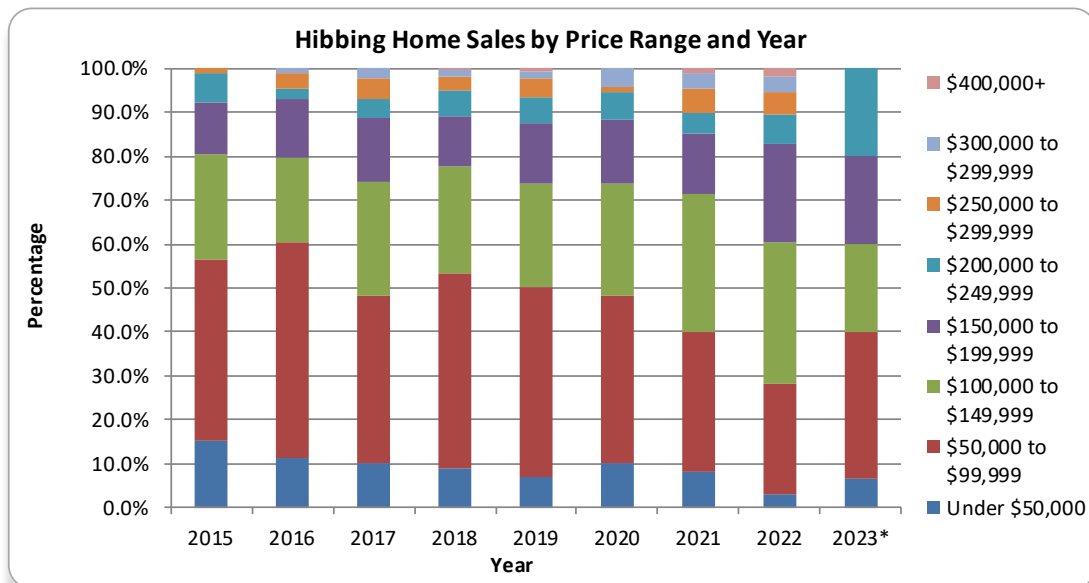
	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Price Range	No.	No.	No.	No.	No.	No.	No.	No.	No.
Under \$50,000	28	20	17	21	13	25	23	6	1
\$50,000 to \$99,999	76	87	65	106	84	93	88	51	5
\$100,000 to \$149,999	44	34	44	59	45	63	87	66	3
\$150,000 to \$199,999	22	24	25	27	27	35	38	45	3
\$200,000 to \$249,999	12	4	7	14	11	16	13	14	3
\$250,000 to \$299,999	2	6	8	8	9	3	15	10	0
\$300,000 to \$399,999	0	2	4	3	3	10	10	7	0
\$400,000+	0	0	0	1	1	0	3	4	0
Total	184	177	170	239	193	245	277	203	15
Average Sales Price	\$104,170	\$105,911	\$117,635	\$114,234	\$123,566	\$121,311	\$131,077	\$148,035	\$131,753
Median Sales Price	\$89,000	\$90,000	\$102,000	\$95,500	\$99,900	\$102,000	\$114,900	\$133,000	\$112,000
	2015	2016	2017	2018	2019	2020	2021	2022	2023*
Price Range	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.	Pct.
Under \$50,000	15.2%	11.3%	10.0%	8.8%	6.7%	10.2%	8.3%	3.0%	6.7%
\$50,000 to \$99,999	41.3%	49.2%	38.2%	44.4%	43.5%	38.0%	31.8%	25.1%	33.3%
\$100,000 to \$149,999	23.9%	19.2%	25.9%	24.7%	23.3%	25.7%	31.4%	32.5%	20.0%
\$150,000 to \$199,999	12.0%	13.6%	14.7%	11.3%	14.0%	14.3%	13.7%	22.2%	20.0%
\$200,000 to \$249,999	6.5%	2.3%	4.1%	5.9%	5.7%	6.5%	4.7%	6.9%	20.0%
\$250,000 to \$299,999	1.1%	3.4%	4.7%	3.3%	4.7%	1.2%	5.4%	4.9%	0.0%
\$300,000 to \$399,999	0.0%	1.1%	2.4%	1.3%	1.6%	4.1%	3.6%	3.4%	0.0%
\$400,000+	0.0%	0.0%	0.0%	0.4%	0.5%	0.0%	1.1%	2.0%	0.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

* 2023 Sales data is through July

Sources: St. Louis County Assessor, Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

- Homes sales pricing jumped significantly growing 16% (\$18,100 increase) from 2021 to a median sale price of \$133,000 in Hibbing in 2022. The \$35,100 increase in median home sale price over the past year is higher than the growth (\$13,000/15% increase) over the period from 2015 to 2020. This strong increase was driven by low interest rates and the COVID-19 pandemic impacts on the for-sale market.
- With an average of 211 homes were sold annually in Hibbing since 2015, considering that Hibbing has an estimated supply of 5,453 owned homes in 2023, this represents turnover of about 4% of the owned homes annually. A turnover of 4% is considered low compared to a nationwide average of 6% to 8% in most communities.
- Between 2015 and 2022, 65% of resales in Hibbing are priced between \$50,000 and \$149,999 with 38.5% of all resales have been priced between \$50,000 and \$99,999, followed by homes priced from \$100,000 to \$149,999 (26% of the sales). Overall, 88% of the transactions were priced under \$200,000.
- Over the period, resales have shifted to higher price points. The ratio of homes sold from \$50,000 to \$99,999 has declined 12% and homes sold from \$100,000 to \$149,999 have decreased 16%. Categories over \$150,000 have increased over the same period. The largest growth in sales volume occurred in the \$150,000 to \$199,999 category (10%) and homes over \$250,000 (9%) during the time period.



*Data in 2020 is through September

- In 2015, only 8% of resales had sales prices of more than \$200,000. Home priced over \$200,000 have growth substantially and as of July 2023, represented 20% of resales. Homes priced over \$300,000 accounted for 0% of resales in 2015 but jumped to 5% of resales in 2022. There were no resales through July 2023. However, it is important to note that only 15 homes were recorded as sold.

Home Resales in Hibbing Study Area

Table FS-2 presents closed resale data for St. Louis County, Itasca County, and the Arrowhead Minnesota EDR from 2010 through the end of August 2023. Table FS-3 presents median resale prices during that same time frame for St. Louis County, Itasca County, and the Arrowhead Minnesota Planning Area. The data was obtained from the Minnesota Association of Realtors. It is important to note that the Study Area accounts for a small portion of the entire county. Based on the St. Louis County assessor data, the St. Louis County Study Area portion accounts for about 13% of the average yearly sales. The following are key points observed from our analysis of this data.

Closed Sales

- Between 2011 and 2022, there has been an average of 2,466 residential sales per year in St. Louis County. It is important to note that the Study Area accounts for a small portion of the entire county. Based on the St. Louis County assessor data, the portion of the
- In contrast, in Itasca County, which includes a small portion of the Study Area, there were an average of 623 closed sales per year between 2011 and 2022. In EDR: 09, there was an average of 4,368 residential sales per year between 2011 and 2022.
- The number of closed sales between 2010 and 2022 in St. Louis County represented 55% of closed sales in EDR: 03.

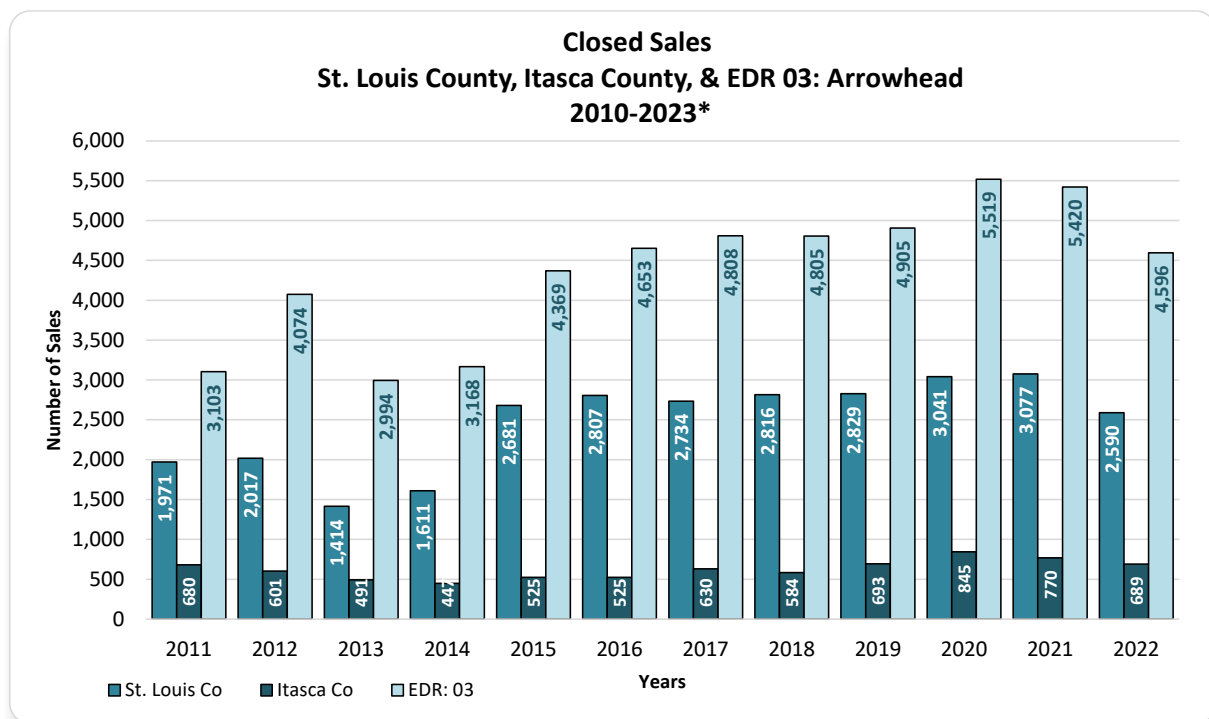


TABLE FS-2 CLOSED RESALES ST. LOUIS COUNTY, ITASCA COUNTY, & EDR 03: ARROWHEAD 2010 to 2023*			
Year	St. Louis County	Itasca County	EDR 03: Arrowhead
2010	n.a.	n.a.	3,269
2011	1,971	680	3,103
2012	2,017	601	4,074
2013	1,414	491	2,994
2014	1,611	447	3,168
2015	2,681	525	4,369
2016	2,807	525	4,653
2017	2,734	630	4,808
2018	2,816	584	4,805
2019	2,829	693	4,905
2020	3,041	845	5,519
2021	3,077	770	5,420
2022	2,590	689	4,596
2023*	n.a.	n.a.	2,361
* Through August 2023. n.a.: Not Available Note: EDR 03: Arrowhead includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis. Source: MN Association of Realtors & Maxfield Research and Consulting.			

Median Resale Prices

- The median resale price in St. Louis County and Itasca both peaked in 2022 at \$219,000 and \$225,000, respectively over the period. The median resale price in EDR: 03 peaked as of August 2023 at \$245,000. Sales data for counties is not available monthly.
- Between 2010 and 2022, median resales prices increased 83% in St. Louis County, 78% in Itasca County, and 84% in the Arrowhead Minnesota EDR.
- The median homes sales price in St. Louis County are on average 6% lower than sales in Itasca County and 2% lower compared to the Arrowhead Minnesota EDR. The highest ratio occurred in 2014 as Itasca County homes sales had a median sales price 20% higher than St. Louis County while the Arrowhead Minnesota EDR was 8% higher in 2013. Thus, compared to the surrounding area, St. Louis County homes can be considered more affordable.

TABLE FS-3
MEDIAN RESALE PRICES
ST. LOUIS COUNTY, ITASCA COUNTY, & EDR 03: ARROWHEAD
2013 to 2023*

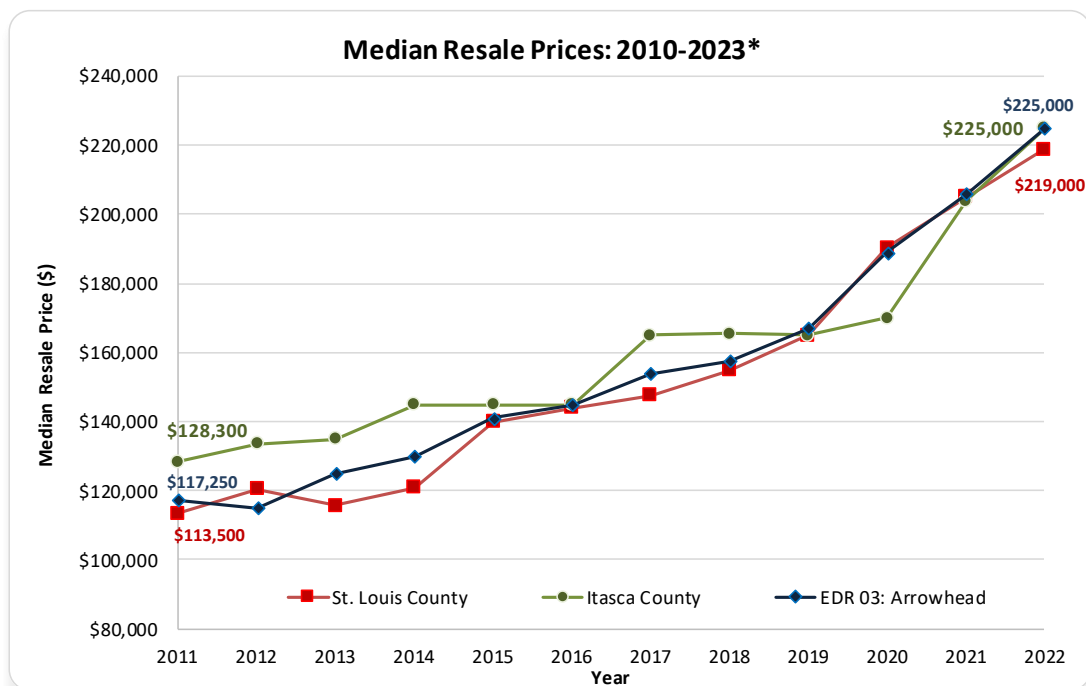
Year	St. Louis County	Itasca County	EDR 03: Arrowhead
2010	\$119,500	\$126,500	\$122,000
2011	\$113,500	\$128,300	\$117,250
2012	\$120,500	\$133,500	\$115,000
2013	\$115,750	\$135,000	\$125,000
2014	\$121,000	\$144,900	\$130,000
2015	\$139,900	\$145,000	\$141,000
2016	\$144,000	\$145,000	\$145,000
2017	\$147,600	\$165,000	\$153,900
2018	\$154,950	\$165,500	\$157,500
2019	\$165,000	\$165,000	\$167,000
2020	\$190,300	\$170,000	\$189,000
2021	\$205,000	\$203,950	\$206,000
2022	\$219,000	\$225,000	\$225,000
2023*	n.a.	n.a.	\$245,000

* Through August 2023.

n.a.: Not Available

Note: EDR 03: Arrowhead includes the following counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis.

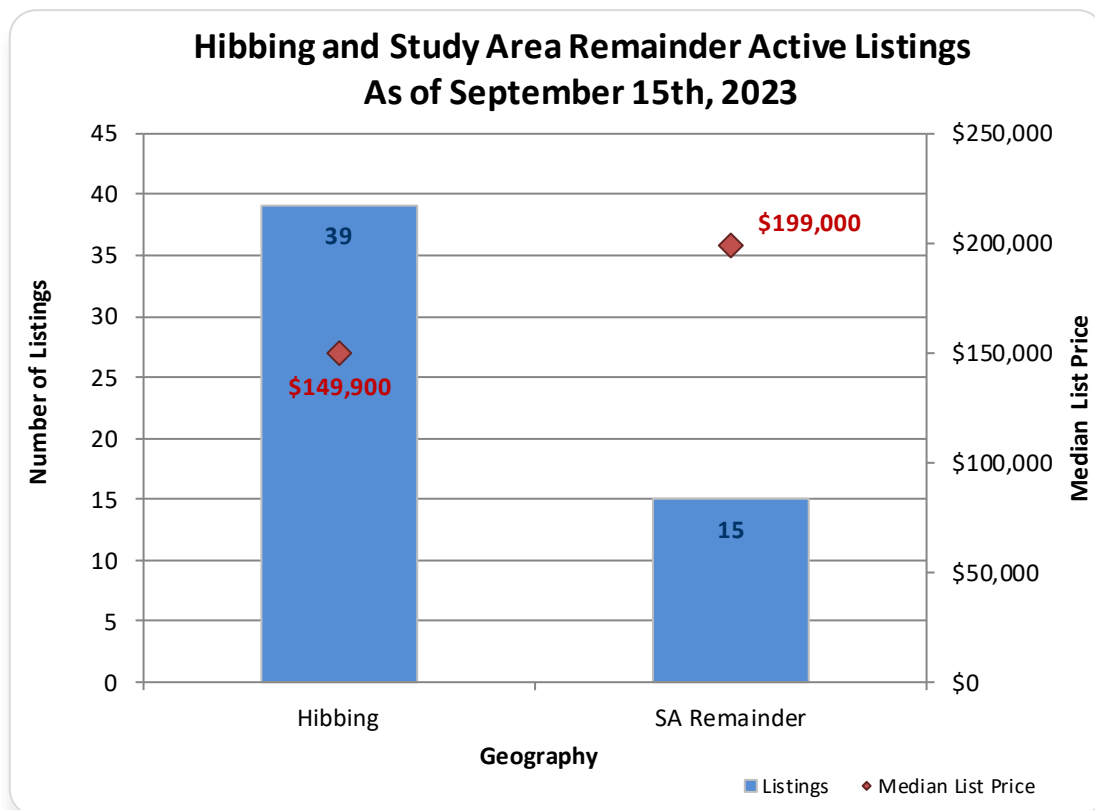
Source: MN Association of Realtors & Maxfield Research and Consulting.

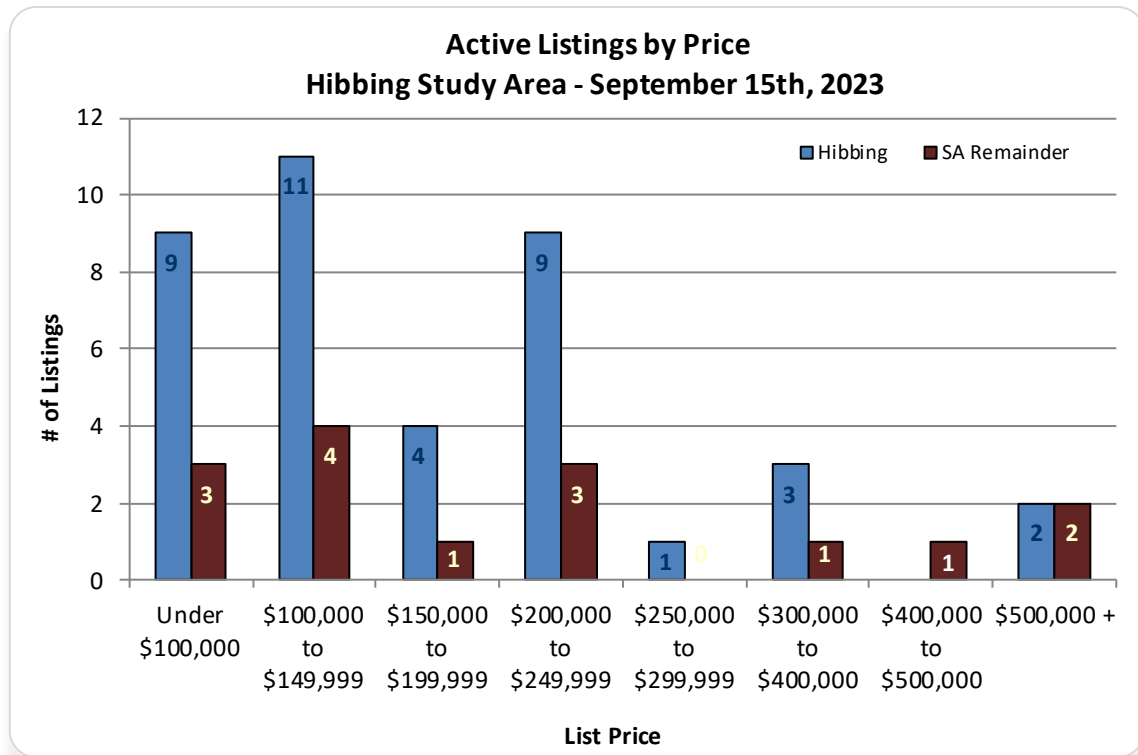


Current Supply of Homes on the Market

To examine the current market more closely for available owner-occupied housing in Hibbing Study Area, we reviewed the current supply of homes on the market (listed for sale) in September 2023 in Hibbing and the Remainder of the Study Area. Table FS-4 shows homes currently listed for sale in the Hibbing distributed into seven price ranges. The data was provided by the Realtor.com (Listing data is sourced from Range Association of Realtors, RAOR). Table FS-5 shows listings by number of bedrooms.

- As of September 2023, there were 39 homes listed for sale in Hibbing and 15 homes listed for sale in the Remainder of the Study Area. Based on the estimated housing stock from the 2020 American Community Survey, the number of homes listed in Hibbing is estimated to account for less than 1% of the overall housing stock.
- The median list price in Hibbing for single-family and multifamily homes was \$149,900. 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.





- Based on a median list price of \$149,900 in Hibbing, the income required to afford a home at this price would be between \$42,830 and \$50,000, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. An estimated 62% of Hibbing households have annual incomes at or above \$42,830.
- While there were homes available in most price ranges, the majority of homes listed for sale in Hibbing at the time were priced between \$100,000 and \$149,999 (28%). Overall, 85% of the listings were priced under \$250,000 in Hibbing.
- In the Remainder of the Study Area, 47% of listed homes were priced under \$150,000 and another 27% were listed from \$149,000 to \$249,999, a total of 74% of the listings.
- Hibbing had four active listings priced in the \$400,000 or more range. The highest listed home in Hibbing at the time was \$789,000. Only one home was listed over \$400,000 in the Remainder of the Study Area with a for-sale price of \$689,900.
- There were no multifamily for-sale housing units listed for sale at the time of the data collection in August 2023.

TABLE FS-4 HOMES CURRENTLY LISTED FOR-SALE HIIBNG & STUDY AREA REMAINDER As of Septemrber 15th, 2023				
Price Range	Hibbing		SA REMAINDER*	
	No.	Pct.	No.	Pct.
Under \$100,000	9	23.1%	3	20.0%
\$100,000 to \$149,999	11	28.2%	4	26.7%
\$150,000 to \$199,999	4	10.3%	1	6.7%
\$200,000 to \$249,999	9	23.1%	3	20.0%
\$250,000 to \$299,999	1	2.6%	0	0.0%
\$300,000 to \$400,000	3	7.7%	1	6.7%
\$400,000 to \$500,000	0	0.0%	1	6.7%
\$500,000 +	2	5.1%	2	13.3%
	39	100%	15	100%
Minimum	\$49,900		\$69,999	
Maximum	\$789,000		\$629,000	
Median	\$149,900		\$199,000	
Average	\$191,958		\$244,173	
Average Age	1950		1948	
Average Acreage	4.1		7.2	
Median Acreage	0.21		0.28	
* Study Area Reamainder includes sales in the communities of Buhl, Chisholm, Kinney, Keewatin, and Nashwauk. Note: Includes single family, townhomes, twin homes, and condos (Previously owned and completed new construction).				
Sources: Realtor.com; RAOR (Range Association of Realtor); Maxfield Research and Consulting, LLC.				

Table FS-5 shows homes currently listed for sale in Hibbing Study Area by bedroom type. The listings were obtained September 2023 from Realtor.com.

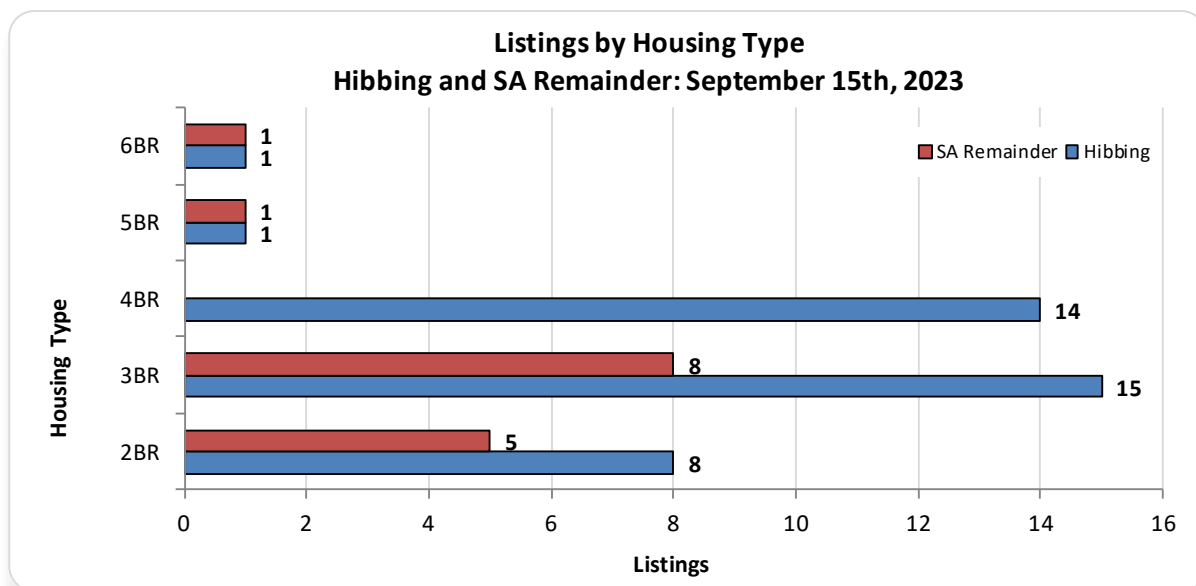
- All of the 54 listings the Hibbing Study Area are single-family properties. Three-bedroom homes accounted for the majority of listing (43%) closely followed by four-bedroom homes (26%).
- Listings for two-bedroom homes reported the lowest average list price in the Hibbing Study Area at \$162,627 while the two listings for five-bedroom homes averaged the highest price at \$392,450.
- The average square footage of homes listed for-sale in the Hibbing Study Area was 1,736 square feet with an average price per square foot of \$134 PSF. The average age of homes built was 1952. Only 17% of homes listed were built after 2000.

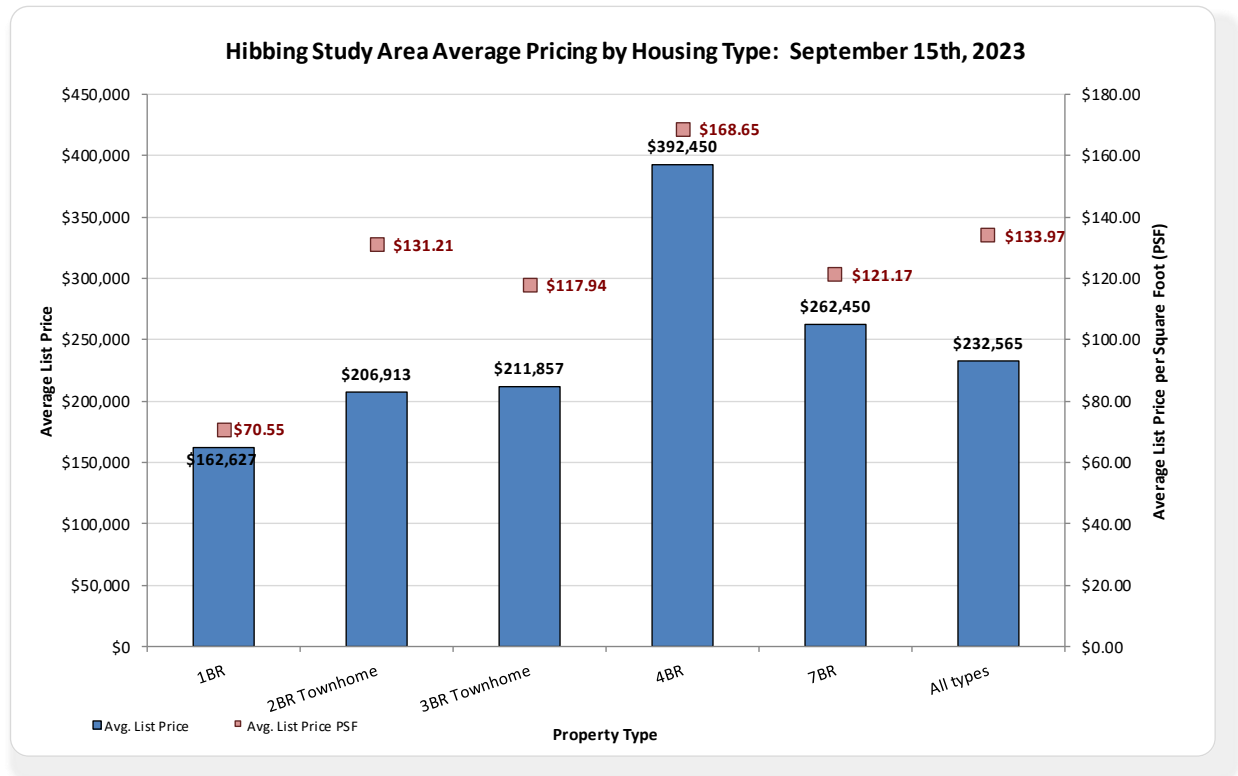
FOR-SALE MARKET ANALYSIS

TABLE FS-5
ACTIVE LISTINGS BY HOUSING TYPE
HIBBING AND SA REMAINDER
As of September 15th 2023

Property Type	Listings	Pct.	Avg. List Price	Avg. Home Size Sq. Ft.	Avg. Price Per Sq. Ft.	Avg. Age of Home
Single-Family						
<i>Hibbing</i>						
2BR	8	20.5%	\$135,394	2,642	\$51.25	1943
3BR	15	38.5%	\$198,153	1,552	\$127.67	1951
4BR	14	35.9%	\$211,857	1,796	\$117.94	1952
5BR	1	2.6%	\$159,900	1,545	\$103.50	1925
6BR	1	2.6%	\$305,000	2,512	\$121.42	2001
Hibbing Subtotal	39	100.0%	\$191,958	1,888	\$101.69	1950
<i>Study Area Remainder</i>						
2BR	5	33.3%	\$206,200	1,766	\$116.75	1952
3BR	8	53.3%	\$223,338	1,624	\$137.57	1939
5BR	1	6.7%	\$625,000	3,109	\$201.03	2010
6BR	1	6.7%	\$219,900	1,820	\$120.82	1940
SA Remainder Subtotal	15	100.0%	\$244,173	1,783	\$136.93	1948
<i>Study Area</i>						
2BR	13	24.1%	\$162,627	2,305	\$70.55	1946
3BR	23	42.6%	\$206,913	1,577	\$131.21	1947
4BR	14	25.9%	\$211,857	1,796	\$117.94	1952
5BR	2	3.7%	\$392,450	2,327	\$168.65	1968
6BR	2	3.7%	\$262,450	2,166	\$121.17	1971
Study Area Total	54	100.0%	\$232,565	1,736	\$133.97	1952
Multi-Family						
None						

Sources: Realtor.com, Maxfield Research and Consulting, LLC.





Active Single-Family and Multifamily Subdivisions

Table FS-6 on the following page summarizes platted residential lots in the PMA listed for sale by a Realtor or being offered for sale by a local jurisdiction as of September 2023. Additionally, information on any pending residential subdivisions in the Study Area is provided. Data is sourced from Realtor.com, St. Louis County, Itasca County, and Study Area communities. It is important to note that we have excluded large rural and lakefront lots.

- As of September 2023, there are 93 vacant/unowned residential lots in six actively marketing subdivisions for sale in the Study Area in seven separate subdivisions, along with six scattered individual lots that are not part of actively-marketing subdivisions.
- Five of the existing subdivisions, totaling 162 actively-marketing residential lots, and five of the six individual lots are in Hibbing. One subdivision is located in Buhl and the other in Nashwauk, while the one remaining individual lot is located in Nashwauk.
- Not all of the vacant lots are available for purchase, most notably in Marshview Meadows which has 39 platted lots lacking infrastructure and thus are not listed. Rivercreek also has seven lots privately owned but are vacant but not actively for sale.

FOR-SALE MARKET ANALYSIS

TABLE FS-6
ACTIVELY-MARKETING RESIDENTIAL LOT SUPPLY
PRIMARY MARKET AREA
September 2023

		Lot Supply	Lot Size (Acres)		Assessed ² Land/Lot Value		Assessed ² Market Value		List Price		
Subdivision City	Product Type Year Platted	Total Remaining	Min/ Max	Med. Acre/ Med. S.F.	Min/ Max	Median	Min/ Max	Median	Min Max	Median	Base Home Price Range*
Damien 2nd Addition* Buhl	Detached SF 2023	10	0.44	0.49	\$400		n.a.		\$2,500		\$14,045
		2	0.63	21,344	\$700	\$500	n.a.	n.a.	\$2,500	\$2,500	\$14,045
Marshview Meadows ¹ Hibbing	Detached SF 2011	48	0.33	0.37	\$400		n.a.		\$17,900		\$100,562
		48	0.40	16,117	\$2,600	\$500	n.a.	n.a.	\$29,900	\$21,900	\$167,978
Rivercreek ¹ Hibbing	Detached SF 2001	55	0.20	0.20	\$500		\$191,700		\$16,900		\$94,944
		13	0.50	8,712	\$34,600	\$11,750	\$495,700	\$298,600	\$19,900	\$16,900	\$111,798
Mesaba Woods Single-family ¹ Hibbing	Detached SF 2009	22	0.63	0.71	\$4,200		\$214,600		\$24,900		\$139,888
		7	1.56	30,928	\$48,700	\$31,900	\$519,200	\$387,750	\$34,900	\$33,900	\$196,067
Mesaba Woods Golf Villas ¹ Hibbing	Detached Villa 2009	9	0.21	0.30	\$1,000		\$282,000		\$18,900		\$106,180
		5	0.30	13,068	\$31,700	\$24,900	\$311,700	\$284,200	\$25,900	\$22,900	\$145,506
Mesabi Pines ¹ Hibbing	Detached or Twins 2008	28	0.32	0.37	\$800		\$189,300		\$19,900		\$111,798
		8	0.42	16,117	\$28,200	\$16,300	\$413,900	\$297,900	\$29,900	\$19,900	\$167,978
Bozich Addition Nashwauk	Detached SF 2015	11	0.30	0.40	n.a.		n.a.		\$5,500		\$30,899
		10	0.50	17,424	n.a.	n.a.	n.a.	n.a.	\$5,500	\$5,500	\$30,899
Individual Scatterd Lots Hibbing & Nashwauk	Detached SF n.m.	6	0.29	0.51	\$2,900		n.a.		\$14,900		\$83,708
		6	1.8	22,216	\$62,800	\$12,800	n.a.	n.a.	\$100,000	\$29,250	\$561,798
Existing Residential Lot Supply		189	0.20	0.37	\$400		\$189,300		\$5,500		\$30,899
Primary Market Area		99	1.75	16,117	\$62,800	\$3,000	\$519,200	\$310,500	\$100,000	\$19,900	\$561,798

*Estimate based on lot price being 18.5% of total sale price per National Association of Home Builders (NAHB) 2019 Construction Cost Survey

¹ Lot size information is only available for actively marketing lots. St. Louis County GIS mapping did not state lot size for all lots.

² Lot value and total market value based on St. Louis County Assessor data.

Sources: Realtor.com; Range MLS; St. Louis County; Itasca County; NAHB; PMA Communities; Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

- The City of Nashwauk opened the 11-lot Bozich Addition subdivision in 2015. To date, one home has been built in the subdivision and the ten remaining lots are available to purchase from the City for \$5,500.
- The City of Buhl platted a ten-lot subdivision in July 2023, called “Damien 2nd Addition” along the north side of Monroe Drive on the west side of town. The City is offering the lots for \$2,500, with \$1,500 being refunded upon completion of a single-family home (four-year period). Currently eight out of the 10 lots have been purchased with no home starts as of this study.
- Among the privately marketed developments, Mesaba Woods and Mesabi Pines have been the most active subdivisions with each having four new detached single-family homes built in the last five years.
- Mesabi Pines has eight vacant lots but have been combined and thus only has four lots listed for sale. Lots target either detached single-family or twin homes.
- There are also six detached single-family lots listed for sale in the Rivercreek subdivision among the 13 vacant lots.
- The median size of lots currently available for sale in Study Area is 16,117 square feet (0.37-acre), ranging from 8,712 square feet (0.20-acre) to as large as 76,230 square feet (1.75-acre) for a larger lot in Hibbing.
- Lot prices vary depending on location and features. These actively-marketing lots have a median list price of \$1.23 PSF based on the median list price of \$19,900.
- List prices for privately marketed residential lots in subdivisions range from as low as \$0.51 per square foot for a 1.56 acre lot to a high of \$2.29 per square foot for a 0.26-acre detached single-family home lot. The two lots are both located in the Mesaba Woods subdivision.
- Lot prices are highest for detached single-family lots in Mesaba Woods with a median list price of \$34,900, followed by Marshview Meadows and Mesabi Pines (\$29,900). The lowest lot prices were at Bozich Addition in Nashwauk (\$5,500) and Damien 2nd Addition in Buhl (\$2,500), both of which are discounted by the local government. On a per square foot basis, lot prices in the subdivisions are:

	<u>Median List Price</u>
– Rivercreek	\$1.94 psf
– Mesaba Woods Golf Villas	\$1.75 psf
– Marshview Meadows	\$1.36 psf
– Mesabi Pines	\$1.25 psf
– Mesaba Woods Detached SF	\$1.10 psf.

- Bozich Addition \$0.32 psf (Discounted Lots)
 - Damien 2nd Addition \$0.12 psf (Discounted Lots)
- According to the National Association of Home Builders 2022 Construction Cost Survey, the most recent information available, lot prices average 17.8% of the total purchase price of a new construction home.
 - Using the 17.8% benchmark, the estimated base price (exclusive of upgrades) for new homes in these privately marketed subdivisions would range from \$4,944 to \$196,067 based on the minimum and maximum lot prices.
 - Based on the median lot price of \$19,900, the estimated new home price in the privately marketed subdivisions would be \$111,798.
- The industry standard for a balanced lot supply for a community is a three- to five-years. This supply of lots is appropriate as it provides adequate consumer choice but minimize developers' carrying costs. Based on the annual absorption since 2022 of single-family lots (9 homes per year) in Hibbing, the lot supply is near the lower end at about 3.5 years to meet new home needs for buyers in the short-term.
- While this may appear balanced, many of the lots have been in platted subdivisions that are older than a decade. Some of the lots may be considered less desirable for development.

New Construction Home Pricing

Table FS-7 on the following page summarizes new construction home sold in the Study Area over the past five years. Additionally, because there is limited new construction sales activity in the Study Area, the table summarizes new construction homes outside the Study Area along the Iron Range.

Data is presented by community and includes the number of listings by community, property type, home sizes (finished square feet of new construction homes), price ranges, and the median price per square foot. Data on new construction units sold in the PMA is sourced from the St. Louis County Assessor.

- According to available data, there were five new construction homes sold in the PMA since 2018.
- All sales in the Study Area were detached single-family units which sold for a median price of \$132,000 (\$121 psf based on the median size of 1,092 square feet). There was also one 1,092 square-foot twin home sold for \$194,000 (\$178 psf).

FOR-SALE MARKET ANALYSIS

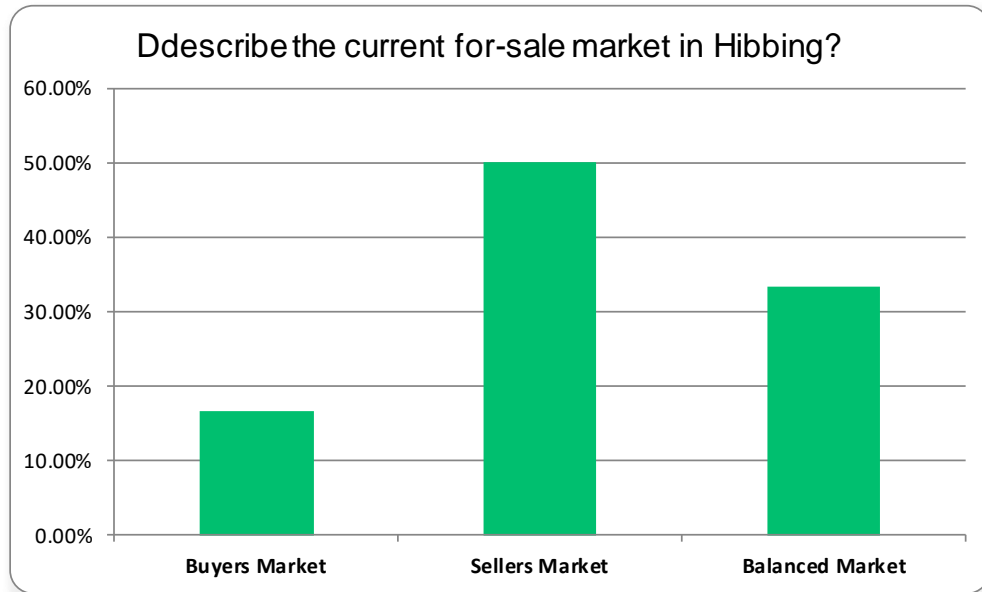
- Additionally, we identified seven new construction detached single-family homes in the surrounding area. The detached single-family homes outside of the Study Area have a median size of 1,092 square feet with a median price of \$127,000 (\$116 psf).

TABLE FS-7 NEW HOME CONSTRUCTION PRICING SUMMARY (PAST 5-YEARS) HIBBING STUDY AREA Septemeber 2023									
New Construction Units Sold in SA									
Community	Property	Sales	Finished Square Feet			Sale Price Range			Price/SF
			Low	High	Median	Low	High	Median	
Hibbing	Detached SF	3	1,064 - 1,092		1,092	\$132,000 - \$160,000		\$132,000	\$121
Buhl	Detached SF	1	1,196 - 1,196		1,196	\$350,000 - \$350,000		\$350,000	\$293
Chisholm	Detached SF	1	1,092 - 1,092		1,092	\$120,000 - \$120,000		\$120,000	\$110
Total Sold in SA:		5	1,064 - 1,196		1,092	\$132,000 - \$350,000		\$132,000	\$121
New Construction Units Sold in Outside SA									
Community	Property Type/Style	Sales	Finished Square Feet			Sale Price Range			Price/SF
			Low	High	Median	Low	High	Median	
Biwabik	Detached SF	2	1,064 - 2,674		1,092	\$120,000 - \$610,000		\$365,000	\$334
Eveleth	Detached SF	2	1,092 - 1,092		1,092	\$117,320 - \$127,000		\$122,160	\$112
Virgina	Detached SF	3	1,092 - 1,092		1,092	\$127,000 - \$170,000		\$167,000	\$153
Total Sold outside SA:		7	1,064 - 2,674		1,092	\$117,320 - \$610,000		\$127,000	\$116
Sources: Realtor.com; St. Louis County; Maxfield Research & Consulting, LLC									

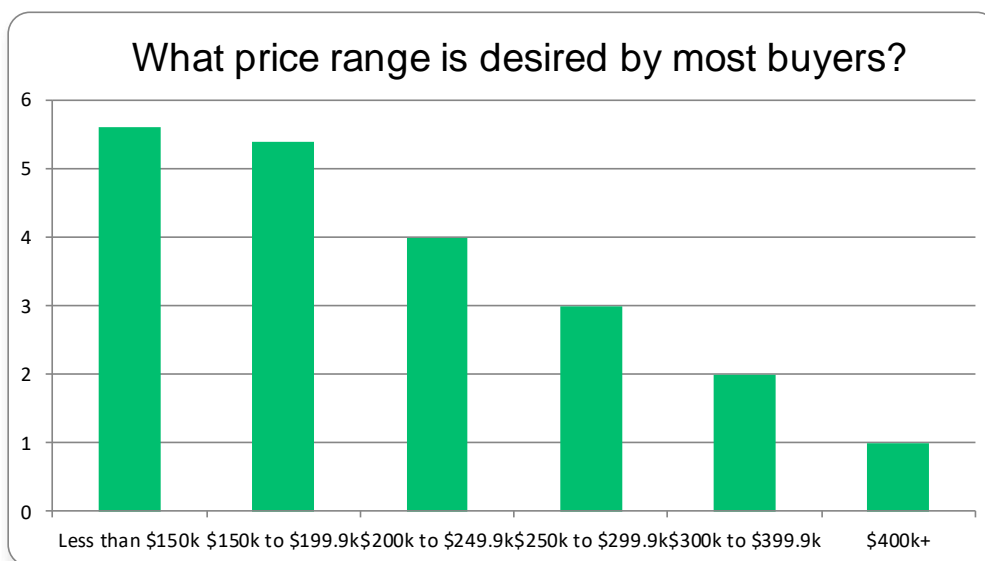
Realtor Survey

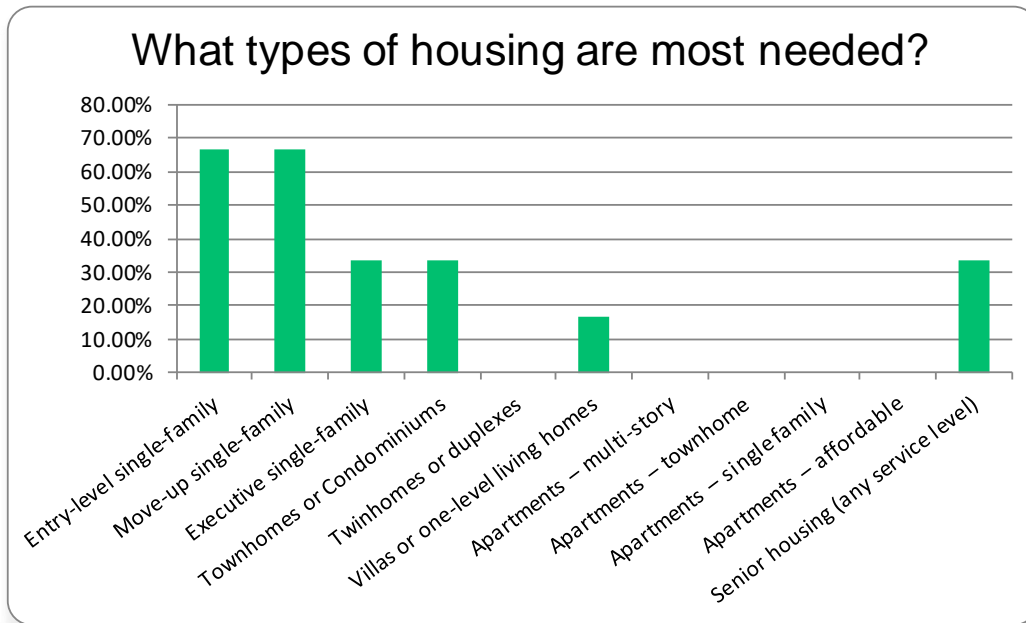
Maxfield Research and Consulting issued an online survey to a list of local real estate agents familiar with the Hibbing Study Area's owner-occupied market to solicit their impressions of the for-sale housing market throughout the Study Area. Key points from the survey are summarized as follows.

- The majority of Realtors find the market to be a seller's market.

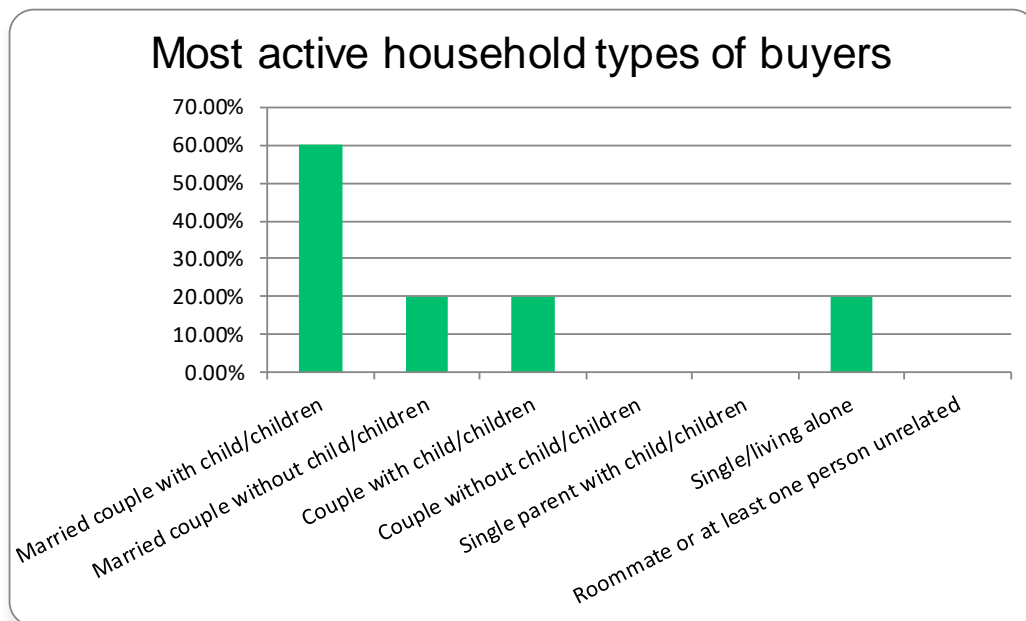


- The majority of buyers are seeking homes priced under \$250,000 as homes priced as entry level and move up are currently the most in demand product in Hibbing's housing market.

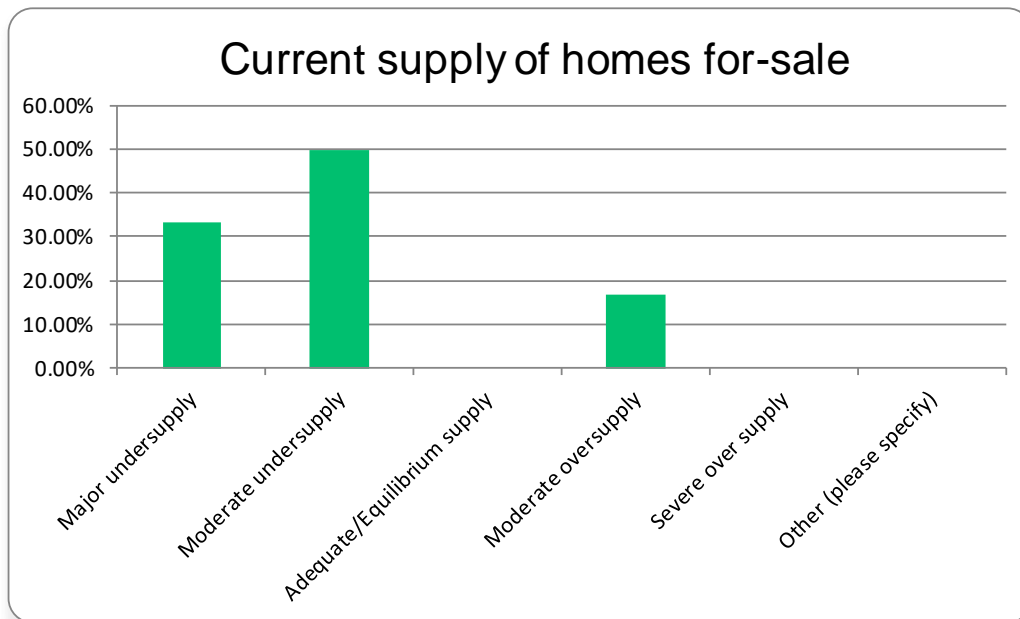




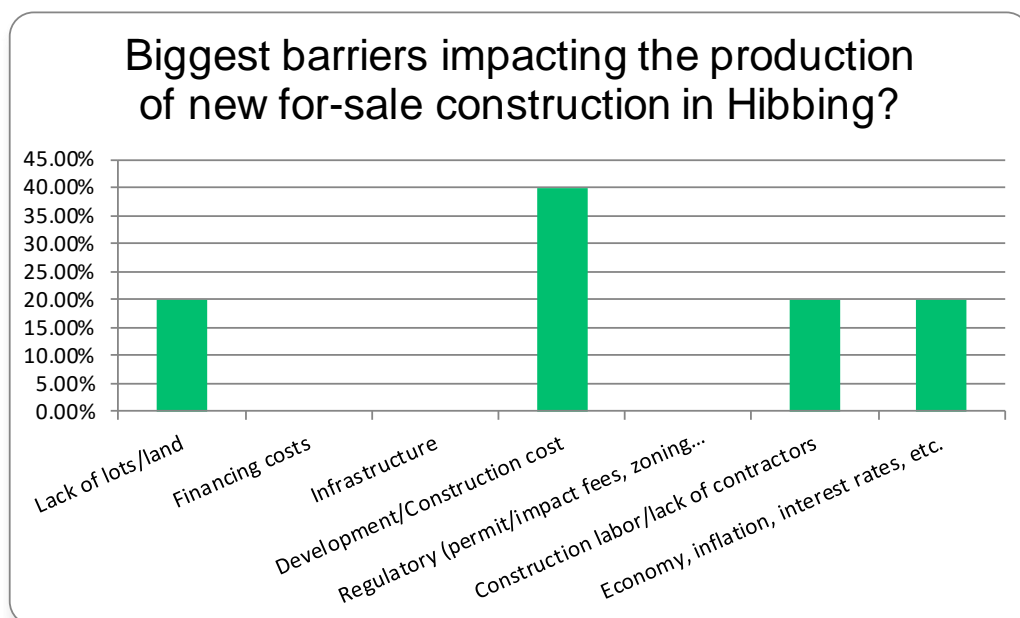
- As evidence of the demand for these product types, the most commonly cited home purchasers were married couples with child/children.



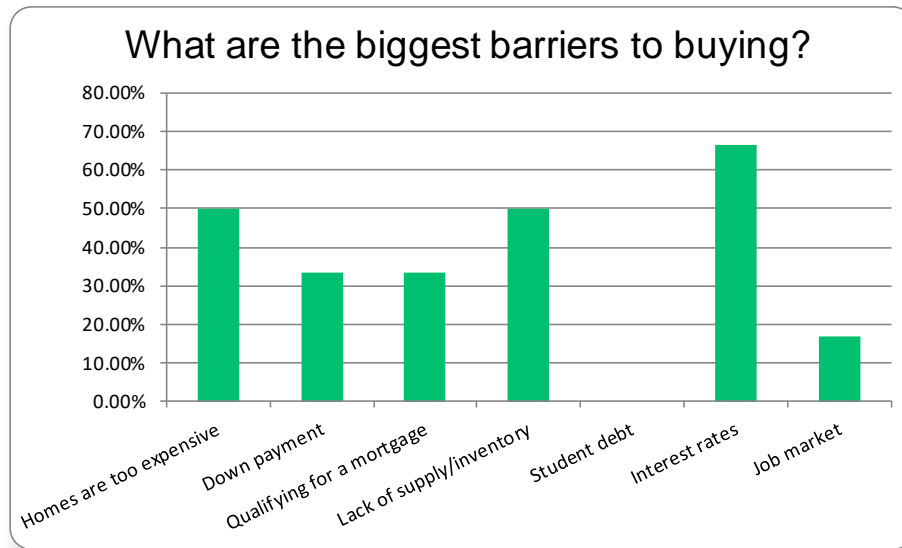
- There is an undersupply of homes in the current market.



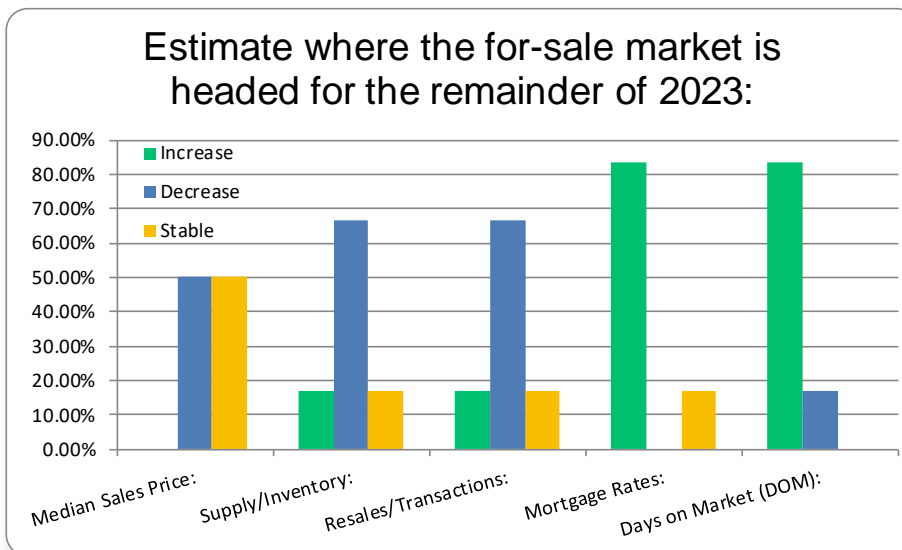
- The majority of Realtors believe there is a lack of lots in the current market. Development costs prove challenging for future growth according to area Realtors. In addition, there are also a number of barriers for home buyers. The majority of surveyed realtors cited the following barriers: too expensive priced homes, lack of supply/inventory of homes for sale, and interest rates.



- Current interest rates along with homes that are too high in price are among the biggest barriers to today's buyers. The lack of supply and inventory of both new and existing homes is also a strong barrier. The existing supply is a significantly older housing stock with many outdated homes not desired by current buyers. A large investment is needed to fix up or update many homes on the market.



- Below are where the majority of surveyed Realtors believe the for sale housing market is headed in the remainder of 2023 into 2024 in the following categories:
 - Median Sales Price: Decrease
 - Supply/Inventory: Decrease
 - Resales/Transactions: Decrease
 - Mortgage Rates: Increase
 - Days on Market: Increase



Introduction

There are several pending developments currently in the planning process in the communities of the Study Area. This section discusses the pending developments, some of which have received preliminary and/or final approvals. The following are brief discussions of pending projects.

Hibbing

The City of Hibbing has plans to develop a 70 acre area consisting of multiple parcels in the center of town. The area encompasses land west of Highway 169, East of 8th Avenue, north of 34th Street E and south of the Highland Park of Hibbing subdivision. The PUD would likely involve a mix of single family and multifamily for-sale and rental housing. The city has already received interest from 10 to 15 individuals interested in buying/building single family homes in a new subdivision in this location. At this time, the number of units to be developed is undetermined.

Chisholm

The City of Chisholm is planning to open development in the Wenton Addition on the west side of town for single family and multifamily for-sale townhomes. The subdivision may contain 50 to 55 single family and townhome units at build-out if fully developed. Development would take place over the remainder of the decade. This subdivision would compete with platted lots within Hibbing if marketing during the same period.

In addition to for-sale housing, the City of Chisholm also plans on pursuing multifamily rental housing. The City's current focus is on the for-sale subdivision above. Although timing is unclear, multifamily development is expected to be within the next five years.

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI. Figure 1 below summarizes income ranges by definition for St. Louis County of which Hibbing is the second largest city.

FIGURE 4 AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income Workforce Housing	80% - 120%
Note: St. Louis County 4-person AMI = \$93,500 (2023).	

Naturally Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

HOUSING AFFORDABILITY

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four-unit structures) or in older multifamily structures. Many of these older developments may be vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Based on the review of Hibbing's housing stock and the inventory of rental properties; we find a substantial portion of the housing stock would be classified as naturally occurring affordable housing.

Rent and Income Limits

Table HA-1 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-2. The rents on Table HA-1 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

TABLE HA-1 MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME ST. LOUIS COUNTY - 2023 (Effective 05/15/23)														
Unit Type	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$475 - \$475		\$791 - \$791		\$950 - \$950		\$1,266 - \$1,266		\$1,583 - \$1,583		\$1,899 - \$1,899	
1BR	1	2	\$475 - \$542		\$791 - \$904		\$950 - \$1,085		\$1,266 - \$1,446		\$1,583 - \$1,808		\$1,899 - \$2,169	
2BR	2	4	\$542 - \$677		\$904 - \$1,129		\$1,085 - \$1,355		\$1,446 - \$1,806		\$1,808 - \$2,258		\$2,169 - \$2,709	
3BR	3	6	\$610 - \$786		\$1,016 - \$1,310		\$1,220 - \$1,572		\$1,626 - \$2,096		\$2,033 - \$2,620		\$2,439 - \$3,144	
4BR	4	8	\$677 - \$738		\$1,129 - \$1,230		\$1,355 - \$1,476		\$1,806 - \$1,968		\$2,258 - \$2,460		\$2,709 - \$2,952	
¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.														
Note: 4-person St. Louis County AMI is \$93,500 (2023).														
Sources: HUD, Novogradac, Maxfield Research and Consulting, LLC.														

HOUSING AFFORDABILITY

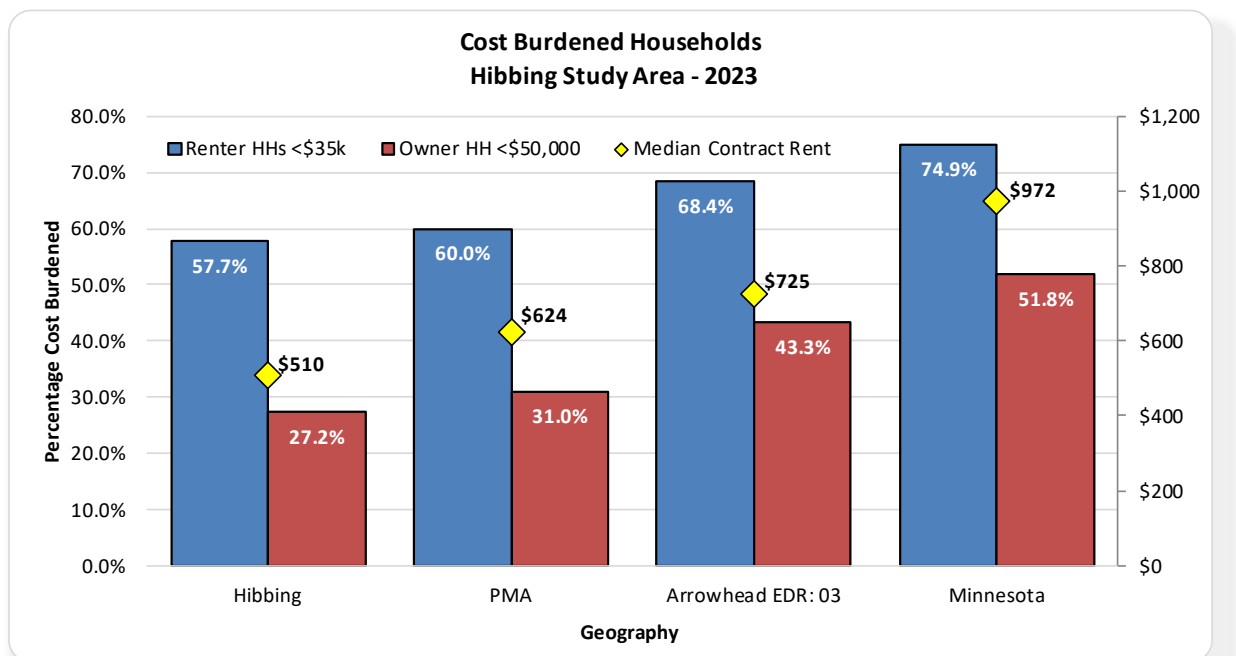
Table HA-2 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in St. Louis County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

TABLE HA-2 MHFA/HUD INCOME AND RENT LIMITS ST. LOUIS COUNTY- 2023 (Effective 05/15/23)								
	Income Limits by Household Size							
	1 pph	2 pph	3 pph	4 pph	5 pph	6 pph	7 pph	8 pph
30% of median	\$18,990	\$21,690	\$24,390	\$27,090	\$29,280	\$31,440	\$33,600	\$35,760
50% of median	\$31,650	\$36,150	\$40,650	\$45,150	\$48,800	\$52,400	\$56,000	\$59,600
60% of median	\$37,980	\$43,380	\$48,780	\$54,180	\$58,560	\$62,880	\$67,200	\$71,520
80% of median	\$50,640	\$57,840	\$65,040	\$72,240	\$78,080	\$83,840	\$89,600	\$95,360
100% of median	\$63,300	\$72,300	\$81,300	\$90,300	\$97,600	\$104,800	\$112,000	\$119,200
120% of median	\$75,960	\$86,760	\$97,560	\$108,360	\$117,120	\$125,760	\$134,400	\$143,040
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$474	\$542	\$609	\$677	\$732			
50% of median	\$791	\$903	\$1,016	\$1,128	\$1,220			
60% of median	\$949	\$1,084	\$1,219	\$1,354	\$1,464			
80% of median	\$1,266	\$1,446	\$1,626	\$1,806	\$1,952			
100% of median	\$1,582	\$1,807	\$2,032	\$2,257	\$2,440			
120% of median	\$1,899	\$2,169	\$2,439	\$2,709	\$2,928			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$780	\$838	\$1,087	\$1,435	\$1,789			
Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.								

Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in Hibbing, the Study Area, Arrowhead Minnesota EDR, and the State of Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2021 estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.



HOUSING AFFORDABILITY

- Among all owner and renter households, the following percentage of households are estimated to be cost burdened spending 30% or greater of their household incomes:

	<u>Owner</u>	<u>Renter</u>
- Hibbing	12%	38%
- Study Area	14%	39%
- Arrowhead MN EDR	18%	46%
- Minnesota	18%	44%

- The estimated percentage of cost burdened owner households earning incomes less than \$50,000 and renter households earning less than \$35,000 are as follows:

	<u>Owner</u> <u><\$50,000</u>	<u>Renter</u> <u><\$35,000</u>
- Hibbing	27%	58%
- Study Area	31%	60%
- Arrowhead MN EDR	43%	68%
- Minnesota	52%	75%

- In comparison, all owner and renter households in the City of Hibbing are estimated to be less cost burdened than households in the Arrowhead Minnesota EDR and the State of Minnesota from 6% to 8%.
- Owner households with incomes under \$50,000 are estimated to be 17% and 25% less cost burdened in Hibbing than the Arrowhead Minnesota EDR and the State of Minnesota, respectively. Renter households with incomes less than \$35,000 are estimated to be 10% and 17% less cost burdened.

TABLE HA-3 HOUSING COST BURDEN HIBBING STUDY AREA 2023								
	Hibbing		Study Area		Arrowhead MN EDR*		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	5,117		10,507		103,701		1,610,801	
Cost Burden 30% or greater	658	12.9%	1,443	13.7%	18,605	17.9%	288,694	17.9%
Owner Households w/ incomes <\$50,000	2,074		4,024		33,129		351,498	
Cost Burden 30% or greater	565	27.2%	1,249	31.0%	14,337	43.3%	182,009	51.8%
Renter Households								
All Renter Households	1,899		2,853		33,416		618,299	
Cost Burden 30% or greater	730	38.4%	1,122	39.3%	15,324	45.9%	269,438	43.6%
Renter Households w/ incomes <\$35,000	1,190		1,701		18,698		251,105	
Cost Burden 30% or greater	687	57.7%	1,020	60.0%	12,781	68.4%	188,005	74.9%
Median Contract Rent ¹	\$510		\$538		\$725		\$972	
¹ Median Contract Rent 2021 (US Census, American Community Survey 5-year estimate) Note: Calculations exclude households not computed. *Includes the following nine counties: Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis. Sources: American Community Survey 2021 estimates; Maxfield Research and Consulting LLC.								

Housing Vouchers

In addition to subsidized apartments, “tenant-based” subsidies like *Housing Choice Vouchers*, can help lower income households afford market-rate rental housing. The tenant-based subsidy is funded by the Department of Housing and Urban Development (HUD) and is managed by the Virginia Housing and Redevelopment Authority and Serves Northern St. Louis County. Under the Housing Choice Voucher program (also referred to as Section 8) qualified households are issued a voucher that the household can take to an apartment that has rent levels with Payment Standards. The household then pays approximately 30% of their adjusted gross income for rent and utilities, and the Federal government pays the remainder of the rent to the landlord. The maximum income limit to be eligible for a Housing Choice Voucher is 50% AMI based on household size, as shown in Table HA-2. The following are key points about the Housing Choice Voucher Program in the Study Area.

- The Virginia HRA is approved to administer 587 housing choice vouchers in Northern St. Louis County at this time; however only 520 vouchers are active due to unit availability and budget amount compared to unit cost. The HRA states they will never reach the approved limit due to those factors.
- The Virginia HRA has issued over 100 vouchers so far during 2023 to eligible households. The success of those receiving vouchers has been approximately 45% due to the lack of affordable housing units to rent with a voucher. Currently, the Virginia HRA is receiving about 52 applications for the HCV program per month from households in need of assistance and issuing vouchers on a weekly basis. This has reduced the number of households on the waiting list; however, it is a result of over issuing vouchers knowing a fraction of the eligible households will be able to lease up.
- Hibbing accounts for the majority of active vouchers in the Northern St. Louis County jurisdiction (197 vouchers, or 38%). There are 36 vouchers in Chisholm (7%) and none in Buhl and Kinney.
- The biggest challenge facing Housing Choice Voucher households is that there is a limited supply of available units. Also, some landlords will not accept Housing Choice Vouchers at their property/properties.
- The payment standards for subsidized housing in the Northern St. Louis County jurisdiction is as follows for January 1st 2024:

<u>Efficiency/Studio</u>	<u>One-Bedroom</u>	<u>Two-Bedroom</u>	<u>Three-Bedroom</u>	<u>Four-Bedroom</u>
\$702	\$860	\$1,050	\$1,337	\$1,701

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in Hibbing. The table estimates the percentage of Hibbing householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the Hibbing average. The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 7.8% interest rate (up from near 3% at beginning of 2021)
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2021 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2021 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- The median income of all Hibbing Study Area households in 2023 was about \$57,970. However, the median income varies by tenure. According to the 2021 American Community Survey, the median income of a homeowner is \$66,512 compared to \$27,532 for renters.
- Approximately 54.5% of all Study Area households and owner households could afford to purchase an entry-level home in Hibbing (\$150,000). When adjusting for move-up buyers (\$250,000) 32.5% of all households and 36% of owner households would income qualify.
- About 51% of existing renter households can afford to rent a one-bedroom unit in Hibbing (\$700/month). The percentage of renter income-qualified households decreases to 37% that can afford an existing three-bedroom unit (\$970/month).
- After adjusting for new construction rental housing, the percentage of renters that are income-qualified decreases. About 38% of renters can afford a new market rate one-bedroom unit while 24.5% can afford a new three-bedroom unit.

HOUSING AFFORDABILITY

TABLE HA-4
HIBBING HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$150,000	\$250,000	\$350,000	\$125,000	\$200,000	\$250,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$15,000	\$25,000	\$35,000	\$12,500	\$20,000	\$25,000
Estimated Closing Costs (rolled into mortgage)	\$4,500	\$7,500	\$10,500	\$3,750	\$6,000	\$7,500
Cost of Loan	\$139,500	\$232,500	\$325,500	\$116,250	\$186,000	\$232,500
Interest Rate	7.800%	7.800%	7.800%	7.800%	7.800%	7.800%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$1,004	-\$1,674	-\$2,343	-\$837	-\$1,339	-\$1,674
(plus) Prop. Tax	-\$218	-\$363	-\$508	-\$181	-\$290	-\$363
(plus) HO Insurance/Assoc. Fee for TH	-\$50	-\$83	-\$117	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$60	-\$101	-\$141	-\$50	-\$81	-\$101
Subtotal monthly costs	-\$1,332	-\$2,220	-\$3,108	-\$1,168	-\$1,810	-\$2,237
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$53,287	\$88,811	\$124,336	\$46,739	\$72,382	\$89,478
Pct. of ALL SA HHDS who can afford ¹	54.5%	32.5%	17.5%	59.9%	41.9%	32.2%
No. of SA HHDS who can afford ¹	7,278	4,361	2,346	8,029	5,613	4,312
Pct. of SA owner HHDS who can afford ²	59.4%	35.8%	19.3%	64.8%	46.0%	35.4%
No. of SA owner HHDS who can afford ²	5,892	3,552	1,915	6,426	4,565	3,512
No. of SA owner HHDS who cannot afford ²	4,026	6,366	8,003	3,492	5,353	6,406
Rental (Market Rate)						
	Existing Rental			New Construction Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$700	\$870	\$970	\$950	\$1,100	\$1,200
Annual Rent	\$8,400	\$10,440	\$11,640	\$11,400	\$13,200	\$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$28,000	\$34,800	\$38,800	\$38,000	\$44,000	\$48,000
Pct. of ALL SA HHDS who can afford ¹	78.4%	72.7%	67.7%	67.7%	62.6%	57.9%
No. of SA HHDS who can afford ¹	10,512	9,740	9,078	9,078	8,391	7,757
Pct. of SA renter HHDS who can afford ²	51.1%	43.2%	36.9%	37.9%	30.5%	24.5%
No. of SA renter HHDS who can afford ²	1,752	1,483	1,266	1,300	1,045	842
No. of SA renter HHDS who cannot afford ²	1,678	1,947	2,164	2,130	2,385	2,588

¹ Based on 2023 household income for ALL households.

² Based on 2021 ACS household income by tenure.

Source: Maxfield Research & Consulting, LLC.

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 AEOA, and other area social service agencies and organizations involved in assisting these populations within the Study Area. 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.

We present findings from the Wilder Survey of the homeless population and information on the housing needs of the homeless in the Hibbing Study Area and St. Louis County along with overall information for Minnesota. Also presented is data specific to St. Louis County. Data below the county level is not available. Wilder Research conducts a one-night statewide survey of homeless people in Minnesota every three years. The most recent study was conducted in October 2018. Data on the total number of homeless people and detailed data on the characteristics of homeless people in St. Louis County and the Metro Area is based on the 2018 study.

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.

National 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, the most recent estimate available).

Data from the National Alliance to End Homelessness “State of Homelessness: 2023 Edition, shows that 582,462 people experienced homelessness on a given night in the United States during 2022 which is 18 out of every 10,000 people. Homelessness has been on the rise since 2017 with an overall increase of 6%. This report analyzes available data on homeless for 2022 and over time.

The report demographics of people experiencing homelessness in the United States found the following:

- * 22% are chronically homeless individuals.
- * 5% are unaccompanied youth under the age of 25.
- * 6% are veterans.
- * While “White” individuals account for about half of all homeless people nationwide, 11 out of 10,000 within that group experience homelessness. In comparison, “Black or African American experience homelessness 48 out of every 10,000 people and “American Indian” experience homelessness 45 out of every 10,000 people.
- * Single adults account for 72% 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 and as of this report account for roughly 28%. Research indicates that the number of homeless families is even higher in rural areas.
- * Unsheltered homelessness has increased 35% since 2015.

While there are numerous factors that contribute to homelessness, according to the National Coalition for the Homeless, there are two trends largely responsible for the rising number of people experiencing homelessness. 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.

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

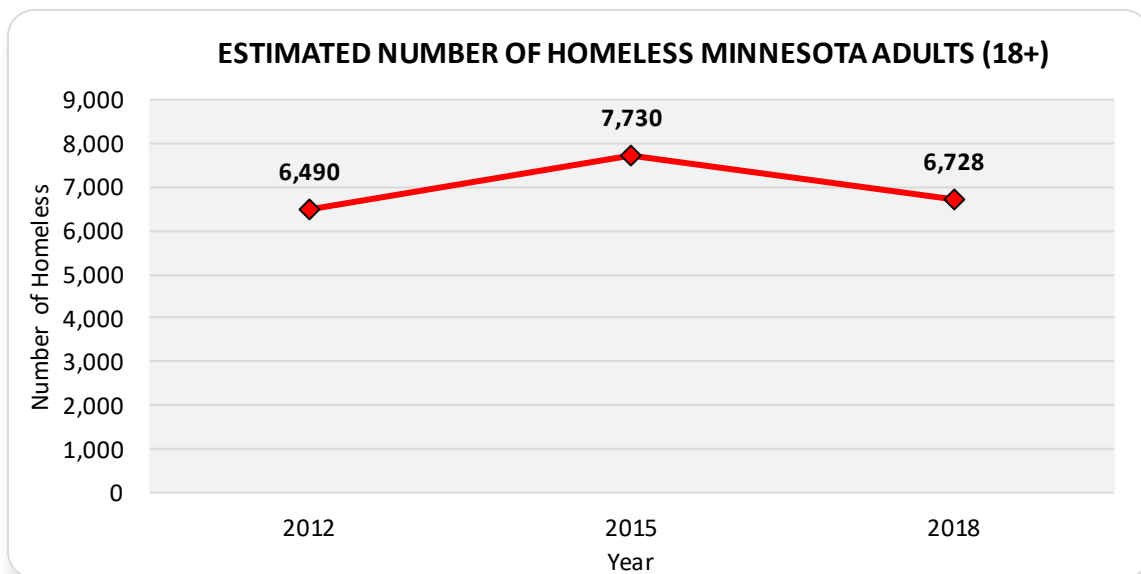
Based on the demographics above, people who become homeless do not fit one general description. National studies have found that homeless people have certain shared basic needs, including the need for affordable housing, adequate incomes, and health care. In addition, some homeless people need additional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

Minnesota Homeless Population

Homeless trends and the number of people experiencing homelessness in Minnesota are best summarized by data compiled by The Amherst H. Wilder Foundation. Findings from reports conducted by these agencies are outlined below.

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 2018; statistics from the previous studies in October 2012 and 2015 were also used for comparison purposes.

The surveys are conducted on a single day and represent a snapshot of the population of people in Minnesota experiencing homelessness. The Wilder Research Center's 2012 survey estimated that 10,214 people in Minnesota were homeless. This number decreased to 9,312 people in October 2015. In October 2018, it was estimated that 10,233 people were homeless in Minnesota. Overall, the number of homeless people identified in Minnesota on a given night in October increased by 921, or approximately 10 percent, from 2015 to 2018.



St. Louis County Homeless Population

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.

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 2022 Shelter Survey, agencies reported sheltering 7,774 individuals in Minnesota. Minnesota is divided into 11 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 survey, the St. Louis County region sheltered 551 people. This equates to 7% of the State's sheltered population that night. Of the 551 people surveyed in St. Louis County, the following demographic information was gathered:

Race

- 39% "White"
- 21% "American Indian, Alaska Native, or Indigenous"
- 18% "Race Unknown"
- 10% "Black, African American, or African"
- 10% Multiple Races"

Gender

- Male 56%
- Female 44%

St. Louis County Unsheltered Survey

St. Louis County conducted a one-night survey of unsheltered homeless shelters and transitional housing programs in January 2022. The County's survey counted 606 people of which 234 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:

- 57% men/42% women/1%other gender
- 64% single individuals
- 121 were children under age 18
- 249 were chronically homeless
- 52% "White"
- 26% "American Indian, Alaska Native, or Indigenous"
- 11% "Black, African American, or African"
- 10% "Multiple Races"

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 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.

The Amherst H. Wilder Foundation

Table SN-1 through SN-11 provide detailed data from the survey conducted for the 2018 Minnesota Homeless Study by the Wilder Foundation on October 25th, 2018.

Number of Homeless in St. Louis County

- As shown, in St. Louis County, 760 people including adults, youth and children were homeless. Of that number, 586 were adults 18 years of age or older. Of all adults, 41% or 241 were in temporary facilities such as emergency shelter, domestic violence shelter or transitional housing. The remainder (59%) or 345 people were identified as unsheltered.
- In Minnesota, 10,185 people were identified as homeless including 2,694 people that were unsheltered. Of adults, age 18+, 6,728 people were identified as homeless including 2,211 people that were unsheltered.
- In 2018, the highest number of homeless individuals (390 people) in St. Louis County Minnesota were unsheltered (51%). St. Louis County accounted for 7.5% of all people identified as homeless in Minnesota but accounted for 13% of the people identified as unsheltered.

SPECIAL NEEDS

**TABLE SN-1
NUMBER OF HOMELESS
ST. LOUIS COUNTY
2018**

Housing Situation	Homeless Individuals in Temporary Housing Programs, Informal Housing, or Unsheltered			
	Total # of People	Total # of adults* age 18+	Total# of children with parents	Total # of unaccompanied minors < 18
Emergency shelter	152	121	15	16
Domestic violence shelters	47	29	18	0
Transitional housing	171	91	73	7
Rapid Re-housing	0	0	0	0
Unsheltered	390	345	45	0
TOTAL	760	586	151	23
Minnesota Total	10,185	6,728	3,265	192
Most Rapid Re-Housing (RRH) programs in MN were not included in the 2018 MN Homeless Study. Some programs were included that had maintained the same model of services and supports. These figures are included in Transitional Housing.				
*Homeless people age 18 and older, excluding children with parents and unaccompanied youth				
Sources: Wilder Research, "2018 Minnesota Homeless Study"; Maxfield Research & Consulting, LLC				

- According to the 2018 study, 186 people not in families were in shelters or temporary housing and 317 were not in shelters in St. Louis County. This compares to 3,150 people not in families in shelters and 2,001 people not in shelters in Minnesota. St. Louis County accounted for 6% of people not in families in shelters in Minnesota and 16% of people not in families that were unsheltered.
- Of those that participated in face-to-face interviews, 66% or 339 adults stated they are on a wait list for housing that provides financial assistance. Housing providing financial assistance was referred to as Section 8, Public Housing, or some other type of housing program. Statewide, the proportions were split evenly, with 50% identifying they are on a wait list.
- The median time for having been on a wait list for financially assisted housing in St. Louis Co. was 7 months versus 6 months for Minnesota. Only 6% of respondents in St. Louis Co. however, stated they had not been able to get on a wait list because it was closed versus 24% Statewide.
- Of note, 11% of homeless in St. Louis Co. had received a voucher but could not use it because they could not find a landlord that would accept it. The proportion in Minnesota was 7%. This suggests that the rental housing market is tighter in St. Louis Co. for affordable units and the number of landlords accepting vouchers may be lower than in Minnesota.

Age Distribution of Homeless in St. Louis County

- Table SN-2 shows that the median age of the homeless in St. Louis County was slightly lower than Minnesota at 36 years compared to 38 years in Minnesota.

TABLE SN-2 HOMELESS AGE DISTRIBUTION ST. LOUIS COUNTY MN AND STATEWIDE* 2018				
Age	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
18 to 21	53	10.1%	656	10.3%
22 to 24	46	8.8%	394	6.2%
25 to 29	77	14.7%	720	11.3%
30 to 39	139	26.5%	1,543	24.3%
40 to 49	102	19.4%	1,227	19.3%
50 to 54	47	9.0%	670	10.5%
55 to 59	39	7.4%	569	9.0%
60 to 69	21	4.0%	521	8.2%
70 to 79	1	0.2%	49	0.8%
80+	0	0.0%	2	0.0%
	525	100.0%	6,351	100.0%
Median age	36		38	
* People living in temporary housing programs or informal housing and identified unsheltered people, excluding youth less than 18 years of age and children staying with parents				
Sources: Wilder Research 2018. "Demographics and Education"				

- In St. Louis County, the largest number of homeless was those ages 30 to 39 (26.5%), followed by those 40 to 49 (19%). This is the same in Minnesota with 30 to 39 accounting for 24% and 40 to 49 at 19%.
- This table shows that, in general, the largest group of homeless is young to mid-age, between the ages of 25 and 50 years old accounting for 60.5% in St. Louis County and 55% in the State of Minnesota.

Age Distribution of Homeless in St. Louis County

- Table SN-3 shows the 66% of total number of people that are homeless in St. Louis County are not in a family. Minnesota in comparison has 57.5% people homeless not in families.
- The people not in families has fluctuated over the studies from 2012 to 2018. The increase in homeless people not in families increased 50% from 2015 to 2018.

SPECIAL NEEDS

- The number of homeless people in families has been steadily declining over each study from 323 people in 2012 to 257 people in 2018. A decline of 70% in St. Louis County while the State of Minnesota in comparison has only decreased 10% of the same period.

TABLE SN-3 HOMELESS PEOPLE IN & NOT-IN FAMILIES BY YEAR* ST. LOUIS COUNTY MINNESOTA						
No. of Homeless	2012		2015		2018	
	Number	Pct.	Number	Pct.	Number	Pct.
Not in Families	429	57.0%	335	54.3%	503	66.2%
In Families	323	43.0%	282	45.7%	257	33.8%
TOTAL	752	100.0%	617	100.0%	760	100.0%
* "People in Families" includes adults or youth with accompanying children. "People NOT in Families" includes singles and couples who do not have children accompanying them.						
Sources: Wilder Research: Minnesota Homeless Studies: 2012, 2015 and 2018						

Ethnic Background of the Homeless

- Table SN-4 presents information based on self-identification of ethnic background from the homeless that were surveyed in the study.
- As shown on the table, the largest number of homeless in St. Louis County was identified as White, Caucasian (49%) versus 36% in Minnesota. In St. Louis County, the homeless identifying as African American represented 15% versus nearly 35% in Minnesota.

TABLE SN-4 ETHNIC BACKGROUND OF HOMELESS SURVEYED ST. LOUIS COUNTY MN AND STATEWIDE 2018				
Racial/Ethnic background	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
White or Caucasian	258	49.2%	2,296	36.2%
African American	79	15.1%	2,206	34.7%
American Indian	124	23.7%	826	13.0%
Multiracial	53	10.1%	482	7.6%
Asian or Pacific Islander	0	0.0%	116	1.8%
African Native	1	0.2%	162	2.6%
Other	1	0.2%	162	2.6%
Not Specified	8	1.5%	100	1.6%
TOTAL	524	100.0%	6,350	100.0%
Sources: Wilder Research 2018. "Demographics and Education"				
Maxfield Research & Consulting, LLC				

SPECIAL NEEDS

- The second highest category in St. Louis County was American Indian at roughly 24%, significantly higher than the 13% in Minnesota as whole.
- St. Louis County also had a somewhat higher proportion of Multiracial homeless (10%) , but much less in other ethnic categories such as African born, Asian Pacific Islander, and Other (all less than 0.5%). Minnesota had nearly equal proportions of White, Caucasian (36%) and African American (34%).

Monthly Income of the Homeless

- As shown in the Table SN-5, the highest proportion of homeless people surveyed in St. Louis County had a monthly income of less than \$200 (32%). In Minnesota, the proportion was modestly lower at 27.5% for those with incomes below \$200, yet still the highest.
- An estimated 10% of homeless in St. Louis County, but 201% in Minnesota have a monthly income of \$1,000 or more.
- The mean monthly income for the homeless surveyed was \$498 in St. Louis County compared to \$684 in Minnesota while the median monthly income was \$400 in St. Louis County and \$550 in Minnesota. The lower median income versus the mean income reflects the higher proportion of homeless with extremely low incomes.
- At the mean and median income levels, the homeless are generally not able to afford to house themselves through the private market. Public housing may be available, but the wait lists are exceptionally long. Other life issues may be a challenge as well for many homeless requiring support services in addition to providing housing.

TABLE SN-5 MONTHLY INCOME OF THE HOMELESS SURVEYED ST. LOUIS COUNTY MN AND STATEWIDE 2018				
Monthly Income	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
Under \$200	150	31.8%	1,578	27.5%
\$200 to \$400	113	24.0%	916	16.0%
\$400 to \$600	28	5.9%	521	9.1%
\$600 to \$800	78	16.6%	981	17.1%
\$800 to \$1,000	53	11.3%	539	9.4%
\$1,000+	49	10.4%	1,194	20.8%
TOTAL	471	100.0%	5,729	100.0%
Mean Income	\$498		\$684	
Median Income	\$400		\$550	

Sources: Wilder Research 2018. "Income and Service Use"

Monthly Affordable Rent

Table HM-6 presents information on the monthly rent plus utilities that would be affordable to the homeless that responded to the survey in October 2015; data for October 2018 was not calculated through the survey.

- The table shows the mean affordable rent was \$303 in St. Louis County and \$387 in Minnesota as of 2015. Using a historical inflation factor of 2%, Maxfield estimates that the mean affordable rent would have increased to \$322 in St. Louis County and \$411 in Minnesota. The estimated 2018 median affordable rent is estimated at \$318 for St. Louis County and \$424 for Minnesota.
- According to 2015 data, 45% of St. Louis County homeless could afford no more than \$200 per month for rent and utilities. An estimated 22% each could afford a monthly rent of between \$201 and \$400 and between \$401 and \$600. Affordability percentages were a little higher in Minnesota for categories above \$200 per month.
- The average monthly market rate rent of \$691 for one-bedroom units (September 2023) in the Study Area, while affordable compared to most other similar markets, are higher than what is considered affordable by the surveyed homeless population.

TABLE SN-6				
MAXIMUM AFFORDABLE RENTS AMONG SURVEYED HOMELESS				
ST. LOUIS COUNTY MN AND STATEWIDE				
2015*				
Monthly Income	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
Under \$200	151	44.5%	1,740	37.1%
\$200 to \$400	75	22.1%	855	18.2%
\$400 to \$600	75	22.1%	995	21.2%
\$600 to \$800	36	10.6%	702	15.0%
\$800 to \$1,000	2	0.6%	282	6.0%
\$1,000+	0	0.0%	116	2.5%
TOTAL	339	100.0%	4,690	100.0%

2015	
Mean Affordable Rent	\$303
Median Affordable Rent	\$300

2018	
Mean Affordable Rent	\$322
Median Affordable Rent	\$318

* Data was not collected through the 2018 survey.

Note: 2018 mean and median rent figures were adjusted based on the average annual inflation rate of 2%.

Sources: Wilder Research 2015. "Housing History"

SPECIAL NEEDS

- The overall average vacancy rate is identified at 4.4%, showing that the overall rental market in the Study Area is nearly at equilibrium. However, market rate vacancies are at 3.7% and affordable vacancies are at 2.0% which are both below market equilibrium.
- Subsidized housing options on the other hand, which would likely attract those transitioning from homelessness, have a vacancy rate of 5.4%, which is well above the equilibrium (3%) indicating a saturated market for subsidized housing.
- Unless the household can obtain a Housing Choice Voucher or is in project-based Section 8 housing or public housing, there is little likelihood of being able to find housing at a cost level that is affordable to the vast majority of these households.
- Unless the household can obtain a Housing Choice Voucher or is in project-based Section 8 housing or public housing, there is little likelihood of being able to find housing at a cost level that is affordable to the vast majority of homeless households.

Size of Bedroom Needed

- Table SN-7 shows that the overwhelming housing need among the homeless population surveyed was for efficiency and one-bedroom units (65% in St. Louis County and 63% in Minnesota).
- Roughly 30% of those surveyed in St. Louis County indicated that they would need an efficiency unit, compared to 26% in the Metro Area. Another 35% in St. Louis County indicated a need for a one-bedroom unit compared to 36% in Minnesota.

TABLE SN-7 NUMBER OF BEDROOM SIZE NEEDED ST. LOUIS COUNTY MN AND STATEWIDE 2018				
No. of Bedroom	St. Louis County		Statewide	
	No.	Pct.	No.	Pct.
0BR or single-room occ.	157	30.1%	1,648	26.1%
1 BR	183	35.1%	2,282	36.2%
2 BR	129	24.7%	1,476	23.4%
3 BR	32	6.1%	667	10.6%
4BR +	21	4.0%	236	3.7%
TOTAL	522	100.0%	6,309	100.0%
Sources: Wilder Research 2018. "Housing History"				

- Two-bedroom account for 25% of the need in St. Louis County which is slightly higher than Minnesota at 23%.

SPECIAL NEEDS

- The data in the table suggests that the greatest needs are for singles that do not have children and would only require housing for themselves. All the units in the proposed development will have one-bedroom and the proposed HPH residents would be residing in these units.

Barriers to Finding Housing

- The data in Table SN-8 shows the most prevalent barriers for the homeless in finding housing that meets their needs in St. Louis County are:
 - No housing that the individual or household could afford (57%)
 - Credit problems (44%)
 - Criminal background (37%)
 - No local rental history and (34.5%)
 - Previous eviction actions (30%)
- All other barriers listed have percentages that are lower. The top 5 proportions for Minnesota are similar to those for St. Louis County with Lack of affordable housing the primary barrier (56%).

TABLE SN-8 BARRIERS TO FINDING HOUSING FOR HOMELESS ST. LOUIS COUNTY MN AND STATEWIDE 2018				
TOP 5 Barriers to Housing	St. Louis County		Statewide	
	Barrier Type	Pct.	Barrier Type	Pct.
1	No Housing Could Afford	57.4%	No Housing Could Afford	55.6%
2	Credit Problems	43.8%	Credit Problems	42.8%
3	Criminal Background	37.4%	No Local Rental History	30.1%
4	No Local Rental History	34.5%	Criminal Background	29.3%
5	Eviction Action, Unlawful Detainer, or Bad Rental History	30.3%	Eviction Action, Unlawful Detainer, or Bad Rental History	26.2%
6	Alcohol or Chemical Use	23.2%	Alcohol or Chemical Use	20.1%
7	No Transportation	20.8%	No Transportation	12.9%
8	Mental Health Problem	17.3%	Mental Health Problem	10.1%
9	Race (individual or family member)	9.1%	Family Size	9.3%
10	Family Size	6.5%	Race (individual or family member)	7.8%
11	Age	4.5%	Age	6.8%
12	Physical Ability	4.1%	Physical Ability	5.9%
Note: Survey respondents were able to select multiple barriers.				
Sources: Wilder Research 2018. "Housing History"				

Employment Status

- Table SN-9 shows that as of October 2018, 80% of St. Louis County homeless individuals indicated that they were unemployed at the time of the survey. In comparison, the percentage of unemployed homeless individuals in Minnesota is at 70%.

TABLE SN-9 EMPLOYMENT STATUS ST. LOUIS COUNTY MN AND STATEWIDE 2018				
Are you Currently Employed?	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
Yes	105	20.2%	1,864	29.6%
No	414	79.8%	4,438	70.4%
TOTAL	519	100.0%	6,302	100.0%

Sources: Wilder Research 2018. "Employment"

- In St. Louis County, only 24% of homeless individuals have worked in the past six months. Slightly lower than the State of Minnesota at 26%.

TABLE SN-10 TIMEFRAME FROM LAST JOB ST. LOUIS COUNTY MN AND STATEWIDE 2018				
Time Since Last Worked	St. Louis County		Statewide	
	Number	Pct.	Number	Pct.
Less than 6 months	90	24.3%	1,068	26.4%
6-12 months	77	20.8%	760	18.8%
13-24 months	8	2.2%	159	3.9%
25-36 months	41	11.1%	403	9.9%
37-48 months	22	5.9%	235	5.8%
over 48 months	114	30.7%	1,295	32.0%
Never held a job	19	5.1%	133	3.3%
TOTAL	371	100.0%	4,053	100.0%
Mean (days)	1,436		1,567	
Median (days)	730		570	

Sources: Wilder Research 2018. "Employment"

SPECIAL NEEDS

- The percentage (35.2%) of homeless individuals statewide who have not worked in the past 48 months or have never held a job is similar to those who have not worked in the past 48 months or never held a job in St. Louis County (35.8%).

Barriers to Employment

- The data in Table SN-8 shows the most prevalent barriers for the homeless in finding housing that meets their needs in St. Louis County are:
 - Mental & Chemical Health (34%)
 - Transportation (29%)
 - Physical Health (25%)
 - Housing (22%)
 - Criminal History (15%)
- All other barriers listed have much lower percentages. Physical Health (29%) is the highest barrier for the State of Minnesota.
- Four of the five top barriers to employment for are the same in St. Louis County and Minnesota however listed in a different order of priority. Criminal Resources and Lack of Resources are the only barriers that are dissimilar in the top five..

TABLE SN-11 BARRIERS TO EMPLOYMENT FOR HOMELESS ST. LOUIS COUNTY MN AND STATEWIDE 2018				
TOP 5 Barriers to Employment	St. Louis County		Statewide	
	Barrier Type	Pct.	Barrier Type	Pct.
1	Mental & Chemical Health	34.2%	Physical Health	29.3%
2	Transportation	28.6%	Transportation	25.9%
3	Physical Health	24.7%	Mental & Chemical Health	22.8%
4	Housing	21.9%	Housing	17.8%
5	Criminal History	15.0%	Lack of Resources	12.3%
6	Lack of Resources	10.8%	Criminal History	10.9%
7	Personal Reasons	10.3%	Personal Reasons	10.0%
8	Child Care (lack of)	7.1%	Child Care (lack of)	8.9%
9	Lack of Job Experience/Poor History	5.0%	Lack of Employment Opportunities	6.2%
10	Children (health, safety of)	3.4%	Lack of Job Experience/Poor History	5.6%
11	Lack of Employment Opportunities	2.7%	Lack of Education (cert./skills/language)	5.0%
12	Age (too old or too young)	2.5%	Age (too old or too young)	4.1%
13	Discrimination/Prejudice/Race	2.4%	Miscellaneous	3.8%
14	Lack of Education (cert./skills/language)	2.3%	Children (health, safety of)	2.3%
15	Miscellaneous	1.0%	Discrimination/Prejudice/Race	1.4%
Note: Survey respondents were able to select multiple barriers.				
Sources: Wilder Research 2018. "Employment"				

Comparison of Homeless Figures

Based on figures from the 2009, 2012, 2015 and 2018 studies completed by the Wilder Foundation, homeless populations in Minnesota increased between 2009 and 2012 exacerbated by the economic recession, decreased in 2015, but then increased again in 2018 as housing demand accelerated and a shortage of affordable housing has reduced housing availability for those most vulnerable and in need.

In October 2018, the Wilder Homeless Study counted a total of 10,185 homeless individuals in Minnesota, including 826 American Indians. In St. Louis County, the identified homeless totaled 760 people in St. Louis County, an increase of 143 people (23%) from October 2015. The increase was especially significant in the area of those identified as “unsheltered.” Unsheltered rose from 277 in October 2015 to 390 in October 2018, 41%.

Significant findings from the 2018 study as compared to the 2015 report are summarized below.

- People experiencing homelessness increased by 10% in Minnesota between 2015 and 2018.
- Homeless children and youth (age 24 years and younger) are similar to levels that were identified in 2015. Combined, they represent nearly half of the homeless population (46%).
- Families experiencing homelessness decreased overall from 2015 to 2018 by 5%.
- Homeless adults increased over 2015, especially those age 55 years or older (the target segment for the proposed housing development), up by 25%.
- People not in a formal shelter (outside or temporarily doubled up) increased substantially since 2015 (up by 62%).
- More of the homeless are remaining outside of shelters. In many cases, the homeless are afraid to stay in emergency shelters because of fears of personal safety and crime. Staying outside of shelters, however, presents other safety and security challenges. Older adults, especially, often feel vulnerable.
- Consistent with findings from the 2009, 2012 and 2015 reports, the 2018 study showed high levels of distress among the homeless, including high rates of mental illness, physical disabilities, or substance abuse disorder. In addition, an increasing lack of affordable housing and increasing barriers among the homeless to securing affordable housing continue to be prevalent. Homelessness is often preceded by adverse childhood experiences.

- The average monthly rent in the Hibbing Study Area in 2023, according to the US Census ACS data was \$645 per month and \$807 for the surveyed properties within the Study Area, both above the monthly income level for the homeless.
- In 2018, an estimated 79% of the homeless population in St. Louis County was unemployed, compared to 71% in Minnesota with a median number of days unemployed of two years.
- Unemployed homeless proportion increased between 2015 and 2018 according to the survey. Possibly a result of limited availability of housing, where it is difficult to maintain a job if one does not have safe, secure housing. Increasingly, employers are cutting hours of low-wage jobs, moving full-time to part-time or independent contractor status. This eliminates benefits for most low-wage employees who are already experiencing precarious lifestyle situations. These trends tend to increase those at-risk of becoming homeless. Rapidly rising rents is making more difficult for many households. Minnesota Housing Partnership's State of the State's Housing Report identified that between 2010 and 2017, median rent increased by 13% to \$906 per month and the median home value increased by 15% to \$199,700. In the 2018 Minnesota Homeless Study, homeless adults reported a median monthly income of \$550. Thus, homeless households cannot afford either the median monthly rent or the cost of a home.

Homeless Units

As of October 2018, St. Louis County was estimated to have 760 adults that were homeless and were being assisted in emergency shelters, domestic violence shelters or in transitional housing or unsheltered. Rising rents, the tight housing market, and limited wage growth in semi- and unskilled employment have contributed to the destabilization of the housing market. Individuals who at one time were able to maintain a permanent living situation, may now find themselves without gainful employment, adequate health care, and in destabilized living situation.

Persons with Disabilities

Incidence Level

Data on the number of people in the Study Area with disabilities was obtained from the 2021 American Community Survey and adjusted to 2023 estimates. 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 SN-13 shows the number of people by age group who are classified as having a disability. The table also shows the number of people, who because of their disability also have difficulty with hearing, vision, cognitive, ambulatory, self-care, and independent living.

TABLE SN-12 TYPE OF DISABILITY BY AGE OF NON-INSTITUTIONALIZED PEOPLE HIBBING STUDY AREA 2023			
	Hibbing	Remainder of Study Area	Study Area Total
Age 5 to 17 years			
With a Disability	77	140	217
No Disability	2,649	2,264	4,913
Total	2,726	2,404	5,130
Hearing difficulty	0	7	7
Vision difficulty	6	0	6
Cognitive difficulty	71	145	217
Ambulatory difficulty	0	10	10
Self-care difficulty	13	34	47
Independent living difficulty	--	--	--
Subtotal	91	196	286
Age 18 to 64 years			
With a Disability	1,606	1,054	2,660
No Disability	7,547	6,307	13,853
Total	9,153	7,361	16,513
Hearing difficulty	256	275	531
Vision difficulty	222	128	351
Cognitive difficulty	747	472	1,218
Ambulatory difficulty	549	479	1,029
Self-care difficulty	173	119	292
Independent living difficulty	403	417	819
Subtotal	2,350	1,890	4,240
Age 65 years and over			
With a Disability	918	1,073	1,991
No Disability	2,586	2,084	4,670
Total	3,504	3,157	6,661
Hearing difficulty	396	541	938
Vision difficulty	201	148	350
Cognitive difficulty	138	314	452
Ambulatory difficulty	575	611	1,185
Self-care difficulty	180	121	301
Independent living difficulty	338	375	713
Subtotal	1,829	2,110	3,939
Total Disabilities	2,601	2,266	4,868
Pct. of Population	16.9%	17.5%	17.2%
St. Louis County			14.9%
Minnesota			11.7%
Sources: Census Bureau 2021 American Community Survey; Maxfield Research & Consulting, LLC			

The following are key points from Table SN-13. It should be noted that a person can have more than one disability.

- In the Hibbing Study Area, a total of 4,868 people are estimated to be classified with a disability in 2023, or about 17% of the total population. In comparison, 12% of the State's population was classified with a disability.
- In Hibbing in 2023, an estimated 2,524 people ages 18 and over were identified as having a disability. Because of the disabilities, 173 people ages 18 to 64 had difficulty with self-care, 549 people have ambulatory difficulty, and 747 have cognitive difficulty.
- With these difficulties, maintaining employment can be a challenge. Of those people with 18 to 64 in the labor force in Hibbing (6,845) in 2023, about 7% are employed with disabilities while only 1% are unemployed. In addition, nearly half (45%) of the people 18 to 64 in Hibbing not in the labor force have a disability. These individuals may need affordable housing with or without supportive services. Most of these people may be seniors.

Housing Programs

Based on a Minnesota Department of Human Services database of licensed facilities, we estimate that Hibbing has a total of 131 beds in 39 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 Study Area are shown below by type of facility.

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 eight 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 with three 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 32 and 42 units, respectively. 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.

SPECIAL NEEDS

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.

Inventory of Housing for Disabled Persons, Hibbing Study Area September 2023			
	Total Facilities	Total Beds	Program Description
Adult Foster Care	8	31	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	6	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	0	-	Intensive Residential Treatment Services (IRTS) facility designed to enhance psychiatric stability and personal and emotional adjustment. Converted from Rule 36 Facility in February 2005.
Community Residential Setting	25	100	A licensed residential setting that serves adults and where the license holder does not reside. This setting typically uses a shift-staff model of support (i.e., paid staff works shifts on a 24-hour basis). In this type of setting, at least one person receives community residential services funded by an HCBS waiver program.
Total	39	131	
Sources: MN Dept. of Human Services; Maxfield Research & Consulting, LLC			

Introduction

Maxfield Research & Consulting, LLC was engaged to quantify the demand potential for housing development in the City of Hibbing from 2023 to 2035. Earlier sections of this report examined growth trends and demographic characteristics of the household base, employment trends, housing characteristics, along current and pending housing options in the Hibbing Study Area.

This section of the report quantifies demand for general occupancy ownership housing and rental housing (market rate and affordable) from 2023 to 2035, as well as senior housing demand in 2023 and 2028.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. Entry-level householders

- Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. First-time homebuyers and move-up renters

- Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly priced single-family homes or rent more upscale apartments.

3. Move-up homebuyers

- Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

5. Younger independent seniors

- Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for housing upkeep and maintenance. Generally in their late 60's or 70's.

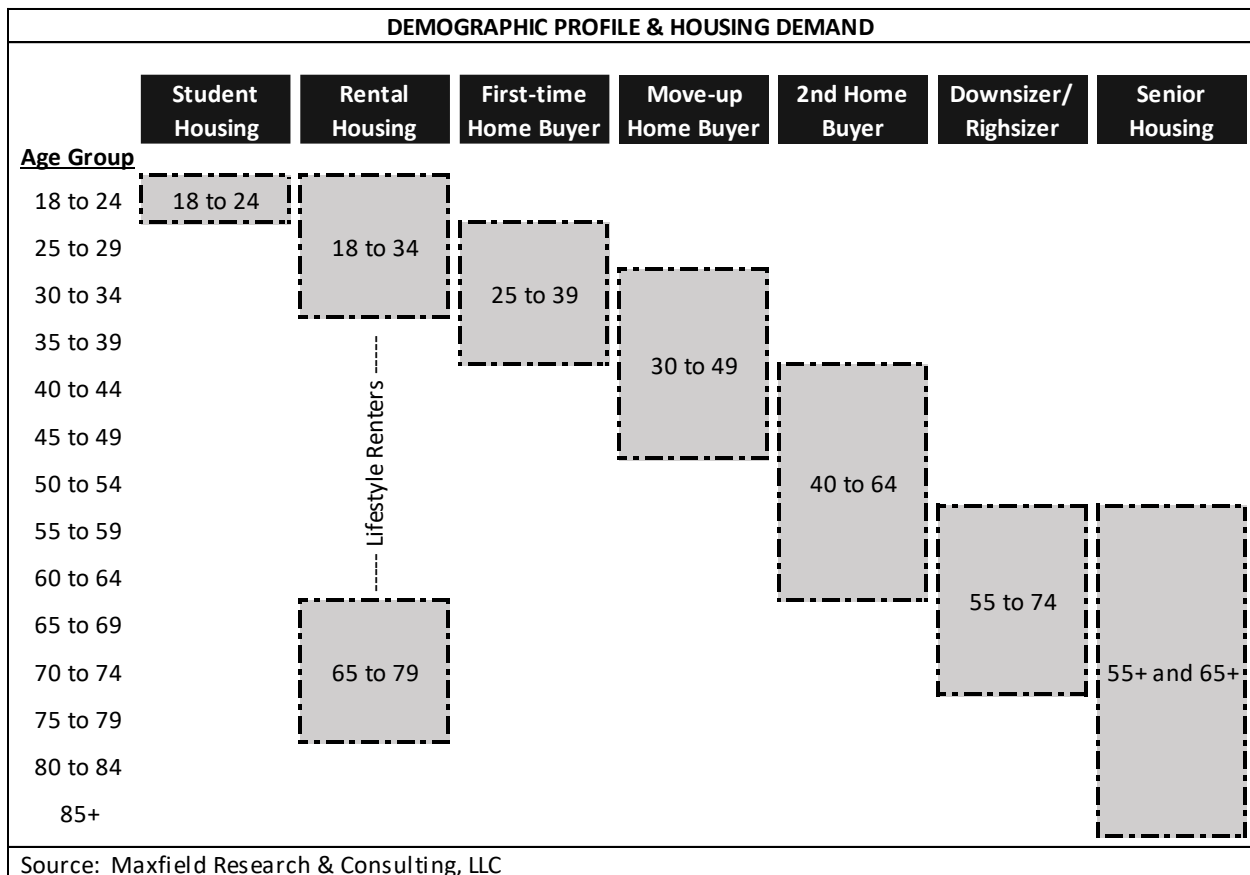
6. Older seniors

- 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.

Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough vacant housing available to absorb the increase in households.

Demand is also affected by shifting demographics such as the aging population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The following graphic provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.



Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to

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move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

The figure on the following page depicts a summary of life cycle housing product types. Information on typical homes sizes, lot sizes, number of bedrooms and bathrooms, and typical target market are provided. This figure is intended to reflect general characteristics of various housing product types and does not reflect recommendations for new housing development in Hibbing. Development recommendations are presented later in this section of the report.

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR 2 BA	60'-80'+ wide lot 2.5-3.0 DU/Acre
	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR 2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR 2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
	Entry-level townhomes	First-time buyers: Singles, couples w/no children	1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+	6.0-12.0 DU/Acre
	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR 2BA+	6.0-8.0 DU/Acre
	Executive townhomes/twin homes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Condominiums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR 2BA	8.0-12.0 DU/Acre
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR 1-2 BA	Varies considerably based on senior product type

Source: Maxfield Research & Consulting, LLC

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Hibbing Study Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Hibbing.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following bullet points outline several of the key variables driving housing demand.

Demographic Trends

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy & Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases.

Limited job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice

A variety of factors contribute to consumer choice and preferences. Many times, a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The existing housing stock plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement

new construction, or new home construction as the current inventory does not provide the supply that consumers seek. Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Financing

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation, and medical care.

The ability of buyers to obtain mortgage financing has recently been challenging as interest rate hikes in 2022 and 2023 by the Federal Reserve has decreased affordability for buyers. Although still historically low, rising interest rates combined with rising housing costs has decreased affordability coming out of the pandemic and will constrain affordability in the year(s) to come.

Mobility

It is important to note that demand is somewhat fluid between Hibbing and the surrounding areas/Iron Range and will be impacted by development activity in nearby areas, including other communities outside of the Study Area. Much of the housing demand in a community is generated by the turnover of existing households. Satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in Hibbing between 2023 to 2035.

The 65 and older cohort is typically not a target market for new single-family homes as many of these households will remain in their single-family homes or may relocate to owned multifamily or a senior housing option. For the purpose of this analysis, we include all households under age 65. Using household income by age of householder data, the Hibbing Study Area is expected to have no household growth from 2023 to 2035. We estimate that 73% would choose to own their housing, but due to the projected negative growth in households among households under 65, there is no new demand from new general occupancy for-sale housing units from 2023 to 2035 from the younger age cohorts.

TABLE HD-1 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND HIBBING STUDY AREA 2023 to 2035			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household growth in the PMA 2022 to 2035 ¹		0	
(times) Propensity to Own ²	x	73%	
(equals) Number of potential owner households from HH growth	=	0	
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Number of owner households (under age 65) in the PMA, 2023	=	6,336	
(times) Estimated % of owner turnover (age 64 and younger, 2023 to 2035) ³	x	52%	
(equals) Total existing households projected to turnover between 2023 and 2035	=	3,273	
(times) Estimated % desiring new owner housing	x	10%	
(equals) Demand from existing households	=	327	
Total Demand From Household Growth and Existing Households, 2023 to 2035	=	327	
(times) Ownership demand generated from outside the PMA	+	20%	
(equals) Total demand potential for ownership housing in the PMA	=	409	
% of PMA Demand Capturable in the City of Hibbing	x	60%	
Demand from Household Growth and Existing Households in Hibbing	=	245	
		Single Family	Multi-family*
(times) Percent desiring for-sale single family (SF) vs. multifamily (MF) ⁴	x	75%	25%
(equals) Total demand potential for new for-sale housing in Hibbing	=	184	61
¹ Estimated household growth based per ESRI and Maxfield Research & Consulting, LLC			
² Pct. Owner households under age 65 in 2023			
³ Based on household turnover and mobility data (2021 American Community Survey, Five Year Estimates).			
⁴ Based on new construction sales data, building permit data, and growth projections by age group.			
* Multifamily demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research & Consulting, LLC			

However, additional demand is also forecast from existing Hibbing Study Area households through turnover. There are an estimated 6,336 owner-occupied households under 65 in the Hibbing Study Area in 2023. Based on mobility data from the Census Bureau, an estimated 52% of owner households will turn over in a 12-year period, resulting in 3,273 existing households projected to turn over. Finally, we estimate 10% of the existing owner households would seek new for-sale housing, resulting in demand for 327 for-sale units to 2035.

Next, we estimate that 20% of the total demand for new for-sale units in the Market Area will come from people currently living outside of the Study Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters and new employees at companies in or near the Study Area. Adding demand from outside the Study Area to the existing demand potential, results in a total estimated demand for about 410 for-sale housing units to 2035. Because Hibbing is the largest community, economic driver, and amenity hub of the Study Area, we estimate 60% of for-sale demand will be captured in Hibbing resulting in demand for 245 for-sale housing units.

Based on land availability, building trends, and demographic shifts (increasing older adult population), we estimate that 75% of the for-sale owners will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, detached townhomes, or condominiums).

We anticipate there will be demand for 184 single-family lots/homes and 61 multifamily lots/units to 2035 in Hibbing.

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 on the following page presents our calculation of general occupancy rental housing demand in the Study Area between 2023 and 2035. Factors considered include competitiveness of area rental properties, pending developments, demographic trends, and population shifts. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the Study Area; and,
2. From existing households that will remain in the Study Area because new product is available, and they value other area amenities including proximity to education, employment, entertainment, and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. For this analysis, we focus on households between the ages of 18 and 64 that will account for most general occupancy rental demand.

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TABLE HD-2 DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING HIBBING STUDY AREA 2023 to 2035				
Demand From Household Growth				
Projected household growth in the PMA 2023 to 2035 ¹			0	
(times) Proportion Estimated to Be Renting Their Housing ³	x		27%	
(equals) Projected Demand for Rental Housing Units	=		0	
Demand From Existing Households				
Number of renter households in the PMA, 2023 ⁴	=		2,821	
(times) Estimated % of renter turnover between 2023 & 2035 ⁵	x		91%	
(equals) Existing Renter Households Projected to Turnover, 2023 to 2035	=		2,554	
(times) Estimated % Desiring New Rental Housing ⁶	x		17.5%	
(equals) Demand From Existing Households	=		447	
Total Demand From Household Growth and Existing Households			447	
(plus) Rental demand from outside the PMA	+		20%	
(equals) Potential Demand for Rental Housing in the PMA (2023 to 2035)	=		559	
(times) Percent of PMA Demand Capturable in the City of Hibbing	-		60%	
(equals) Total Demand for Rental Housing in Hibbing	=		335	
		Deep Subsidy	Shallow Subsidy	Market Rate
(times) Percent of rental demand by product type ⁷	x	10%	35%	55%
(equals) Total demand for new general occupancy rental housing units	=	34	117	184
(minus) Units under construction or approved*	-	0	0	0
(equals) Excess demand for new general occupancy rental housing	=	34	117	184
¹ Projected household growth ³ Pct. Estimated Renter households in 2023. ⁴ Renter households age 64 and younger plus 20% of renter households age 65 and older. ⁵ Based on household turnover and mobility data (2021 American Community Survey, Five Year Estimates). ⁶ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council. ⁷ Based on a combination of current rental product, income limits, and household incomes of area renters. *Pending competitive units at 95% occupancy.				

Next, we calculate the percentage of household growth that will likely rent their housing. The Hibbing Study Area is projected to have no household growth over the decade as the population and households for those under the age of 65 are projected to decline. Thus, there is no demand for general occupancy rental housing units in the Study Area from future household growth through 2035.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility

rates were calculated for the renter population based on American Community Survey data and were applied to the existing renter household base.

As of 2023, there are an estimated 2,821 renter households (age 65 and under) in the Study Area that comprise the primary market for general occupancy rental housing. Based on household turnover data from the 2021 American Community Survey, we estimate that 91% of these renter households will turn over between 2023 and 2035. This estimate results in anticipated turnover of 2,554 existing households in the Study Area by 2035. We then estimate the percentage of the existing renter households that will seek new rental housing (17.5%) resulting in demand for 447 units from turnover by 2035.

Together with demand from projected household growth and turnover, the total demand for rental housing is summarized. Total demand for general occupancy rental housing between 2023 and 2035 is 447 units in the Study Area.

Strong demand will also come from households that would move to a rental project in the Study Area who currently reside outside the Study Area, specifically those households seeking to relocate to the area for employment. We estimate that 20% of the demand potential for rental housing in the Study Area would be derived from outside the Study Area, increasing demand to 559 units between 2023 and 2035.

Due to factors such as the geographic distribution of the renter population in the Study Area along with the location of services (entertainment, shopping, education, etc.), we anticipate that the City of Hibbing can capture 60% of the demand potential in the Study Area. Based on this capture rate, we find demand for 335 new general occupancy rental units in Hibbing between 2023 and 2035.

Based on a review of renter household incomes and income limits set by HUD, we estimate that an estimated 10% of the total demand will be for deep-subsidy housing, 35% will be for shallow-subsidy housing and 55% will be for market rate housing. Next, we subtract pending rental projects in the market area. At the time of this study, there were no pending rental developments in process currently.

In total, we estimate that there is demand for 184 market rate rental units, 117 shallow-subsidy units, and 34 deep-subsidy units in Hibbing between 2023 and 2035.

Short-Term Senior Housing Demand Analysis

Demand Analysis Tables HD-3 through HD-7 on the following pages present our demand calculations for short-term (2023 and 2028) senior housing demand in Hibbing, including market rate active adult demand, affordable and subsidized active adult senior demand, independent living with services available demand, assisted living demand, and memory care demand.

Demand methodology employed by Maxfield Research utilizes capture and penetration rates that blend national senior housing trends with local market characteristics, preferences, and patterns. Our demand calculations consider the following target market segments for each product types:

Market Rate Active Adult Rental and Ownership Housing: Target market based includes age 55+ older adult and senior households with incomes of \$45,000 or more and senior homeowners with incomes between \$40,000 and \$44,999.

Affordable/Subsidized Independent Housing: Target market based includes age 55+ older adult and senior households with incomes of \$43,380 or less.

Congregate Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with congregate housing. Income-ranges considered capable of paying for congregate housing are the same as for active adult housing.

Assisted Living Housing: Target market base includes older seniors (age 75+) who would be financially able to pay for private pay assisted living housing (incomes of \$40,000 or more and some homeowners with incomes below \$40,000). Additional demand for subsidized assisted living is not included in this demand but would result in greater demand for assisted living housing if considered.

Memory Care Housing: Target market base includes age 65+ seniors who would be financially able to pay for housing and service costs associated with memory care housing. Income ranges considered capable of paying for memory care housing (\$60,000 or more) are higher than other service levels due to the increased cost of care.

The demand capturable from outside of the Study Area is lower for senior housing compared with general occupancy due to seniors typically have less mobility and prefer to remain within or near the community they current live in.

Existing senior housing units are subtracted from overall demand for each product type.

Market Rate Adult/Few Services Senior Housing Demand

Demand Analysis Table HD-3 presents our demand calculations for market rate active adult/few services housing in Hibbing in 2023 and 2028. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of \$45,000 or more plus homeowner households with incomes between \$40,000 and \$44,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort.

We estimate there are 4,454 age-, income- and asset-qualified Study Area households that comprise the market for active adult housing in 2023, increasing to 4,561 qualified households in 2028.

- These income qualifications account for the pricing (rent and home values) of existing market rate active adult rental and owner product in the Study Area.
- New construction active adult developments would likely be priced higher than much of the existing product, so higher household incomes would be needed to support new active adult housing in the Study Area.

Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 55 to 64, 6.5% of households age 65 to 74, and 15.0% of households age 75 and older) results in a demand potential for 260 active adult housing units in 2023 and 297 units in 2028. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be willing, able, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the Study Area will generate 15% of the demand for active adult housing – increasing demand to 305 active adult units in 2023. Demand from outside Study Area includes parents of adult children living in the area, individuals who live outside the city but have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

Demand for market rate active adult/few services housing in the Study Area is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product, and trends for active adult housing products, we project that 60% of the demand will be for owner-occupied active adult housing (183 units), and the remaining 40% of demand will be for active adult rental housing units (122 units) in 2023.

TABLE HD-3 MARKET RATE ACTIVE ADULT/FEW SERVICES HOUSING DEMAND HIBBING STUDY AREA 2023 & 2028						
	2023			2028		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >45,000 ¹	1,907	1,494	713	1,686	1,654	909
# of Households w/ Incomes of \$40,000 to \$44,999 ¹	+ 115	162	140	+ 75	149	159
(times) Homeownership Rate	x 79%	85%	79%	x 79%	85%	79%
(equals) Total Potential Market Base	= 1,998	1,632	824	= 1,745	1,781	1,035
(times) Potential Capture Rate	x 1.5%	6.5%	15.0%	x 1.5%	6.5%	15.0%
(equals) Demand Potential	= 30	106	124	= 26	116	155
Potential Demand from SA Residents	= 260			= 297		
(plus) Demand from Outside SA (15%) ²	+ 46			+ 52		
(equals) Total Demand Potential	= 305			= 350		
	Owner		Renter	Owner		Renter
(times) % by Product Type	x 60%		x 40%	x 60%		x 40%
(equals) Demand Potential by Product Type	= 183		= 122	= 210		= 140
(minus) Existing and Pending MR Active Adult Units ³	- 57		- 5	- 57		- 5
(equals) Excess Demand for MR Active Adult Units	= 126		= 117	= 153		= 135
(times) Percent capturable in Hibbing	x 60%			x 60%		
(equals) # of units supportable in Hibbing	= 76		70	= 92		81

¹ 2028 calculations define income-qualified households as all households with incomes greater than \$50,000 and homeowner households with incomes between \$45,000 and \$49,999.

² We estimate that roughly 15% of demand will come from outside of the Study Area.

³ Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

From the demand potential, we subtract existing and pending active adult units in the Study Area at 95% occupancy. We identified two market rate active adult ownership projects and one market rate rental projects, totaling 66 units. Overall, we subtract 57 competitive ownership units and 5 competitive rental units from the 2023 demand potential after accounting for a 5% vacancy rate.

We would then incorporate pending active adult units in the Study Area and subtract the total from the 2028 demand potential, however, we did not identify any market rate active adult projects planned or under construction in Study Area.

In total, we find excess demand for 126 market rate active adult ownership units and 117 market rate active adult rental units in 2023. Adjusting for inflation, we estimate that households with incomes of \$50,000 or more and homeowners with incomes of \$45,000 to \$49,999 would be candidates for active adult housing in 2028. Following the same methodology, we project that excess demand will increase to 153 market rate active adult ownership units and 135 market rate active adult rental units by 2028.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Hibbing can capture 60% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 76 market rate active adult owner-occupied units and 70 market rate rental units in Hibbing in 2023, increasing to 92 ownership units and 81 rental units in 2028.

Affordable/Subsidized Active Adult Senior Housing Demand

Table HD-4 on the following page presents our demand calculations for affordable (shallow-subsidy and deep-subsidy) active adult/few services senior housing in Hibbing in 2023 and in 2028. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to quantify demand more precisely among this market segment.

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2023. Households earning between 30% and 60% of AMI are generally candidates for shallow-subsidy housing, while households earning less than 30% AMI are typically a market for deep-subsidy housing. The income-restriction in St. Louis County for a two-person household at 30% AMI is \$21,690 and the income-restriction for a two-person household at 60% AMI is \$43,380.
- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those not in need-based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the Study Area, we apply a conservative 15% capture rate to the age/income-qualified market to arrive at a total potential demand in the Study Area.

Using the methodology described above results in a demand potential for a total of 408 affordable (shallow-subsidy and deep-subsidy) active adult housing units in 2023. An additional proportion is added for senior households that would move into affordable active adult housing in the Study Area who currently reside outside of the Study Area. We estimate that seniors currently residing outside the Study Area will generate 15% of the demand for shallow/deep-subsidy active adult senior housing, increasing demand to 480 units.

Based on the existing and projected distribution of households with incomes below \$43,380, we estimate the proportion of demand for shallow-subsidy and deep-subsidy units. We estimate that 50% of the demand will be for deep-subsidy units and 50% will be for shallow-subsidy units. In total, we estimate that there is a total demand for 240 deep-subsidy units and shallow-subsidy units in 2023.

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Next, we subtract existing competitive units. We identified three age -restricted, deep-subsidy projects in the Study Area with a total of 177 units. There are no shallow-subsidy rental developments in the Study Area. Overall, we subtract 173 deep-subsidy units from the demand potential after accounting for a 3% vacancy rate, resulting in 67 units of excess demand for deep-subsidy units and 240 shallow-subsidy units in 2023.

TABLE HD-4 AFFORDABLE AND SUBSIDIZED ACTIVE ADULT/FEW SERVICES SENIOR HOUSING DEMAND HIBBING STUDY AREA 2023 & 2028						
	2023			2028		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$43,380 ¹	874	1,037	1,261	631	1,034	1,486
Less Households w/ Incomes of \$35,000 to \$43,280 ¹	- 152	215	185	- 135	261	285
(times) Homeownership Rate	x 79%	85%	79%	x 79%	85%	79%
(equals) Total Potential Market Base by Age	= 754	853	1,115	= 524	811	1,261
(equals) Total Potential Market Base	= 2,722			= 2,596		
(times) % of Seniors Needing/Desiring Affordable/Sub. Hsg	x 15%			x 15%		
(equals) Potential Demand from SA Residents	= 408			= 389		
(plus) Demand from Outside SA (15%)	+ 72			+ 69		
(equals) Total Demand Potential	= 480			= 458		
Product (Subsidy) Type	Deep-Subsidy		Shallow-Subsidy	Deep-Subsidy		Shallow-Subsidy
(times) % by Product Type	x 50%		x 50%	x 50%		x 50%
(equals) Demand Potential by Product Type	= 240		= 240	= 229		= 229
(minus) Existing and Pending Affordable/Subsidized Units ²	- 173	- 0		- 173	- 0	
(equals) Excess Demand for Affordable Units	= 67	= 240		= 56	= 229	
(times) Percent that could be captured in Hibbing	x 60%			x 60%		
(equals) Excess affordable/subsidized demand in Hibbing	= 40	144		= 34	137	
¹ 2028 calculations adjusted for inflation (1.0% annually). Homeowner households with incomes between \$30,000 and \$40,000 are excluded from the market potential for financially-assisted housing.						
² Existing units are deducted at market equilibrium, or 95% occupancy.						
Source: Maxfield Research & Consulting, LLC						

To calculate demand in 2028, we increase the income-qualifications to account for inflation and would incorporate pending affordable senior housing units. We did not identify any affordable senior housing developments under construction or approved in the Study Area.

Following the same methodology as outlined above for 2023, excess demand is projected to decrease to 56 deep-subsidy units and decrease to 229 shallow-subsidy units in the Study Area in 2028.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Hibbing can capture 60% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 40 deep-subsidy units and 144 shallow-subsidy units in Hibbing in 2023, declining to 34 deep-subsidy units and 137 shallow-subsidy units in 2028.

Demand for Independent Living Senior Housing

Demand Analysis Table HD-5 on the following page presents our demand calculations for independent living senior housing with some services available in Hibbing in 2023 and 2028. This analysis focuses on the potential private pay/market rate demand for independent living units in the City.

In order to arrive at the potential age-income qualified base for independent senior housing, we include all senior households with incomes of \$40,000 or more and homeowners with incomes between \$35,000 and \$40,000 who would qualify with the proceeds from a home sale (this proportion was estimated based on the homeownership rates for each age cohort).

Senior householders with incomes of \$40,000 allocating 65% of their income toward base housing cost could afford beginning rents of approximately \$2,170. Householders with incomes of \$35,000 allocating 65% of their income toward rent and using the proceeds from an older home sold at the median sale price in the city (\$130,000) could afford rents of about \$2,374 per month.

- We estimate the number of age/income/asset-qualified households in the Study Area to be 3,045 households in 2023, increasing to 3,366 households in 2028.

Demand for independent living senior housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with at least three Instrumental Activities of Daily Living (IADLs), but not six or more Activities of Daily Living (ADLs) and IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2007 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in ADLs (bathing, dressing, toileting, transferring, eating) and IADLs (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs		
Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs and are more likely to be candidates for service-intensive assisted living. The prime candidates for independent living are seniors needing assistance with IADLs, but not ADLs.

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We derive the capture rate for independent living housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors between the ages of 65 and 74 and 9.0% of seniors 75 years of age or older.

TABLE HD-5 INDEPENDENT LIVING (CONGREGATE) DEMAND HIBBING STUDY AREA 2023 & 2028				
	2023		2028	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Householders w/ Incomes of \$40,000+ in 2023 / \$45K in 2028	1,656	853	1,799	1,068
(plus) HHs w/ Incomes of \$30K-\$40K in '23 & \$35K-\$45K in '28	299	355	291	317
(times) Homeownership Rate	x 85%	x 79%	x 85%	x 79%
(equals) Potential Market	= 255	= 281	= 249	= 251
(equals) Total Potential Market Base	= 1,911	= 1,134	= 2,048	= 1,319
(times) Potential Capture Rate of Independent Living Demand ¹	x 1.5%	x 13.5%	x 1.5%	x 13.5%
(equals) Potential Demand	= 29 + 153	= 31 + 178	= 31 + 178	= 31 + 178
Total Local Demand Potential	= 182	= 209	= 209	= 209
(plus) Demand from Outside the Study Area (15%)	+ 32	+ 37	+ 37	+ 37
(equals) Total Demand Potential	= 214	= 246	= 246	= 246
(minus) Existing & Pending Competitive Units ²	- 0	- 0	- 0	- 0
(equals) Excess Independent Demand Potential	= 214	= 246	= 246	= 246
(times) Percent capturable in Hibbing	x 70%	x 70%	x 70%	x 70%
(equals) # of Units Supportable in Hibbing	= 142	= 163	= 163	= 163
¹ The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2007 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living.).				
² Competitive existing and pending units at 95% occupancy (market equilibrium).				
Source: Maxfield Research & Consulting, LLC				

For the purposes of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75 and older age group to 13.5%.

- Multiplying the senior household base by these capture rates results in demand potential for 182 independent living units in 2023 and 160 units in 2028.

We estimate that seniors currently residing outside the Study Area will generate 15% of the demand for independent senior housing – increasing total demand by 32 units in 2023. This demand consists primarily of parents of adult children living in the Hibbing, individuals who live just outside the Study Area and have an orientation to the area, retirees who wish to relocate, and former residents who want to return upon retirement.

Together, the demand from Study Area seniors and demand from seniors who would relocate to the area totals 214 independent living units in 2023 increasing to 246 units in 2028 as the population continues to age this decade.

Next, existing, and pending independent living units are subtracted from overall demand. There are no designated independent living developments in the Study Area. The only current option are projects that offer assisted living services and target residents with higher need of help with ADL's. Thus we do not subtract any units as competitive from the 2023 demand potential. We also did not identify any planned or pending developments in the Study Area through 2028.

Without any independent living developments in the Study Area, excess demand remains for 214 independent living units in the Study Area in 2023 with demand increasing by 2028 to 246 units.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Hibbing can capture 70% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 142 congregate units in Hibbing in 2023, increasing to 163 congregate units in 2028.

Demand for Assisted Living Senior Housing

Demand Analysis Table HD-6 presents our demand calculations for assisted living housing in Hibbing in 2023 and 2028. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in Hibbing.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008.

Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2023, there are an estimated 3,022 seniors ages 75 and over in the Study Area, and we project that this number will increase to 3,657 in 2028.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics (Health, United States, 1999

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Health and Aging Chartbook), about 35% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year-olds). Applying these percentages to the senior population yields a potential assisted living market of an estimated 1,088 seniors in the Study Area in 2023 and 1,289 seniors in 2028.

TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND HIBBING STUDY AREA 2023 & 20283						
Age group	2023			2028		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	1,238	25.5%	316	1,565	25.5%	400
80 - 84	828	33.6%	279	1,061	33.6%	357
85+	956	51.6%	494	1,031	51.6%	532
Total	3,022		1,088	3,657		1,289
(times) Percent Income-Qualified ²			x 57%			x 58%
Total potential market			620			748
(times) Percent living alone			x 58%			x 58%
(equals) Age/income-qualified singles needing assistance			= 362			= 437
(plus) Proportion of demand from couples (12%) ³			+ 48			+ 57
(equals) Total age/income-qualified market needing assistance			= 410			= 494
(times) Potential penetration rate ⁴			x 40%			x 40%
(equals) Potential demand from PMA residents			= 166			= 200
(plus) Proportion from outside the SA (15%)			+ 29			+ 35
(equals) Total potential assisted living demand			= 195			= 235
(minus) Existing market rate assisted living units ⁵			- 155			- 155
(equals) Total excess market rate assisted living demand			= 40			= 80
(times) Percent that could be captured in Hibbing			x 70%			x 70%
(equals) Excess market rate assisted living demand in Hibbing			= 28			= 56
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy. Minus an estimated 20% Elderly Waiver residents.						
Source: Maxfield Research & Consulting, LLC						

Due to the supportive nature of assisted living, most daily essentials are included in monthly fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We

consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the Study Area. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees. According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). Beginning fee for studio and one-bedroom assisted living units typically costs about \$3,500 per month. This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

An estimated 79% of age 75 and older households in the Study Area are homeowners and the estimated median sale price for homes in Hibbing was \$130,000 through August 2023. Seniors selling their homes for the median price would generate roughly \$122,000 in proceeds after selling costs.

- With a monthly fee of \$3,500 for an assisted living unit and services, the proceeds of a home sale would last about 3 years (35 months) in assisted living housing, which is longer than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

For the age groups in the following table, we estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, to live in assisted living housing). This results in a total potential market for 620 units from the Study Area as of 2023.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors 75 years of age or older in the Study Area living alone, or 58% based on Census data. This results in a total base of 362 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples results in a total of 410 age/income-qualified seniors needing assistance in the Study Area in 2023.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 166 assisted living units in 2023.

A portion of demand for assisted living units in the Study Area (15%) will come from outside the Study Area. This secondary demand includes seniors currently living just outside the Study Area, former residents, and parents of adult children who desire supportive housing near their

adult children. Applying this figure results in total potential demand for 195 assisted living units in 2023.

Next, existing assisted living units are subtracted from overall demand. There are seven existing facilities in the Study Area with a total of 254 assisted living units. However, one of these facilities offers board and care housing where residents share bathroom facilities, thus we exclude this property as fully competitive including only 25% of the rooms. In addition, we adjust the number of by excluding estimated units occupied by low-income seniors utilizing Elderly Waivers (estimated at 20%).

After subtracting the existing units (minus 20% EW and a 7% vacancy factor) from the total demand equals excess demand potential for 40 assisted living units in the Study Area in 2023.

We then incorporate any pending assisted living units into our demand projections for 2028. There are currently no planned or pending assisted living units identified in the Study Area. Without any new potential developments, demand increases slightly to 80 assisted living units by 2028.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Hibbing can capture 70% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 28 assisted living units in Hibbing in 2023, increasing to 56 assisted living units in 2028.

Demand for Memory Care Senior Housing

Demand Analysis Table HD-7 on the following page presents our demand calculations for memory care housing in the Study Area in 2023 and 2028. Demand is calculated by starting with the estimated senior (ages 65+) population in 2023 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of 829 seniors in the Study Area. We anticipate that this number will climb to 945 in 2028.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of 207 seniors in the Hibbing in 2023 and 236 seniors in 2028.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes,

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most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing.

Based on our review of senior household incomes in the Study Area, homeownership rates, and home sale data, we estimate that 40% of all seniors in the Study Area have incomes and/or assets to sufficiently cover the costs for memory care housing. This figure accounts for married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently.

TABLE HD-7 MEMORY CARE DEMAND HIBBING STUDY AREA 2023 & 2028			
		2023	2028
65 to 74 Population		4,021	4,261
(times) Dementia Incidence Rate ¹	x	5%	5%
(equals) Estimated Senior Pop. with Dementia	=	213	226
75 to 84 Population		2,066	2,625
(times) Dementia Incidence Rate ¹	x	14%	14%
(equals) Estimated Senior Pop. with Dementia	=	285	362
85+ Population		956	1,031
(times) Dementia Incidence Rate ¹	x	35%	35%
(equals) Estimated Senior Pop. with Dementia	=	331	357
(equals) Total Population with Dementia		829	945
(times) Percent Needing Specialized Memory Care Assistance	x	25%	25%
(equals) Total Need for Dementia Care	=	207	236
(times) Percent Income/Asset-Qualified ²	x	34%	36%
(equals) Total Income-Qualified Market Base in the Study Area	=	70	86
(plus) Demand from Outside the Study Area (15%)	+	17	21
Total Demand for Memory Care Units		87	107
(minus) Existing and Pending Memory Care Units ³	-	0	0
(equals) Excess Memory Care Demand Potential in the Study Area	=	87	107
(times) Percent capturable in Hibbing	x	70%	70%
(equals) Number of Units Supportable in Hibbing	=	61	75
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2021)			
² Income greater than \$60,000 in 2023 and greater than \$65,000 in 2028, plus some lower-income homeowners.			
³ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.			
Source: Maxfield Research & Consulting, LLC			

Multiplying the potential market (207 seniors) by 34% results in a total of 70 income-qualified seniors in the Study Area in 2023. We estimate that 15% of the overall demand for memory care housing would come from outside the Study Area, for a total demand of 87 units in 2023. Next, existing memory units are subtracted from overall demand. There were no memory care facilities identified with designated secured wings in the Study Area. Thus, excess demand potential for remains 87 memory care units in Hibbing in 2023.

We then incorporate pending memory care units into our demand projections for 2028. At this time, there are no memory care facilities planned or pending in the Study Area. Demand is projected to increase to 107 memory care units by 2028.

Due to factors such as the geographic distribution of the senior population in the Study Area along with the location of services (medical, religious, retail, etc.) in the Study Area, we anticipate that the City of Hibbing can capture 70% of the excess demand potential in the Study Area. Based on this capture rate, we find demand for 61 memory care units in Hibbing in 2023, remaining at 75 units in 2028.

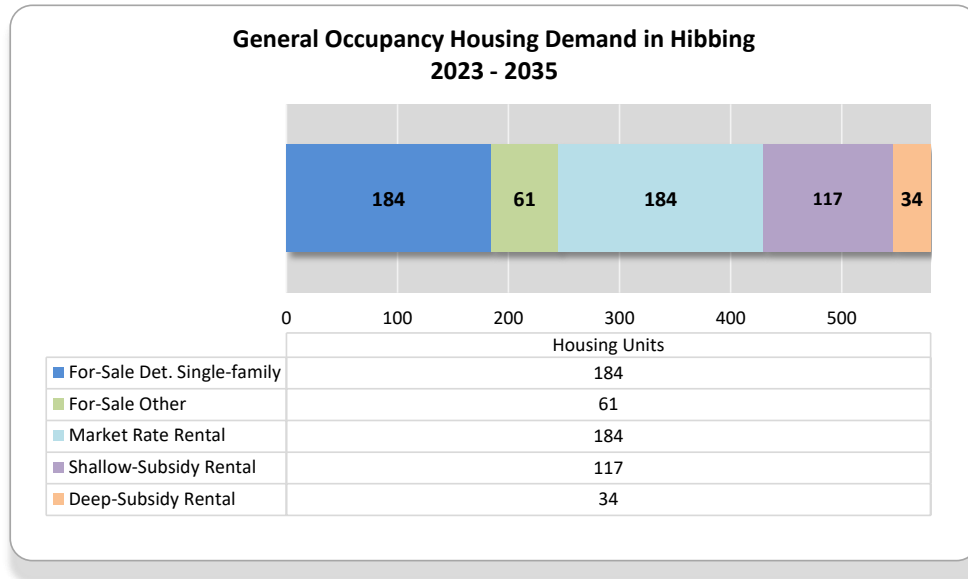
Hibbing Demand Summary

Table HD-8 along with the charts on the following page illustrate calculated demand by product type. Housing demand is comprised of several components, including projected household growth, turnover, pent-up demand (i.e. below equilibrium rental housing vacancy rates), and replacement needs (housing functionality or physically obsolete units).

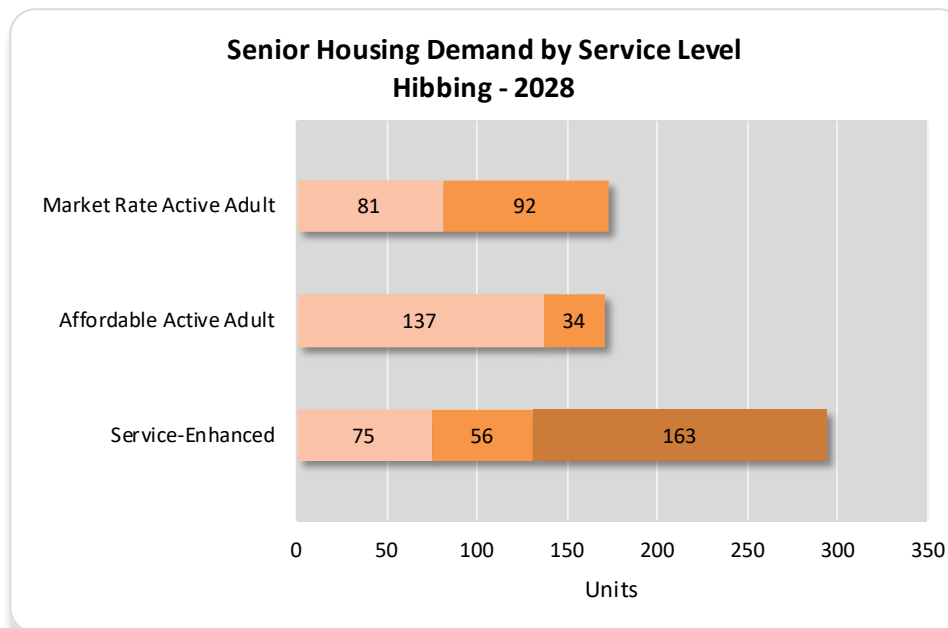
TABLE HD-8 HOUSING DEMAND SUMMARY CITY OF HIBBING September 2023			
General Occupancy Housing Demand 2023 to 2035		Senior Housing Demand 2023 and 2028	
For-Sale Units	245	Short-Term	
		2023	2028
Detached Single-Family	184		
Other Owned General Occupancy Units*	61		
*Attached single-family (i.e. townhomes, twin homes),			
General Occupancy Rental Units	335	Market Rate Active Adult	146 173
Market Rate	184	Owner-Occupied	76 92
Shallow-Subsidy^	117	Renter-Occupied	70 81
Deep-Subsidy^	34	Subsidized Active Adult	184 171
Total General Occupancy Housing Units	580	Deep-Subsidy^	40 34
		Shallow-Subsidy^	144 137
		Service-Enhanced Senior Housing	231 294
		Independent Living w/ Services	142 163
		Assisted Living	28 56
		Memory Care	61 75
		Total Senior Housing Units	561 638
^Shallow-subsidy = affordable to households at 30% to 60% AMI			
^Deep-subsidy = affordable to households at 30% AMI or less			
Source: Maxfield Research & Consulting, LLC			

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In total, we find demand to support 580 general occupancy housing units between 2023 and 2030, including, 245 for-sale units, including 184 detached single-family units and 61 other for-sale units which includes products such as attached single-family (townhomes, twin homes) and condominiums. We also find demand for 335 rental units including 184 market rate units, 117 shallow-subsidy affordable units and 34 deep-subsidy affordable units.



We also found excess demand for a total of 694 senior housing units in 2028, including 201 market rate active adult units, 199 affordable active adult units (shallow-subsidy and deep-subsidy), and 294 service-enhanced units. The growing older adult and senior population should sustain long-term demand for active adult and service-enhanced senior housing alternatives in Hibbing through 2028.

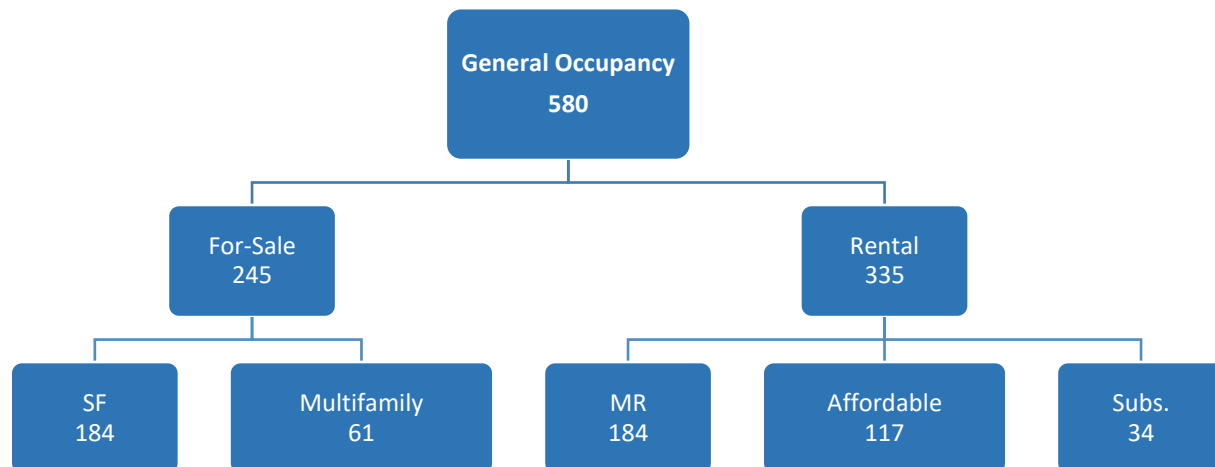


Introduction

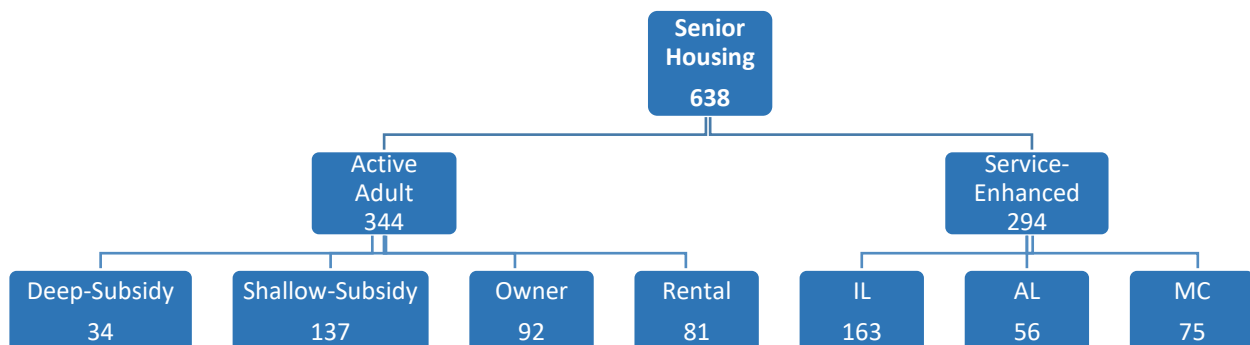
Based on the finding of our analysis and demand calculations, Table HD-8 in the previous section provided a summary of housing demand county and submarket through 2035. Demand exists in Hibbing for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable and that the demand illustrated in Table HD-8 may not directly coincide with housing development due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

Based on the findings of our analysis and demand calculations, Table CR-1 provides a summary of the recommended development concepts by product type for Hibbing. It is important to note that these proposed concepts are intended to function as a development guide to effectively meet the housing needs of existing and future households in Hibbing. The recommended development types do not directly coincide with total demand as illustrated in Tables HD-8.

Hibbing Projected General Occupancy Demand, 2023 – 2035



Hibbing Projected Senior Demand, 2023 – 2028



Recommended Housing Product Types

Single-Family Housing

Table HD-1 identified demand for nearly 185 single-family housing units in Hibbing through 2035. According to Table FS-7 and our research, given the number of existing vacant developed platted lots in Hibbing and the number of homes constructed annually, the current lot supply appears to be sufficient based on current lot absorption in Hibbing. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs.

Although there are a number of subdivisions with vacant lots, all of the subdivisions are older with *Marshview Meadows* being the newest subdivision with vacant lots (2011). A majority of the remaining lots at can be considered undesirable, unbuildable, or are not in demand due for today's consumer preferences; hence the current inventory is high considering when they were originally platted. Some of these are smaller lots which are unable to accommodate specific product types (i.e. larger ranch-style homes).

Because most builders have been unable to deliver new construction homes for less than \$300,000, new construction typically caters to move-up or executive buyers. As a result, the existing housing stock is often the target housing type for entry-level or first-time home buyers. Entry-level homes, which we generally classify as homes priced under \$200,000, will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in Hibbing, such as move-up single-family homes, twin homes, rental housing, and senior housing. Although there is potential demand for a new single-family housing product under \$200,000, financially it will be difficult to develop even with public assistance. Based on land and building costs, it is difficult to build new single-family homes for less than \$275,000 in Hibbing, let alone any other city in Greater Minnesota.

Executive-level homes are loosely defined as those homes priced currently above \$350,000. Similar to move-up buyers, executive buyers may have outgrown their current home and are moving for a lifestyle reason

RECOMMENDATIONS AND CONCLUSIONS

TABLE CR-1 RECOMMENDED HOUSING DEVELOPMENT CITY OF HIBBING 2023 to 2035					
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Pct. of Total	Development Timing
Owner-Occupied Homes					
Single Family ²					
	Move-up	\$250,00 - \$350,000	130 - 135	76%	Ongoing
	Executive	\$350,000+	40 - 45	24%	Ongoing
	Total		170 - 180	100%	
Townhomes/Detached Townhomes/Twinhomes ²					
	Attached Townhomes	\$225,000-\$275,000	30 - 35	54%	2024+
	Twinhomes/Detached Townhomes	\$285,000+	25 - 30	46%	2024+
	Total		55 - 65	100%	
Total Owner-Occupied			225 - 245		
General Occupancy Rental Housing					
Market Rate Rental Housing					
	Apartment-style	\$975/1BR - \$1,250/2BR	130 - 150	76%	2024+
	Townhomes	\$1,250/2BR - \$1,400/3BR	40 - 50	24%	2024+
	Total		170 - 200	100%	
Affordable Rental Housing					
	Apartment-style	Moderate Income ³	75 - 80	67%	2024+
	Townhomes	Moderate Income ³	35 - 40	33%	2024+
	Total		110 - 120	100%	
Total Renter-Occupied			280 - 320		
Senior Housing (i.e. Age Restricted) 2023-2028					
	Active Adult Cooperative	1BR+D & 2BR / \$75,000+	50 - 60	23%	2024+
	Active Adult Affordable Rental	Moderate Income ³	40 - 50	19%	2024+
	Active Adult Market Rate Rental	\$1,000/1BR - \$1,200/2BR	40 - 50	19%	2024+
	Independent Living (Congregate)	\$1,500/1BR - \$2,000/2BR	50 - 60	23%	2024+
	Assisted Living	\$3,500/1BR - \$4,000/2BR	20 - 30	11%	2028+
	Memory Care	\$5,000/Studio - \$6,000/1BR	32 - 40	15%	2024+
	Total		212 - 260	100%	
Total - All Units			717 - 825		
¹ Pricing in 2023 dollars. Pricing can be adjusted to account for inflation.					
² Recommendations include the absorption of some existing previously platted lots.					
³ Affordability subject to income guidelines per Minnesota Housing Financing Agency (MHFA). See St. Louis County Income limits.					
Note - Recommended development does not coincide with total demand. Hibbing may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)					
Source: Maxfield Research & Consulting, LLC					

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses and twin homes. In Hibbing, the target market is empty-nesters and retirees seeking to downsize from their single-family homes. Some professionals moving to Hibbing, particularly singles and couples without children, also may also seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes. However, as with other for-sale product, there has been a lack of development of this product type. When townhomes have been built, they were either restricted to older adults and seniors or ended up being purchased by the same group. Townhomes are extremely popular with the 55 and older age group.

Based on the demographics of the resident base and forecast trends, we find demand for about 60 new multifamily for-sale housing units in Hibbing. These units could be developed as townhomes, twin homes, detached villas, or any combination. Given the aging of the population and the growth in the aging population (65+), Hibbing would benefit from a more diversified housing stock.

For future development, these attached units could be developed as twin homes, detached townhomes or villas, townhomes/row homes, or any combination. Because the main target market is empty-nesters and young seniors, the majority of townhomes should be one-level, or at least have a master suite on the main level if a unit is two-stories.

The following provides greater detail into townhome and twin home style housing.

- *Twin homes*— By definition, a twin home is two units with a shared wall with each owner owning half of the lot the home is on. Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twin home and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e. downsizing or right sizing).

Traditionally most twin home developments have been designed with the garage being the prominent feature of the home; however, today's newer twin homes have much more architectural detail. Many higher-end twin home developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances. Housing products designed to meet the needs of aging Hibbing residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the near future.

Twin homes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twin homes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing. As previously mentioned, there are two new twin home developments under construction in Hibbing; however twin homes will continue to be in demand as many older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. Townhome style development can cost from \$225,000 or more.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families, and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

Triplex or Quadplex developments offer single level and maintenance free living with the affordability associated with a higher density of development. Side-by-side are the most economical multifamily for-sale option and typically begin in the low \$200,000.

- *Detached Townhomes/Villas* – An alternative to the twin home is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or lookout lower level if the topography warrants. These are the most expensive multifamily option and pricing should begin at or above \$285,000.

General Occupancy Rental Housing

There are a number of larger sized apartment developments in the Hibbing along with a number of smaller traditional-style multifamily rental developments. The majority of rental properties are older (built prior to 2000) with the newest units at *Marshview Meadows* (32 affordable units) being built in in 2015. Due to the age and positioning of the existing rental supply, nearly all of the units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. Because there has been limited (particularly during the 2000s) development of apartments, the number of existing traditional multifamily housing units are inadequate, the single-family and townhome rental market has become an increasingly larger proportion of rental units.

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Maxfield Research calculated demand for 335 rental housing units in Hibbing through 2035; summarized as follows:

- Market Rate 184 units
- Shallow-Subsidy 117 units
- Deep-Subsidy 34 units

Because of the economies of scale when constructing multifamily rental housing, new construction requires density that can be difficult to achieve in smaller communities like Hibbing. New rental housing can be developed immediately and will continue to be in demand through this decade especially if continued job availability and new job growth is attracted to Hibbing. The following rental product types are recommended over this decade:

- *Market Rate Rental* – The existing traditional market rate rental supply in Hibbing is mostly older with over 90% of units built or converted prior to 1990 (70% of those units built prior to 1980) and has a significant mix of ages and household types represented. The newest project, *Marshview Meadows* (2015) was successful and although we were unable to contact management, other conversations indicate a consistent low vacancy rate. Maxfield Research identified 13 vacant units in two of the market rate surveyed properties for a vacancy rate less than 3.7%. There were 10 vacancies located in one project. Excluded this property lowers the vacancy rate significantly indicating a strong pent-up demand for additional rental housing.

We recommend up to 150 new market rate multifamily-style apartment units through 2035, which could be developed in larger developments or in multiple smaller building (i.e. four to 16 units). To appeal to wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, one-bedroom plus den units, and two-bedroom units.

Monthly rents (in 2023 dollars) should range from \$950 for a one-bedroom unit to \$1,250 for a two-bedroom unit. Monthly rents should range from about \$1.20 to \$1.30 per square foot to be financially feasible; potentially higher given rising construction costs and rising financing costs. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it will be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

If possible, new market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer/or hook ups, full appliance package, central air-conditioning, and covered or garage parking. We believe the

RECOMMENDATIONS AND CONCLUSIONS

addition of additional rental buildings will facilitate greater housing choice in Hibbing and will better serve the needs of households that live and/or currently work in Hibbing.

- *Market Rate General Occupancy Rental Townhomes* – In addition to the recommended traditional multi-story apartment projects, demand for rental units could be absorbed by townhome units. These units may be a popular alternative to apartments for those unable to afford owner-occupied housing and those families and young professionals relocating to Hibbing who need to rent until they find a home for purchase. We recommend that up to an additional 50 rental townhome units could be supported in Hibbing through 2035. Monthly rents (in 2023 dollars) should range from \$1,250 for a two-bedroom unit to \$1,400 for a three-bedroom unit.
- *Affordable (Shallow-subsidy) and Subsidized (Deep-subsidy) Rental Housing*– Affordable and subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. The affordable product exhibited a low vacancy rate while subsidized product had a high vacancy rate due to the age and amount of product in the market.

The low affordable housing vacancies and minimal product indicates pent-up demand for shallow-subsidy housing units. We recommend a project with one-, two, and three-bedroom units in a project/projects of up to 80 units. Rent will be set based on current income guidelines at the time of development.

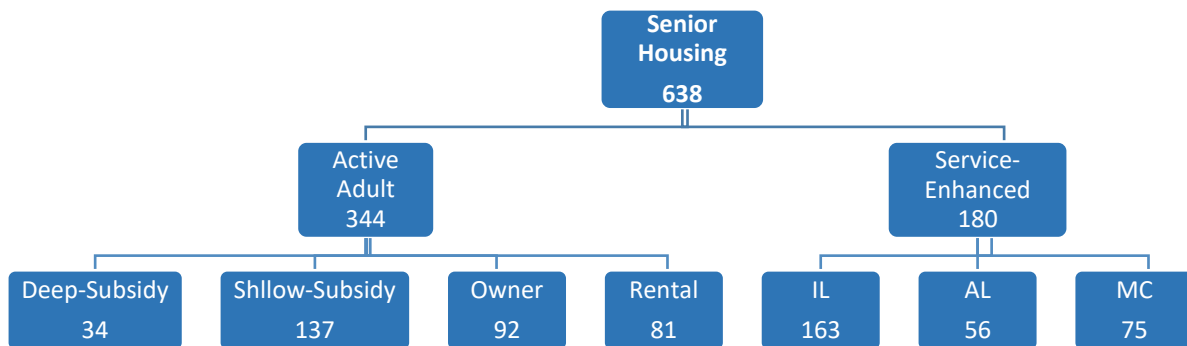
Subsidized demand for over 30 units was calculated through 2035; however, due to the large amount of product along with a high vacancy rate are above equilibrium indicating a saturated market the vast majority of demand will be for affordable housing projects. In addition, deep-subsidy housing is nearly impossible to finance today due to lack of funding and development costs.

- *Affordable General Occupancy Rental Townhomes* – Rental townhomes affordable to moderate-income households would be in demand in Hibbing. Affordable rental townhomes have been found to be popular in rural Midwest communities. These projects would have income-restrictions established by HUD and would likely target households with incomes between 40% to 60% of area median income; however, some could be workforce units with affordability up between 60% to 80% AMI. We recommend a project with two- and three-bedroom units and a project of up to 40 units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such developments are popular with families that cannot afford housing options in the for-sale market or market rate rentals. Economies of scale and a lack of funding limit the ability to build new affordable housing.

Senior Housing

As illustrated in Tables HD-8, demand exists for all senior housing product types in Hibbing. Due to the aging of the County's population, senior housing product types show high demand over the next five years. In fact, senior housing accounts for about 640 units and makes up just over 50% of the total estimated demand for housing in Hibbing. Demand exists for all senior housing product types in Hibbing. Demand is highest in the short-term for more active adult and independent living products (both market rate and affordable).

2028 Senior Demand



Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Hibbing: older adult and senior residents are able to relocate to new age-restricted housing in Hibbing, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- Active Adult Senior Cooperative** – Maxfield Research projected demand for up to 92 active adult ownership units through 2028. The construction of an additional new stand-alone cooperative facility with 50 to 60 units would satisfy a portion adult ownership demand through 2028. Maxfield Research recommends a cooperative development(s) with a mix of two- and three-bedroom units with share costs starting around \$75,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. The cooperative model has been well-accepted in rural communities across the Midwest. Hibbing currently has a two cooperative developments that were developed in 2004 and 2010. Both are Realife products with 38 and 22 units and are typically sold out with waiting lists.

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- Active Adult Rental – We have projected demand for 81 market rate active adult rental units in Hibbing by 2028. Many of the seniors who would consider an active adult product are presently residing in their existing single-family home or general-occupancy rental housing.

We recommend an active adult housing project be pursued with up to 50 units. Because active adult senior housing is not need-driven, the demand for this product type can experience delays in realizing absorption if seniors decide to remain in their homes or find they are unable to sell their homes. *Heritage Manor* in Chisholm is the lone market rate active adult development in the Study Area with only six units. In addition, the Hibbing for-sale housing market is strong with a lack of available housing options, most seniors should have little trouble selling their homes and should have significant equity. The high mortgage rates, however, may affect the sales time a seniors home remains on the market.

It should be noted, that if a general-occupancy rental housing project is developed prior to or simultaneously, the demand for an age-restricted building could decrease if a number of seniors opted to reside in alternative rental housing products as they currently occupy a number of general occupancy units.

- Affordable (shallow-subsidy) Rental – Demand was calculated for nearly 140 units of affordable senior housing in Hibbing through 2028. There are currently no affordable developments in Hibbing that are age restricted. Presently, a senior renter has to find units at the limited supply of general occupancy rental units in Hibbing or look elsewhere in other communities in the surrounding area.

Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Affordable senior housing products can also be incorporated into a mixed income building which may increase the projects financial feasibility.

- Independent Living/Congregate – Demand was calculated for about 165 independent living units through 2028 in Hibbing. At present there are no independent living units in the Hibbing Study Area. The current assisted living developments accept independent seniors but cater more to those residents in need of more assisted personal care. Interviews indicate that there is not necessarily a strong need for this type of housing as seniors typically remain in their homes until assisted living services are needed. However, we believe that a new congregate projects have a mix of one-bedroom, one-bedroom plus den, and two-bedroom units could be successful. New independent housing could be developed as part of a continuum of care project or in a stand-alone development.

Meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

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Due to economies of scale needed for congregate housing, other service levels may have to be combined to the project to increase density to be financially feasible. Alternatively, the concept called “Catered Living” may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility. (See the following for definition of Catered Living).

- I’m OK program;
- Daily noon meal;
- Regularly scheduled van transportation;
- Social, health, wellness, and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

In addition, meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

- Assisted Living Senior Housing – Based on our analysis, demand was projected to support up to an additional 56 assisted living units in Hibbing through 2028. Equilibrium for assisted living is considered a 7% vacancy rate. The vacancy rate at the time of the survey was high at 13% indicating a soft market which may still be affected by COVID-19 reluctance. Thus, we find that with the current supply and vacancy rate, the current market for assisted living housing is sufficient and do not recommend any additional assisted living in the short term at this time. Assisted living needs should be reevaluated once Study Area vacancy rates are sub 7%.

Memory Care Senior Housing – We project demand for 75 memory care units in Hibbing through 2028. There are two memory care projects back in the previous 2010 study with a total of 48 units (*Hillcrest Alice* and *Greenview Residence*). Both have been shut down with *Hillcrest Alice* being converted into the new homeless shelter and *Greenview Residence* currently empty. Currently, a dementia patient would need to go to a nursing home, a development in another community outside of the Study Area, or depending on how severe their care need, may be accepted into one of the current assisted living facilities.

We recommend up to 40 memory care units including a mix of studio, and one-bedroom, and a few two-bedroom units with base monthly rents ranging from \$5,000 to \$6,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area.

The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;

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- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

- Service-Enhanced Senior Housing or "Catered Living" – Due to economies of scale, it can be difficult to develop stand-alone facilities in out-state Minnesota communities like Hibbing for service enhanced senior housing products that are financially feasible. Therefore, we recommend senior facilities that allow seniors to "age in place" and remain in the same facility in the stages of later life. Catered living is a "hybrid" senior housing concept where demand will come from independent seniors interested in congregate housing as well as seniors in need of a higher level of care (assisted living). In essence, catered living provides a permeable boundary between congregate and assisted living care. The units and spatial allocations are undistinguishable between the two senior housing products, but residents will be able to select an appropriate service level upon entry to the facility and subsequently increase service levels over time. Additionally, catered living not only appeals to single seniors but also to couples; each resident is able to select a service level appropriate for his or her level of need, while still continuing to reside together.

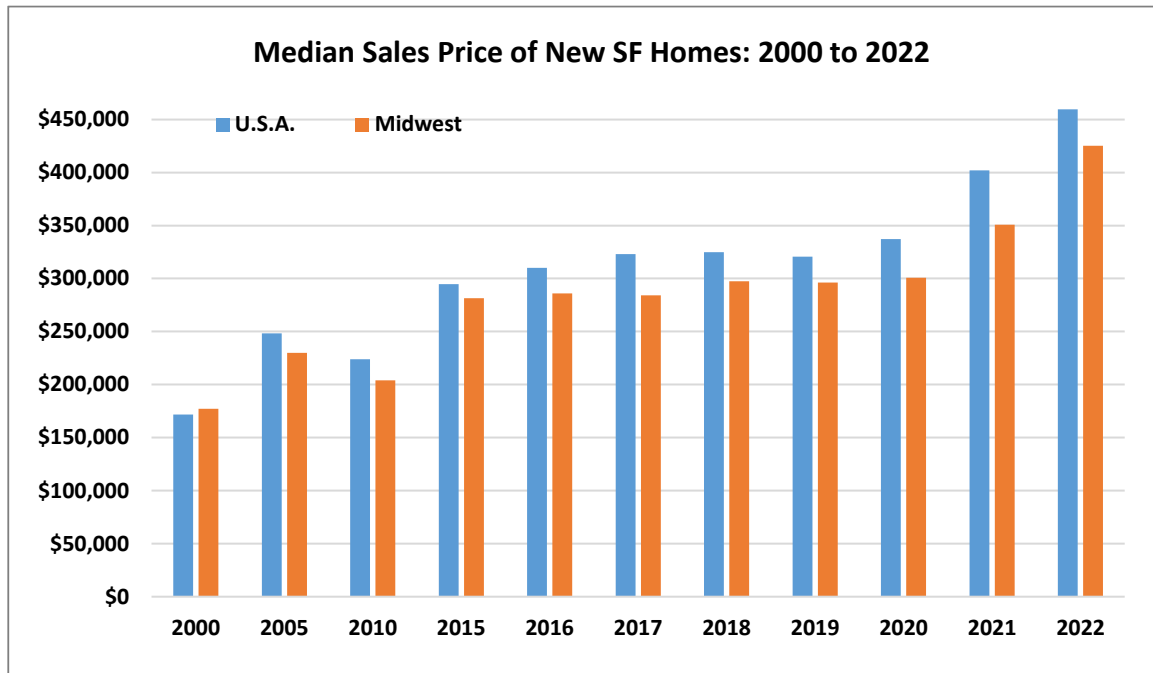
The catered living concept trend is a newer concept but tends to be developed in smaller cities in rural areas that cannot support stand-alone facilities for each product type. Monthly rents should include a base rent and service package with additional services provided either a la carte or within care packages. Monthly rents should start at about \$1,600 for congregate care and \$2,900 for assisted living care.

Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types.

- **Affordable Housing/Naturally Occurring Affordable Housing (NOAH).** Tables HA-1 and HA-2 identified the City of Hibbing and Study Area median Incomes (“AMI”) and the fair market rents by bedroom type. Based on the monthly rates of market rate rental projects in the Study Area, we estimate that nearly all of the market rate rental stock is affordable to households below 60% AMI. In fact, the most expensive rental project has rents falling in at the 60% AMI range. At the same time however, rents have been increasing faster than incomes over the past year and the affordability gap is slowly widening from year-to-year and the number of cost burdened households is increasing. Because NOAH housing provides the vast majority of affordable housing to renters; we recommend a proactive approach to maintaining affordability within the existing housing stock. Dollar for dollar, preservation of NOAH units yields a much higher number of affordable units vs. new construction under the LIHTC program.
- **Aging Population/Aging Boomers.** As illustrated in Table D-4, there was significant growth in the senior population in Hibbing through 2020, especially among seniors ages 65 to 74 (55%). Seniors are projected to continue to grow by 18% by 2028 for those 65 and older. In addition, Table D-8 shows homeownership rates among seniors 65+ is approximately 78% in 2020. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of these demographic and social dimensions, new senior housing development (specifically independent living with light services) in Hibbing could experience a longer lease-up period as seniors in the region are less reluctant to move from their home to senior housing living.
- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S.A., as seen in the chart below. New construction pricing peaked in the 2000s between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before starting to rebound in 2012 and beyond. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction in Hibbing is difficult to achieve under \$300,000. At the same time, new construction pricing is at an all-time high coming out of the pandemic due to strong demand

and supply and labor constraints for builders that are driving up housing costs. However, with continued interest rate hikes from the Federal Reserve in 2022 and 2023, construction costs could come down in 2024 as labor is loosening.



- **COVID-19 Impacts.** The COVID-19 pandemic has had both direct and indirect effects on the housing industry. The senior housing industry was directly impacted as the virus affected older adults at a much higher rate. Senior properties hit record high vacancy rates and many seniors continue to age in place as long as possible as they have avoided living in a shared space.

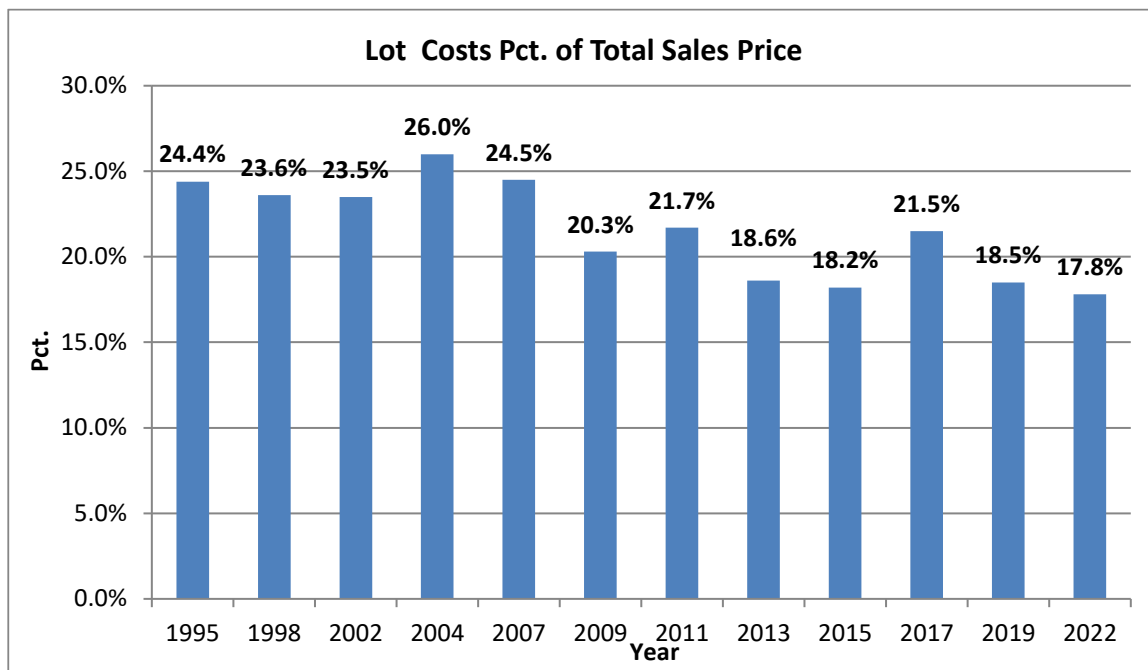
Economically, the unemployment rate in Hibbing was higher compared to the rest of the country during the pandemic as it typically is historically as well. In early 2020, the unemployment rates were around 6% before averaging 10.1% for the year. Unemployment quickly decreased to 5.8% in 2021 and down to 4.2% in 2022.

Despite the pandemic over the past three years, the local real estate market has performed above expectations and strong demand remains for housing. Supply remains at an all-time low, yet pricing is remaining steady due few homes for sale. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home by locating further from their place of employment. There is also a preference toward new construction and the new home market has been strong since 2020 as builders have not kept the pace with demand.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. There has been strong demand for townhome-style rentals or a building that has been designed with a separate entrance to eliminate the possible of interacting with others and catching the virus. These trends and preferences will likely continue as the pandemic has waned.

- **Developers Lot Carrying Costs.** Land development and entitlement carries a large financial risk for builders and/or investors. Prior the Great Recession developing land was considered a profitable side of the housing business. However, over the past decade plus land development continues to be dominated by larger builders that can absorb the lot inventory more easily than smaller builders or land developers. Due to raw land costs, entitlements, and the cost to develop infrastructure, developers continue to be cautious given the lot price they could achieve. Prolonged carrying costs due to slow lot absorption are deterrents for builders and developers who must absorb project development costs until the lots are sold. The costs of land and infrastructure have risen significantly over the past decade, requiring considerable initial financial investment upfront.

As a result, the land development business is not a lucrative business for most real estate investors and future lot development may require a private-public partnership to bring down infrastructure costs, especially in out-state Minnesota communities like Hibbing. The chart below shows the average lot cost across the country compared to the retail sales price of the home.



- **Economies of Scale.** Economies of scale refers to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in other larger communities such as Duluth or the Twin Cities can actually be lower than found in Hibbing.
- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. Generally, we find very few housing programs available in Hibbing and St. Louis County. We recommend implementing even a few housing programs to assist new development or enhance the existing housing stock. The following is a sampling of potential programs that could be explored.
 - 4d Affordable Housing Tax Incentive - Offers rental property owners a 40% tax rate reduction and limited grant assistance for units that remain affordable for ten years. Property owners can invest the savings into updating and maintaining their naturally occurring affordable housing units.
 - Architectural Design Services - The local government authority (City, HRA, etc.) partners with local architects to provide design consultation with homeowners. Homeowner pays a small fee for service, while the City/public entity absorbs the majority of the cost. No income restriction.
 - Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.
 - Density Bonuses – Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
 - Fast Track Permitting – Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.

CHALLENGES AND OPPORTUNITIES

- Heritage/Historic Preservation – Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Home Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" financing tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.
- Home-Building Trades Partnerships – Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the "classroom" for future trades people to gain experience in the construction industry.
- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by either city inspectors or third-party licensed inspectors.
- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically, all construction must be completed within an allocated time period (one year in most cases).
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

CHALLENGES AND OPPORTUNITIES

- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to work-force families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.
- Rental Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Shallow Rent Subsidy: The HRA funds a shallow rent subsidy program to provide program participants living in market rate rentals a rent subsidy (typically about \$100 to \$300 per month).
- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.
- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.
- Transfer of Development Rights – Transfer of Development Rights (TDR) is a program that shifts the development potential of one site to another site or different location, even a different community. TDR programs allow landowners to sever development rights from properties in government-designated low-density areas and sell them to purchasers who want to increase the density of development in areas that local governments have selected as higher density areas.

- Waiver or Reduction of Development Fees – There are several fees’ developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Infill Lots.** Infill refers to a parcel(s) of land which is surrounded by land that has already been developed. Infill development is new construction located on underutilized or vacant lots usually located in established neighborhoods of a community, such as the neighborhoods near Downtown Hibbing. Infill development can be challenging as enough parcels of land that are permissible land uses are typically required to be assembled to allow for a feasible building. Typically, the challenge is assembling all of the parcel owners to agree to sell and in a time period that makes economic sense to the buyer. Although Hibbing may have some infill lots available; however, many have tighter lot widths which require lot combinations in order to achieve a buildable lot. Many of these lots are priced lower than lots marketing in new subdivisions. As such, these lots are typically among the lowest price in a community.

Many communities have infill programs that are designed to enhance older neighborhoods or provide affordable homes for low- and moderate-income households. Infill programs are designed to facilitate the development of vacant lots in older neighborhoods that suit the character of the neighborhood. Some cities provide pre-approved floor plans that meet building criteria on smaller lots sizes. Other communities have infill programs that provide incentives to encourage developers to build affordable housing within targeted neighborhoods. Such incentives include free land for qualified builders/developers, deferred or waived impact fees, and funding assistance.

- **Inflation.** U.S. inflation rates hit a new 40-year high of nearly 9% in 2022, the biggest yearly increase since December 1981. Rampant price increased for nearly every good and service and specifically energy and food costs are having an impact on American consumers and will eventually affect housing affordability. As a result, the Federal Reserve is implementing interest rate hikes and increasing borrowing costs to hopefully offset a recession. As interest rates have increased for-sale housing demand has slowed and demand for rental housing has increased. This has resulted in higher housing costs for both buyers and renters. Housing assets are in higher demand during inflationary times as real estate values tend to hedge inflation and investors seek out rental housing assets as equity continues to grow. In the short term, household balance sheets will continue to be stretched as rising costs affect Hibbing area residents. This could hinder housing production in the near term as new construction will be difficult to pencil.
- **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. As depicted earlier, the unemployment rate in Hibbing has historically been higher than the U.S. with an average of roughly 7.0% from 2011 to 2019 and had reached a low of 4.8% in 2018 before shortly rising to over 10% during the peak shutdowns in spring 2020. These unprecedented challenges had an economic ripple

effect across the country as thousands of Americans found themselves out of work with increases in unemployment. Hibbing employers have weathered the pandemic however maybe not as well as most of the country as the unemployment rate has remained higher than the country and has not brought back all of the lost jobs from the initial shutdowns earlier in 2020.

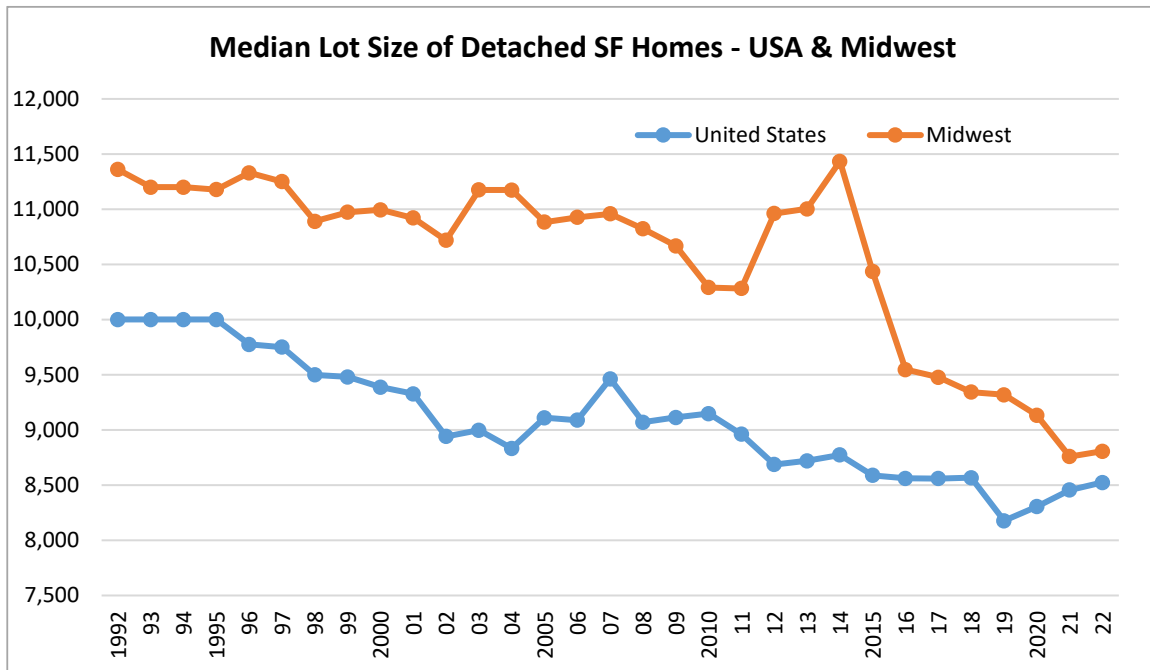
The Hibbing unemployment rate has declined to its lowest figure over the past 14 years at 4.2% in 2022, but the labor force has not come back as strong as other communities but has stabilized from the COVID-19 drop. Although a low unemployment rate is generally considered positive news, an extremely low unemployment rate can be challenging for employers looking to add additional staff. Many employers find that the local labor force is tapped out in terms of skilled employees and attracting new talent to the area has been challenging. In part, employee recruitment has been challenging due to a tight housing market and the lack of an availability as supply in either the for-sale market or rental market has been significantly low.

Finally, since the mining and taconite industry is highly tied to the labor force in Hibbing, the health of the industry will have impacts on the housing needs and demands in Hibbing. Just as expansions would increase demand for housing in Hibbing, any pull backs in the industry will have negative impacts on housing demand in the Iron Range and Hibbing. At the time of this housing study, Hibbing area plants have approved leases to extend Hibtac's life, hence no loss of jobs is projected in the near-term that would impact housing demand.

- **Lifestyle Renters.** Historically, householders rented because they couldn't afford to buy or didn't have the credit to qualify for a mortgage. Today that is no longer the case, and many householders are renting by choice. High-income renters represent the fastest growing market segment of the rental market today; having grown 48% over the past decade. Demand is being driven by the Millennials, would-be buyers on the side-line, and empty nesters. As a result, rental housing is one of the preferred real estate asset classes today across country. Lifestyle renters are attracted to developments offering excellent finishing quality, extensive common area facilities, and typically focus on an environment providing a more social experience.
- **Lot Size:** Across Minnesota, the Midwest, and the U.S. there has been a growing trend of lot size compression for decades and especially since the Great Recession of last decade. As illustrated in the chart below, the median lot size of a new single-family detached home in the United States sold in 2019 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Nationwide median lot sizes have dropped below 8,200 square feet (0.19 acres) before increasing in 2021 and 2022 from the pandemic. At the same time, lot sizes decreased in the Midwest to the lowest levels recorded in 2021, down about 15% from 2010.

Lot sizes have decreased in part due to increasing raw land prices, lot prices, and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders and

developers have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions across Minnesota have lot widths of about 65 to 75 feet, down from the standard width of 80 to 90 feet prior to the Great Recession. Because many local governments have large minimum lot size requirements, the cost of housing continues to rise as developers and buyers may be required to purchase a lot this is larger than they prefer. In an effort to curb rising costs, we recommend compressing lot sizes for new construction to help alleviate costs and maintain affordability.



- Lot Supply.** Tables FS-6 inventoried active subdivisions with available lots. Based on our research there are only 100 vacant lots in newer subdivisions in the PMA, 89 of which are located in Hibbing, not included scattered lots throughout the city. Historically Hibbing is averaging about eight new homes per year, therefore the current lot supply is able to support demand in the short-term. However, many of the vacant lots are within older subdivisions, locations, or types of lots that all consumers are seeking. Therefore, although there are ample lots additional lots may need to be platted to reach specific buyer preferences (i.e. walk-outs, look-outs, wooded, etc.)
- Mobility/Rural Lifestyle and Image:** The COVID-19 pandemic fundamentally changed the housing industry and mobility has been at all-time highs over the past two years. According to Pew Research, 20% of American's moved during the pandemic. Housing suddenly became more than a place to sleep, but the home office, school, gym, and place of entertainment. Generally, households used the pandemic and the work-from-home movement to flee high-cost housing markets and relocated to more affordable housing markets. Mobility trends showed the movement away from urban core neighborhoods or Metro Areas to the

suburbs, exurbs, and rural areas. Households moved to lesser denser populated areas, lower tax states, sought larger homes and yards, and traded-up due to the lower cost of housing.

Many smaller communities have experienced a “rural resurgence” as remote work made the movement to small towns and the “country” viable which was once led by proximity to the office. Rural returnees are often motivated to live closer to family and friends, smaller schools to raise children, slower pace of life, outdoor activities, and finally more affordable housing stock compared to their previous place of residence. It is estimated that families with children accounted for the highest percentage of household types that have moved to smaller cities.

Many economic development agencies are working to lure residents back to rural areas through recruitment strategies via social media. Some communities are offering incentives to help entice relocation to smaller communities. We recommend exploring marketing options with the local chamber of commerce or other economic development agencies on a branding initiative to sell Hibbing and lifestyle while attracting remote talent.

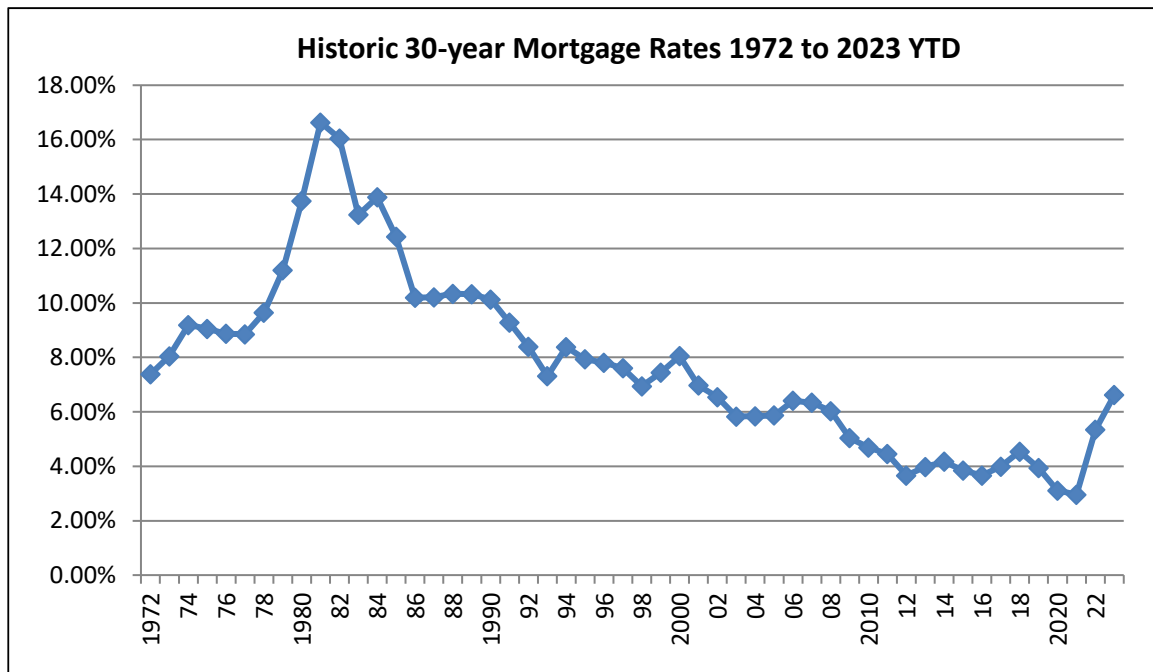
- **Modular Housing.** Modular housing, often referred to as prefab housing, is the construction of housing units in a controlled factory-like setting or on a manufacturer's site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages, and speed-up the construction timeline. The biggest advantage modular housing provides is time and shaving months of holding costs off the consumer's bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps, and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs, and perception. Modular housing has made huge strides over the decades and are now built on concrete foundations or include basements. The industry continues to battle the stigma of the older mobile homes as the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product. Maxfield Research believes there is opportunity in the modular construction sector that can be utilized in Hibbing, providing a win-win scenario by providing housing production and passing cost savings along to consumers. A modular plant in Detroit Lakes is the nearest plant to Hibbing.

If not already so, we recommend that the City revise zoning codes to allow for this type of housing if it is not permitted. However, design standards should be enforced in order to ensure incompatible housing does not deter neighborhoods.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. Mortgage rates have stayed at historic lows for most of the past decade trending under 4.5% (30-year fixed) since around 2010. At the

on-set of the COVID-19 pandemic, rates plummeted to at or near an all-time low under 3% for part of 2020 and most of 2021. However, due to a 40-year high inflation the Federal Reserve began hiking rates in 2022 to slow the economy and curtail inflation. The Federal Reserve has implemented 11 rate hikes over the past 1.5 years. As a result, the cost of for-sale housing has increased significantly this year and many would-be-buyers are on the sidelines and have been priced out of the market. Compared to early 2022, mortgage payments in Fall 2023 are on average about 65% higher than the beginning of 2022 (3.25% vs. 7.5%). As a result, affordability has been crushed and a housing market reset is in play.

The following charts illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Multifamily Development Costs.** Similar to single-family development, it will be difficult to construct new multifamily product given achievable rents and development costs. According to the 2023 National Building Costs Manual construction costs data, together with land costs total development costs in the Duluth region will likely average about \$174 per square foot (gross), or upwards to \$175,000 per unit to develop based on a 24-unit concept. Development costs of this scale will likely require rents per square foot of at least \$1.75 in order to cash flow (\$1,750 per month based on average unit size of 875 square feet) and today's higher financing costs which are approaching 8% interest rates. Based on the average rents in the Hibbing Study Area, these rents would be significantly higher than existing product.

CHALLENGES AND OPPORTUNITIES

Based on these costs, it will be extremely difficult to develop stand-alone multifamily housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.

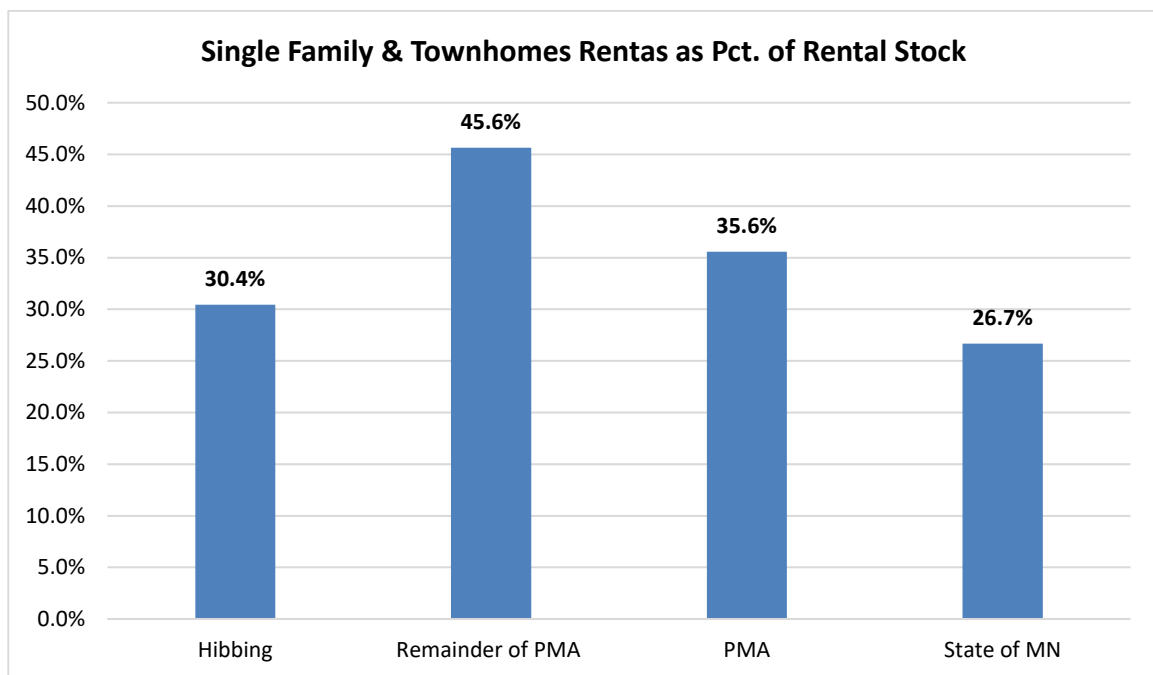
Apartment Macro-Level Financial Assessment 2023			
Assumptions		Development Costs	
No. of Units	24	Hard Costs	\$3,139,500
Avg. Sq. Ft./Unit	875	Soft Costs	\$941,850
Common Area Pct.	15%	Land Costs	\$120,000
Avg. Rent/Unit	\$1,200	Total Development Costs	\$4,201,350
Equilibrium Occupancy	95%		
Avg. Rent PSF	\$1.37	Development cost/unit	\$175,056
		Development cost/PSF	\$174
Total Rentable Sq. Ft.	21,000		
Total Bldg. Sq. Ft.	24,150		
Monthly Financials		Annual Financials	
Gross Monthly Rent	\$28,800		\$345,600
Effective Rent	\$27,360		\$328,320
Total Expenses	\$10,944		\$131,328
NOI	\$16,416		\$196,992
Less: Debt Service	(\$23,501.16)		(\$282,013.91)
Net Operating Cash Flow	(\$7,085.16)		(\$85,021.91)
Note: Assumes 20% owner equity, 30-year financing at 7.5% interest rate			
Source: Maxfield Research & Consulting, LLC			

- Private/Public Partnerships (“PPP”).** Private/public partnerships are a creative alliance formed to achieve a mutual purpose and goal. Partnerships between local jurisdictions, the private sector, and nonprofit groups can help communities develop housing products through collaboration that otherwise may not materialize. Private sector developers can benefit through greater access to sites, financial support, and relaxed regulatory processes. Public sectors have increased control over the development process, maximize public benefits, and can benefit from and increased tax base.

A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs, it will likely require innovative partnerships to stimulate housing development.

- **Single-Family Rental Housing Demand.** Table HC-4 showed that 27% of the rental housing inventory in Hibbing in 2023 is within single-unit housing structures. Another 2% of units were located within an attached structure such a townhome or twin home. Nationwide, it is estimated that 25 of the 43 million rental households in the United States (58%) reside in either single-family rentals, townhomes, duplexes, triplexes, and quads. Single-family units, townhomes, and condos make-up about 34% of all rental units in the country, 23% in the Twin Cities Metro Area, and 27% in the State of Minnesota. About one-third of all rental units in the Market Area are comprised of lower-density rentals.

A recent study by Freddie Mac identified the market share of single-family rentals (“SFR”) by ownership type across the country. The study found that 88% of SFR are owned by investors with between 1 and 10 homes. Institutional investors make-up only 1% of the market share today; even though they are they have the financial backing and are able to acquire larger portfolios.



Demand is strong for SFR by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage. Many single family renters may consider purchasing; however, the rising costs of real estate and the down payment requirements hinder some renters from making the leap to home ownership. The COVID-19 pandemic increased demand for SFR as renters desire more square footage, green space/yards, separate entrances, and more privacy than traditional multifamily structures.

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the past few years. Although Minnesota is behind the rest of the country, there are several developments in the pipeline or that have recently been completed in the Twin Cities. We recommend exploring purpose-built single-family rental communities or townhomes in the City of Hibbing and zoning codes that permit the project concept.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program is usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study, we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

The term affordable housing is not a general term or reference used to describe the price of housing in Hibbing.

Amenity – Tangible or intangible benefits offered to a tenant in the form of communal area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers, and closets and upgraded kitchen finishes. Typical communal area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, its governing jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size, and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to communal areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors 75 years of age or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure, and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households, and age of householder. Demand is project specific.

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons aged 62 years or older, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities, and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent				
EFF	1BR	2BR	3BR	4BR
\$780	\$868	\$1,087	\$1,435	\$1,789

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Great Recession – Global economic decline beginning in December 2007 and ended in June 2009 with the official recovery beginning shortly thereafter. The Great Recession was initially sparked by the collapse of the United States housing bubble, which caused the values of securities tied to United States real estate pricing to plummet, damaging financial institutions globally. The Great Recession led to worldwide austerity, higher levels of household debt, trade imbalances, high unemployment, and limited prospects for global growth.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular area over a measurable period of time, which is a function of new household formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarter by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater of market rate or 30% of their adjusted income.

Income limits – Maximum households’ income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See Income-qualifications.

MHFA/HUD INCOME AND RENT LIMITS ST. LOUIS COUNTY- 2023 (Effective 05/15/23)								
	Income Limits by Household Size							
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	\$18,360	\$20,970	\$23,580	\$26,190	\$28,290	\$30,390	\$32,490	\$34,590
50% of median	\$30,600	\$34,950	\$39,300	\$43,650	\$47,150	\$50,650	\$54,150	\$57,650
60% of median	\$36,720	\$41,940	\$47,160	\$52,380	\$56,580	\$60,780	\$64,980	\$69,180
80% of median	\$48,960	\$55,920	\$62,880	\$69,840	\$75,440	\$81,040	\$86,640	\$92,240
100% of median	\$61,200	\$69,900	\$78,600	\$87,300	\$94,300	\$101,300	\$108,300	\$115,300
120% of median	\$73,440	\$83,880	\$94,320	\$104,760	\$113,160	\$121,560	\$129,960	\$138,360

Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Median Rent/Home Price – The median refers to the price point where half of the rents/homes are priced above the point, and half are priced below it. The median is a more accurate gauge of housing costs as averages tend to skew prices at the high and low end of the market.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and substantial amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are extremely low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation, or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people 55 years of age or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research and Consulting, LLC. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical, or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.