



# **Comprehensive Housing Needs Analysis for Cook County, Minnesota**

**Grand Marais, Minnesota**

**Prepared for  
Cook County and Grand Marais  
Joint Economic Development Authority**

**May 5, 2022**

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## Comprehensive Housing Needs Analysis for Cook County

Cook County Grand Marais Joint Economic Development Authority

May 5, 2022

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## Executive Summary

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The purpose of this market analysis is to estimate demand for housing in Cook County, Minnesota. The study includes an analysis of the demographic and economic trends, a review of the housing market in and near the county, interviews with real estate professionals and housing advocates, and calculations of demand for housing units between 2021 and 2026.

Overall, there is a shortage of housing in Cook County across all housing types, from for-sale to rental, senior housing to special needs housing. At the time of this study, there was limited inventory of single-family homes available for sale. There were no vacant general occupancy apartment units available, and low vacancy rates in the age-restricted properties.

The housing shortage has resulted in significant increases in median selling prices for both new and existing homes, pushing homeownership out of reach for many workforce households. Limited rental options mean employers have had difficulty attracting and keeping employees who cannot find appropriate housing in the area. And organizations who work with families and individuals in crises say that housing challenges only interfere with efforts to bring stability to the populations they serve.

Many of the challenges faced by Cook County mirror national trends. Lower interest rates in 2020 and 2021 increased demand for housing at a time when supply-chain problems created shortages and higher construction costs overall. However, Cook County also faces some unique challenges. The area's natural beauty and isolation make it attracted to retirees and hybrid workers, amplifying housing demand. Further, that same isolation means it is even more difficult to attract construction workers and contractors to the area. Homebuilders said they are booked for work years out.

For multifamily rental and age-restricted housing, developers of new units face similar challenges bringing construction workers and contractors to

the area, along with rising construction costs related to supply chain disruptions.

Here are the key findings from this study.

### Findings

#### *Demographics*

- Cook County is a rural county with a small, spread-out population base. Because of its location on the North Shore of Lake Superior, the area is characterized by vacation properties and the economy is dominated by tourism.
- The rate of population and household growth for Cook County is projected to be slightly higher than projected growth for the state of Minnesota and the country as a whole. Cook County is projected to add 266 people and 143 households between 2021 and 2026.
- The median household income in the Cook County is \$57,206, about 32% lower than the state of Minnesota.
- The majority of household growth is projected to occur in households over age 65 and in higher income groupings. Many of these households are resident households aging into these groups, not new households to the area.
- Hospitality (the accommodation and food service industry) is the largest employer in Cook County with about 725 employees in 2021.
- Employment is strong in Cook County. The unemployment rate was 4.5% in February 2022. But unemployment rate in Cook County tends to be higher than the state of Minnesota as a whole.
- About 160 households—about one of every four renters in the county—pay rent that exceeds 30% of their household income.

## *Owner-Occupied Market*

- Over half of the homes in Cook County are seasonal. There are about 2,900 seasonal properties in the county.
- The county is seeing some housing growth. Between 2017 and 2021, Cook County has issued building permits for an average of 54.2 units each year. About 60% of building permits per year are for structures located on a lake.
- The median home value for existing homes in Cook County was estimated to be \$240,100 in 2019. The median home value in Cook County is about 7% higher than the state as a whole.
- About 46% of homes in Cook County are owned free and clear, meaning no mortgage secures the property. For the state of Minnesota, that percentage is about 33%.
- Median sale prices for homes have increased significantly in recent years. According to the local Realtor association, the median sale price for homes sold in Grand Marais was \$370,000 in April 2022, an increase of about 69% from 2017. Over this same period, median sale prices increased in Lutsen by 25% and in Tofte by 20%.
- Months of supply—a measure of the inventory available for sale at a given period—has declined across all markets.

## *Rental Market*

- The median rent for Cook County in 2019—about \$650—was about one third less than for the state as whole.
- There are few general-occupancy rental properties in Cook County. Four projects were identified in and near the county.
- There are zero vacancies in the general-occupancy rental properties in and near the county.

## *Senior Housing*

- Two affordable senior projects were inventoried in the county, with a total of 57 units. There are zero vacant units of affordable senior housing.

- Two properties were identified that can be classified as active adult—one cooperative for-sale property and one rental property. There are two vacant units of active adult or independent living senior housing. For active adult or independent living, the vacancy rate is 4.7%.
- There are no assisted living or memory care assisted living properties in Cook County.
- One project profiled is located just outside Cook County in Silver Bay. That project has no vacant units of assisted living and two memory care units vacant, for an overall assisted living and memory care vacancy rate of 5.8%.

## **Conclusions**

Overall, LOCi Consulting found demand for housing across all of the housing types in Cook County. The figures that follow show summaries of the demand calculations.

### *For-Sale Housing*

- We find demand for between 210 and 230 units of for-sale housing in Cook County between 2021 and 2026.
- The biggest portion of that demand—about 180 to 190 units—is projected to be for homes priced above \$325,000. The rest of the for-sale demand is projected to be for homes priced between \$190,000 and \$325,000.
- Almost all of the new for-sale home development in Cook County is occurring on lots purchased by homeowners and built by custom builders. Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers.
- Demand for for-sale units priced between \$190,000 and \$325,000 is likely constrained simply because it is difficult to supply new homes desired by the market at those price points. There have been efforts to develop housing that would serve this market in recent years. But development of this type of housing has been a challenge.

### For-Sale Housing Demand Summary for Cook County, 2021-2026

	Estimated Base Price	Estimated Demand
Market-Rate For-Sale Units		
80% of AMI to \$80,000	\$190,000 - \$325,000	20 - 30
Incomes Above \$80,000	Greater than \$325,000	180 - 190

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

### Rental Housing Demand Summary for Cook County, 2021-2026

	Estimated Rents	Estimated Demand
Affordable Rental Housing Units		
Up to 50% AMI	\$0 - \$840	140 - 150
50% to 60% AMI	\$840 - \$1,000	10 - 20
60% to 80% AMI	\$1,000 - \$1,350	30 - 40
Market-Rate Rental Units	Greater than \$1,350	50 - 60

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

#### *Rental Housing*

- The analysis found demand for between 180 and 210 units of rental housing targeted to households with incomes less than 80% of AMI.
- The analysis found demand for between 50 and 60 market-rate units. Combining the workforce housing demand (households with incomes between 60% and 80% of AMI) with market-rate demand, we estimate there is demand for between 80 and 100 units over the period of analysis.
- For affordable housing—namely housing targeted to households below 60% of AMI—demand is primarily driven by cost-burdened households

who need better housing options. There is very limited supply to satisfy this need in Cook County.

#### *Senior Housing*

- There is demand for between 70 and 100 market-rate senior housing units and between 10 and 15 affordable senior housing units.
- The greatest portion of demand is found in assisted living and memory care assisted living.

#### *Housing for Special Needs Populations*

- The overall lack of housing in Cook County has ripple effects through organizations serving special need populations. All of the sources interviewed for this analysis said that the lack of affordable, safe long-term housing makes serving

these populations particularly difficult. Having a long-term housing solution is a critical part of the process to stabilize individuals who are experiencing a crisis.

- Sources said there is need for emergency and transitional housing, along with permanent housing solutions that offer supportive programming to stabilize individuals and families experiencing a crisis.

## Senior Housing Demand Summary for Cook County, 2021-2026

	Estimated Demand
Affordable Senior Housing	10 - 15
Market-Rate Active Adult	
For-Sale Senior Housing	0 - 0
Rental Senior Housing	10 - 20
Market-Rate Independent Living/Congregate	10 - 15
Market-Rate Assisted Living	
Assisted Living	30 - 40
Memory Care	20 - 25

Source: LOCi Consulting LLC

## Introduction

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The purpose of this market analysis is to estimate demand for housing in Cook County, Minnesota. This market analysis includes:

- An analysis of key demographic and economic trends in county along with comparisons to the state and country as a whole.
- A review of the housing market in Cook County, including an inventory of existing supply and housing units that are currently being marketed.
- A discussion of planned and pending housing projects.
- Interviews with real estate agents, housing developers, and special need housing advocates in Cook County.
- Estimates of demand for for-sale, market-rate rental, affordable rental, and senior housing units.

LOCi Consulting believes that these sources are reliable. However, there is no way to authenticate this data and information. LOCi Consulting does not guarantee the data and assumes no liability for any errors in fact, analysis, or judgement. The data in this analysis includes the most up-to-date information available at the time of this analysis.

The conclusions and recommendations in this market analysis are based on the best judgements and analysis at the time of the study. LOCi Consulting makes no guarantees or assurances that the projections or conclusions will be realized as stated.

### Data Resources and Study Limitations

The data in this market analysis are compiled from a variety of sources, including interviews with property owners, developers, real estate agents, city officials and others, along with secondary demographic, economic, and competitive resources. Sources are identified in the figures.



# 1. Demographic and Economic Analysis

LOCi Consulting reviewed demographic and economic trends in Cook County to understand demand for housing. This section reviews those trends for the overall market and discusses how they will affect demand.

## Primary Market Areas for Cook County

LOCi Consulting defined the primary market area (PMA) for housing in Cook County as the county itself. We believe that the future supply of housing within the county has the potential to capture all of the demand generated in the county along with some demand from outside the county. It is estimated that demand from outside the county would account for about 10% of total demand. Maps 1.1 and 1.2 show Cook County and the PMA.

## Population and Households

Figures 1.3 and 1.4 show population and household growth for cities and townships in Cook County, the county itself, the state of Minnesota, and the U.S. Figures 1.5 and 1.6 show visualizations for this data with the blue bars showing the totals and the orange triangles showing the growth (right axis).

The data is from ESRI, a nationally recognized data provider used by governments, real estate developers, and retailers for location analytics. Data for 2021 are estimates and data for 2026 are projections.

- All of the five communities shown in the figure are projected to gain population between 2021 and 2026.
- Cook County is projected to add 266 people and 143 households between 2021 and 2026.
- The rate of population and household growth for Cook County is projected to be slightly higher than projected growth for the state of Minnesota and the country as a whole.

- Sources interviewed for this analysis said new people moved into the Cook County in 2020 and 2021 as the COVID19 pandemic made working from home easier.

## Age by Gender

Figure 1.7 shows population by age and gender for Cook County. Figures 1.8 and 1.9 are population pyramids that visualize the data from Figure 1.7.

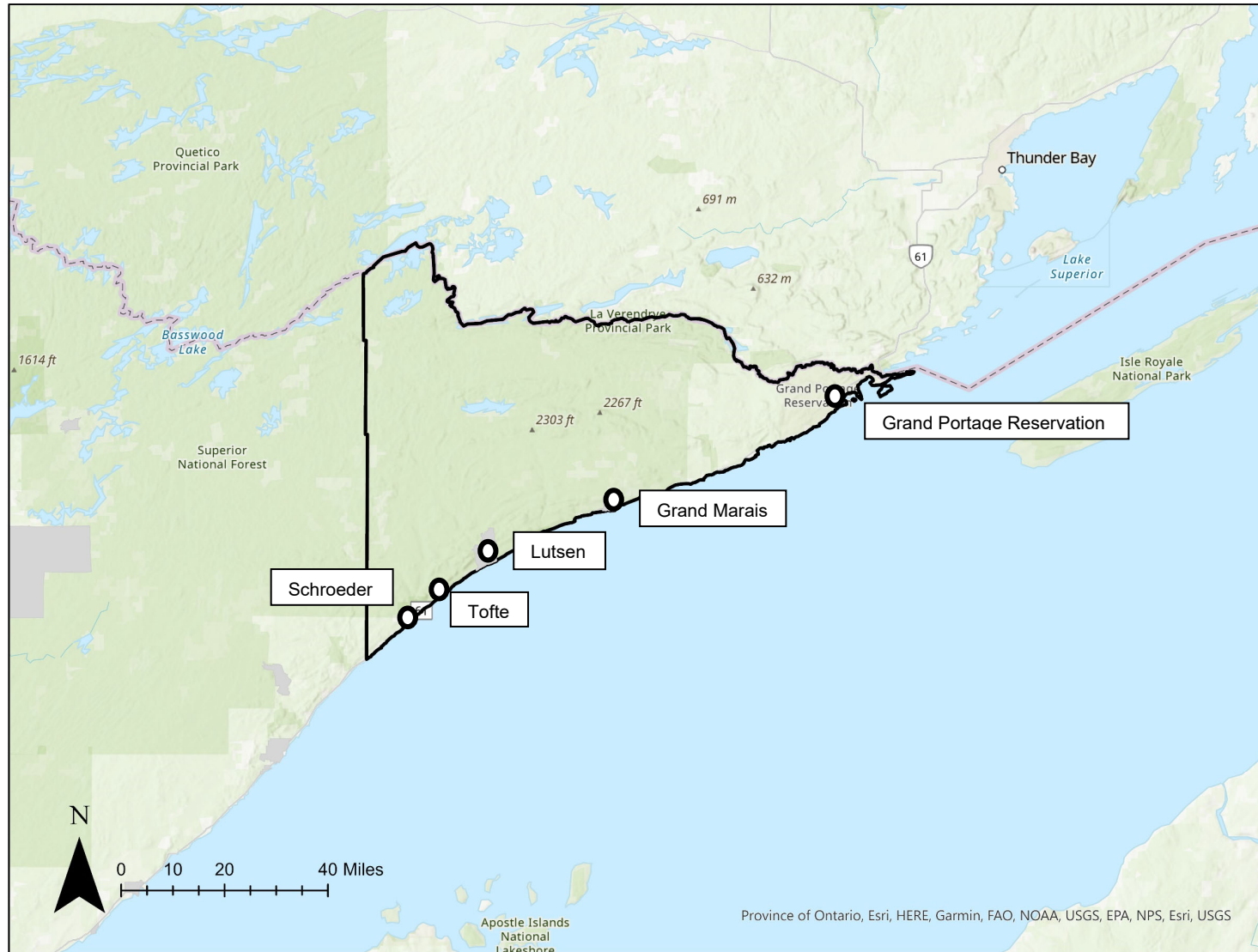
- In both 2021 and 2026, the largest age group is projected to be the 60-to-69-year-old age group.
- Between 2020 and 2030, the population growth of seniors is expected to significantly outpace growth of the overall population across the country. But between 2030 and 2040, that population is projected to decline as a percentage of the whole.

## Household Type and Size

Figure 1.10 shows the distribution of households by type and by size for Cook County and Minnesota. The data is from the American Community Survey from the U.S. Census Bureau and is based on households surveyed between 2014 and 2019.

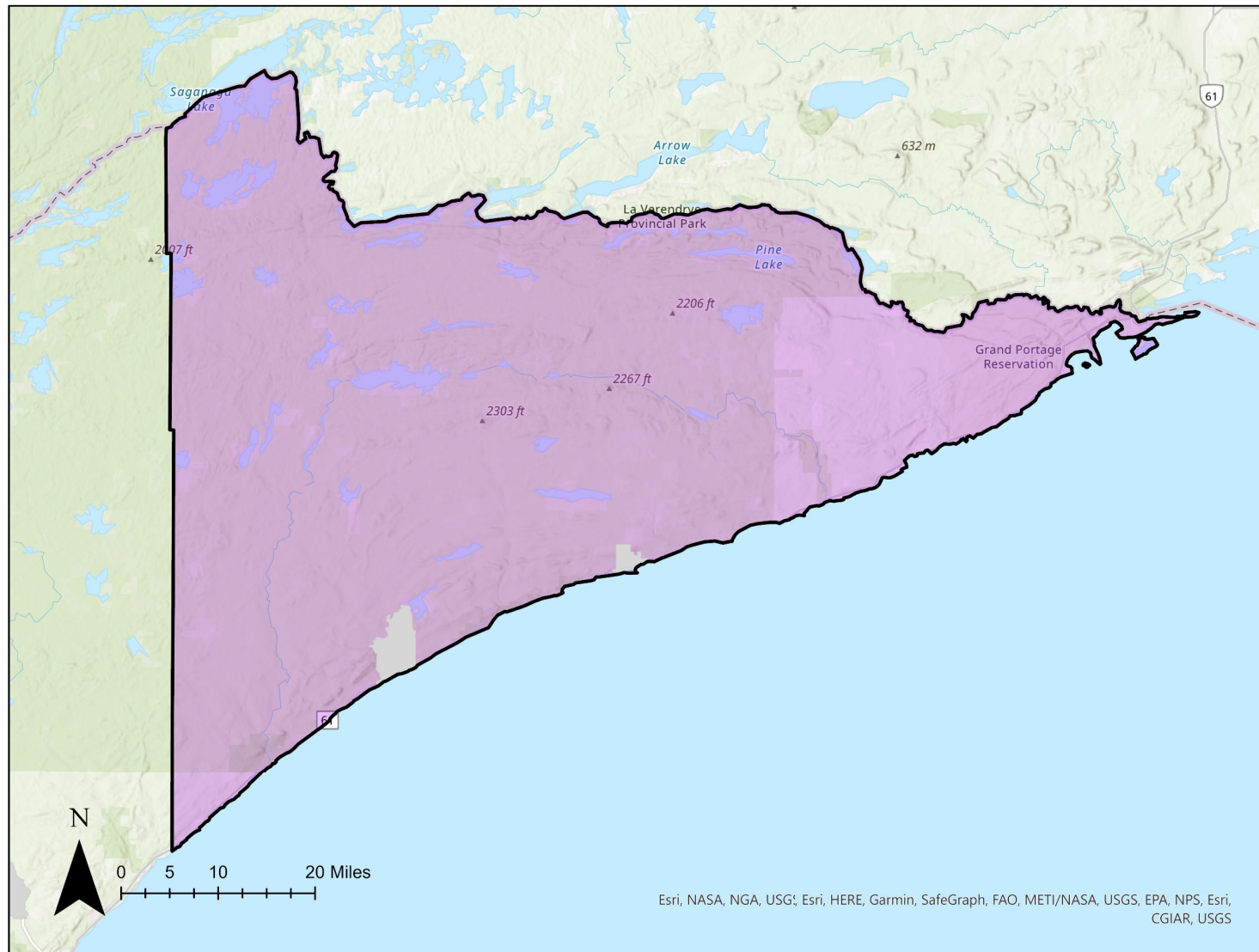
- The Census defines family as a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption and living together.
- The percentage of households defined as family is 64% for both Cook County and Minnesota.
- Compared to the state as a whole, Cook County has a larger percentage of two-person family households. About 40% of all households are two-person family households in Cook County, compared to 30% of all households in Minnesota.
- The dominance of this group can be explained by the fact that Cook County is an attractive location for retired married couples who do not have children.

**Map 1.1: Cook County, Minnesota**



Source: ESRI, LOCi Consulting LLC

**Map 1.2: Primary Market Area**



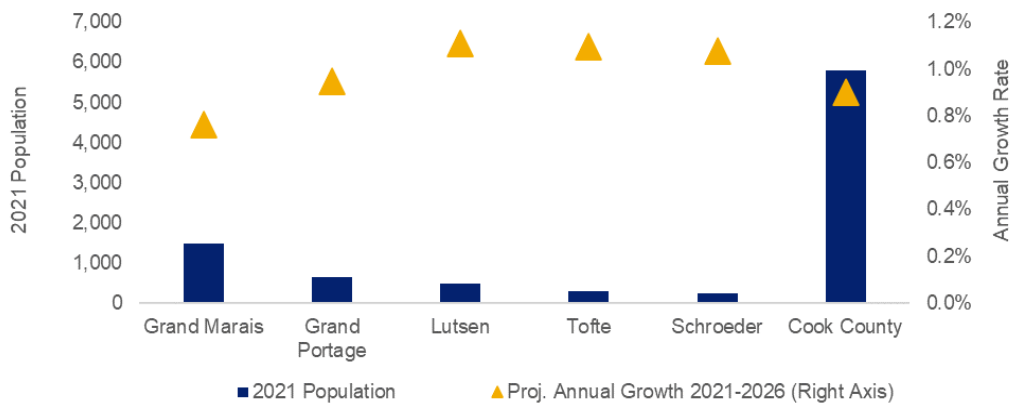
Source: ESRI, LOCi Consulting LLC

### 1.3 Population and Population Growth

	Census 2010	Estimate 2021	Forecast 2026	Annual Growth Rate	
				2010-2021	2021-2026
City of Grand Marais	1,351	1,472	1,529	0.8%	0.8%
Grand Portage Unorganized Territory	565	641	672	1.2%	0.9%
Lutsen Township	415	477	504	1.3%	1.1%
Tofte Township	249	286	302	1.3%	1.1%
Schroeder Township	205	236	249	1.3%	1.1%
Cook County	5,176	5,786	6,052	1.0%	0.9%
Lake County	10,866	11,295	11,298	0.4%	0.0%
Minnesota	5,303,925	5,762,325	5,992,188	0.8%	0.8%
United States	308,745,538	333,934,112	345,887,495	0.7%	0.7%

Source: US Census Bureau; ESRI; LOCi Consulting LLC

### 1.4 Population and Projected Growth



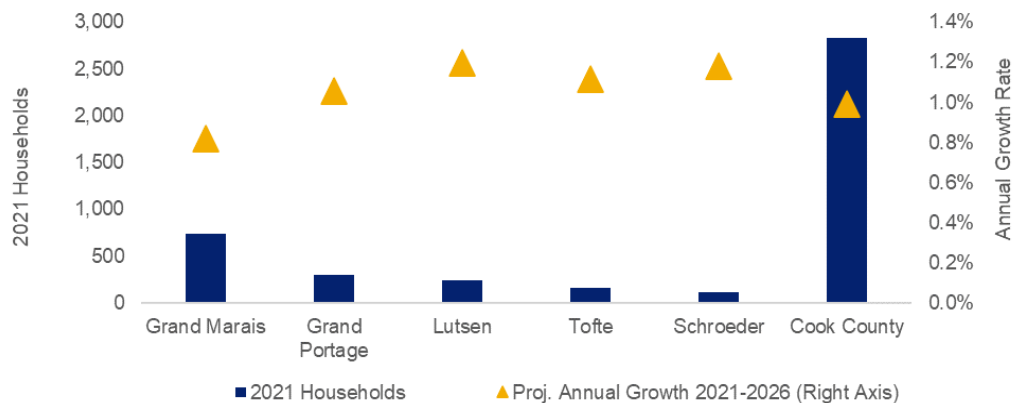
Source: US Census Bureau; ESRI; LOCi Consulting LLC

## 1.5 Households and Household Growth

	Census 2010	Estimate 2021	Forecast 2026	Annual Growth Rate	
				2010-2021	2021-2026
City of Grand Marais	673	743	774	0.9%	0.8%
Grand Portage Unorganized Territory	257	296	312	1.3%	1.1%
Lutsen Township	210	245	260	1.4%	1.2%
Tofte Township	135	158	167	1.4%	1.1%
Schroeder Township	99	116	123	1.5%	1.2%
Cook County	2,494	2,830	2,973	1.2%	1.0%
Lake County	4,825	5,088	5,109	0.5%	0.1%
Minnesota	2,087,227	2,269,567	2,360,027	0.8%	0.8%
United States	116,716,292	126,470,675	131,047,364	0.7%	0.7%

Source: US Census Bureau; ESRI; LOCi Consulting LLC

## 1.6 Households and Projected Growth



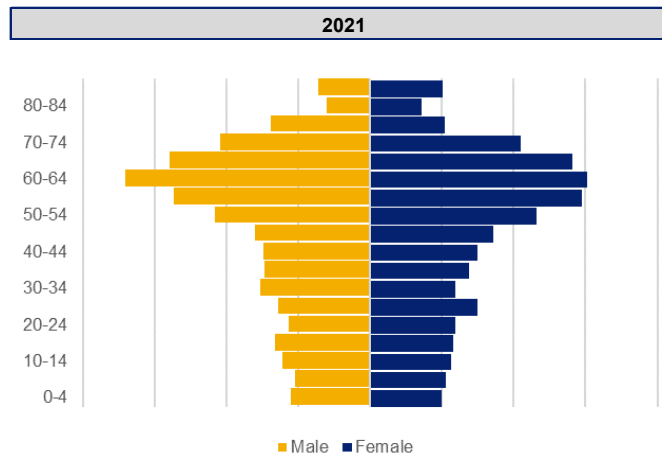
Source: US Census Bureau; ESRI; LOCi Consulting LLC

## 1.7 Age and Gender in Cook County

Age	2021			2026		
	Female	Male	Total	Female	Male	Total
0-4	99	111	210	104	118	222
5-9	105	104	209	108	105	213
10-14	113	122	235	114	125	239
15-19	116	133	249	120	125	245
20-24	118	113	231	111	120	231
25-29	150	128	278	153	135	288
30-34	118	153	271	132	164	296
35-39	137	147	284	138	153	291
40-44	149	148	297	166	162	328
45-49	172	160	332	173	174	347
50-54	232	216	448	217	203	420
55-59	295	274	569	285	259	544
60-64	302	341	643	292	325	617
65-69	282	280	562	305	319	624
70-74	210	209	419	240	234	474
75-79	104	139	243	141	178	319
80-84	72	61	133	87	83	170
85+	101	72	173	107	77	184

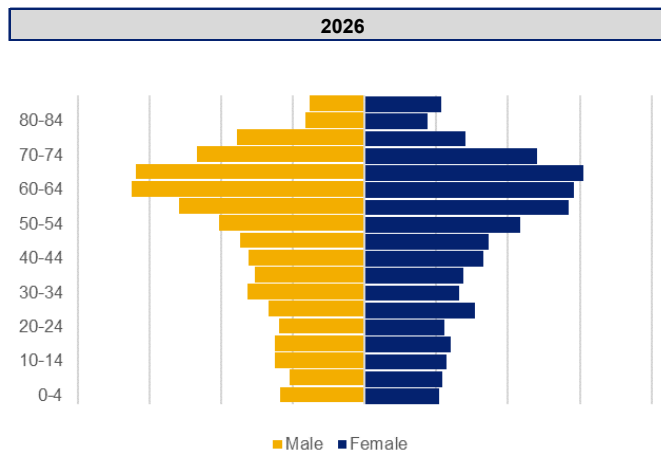
Source: ESRI; LOCi Consulting LLC

## 1.8 Population Pyramid, 2021



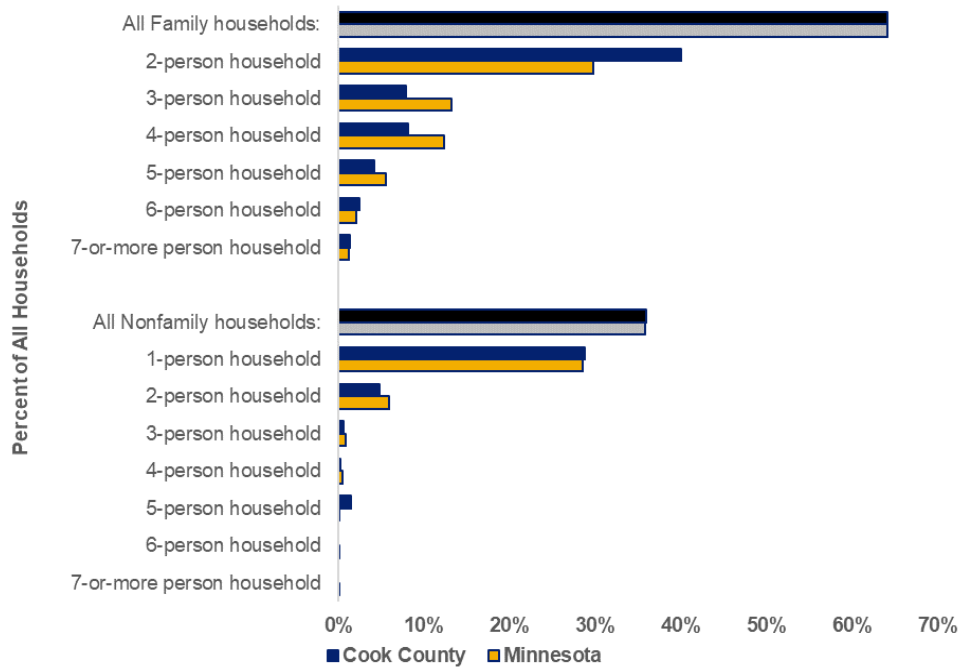
Source: ESRI; LOCi Consulting LLC

**1.9 Population Pyramid, 2026**



Source: ESRI; LOCi Consulting LLC

**1.10 Household Size by Type of Household, 2019**



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC



- The distribution of non-family households is comparable for Cook County and the state as whole.

## Median Household Income

Figures 1.11 shows the median household income for cities and townships in Cook County, the county itself, the state of Minnesota, and the U.S. Figure 1.12 shows a visualization of this data with the blue bars representing the median incomes and the orange triangles showing the annual projected growth (right axis).

- The median household income in the Cook County is \$57,206, about 32% lower than the state of Minnesota.
- Household incomes are higher in Lutsen, Tofte, and Schroeder townships than the rest of the county.
- Income growth and decline can be caused by new households moving into or out of the county, or by changes in incomes that occur as households in an area age. The median income for Cook County is projected to grow by 1.1% between 2021 and 2026. Higher growth is projected for Lutsen, Tofte, and Schroeder townships.
- Using the household income for Cook County, the median household could afford to spend about \$17,200 on housing per year—or about \$1,430 per month. (This assumes these households spend 30% of their income on housing.)

## Households by Age and Income

Figure 1.13 shows households by age and income for Cook County. Figure 1.14 shows median household income by age for the county and the state of Minnesota.

- The majority of household growth is projected to occur in households over age 65 and in higher income groupings. Many of these households are resident households aging into these groups, not new households to the area.
- For market-rate rental housing, the age- and income-qualified market is households under age 65 with incomes above \$53,650 plus 85% of

households over age 65 with incomes above \$53,650. It is assumed that 15% of households over age 65 will choose age-restricted housing.

- The income threshold for market-rate housing is based on 80% of area median income shown in Figure 4.3. This limit is set by Department of Housing and Urban Development (HUD) for affordable housing in the county.
- In 2021, there are 1,513 households that meet the market-rate household criteria. By 2026, it is projected that that base of households will grow by about 160 households.
- For the affordable housing market, the age- and income qualified market is households under age 65 with incomes below \$53,650 plus 85% of households over age 65 with incomes below \$53,650.
- In 2021, there are 1,172 households that meet the affordable household criteria. By 2026, it is projected that that base of households will decrease slightly, by about 40 households.
- Figure 1.14 shows the distribution of income across age groups. Incomes increase as householders age into their 40s and 50s—their peak earning years—and then begin to decline as those householders begin to move out of the labor market.

## Daytime Population

Figure 1.15 shows the daytime population for communities in Cook County. This data shows the base of workers in each community. Areas with strong employment have greater demand for new housing.

- Daytime population can be broken down into residential population and worker population. Note that this data may underrepresent hybrid workers as it is built on surveys completed prior to the COVID19 pandemic. The data is still valuable because it is expected that many of these trends will continue with possibly more hybrid workers in the future.

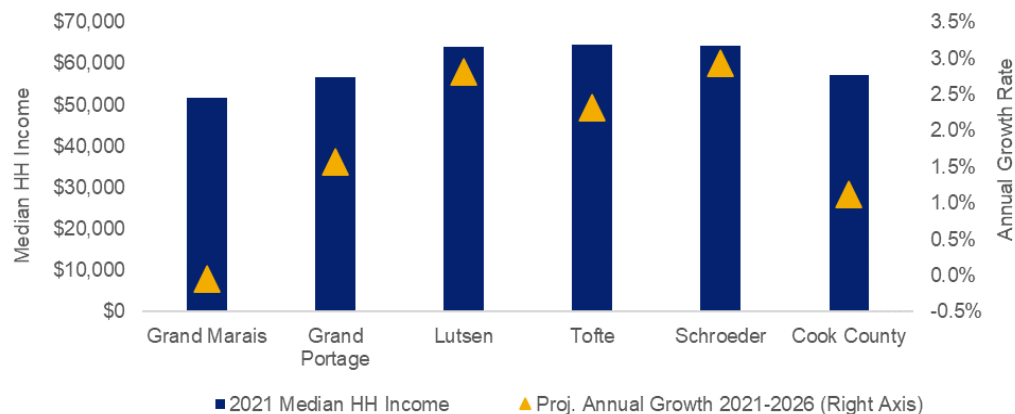


## 1.11 Median Household Income and Income Growth

	Estimate 2021	Forecast 2026	Annual Growth Rate 2021-2026
City of Grand Marais	\$51,729	\$51,609	0.0%
Grand Portage Unorganized Territory	\$56,803	\$61,402	1.6%
Lutsen Township	\$64,030	\$73,559	2.8%
Tofte Township	\$64,424	\$72,279	2.3%
Schroeder Township	\$64,224	\$74,228	2.9%
Cook County	\$57,206	\$60,510	1.1%
Lake County	\$61,000	\$66,908	1.9%
Minnesota	\$75,244	\$81,946	1.7%
United States	\$64,730	\$72,932	2.4%

Sources: US Census Bureau; ESRI; LOCi Consulting LLC

## 1.12 Median Household Income, 2021



Source: US Census Bureau; ESRI; LOCi Consulting LLC

### 1.13 Households by Age and Income in Cook County

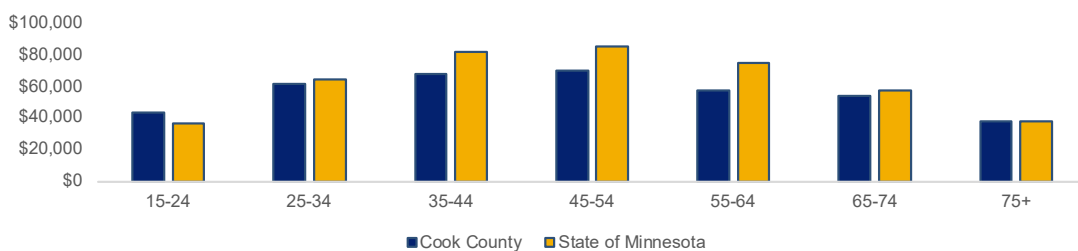
2021							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	9	24	23	26	64	41	41
\$15,000-\$24,999	13	21	15	24	67	59	72
\$25,000-\$34,999	11	30	19	29	75	54	56
\$35,000-\$49,999	11	36	28	47	93	108	55
\$50,000-\$74,999	23	49	88	131	166	172	47
\$75,000-\$99,999	8	41	57	81	98	86	31
\$100,000-\$149,999	3	40	53	52	82	49	47
\$150,000-\$199,999	2	23	17	51	54	25	12
\$200,000+	0	11	7	34	25	10	4
Median HH Inc.	\$43,427	\$61,152	\$67,247	\$69,663	\$57,019	\$53,741	\$37,812
State of Minnesota	\$36,651	\$64,032	\$81,380	\$84,982	\$74,733	\$57,228	\$37,626

2026							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	8	24	23	24	51	42	47
\$15,000-\$24,999	11	20	14	20	53	58	79
\$25,000-\$34,999	10	28	19	21	63	56	65
\$35,000-\$49,999	10	38	27	41	80	112	66
\$50,000-\$74,999	23	52	94	124	160	198	59
\$75,000-\$99,999	8	44	63	81	99	100	41
\$100,000-\$149,999	3	46	59	55	90	62	68
\$150,000-\$199,999	3	29	21	61	68	36	18
\$200,000+	0	10	7	39	26	12	4
Median HH Inc.	\$48,051	\$64,935	\$69,802	\$75,659	\$62,693	\$56,089	\$41,172
State of Minnesota	\$40,045	\$73,525	\$89,934	\$93,984	\$82,889	\$64,331	\$42,215

Source: ESRI; LOCi Consulting LLC

### 1.14 Median Income by Age of Householder, 2021



Sources: ESRI; LOCi Consulting LLC

## 1.15 Daytime Population, 2021

	Resident Population	Daytime Population	Daytime Population: Workers	Daytime Population: Residents
City of Grand Marais	1,472	1,619	825	794
Grand Portage Unorganized Territory	641	921	537	384
Lutson Township	477	508	267	241
Tofte Township	286	329	179	150
Schroeder Township	236	201	80	121
Cook County	5,786	5,846	2,585	3,261

Source: US Census Bureau; ESRI; LOCi Consulting LLC

- Each day more commute into Cook County than commute out. The daytime population increases from 5,786 to 5,846.
- The communities of Grand Marais, Grand Portage, Lutsen, and Tofte all see higher daytime populations than their resident populations.

### Employment by Industry

Figures 1.16 and 1.17 show employment by industry for Cook County. The estimates are from the Quarterly Census for Employment and Wages from Minnesota Department of Employment and Economic Development (DEED).

- The hospitality industry (accommodation and food service industry) is the largest employer in Cook County with about 725 employees in 2021.
- Public administration, retail trade, health care, and arts and entertainment also account for large percentages of the workforce.
- It should be noted that the estimates for 2020 include employment prior to the beginning of the COVID-19 pandemic along with the slowdown and recovery that occurred in the last three

quarters of that year. Data for 2021 only includes the first three quarters of the year.

### Major Employers

Figure 1.18 shows the largest employers in Cook County. The data is from Database USA.

- Even though employment is highest in accommodation and food service, the largest employers are the health care and public administration industries.

### Unemployment Rate

Figure 1.19 shows the unemployment rate for Cook County and the state of Minnesota from January 2019 to February 2022.

- Employment is strong in Cook County. The unemployment rate was 4.5% in February 2022.
- The unemployment rate in Cook County tends to be higher than the state of Minnesota as a whole.
- The data shows the impact the COVID19 shutdown had on in employment in March and April of 2020. Since April 2020, both the county and the state have seen their unemployment rates return to normal.

### 1.16 Estimated Employment by Industry for Cook County

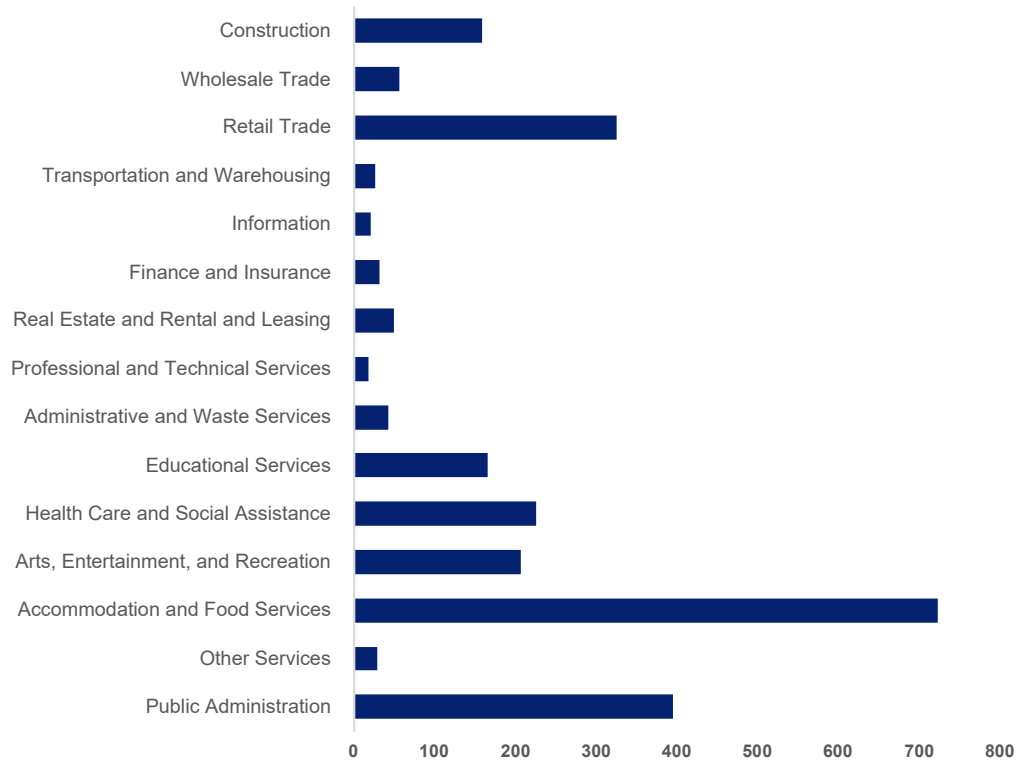
	Estimate			Annual Growth Rate
	2015	2020	2021	2015-2020
Utilities	NA	NA	NA	NA
Construction	153	154	159	0.2%
Manufacturing	NA	NA	NA	NA
Wholesale Trade	26	46	57	11.6%
Retail Trade	403	299	326	-5.8%
Transportation and Warehousing	NA	27	26	NA
Information	28	21	21	-5.9%
Finance and Insurance	34	34	32	-0.1%
Real Estate and Rental and Leasing	57	46	50	-4.3%
Professional and Technical Services	26	14	18	-11.0%
Management of Companies	NA	NA	NA	NA
Administrative and Waste Services	30	48	42	9.7%
Educational Services	148	166	166	2.3%
Health Care and Social Assistance	243	218	226	-2.2%
Arts, Entertainment, and Recreation	286	199	206	-7.0%
Accommodation and Food Services	901	688	723	-5.2%
Other Services	39	28	30	-6.4%
Public Administration	399	394	395	-0.2%
<b>Total</b>	<b>2,919</b>	<b>2,463</b>	<b>2,554</b>	<b>-3.3%</b>

**Notes:**

1. Data for 2021 includes only quarters 1, 2, and 3.
2. NA means there are not enough employers to report the total number without violating confidentiality.
3. Some quarters for Construction, Wholesale Trade, and Transportation are not disclosed. In those cases, the average from available quarters is used.

Source: Minnesota Department of Employment and Economic Development; Quarterly Census of Employment and Wages; Employment Outlook; LOCi Consulting LLC

### 1.17 Estimated Employment by Industry for Cook County in 2021



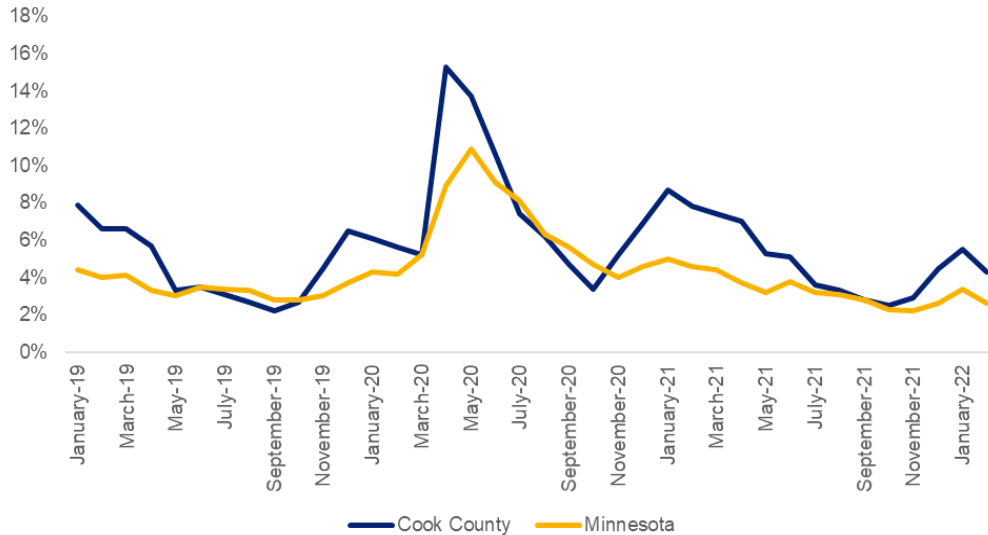
Source: Minnesota Department of Employment and Economic Development; Quarterly Census of Employment and Wages; Employment Outlook; LOCi Consulting LLC

### 1.18 Largest Employers in Cook County

Employer	Industry	Estimated Employees
North Shore Health	Healthcare	140
Cook County	Government	120
Lutsen Resort	Hospitality	100
City of Grand Marais	Government	75
Cook County Schools	Education	75

Source: Database USA; LOCi Consulting LLC

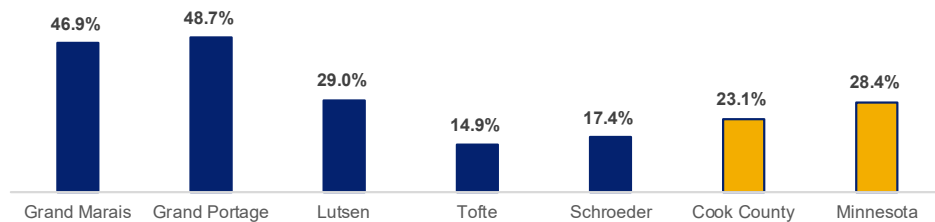
### 1.19 Unemployment Rate in Cook County and Minnesota, Jan. 2019 to Feb. 2022



\* Data is not seasonally adjusted.

Source: Local Area Unemployment Statistics, Bureau of Labor Statistics; LOCi Consulting LLC

### 1.20 Household Rental Rates, 2019



Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC

## Renter versus Owner Households

Figure 1.20 (on previous page) shows the percentage of households that rent their homes for communities in Cook County and the county as a whole. This data is from the American Community Survey of the US Census.

- The estimated number of rental housing units for each community in 2019 follows:
  - Grand Marais: 328
  - Grand Portage: 168
  - Lutsen: 67
  - Tofte: 18
  - Schroeder: 19
- The highest household rental rates are in the communities of Grand Marais and Grand Portage, with 47% and 49% respectively.
- The overall rental rate for the county is 23%, about five percentage points lower than the state of Minnesota as a whole.
- The data shows a strong affinity toward homeownership in the market, driven by consumer preferences and affordability of existing for-sale homes.

Figures 1.21 and 1.22 show renters and owners by age for the county. This data is projected by LOCi Consulting based on ESRI estimates and data from the American Community Survey Public Use Microdata for Cook, Koochiching, Lake, and northern St. Louis counties. The rental rate data is used in the demand calculations in the Appendix.

- There are significant numbers of renter households distributed across all age groups.
- But the rental rate is lowest among households age 45 to 54 years old.
- There are more renter households in lower income households than in higher income households.

## Housing Turnover

Figure 1.23 shows the move-in year for the households that own their own home in Cook

County and the state of Minnesota in 2019. Figure 1.24 shows the same information for households that rent their homes. This data is used to estimate housing market turnover—a key driver of housing demand, as households move and seek newer housing options to replace less-desirable options

- In the county, 15% of households who own their own homes moved between 2015 and 2019.
- For renter households, 44% of households living in rental units in 2019 moved into those units between 2015 and 2019.

## Cost-Burdened Renters

Figure 1.25 shows the estimated number of rental households that pay greater than 30% of their income in rent for Cook County. This data is projected by LOCi Consulting based on ESRI estimates and data from the American Community Survey Public Use Microdata for Cook, Koochiching, Lake, and northern St. Louis counties.

- About 160 households—about one of every four renters in the county—pay rent that exceeds 30% of their household income.
- The highest concentrations of cost-burdened households are in 65-to 74 age group and 75-and-over age group.

### 1.21 Owner and Renter Households in Cook County by Age and Income, 2021

Owner Households							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	9	0	6	3	0	0	15
\$15,000-\$24,999	1	0	0	24	59	29	69
\$25,000-\$34,999	0	30	13	28	63	48	21
\$35,000-\$49,999	8	36	4	47	87	82	55
\$50,000-\$74,999	23	19	49	131	111	172	46
\$75,000-\$99,999	8	31	48	62	98	68	31
\$100,000-\$149,999	3	24	42	52	51	47	47
\$150,000-\$199,999	2	23	17	51	54	25	12
\$200,000+	0	11	7	34	25	10	4
All Incomes	54	174	186	432	548	481	300

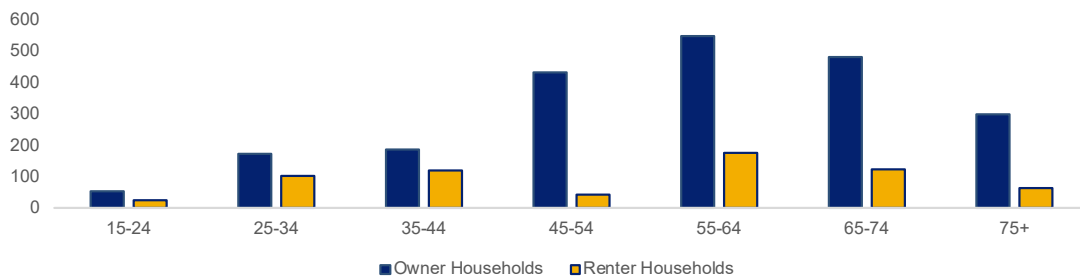
  

Renter Households							
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	0	24	17	23	64	41	26
\$15,000-\$24,999	12	21	15	0	8	30	3
\$25,000-\$34,999	11	0	6	1	12	6	35
\$35,000-\$49,999	3	0	24	0	6	26	0
\$50,000-\$74,999	0	30	39	0	55	0	1
\$75,000-\$99,999	0	10	9	19	0	18	0
\$100,000-\$149,999	0	16	11	0	31	2	0
\$150,000-\$199,999	0	0	0	0	0	0	0
\$200,000+	0	0	0	0	0	0	0
All Incomes	26	101	121	43	176	123	65

\* Data is estimated by applying ACS estimates for northeastern Minnesota to the ESRI data for the PMA.

Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

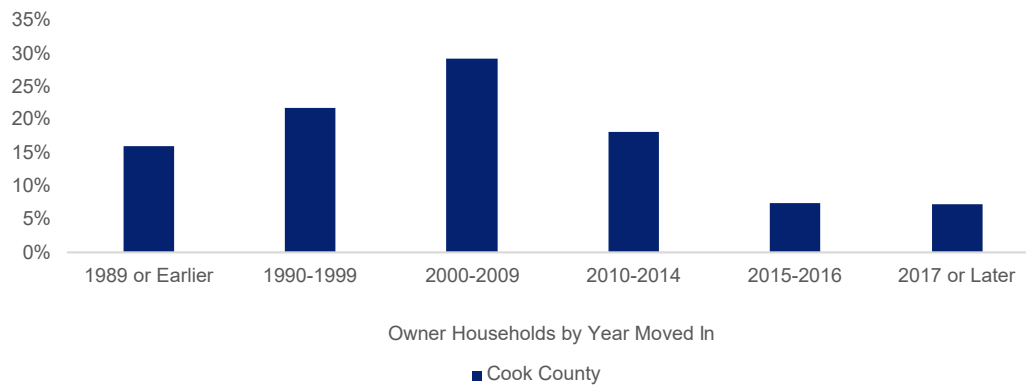
### 1.22 Estimated Owner and Renter Households by Age in Cook County, 2021



Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

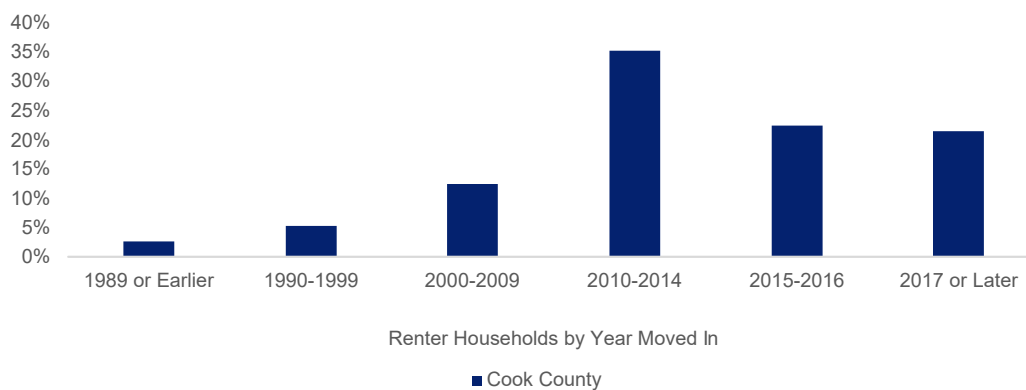


### 1.23 Move-In Year for Households that Own in Cook County, 2019



Source: American Community Survey, US Census Bureau; ESRI; LOCi Consulting LLC

### 1.24 Move-In Year for Rental Households in Cook County, 2019



Source: American Community Survey, US Census Bureau; ESRI; LOCi Consulting LLC

**1.25 Cost-Burdened Renters in Cook County by Age and Income, 2021**

	2021						
	Age of Householder						
	15-24	25-34	35-44	45-54	55-64	65-74	75+
Less than \$15,000	0	12	0	0	6	26	19
\$15,000-\$24,999	0	21	15	0	0	18	0
\$25,000-\$34,999	0	0	2	0	0	3	35
\$35,000-\$49,999	0	0	0	0	0	0	0
\$50,000-\$74,999	0	0	0	0	0	0	1
\$75,000-\$99,999	0	0	0	0	0	0	0
\$100,000-\$149,999	0	0	0	0	0	0	0
\$150,000-\$199,999	0	0	0	0	0	0	0
\$200,000+	0	0	0	0	0	0	0
All Incomes	0	33	17	0	6	47	55

Source: American Community Survey (ACS) Public Use Microdata Sample, US Census Bureau; LOCi Consulting LLC

## 2. Land Use and Housing Characteristics

This section presents data on land use and housing characteristics in Cook County. It includes a review of the existing land use in Cook County, seasonal homes, building permit data, and a summary of the housing characteristics data from the American Community Survey.

### Land Use

LOCi Consulting gathered data from Cook County's parcel database to determine land use in the county. Figure 2.1 shows land use by classification in Cook County. LOCi Consulting has combined use classifications from the county records into larger categories for simplification purposes.

Figure 2.2 shows a summary of properties with the homestead exemption. This exemption allows property owners who occupy their property as their primary residence to receive a property tax credit on their tax bill.

Map 2.3 shows the residential land for Grand Marais and surrounding areas. Map 2.4 shows the same data for Lutsen and surrounding areas.

- Government uses—federal, state, and local government—are the dominant land use in Cook County. This includes park land like the Boundary Waters Canoe Area and state parks, along with other government owned properties.
- Reservation lands for The Grand Portage Band of Lake Superior occupies nearly 45,000 acres within the county.
- Residential uses—not including vacant residential land—accounts for about 36,000. Of that, about 21,000 acres is seasonally occupied vacation property.
- Single-family residential properties total about 2,400 and include about 15,000 acres within the county.
- Figure 2.3 shows that the majority of properties classified as Single-Family Residential are

homesteaded, meaning that the owners are using these properties as their primary residence. The majority of properties classified Agricultural are also homesteaded.

### Seasonal Homes

Figure 2.1 shows that there are about 2,900 properties classified as Non-Commercial Seasonal Residential, more than the total for Single-Family Residential.

- Mentioned previously, these properties total about 21,000 acres.
- Seasonal properties are located across the county, primarily on lakes. There are also significant concentrations of seasonal homes located Lake Superior on State Highway 61.

### Building Permits

Figure 2.5 shows building permits for new homes, both single family and multifamily, in Cook County between 2017 and 2021. The data is from the Cook County Office of Land Services.

- Over this period, Cook County has issued building permits for an average of 54.2 units each year.
- The majority of the permits are for single-family structures. Over the period, permits were issued for only 19 multifamily units.
- Not shown in the figure, building permits for lakeshore properties have averaged about 60% of all permits issued per year. Some of these homes are seasonal residences but many of them are permanent residences.
- Over this period, there have been an average of about 65 remodel or additions permits in the county. These permits may range from simple deck additions to full remodel and expansion of the residence.

## 2.1 Land Use in Cook County, 2022

	Number of Parcels	Total Acres
<b>Residential Uses</b>		
Single-Family Residential	2,340	15,247
Multifamily Residential	8	26
Manufactured Housing	2	34
Native American Residential	3	55
Non-Commercial Seasonal Residential	2,904	20,604
Low Income Residential	4	7
Vacant Residential	782	2,951
<b>Non-Residential Uses</b>		
Agricultural	32	1,758
Commercial	375	2,391
Industrial	18	616
Resort	116	273
Other	412	6,021
Federal, State, or Local Government	3,006	788,210
Native American Reservation	319	44,652
Native American Non-Residential	9	546
Vacant Rural	1,693	40,495

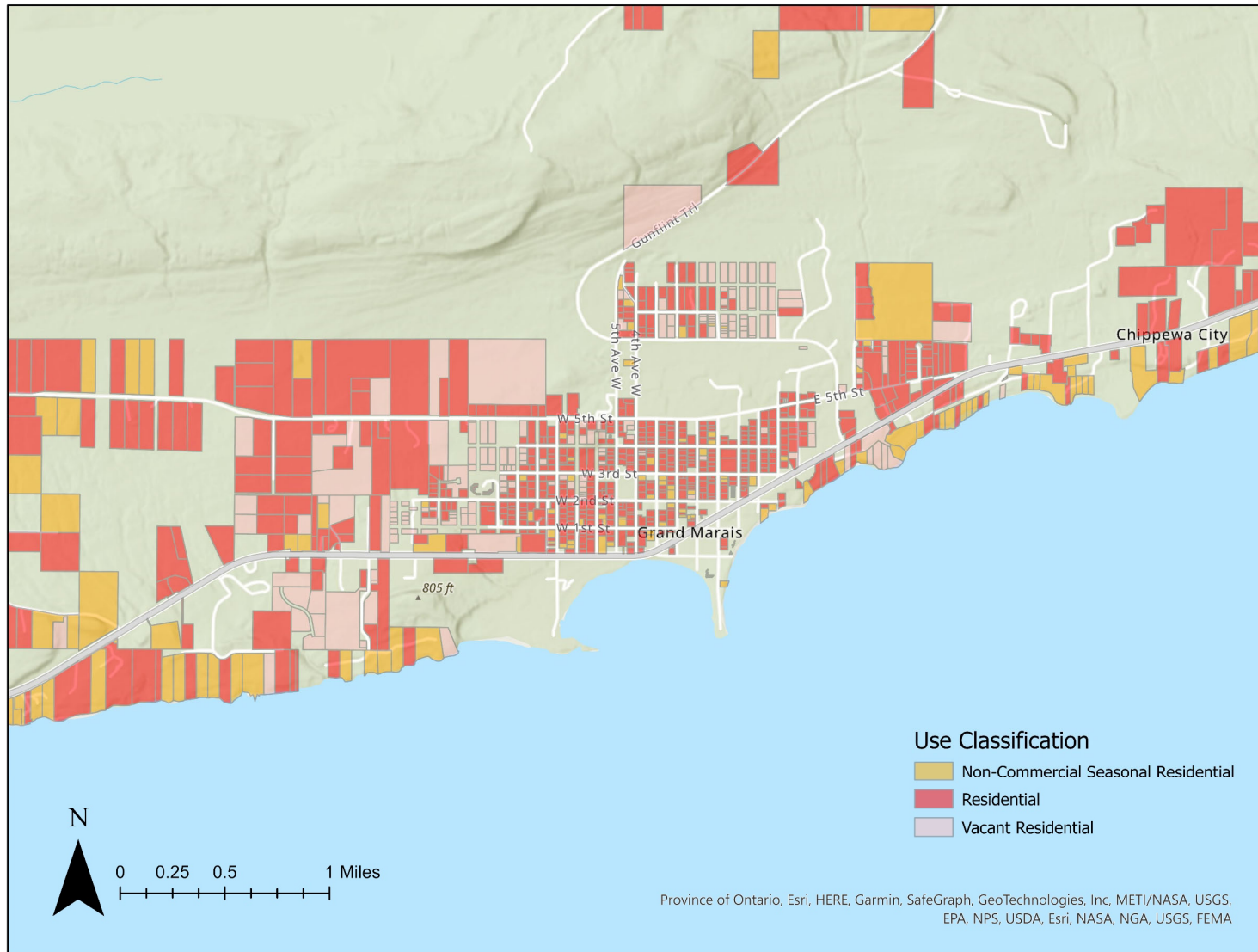
Source: Cook County GIS; LOCi Consulting LLC

## 2.3 Homestead Exemption in Cook County, 2022

	Homestead		Non-Homestead	
	Parcels	Total Acres	Parcels	Total Acres
Single-Family Residential	1,968	13,551	372	1,696
Agricultural	27	1,510	5	248

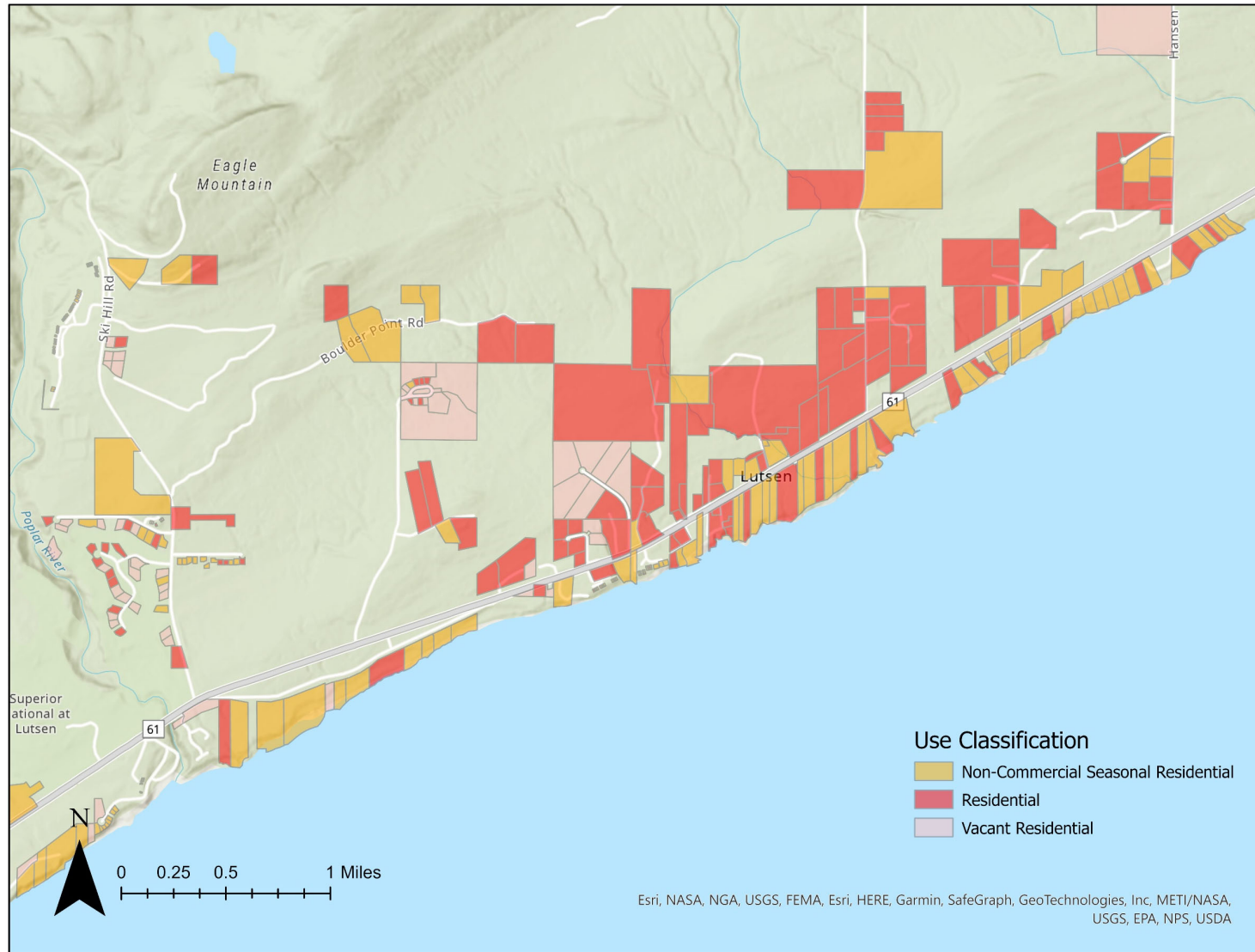
Source: Cook County GIS; LOCi Consulting LLC

**Map 2.3: Land Classified as Residential in Grand Marais and Surrounding Areas**

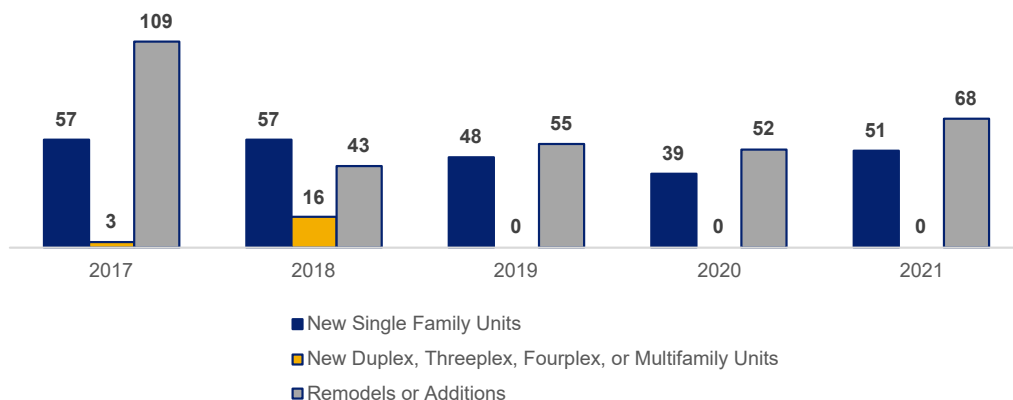


Source: Cook County GIS; LOCi Consulting LLC

**Map 2.4: Land Classified as Residential in Lutsen and Surrounding Areas**



## 2.5 Building Permits Issued in Cook County, 2017-2021



Source: Cook County; LOCi Consulting LLC

- There were a handful of commercial permits over this period. Those permits are not included in the data in Figure 2.5.

## Housing Characteristics

LOCi Consulting collected data on housing characteristics in Cook County. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2014 and 2019 and is meant to provide an estimate for 2019. This data includes existing owner-occupied, rental, and seasonal housing.

### Units in the Structure

- Figure 2.6 shows the number of units in the structure for housing units in Cook County. Compared to the state as a whole, Cook County has a larger percentage of one-unit detached structures. There are also fewer multifamily units and mobile homes relative to the state.

### Year Structure Built

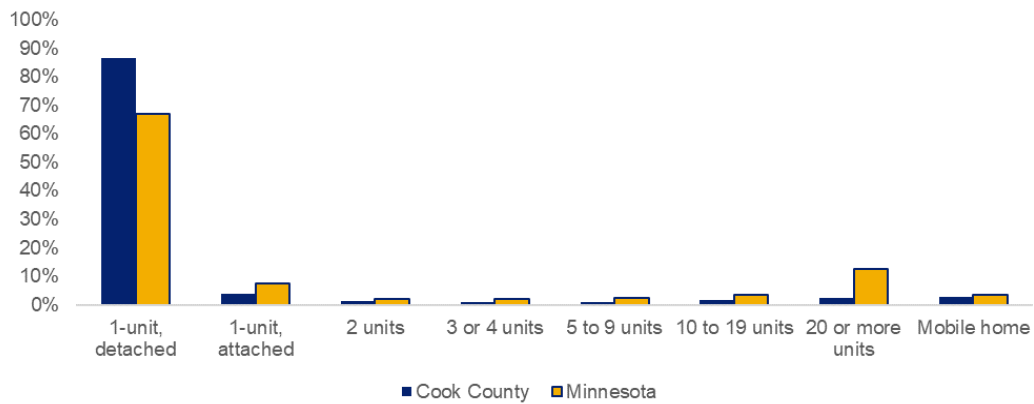
- Figure 2.7 shows the year that the structure was built.

- A significant portion of Cook County's housing stock was built between 1990 and 2010. About 37 percent of all units were built over this period.
- Compared to the state as whole, Cook County has fewer housing units that were built before 1939.
- However, a large portion of the county's housing stock is older—over 47% of the housing stock was built before 1970.

### Number of Bedrooms

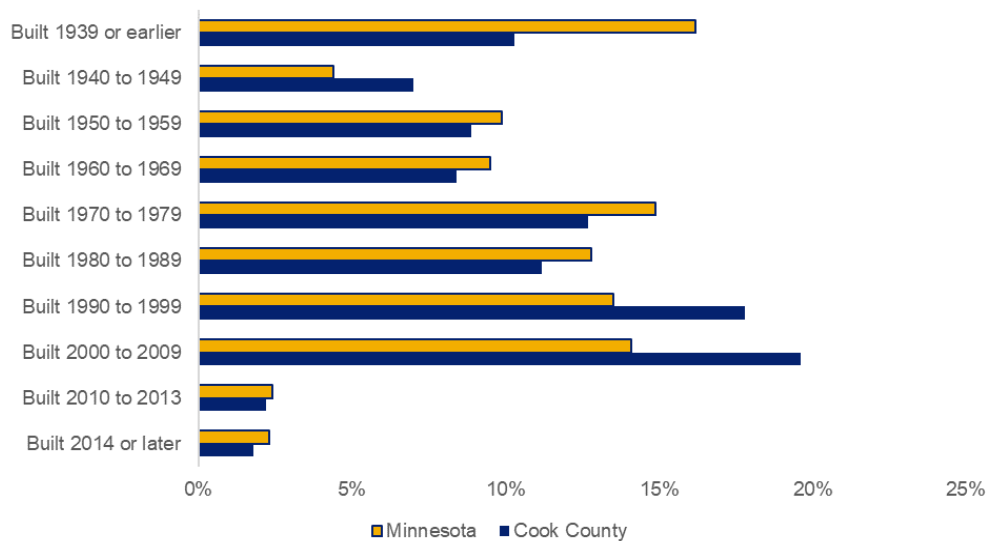
- Figure 2.8 shows the distribution of housing units by number of bedrooms in the unit.
- Existing housing units in Cook County are more likely to have fewer bedrooms than the state as a whole. This may be explained by the large number of seasonal homes in the county. Many of these are simple cabins with no bedrooms. Others may be smaller because they are not the primary residence.

## 2.6 Units in the Structure, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

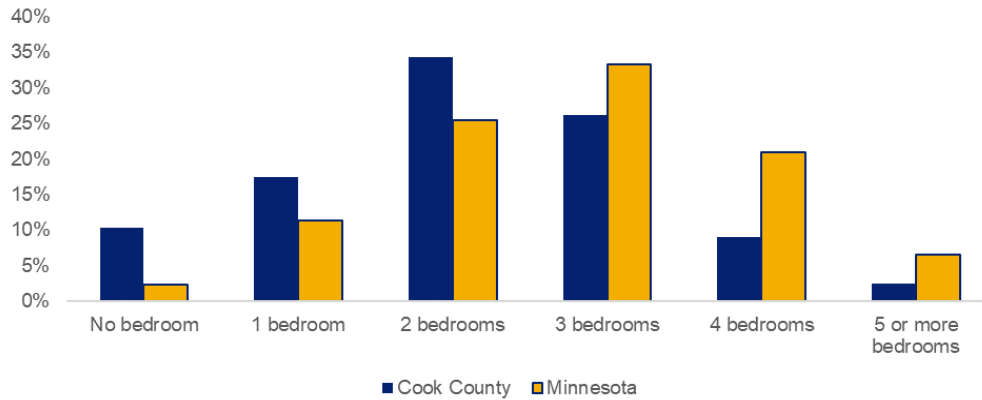
## 2.7 Year the Structure Was Built, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

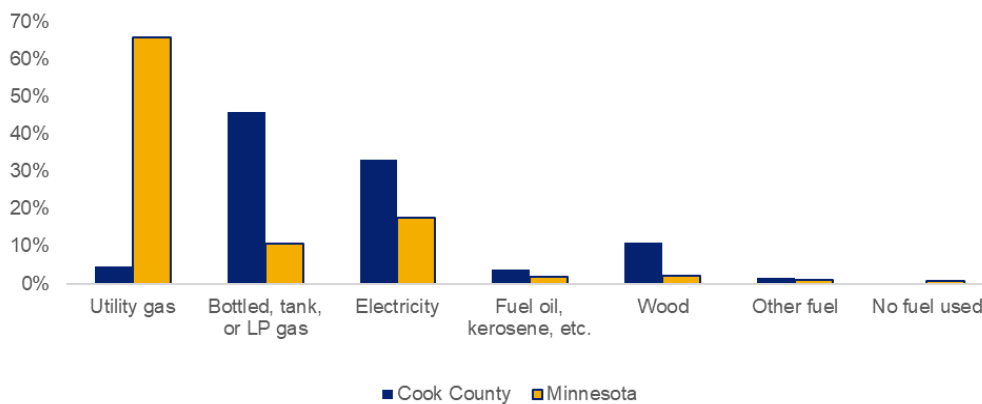


## 2.8 Number of Bedrooms in the Unit, 2019



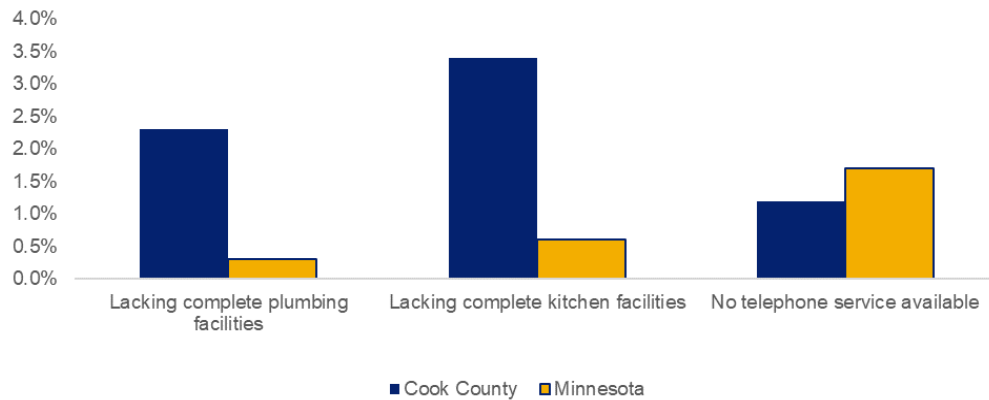
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

## 2.9 Heating Fuel Used in the Unit, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

## 2.10 Units without Plumbing, Kitchen Facilities, or Phone Service, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

### Other Characteristics

- Figure 2.9 show the distribution of units by heating source used. Because many of the homes in the county are spread out across a large rural area, Cook County has a much smaller percentage of housing units that use utility gas that would be offered within a municipality.
- Figure 2.10 shows units without plumbing, kitchen facilities, or phone service. Cook County has higher percentages than the state a whole for units that lack plumbing or kitchen facilities.
- Many of these units are rustic seasonal cabins. But many are also likely primary residences.

## 3. Owner-Occupied Housing Market

This section presents data on the for-sale housing market in Cook County. It includes a review of the existing for-sale market, a discussion of the market for new market-rate and affordable for-sale housing, and a summary of interviews with local real estate sources.

### Median Home Values for Existing Homes

Figure 3.1 shows the estimated median home value for existing homes in Cook County and the state of Minnesota. Figure 3.2 shows a distribution of those home values. Figure 3.3 shows the percentage of homes with a mortgage. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2014 and 2019 and is meant to provide an estimate for 2019.

- The median home value for existing homes in Cook County was estimated to be \$240,100 in

2019. The median home value in Cook County is about 7% higher than the state as a whole.

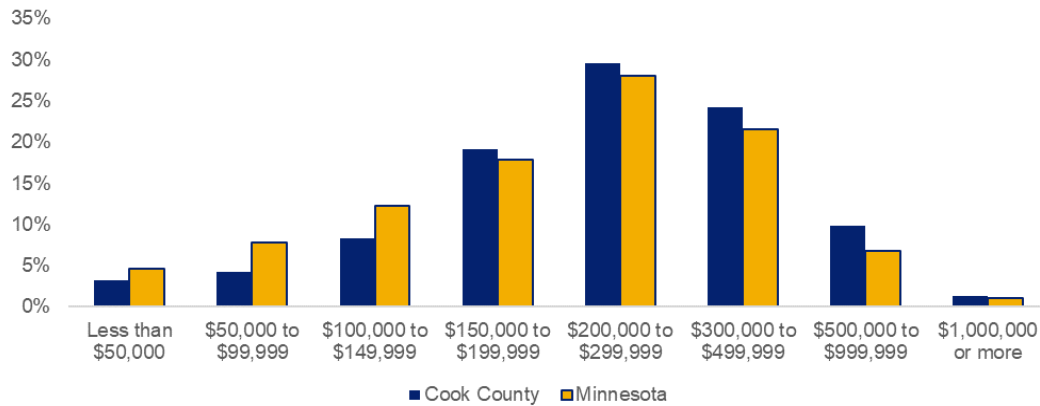
- Shown in Figure 3.2, Cook County has a higher percentage of homes valued between \$150,000 and \$500,000 than the state as a whole.
- About 46% of homes in Cook County are owned free and clear, meaning no mortgage secures the property. For the state of Minnesota, that percentage is about 33%.
- Higher home values in Cook County can be attributed to the fact that a large portion of the housing stock is either seasonal vacation property or full-time residential property located on lakeshore.

#### 3.1 Median Home Value in Cook County, 2019



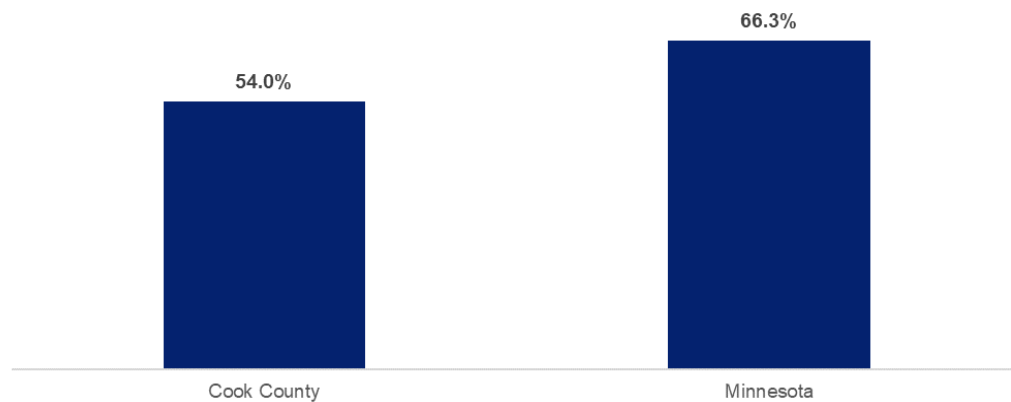
Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

## 3.2 Distribution of Owner-Occupied Home Values in Cook County, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

## 3.3 Percentage of Owner-Occupied Homes with a Mortgage, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

## New and Existing Home Sales in Cook County

LOCi Consulting collected data on the for-sale home market—both new construction and existing homes—in Cook County. Figure 3.4 shows closed real estate transactions in Grand Marais, Lutsen, and Tofte between 2017 and 2021. Figure 3.5 shows the median sale price for those transactions. Figure 3.6 shows the months of supply available in these markets over this period. This data is from the Lake Superior Association of Realtors.

- Transactions increased slightly in 2020 and 2021 in the three communities shown. Over this period, these three communities have averaged about 150 transactions per year.
- Not shown in the table, transactions are showing signs of slowing in 2022, likely the result of rising interest rates. Between January and April of 2022, there were 22 closed transactions in Grand Marais, Lutsen, and Tofte. Over the same period in 2021, there were 50 closed transactions.
- Median sale prices have increased significantly over this period. The median sale price for homes

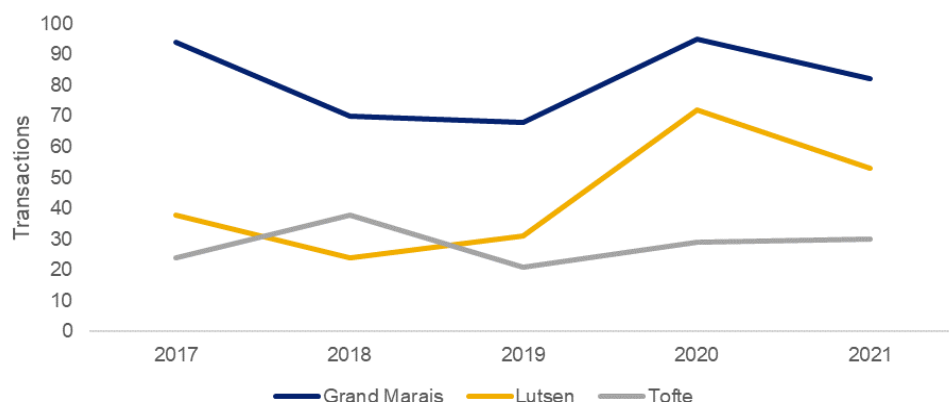
for homes sold in Grand Marais was \$370,000 between January and April of 2022, an increase of about 68% from 2017.

- The median sale price for homes sold in Lutsen was \$338,900 in year-to-date 2022, an increase of 25% from 2017.
- The median sale price for homes in sold in Tofte over this period (\$252,000) increased by about 20%.
- Months of supply—a measure of the inventory available for sale at a given period—declined across all markets.
- Across the country, demand for homes has been strong, which has pushed inventories lower and driven prices higher.

## For-Sale Home Developments

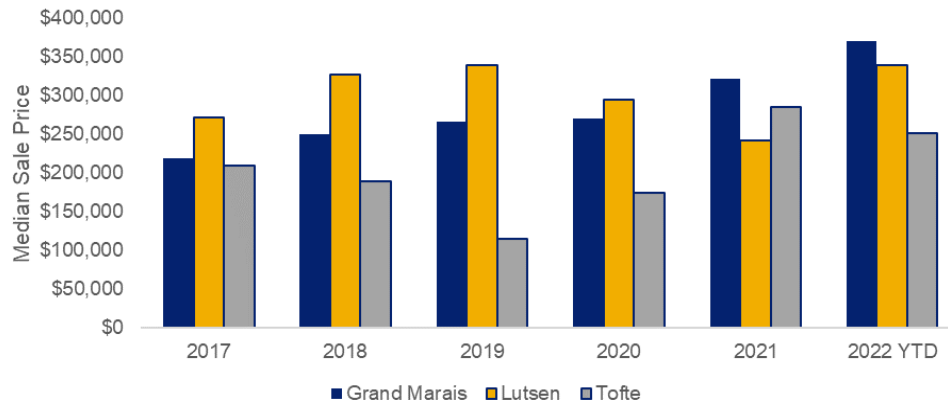
Almost all of the new for-sale home development in Cook County is occurring on lots purchased by homeowners and built by custom builders. There are no subdivision developments of significant size in the county.

### 3.4 Closed Residential Transactions in Communities in Cook County



Source: Lake Superior Association of Realtors; LOCi Consulting LLC

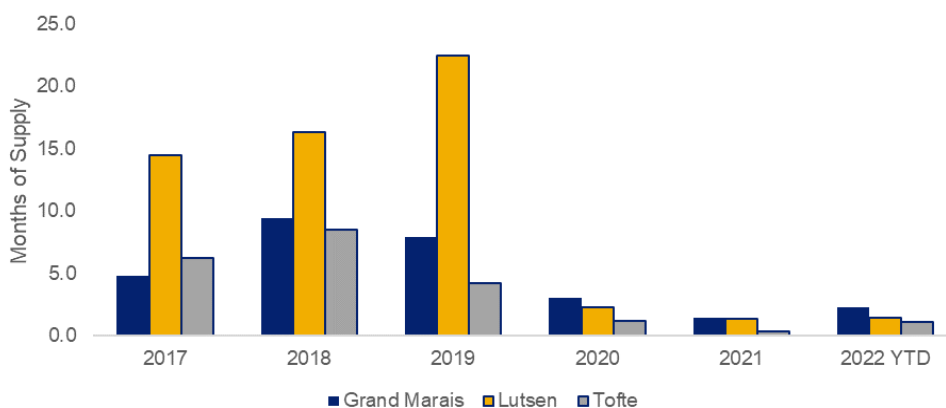
## 3.5 Median Sale Price of Closed Residential Transactions



\* 2022 data is January through April

Source: Lake Superior Association of Realtors; LOCi Consulting LLC

## 3.6 Months of Supply for Existing Home Sales in Cities in Cook County



\* 2022 data is January through April

Source: Lake Superior Association of Realtors; LOCi Consulting LLC

Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers. Noted in the discussion on building permits, about 60% of new home building permits over the past five years have been located on lakes.

Although most of these homes are custom homes, when they are built as spec home, they are often marketed at price points \$600,000 and greater.

## *Affordable For-Sale Housing*

Because of cost challenges, it is difficult to finance and build affordable for-sale housing. One project that was developed in the recent past was the *Nordic Star Development* in Grand Marais.

One Roof Housing, an affordable housing developer, and the Cook County/Grand Marais Economic Development Authority partnered to build eight single-family homes. Other funding for the project came from Minnesota Housing, Greater Minnesota Housing Fund, Minnesota Department of Iron Range Resources and Rehabilitation, and Odyssey Development.

The development included three-bedroom, one-bathroom homes with between 900 and 1,000 square feet. The homes were priced between \$150,000 and \$225,000, to be affordable to households earning between 80% and 120% of Area Median Income (see discussion on page 38).

Homes in this development are deed restricted as Community Land Trust homes, which means they will be permanently affordable. Homeowners cannot convert to rentals or vacation rentals. The first buyer and every subsequent buyer must be income qualified and must own and occupy the home.

Hamilton Homes, a non-profit development organization, is also developing affordable single-family homes. The developer is planning to build a 533-square foot home on the Gunflint Trail near the Cedar Grove Business Park in Grand Marais. The single-family home will owner-occupied and, under deed restrictions, must be homesteaded. Hamilton Homes has said that this project is one of three houses, both new construction and remodels, that Hamilton Habitat is working on for 2022.

## Pending For-Sale Developments in Cook County

LOCi Consulting contacted city and county staff to identify planned and pending for-sale developments in the county. Not counting projects where a homebuyer purchases a single lot and hires a custom homebuilder to build on that lot, no significant for-sale subdivision or single-family home developments are planned or pending.

## Interviews

LOCi Consulting interviewed several sources familiar with the owner-occupied housing market. Key points from those interviews follow.

***Cook County is desirable for homebuyers from the area, hybrid workers, and retirees, but people often have unreasonable expectations.***

- One realtor said tourism has been booming and he has seen an increased demand for seasonal homes in the last two years. “People are just buying so they can get away from the city,” he said. “If they can rent it out for a portion of the year to offset their investment, that’s great.”
- A Realtor said that many buyers are looking for a “placeholder” property. They want something to have in the area to come to before they are fully retired.
- One Realtor said that the high-speed internet that is available on the North Shore has increased demand for housing from hybrid workers. He said these investments have been valuable.
- Another Realtor said that Amazon and other ecommerce shopping has made it easier to live in Cook County. In the past, residents would have to drive to Duluth for their shopping needs. Now they can just order it and have it delivered.
- Buyers come to the area with high expectations, said one source. “People come up here and they have a vision of what they want—a house on a lake with 40 acres of land. It’s just not reasonable to expect that,” he said.
- One realtor said another problem is that there is a romance to the area and that drives what people

want to buy. “We are moving up here to be in the woods. We don’t want to buy in a subdivision on the edge of town. We want to be surrounded by trees and on a lake,” he said. He said some buyers are just unreasonable in their expectations.

***As a result, demand for single-family homes is strong.***

- One builder said demand in the market has been very strong. “Even crappy houses are selling for \$350,000 or \$360,000,” he said.
- One builder said that he is as busy as he can remember. “People are call me about projects and I’m telling them 2026 or 2027. That’s when I think I will have time to take on new work.”
- One Realtor said prices have just shot up. He said he had a couple who came to him hoping to spend about \$300,000 on a home in the area. They soon found out that they were going to have to spend \$400,000 to \$500,000 to find something that met their needs.
- This market will remain very strong, regardless of interest rates, according to one Realtor. “I tell people if 50% of the market is cash, they don’t care at all if interest rates hit 30%,” he said. He said, as interest rates increase, he expects the market to plateau, not decline.
- Another Realtor said he is working with a buyer who works for a university in the U.S., is calling him about properties from his hybrid work location in Europe and is looking to buy a property with all cash. The Realtor is doing multiple video showings with this client. “This is the competition for properties up here,” he said.
- Another Realtor said he is working with local first-time homebuyers, and they are really challenged. He said many of them have to consider non-traditional financing options like contract for deed to make homeownership affordable.

***Development costs have pushed up the prices for new homes and constricted supply.***

- One builder said costs are especially high in Cook County because of a shortage of buildable lots,

lots without infrastructure and utilities, challenging topography, and special stormwater runoff considerations.

- One Realtor said that he talks to builders in the area all the time and that costs have significantly increased. “The cost to build here is very expensive,” he said.
- One builder said that he has to price infrastructure into development that he does, putting in roads and city utilities, for example. He said he could build a more homes if there was some assistance on this cost.
- One builder said that the absolute base construction cost is about \$250 per square foot. But he said he likes to build product that costs about \$300 to \$350 per square foot. He said he wants to build homes that are more energy efficient and that can drive up construction costs.
- Another realtor said that one of the reasons that housing is so costly to build is that there are too few contractors in the area, and many of those located in Duluth and the Iron Range do not want to drive all the way over to Cook County to do work.
- One homebuilder said that one of his biggest challenges is finding workers. “There just aren’t enough contractors and subs,” he said.

***Remodel and rehabilitation strategies should be used to maintain the housing existing housing stock.***

- Once source said that he is concerned that the existing housing stock is becoming dilapidated and obsolete, further constricting supply. He said there should be funding available to improve and maintain the quality of existing housing.
- One homebuilder expressed concern about focusing on housing remodels and rehabilitations. He said he has worked on remodels in many existing homes in the county and the housing stock is not consistent in quality. He said there are always surprises after projects get started. “You never know what you are going to find. These homes were built by loggers and fisherman,” he said.



***Solutions for housing problems have not been easy to find.***

- One developer said that there is significant demand, but it is also a small market. “The thing that I am always concerned about with these discussions is that the difference between having enough and having too much is a fine line,” he said.
- One Realtor said there is just too little supply. “There is a serious problem with housing stock,” he said. “We’ve had this problem for the last 35 years, and we haven’t done anything about it.”
- “We have been talking about the need for housing for 50 years, and we haven’t solved the problem,” said one source.

***A few sources suggested that city and county resources should be leveraged for infrastructure development.***

- One Realtor said that the city and county should make investments in infrastructure—roads, utilities, and sewer—that would support new housing development in areas that could be most efficiently developed.
- One homebuilder said that infrastructure costs are a significant cost for development in the city. He said that it would be easier to add supply with assistance from the city or county.

## 4. Rental Housing Market

This section presents data on rental housing in the Cook County, both market-rate and affordable. It includes a summary of rents in the market, a profile of rental projects, and a summary of interviews with sources familiar with the market.

### Rental Market Trends

The apartment market across the U.S. has been very strong over the last several years. In many markets, demand has increased as the pool of renters has grown. While at the same time, construction costs have made it difficult to add new supply.

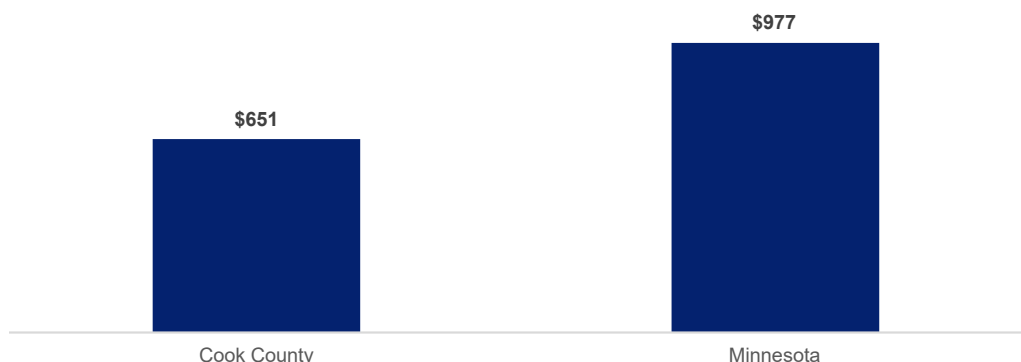
In general, the market is considered to be at “equilibrium” when the vacancy rate is at 5%. At that point there are enough renters for property owners to be profitable and to be in a position to reinvest in their properties in order for them to remain marketable. Vacancies below 5% indicate a tight rental market, in which rents are likely to

increase at rates well above other household costs. Typically, such low vacancies signal to real estate developers that enough excess demand exists in the market to support new construction, provided prevailing target market households can afford rents needed to cover the cost of new construction.

Overall homeownership rates have been declining as Millennials have become the dominant generation of homebuyers. For several reasons—more stringent lending requirements, higher student debt, home price escalation outpacing earning power, or simply a belief that it is not a good investment—they have not embraced homeownership the way previous generations have. As a result, they have been more willing to rent and have driven demand for new rental product.

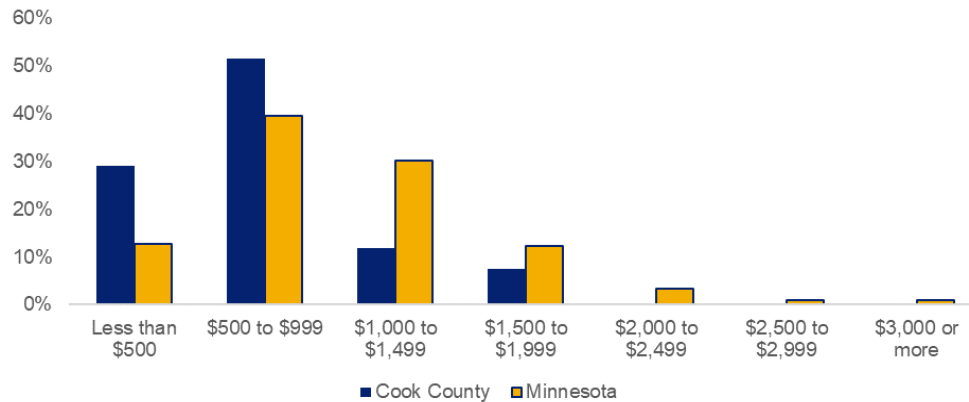
Figure 4.1 shows the median rent for Cook County and the state of Minnesota as a whole. Figure 4.2

**4.1 Median Rent in Cook County, 2019**



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

#### 4.2 Distribution of Gross Rent Paid in Cook County, 2019



Source: American Community Survey, US Census Bureau; LOCi Consulting LLC

shows the distribution of rents for the county and state. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2014 and 2019 and is meant to provide an estimate for 2019.

- Figure 4.1 shows that the median rent for Cook County in 2019—about \$650—was about one third less than for the state as whole.
- It is estimated that about 80% of rents in 2019 were below \$1,000 in Cook County.

### Affordable Rental Housing

Housing is generally considered affordable when the cost does not exceed 30% of a given household's income. Discussed in the previous section, the average market-rate rent for the Primary Market Area (PMA) is about \$650. In order to afford the average rent in the PMA, a household would need an income of about \$26,000.

In general, affordable housing is targeted to households earning at or below 60% of Area Median Income (AMI). Income restrictions for properties are

set by the terms of the regulation and program parameters used to finance the project. Some projects target very low-income residents with incomes below 30% of AMI. Many of these projects charge a sliding scale rent based on 30% of the resident's income. Other properties have income restrictions set anywhere from 30% to 80% of AMI. Rent at these properties is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment.

Figure 4.3 shows Income limits for Cook County as set by the U.S. Department of Housing and Urban Development (HUD) and Minnesota Housing. These are the income requirements to qualify for affordable housing under the federal and state programs.

### Profile of Rental Properties in Cook County

LOCi Consulting collected data on existing rental developments in Cook County. These properties are profiled to best understand average rents,

## 4.3 Income Limits by Household Size for Cook County

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	\$15,650	\$17,900	\$20,150	\$22,350	\$24,150	\$25,950	\$27,750	\$29,550
Very Low Income	\$26,100	\$29,800	\$33,550	\$37,250	\$40,250	\$43,250	\$46,200	\$49,200
60% Limits	\$31,320	\$35,760	\$40,260	\$44,700	\$48,300	\$51,900	\$55,440	\$59,040
Low Income	\$41,750	\$47,700	\$53,650	\$59,600	\$64,400	\$69,150	\$73,950	\$78,700

\*Effective June 1, 2021

Source: US Department of Housing and Urban Development; Minnesota Housing; LOCi Consulting LLC

occupancies, and features and amenities that are currently being offered in the marketplace.

Properties listed as workforce and market-rate housing do not have income restrictions, and, for purposes of this analysis, they are not considered affordable. However, this list includes mostly market-rate properties with rents that would be considered affordable under the income guidelines. Most would be affordable to households that earn below 50% and 60% of AMI.

This type of housing is often called NOAH, or naturally occurring affordable housing. This product type makes up most of the affordable housing in the country. For product across the country, it is generally understood to mean product that is over 20 years old, lacks newer amenities, and is affordable without a subsidy.

Figure 4.5 shows the rental properties identified and profiled in and near the county. The inventory focused on properties with eight or more units. It does not include age-restricted apartments. Those properties are discussed in the next section. Map 4.6 shows the location of the profiled properties.

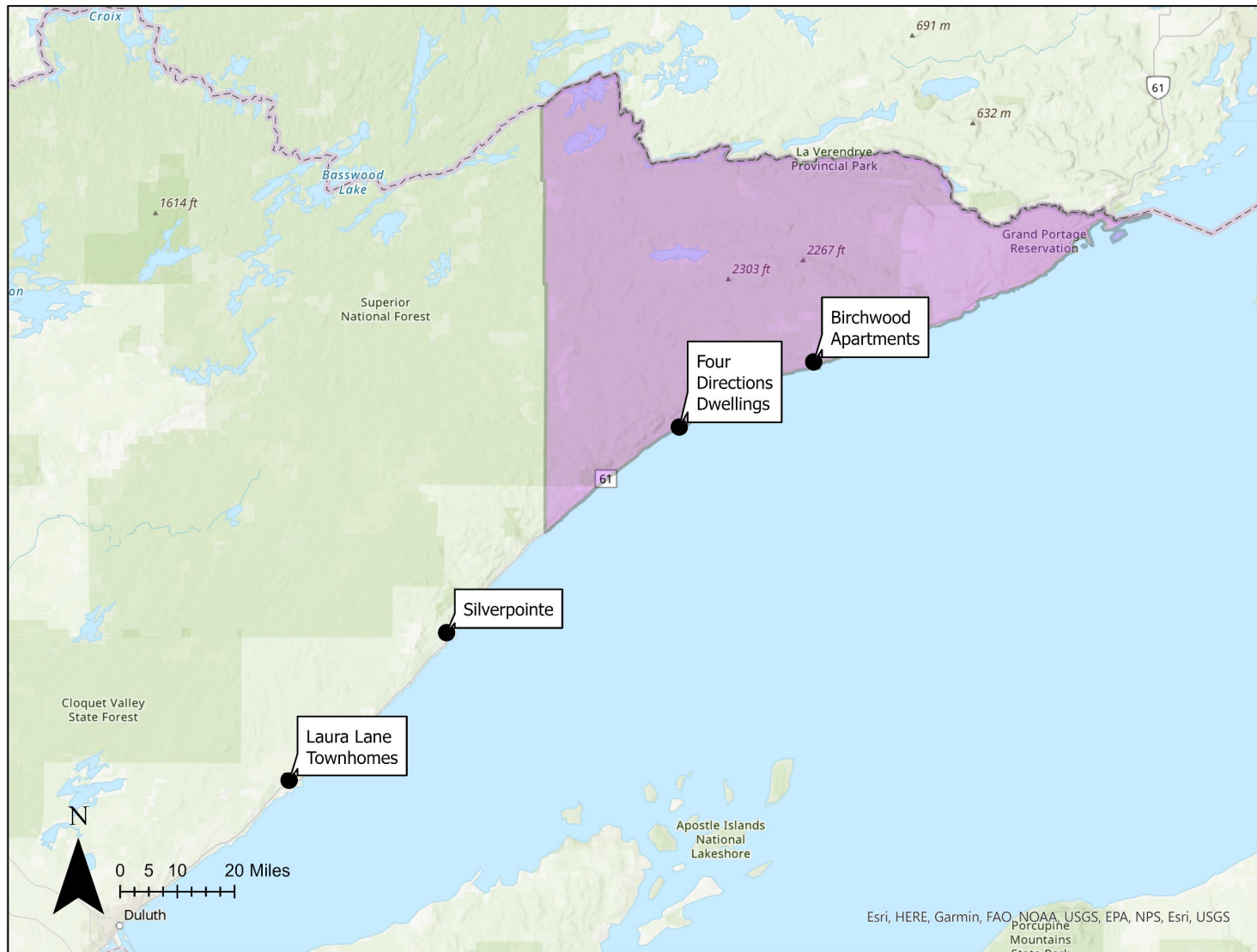
- There are few general-occupancy rental properties in Cook County. Four projects were identified and profiled. Only two of those are in Cook County. Because there are only two, we profiled two additional properties that are located near the PMA in Lake County.
- There are zero vacancies in the general-occupancy rental properties in and near the county.
- Apartment owners and manager interviewed said that the current vacancy rate is not unusual for the market. Most said that openings at their properties are filled quickly.
- Birchwood Apartments* is the only general-occupancy affordable property in the PMA. That property has 24 units and is income restricted to 30% of Area Median Income.
- Four Directions Dwellings* is the only workforce and market-market rate property in the county. That project has 16 units and rents range from \$930 to \$1,290.
- Rents for competitive properties outside of the county range from \$695 to \$1,500, or between \$1.16 and \$1.50 per square foot.
- Units typically include heat with the rent and off-street surface parking. Some of the of the properties include community rooms and outdoor gathering spaces.
- Not shown in the figure, the Grand Portage Band of Lake Superior Chippewa provides rental housing for tribal members, one apartment-style facility that serves low-income families and elderly and one eight-room dormitory that serves seasonal workforce.

#### 4.5 Profiles of Rental Communities in and near Cook County, April 2022

Property	Units	Vacant Units	Unit Mix	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Features and Amenities
<b>Income-Restricted Rental Housing</b>								
<b>Birchwood Apartments</b> 801 West 5th St Grand Marais, Minnesota  <i>Year Built: 1992</i>	24	0	16 8	1BR 2BR	768 930	30% of Income		Rural Development project. Income restriction is 30% of Area Median Income and below. Heat, garbage, sewer, and water included in rent. Units include air conditioner. Complex has storage. Parking lot with assigned parking.
<b>Workforce and Market-Rate Rental Housing</b>								
<b>Four Directions Dwellings</b> 11 Alta Miikana Road Lutsen, Minnesota  <i>Year Built: 2018</i>	16	0	8 8	1BR 2BR	624 864	\$930 \$1,290	\$1.49 \$1.49	Heat, electric, water, sewer, and garbage are all included. Units include dishwasher and laundry hookups. Surface parking lot available.
<b>Silverpointe</b> 101 Banks Blvd Silver Bay, Minnesota  <i>Year Built: 1996</i>  <b>-- Not in Primary Market Area --</b>	25	0	17 8	1BR 2BR	600 - 650 700	\$695 - 796 \$860	\$1.16 - 1.22 \$1.23	Heat, garbage, sewer, water, cable included in rent. Units include dishwasher. Complex has community room with kitchen and piano, elevator, outdoor patio, community garden, coin operated laundry room, and controlled access. Parking lot with garages available (\$44 per month).
<b>Laura Lane Townhomes</b> 501 Laura Lane Two Harbors, Minnesota  <i>Year Built: 1998</i>  <b>-- Not in Primary Market Area --</b>	36	0	36	2BR	1,000	\$1,400 - 1,500	\$1.40 - 1.50	Units are attached with 1-car garages. No community space.

Source: Costar; websites, interviews with leasing agents; LOCi Consulting LLC

**Map 4.6: Rental Properties in and near Cook County**



Source: ESRI; LOCi Consulting LLC

## Planned and Pending Rental Housing Developments

LOCi Consulting identified two proposals for rental housing projects in the county

- Rob Deiter with Red Five, LLC, has proposed *Sawbill Village* in Tofte. This project would include six two-bedroom apartments with between 880- and 950-square feet, which would include central air and heating and a detached garage space. The project would also include three retail spaces and a restaurant space. The developer is seeking some assistance from the county to finance the project and is planning to open in 2024. Because this project has not been approved nor begun construction, it is not included in the demand calculations.
- Also in Tofte, Joe Swanson, the owner of Bluefin Bay, has proposed a mixed-use development with two buildings that would include about 4,500-square feet of commercial space along with 14 units of market-rate apartments. The project—*Tofte Homestead*—would include four one-bedroom units, eight two-bedroom units, and two three-bedroom units. The proposed rents would range from \$975 to \$1,575. The project remains uncertain as a request for a grant through Minnesota Housing was denied in April 2022. Because of the uncertainty, this project is not included in the demand calculations.

## Interviews

LOCi Consulting interviewed several sources familiar with the rental market. Key points from those interviews follow.

### ***There is limited supply, and vacancies fill fast.***

- “There’s just no supply out there,” said one source who helps people find housing.
- Property managers said that units do not turnover frequently, and when they do they fill very quickly.

***Most of the residents are from the area, but managers do get calls from people looking to relocate.***

- Property managers said that most of their residents are from Cook County or Lake County.
- But managers said they are getting calls from potential residents looking to relocate to the area. Many of those have previous ties to the area.

### ***Employers have a difficult time finding workforce housing for new employees.***

- “We need workforce housing,” said one source. He said the large employers in the area are healthcare, government, and parks, and these employers add workers who cannot afford the for-sale housing in the area, at least not at first. There needs to be housing available for these workers.
- One developer said that there just is not enough workforce housing. “People get a job offer up here and they would like to come,” he said. “But they can’t find an apartment. All they can find is a place in someone’s basement.”
- Several sources said that employers see housing as their greatest challenge. They can make offers to workers, but if those workers cannot find housing, they do not relocate.
- One source said the problem is bigger for mid-level workers. They cannot find appropriate housing because there is not enough, he said. These workers cannot find single-family homes or rentals to satisfy their housing needs.
- One developer said there is a need for extended stay housing for new workforce. He said there needs to be housing that is furnished and can be rented for a few months. This product would allow new workforce to move to the area to get settled.



## 5. Senior Housing

Senior housing refers to a spectrum of property types that combine housing with varied levels of services for seniors. These housing products range from minimal or no services at active adult rental communities to high levels of services provided in enhanced memory care assisted living units. Some communities will offer the spectrum of senior housing products to residents, allowing residents to age in place within the community and to receive services appropriate for their needs. Others are freestanding and offer only one type of product.

The properties that include the lowest level of services are called **active adult** properties, which offer virtually no support services or healthcare, but still restrict tenancy to those age 55 and over. Active adult properties can be rental or owner-occupied units—attached or detached townhomes, condominiums, and cooperatives. The target market for these communities is typically age 65 and over and are generally healthier than other senior living residents.

**Affordable senior housing** can generally be classified as active adult as well. Units are age- and income-restricted and offer typical apartments with few services. Some affordable housing developments offer meals, housekeeping, and/or assistance with activities of daily living through external providers. These services are rarely included in the monthly fee.

**Independent living** communities offer support services such as meals and housekeeping. These services are either included in the rent or offered a-la carte so that residents can choose whether to pay for them. Independent living projects attract an older and frailer senior population than adult projects—generally seniors age 75 and over.

The most service-intensive housing types are **assisted living** and **memory care assisted living**. Some of the typical services they provide are meals, housekeeping, linen changes, personal laundry, 24-hour emergency response, and a wide range of

personal-care and therapeutic services. The meals and services can be built into the monthly fee, charged through a tiered service package, or offered a-la-carte.

### Senior Living in and near Cook County

LOCi Consulting inventoried senior housing in and near Cook County. Figure 5.1 shows properties currently available in the Primary Market Area (PMA) along with one property that is located just outside of the PMA. Map 5.2 shows the location of these properties.

#### *Affordable Senior Housing*

- Two subsidized projects were inventoried in the PMA, with a total of 57 units. *Harborview Apartments* and *Sawtooth Ridges* are both located in Grand Marais.
- Both affordable projects require incomes at or below 30% of Area Median Income. Both projects offer one-bedroom units with sizes between 540- and 750-square feet.
- Neither project offers meals or assisted living services, but residents can arrange services with Cook County.
- There are zero vacant unit of affordable senior housing.

#### *Active Adult and Independent Living*

- Two properties were identified that can be classified as active adult—one cooperative for-sale property and one rental property.
- *Homestead Cooperative of Grand Marais* is 26-unit cooperative that was built in 1996. Unlike condominiums where residents own the unit, residents of cooperatives own shares in the project.





**5.1 Profiles of Senior Housing Communities in and near Cook County, April 2020**

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
<b>Subsidized Age-Restricted Rental</b>							
<b>Harborview Apartments</b> 11 East 3rd Street Grand Marais, Minnesota  <i>Year Built: 1978</i>	31	0	1BR	540	30% of Income		Restricted to age 62 or older or disabled. Includes key access entry, onsite Laundry, elevator, community room with kitchen, TV lounge, and off-street parking.
<b>Sawtooth Ridges</b> 701 West 5th Street Grand Marais, Minnesota  <i>Year Built: 1994</i>	27	0	1BR	750	30% of Income		Restricted to age 62 or older. Water, heat, electricity, and garbage service are included, while telephone and cable TV are not. Apartments have kitchen, bath, individual heat controls, two phone jacks, two cable TV outlets, an emergency call system, and storage space. Pets are allowed. Services can be arranged with Cook County.
<b>Market-Rate Active Adult For-Sale</b>							
<b>Homestead Cooperative of Grand Marais</b> 219 West 11th Avenue Grand Marais, Minnesota  <i>Year Built: 1996</i>	26	0	1BR 2BR	741 - 788 936 - 1,092	NA \$182,500 Recent Sale Price for Cooperative	NA NA	Restricted to age 55 and up. Monthly fee ranges from \$449 to \$681. Includes all utilities except phone. Common area includes meeting room, laundry, shop, and exercise room. Surface lot but garages available for \$36 per month (attached) and \$26 per month (non-attached).

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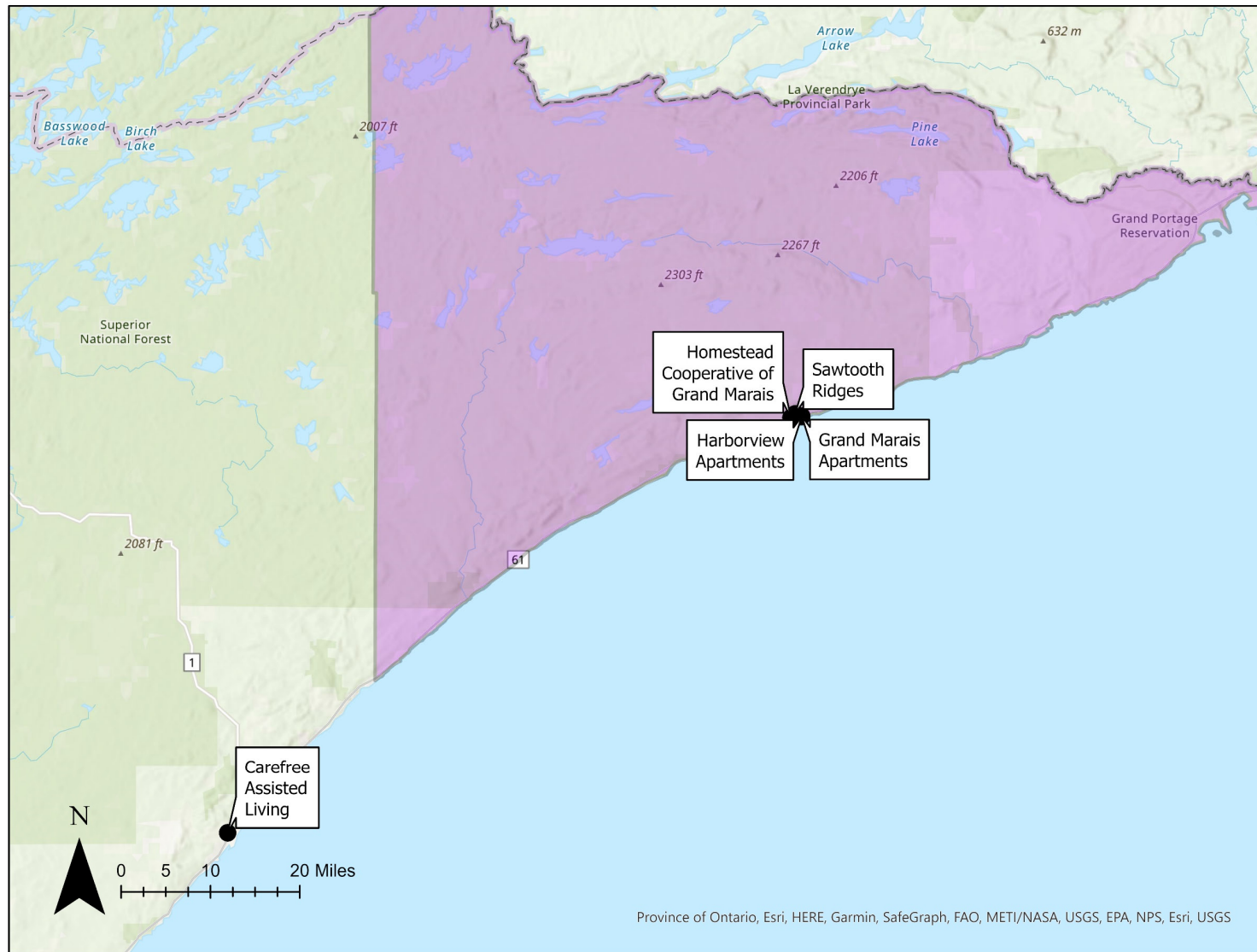
Source: Interviews; community websites; LOCi Consulting LLC

**5.1 Profiles of Senior Housing Communities in and near Cook County, April 2020 (Cont.)**

Property	Units	Vacant Units	Unit Type	Size of Unit	Base Rent	Rent per Square Foot	Services and Amenities
<b>Market-Rate Active Adult Rental</b>							
<b>Grand Marais Apartments</b> 315 1st Avenue East Grand Marais, Minnesota  <i>Year Built: 1985</i>	16	2	1BR 2BR	624 780	\$499 \$529	\$0.80 \$0.68	Restricted to tenants age 62 and older or disabled. No income restriction. Parking lot.
<b>Assisted Living</b>							
<b>Carefree Assisted Living</b> 36 Bell Circle Silver Bay, Minnesota  <i>Year Built: 2010</i>  <b>-- Not in Primary Market Area --</b>	22	0	Studio 1BR	361 - 368 509	\$2,154 \$2,358  <u>Service Packages</u> Care packages established by point system	\$5.85 - 5.97 \$4.63	Meals and snack and light housekeeping included; units include kitchenettes and in-unit washer and dryer; amenities include bistro, dining room, fitness center, guest suites; utilities except phone and cable included.
<b>Memory Care Assisted Living</b>							
<b>Carefree Assisted Living Memory Care</b> 36 Bell Circle Silver Bay, Minnesota  <i>Year Built: 2010</i>  <b>-- Not in Primary Market Area --</b>	12	2	Shared Private	361 307 - 308	\$2,090 \$2,304  <u>Service Packages</u> Care packages established by point system	\$5.79 \$7.48 - 7.50	Three meals per day and light housekeeping included; units include kitchenettes and in-unit washer and dryer; amenities include bistro, dining room, fitness center, guest suites; utilities plus cable and phone included.

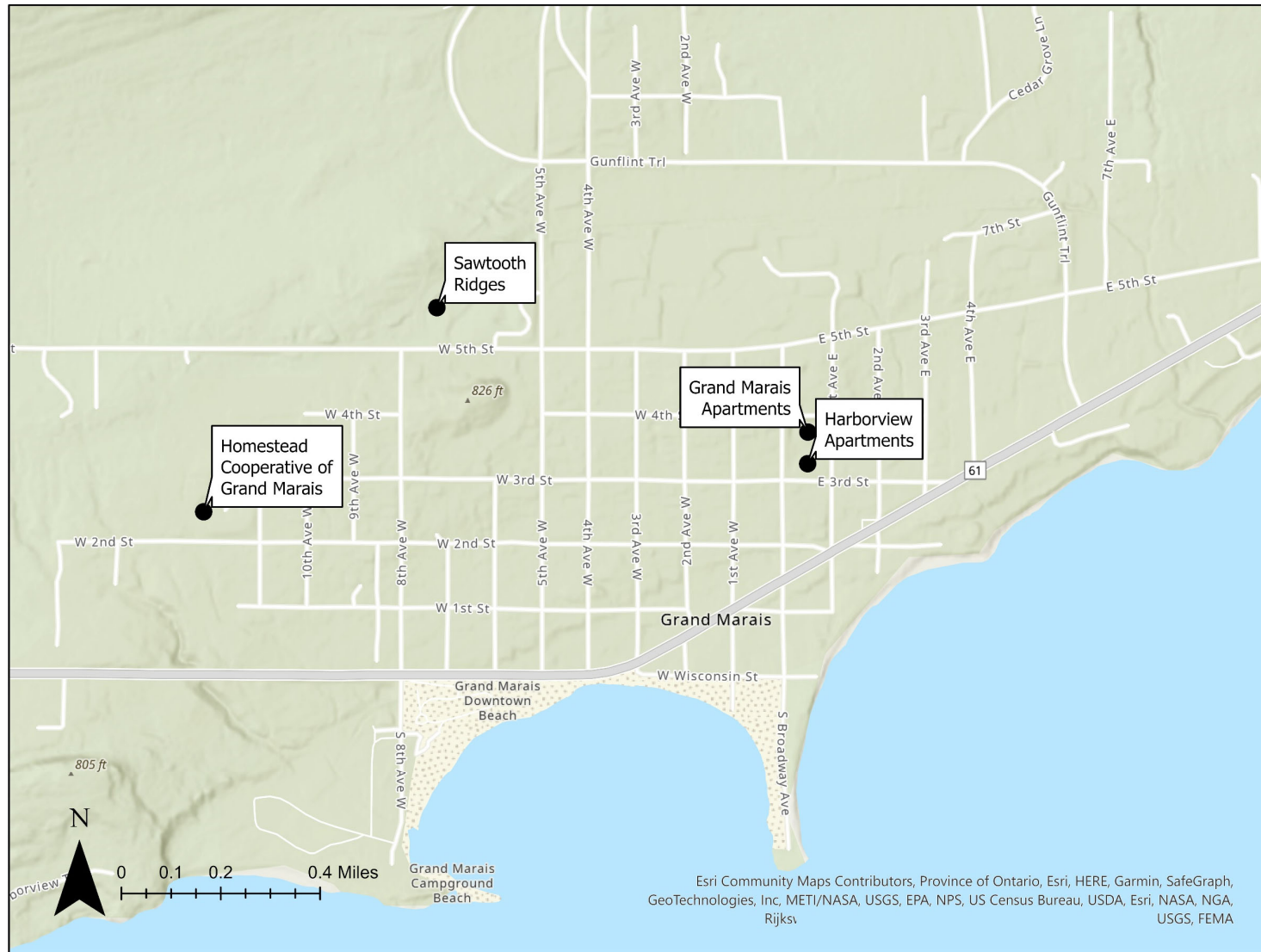
Source: Interviews; community websites; LOCi Consulting LLC

**Map 5.2: Senior Living Properties in and near Cook County**



Source: ESRI; LOCi Consulting LLC

**Map 5.3: Senior Living Properties in Grand Marais, Minnesota**



Source: ESRI; LOCi Consulting LLC

- The last homebuyer that purchased cooperative shares at *Homestead Cooperative* paid \$182,000 for their shares. The monthly fee ranges from \$449 to \$681.
- *Grand Marais Apartments* is a 16-unit age-restricted building that has no income restriction. However, the property has rents that make it affordable to low- and moderate-income seniors. Rents at *Grand Marais Apartments* range from \$499 to \$529.
- There are two vacant units of active adult or independent living senior housing, both in the *Grand Marais Apartments*. For active adult or independent living, the vacancy rate is 4.7%.

### *Assisted Living and Memory Care*

- There are no assisted living or memory care assisted living properties in Cook County.
- One project profiled is located just outside Cook County in Silver Bay. *Carefree Assisted Living* has 22 units of assisted living and 12 units of memory care.
- Assisted living units at the property range in monthly fees from \$2,154 for a studio unit to \$2,358 for a one-bedroom unit. Memory care monthly fees range from \$2,090 to \$2,304. The monthly fee includes a base package with meals and housekeeping. But personal care services are provided through service packages that cost extra.
- There are two memory care units vacant, for an overall assisted living and memory care vacancy rate of 5.8%.
- *Hillhaven*, a Residential Care Facility, which served between six and 12 elderly residents closed in 2018.

### *Skilled Nursing Facilities*

- Not shown in Figure 5.1, North Shore Health operates a 37-bed skilled nursing facility in Grand Marais. The facility has 11 singles and 18 double occupancy rooms. It is certified both in Medicare and Medicaid and provides both long-stay and short-term post-acute care.

## Planned and Pending Senior Housing Developments

LOCi Consulting identified no planned or pending senior housing developments in the PMA. One senior living project was proposed in Grand Marais in 2020, but that project is not moving forward.

- Community Asset Foundation (CAF) proposed building an 18-20 bed assisted living facility at a site in the Grand Marais Business Park. CAF planned to obtain the site and building plan approval from the city and execute a management agreement with North Shore Health or another nonprofit experienced in assisted living operations. The developer planned to reserve 20% of the units for low-income seniors. In 2021, CAF announced that they were not going to move forward with the proposal.

## Interviews

LOCi Consulting interviewed several sources familiar with the senior housing market. Key points from those interviews follow.

### ***There is a lack of senior housing options in Cook County.***

- Property managers said that vacancies are unusual and, when they occur, it does not take long to fill the unit.
- One source said there is an especially strong need for affordable senior housing.
- One source who works with seniors said that there is need across a broad spectrum for seniors. She suggested that one facility should offer a continuum of housing and services—with senior apartments for active seniors, assisted living for seniors who need assistance, and adult day care for local families who need support caring for an elder.

### ***Seniors in Cook County want to remain in the county but are often forced to leave because of lack of needed housing and services.***

- Property managers said that it is very rare to have residents from outside of Cook County.

- Property managers in Lake County said they get residents from Cook County because those properties are the only ones available for Cook County residents.
- “We just don’t have enough housing options for our seniors,” said one source who helps seniors find housing.
- It is especially true for housing that provides services. “So, when we don’t have any assisted living, they move way, maybe to be closer to adult children. But many of them want to stay here,” said a source.
- One source said that existing properties in Cook County that are affordable require two residents in two-bedroom units. That requirement can

make those units difficult to fill, even though there may be potential income qualified residents to take those units. “By the time our seniors are ready to move into an apartment, they’ve typically lost a spouse, so it is rare that they are a two-person family,” a source said.

## 6. Special Needs Housing

This section provides a discussion of the need for housing that serves special need populations in Cook County.

### Population with Disabilities

Figure 6.1 shows the population with disabilities in Cook County. This data comes from the American Community Survey from the U.S. Census Bureau. The data is based on surveys conducted between 2014 and 2019 and is meant to provide an estimate for 2019. Note that a person may have multiple disabilities, so the population counts are not mutually exclusive.

- About 720 people in Cook County have a disability. The population with a hearing

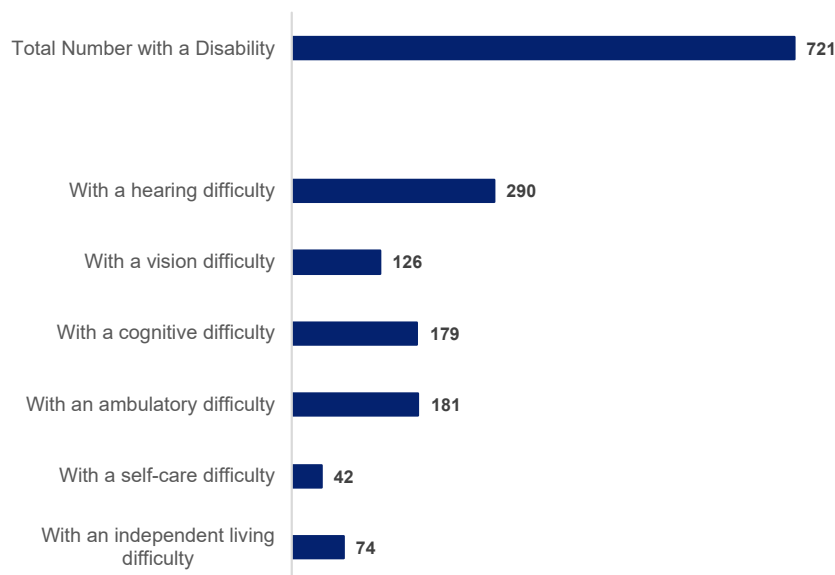
disability is the largest portion of this group with about 300 individuals.

- Subsidized housing that also serves income-qualified households provides housing for residents with disabilities. Discussed in previous sections, these units do not turnover frequently and are reoccupied quickly with they do.

### Homelessness in Cook County

Data is limited on the number of individuals and families experiencing homelessness in Cook County. Wilder Foundation conducts a survey of homelessness in Minnesota every three years.

**6.1 Estimated Population with a Disability in Cook County, 2019**

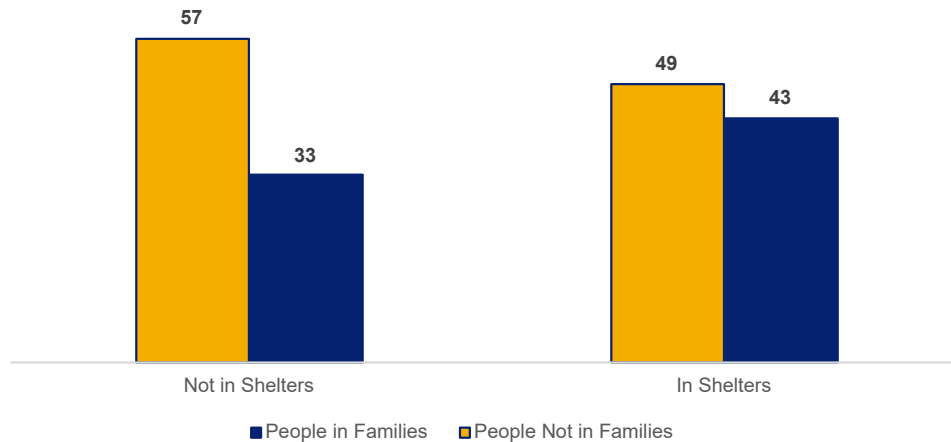


\* Note that a person may have more than one disability.

Source: American Community Survey, U.S. Census; ESRI; LOCi Consulting LLC



## 6.2 Population Experiencing Homelessness in Northeastern Minnesota, 2018



\* Northeastern Minnesota is defined for the Wilder Study as Cook, Aitkin, Carlton, Itasca, and Koochiching Counties.

Source: 2018 Homeless Study, Wilder Research; LOCi Consulting LLC

Wilder Foundation does not isolate data for Cook County separately but includes it in their analysis for the Northeastern Region of the state, which for that organization includes Cook, Aitkin, Carlton, Itasca, and Koochiching Counties. Wilder Foundation suspended the study for 2021 because COVID19 pandemic but is in the process of completing the study for 2022.

- It is estimated that there are a total of about 180 individuals who are homeless in the Northwestern Counties. Of those, about 90 were being served in shelters, while the remainder were still living in the community.
- Sources interviewed said that, for Cook County, it is difficult to collect data on the homeless population because there are no shelters serving individuals that are homeless. The data in the Wilder Study likely undercount the population in Cook County.

- Individuals who need assistance with homelessness in Cook County must either go to a location with an emergency shelter, like Duluth, or find another solution in the community.
- Sources interviewed also said that organizations serving homeless individuals are currently conducting the survey for the Wilder Foundation and that the results for those counties surveyed in northeastern Minnesota will be similar in 2022 to the data collected in 2018.

### Residential Facilities Serving Special Need Populations in Cook County

Other than foster homes for children mostly in single-family homes and subsidized housing for individuals who are disabled, there are no residential facilities serving special needs populations in Cook County.



### Interviews

LOCi Consulting interviewed organizations that provide services to special needs populations in Cook County. Social service organizations interviewed serve clients dealing with disability, homelessness, domestic violence, and chemical dependency. Findings from those interviews follow.

#### ***The overall lack of housing in Cook County has ripple effects through organizations serving special need populations.***

- All of the sources interviewed said that the lack of affordable, safe long-term housing makes serving these populations particularly difficult. Having a long-term housing solution is a critical part of the process to stabilize individuals who are experiencing a crisis.
- Sources interviewed said that the existing long-term solutions are affordable rental options available in the county. It may take several months to get a resident into one of these units.
- One source who manages several social service programs said that the housing need is broad. “The needs are across the spectrum,” she said. “There really is a low stock of housing.”
- Source said the lack of stabilized housing makes everything more difficult. Client case managers have to get creative. “We just have to do a lot, a lot, of case management,” said one source.
- The tribal government at Grand Portage offers some housing resources to tribal members. But sources interviewed said that it is not enough to address the problem. “These units stay pretty full all the time, so it’s very difficult,” she said. “More reasonable and affordable housing options would help. That would be one way to start addressing the problem.”
- One source who manages programs across northern Minnesota said that Cook County presents unique problems. First, it is a vacation area with lots of seasonal work and seasonal properties. And, second, it is very rural and the population is spread out.

- One source said that a housing shortage disproportionately impacts individuals who are elderly and disabled.
- Another source said that the shortage of housing is not just impacting their clients, but their staff. She said it is difficult to attract and retain qualified and dedicated staff when they cannot find housing.
- Another source said that she thinks most households experiencing homelessness ultimately reach out to relatives locally to help. The end up doubling up households in a unit that might not accommodate two families.

#### ***There is a need for emergency housing.***

- Sources interviewed said that because there is no emergency housing—homeless shelters, domestic violence shelters, etc.—clients face the choice of staying in their current situation or leaving the county altogether. Leaving the county can mean leaving their support system and even more uncertainty when the client is already facing significant challenges.
- One source who works with domestic violence clients said they provide emergency nights at local hotels, typically between one and three nights. She said that clients need more than a few days to get stabilized, and many often have no other options except to return to an unsafe environment. “Unfortunately, the majority of people choose to stay in the unsafe situation,” she said. “Many will eventually get out, but the process can be longer than a few days.”
- The source that works with domestic violence clients said last year they provided 33 emergency hotel nights to clients. She said overall they served 172 clients between October 2020 and October 2021.
- One source said that transporting county residents to other counties for assistance is not efficient or effective. “Someone has emergency right now—whether they’re homeless, they’re utilities are going to get shut off—there really is no cost-effective plan to help them.”

***There is a need for short-term transitional housing.***

- Several sources said that the path to stabilized housing moves from emergency housing to short-term transitional housing to permanent housing with support services. They said there is need across this spectrum.
- On the Grand Portage Reservation, the tribe can sometimes offer clients a stay at the Grand Portage Lodge and Casino for up to three days. But after that there are very few options. “I am trying to find a place right now and it is very challenging,” said a source. “We have to take things as they come—case by case.”
- A couple of sources said the lack of residential facilities for individuals dealing with addiction is a challenge. One source at the Grand Portage tribal

government said that there needs to be sober housing to assist residents who return to the county after chemical dependency treatment. Right now, these individuals are often just returned to the environments that may have facilitated the problem.

## 7. Demand Estimates and Conclusions

This section shows the demand calculations for for-sale housing units, market-rate and affordable rental housing units, and senior housing in Cook County. Detailed calculations are included in the Appendix that follows this section. This section also reviews available land, remodel and rehabilitation potential, and makes recommendations.

### Income Limits and Market Segment Definitions

Figure 7.1 shows the maximum incomes by household size to qualify for affordable housing for Cook County. (This is the same data shown in Figure 4.3.) These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by Minnesota Housing. The income limits were effective June 1, 2021.

LOCi Consulting uses these limits to guide the analysis for demand. In actual practice, income requirements may be different for individual affordable properties based on the date that project was placed into service.

The income limits are published as percentages of Area Median Income (AMI). Based on the income

limits outlined, the market segments for this analysis are:

- **Very Low Income.** This is defined as up to 50% of AMI. For this analysis, the limits for three-person household limit are used. Very low-income households are households with incomes below \$33,500.
- **Low Income.** Low income is defined for this analysis as households between 50% and 60% of AMI—or households earning between \$33,500 and \$40,260.
- **Workforce.** This group is defined as households earning between 60% and 80% of AMI—or households earning between \$40,260 and \$53,650.
- **Market Rate.** Demand for market-rate housing is assumed to come from households earning above 80% of AMI—or households earning greater than \$53,650. For rental housing, households at this income could pay about rents starting at \$1,350. For for-sale housing, households at this income could qualify to purchase a home starting at about \$190,000. (This estimate assumes an interest rate of 6.0%, 10% down, property taxes and fees,

**7.1 Income Limits by Household Size for Cook County**

	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% Limits	\$15,650	\$17,900	\$20,150	\$22,350	\$24,150	\$25,950	\$27,750	\$29,550
Very Low Income	\$26,100	\$29,800	\$33,550	\$37,250	\$40,250	\$43,250	\$46,200	\$49,200
60% Limits	\$31,320	\$35,760	\$40,260	\$44,700	\$48,300	\$51,900	\$55,440	\$59,040
Low Income	\$41,750	\$47,700	\$53,650	\$59,600	\$64,400	\$69,150	\$73,950	\$78,700

\*Effective June 1, 2021

Source: US Department of Housing and Urban Development; Minnesota Housing; LOCi Consulting LLC

and income qualified at 28% of pre-tax income.<sup>1)</sup> Homes at this price point would likely require some sort of workforce housing subsidy.

- **High Market Rate.** Because most market-rate for-sale homes start at higher price points, we also include an analysis of higher income households. For this subset of market rate, households are assumed to have incomes above \$80,000. We include this group because an income of \$80,000 would be required to be able to afford a single-family home priced at \$325,000. (This estimate assumes an interest rate of 6.0%, 20% down, property taxes and fees, and income qualified at 28% of pre-tax income.)

## Demand Calculations

### *Market-Rate For-Sale Housing Units*

Figure A.1 shows the demand calculations for the number of new market-rate for-sale housing units that could be supported in Cook County. It includes estimates for demand driven by both turnover of existing age- and income-qualified households and new age- and income-qualified households in the market. Those qualified households are defined as those under age 65 with incomes above \$53,650 plus 85% of households over age 65 with incomes above \$53,650. For our turnover assumption, we use data from Figure 1.23 and assume that about 25% will prefer to move into new market-rate for-sale housing. An adjustment is also included for demand drawn to new housing from outside each city. Finally, existing vacant units and proposed units are subtracted out. Other than one-off developments, we did not identify any larger subdivisions marketing in Cook County.

This demand and absorption calculation are in line with the recent permits of newly constructed homes shown in Figure 2.5. The estimate accounts for interest in new homes in the market, while also reflecting the challenges homebuilders are facing

trying to keep homes affordable with rising construction costs.

We do not include calculations for affordable for-sale housing demand targeted to households with incomes below 80% of AMI. We believe that there is demand for for-sale housing targeted to this group. However, the challenge in estimating this demand has to do with the price points that would have to be charged for such housing. These units would have to be priced below \$190,000.

It is easy to determine the number of households below a certain income threshold, but the specifics of the particular housing development would set the incomes required to purchase. This minimum income requirement could vary significantly depending on land costs, construction costs, and gap financing. Any estimate without the minimum threshold would not be very accurate. We believe there would be demand for such a product, but it is difficult to project that demand without more specifics.

### *High Market-Rate For-Sale Housing Calculations*

Figure A.2 shows a subset of market-rate for-sale housing demand based on a higher threshold for income qualification. As with the calculation shown in Figure A.1, this demand calculation includes estimates for demand driven by both turnover of existing age- and income-qualified households and new age- and income-qualified households in the market. But in this case, the qualified households are defined as those under age 65 with incomes above \$80,000 plus 75% of households over age 65 with incomes above \$80,000. For our turnover assumption, we use data from Figure 1.23 and assume that about 25% will prefer to move into new market-rate for-sale housing. An adjustment is also included for demand drawn to new housing from outside each city. Finally, existing vacant units and proposed units are subtracted out.

<sup>1</sup> Lenders often use the 28/36 rule to underwrite mortgages. The front-end ratio is how much of your income is taken up by housing expenses. According to the 28/36 rule, the mortgage payment—including taxes, homeowners' insurance, and private mortgage insurance—should not exceed 28% of income. The back-end ratio is total debt compared to income. Lenders prefer

that total debt stay under 36% of income. Other debt could include child support, alimony, homeowners' association fees, car loans, or credit card payments. For purposes of this analysis, we focus on housing cost as a percentage of income.

## ***Market-Rate Rental Housing Units***

Figure A.3 in the Appendix shows the demand calculation for market-rate rental units that could be supported in Cook County. It includes estimates for demand driven by both turnover of existing age- and income-qualified households and new age- and income-qualified households in the market. Those qualified households are defined as those under age 65 with incomes above \$53,650 plus 85% of households over age 65 with incomes above \$53,650. For our turnover assumption, we use data from Figure 1.24 and assume that about 25% will prefer to move into new market-rate rental housing. An adjustment is also included for demand drawn to new housing from outside the county.

Next, the planned and proposed units are subtracted. While there have been projects that have been discussed, none have been approved or are currently under construction.

## ***Affordable Rental Demand Calculations***

Figure A.4 in the Appendix shows the demand calculation for affordable rental demand in Cook County. The calculations provide separate calculations for demand from households earning less than 50% of AMI, households earning between 50% and 60% of AMI, and households earning between 60% and 80% of AMI.

The calculations start with the growth in the base of age- and income-qualified households. These are households under age 65 and 85% of households over age 65. Next, the calculation adds in the base of existing age- and income-qualified households that are cost-burdened, assumed to reside in housing classified as severely inadequate, or expected to turnover from for-sale housing. Lastly, the planned and proposed units are subtracted. There were approved projects in the PMA.

## ***Senior Housing Demand Calculations***

Figures A.5 through A.10 show the demand calculations for affordable and market-rate senior living, including active adult for sale and rental, independent living, assisted living, and memory care assisted living.

## ***Affordable Senior Living***

Figure A.5 shows the demand calculation for affordable senior living. All demand calculations start with the age- and income-qualified households. Almost all affordable senior is classified as active adult, meaning that the property does not offer meals or assisted living services as a part of the housing. Many residents do take advantage of programs offered through the county at these facilities so many are receiving services. For active adult housing, the age- and income-qualified households are households age 55 and older with incomes less than \$50,000. These are the senior households that would qualify for subsidized and tax credit senior housing.

The age- and income-qualified households are multiplied by penetration rates developed from the US Census Bureau's American Housing Survey, along with estimates of senior housing supply from the National Investment Center for Seniors Housing and Care (NIC). LOCi Consulting starts with a national base penetration rate for active adult, independent living, and assisted living, but makes adjustments based on the competitive market analysis.

Finally, competitive units are subtracted from the demand calculation. This includes both existing and planned units.

## ***Active Adult and Independent Living***

Figure A.6 through A.8 show the demand calculations for active adult and independent living senior housing. For active adult housing, the age- and income-qualified households are households age 55 and older with incomes over \$50,000 along with households age 55 and older with incomes \$35,000 to \$50,000 who own their homes. It is assumed that households with incomes between \$35,000 and \$50,000 who own their own homes would be able to sell their home and use those funds to purchase housing and services.

A senior household with an income of \$50,000 could afford a monthly fee of between \$1,250 and \$1,650 at an active adult community, assuming they spend 30% to 40% of their income on housing.

For independent living, the same base of households is used, except the households age 55 to 65 are not included. Households in this age group are not really

a market for independent living. A senior household with an income of \$50,000 could afford a monthly fee of between \$1,650 and \$2,100 at an independent living community, assuming they spend 40% to 50% of their income on housing.

As with affordable senior housing, the age- and income-qualified households are multiplied by penetration rates developed from the US Census Bureau's American Housing Survey, along with estimates of senior housing supply from the National Investment Center for Seniors Housing and Care (NIC). LOCi Consulting starts with a national base penetration rate for active adult, independent living, and assisted living, but makes adjustments based on the competitive market analysis.

### *Assisted Living and Memory Care*

Figures A.9 and A.10 show the demand calculations for assisted living and memory care assisted living. For both housing types, the same incomes are used as with active adult and independent living, but only for households age 75 and older. As with active adult and independent living, it is assumed that households with incomes between \$35,000 and \$50,000 who own their own homes would be able to sell their home and use those funds to purchase housing and services.

For assisted living and memory care, it is not unusual for these households to spend up to 80% or 90% of their income on housing, especially considering meals, housekeeping, and personal care services they are receiving.

For assisted living, the number of households needing personal care services is determined by multiplying the age- and income-qualified households with rates published by the U.S. Centers for Disease Control. For memory care, a similar calculation is done on the population based on data from the Alzheimer's Association. Finally, as with active adult and independent living, existing and planned units are subtracted.

## Conclusions and Recommendations

Figures 7.2 through 7.4 show summaries of the demand calculations in the Appendix. Although some of the demand calculations provide for point

estimates, data in the summary is provided as a range of units.

The analysis shows that there is housing demand across almost all housing types.

### ***For-Sale Housing***

- Figure 7.2 shows the summary of the demand calculations for for-sale housing in Cook County. We find demand for between 210 and 230 units of for-sale housing in Cook County between 2021 and 2026.
- The largest portion of that demand—about 190 to 200 units—is projected to be for homes priced above \$325,000. The rest of the for-sale demand is projected to be for homes priced between \$175,000 and \$325,000.
- Almost all of the new for-sale home development in Cook County is occurring on lots purchased by homeowners and built by custom builders. Because of construction and land costs, it is difficult to build new units that can be sold at price points targeted to the majority of buyers.
- Demand for for-sale units priced between \$175,000 and \$325,000 is likely constrained simply because it is difficult to supply new homes desired by the market at those price points. There have been efforts to develop housing that would serve this market in recent years. But development of this type of housing has been a challenge.
- We recommend focusing efforts to address workforce housing needs on the development of additional rental housing rather than for-sale housing. At this point, it is difficult to supply affordable for-sale housing at price points that are feasible for development.
- A large portion of the income and household growth driving demand for for-sale housing is from households age 65 and older. There may be an opportunity to develop single level patios and twinhomes that would appeal to this market. Developers should consider the possibility of developing an association-maintained community for this portion of the market.



### 7.2 For-Sale Housing Demand Summary for Cook County, 2021-2026

	Estimated Base Price	Estimated Demand
Market-Rate For-Sale Units		
80% of AMI to \$80,000	\$190,000 - \$325,000	20 - 30
Incomes Above \$80,000	Greater than \$325,000	180 - 190

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

### 7.3 Rental Housing Demand Summary for Cook County, 2021-2026

	Estimated Rents	Estimated Demand
Affordable Rental Housing Units		
Up to 50% AMI	\$0 - \$840	140 - 150
50% to 60% AMI	\$840 - \$1,000	10 - 20
60% to 80% AMI	\$1,000 - \$1,350	30 - 40
Market-Rate Rental Units	Greater than \$1,350	50 - 60

\* AMI is Area Median Income. Incomes shown in demand figures.

Source: LOCi Consulting LLC

#### Rental Housing

- Figure 7.3 shows the summary of demand for rental housing in Cook County between 2021 and 2026. The analysis found demand for between 180 and 210 units of rental housing targeted to households with incomes less than 80% of AMI. The analysis found demand for between 50 and 60 market-rate units.
- Combining the workforce housing demand with market-rate demand, we estimate there is demand for between 80 and 100 units.
- For affordable housing—namely housing targeted to households below 60% of AMI—demand is primarily driven by cost-burdened households who need better housing options. There is very limited supply to satisfy this need in Cook County.

- We recommend that developers focus on one- and two-bedroom units in apartment style buildings to meet this demand.
- Developers may also want to consider townhome or twinhome rental units to meet some of this need. These structures could have three- and four-bedroom units targeted to workforce households with families. We believe these types of rental housing would be well received by the market.

#### Senior Housing

- Figure 7.4 shows the estimated demand for senior housing in Cook County between 2021 and 2026. There is demand for between 70 and 100 market-rate senior housing units and between 10 and 15 affordable senior housing units.

## 7.4 Senior Housing Demand Summary for Cook County, 2021-2026

	Estimated Demand
Affordable Senior Housing	10 - 15
Market-Rate Active Adult	
For-Sale Senior Housing	0 - 0
Rental Senior Housing	10 - 20
Market-Rate Independent Living/Congregate	10 - 15
Market-Rate Assisted Living	
Assisted Living	30 - 40
Memory Care	20 - 25

Source: LOCi Consulting LLC

- The greatest portion of demand is found in assisted living and memory care assisted living.

### Housing for Special Needs Populations

- The overall lack of housing in Cook County has ripple effects through organizations serving special need populations. All of the sources interviewed for this analysis said that the lack of affordable, safe long-term housing makes serving these populations particularly difficult. Having a long-term housing solution is a critical part of the process to stabilize individuals who are experiencing a crisis.
- Sources said there is need for emergency and transitional housing, along with permanent housing solutions that offer supportive programming to stabilize individuals and families experiencing a crisis.

### Land Availability

Local regulations and land-use policies are often a barrier to building more homes in many communities. Communities often do not have all the tools they need to effectively evaluate and update local plans, zoning, and land-use policies to expand housing options in their communities. Strategies to encourage the development of the supply of new homes and to increase diversity in the types of homes available include incentivize affordable homes through tax abatements, density bonuses, inclusionary zoning, housing trust funds, alternative or modular housing, and other policies.

### Land Use Changes in the City of Grand Marais

In 2019 the City of Grand Marais sought proposals for a plan to address housing regulation. The city selected HKGi to assist in developing a new approach to zoning and land use regulation that would promote new housing development.

After analyzing housing stock and undeveloped land within city limits, the planning commission began identifying adjustments to the zoning ordinance that would allow for more housing to be developed throughout the city through increased density, providing additional opportunity for housing, without the substantial levy increases required to fund new utilities and infrastructure projects.

As a strategy to reduce the city's barriers to the development of more diverse and affordable housing types, some new housing types were added in the City's Zoning Ordinance as permitted uses to three zoning districts that are primarily residential:

- Accessory dwelling units (ADUs)—sometimes called granny flats, an additional small apartment attached or in your backyard;
- Small apartment dwellings;
- Large apartment dwellings;
- Rowhouse/townhouse;
- Cottage courtyards—small cluster of single-family homes arranged around a shared courtyard; and



- Tiny houses—the ordinance will allow for tiny houses as long as they have a foundation and are connected to city utilities.

Each housing type has unique lot and building standards identified in the ordinance. Minimum lot sizes were reduced for single-family dwellings—from 10,000-square feet to 4,000-square feet and 75-foot lot width to 40-foot lot width. In most cases the minimum side yard setbacks were to be reduced from 10 feet to 5 feet, and front yard setbacks were made flexible to reflect the existing setbacks of the surrounding homes.

### *Subsidies for Infrastructure and Lot Development*

Another way to make more land available for housing development is to subsidize land development for workforce residential housing. Cities or counties could reduce fees, such as water/sewer fees or park dedication fees, for projects that promote workforce housing. Other cities may sell existing city-owned land at no or low cost to developers who commit to building affordable housing.

Cities and counties may also pay a portion of the cost to extend utilities and infrastructure to make land development more cost effective. There may be funding sources available from the State of Minnesota to assist with these kinds of projects.

We recommend that county and municipal leaders explore these options to address housing demand in Cook County.

## **Remodel and Rehabs**

As shown in Figure 2.7, a large portion of the county’s housing stock is older—over 47% of the housing stock was built before 1970. Because of the older housing stock, many housing units in Cook County become affordable through a combination of factors such as age of structure, condition, square footage, functional obsolescence, etc. Housing units that are older with low rents or low market values

are considered “naturally occurring affordable housing.”

Since the housing stock in Cook County is older, the demand for remodeling and replacement will continue to increase as homebuyers and tenants want updated features and amenities. Even though demand for homes is high in the area, Realtors said that buyers pay a premium for “turn-key or move in ready” homes.

Remodeling or rehabilitation might not be the right solution for all properties. At least one source interviewed for this analysis said that remodels and rehabs of existing housing stock in Cook County can be particularly challenging because many of the structures were built by amateur builders. That source suggested that in some cases, demolition and replacement may be a more efficient option.

Maintaining the existing affordable housing stock is critical considering the supply challenges for affordable housing in the county. We recommend Cook County and municipal authorities provide technical assistance to homeowners and property owners to connect them with remodel and rehabilitation resources to maintain their properties. We also recommend that housing authorities consider purchasing dilapidated housing structures and infill lots, in order to reposition the land for future development while enhancing neighborhoods from the removal of substandard housing.

We also recommend that the county and local municipalities tap into the wide array of programs for maintenance and rehabilitation that provide needed resources to more owners of moderate- to low-cost homes statewide. Through a network of community lenders, Minnesota Housing provides financing to help preserve owned and rented homes through a mix of public and private resources. Many local governments also have programs that use federal, state, and local funding to offer grants or loans to rehabilitate housing (e.g., federal Community Development Block Grants).

## Appendix

### **A.1 Market-Rate For-Sale Housing Demand in the PMA, 2021 to 2026**

<b>Demand from Household Growth in the PMA</b>	
Age/income qualified households in 2021 <sup>1</sup>	1,513
Age/income qualified households in 2026 <sup>1</sup>	1,675
Projected growth of the age/income qualified market	163
Estimated percentage that will choose new for-sale housing	85%
Units needed to meet demand from household growth in the PMA	139
<b>Demand from For-Sale Housing Turnover in the PMA</b>	
Estimated number of households that own in the PMA in 2021	1,250
Estimated percentage that will seek new for-sale housing between 2021 and 2026	18%
Estimated percentage that will choose new for-sale housing	25%
Units needed to meet demand from rental turnover in PMA	57
<b>Demand from Outside the PMA</b>	
Estimated demand from outside PMA	10%
Units needed to meet demand from outside the PMA	22
<b>Demand in the PMA</b>	
Total for-sale demand in PMA	218
Minus vacant and competitive planned units at 95% occupancy	0
Units needed in the PMA	218
<small>1. Age/income qualified households are households under age 65 with incomes above \$53,650 plus 85% of households age 65 and over with incomes above \$53,650. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.</small>	

Source: LOCi Consulting LLC

## **A.2 High Market-Rate For-Sale Housing Demand in the PMA, 2021 to 2026**

Demand from Household Growth in the PMA	
Age/income qualified households in 2021 <sup>1</sup>	887
Age/income qualified households in 2026 <sup>1</sup>	1,019
Projected growth of the age/income qualified market	132
Estimated percentage that will choose new for-sale housing	89%
Units needed to meet demand from household growth in the PMA	118
Demand from For-Sale Housing Turnover in the PMA	
Estimated number of households that own in the PMA in 2021	1,250
Estimated percentage that will seek new for-sale housing between 2021 and 2026	18%
Estimated percentage that will choose new for-sale housing	25%
Units needed to meet demand from rental turnover in PMA	57
Demand from Outside the PMA	
Estimated demand from outside PMA	10%
Units needed to meet demand from outside the PMA	19
Demand in the PMA	
Total for-sale demand in PMA	195
Minus vacant and competitive planned units at 95% occupancy	0
Units needed in the PMA	195

<sup>1</sup>. Age/income qualified households are households under age 65 with incomes above \$80,000 plus 85% of households age 65 and over with incomes above \$80,000. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.

Source: LOCi Consulting LLC

### **A.3 Market-Rate Rental Demand in the PMA, 2021 to 2026**

<b>Demand from Household Growth in the PMA</b>	
Age/income qualified households in 2021 <sup>1</sup>	1,513
Age/income qualified households in 2026 <sup>1</sup>	1,675
Projected growth of the age/income qualified market	163
Estimated percentage that will choose new market-rate rental housing	15%
Units needed to meet demand from household growth in the PMA	24
<b>Demand from Rental Turnover in the PMA</b>	
Estimated number of market-rate rental households in PMA in 2021	217
Estimated percentage that will seek new rental housing between 2021 and 2026	51%
Estimated percentage that will choose new market-rate rental housing	25%
Units needed to meet demand from rental turnover in PMA	28
<b>Demand from Outside the PMA</b>	
Estimated demand from outside PMA	10%
Units needed to meet demand from outside the PMA	6
<b>Demand in the PMA</b>	
Total market-rate rental demand in PMA	58
Minus vacant and competitive planned units at 95% occupancy	0
Units needed in the PMA	58
<sup>1</sup> . Age/income qualified households are households under age 65 with incomes above \$53,650 plus 85% of households age 65 and over with incomes above \$53,650. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.	

Source: LOCi Consulting LLC

#### **A.4 Affordable Rental Demand in the PMA, 2021 to 2026**

Demand from Household Growth in the PMA	Up to 50% AMI <sup>1</sup>	50% to 60% AMI <sup>2</sup>	60% to 80% AMI <sup>3</sup>
Age/income qualified households in 2021 <sup>1</sup>	687	161	323
Age/income qualified households in 2026 <sup>1</sup>	649	157	324
Projected growth of the age/income qualified market	-39	-4	0
Estimated percentage that will choose new affordable rental housing	47%	3%	6%
Units needed to meet demand from household growth in the PMA	-18	0	0
<b>Demand from Existing Households in the PMA</b>			
Cost-burdened households that are age/income qualified	132	0	0
Housing units estimated to be severely inadequate <sup>4</sup>	8	6	9
Estimated demand from mobility from single-family to affordable rental (2%)	7	10	15
Units needed to meet demand from existing households in the PMA	147	16	29
<b>Demand from Outside the PMA</b>			
Estimated demand from outside PMA	10%	10%	10%
Units needed to meet demand from outside the PMA	14	2	3
<b>Demand in the PMA</b>			
Total affordable rental demand in PMA	143	17	32
Minus planned units at 95% occupancy	0	0	0
Units needed in the PMA	143	17	32

1. Age/income qualified households are households under age 65 with incomes below \$33,550 plus 85% of households age 65 and over with incomes below \$33,550. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.
2. Age/income qualified households are households under age 65 with incomes between \$33,550 and \$40,260 plus 85% of households age 65 and over with incomes between \$33,550 and \$40,260. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.
3. Age/income qualified households are households under age 65 with incomes between \$40,260 and \$53,650 plus 85% of households age 65 and over with incomes between \$43,680 and \$53,650. 15% of households age 65 plus are assumed to prefer age-restricted housing with services.
4. Estimated percentage of housing units in rural US that are classified as severely inadequate is 1.1%, according to American Housing Survey, Census Bureau, 2019.

Source: LOCi Consulting LLC

**A.5 Affordable Senior Rental Demand in Primary Market Area, 2021 and 2026**

	2021	2026
<b>Households Age 55 to 65</b>		
Households Age 55 to 64 with Incomes Below \$50,000	299	247
Penetration Rate for Affordable Active Adult Rental	1%	1%
Total Demand from Households Age 55 to 64	1	1
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Below \$50,000	262	268
Penetration Rate for Active Adult Rental	10%	10%
Total Demand from Households Age 65 to 74	26	27
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Below \$50,000	224	257
Penetration Rate for Active Adult Rental	21%	21%
Total Demand from Households Age 75+	47	54
Total Demand for Affordable Active Adult Rental Units	75	82
Demand from Outside PMA	0%	0%
	75	82
Minus Existing and Planned Units in the PMA at 95% Occupancy	69	69
Total Affordable Senior Rental Units Needed in the PMA	10	10

Source: LOCi Consulting LLC

**A.6 Active Adult For-Sale Demand in Primary Market Area, 2021 and 2026**

	2021	2026
<b>Households Age 55 to 65</b>		
Households Age 55 to 64 with Incomes Above \$50,000	425	443
Households Age 55 to 64 with Incomes Between \$35,000 and \$50,000	93	80
Homeownership Rate	76%	76%
Asset-Qualified Households Age 55 to 64	70	61
Total Income- and Asset-Qualified Households Age 55 to 64	495	504
Penetration Rate for Active Adult For-Sale	0.0%	0.0%
Total Demand from Households Age 55 to 64	-	-
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Above \$50,000	342	408
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000	108	112
Homeownership Rate	80%	80%
Asset-Qualified Households Age 65 to 74	86	89
Total Income- and Asset-Qualified Households Age 65 to 74	428	497
Penetration Rate for Active Adult For-Sale	2%	2%
Total Demand from Households Age 65 to 74	9	10
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Above \$50,000	141	190
Households Age 75+ with Incomes Between \$35,000 and \$50,000	55	66
Homeownership Rate	82%	82%
Asset-Qualified Households Age 75+	45	54
Total Income- and Asset-Qualified Households Age 75+	186	244
Penetration Rate for Active Adult For-Sale	3%	3%
Total Demand from Households Age 75+	6	7
Total Demand for Active Adult For-Sale Units	14	17
Demand from Outside PMA	10%	10%
	16	19
Minus Existing and Planned AA For-Sale Units in the PMA at 95% Occupancy	24	24
Total Active Adult For-Sale Units Needed in the PMA	-10	0

Source: LOCi Consulting LLC

**A.7 Active Adult Rental Demand in Primary Market Area, 2021 and 2026**

	2021	2026
<b>Households Age 55 to 65</b>		
Households Age 55 to 64 with Incomes Above \$50,000	425	443
Households Age 55 to 64 with Incomes Between \$35,000 and \$50,000	93	80
Homeownership Rate	76%	76%
Asset-Qualified Households Age 55 to 64	70	61
Total Income- and Asset-Qualified Households Age 55 to 64	495	504
Penetration Rate for Active Adult Rental	0.0%	0.0%
Total Demand from Households Age 55 to 64	-	-
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Above \$50,000	342	408
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000	108	112
Homeownership Rate	80%	80%
Asset-Qualified Households Age 65 to 74	86	89
Total Income- and Asset-Qualified Households Age 65 to 74	428	497
Penetration Rate for Active Adult Rental	1%	1%
Total Demand from Households Age 65 to 74	4	5
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Above \$50,000	141	190
Households Age 75+ with Incomes Between \$35,000 and \$50,000	55	66
Homeownership Rate	82%	82%
Asset-Qualified Households Age 75+	45	54
Total Income- and Asset-Qualified Households Age 75+	186	244
Penetration Rate for Active Adult Rental	4%	4%
Total Demand from Households Age 75+	7	10
Total Demand for Active Adult Rental Units	12	15
Demand from Outside PMA	10%	10%
	13	16
Minus Existing and Planned AA Rental Units in the PMA at 95% Occupancy	0	0
Total Active Adult Rental Units Needed in the PMA	10	20

Source: LOCi Consulting LLC



**A.8 Independent Living Demand in Primary Market Area, 2021 and 2026**

	2021	2026
<b>Households Age 65 to 74</b>		
Households Age 65 to 74 with Incomes Above \$50,000	342	408
Households Age 65 to 74 with Incomes Between \$35,000 and \$50,000	108	112
Homeownership Rate	80%	80%
Asset-Qualified Households Age 65 to 74	86	89
Total Income- and Asset-Qualified Households Age 65 to 74	428	497
Penetration Rate for Independent Living	1%	1%
Total Demand from Households Age 65 to 74	4	5
<b>Households Age 75+</b>		
Households Age 75+ with Incomes Above \$50,000	141	190
Households Age 75+ with Incomes Between \$35,000 and \$50,000	55	66
Homeownership Rate	82%	82%
Asset-Qualified Households Age 75+	45	54
Total Income- and Asset-Qualified Households Age 75+	186	244
Penetration Rate for Independent Living	5%	5%
Total Demand from Households Age 65 to 74	9	12
Total Demand for Independent Living Units	14	17
Demand from Outside PMA	0%	0%
	14	17
Minus Existing and Planned IL Units in the PMA at 95% occupancy	0	0
Total Independent Living Units Needed in the PMA	10	20

Source: LOCi Consulting LLC

**A.9 Assisted Living Demand in Primary Market Area, 2021 and 2026**

	2020	2025
Households Age 75+ with Incomes Above \$50,000	141	190
Households Age 75+ with Incomes Between \$35,000 and \$50,000	55	66
Homeownership Rate	82%	82%
Asset-Qualified Households Age 75+	45	54
Total Income- and Asset-Qualified Households Age 75+	186	244
Percentage of Households that Need Assistance with ADLs or IADLs <sup>1</sup>	20%	20%
	37	49
Plus Demand from Outside Primary Market Area	-25%	-25%
	30	39
Minus Existing and Planned AL Units in the Primary Market Area at 93% Occupancy	0	0
Assisted Living Units Needed in the Primary Market Area	30	40

1. Activities of Daily Living (ADLs) are activities such as eating, dressing, or bathing. Instrumental Activities of Daily Living (IADLs) are activities such as household chores or shopping. Source is Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2012. Centers for Disease Control. 2012. Study found 10% incidence for ADLs and 20% for IADLs.

Source: LOCi Consulting LLC

**A.10 Memory Care Assisted Living Demand in Primary Market Area, 2021 and 2026**

	2021	2026
Population Age 75 to 84	376	489
Alzheimer's Incidence <sup>1</sup>	13%	13%
	49	64
Population Age 84+	173	184
Alzheimer's Incidence <sup>1</sup>	33%	33%
	57	61
Population suffering from Alzheimer's Dementia	107	125
Population suffering from Dementia not caused by Alzheimer's <sup>1</sup>	15	18
Estimated Population with Dementia	122	143
Proportion needing Memory Care Assisted Living	20%	20%
Memory Care Demand from PMA	24	29
Demand from Outside PMA	-25%	-25%
	19	23
Minus Existing and Planned MC Beds in the PMA at 93% Occupancy	0	0
Beds/Units needed in the Primary Market Area	20	20

1. Alzheimer's Disease Facts and Figures. Alzheimer's Association. 2022.

Source: LOCi Consulting LLC



## About LOCi Consulting LLC

LOCi Consulting LLC was founded by Grant Martin in 2019. The company is dedicated to the belief that location intelligence drives critical strategy for any organization.

Grant has over 15 years' experience conducting market research studies and providing critical recommendations for a wide range of real estate uses, including residential, retail, office/industrial, healthcare, and mixed use. He has presented meaningful and actionable recommendations to CEOs and CFOs, corporate real estate committees, city councils and economic development boards, and industry associations.

For over 10 years, Grant developed and led new store forecasting strategy, property portfolio optimization, and location-based analytics for Target Corporation. As Director of Regional Market Analysis, Grant and his team owned the geographic infrastructure and provided key data and market intelligence that continues to drive successful location strategy for the organization. Grant also managed regional market planning teams for Target, directing retail market research in a wide variety of markets across the United States and Canada.

Grant has completed over 60 market studies across the United States. Prior to coming to Target, Grant was Director of Market Research at Clifton Larson Allen, where he consulted with senior living and healthcare clients, estimating demand and providing strategic recommendations. He also conducted a wide variety of research for real estate uses at Maxfield Research Inc., including studies for multifamily, single-family, office, industrial, hospitality and mixed-use projects.

Grant is a member of the International Council of Shopping Centers, where he is a member of the North American Research Group; the Minnesota Shopping Center Association; and the Minnesota Commercial Association of Realtors. He is a licensed real estate broker in Minnesota.

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