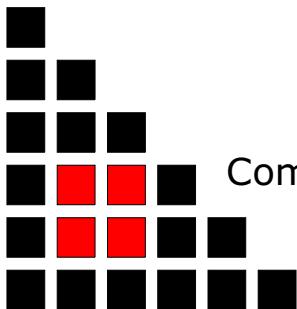


# **City of Cohasset HOUSING STUDY**

November 2019

An analysis of the overall housing needs  
of the City of Cohasset, MN



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## **City of Cohasset Executive Summary**

### **Overview**

This Housing Study has examined information on the demographic trends and the housing stock in the City of Cohasset and a surrounding Market Area, and made recommendations for housing opportunities and initiatives in the future. Cohasset shares the same Market Area as Grand Rapids, and in the opinion of the analysts, most of the housing development potential that exists for Grand Rapids could be equally viable if located in the adjoining City of Cohasset.

### **Demographic Highlights**

- ▶ Although some minor differences exist on recent growth patterns for Cohasset, all of the sources reviewed for this Study show continued growth in the community, maintaining a long-term pattern that dates back to at least 1980. The best estimates show the City adding an average of five to six households per year in the current decade.
- ▶ The best available evidence would indicate that the City of Grand Rapids has accounted for most of the recent growth within the entire Market Area aggregation. This is primarily linked to a substantial increase in the available housing stock in that City as an average of nearly 50 units per year has been added through new construction, much of it in larger multifamily rental complexes.
- ▶ In contrast to Grand Rapids, Cohasset is primarily an owner-occupancy housing community, and all of the new construction since 2010 has been in detached single family houses. With more families and owner-occupants, the City's average household size is larger than most of the other nearby communities, and income levels are higher.
- ▶ The estimated median household income was above \$61,900 for Cohasset in 2017, nearly \$10,000 higher than the Countywide median. The estimated median family income was nearly \$74,200 in 2017, nearly \$13,000 higher than the median for all of County.
- ▶ Although Cohasset may have a somewhat different demographic profile than the surrounding area, the larger Market Area shows a continued pattern of aging. At the time of the 2010 Census, approximately 28% of all households living in the Market Area had a head-of-household that was age 65 or older. By 2019, the estimates show that 31.5% of households were within these senior age ranges. The 2024 projections indicate that nearly 39% of all households will be in the senior citizen age groups.

## **Projection Highlights**

- ▶ Based on the research in this 2019 Study, the entire Market Area, including Grand Rapids and Cohasset, should expect annual growth of approximately 65 to 70 households per year. Based on past experience, fewer than 10 households annually would be expected in Cohasset, but the City has the potential to capture a larger share of the regional growth.
- ▶ The age-based projections for the next five years expect that the Market Area will add approximately 720 households in the age ranges 65 and older. But a net reduction of more than 400 households is then projected within the age ranges 64 and younger. As a result, most of the 10-year age ranges below age 65 are expected to decrease in size.

## **Housing Highlights**

- ▶ City records show that 72 single family houses have been constructed in Cohasset between 2010 and 2019. However, many of the new homes are on waterfront parcels, and in some cases an existing house was removed to create the building site. As a result, the actual net gain in the available housing stock would be less than the 72 houses built.
- ▶ No multifamily rental housing has been built in Cohasset this decade. There has been some development of specialized senior housing, including 14 memory care rooms in Maplewoods Assisted Living in 2013, but these would not represent units for independent living with features such as a kitchen.
- ▶ The City does not have a vacant lot inventory in traditional subdivisions served by municipal services. There are large-lot building sites requiring onsite sewage treatment and a private well. There are also water front parcels that remain for new home construction.
- ▶ Potential sites do exist for future development, including some with access to City sewer and water extensions. Multifamily sites also exist.
- ▶ Home values in Cohasset are high, impacted in part by water front properties. An analysis of off-lake home sales has found the median price above \$140,000 in recent years.
- ▶ Cohasset's single family housing stock is newer than average with a median year of construction in 1987. But the core part of the City contains older housing and a condition analysis rated 28 homes as needing major repair and seven houses were rated as dilapidated. There are also 14 mobile homes that were rated in very poor condition.

## Rental Housing

- ▶ Cohasset has a below-average distribution of rental housing. At the time of the 2010 Census, only 11.5% of households lived in a rental unit. That percentage has probably moved lower as no significant rental production can be identified since 2010.
- ▶ Although there are few multifamily rental options in Cohasset, demand for rental units is strong in the Grand Rapids area. Nearly all of the rental housing segments that were surveyed in that community had a low rate of vacancy, including an estimated vacancy rate of less than 1% in conventional market rate rental housing.
- ▶ Cohasset does have providers of specialized senior housing with services, including assisted living and memory care options. In general, occupancy rates within these specialized segments were high within the Market Area. Most of the specialized housing options exist in Grand Rapids.

## Employment/Economic Highlights

- ▶ Although Grand Rapids is the primary employment center for the region, there are also a number of jobs based in Cohasset. The number covered by State unemployment insurance in 2018 was 254 jobs higher than in 2009.
- ▶ The average annual wage for all employment sectors in Cohasset was above \$57,000 in 2018, and well above the Countywide average.
- ▶ Most Cohasset residents are employed locally. Commuting statistics from 2017 showed that 77% of City residents were traveling fewer than 20 minutes for their primary job. Most of the people leaving Cohasset were working in Grand Rapids.
- ▶ Most of the employment options in Cohasset are filled by people that do not live in City, but 78% of the City-based jobs are filled by people with a drive time of less than 30 minutes. The primary identified jurisdictions supplying workers were Grand Rapids, Harris Township, Deer Lake UT, Coleraine and Deer River.
- ▶ The County's unemployment rate has dropped during the current decade due to a combination of job growth and a decreasing labor force. Comparing 2018 to 2010, the County's total resident labor force decreased by 679 people, or 3%. However, the labor force actually reached its recent peak in 2011, and since that time has decreased by nearly 1,700 people.

## **Findings and Recommendations**

### **Overview**

Expected household growth in the Market Area will be the primary demand generator for new housing production in the Cohasset area over the next five years. When combined with pent-up demand and unit replacement, this Study has proceeded with the projection that the Grand Rapids/Cohasset Market Area will need approximately 400 or more additional housing units added over the 5-year projection period. Although Grand Rapids would be expected to capture the large majority of this new production, the City of Cohasset is also a possible location for much of this housing development. The following recommendations and initiatives are offered for the Market Area, including the City of Cohasset:

### **Rental**

- 1. Promote Market Rate Rental Projects with 120 to 130 Total Units Over Projection Period** - This Study has proceeded with the expectation that most of the new housing unit construction in the Market Area will be for renter-occupancy, and that conventional market rate housing will be the primary housing segment going forward. Production of 120 to 130 market rate rental units is recommended. A portion of these units are already in the planning phase in Grand Rapids but additional projects should also be advanced by the year 2024.
- 2. Senior-Designated Housing Continues to be Appropriate for Future Development** - With the exception of very specialized senior housing with services, all of the rental production in the Grand Rapids area in recent decades has been designed for general occupancy. The changing age patterns for the Market Area and the County will see continued growth in the number of households age 55 and older, with most of this increase projected among households age 65 and older. Any rental housing development should be cognizant of age-appropriate design features, and senior-designated housing development could be pursued.
- 3. Promote the Development of Additional Tax Credit Moderate Income Rental Housing with 40 to 50 Units over the Projection Period** - Low income housing tax credits are a primary federal incentive for the creation/preservation of affordable rental housing. Unless other subsidy sources are used, tax credit projects generally serve more moderate income renters with a below-market rent structure, but these units are not generally affordable to low income households. Developers in Grand Rapids have been successful in securing these highly competitive

resources in the past. This Study has allocated approximately 15% to 20% of the future rental production within this segment. In 2019, an application was submitted for tax credits in Grand Rapids. Although Cohasset could also be a potential site in the future, application points are awarded on site-specific criteria, including access to public transportation, so any proposed location would need to be closely evaluated.

- 4. Develop Additional Subsidized Rental Housing as Resources Allow with a Goal to Add 25 to 50 Units** - Subsidized housing can serve very low income renters, with rent often based on a percentage of the tenant household's income. Resources for new construction have been very limited in recent decades, but some incremental gains have been achieved in the form of tenant-based rent assistance, including 28 Mainstream Vouchers awarded to the County in 2019. Renter household income and cost burden statistics continue to show a large number of Market Area renters that would benefit from subsidized housing creation, and efforts to expand supply are encouraged.

### **Senior Housing with Services**

- 5. Promote an Expansion of 55 to 75 Additional Light Services Housing Units by 2024** - Housing with only a light services component is the most under represented type of specialized senior housing in the Market Area. There is no housing within this segment in Cohasset and only two identified projects in Grand Rapids. The combination of pent-up and growth-generated demand from a projected increase in senior-headed households over the next five years would justify additional unit creation. A proposed project in Grand Rapids would primarily serve more independent seniors in a "continuum of care" facility that would also include assisted living and memory care.
- 6. Potential Demand for 60 to 70 Additional Assisted Living Units by the Year 2024** - Assisted living is a more service-intensive form of senior housing that provides 24-hour staffing, meals and assistance with daily living. Both Cohasset and Grand Rapids have multiple providers of assisted living and a large inventory exists within the Market Area, including projects in Bovey, Coleraine and Deer River. Although the area has a high concentration of units/rooms within this segment, most providers reported a high rate of occupancy and waiting lists. Expected growth within the target market of older senior citizens along with some evidence of current unmet demand justifies an expansion by 2024. A proposed "continuum of care" project in Grand Rapids would address much of this near-term demand for assisted living.

**7. Potential Demand for 38 to 45 Additional Memory Care**

**Rooms/Beds by 2024** - People with memory loss may be housed in a range of options, but in the advanced stages of the disease some will live in specialized care facilities. Cohasset has a provider of memory care housing and a relatively large inventory exists within the Market Area, with five facilities in Grand Rapids and one in Deer River. Although the area has a high concentration of units/rooms within this segment, most providers reported a high rate of occupancy and waiting lists. Driven primary by expected growth within the target market of older senior citizens, an expansion will be needed by 2024. A proposed "continuum of care" project in Grand Rapids would include memory care along with assisted living and more independent senior apartments.

**Home Ownership**

**8. Demand for 12 to 14 Moderately-Priced Homes Constructed**

**Annually** - Although most of the anticipated demand for housing in the next five years will be for rental units, this Study has applied 40% of the unit demand into owner-occupancy units. Most of this Market Area demand would be expected to locate within the Cities of Grand Rapids and Cohasset. High amenity locations such as water front or large rural parcels will compete for the higher-priced homes, and most of the off-lake demand will be for more moderately-priced houses. While Grand Rapids has a traditional lot supply and is better positioned to capture this new construction, Cohasset also has an opportunity to capture some of this demand going forward.

**9. Promote the Construction of 4 to 6 Affordable Homes Per Year** -

The construction of affordable, entry-level new houses has become increasingly difficult as construction costs continue to rise. In the Grand Rapids area, available projections point to a decreasing number of non-senior households over the next five years as the aging patterns point to more senior-headed households. However, the number of households age 45 and younger should remain relatively stable and some demand will exist within the more affordable market segment. Production of affordable homes may involve nonprofit groups in addition to the private market and some communities have applied incentives or gap assistance programs to serve entry-level buyers. In Cohasset, this type of home building is most likely to occur on infill lots that may exist. Most of this production would be expected to occur in Grand Rapids.

- 10. Demand for 4 to 5 Higher-Priced Homes Constructed Annually -**  
Much of the new home construction that would be expected within the Cities of Cohasset and Grand Rapids would be in the more moderate price ranges, typically below \$350,000, but approximately 20% should be within the higher price ranges. This projection excludes lake home opportunities that may develop, particularly in Cohasset where water front parcels may exist. Higher-priced home construction within the cities will compete with high amenity sites that exist within the Market Area, include large-lot rural parcels or lake home opportunities. This segment of the market will occur naturally and should not require any public involvement or promotion.
- 11. Attached Single Family Housing Should Continue to Gain Market Share -** Attached single family production, primarily in the form of twin homes or town houses, has been limited in the Market Area during the current decade. No attached unit construction can be identified in Cohasset since 2010. However, the aging patterns are conducive to this type of housing demand over the next five years, as the number of households age 55 and older should grow significantly. We would expect that approximately 25% or more of the future demand for owner-occupancy housing construction can be met through attached single family housing.
- 12. Promote Residential Lot Development -** There is a relatively small inventory of improved residential lots in Grand Rapids in 2019, and no traditional subdivisions with single family lots exist in Cohasset. After the market crash of the late 2000s and the resulting slow absorption, private developers have been hesitant to advance new subdivisions. The Grand Rapids EDA is proceeding with a 15-lot project, but based on projected absorption of 20 to 25 lots per year in Grand Rapids and Cohasset, additional subdivision phases will be needed over the 5-year period.
- 13. Promote Affordable Home Ownership Programs -** Home values in Cohasset and Grand Rapids tend to be higher than in most of the surrounding communities in the region. However, income levels for most home owners in the Market Area are relatively moderate, and most renter households have lower income levels. To move moderate income households into home ownership may often require financial assistance to bridge the gap between what is affordable and the prices being charged for homes in the area. Continued ownership assistance efforts are encouraged.

- 14. Findings on River Front Development Potential** - Cohasset has potential development sites that may include water front access, with the potential for a marina. Initial design concepts envision mixed-use projects that include residential components. The growth and development projections for the Grand Rapids area yield potential for both market rate rental and home ownership options at these sites.

## **Housing Rehabilitation**

- 15. Promote Owner-occupied Housing Rehabilitation Programs** - Cohasset generally has a newer housing stock, but the core area of the community does contain a concentration of older housing. A visual condition survey found 28 houses rated as needing Major Repair, and seven houses rated as Dilapidated, and possibly beyond the point of economically feasible repair. The severely deteriorated structures may need to be cleared, with a plan to re-use the lot. Promotion of owner-occupancy rehab programs is encouraged to help preserve these most affordable ownership options.

- 16. Promote Rental Housing Rehabilitation Programs** - Although Cohasset has only a small inventory of rental housing, some of these are in older single family houses that have been converted to rental use. "Spot" rehabilitation assistance programs should be promoted to maintain and improve any substandard rental units.

- 17. Consider Programs to Improve the Condition and Quality of Mobile Homes** - As part of the housing conditions analysis, there were also 23 mobile homes that were viewed and rated in Cohasset. Most of these units are in poor condition. Five of the units were rated as needing Major Repair. Nine mobile homes were viewed as Dilapidated, and probably beyond the point of any economically feasible repairs. Improving older mobile homes is difficult, but some communities have initiated programs to improve both units and mobile home parks.

- 18. Demolish Dilapidated Structures** - Although most of the houses in Cohasset are newer, and tend to have higher values, the City also has some older homes. The housing condition survey in the older core area of the City identified as many as seven houses and nine mobile homes that may be too deteriorated to repair. Other non-residential structures probably exist in the community that may also be suitable for clearance.

- 19. Develop a Plan to Prioritize and Implement Housing Initiatives** - There are a number of regional housing agencies that can help Cohasset move forward with housing programs and initiatives.

# Introduction

## Overview

Community Partners Research, Inc., was hired by the Housing and Redevelopment Authorities of Itasca County and Grand Rapids to complete an analysis of housing market conditions in the Cities of Cohasset, Grand Rapids, Bigfork and Nashwauk. This document specifically focuses on the City of Cohasset, with separate documents completed for the other Cities.

## Methodology

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

- U.S. Census Bureau
- Minnesota State Demographer
- Esri, Inc., a private data reporting service
- Records and data from the City
- Records and data maintained by Itasca County
- Data from the MN Dept. of Employment and Economic Development
- Data provided by the Multiple Listing Service
- Interviews with elected officials and staff from the cities
- Interviews with community leaders
- Interviews with people familiar with the area's housing conditions
- Area housing agencies
- Rental property owner surveys

## Limitations

This Housing Study represents an analysis performed with the data available at the time of the research. Any findings are based upon current programs and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, Federal or State tax policy or other related factors could change the findings and conclusions contained in this Study.

This Study has not attempted to project future economic conditions, but instead has relied on past patterns and practices, with modifications that are appropriate for the current conditions.

This study was prepared by:  
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# **Population and Households**

## **Sources of Data**

A variety of data sources have been reviewed for this Study. One of the primary sources is the U.S. Census Bureau which produces annual population estimates and annual detailed reports through the American Community Survey. However, there is a data lag on the release and the most recent estimates from the American Community Survey are for 2017, based on surveys collected over a five-year period from 2013 to 2017.

The annual population and household estimates from the Minnesota State Demographer, effective for 2018, have also been reviewed. While these are available for cities, townships and counties, they are not provided for specific Unorganized Territories (UT). As a result, no specific estimate for the Grand Rapids/Cohasset Market Area can be generated from this source due to the inclusion of Deer Lake UT in the defined geography.

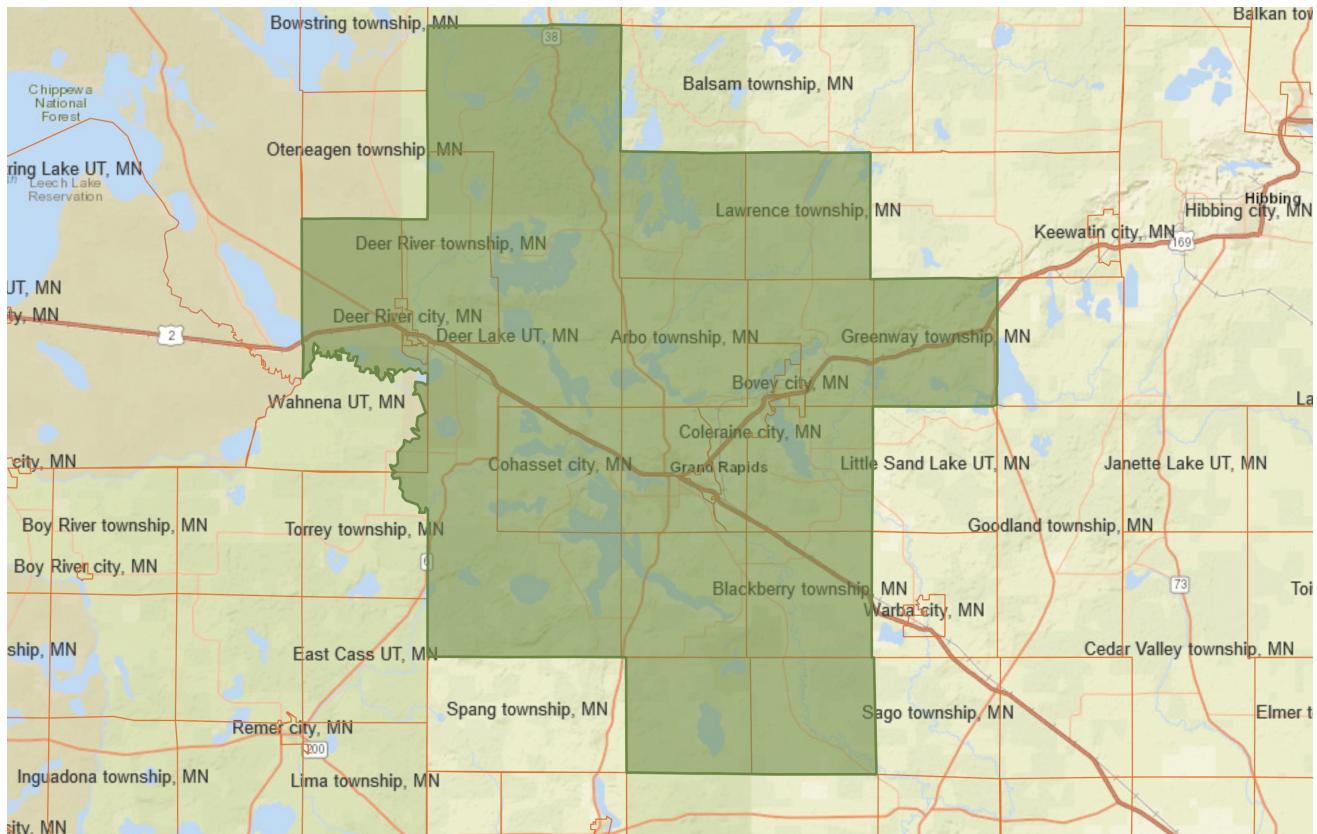
An additional data provider, Esri, Inc., has been used for the current-year estimates. Esri is a private company that produces demographic data reports that are often used by financial institutions and the Minnesota Housing Finance Agency. Esri's 5-year projections extend to 2024.

## **Market Area Designations**

In addition to presenting demographic information for the City of Cohasset, the analysts have also examined an aggregated area. The eastern border for Cohasset is contiguous to the City of Grand Rapids. As a result, the Grand Rapids Market Area is also appropriate as a regional definition for Cohasset, although it is recognized that Grand Rapids is the dominant geography.

The Grand Rapids/Cohasset Market Area includes eight cities: Grand Rapids, Cohasset, Bovey, Coleraine, Deer River, La Prairie, Taconite and Zemple; 11 townships: Arbo, Blackberry, Deer River, Greenway, Harris, Lawrence, Morse, Splithand, Trout Lake, Wabana and Wildwood; and Deer Lake Unorganized Territory. Each of these jurisdictions is in Itasca County and surround the City of Cohasset, generally within a 10 to 15-mile radius.

Over time, the specific jurisdictions that form this Market Area have changed, as some entire townships have been annexed into adjoining cities. The jurisdictions listed above represent the defined geography in 2019.



### **Grand Rapids/Cohasset Market Area**

## Population Trends Analysis

The following table tracks population change over time, using the decennial censuses data back to the year 1980. The current-year estimate is from Esri, Inc., a private data reporting service. Other recent estimates are provided in the text that follows.

<b>Table 1 Population Trends - 1980 to 2019</b>							
	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Cohasset	1,871*	1,970*	2,481	25.9%	2,698	8.7%	2,835
Market Area	-	-	31,350	-	32,936	4.6%	34,194
Itasca Co.	43,069	40,863	43,992	7.7%	45,058	2.4%	46,530

Source: U.S. Census Bureau; Esri

\* In 1980 and 1990 Cohasset was named Bass Brook Township

Esri's population estimate shows 2,835 people living in the City of Cohasset in 2019, up by 137 residents from the count recorded in the 2010 Census. This estimate is higher than other available data sources, although the effective date is one year forward from the other estimates.

The most recent estimate from the Minnesota State Demographer's Office has an effective date in 2018. It showed 2,738 people living in Cohasset. When compared to the 2010 Census benchmark, the City had added 40 residents between 2010 and 2018. A third estimate source, the Census Bureau's annual population estimates program, placed the City's population at 2,724 people in 2018, up by 26 people from 2010.

Although some differences do exist between the recent estimates, they all show that the City has been growing during the current decade. As will be discussed later in this section, there are some differences in the average household size estimates for the community, which has impacted the total population estimates presented.

The Market Area aggregation, which includes the adjoining cities, townships and unorganized areas, is difficult to track prior to the year 2000 due to the changes that have occurred in jurisdictional boundaries. However, recent estimates from the year 2000 forward are available and provide a better indication of real growth around Cohasset and Grand Rapids.

The Market Area does include an Unorganized Territory, Deer Lake UT, and some of the demographic sources, including the State Demographer and the Census Bureau, do not provide intercensal estimates for UTs.

The only recent estimate that can be obtained for the Market Area is from Esri. In 2019, Esri believes that the entire Market Area has 34,194 permanent residents. When compared to 2010, the area has added 1,258 people, or an annual average of approximately 140 people per year. Based on the estimates from Esri, population growth has been occurring both inside Grand Rapids and Cohasset, and in the remainder of the Market Area if the Cities are removed.

There are significant differences in the recent estimates for all of Itasca County. Esri is showing fairly strong population growth Countywide, while both the State Demographer and the Census Bureau show very little change this decade for Itasca County. Part of the difficulty of making population estimates for the County may be the impact of seasonal versus permanent residents.

Esri believes that growth has been occurring within the jurisdictions outside of Grand Rapids. Based on Esri's 2019 estimate, the County has added 1,472 people since 2010, with 756 of these residents living outside of Grand Rapids or Cohasset.

According to the State Demographer, there were 45,191 County residents in 2018, an increase of only 133 people since 2010. The remainder of Itasca County has actually lost population in the current decade if the Cities of Grand Rapids and Cohasset are removed.

The Census Bureau's County level estimate for 2018 was even lower, showing all of Itasca County adding only added 50 people from 2010. Consistent with the Demographer's estimate, the Census Bureau also shows a population decrease in the County jurisdictions excluding Grand Rapids and Cohasset.

### **Population by Race/Ethnicity**

According to the 2010 Census, nearly 95% of the City's residents were White for race, and more than 99% were not of Hispanic/Latino ethnicity. Due to the limited diversity evident in the official data sources, no further demographic details have been provided by race/ethnicity.

### **Group Quarters Population**

In 2010, there were four people living in group quarters housing in Cohasset.

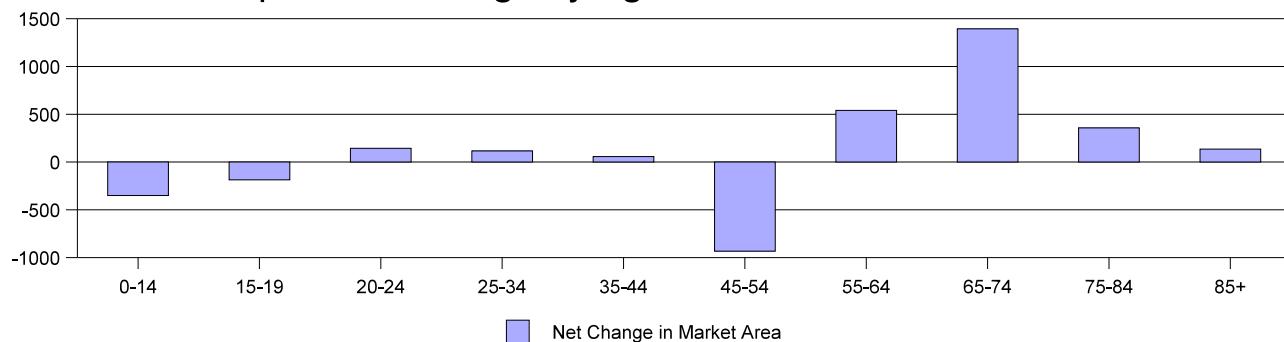
## **Population by Age Trends: 2010 to 2019**

The following table compares population by age changes in the Grand Rapids/Cohasset Market Area between 2010 and 2019, using the 2010 Census and 2019 estimates from Esri.

<b>Table 2 Population by Age - 2010 to 2019</b>			
Age	Market Area		
	2010	2019	Change
0-14	6,055	5,705	-350
15-19	2,190	2,004	-186
20-24	1,475	1,619	+144
25-34	3,490	3,606	+116
35-44	3,674	3,731	+57
45-54	5,045	4,113	-932
55-64	5,012	5,553	+541
65-74	3,123	4,517	+1,394
75-84	1,943	2,300	+357
85+	929	1,065	+136
Total	32,936	34,213	+1,277

Source: U.S. Census; Esri

**Population Change by Age Between 2010 and 2019**



Based on the Esri estimate, the Market Area has experienced significant population growth between 2010 and 2019, adding 1,277 residents. As a result, most of the defined age ranges increased in size.

The notable exception is in the 45 to 54 year old range, which has decreased substantially during the decade. This largely reflects the impact of the advancing baby boom generation. The group behind the baby boomers is much smaller in size, resulting in a reduction within this 10-year range.

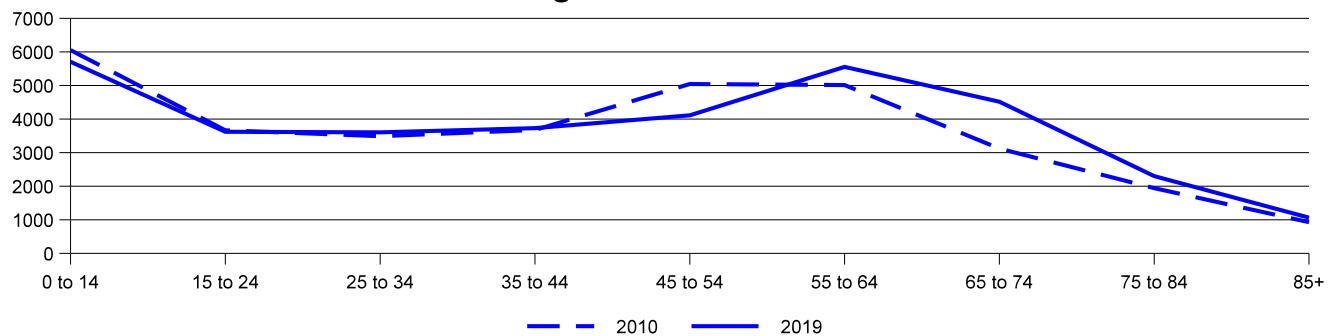
There was also some estimated decrease in the number of children and young adults in the age ranges 19 and younger. This would generally be consistent with fewer households in the prime child-rearing age ranges below 55 years old.

Patterns for the Market Area showed substantial growth in most of the groups age 55 and older. For many years, demographic analysts have been talking about the impact that is occurring as the large baby boom generation moves through the aging cycle. Between 2010 and 2019, the entire Market Area had a net gain of 1,935 people in the age ranges between 55 and 74 years old. In 2019, nearly all of the baby boomers were within these age groups.

Although some of the younger age groups decreased in size, as noted above, there was some growth in some of the younger adult age ranges, between 20 and 44 years old. The "millennial" generation would have included people in the basic range between 23 and 38 years old in 2019.

The aging trends can be tracked to see the advancing "wave" created by the movement of the baby boom generation.

**Market Area Age Distribution: 2010 to 2019**



## Population Projections

The following table presents population projections generated by Esri, and span the five-year period from 2019 to 2024.

**Table 3 Population Projections Through 2024**

	2019 Estimate Esri	2024 Projection Esri	Projected Change
Cohasset	2,835	2,915	80 / 2.8%
Market Area	34,194	34,961	767 / 2.2%
Itasca County	46,530	47,462	932 / 2.0%

Source: Esri

Esri's projection for Cohasset expects the City to continue growing between 2019 and 2024. On an average annual basis, the City would be expected to add approximately 16 people in a typical year. This forecast is very consistent with Esri's estimated change in the past, as they believe that the City's population has been growing by approximately 15 people per year so far in the current decade.

Esri also expects strong population growth to continue for the entire Market Area, with the projected addition of 767 people over the five-year period. On an annual basis, this would average 153 people per year. This numeric gain would be slightly above the level of approximately 142 people per year since 2010.

Esri is even more optimistic about future growth Countywide, expecting more than 500 permanent residents to be added in the remainder of the County outside of Grand Rapids and Cohasset. As stated previously, this forecast would generally differ from other sources, as both the State Demographer and the Census Bureau have been tracking recent population losses in the areas outside of these two cities. However, Itasca County has a large volume of seasonal/recreational properties, and it is very possible that more of these housing units will be converted to permanent resident use over time.

## Household Trends Analysis

The following table tracks household change over time, using the decennial census data back to the year 1980. The current-year estimate is from Esri, a private data reporting service. Other recent estimates are provided in the text that follows.

**Table 4 Household Trends - 1980 to 2019**

	1980 Census	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate
Cohasset	628*	711*	960	35.0%	1,067	11.1%	1,120
Market Area	-	-	12,667	-	13,562	7.1%	14,076
Itasca County	14,970	15,461	17,789	15.1%	18,773	5.5%	19,371

Source: U.S. Census; Esri

\* In 1980 and 1990 Cohasset was named Bass Brook Township

Esri's 2019 estimate for Cohasset shows the City adding 53 households since 2010.

According to the State Demographer, there were 1,104 households in the City in 2018. When compared to the 2010 Census, the City had added 37 households so far this decade.

The Census Bureau does not issue annual household estimates, but based on the population in 2018, this source would have shown a household count that was slightly lower than the State Demographer's.

Esri is tracking more household growth than the other data sources. As will be discussed later in this document, there has been ongoing new housing unit construction in Cohasset since 2010, which would allow for the level of household growth being estimated by Esri. However, Cohasset does have a large volume of seasonal/recreation properties within the City, and some of the new construction may not be for permanent residents. The differences between the estimating sources could reflect differing interpretations of permanent resident households versus seasonal residents in the community.

For the combined jurisdictions that form the Market Area, Esri believes that 14,076 households are present in 2019. Over the course of the current decade, the area has added 514 total households, or an average of 57 per year.

Once again, the State Demographer does not provide an annual estimate for the UT portions of the Market Area, so it is not possible to make a direct comparison between these sources. But excluding Deer Lake UT, the Demographer shows a net gain of 501 households. Assuming that Deer Lake UT has remained relatively stable, these two estimates would be very similar.

While the two primary estimating sources are generally similar in the numeric growth for the Market Area, the Demographer would attribute most of the recent growth to the City of Grand Rapids, while Esri places much of the growth outside the City. If used to form a range, between 57 and 63 households have been added to the Market Area in an average year.

The primary estimating sources also had similar opinions on the level of growth countywide. According to Esri, there are 19,371 households in 2019. When compared to the 2010 Census, this shows average annual growth of more than 66 households per year.

According to the State Demographer, there were 19,321 households in Itasca County in 2018. When compared to the 2010 Census, this shows average annual growth of nearly 69 households per year.

If used to form a range, both Esri and the Demographer see average annual growth of approximately 66 to 69 households Countywide during the current decade. However, these sources differ on the location of this growth, as the State Demographer places most of the net growth within Grand Rapids, while Esri places most of the growth outside of that City.

## Average Household Size

The following table provides decennial Census information on average household size dating back to 1980. The 2019 estimates from Esri are also provided.

**Table 5 Average Number of Persons Per Household 1980 to 2019**

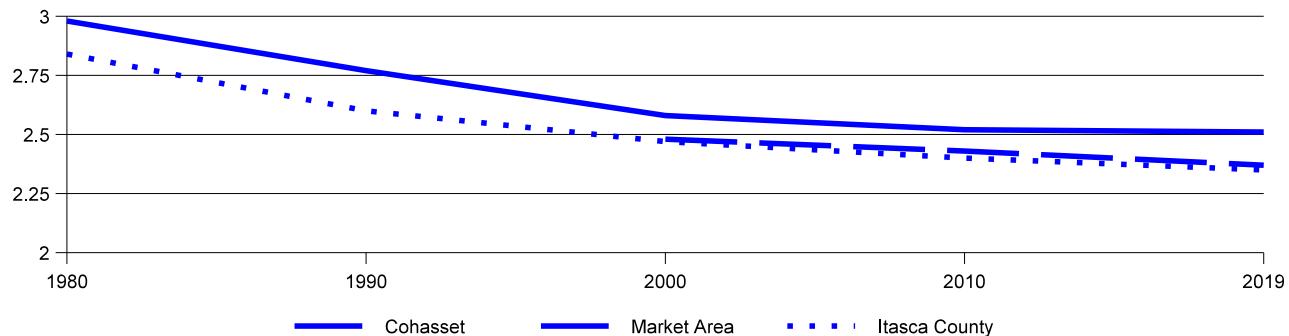
	1980 Census	1990 Census	2000 Census	2010 Census	2019 Estimate
Cohasset	2.98*	2.77*	2.58	2.52	2.51
Market Area	-	-	2.48	2.43	2.37
Itasca County	2.84	2.60	2.47	2.40	2.35

Source: U.S. Census; Esri

\* In 1980 and 1990 Cohasset was named Bass Brook Township

In most communities, household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans.

**Average Household Size: 1980 to 2019**



According to Esri, this trend has largely stabilized in Cohasset as the City's average household size has decreased slightly, to 2.51 persons in 2019. However, other data sources, including the State Demographer's Office, have been tracking a larger reduction, with an estimated household size of 2.48 persons in Cohasset in 2018.

The average household sizes for both the Market Area and all of Itasca County have been gradually growing smaller in recent decades.

## Household Characteristics: Age Trends

The following table examines the area's changing age patterns. The 2019 age-based estimates from Esri are compared to the 2010 Census to track recent changes. This information has been analyzed is for the entire Grand Rapids/Cohasset Market Area.

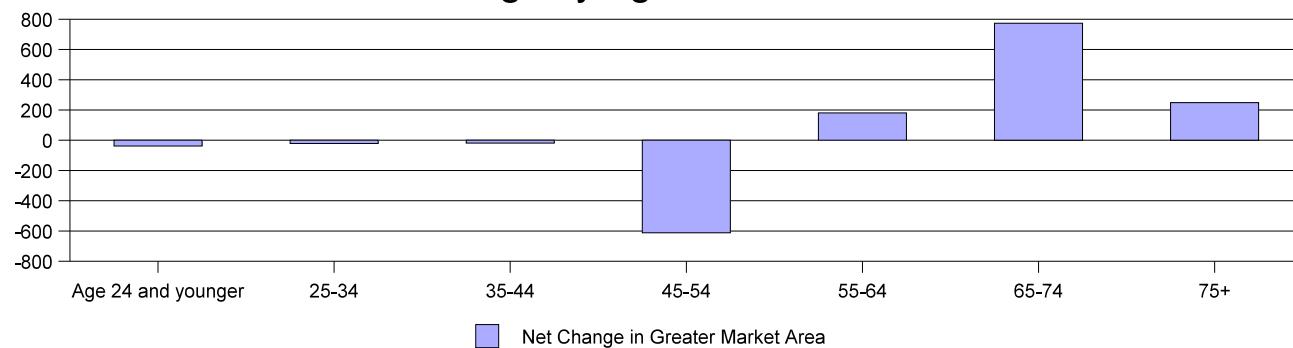
**Table 6 Market Area Households by Age - 2010 to 2019**

Age	Market Area		
	2010	2019	Change
15-24	421	383	-38
25-34	1,640	1,619	-21
35-44	1,927	1,908	-19
45-54	2,795	2,183	-612
55-64	2,951	3,132	+181
65-74	1,981	2,755	+774
75+	1,847	2,096	+249
Total	13,562	14,076	+514

Source: U.S. Census; Esri

So far this decade, the Market Area has added 514 households, according to Esri. However, this growth is not distributed within all of the defined 10-year age ranges. Between 2010 and 2019, there has been solid growth in the number of households age 55 and older, but reductions within all of the younger age groups.

**Household Change by Age Between 2010 and 2019**



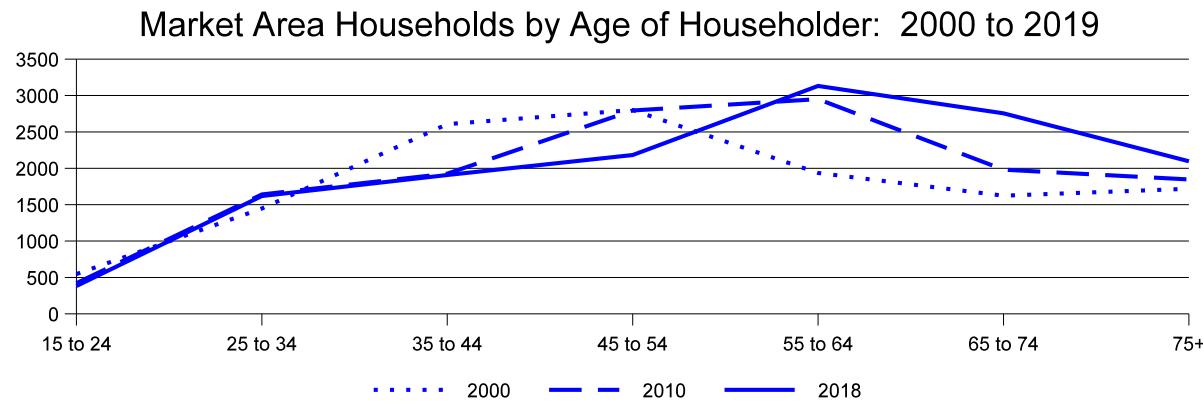
Much of the change occurred in the prime “baby boomer” age groups, between 55 and 74 years old, with especially strong growth among households age 65 to 74 years old.

With the exception of the 45 to 54 year old group, the other younger adult ranges remained relatively stable, with only very minor reductions since 2010. The large decrease in the 45 to 54 year old group reflected the void that developed as the baby boomers advanced in age. The “baby bust” generation that followed is smaller in size and could not replace the previous age cohort.

Overall, Esri estimates that there was a net loss of 690 households age 54 and younger, but a net increase of more than 1,200 households age 55 and older so far this decade.

It should also be noted that solid growth has occurred within the oldest senior citizen age ranges, age 75 and older. There continues to be a significant amount of specialized senior housing in Grand Rapids and Cohasset, providing attractive living options for older seniors.

It is possible to track the “wave” progression of the baby boomer households in the Market Area dating back to the year 2000, using information for households by the age of householder. Over time, the crest of this wave has been growing larger, as more households in these baby boom age ranges are living in the area.



## Household Projections

The following table presents household projections from Esri, for the period between 2019 and 2024.

**Table 7 Household Projections Through 2024**

	2019 Estimate Esri	2024 Projection Esri	Projected Change
Cohasset	1,120	1,152	32 / 2.9%
Market Area	14,076	14,388	312 / 2.2%
Itasca County	19,371	19,758	387 / 2.0%

Source: Esri

Esri's projection for the Cohasset expects modest growth, with 32 resident households added over the next five years. This annual growth, averaging between six and seven households per year, would be consistent with Esri's estimate of past patterns, as the City's household count has been adding approximately six households per year so far this decade.

Esri's Market Area projection shows the addition of 312 households over the 5-year period, or approximately 62 households per year. This level of numeric growth would be very consistent with the estimates of the recent past, which show the entire Market Area averaging between 57 and 63 households per year since 2010.

Esri's projection for all of Itasca County expects that nearly 390 households will be added over a five-year period. To reach this projection, the County would need to average approximately 77 households per year. This projection is generally consistent with past patterns, as the County has probably been averaging annual growth of 66 to 69 households per year since 2010.

## Projected Households by Age

Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. The following table is for the entire Grand Rapids Market Area.

**Table 8 Market Area Projected Households by Age: 2019 to 2024**

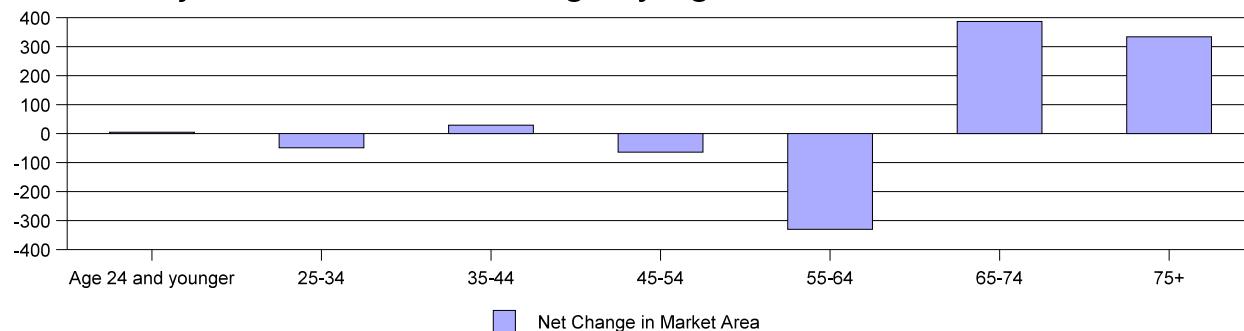
Age Range	2019 Estimate	2024 Projection	Change
15-24	383	388	+5
25-34	1,619	1,570	-49
35-44	1,908	1,937	+29
45-54	2,183	2,119	-64
55-64	3,132	2,802	-330
65-74	2,755	3,142	+387
75+	2,096	2,430	+334
Total	14,076	14,388	+312

Source: Esri

The age-based projections to 2024 expect most of the net increase in households to occur from households age 65 and older in the Market Area. The number of younger senior households, age 65 to 74, is expected to grow by 387 households. The older senior range, age 75 and above, is projected to grow by 334 households.

Although some of the younger adult households may increase in number, overall there is a substantial decrease projected within the combined ranges below age 65.

**Projected Household Change by Age Between 2019 and 2024**



## 2017 Median Income Data

Annual median income estimates are available at the city, township and county level through the American Community Survey. Since the Market Area represents an aggregation of individual jurisdictions, including an Unorganized Territory, no median levels are available. Information from 2010 is compared to 2017 to track recent income trends.

Household income represents all independent households, including people living alone and unrelated individuals together in a housing unit. Families are two or more related individuals living in a household. Family incomes tend to be higher than the overall household median, as families have at least two household members, and potentially more income-earners, while many non-family households have only one household member.

**Table 9 Median Household Income - 2010 to 2017**

	2010 Median	2017 Median	% Change
Households			
Cohasset	\$64,500	\$61,923	-4.0%
Itasca County	\$45,621	\$52,050	14.1%
Minnesota	\$57,243	\$65,699	14.8%
Families			
Cohasset	\$72,019	\$74,188	3.0%
Itasca County	\$56,890	\$61,216	7.6%
Minnesota	\$71,307	\$82,785	16.1%

Source: ACS

Information contained in the 2017 American Community Survey showed that the City's median household income level had decreased since 2010, but that there had been some growth in the median for families. It is possible that the 2017 estimates are flawed, based on the limited sampling that is done in a small community such as Cohasset. However, the estimates could also be a reflection of an aging population in the community, with more households moving to fixed retirement income from earned income such as employment. It is important to note that despite the limited change since 2017, the medians in Cohasset are still relatively high when compared against all of Itasca County.

There was some stronger growth between 2010 and 2017 for the County's median income levels, especially for households. However, the medians for Itasca County were well below the comparable Statewide medians in 2017.

A general standard is that 30% of income can be applied to housing costs. At this level, a median income household in Cohasset could apply nearly \$1,550 per month, and a median income family could apply approximately \$1,855 per month. However, as will be detailed later, there is often a significant difference between renter and owner household income levels, with many renter households in the lower income ranges, with significantly less income that can be applied to housing costs. Cohasset has a large distribution of home owners, which helps to contribute to the relatively high median income levels.

## **Household Income Distribution by Tenure: 2017**

Although median income information is not available for the aggregated Market Area, the American Community Survey does contain household income distribution estimates. This information is available by ownership or renter status.

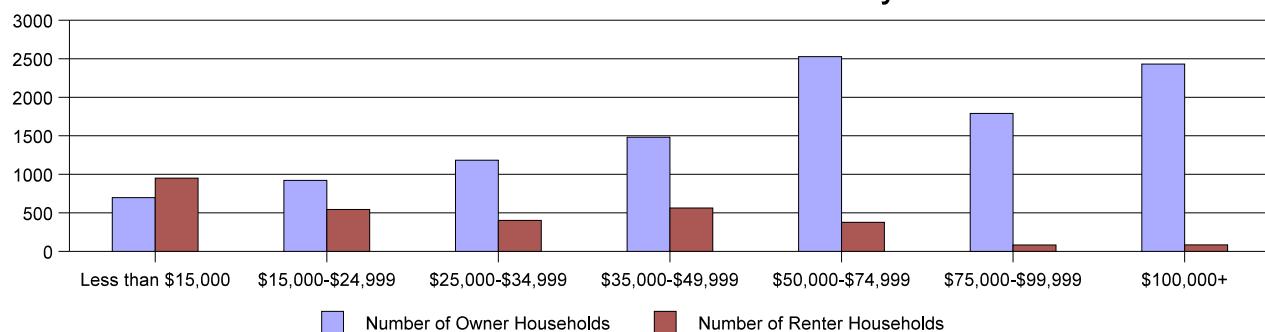
**Table 10 Market Area Income Distribution by Tenure: 2017**

Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	698	951	1,649
\$15,000 - \$24,999	922	544	1,466
\$25,000 - \$34,999	1,184	402	1,586
\$35,000 - \$49,999	1,481	563	2,044
\$50,000 - \$74,999	2,527	378	2,905
\$75,000 - \$99,999	1,790	84	1,874
\$100,000+	2,431	85	2,516
Total	11,033	3,007	14,040

Source: American Community Survey

Within the moderate to higher income ranges, there was a strong preference for home ownership. For households with an annual income of \$50,000 or more, the rate of home ownership was above 92%, with fewer than 8% of these households renting their unit.

**Market Area Household Income Distribution by Tenure: 2017**



This pattern changed somewhat in the lower and moderate income ranges. For all households with an annual income below \$35,000, the rental rate was above 40%. For low income households below \$25,000 for annual income the rental rate was nearly 48%.

Since the Grand Rapids Market Area is an assembled geography, the American Community Survey does not provide an estimated median income by housing tenure. However, an approximate median can be extrapolated from the distribution data.

For all renter households in the Market Area the estimated median income level in 2017 was approximately \$25,210. For all home owners, the estimated median income was approximately \$62,182.

For just the City of Cohasset, the estimated median renter household income was \$38,750 in 2017, compared to a median of \$66,012 for home owners. It is important to note that Cohasset has a limited number of renter households, and no income-restricted rental housing options, which do impact the median income levels.

## Renter Housing Cost Burden

The 2017 American Community Survey includes information on housing costs for renter households. Generally, it is the goal of housing assistance programs to limit housing costs to no more than 30% of household income. This is especially true for lower income households, with limited amounts of income available for discretionary spending. This information is only for the City of Cohasset.

**Table 11 Cohasset Renter Household Cost Burden - 2017**

Percent of Income for Housing	Number of Households	Percentage of All Renters
Less than 20%	47	39.5%
20% to 29.9%	15	12.6%
30% to 34.9%	8	6.7%
35% or more	23	19.3%
Not Computed	26	21.8%
Total	119	100%

Source: American Community Survey

Using a standard that 30% of income for housing defines a cost burden, most renter households in Cohasset did not have a cost burden for rental housing in 2017. However, this was due in part to a high number of households where the cost to income percentage was not computed. Overall, approximately 26% of the City's renters were paying 30% or more of their income for housing.

Cost burden was generally the result of a lower household income. The large majority of all households that were paying 30% or more of their income for housing had a household income that was below \$35,000 per year.

## Owner Housing Cost Burden

The American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Cohasset owner households for monthly housing costs. Information is provided for owner households with and without a mortgage on their home.

<b>Table 12 Cohasset Owner Household Cost Burden - 2017</b>			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	342	316	658
20% to 29.9%	93	48	141
30% to 34.9%	52	8	60
35% or more	109	33	142
Not Computed	0	0	0
Total	596	405	1,001

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing.

Mortgage lending practices generally attempt to keep monthly payments below this level of household income.

However, more than 20% of all home owners reported that they paid more than 30% of their income for housing, and most of these households were actually paying more than 35% of income for housing costs.

Some of the cost-burden home owners did not have a mortgage on their home. In these cases, it was generally a low annual income that has caused the cost burden, such as a retiree that owned their home but lived on a fixed income.

## Building Permit Trends

The following table identifies new housing units that have been issued a building permit since the year 2010.

**Table 13 Cohasset Housing Construction Activity: 2010 to 2019\***

Year	Single Family	Multifamily Rental	TOTAL
2019*	8	0	8
2018	6	0	6
2017	7	0	7
2016	8	0	8
2015	6	0	6
2014	6	0	6
2013	5	0	5
2012	6	0	6
2011	13	0	13
2010	7	0	7
<b>TOTAL</b>	<b>72</b>	<b>0</b>	<b>72</b>

Source: City of Cohasset; Census Bureau

\*2019 is through September

There has been new single family housing construction in the City during the current decade. Based on available reports, there have been at least 72 houses constructed in Cohasset. However, according to City staff, the large majority of this construction activity occurred on lake shore parcels, and in some cases an older housing unit was removed. As a result, the actual net gain in the City's housing stock would be less than 72 units.

There has been no new construction of multifamily rental housing in Cohasset in many years. There has been some development of specialized senior housing, including 14 memory care rooms in Maplewoods Assisted Living in 2013, but these would not represent units for independent living with features such as a kitchen.

## **Lots and Land**

According to City staff, there are no active residential subdivisions in Cohasset that are served by municipal infrastructure. The availability of municipal sewer and water expansions may be limited which could impact future interest in subdivision development. However, there are some adjacent land parcels that could access sewer and water and be developed as traditional subdivisions.

Most of the new home construction since 2010 has utilized lake shore parcels. Some of these were vacant while others replaced an existing older structure. While no count exists of remaining water front parcels, additional opportunities do remain.

Cohasset is a large community geographically and sites for home building do exist on various parcels that would require on-site septic systems and wells. These would be larger lot options, typically 2.5 acres or more in size.

City staff did identify development parcels that could be suitable for larger-scale multifamily development projects, including possible sites for affordable housing and senior housing projects.

The City has recently acquired a 40-acre parcel that adjoins the Mississippi River. A multi-use development plan has been considered, that would include a broad mix of commercial, recreational and residential uses. Some of the housing may be oriented to seasonal/recreational use, but could also serve permanent residents. As part of the project, a marina could be created.

## **Home Sales**

This section examines houses that have been sold within recent years in the City of Cohasset. Information was obtained from the Itasca County Assessor's Office.

Itasca County collects and utilizes information from residential sales for the County's sales ratio study. The County compares the fair market sale price to the estimated taxable value for each home. As a result, the County information for sales primarily reflects existing homes that have an established tax value. New construction sales activity would generally not be recorded in the data that was used for this analysis, unless the house had been constructed some time ago and did have an established tax value.

The County also sorts the sales data into "qualified" and "unqualified" groupings. Qualified sales are also referred to as good sales, because they are fair market transactions. Unqualified sales are rejected because they are not considered to be fair market transactions. There are multiple reasons for rejecting a sale, including sales of "bank-owned" properties, and foreclosures/short sales. Additional reasons for rejection would include transfers between related parties, or sales that were not conducted in the open market.

It is important to note that the sales records that are available do not contain detailed information on each recorded transaction. The sales were identified as "improved residential" parcels, but this does not guarantee that an actual house was sold. Sales that appeared to be property other than a house have been excluded.

The City of Cohasset covers a large geographical area, and includes a number of lakes and lake shore living options. At the time of the 2010 Census, there were more than 200 housing units identified as seasonal/recreational use properties. To help define home values for permanent residents, lake shore home sales have been excluded in some of the tables that follow.

Information was available for each calendar year, from 2010 through 2018. Partial-year information was also available for 2019, and has been presented, although this will change as additional sales are recorded.

**Table 14 Cohasset Off Lake Residential Sales Activity - 2010 to 2019\***

Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2019*	6	\$144,268**	\$255,000	\$61,000
2018	10	\$141,000**	\$300,000	\$60,000
2017	14	\$115,000**	\$290,000	\$45,000
2016	11	\$95,000	\$240,000	\$60,000
2015	11	\$149,585	\$268,876	\$35,000
2014	15	\$95,000	\$285,000	\$38,000
2013	11	\$126,000	\$255,000	\$32,000
2012	6	\$86,360**	\$205,000	\$25,000
2011	3	\$108,000	\$120,000	\$92,000
2010	3	\$170,000	\$215,000	\$124,500

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

\* Partial-year \*\* Calculated median from the two nearest sales

With a limited number of good sales occurring within any single year, there can be wide variation in the annual median price. However, since 2013, the median has always been \$95,000 or higher. Although 2019 is only partial-year activity, the median price with 2018 and 2019 sales combined would be above \$140,000 for off-lake homes.

With the exception of 2011, when only three good sales were recorded, there has been at least one off-lake house each year that has sold for more than \$200,000.

Although not displayed in the table above, the County records also listed some rejected sales. In 2019, there have been two bank-owned home sales in the community, but these are the first since 2015.

As stated previously, the analysis of home sales excluded lake shore properties. If these had been included, the annual median values would have been higher. In 2019, four lake homes had already been sold, and three of these were sold for more than \$215,000. In recent years, very few of the lake shore sales have been for less than \$150,000.

An alternate home value estimate exists in the 2017 American Community Survey. This source shows a median home value of \$203,700 in Cohasset.

## Housing Condition Analysis

In August 2019, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses. In the City of Cohasset, 147 houses were viewed and rated. Houses that appeared to contain three or more units were excluded from the survey. Mobile homes were rated separately, and presented on the next page.

The only houses that were rated were in the central part of the City, and no attempt was made to view lake shore homes or those in the more rural portions of the community.

Houses were rated in one of four levels of physical condition, as defined below. The survey analyzed only the physical condition of the visible exterior of each home. Exterior condition is assumed to be a reasonable indicator of the structure's interior quality.

Dilapidated houses are generally considered beyond repair. Major Repair houses need multiple major improvements such as roof, windows, sidings, structural/foundation, etc., and may or may not be economically feasible to rehabilitate.

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair. Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor problems and still be considered Sound.

**Table 15 Windshield Survey Condition Estimate - 2019**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Cohasset	48 / 32.7%	64 / 43.5%	28 / 19.0%	7 / 4.8%	147

Source: Community Partners Research, Inc.

The housing condition survey completed for this Study found that most of the houses in Cohasset are generally in good condition, with more than 76% rated in the Sound or Minor Repair categories.

There were 28 houses rated as needing Major Repair, and 7 houses rated as Dilapidated, and possibly beyond the point of economically feasible repair.

## Mobile Home Condition

The visual conditions survey also examined mobile homes. There were 23 mobile homes that were viewed and rated in Cohasset. The same condition ratings were used, as detailed on the previous page.

**Table 16 Mobile Home Windshield Survey Condition Estimate - 2019**

	Sound	Minor Repair	Major Repair	Dilapidated	Total
Mobile Homes	4 / 17.4%	5 / 21.7%	5 / 21.7%	9 / 39.2%	23

Source: Community Partners Research, Inc.

Most of the mobile homes in Cohasset are generally in need of significant repair or replacement. Only nine of the 23 structures were rated in the best condition categories of Sound or Minor Repair.

Five of the units were rated as needing Major Repair. Nine mobile homes were viewed as Dilapidated, and probably beyond the point of any economically feasible repairs.

Additional details on mobile homes, taken from the American Community Survey, are presented on the following page.

## **Age of Housing**

The American Community Survey includes an estimate of the age of the housing stock.

For owner-occupancy units in Cohasset, the estimated median year of construction is 1987. Approximately 17% of the stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1991. Fewer than 13% of the rental units were constructed prior to 1970.

The housing stock in Cohasset is relatively new, especially for rental housing. The only larger-scale rent project, Edgewood Apartments, was constructed in the past 25 years.

## **Mobile Home Data**

The American Community Survey also provides some details on the mobile homes in the City. According to this source, the median value for home homes in the community was \$46,500 in 2017.

## **Rental Housing Data**

### **Census Bureau Rental Inventory**

According to the 2010 U.S. Census, there were 123 occupied rental units and 10 unoccupied rental units in Cohasset, for a total estimated rental inventory of 133 units. The City's rental tenure rate was only 11.5%, well below the Statewide rental rate of 27.0% in 2010.

According to the 2017 American Community Survey, there were 119 occupied rental units, along with no unoccupied units, for a total inventory of 119 units. If accurate, the City has lost 14 total rental units to the inventory since 2010.

Based on building permit reports, no multifamily rental units have been constructed in Cohasset since 2010. A specialized memory care expansion was completed in 2013 at Maplewoods Assisted Living, but these are sleeping rooms and would not be intended for independent living. It is possible that some tenure conversion has occurred in single family houses or mobile homes, but this is difficult to track. No other changes have been identified in the rental housing inventory.

With no rental units constructed since 2010, but ongoing construction of single family houses, it is probable that the rental tenure rate in 2019 is lower than the level of 11.5% recorded at the time of the 2010 Census.

## **Rental Housing Survey**

As part of this Study, a telephone survey was conducted of multifamily projects in Cohasset. The survey was primarily conducted in September 2019.

Emphasis was placed on contacting properties that have four or more units. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Information was tallied separately for different types of rental housing, including conventional market rate and senior housing with services.

The findings of the survey are provided by market segment on the pages that follow.

## **Market Rate Summary**

Only one conventional market rate rental project was identified in Cohasset. Edgewood Apartments has 18 units.

### **Unit Mix**

The bedroom mix in Edgewood includes six one-bedroom and 12 two-bedroom apartments.

### **Occupancy / Vacancy**

All of the apartments in Edgewood were occupied when contacted by the rental survey. This is consistent with a very low vacancy rate in neighboring Grand Rapids.

### **Rental Rates**

Edgewood Apartments was constructed in 1998. Estimate gross rents are below \$750 for a one-bedroom unit and below \$850 for the two-bedroom apartments.

Many of the remaining market rate units in Cohasset are in single family houses, where tenants typically pay the major utilities. No rental rate information was obtained from this segment.

The American Community Survey included an estimate of the median gross rent for all rental housing in Cohasset. This median rent was \$728 in 2017.

## **Subsidized Housing**

There is no federally subsidized rental housing in Cohasset. There is no income-restricted tax credit housing in the City.

## **Tenant-based Rent Assistance Vouchers**

Although there is no subsidized housing in Cohasset with project-based rent assistance, City residents do have access to tenant-based Vouchers through the Itasca County program. The Itasca County HRA administers the Housing Voucher Program in Cohasset and Itasca County.

The Housing Choice Voucher Program provides portable, tenant-based rent assistance to lower income households. The program requires participating households to contribute approximately 30% to 40% of their adjusted income for rent, with the rent subsidy payment making up the difference. Tenants may lease any suitable rental unit in the community, provided that it passes a Housing Quality Standards inspection, and has a reasonable gross rent when compared to prevailing rents in the community.

At the time of the research for this Study there were 11 households in Cohasset with Vouchers. This would represent fewer than 10% of all renter households in Cohasset. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating renters within the City can vary from month to month.

There are 248 traditional Vouchers in the Itasca County Program. In 2019, 28 additional Mainstream Vouchers were awarded, targeted to non-elderly households with a disabled person. In total, authority exists for 276 tenant-based Vouchers.

The waiting list for the Voucher program had 355 names in September 2019.

## **Senior Housing with Services**

There are three separate facilities in Cohasset providing housing with services for seniors.

The largest provider is Maplewoods Assisted Living which was constructed in phases in 2008 and 2013. The original project had created 10 private sleeping rooms for assisted living. The 2013 expansion added 14 sleeping rooms providing memory care.

Autumn Lane is an assisted living facility with 15 sleeping rooms. Some of these rooms allow for shared occupancy so the actual resident count may be above 15 people.

Sugar Brook Villa is an assisted living facility constructed in 2005. There are eight private rooms and two rooms for shared occupancy, with total capacity for 12 residents.

### **Rental Rates**

No specific information was obtained on monthly rates, since this is based in part of the required services needed by the resident.

All three providers will accept County assistance programs such as Elderly Waiver, and the number of recipients is not capped. These types of programs allow lower income residents the ability to acquire needed services. All of the facilities indicated that many of their residents were receiving assistance.

### **Occupancy/Vacancy**

There was one open room at Autumn Lane and one open room in Maplewoods Memory Care. However, these were attributed to turnover in the frail senior population and good demand was reported. Most of the facilities reported the existence of waiting lists.

**Table 17 Cohasset Multifamily Rental Housing Inventory**

Name	Number of Units/ Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Profile	Comments
<b>Market Rate</b>					
Edgewood Apartments 120 NW 5 <sup>th</sup> St	6 - 1 bedroom <u>12 - 2 bedroom</u> 18 total units	\$695 \$795 +electric	No vacant units	Mix of tenants	Three-story apartment building that was constructed in 1998. City TIF and IRRRB grant assistance was originally used but no restrictions apply to tenants or rents. Rent includes heat but tenant pays electric. Amenities include dishwasher, AC, indoor storage and community room. Detached garage available for \$50/month. Two-bedrooms have 936 sq ft and 1 bathroom. Full occupancy reported.
101 Columbia St	8 total units	N/A	N/A	N/A	Unable to contact for 2019 survey.
<b>Senior Housing with Services</b>					
Autumn Lane 26858 Pincherry Road	15 rooms some with shared occupancy	N/A	1 open unit	Assisted Living	Assisted living facility that was substantially remodeled 3 years ago and now has 15 sleeping rooms with private bathrooms. Some rooms are shared occupancy. Most residents receive County assistance.
Maplewoods Assisted Living 40170 Co Rd 257	10 rooms	N/A	No vacant units, waiting list	Assisted Living	Assisted living facility constructed in 2008, with memory care wing added in 2013. Assisted living is in private sleeping rooms with bathroom. Manager reported full occupancy and waiting list. Many residents receive County assistance.
Maplewoods Memory Care 40170 Co Rd 257	14 rooms	N/A	1 open room, waiting list	Memory Care	Memory care facility constructed in 2013 and added to assisted living wing. Memory care is in private sleeping rooms with shared bathroom. Manager reported 1 open room due to high rate of turnover but waiting list exists. Many residents receive County assistance.
Sugar Brook Villa 20868 Sugar Hills Rd	8 private 2 shared rooms	N/A	No vacant rooms, waiting list	Assisted Living	Senior assisted living facility constructed in 2005. Eight private rooms with private bathroom and 2 shared occupancy rooms for 12 resident capacity. Owner reported full occupancy and waiting list. Approx. 60% of residents receive County assistance - but low reimbursement rate may result in capped acceptance in the future.

Source: Community Partners Research, Inc.

## Employment and Economy

While many factors influence the need for housing, employment opportunities represent a predominant demand-generator. Without jobs and corresponding wages, the means to afford housing is limited. Employment opportunities are provided by a broad range of private and public business sectors. The type of employment, wage level, and working conditions will each influence the kind of housing that is needed and at what level of affordability.

### Itasca County Labor Force, Work Force and Unemployment

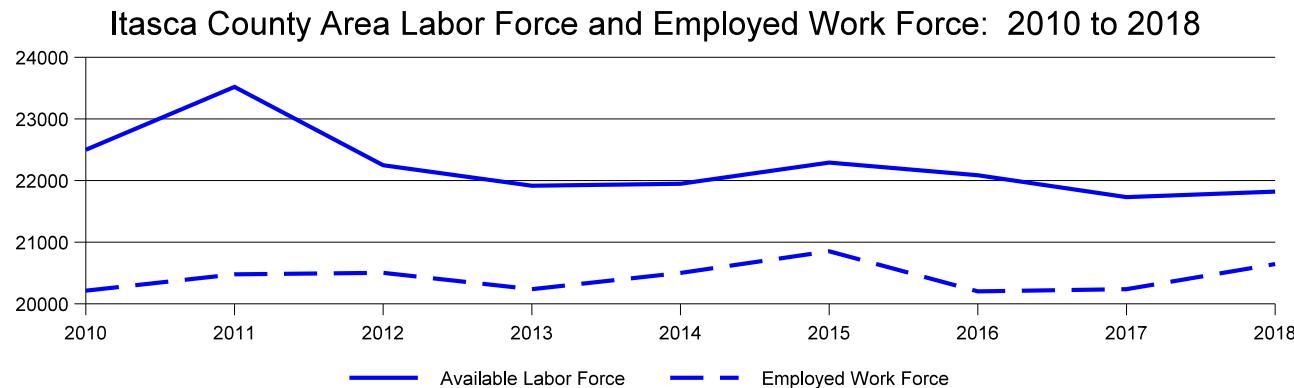
The Minnesota Department of Employment and Economic Development does not provide employment information at the City level for Cohasset. The following table looks at statistics since 2010 for all of Itasca County.

Table 18 County Labor Force and Employment: 2010 to 2018						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	22,499	20,214	2,285	10.2%	7.4%	9.6%
2011	23,519	20,478	2,041	9.1%	6.5%	8.9%
2012	22,248	20,502	1,746	7.8%	5.6%	8.1%
2013	21,916	20,238	1,678	7.7%	5.0%	7.4%
2014	21,948	20,500	1,448	6.6%	4.2%	6.2%
2015	22,291	20,852	1,439	6.5%	3.7%	5.3%
2016	22,086	20,201	1,885	8.5%	3.9%	4.9%
2017	21,731	20,238	1,493	6.9%	3.4%	4.4%
2018	21,820	20,645	1,175	5.4%	2.9%	3.9%

Source: MN Department of Employment and Economic Development

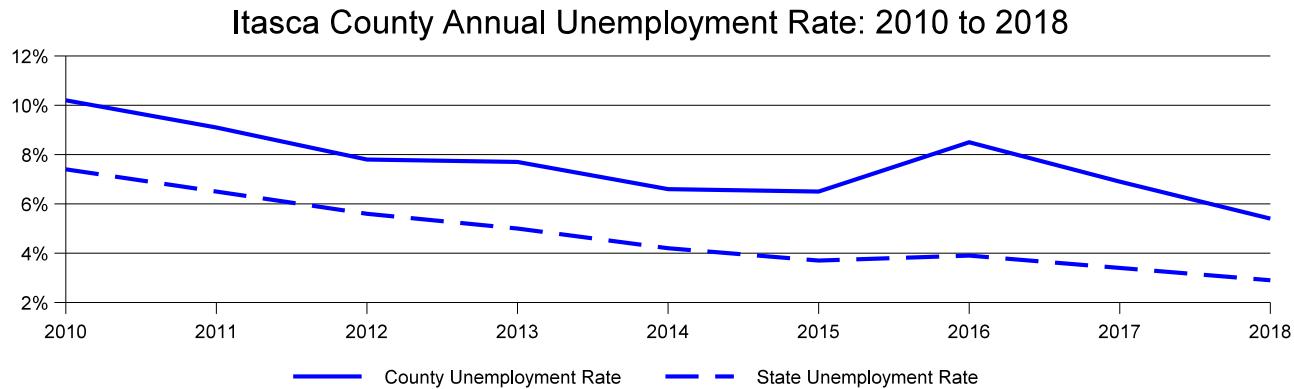
The Local Area Unemployment Statistics (LAUS) tracks employment by place of residence. It shows how many County residents are actively in the labor force, and their employment status, regardless of where they actually work.

When viewed over the current decade, there has been some decrease in the size of Itasca County's available labor force. When comparing 2018 to 2010, the total resident labor force decreased by 679 people, or 3%. However, the labor force actually reached its recent peak in 2011, and since that time has decreased by nearly 1,700 people.



Although the County's labor force has gradually been growing smaller, the employed work force has remained more stable. If 2018 is compared to 2010, there were 431 more County residents that were employed, or an increase of 2.1%. However, the recent peak for employment was reached in 2015, and has since declined slightly since that time.

The County's unemployment rate has fluctuated from year to year, but has generally been on a downward trend. The lowest unemployment rate was reached in the year 2018 at 5.4%. The highest rate was reached in 2010 at 10.2%. During the entire time period reviewed, Itasca County's unemployment rate has remained higher than the Statewide average, and since 2013 has been higher than the national rate.



## Employment and Wages by Industry

The following table shows the annual employment and average annual wages by major employment sector for 2018, the last full year of data. Because of the size of the community, only a few industry sectors are listed.

The table only provides information for the City of Cohasset. The previous table, which provided information on the County's labor force, represents the location of the worker by their home residence. The following table, represents the location of the job.

**Table 19 Cohasset Average Annual Wages by Industry - 2018**

Industry	Employment	Average Annual Wage
Total All Industry	891	\$57,044
Manufacturing	98	\$64,532
Trade, Transportation, Utilities	358	\$82,836
Professional and Business Services	120	\$44,356
Education and Health Services	128	\$23,244
Leisure and Hospitality	65	\$13,676
Public Administration	35	\$26,208

Source: MN Department of Employment and Economic Development

For all industry, the average annual wage was \$57,044 in 2018. For comparative purposes, the average annual wage for all employment Countywide was approximately \$41,600 in 2018.

Due to the limited number of covered workers in the City, the detailed reporting on industry sectors showed only six subgroups. Trade, Transportation and Utilities was the largest defined industry sector. The average annual wage was \$82,836, the highest of any industry sector. Leisure and Hospitality had the lowest wage, at only \$13,676 for full-time employment in 2018.

## Cohasset Annual Covered Employment

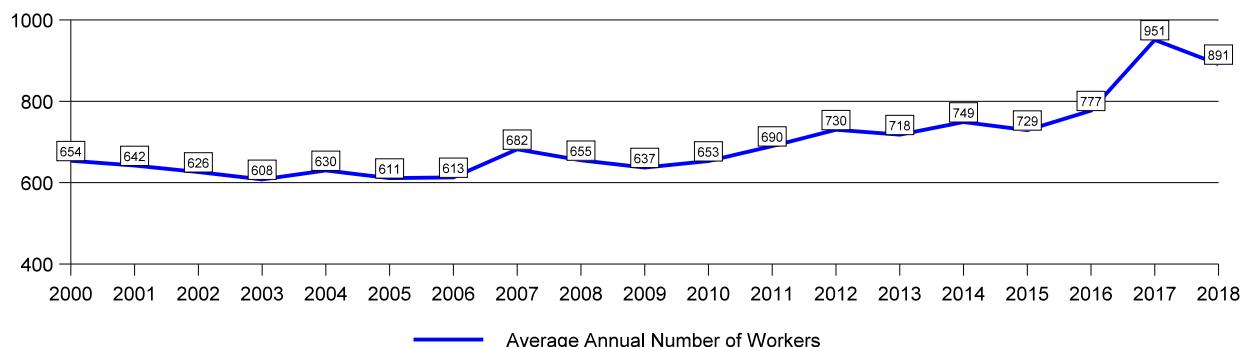
Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location of the worker, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Cohasset back to the year 2000.

**Table 20 Cohasset Average Annual Employment**

Year	Total Covered Employment	Year	Total Covered Employment
-	-	2009	637
2000	654	2010	653
2001	642	2011	690
2002	626	2012	730
2003	608	2013	718
2004	630	2014	749
2005	611	2015	729
2006	613	2016	777
2007	682	2017	951
2008	655	2018	891

Source: QCEW - MN Department of Employment and Economic Development

**Number of Covered Workers in Cohasset**



Despite some drop between 2017 and 2018, the number of covered workers reported in Cohasset has generally been increasing since 2009. The 891 jobs reported in 2018 were up by more than 250 jobs from 2009.

## Commuting Patterns of Area Workers

Information on commuting patterns is from the 2017 American Community Survey, and has been examined for the City. The first table looks at travel time for City residents, excluding people that work at home.

**Table 21 Commuting Times for Cohasset Residents - 2017**

Travel Time	Number	Percent
Less than 10 minute	292	22.7%
10 to 19 minutes	700	54.3%
20 to 29 minutes	147	11.4%
30 minutes +	149	11.6%
Total	1,288	100%

Source: American Community Survey

Given the City's size, it is assumed that residents that also worked in Cohasset would have a drive time that was less than 10 minutes. However, most City residents were traveling between 10 and 19 minutes, which would probably be consistent with working in Grand Rapids. Only 23% were traveling 20 minutes or more for their primary job in 2017.

Travel times are also listed by location of employment. For people that worked in Cohasset, the following travel times were identified.

**Table 22 Commuting Times for Cohasset Employees - 2017**

Travel Time	Number	Percent
Less than 10 minutes	132	12.0%
10 to 19 minutes	486	44.4%
20 to 29 minutes	236	21.6%
30 minutes+	240	21.9%
Total	1,094	100%

Source: American Community Survey

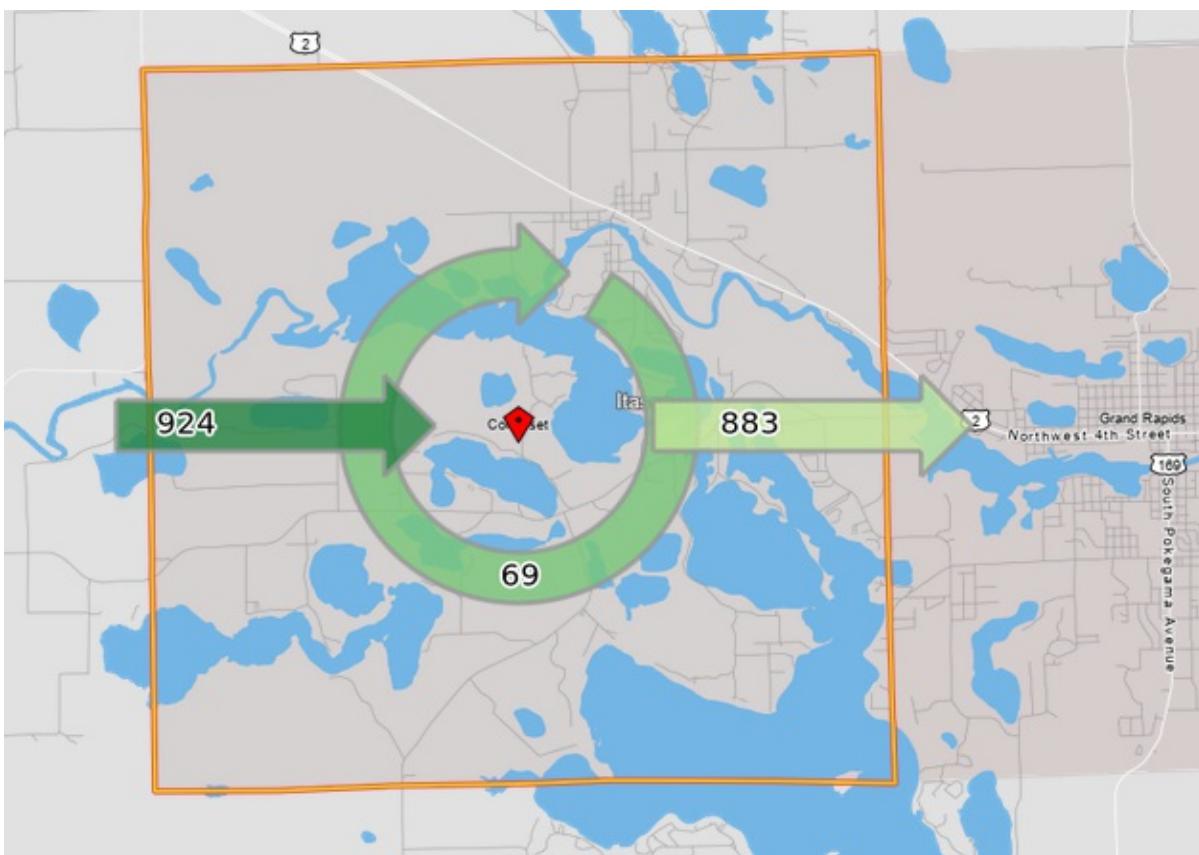
Most people that work in Cohasset were traveling less than 20 minutes. More than 56% of the jobs were filled by people traveling less than 20 minutes, including the people that both live and work within Cohasset. However, nearly 44% of the jobs were filled by people traveling 20 minutes or more.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is also based on reports for the year 2017, and provides a further breakdown of worker movement patterns.

According to the report for Cohasset, there were 993 people that were employed within the city limits in 2017. However, only 69 of these Cohasset-based employees also lived within the City, with nearly 925 employees commuting into the City. The primary identified jurisdictions supplying workers to the City were Grand Rapids, Harris Township, Deer Lake UT, Coleraine and Deer River.

Most Cohasset residents left their home community to work elsewhere. In 2017, nearly 93% of the City's employed residents actually worked outside the city limits. The primary location listed for outbound commuters was Grand Rapids, with more than 51% of all commuters working in that community. Other employment locations included Harris Township, Duluth, Deer River, Hibbing and La Prairie.



# **Findings and Recommendations**

## **Overview**

The City of Cohasset shares an approximate 6-mile border with the City of Grand Rapids. These are the two largest cities in Itasca County, and the combined population of Grand Rapids and Cohasset represents approximately 31% of the County's total population.

In many ways, Cohasset represents a neighborhood of Grand Rapids, especially the portions of the community on the eastern side that adjoin Grand Rapids. In the opinion of the analysts, most of the housing development recommendations that have been made for Grand Rapids actually represent potential projects that could advance in either Grand Rapids or Cohasset. There could be some exceptions, based on specific locations or features, but in general, new housing development in Cohasset can address housing demand that would otherwise be present in Grand Rapids. Later in this section, specific recommendations have been made. Many of these duplicate the recommendations made for Grand Rapids.

Prior to the detailed discussion of the specific recommendations, a summary of some of the key growth-related findings and projections has been presented.

## **Household Growth Summary**

In the demographic section of this report, information was presented about recent growth trends in the City of Cohasset. Although the primary estimating sources used do show some minor differences, both Esri and the Minnesota State Demographer's Office have been tracking continued household growth in Cohasset. If used to form an annual average range, these sources show Cohasset adding approximately five to six households per year in the current decade.

There is some conflicting information about growth patterns within the City of Grand Rapids, but in the opinion of Community Partners Research, Grand Rapids and Cohasset have accounted for most of the recent household growth within the Market Area.

The best available estimates would indicate that the entire County has been experiencing average annual growth of approximately 66 to 69 households each year in the 2010s. Approximate growth within the combined jurisdictions that form the Grand Rapids/Cohasset Market Area would be an average of 57 to 63 households per year, with nearly 49 to 56 of these households being added annually within the Cities of Grand Rapids and Cohasset.

It is important to note that Grand Rapids has added substantially more households per year than Cohasset. Approximately 10% of the household increase this decade between the two cities has been in Cohasset, with 90% or more in Grand Rapids. Much of this is due to the large number of multifamily housing units that have been constructed in Grand Rapids. Since 2010, no general purpose multifamily housing has been built in Cohasset.

## Projected Household Growth

The demographic section of this report has also examined projection information, as a primary indicator of future housing needs. There is some consistency in the forecasts for net growth countywide, but some differences on the expected location of these future households.

Esri's projection between 2019 and 2024 would expect all of Itasca County to add 387 total households, or an annual average of 77 households per year. This projection appears to be very reasonable for all of Itasca County, and is only slightly higher than the annual average achieved in the recent past.

However, Esri is also projecting most of the future growth will be outside of Grand Rapids and Cohasset. In the opinion of Community Partners Research, most of this countywide growth will occur within the immediate Grand Rapids area. The City of Grand Rapids, and to a lesser extent the City of Cohasset, should be the primary locations that will add households over the next few years. Much of this is due to housing unit availability and the likelihood of new construction within the County's two largest communities.

Based on the research in this 2019 Study, the entire Market Area, including Grand Rapids and Cohasset, should expect annual growth of approximately 65 to 70 households per year. Based on past experience, fewer than 10 households annually would be expected in Cohasset, but the City has the potential to capture a larger share of the regional growth.

Countywide growth, of approximately 77 per year as projected by Esri, appears very realistic. It should be noted that the more rural portions of Itasca County may add households going forward even if actual housing construction activity is limited. In many parts of the County there is a supply of housing that has typically been used by seasonal/recreational residents. If some of this inventory is converted to year-round use by permanent residents, there will be growth, and new unit construction is not necessarily required.

## Projected Growth by Age

This Study has included an analysis of expected changes in households by age of householder. A forecast of the age-based movement of households between 2019 and 2024 has been provided.

The age progression patterns that are evident are generally consistent with past expectations, largely due to the movement of the “baby boom” generation through the aging cycle. The projections indicate that between 2019 and 2024, most of the net household change in the Grand Rapids/Cohasset Market Area will be due to an increased number of households in the ranges age 65 and older.

Overall, Esri is projecting that over the 5-year period the Market Area will add approximately 720 households in the age ranges 65 and older. But a net reduction of more than 400 households is then projected within the age ranges 64 and younger. As a result, most of the 10-year age ranges below age 65 are expected to decrease in size.

At the time of the 2010 Census, approximately 28% of all households living in the Market Area had a head-of-house that was age 65 or older. By 2019, the estimates show that 31.5% of households were within these senior age ranges. The 2024 projections indicate that nearly 39% of all households will be in the senior citizen age groups. By the year 2024, the leading edge of the baby boom generation will begin entering the age ranges 75 years old and older.

This continuing movement to an older population is generally consistent with broader regional and statewide trends. However, the area’s appeal as a retirement location has also helped to attract seniors to this part of the State. The range of attractive housing options for seniors in Grand Rapids and Cohasset has also helped to retain people as they advance in age.

## **Housing Unit Demand Generated by Household Growth**

There are various methods that can be used to forecast future housing demand, based on owner or rental tenure. Historical patterns, age progressions and income levels will all have some impact on tenure distribution.

The City of Cohasset has historically had a very high rate of home ownership, at more than 88% at the time of the 2010 Census. Based on housing construction patterns since that time, it is possible that the home ownership rate in Cohasset is approaching 90% in 2019, with the remaining 10% of households living in rental units.

Conversely, a high rate of renter-occupancy has existed in Grand Rapids. Based on construction of rental housing since that time, it is possible that the rental tenure rate in Grand Rapids is approaching 40% in 2019.

The increase in the rental rate in Grand Rapids is due to substantially greater construction of rental units in that City in recent years. A tracking of probable tenure based on building permit issuance would indicate that between 65% and 70% of the new units created since 2010 would be intended for renter-occupancy, with the remaining 30% to 35% for home ownership. In contrast, all of the new unit construction in Cohasset has been intended for owner-occupancy.

The aging of the area's population will also have some impact on tenure patterns going forward. Although home ownership rates tend to be high in most 10-year age ranges, some increase in rental tenure occurs as people move into retirement. The older age distribution patterns in the Market Area should result in some increase in rental demand over the next five years.

As stated previously, the analysts have proceeded with the assumption that most of the area's household growth will be located within the Cities of Grand Rapids and Cohasset through the year 2024. This Study has proceeded with the expectation that the tenure distribution for anticipated growth over the five-year projection period will be approximately 60% renters and 40% owner-occupants for housing demand.

When this tenure distribution is applied to the projected growth of 65 to 70 households per year in the Market Area, the five-year demand created by expected growth would be:

- ▶ 195 to 210 total rental units
- ▶ 130 to 140 total owner-occupancy units

This represents a five-year projection period, just to keep pace with anticipated growth. As will be explained later, some additional pent-up demand will be added to address under-served market segments.

Although single family housing production should tend to be relatively stable from year-to-year, multifamily rental production will probably show greater annual variation, as larger multifamily projects are built.

It is certainly possible that actual production will exceed these levels, as housing developers respond to demand from certain market segments. The projections listed above are growth-generated demand calculations and represent the production that will be needed just to allow for expected household growth.

It should be noted that the recommended unit totals are for the entire Market Area. However, nearly all of the multifamily rental production is likely to occur within the Cities of Grand Rapids or Cohasset. Past history would indicate that the owner-occupancy demand will be spread more widely, including the adjoining townships and rural areas.

## **Additional Housing Demand Generators**

In addition to growth-generated demand, calculations for total future housing needs can also be based on factors such as replacement of lost units, and pent-up, or existing demand for housing that is not being served.

### **Demand from Unit Replacement**

Limited documentation can be obtained on annual housing unit losses. A variety of factors can contribute to unit loss, including demolition, obsolescence, natural disasters, or redevelopment activities. Forecasts of future losses are difficult to accurately predict, but the research indicates that an average of approximately two to three houses per year are lost to demolition.

With strong housing demand and rising property values, there are financial incentives for owners to maintain and improve existing housing units. It is known that some ongoing unit replacement continues to occur on area lakes, as older structures are replaced. But this typically does not result in any net loss of housing, as a new unit is constructed.

Without any evidence of larger-scale unit replacement needs, no larger-scale allowance is made for this demand generator. Since single family houses represent the most typical type of unit lost, a small upward adjustment has been made in the owner-occupancy recommendations later in this section.

If larger-scale unit losses do occur in the future, one-for-one replacement would be recommended. It is important to recognize, however, that unit replacement has been viewed in terms of overall supply and demand. It is unlikely that older housing that is lost can then be replaced by equally affordable new units.

### **Pent-Up Demand**

Another demand generator can be based on the potential need to add units within specific market segments that are currently under served. For example, there is an under-supply of very affordable, subsidized housing, but resources to expand the inventory have not been available in recent decades. Low income households that are attempting to move into the Cohasset area may not be able to find suitable housing, and may be forced to live elsewhere.

Pent-up demand varies by market segment. Discussion of unmet demand will be incorporated into the specific unit recommendations that follow later in this section.

## Rental Housing Recommendations

**Overview:** The City of Grand Rapids has historically been the market Area's primary rental center. At the time of the 2010 Census, there were more than 1,800 rental units in the City. In Cohasset, there were 133 rental units recorded in 2010, and this supply has probably not changed significantly since that time.

The rental tenure rate in Grand Rapids in 2010 was at nearly 38%, compared to less than 12% in Cohasset. High rates of home ownership have tended to exist outside the Grand Rapids city limits. The rental tenure rate in 2010 was approximately 22% for the entire Market Area.

With the possible exception of some specialized forms of senior housing with services, all of the new rental development projects in the Market Area since 2010 have been located in Grand Rapids. Building permit records show that as many as 350 rental units have been added to the City's housing inventory since 2010. However, some of these are very targeted units, including supportive housing. It is therefore probable that Grad Rapids has added between 300 and 310 general use rental housing units after the 2010 Census was completed.

The rental telephone survey completed as part of this 2019 Study 2019 found relatively low vacancy rates in most market segments in Grand Rapids and Cohasset. Despite ongoing growth in the conventional market rate inventory in Grand Rapids, the estimated vacancy rate was below 1% when these two communities are combined.

There are no income-restricted rental projects in Cohasset, but Grand Rapids has a number of options. The more affordable rental segments also maintain high occupancy patterns in 2019. The estimated vacancy rate in moderate rent tax credit housing was also below 1% in the 2019 survey. This was also the case in the rental projects that can offer "deep subsidy" rental options. Waiting lists tend to exist for any form of income-restricted housing, as pent-up demand remains evident.

Going forward, the demand projections for the Market Area to the year 2024 expect that approximately 39 to 42 rental units will need to be added each year to address anticipated household growth. This represents total need, and would be distributed across various rental market segments, as will be detailed later in this section.

Given the relatively low vacancy rates present in 2019, some additional production could also be justified to provide for greater unit choices and availability. An additional 50 to 80 units could be added to the growth calculation to address pent-up demand across all market segments.

One final demand generator that yields an additional need for units is the growth expected among older senior households looking for some level of services with their housing. Specific recommendations for specialized care housing are provided in a later section, and are viewed as separate from the independent housing options addressed here.

Combined, the rental production recommendation for the five-year period from 2019 to 2024 would be at least 245 to 290 total rental units for the Grand Rapids Market Area. Grand Rapids is viewed by the analysts as the preferred location for most of this recommended production, although the adjoining cities, including Cohasset are also possible locations for higher-density rental projects.

There are various ways that these units may be created, but in the specific recommendations that follow, these units have been distributed into specific subsets of the local rental market as follows:

- ▶ Conventional Market Rate (including TIF set-asides) 120 to 130 units
- ▶ Tax Credit/Moderate Rent 40 to 50 units
- ▶ Subsidized Housing (goal not need-driven) 25 to 50 units
- ▶ Senior Housing with Services (apartment-style) 55 to 75 units

It is also assumed that specialized rental units will be added, including assisted living, memory care or supportive housing units. These will serve very targeted needs, and would be in addition to the general purpose units identified above that are oriented to largely independent renter households.

## **1. Promote Market Rate Rental Projects with 120 to 130 Total Units Over Projection Period**

**Findings:** There has been ongoing new construction activity in the general occupancy market rate segment in Grand Rapids. The costs associated with new construction have required that higher rents must be charged, placing the majority of the newer units into the higher-rent segment of the local market.

Since the 2010, three new market rate rental projects have been built in Grand Rapids. Some of these were built in multiple construction phases. Lakewood Heights, 1<sup>st</sup> Avenue Condominiums and River Hills Apartments have all been constructed since 2011. Combined, these projects added 193 units that largely serve the conventional market rate segment.

It should be noted that some of these units may be City TIF-assisted and do apply household income requirements. But TIF units are generally more similar to market rate housing than subsidized housing, based on their rent structure, and have been included with the conventional rental total.

In addition to the units listed above that have already been constructed, there is one additional project that is in the planning phase in Grand Rapids. If it proceeds, 48 additional market rate units would be constructed, with 20% that are TIF-assisted.

While the rent structure in any newly-built project tends to be higher than existing rentals, the new developments in recent years do offer a range of rates. The units in 1<sup>st</sup> Avenue Condominiums represent the upper end of the range, with two-bedroom options starting with a gross rent above \$1,100 per month. However, in River Hills most two-bedroom units would have a gross rent below \$975, and in Lakewood Heights two-bedroom gross rents would be below \$900, including tenant-paid utilities.

Occupancy patterns within the newest projects were very high when surveyed in 2019, consistent with the larger market. No vacancies were reported and all of the managers stated that good demand was present.

It is important to note that the rental range that applies to the newest projects is a reflection of features, amenities, square footage and other factors. Some of the newer projects have targeted the more moderate segment of market rate renters while others serve the luxury segment. However, the square footage of the unit becomes a primary factor in the rents being charged.

If gross rents are viewed as a rent per square foot, and include an estimate for tenant-paid utilities, the projects constructed in Grand Rapids since 2011 would generally be within the following ranges:

<u>Unit Type</u>	<u>Gross Rent*</u> <u>Per Sq. Ft.</u>
1-Bedroom	\$1.13 to \$1.44/sq ft
2-Bedroom	\$0.95 to \$1.33/sq ft
3-Bedroom	\$1.12 to \$1.16/sq ft

\*Excludes garage parking fees

Although Lakewood Heights has a lower rent structure than River Hills, the units in Lakewood are generally smaller. As a result, the lowest end of the price range for square feet of living space is being charged at River Hills for one and two-bedroom units. The upper ends of these ranges reflect 1<sup>st</sup> Avenue Condominiums.

**Recommendation:** As the Market Area continues to grow, there will be a continued need to add more rental housing units. While it would be desirable to add units in a wide range of prices, realistically, most of the new units will be market rate housing. To achieve the total recommended goal of at least 245 to 290 rental units by the year 2024, it is probable that at least 45% to 50% of this total will be needed within the general occupancy market rate segment. This would yield a five-year production goal of approximately 120 to 130 conventional rental units.

This unit development recommendation could proceed in Grand Rapids or Cohasset, but past patterns would indicate that Grand Rapids will capture most of this development activity. However, a desirable site in Cohasset that provides easy access to Grand Rapids could also be a viable location for a share of these recommended units.

It is important to note that 48 units within this market segment are already in the planning phase in Grand Rapids, but up to 80 units should also be advanced later in the 5-year projection period.

With continued increases in construction costs, it is probable that new units in 2019 and beyond will have a rent structure that is similar to or greater than the most recently built projects. However, local renters have absorbed the newest units, demonstrating success in these higher price ranges. Approximately 20% of the recent production has been within the higher-priced, luxury market and has also been well-received.

The recommendations contained in this report could prove to be conservative. If these units are constructed and fully absorbed, then additional production could be considered later in the projection period. That would indicate that the growth projections and/or rental tenure distribution estimates used for this report have been exceeded, and the production goals could be raised.

## **2. Senior-Designated Housing Continues to be Appropriate for Future Development**

**Findings:** The research in 2019 has tracked the advancing “baby boom” generation as it moves through the aging cycle. Households age 65 and older will represent the largest net growth of any age cohort over the next few years in the Grand Rapids/Cohasset Market Area.

Itasca County has traditionally had an above-average percentage of seniors, due in large part to the area’s popularity as a retirement destination. Senior-designated housing is generally defined as households age 55 and older. The age-based projections from Esri indicate that approximately 58% of all households in the Grand Rapids Market Area in 2024 will be age 55 and older.

Over time, there have been some new construction projects in Grand Rapids that specifically targeted the senior markets, but these projects generally offer some level of supportive services to residents. The analysts are not aware of any recently constructed rental projects that are senior-designated, but oriented to completely independent senior households. The last independent senior project specifically designated for senior occupancy was Lake Shore Place in Grand Rapids in 1994.

**Recommendation:** Rental housing developers in Grand Rapids have focused on general occupancy housing, capable of serving broad segments of the local market, including seniors, students and working-age households. Any senior-designated housing has been oriented to seniors looking for some level of service availability. Going forward, it would be appropriate to designate 20% or more of the conventional rental development in projects that are age-designated.

Senior-designated housing can be impacted by location. In general, seniors will look for housing with nearby access to services and amenities. In Cohasset, the potential does exist for future development on river front locations. Depending on the specific site and features, this could be an attractive location for senior housing.

### **3. Promote the Development of Additional Tax Credit Moderate Income Rental Housing with 40 to 50 Units over the Projection Period**

**Findings:** The low income housing tax credit program is the primary federal financial incentive available for the production of more affordable rental housing. A typical tax credit project will offer a moderate rent structure and serve households at or below 60% of the median income level. Some more affordable units will often be included, serving households at or below 40% or 50% of median income, but that is often dependent on other resources that may be available.

There have never been any tax credit projects developed in Cohasset since the program originated in the mid-1980s. Developers in Grand Rapids have been successful in securing tax credits for the construction of moderate rent housing.

There are six tax credit projects in Grand Rapids with a combined 196 units that are subject to the tax credit income and occupancy restrictions. However, 20 of these units are specifically targeted as supportive housing/housing with supports, and these are not available for general rental. The remaining 176 units serve households at or below 60% of median income, generally the maximum income limit under the tax credit program.

The last new construction tax credit project was Beacon Hill, which was placed in service in 2016. A project similar to Beacon Hill has been submitted for the 2020 funding awards. If successful, a 56-unit affordable project, known as Aurora Heights, could start construction later in 2020 and open in 2021. This project would include 42 general occupancy moderate rent units, targeted to households below 60% of the median income level, along with 14 single-room occupancy (SRO) units for targeted populations.

The statewide competition for tax credits is very strong. However, given the growth that continues to occur in the Grand Rapids area, it is probable that the community will be successful in the future in securing tax credit awards, but this is not guaranteed. If the application for 2020 tax credits is not funded, it will probably be resubmitted in the next round.

Occupancy rates are high in moderate rent tax credit housing. The 2019 survey found a vacancy rate below 1% within this segment and waiting lists tended to exist. When vacancies do occur in tax credit housing it is often the result of paperwork requirements, as new applicants must go through an income certification process which can delay the occupancy of an open unit.

The actual unit rents for tax credit housing in Grand Rapids continue to be well below the maximum allowable federal limits. Even though the projects can charge rents up to 60% of median income, the gross rents in place are typically below the limits set for households at 50% of the median income level. The lower rents help to maintain a high rate of occupancy by keeping the tax credit projects competitive with older, market rate rental housing in the area.

**Recommendation:** Project-specific studies are required as part of the tax credit application process and the market analysis completed for Aurora Heights found adequate demand for the proposed project. Community Partners Research has proceeded with the assumption that this application will be funded in the 2020 or 2021 tax credit program, and that the 42 general occupancy units will be added to the local inventory within the next few years.

With the anticipated growth in rental demand presented previously, with 245 to 290 total rental units recommended in through the year 2024, the addition of 42 moderate rent tax credit units would represent approximately 14% to 17% of the rental production goal.

The lease-up experience of the next project should be monitored to assess market acceptance, but a new construction tax credit project every four to five years would be recommended in the Grand Rapids area to keep pace with expected renter household growth.

Cohasset may have a site that is planned for affordable multifamily housing. It is possible to “self-score” proposed projects to help determine their competitiveness. Part of the scoring is based on physical location, including access to services and transportation. Any proposed sites in Cohasset could be compared to the established scoring criteria.

#### **4. Develop Subsidized Rental Housing as Resources Allow with a Goal to Add 25 to 50 Units**

**Findings:** The term subsidized housing, as used in this Study, refers to rental units that have been constructed to serve low and very low income people. In nearly all cases, subsidized housing has accessed federal resources that provide a “deep subsidy” for very low income people. Most subsidized housing has project-based rent assistance, or a similar subsidy available, that allows tenant rent to be based on 30% of the household’s monthly income.

Much of the subsidized housing in Minnesota was constructed from the 1960s to the 1980s. Since that time, adequate funding for new projects has generally been rare in the federal budget.

Due to the age of projects, it is more likely for communities to lose subsidized housing to contract fulfillment rather than add it through new construction. However, there is no record of any lost subsidized housing in Grand Rapids, and no projects in Itasca County are identified as "at risk" of leaving their subsidy program based on the research for this Study.

The rental survey found strong demand for subsidized housing. The estimated vacancy rate in both general occupancy projects and senior/disabled projects was less than 1%, and waiting lists were common. When open units do exist in subsidized housing it is often due to the processing and income certification requirements for new tenants, which can result in short delays in filling vacancies.

Cohasset has never had any rental housing with project-based subsidies. There are some households in the City that do receive tenant-based rent assistance through the HUD Voucher Program. In September 2019 there were 11 participating households in Cohasset and approximately 190 households being assisted with HUD Vouchers in Grand Rapids.

Tenant-based Vouchers are issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts.

Over time, this form of subsidized housing may have diminished in the County, as budget limitations and rising costs per household have decreased the number of Vouchers that can be issued. With limited turnover and funding, a long waiting list has tended to exist. In September there were 355 names on the County's waiting list.

The housing cost burden information presented from the American Community Survey remains very consistent with the high occupancy and waiting list patterns for very affordable housing. Based on the 2017 data, approximately 26% of all renter households in Cohasset were paying 30% or more of their income for housing.

**Recommendation:** Consistent with the previous studies for the Grand Rapids area, additional subsidized rental units are recommended. However, with almost no funding at the federal level, it has been difficult to add to the inventory of project-based subsidized housing over the past 20 years. The last new construction project in the City was Grand Manor III in 1994. No project-based subsidized housing has been added in the past 25 years.

This 2019 Study would encourage the City, and its private development partners, to look for opportunities to secure subsidized housing resources, with a goal to add 25 to 50 units in the area. This could be in the form of project-based subsidized housing, or tenant-based rent assistance Vouchers. Some of these units would be appropriate for Cohasset.

It is important to acknowledge that this is a goal, rather than an estimate of need. Based on waiting lists, income estimates and cost burden data, a large number of units could be successfully absorbed. But with very few resources available to develop “deep subsidy” housing, any expansion of supply is encouraged.

If resources for a new subsidized project can be secured, we would recommend constructing new units. The most practical way to add units may be through mixed-income projects, where rent skewing is used to create some very affordable units into projects that also include moderate rent and higher rent options.

It should be noted that the Itasca County HRA has had some recent success in securing additional rent assistance funding, with the award of 28 Mainstream Vouchers in 2019. Mainstream Vouchers assist non-elderly households that include a person with disabilities. HUD had not made new funding awards under this program since 2005. Although this assistance is targeted to specific qualifying households, it does expand the overall pool of rent assistance resources available to County residents.

## **Senior Housing with Services**

**Overview:** Senior housing with services can cover a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive. These housing options provide 24-hour staffing and extensive assistance with daily living needs of residents.

Housing with light services, sometimes referred to as congregate senior housing, generally offers a lower level of services, such as a daily meal and weekly light housekeeping. However, many light services senior projects do have additional services that can be purchased as needed, and with contracted home health care services, even skilled medical care can often be available to residents of light services units on a part-time basis.

There are three projects in Cohasset that directly address the need for housing with services. Maplewoods, Autumn Lane and Sugar Brook Villa have a combined 35 rooms available for people needing assisted living. Some of these rooms are suitable for shared-occupancy so the actual capacity approaches 40 residents. Maplewoods also has a separate wing with 14 rooms oriented to memory care needs.

In addition to the choices in Cohasset, a large inventory of specialized senior housing exists in Grand Rapids, serving various market segments. Elsewhere in the Market Area there are also projects in Bovey, Coleraine and Deer River.

The following recommendations attempt to define the primary forms of senior housing with services in the Grand Rapids area, and provide a summary of the findings in 2019.

### **5. Promote an Expansion of 55 to 75 Additional Light Services Housing Units by 2024**

**Findings:** This segment of the senior housing market is the most under represented of the different forms of specialized housing in the Market Area. Only two projects could be identified in Grand Rapids that serve more independent seniors needing only light services. There are no similar projects in Cohasset or elsewhere in the Market Area jurisdictions.

The two primary providers in this segment are Majestic Pines Independent Living and The Emeralds at Grand Rapids. The Emeralds can offer flexible care levels, and only 30% of tenants typically are at the lighter services end of the spectrum. Combined, these two projects have approximately 55 units serving more independent seniors. This inventory could grow to as many as 89 units if all of the apartments in The Emeralds were shifted into this lighter care segment.

Occupancy rates were generally high. Majestic Pines Independent Living, which only serves this segment, reported full occupancy with a waiting list.

The Grand Rapids Market Area continues to show strong growth in the population of seniors. Specific details on current and projected demographic patterns have been presented in a section of the companion Housing Study prepared for Grand Rapids, and summarized here. In general, ongoing growth is projected within all of the senior age ranges, but much of the near-term increase will occur within the age group between 65 and 74 years old.

**Recommendation:** The Grand Rapids/Cohasset Market Area is expected to see strong near-term growth in the target populations served by specialized senior housing. Specialized housing with services typically serves older seniors, age 75 and older, a group that will also increase in size over the next five years. By the year 2024, projections indicate that more than 39% of all Market Area households will be age 65 and older. By the year 2024, the leading edge of the baby boom generation will begin entering the age ranges 75 years old and older. This indicates both near-term and longer-term demand for senior housing.

With a relatively small unit inventory in the lighter services segment, this is the most under-served housing with services option in the area. Based on a penetration rate of approximately 6% within the primary target market, an expansion of up to 55 lighter services units can be justified in 2019. Using projected growth, an additional 20 units could then be added by the year 2024. Although the City of Grand Rapids would be the best location for the large majority of any new units, a suitable site in Cohasset could also be considered.

There is a pending senior complex in Grand Rapids that will include a range of care, including more independent housing. Although specific details of this project were not confirmed, Grand Rapids City staff indicated that the project could include 68 units targeted to more independent seniors. If this project proceeds at this level, it would address the near-term demand for this form of housing.

It is important to note that the supply and demand summary provided in this Study is based in part on anticipated growth and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## **6. Potential Demand for 60 to 70 Additional Assisted Living Units by the Year 2024 Addressing All Income Segments**

**Findings:** The Market Area has a large supply of options for seniors that need assisted living. This includes three providers in Cohasset with 35 rooms oriented to assisted living residents.

Most of the area's units are provided in larger complexes, often with apartment-style units, but some choices also exist in smaller residential settings. In addition to numerous facilities in Grand Rapids and Cohasset, assisted living facilities also exist in other Market Area jurisdictions including Bovey, Coleraine and Deer River.

Based on the identified providers, it is probable that approximately 285 total units/rooms exist within the Market Area. Approximately 255 to 260 of these options are located in Grand Rapids or Cohasset.

Although most facilities reported a high rate of occupancy, and waiting lists were common, there is also some unused capacity within this specialized care segment. Most notably there were 20 open rooms in Brookstone Manor in Grand rapids, one of the largest, yet oldest buildings within this segment.

**Recommendation:** In the opinion of Community Partners Research the current distribution of units providing assisted living in the Grand Rapids area is very large by comparative standards. To achieve full occupancy in the existing inventory requires a penetration rate above 13% among Market Area households age 75 and older. Despite the vacancies that are primarily present in Brookstone Manor, it can be argued that pent-up demand exists in 2019, as most of the other providers are full with waiting lists.

It is important to note that many of the existing assisted living options in the Market Area do accept public assistance programs, such as Elderly Waiver, which help lower income seniors acquire needed services. Due to low reimbursement rates, some facilities are private-pay only and will not accept new residents with public assistance. Others will cap the percentage of residents on public programs. This is not typically the case in Cohasset and Grand Rapids, as many seniors in assisted living appear to be able to use County assistance. This has probably contributed to the high rate of utilization, and the large percentage capture rate being achieved.

There is one pending project that may advance in Grand Rapids that would provide a range of care. While specific details were not obtained from the developer, City staff indicated that this project would include 30 new assisted living units as part of a total project that would construct 118 units/rooms. Readers should note that the developers of this proposed project secured a separate, project-specific market analysis that has been used in their project planning. Although it could not be confirmed, it is very probable that the new proposed project will largely operate within the private-pay segment.

Available projection data shows that the population of older senior citizens in the Market Area will continue to grow between 2019 and 2024. Longer-term, even greater percentage growth will occur as the large baby boom generation moves through the aging cycle. The leading edge of the baby boomers will begin turning age 75 early in the next decade.

If the current assisted living distribution percentage is maintained, there would be a need for as many as 43 to 47 more units/rooms in this segment. An upward adjustment of 17 to 23 units to address current unmet need would yield the total unit potential of 60 to 70 units/rooms to provide assisted living. This would include units for all income segments, including seniors accessing County assistance.

The 30 new units proposed in Grand Rapids this would address much of the anticipated near-term need for this form of housing, especially within the private-pay segment. Some additional expansion may be needed by 2024, including units available to seniors using public assistance programs.

The absorption of the new units, and the impact on existing providers should be monitored. If stable occupancy is achieved without negatively impacting overall occupancy in this segment, then another project could be advanced later in the projection period.

As with other specialized care recommendations, the supply and demand summary provided in this Study is based in part on anticipated growth, and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## **7. Potential Demand for 38 to 45 Additional Memory Care Rooms/Beds by 2024 Addressing All Income Segments**

**Findings:** Memory care housing represents a very specialized segment of the senior market. People in the earlier phases of memory loss due to dementia, Alzheimer's Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing. However, as the disease progresses, it is often necessary to provide housing in special facilities that provide a secure environment and care targeted to residents with memory loss.

There is one targeted memory care provider in Cohasset. Maplewoods Memory Care has 14 rooms in a dedicated wing. Grand Rapids has the potential capacity for approximately 97 people in specialized memory care units/rooms. When other Market Area options are added, as many as 125 beds exist for memory care needs. This segment of the market has expanded in the recent past, as beds have been added over time.

The utilization rate in this specialized segment continues to be high, although some vacant rooms/beds were reported. Like other forms of housing for frail senior populations, there can be times when above-average turnover may occur, resulting in some unused capacity.

**Recommendation:** When compared to the primary target population in 2019, the current supply of memory care beds in the Market Area requires a penetration rate of approximately 5.9% of the County's adjusted population of seniors age 75 and older. In the opinion of the analysts, this represents a large concentration of beds by comparative standards. However, the Grand Rapids area continues to achieve above-average market penetration rates for most forms of specialized senior housing, indicating the community's regional draw that appears to bring seniors from outside the immediately surrounding area.

Many of the memory care providers do accept lower income seniors receiving County assistance. Due to the high levels of care required for memory loss, the reimbursement rates are often better matched to the costs of care. However, some providers are private-pay only, and others cap the number of residents receiving assistance. The extensive use of County assistance programs may help to explain the above-average number of rooms/beds that already exist.

There is a pending project that may advance in Grand Rapids that would provide a range of care. While specific details were not obtained from the developer, City staff indicated that this project would include 20 new memory care units/rooms as part of a total project that would construct 118 units/rooms. Readers should note that the developers of this proposed project secured a separate, project-specific market analysis that has been used in their project planning. Although it could not be confirmed, it is very probable that the new proposed project will largely operate within the private-pay segment.

Available projection data shows that the population of older senior citizens in the Market Area will continue to grow between 2019 and 2024. Longer-term, even greater percentage growth will occur as the large baby boom generation moves through the aging cycle. The leading edge of the baby boomers will begin turning age 75 early in the next decade.

If the existing memory care distribution percentage is maintained, there would be a need for as many as 30 to 35 more beds in this segment by the year 2024. With some upward adjustment to address current unmet need, between 38 and 45 beds/rooms could potentially be added over the next five years, including units available to seniors using public assistance programs.

If 20 new rooms/units are constructed in Grand Rapids this would address much of the anticipated near-term need for this form of housing, but some additional expansion may be needed by 2024. However, as stated above the current distribution is already higher than would typically exist in most communities.

Consistent with the other specialized care recommendations, the supply and demand summary provided in this Study is largely based on anticipated growth, and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that even more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## Home Ownership Recommendations

**Overview:** This Study has produced demand projections for the period extending forward five years, from 2019 to 2024. The projection for owner-occupancy units assumes that at least 130 to 140 houses will be needed in the Market Area to address growth from resident households. On an average annual basis, this would be 26 to 28 units per year to meet growth-generated demand.

Allowing for some level of unit replacement, and increased demand for specific unit styles, a minor allowance of four to seven additional units can be justified, bringing the total projected new home construction to 30 to 35 units annually.

The demand projection of 30 to 35 owner-occupancy units annually is based on calculations for the entire Grand Rapids Market Area, but we would expect to see 20 to 25 of these households to locate in the Cities of Grand Rapids or Cohasset. There will be some owner-occupancy households will elect to build in the small cities or rural areas, especially on lake shore options, but most of the past construction has been around the Grand Rapids urban area.

Production at the projected level would be higher than in the recent past. Cohasset has been averaging approximately seven single family starts per year. However, much of this may reflect the tear-down and replacement of existing lake shore homes. As a result, not all of the new construction units represent a net gain to the overall housing supply.

In the current decade, the City of Grand Rapids has been averaging approximately 10 single family housing starts per year. Within the single family segment, 80% or more has been in the form of traditional single family detached houses. No information exists on the remaining jurisdictions that form the Market Area.

It is important to note that our demand projection for owner-occupancy housing to the year 2024 is based on growth from permanent resident households. There has historically been some new construction for seasonal-use housing, especially in Cohasset. People building/rebuilding seasonal units will generate business for local construction companies but generally will not utilize lots in traditional subdivisions or neighborhoods.

The specific recommendations that follow are oriented to the expected construction activity in Grand Rapids, and to a lesser extent in Cohasset.

## **8. Demand for 12 to 14 Moderately-Priced Homes Constructed Annually**

**Findings:** Most of the home building that has been occurring in Grand Rapids in recent years would generally be defined within the moderate price ranges, with an approximate purchase price of \$225,000 to \$325,000. This has been accomplished by private-sector home builders and for-profit subdivisions. Some of this production has been in the form of attached housing, including twin home intended for owner-occupants.

Although income levels for home owners have continued to improve over time, many potential home buyers are still within a moderate income range. According to the American Community Survey, the median household income for all home owners in the Market Area was approximately \$62,200 in 2017.

Income levels tend to be higher in Cohasset, with an estimated median income of approximately \$66,000 for home owners in 2017. In Grand Rapids, the median was slightly lower, at approximately \$60,500.

Approximately 22% of all Market Area home owners had an annual income above \$100,000, but nearly 40% were in the more moderate income ranges between \$50,000 and \$100,000.

Going forward, most of the demand for newly constructed houses will be within the more moderate price ranges, reflecting households that are “move-up”, as they sell an existing home and opt for new construction.

Anticipated demand should also exist from the large “baby boom” generation as it advanced through the aging cycle. Older adult households have created ongoing demand for age-appropriate housing, which offers low maintenance living opportunities. While some higher-priced attached housing will be developed, much of this demand should also be within the more moderate price ranges. This will include attached housing options. In Grand Rapids, this has primarily been in the form of twin homes or n “detached town homes” that are association managed.

Due to rising costs for materials and labor, the average new construction price continues to grow. In 2019 and beyond, it will be difficult to produce new construction units that are below \$225,000 without the use of development subsidies.

**Recommendation:** Approximately 55% to 60% of the future demand in Grand Rapids and Cohasset has been allocated to the more moderate home price ranges, with expected annual demand for approximately 12 to 14 units annually. Demand for housing in the moderate price ranges can generally be met by the private development community, and would not typically require any level of public involvement or assistance, except at the lower end of the range. It may be possible to use Tax Increment Financing assistance or IRRRB funds to offset infrastructure costs, depending on the structure of a project.

Moderately-priced houses should represent a mix of single family detached homes, as well as attached housing which can appeal to mature households as they age. While attached housing units, such as twin homes or town houses, would be well-matched to life-cycle needs, it is likely that this segment of the market will gradually grow in market share over time.

The calculations are based on average annual demand, and in any given year there is potential for actual production to be above or below the five-year average.

## **9. Promote the Construction of 4 to 6 Affordable Homes Per Year**

**Findings:** The demographic forecasts used for this Study are anticipating the possibility that the Grand Rapids Market Area will experience a minor decrease in the number of households age 64 and younger over the next five years. However, in the age groups below 45 years old, there should be relative stability. These younger adult households form a primary target market for entry-level new construction.

While affordable new construction would be beneficial, most of the demand for affordable, entry-level ownership housing will continue to be met by the sale of existing houses. Prices for existing homes in Grand Rapids and Cohasset are relatively high when compared to the surrounding region, but existing homes still tend to be more affordable when compared to prices for comparable new construction.

The sales analysis completed as part of this Study shows that the midpoint sales price for an existing home in Cohasset has moved above \$140,000 in recent years (excluding lake sales). In Grand Rapids the median is above \$152,000 so far in 2019.

Although there is evidence of recent increases for existing home values, to the extent that good quality, existing homes are available for sale each year, these will represent an attractive option for more moderate income home buyers. It should be recognized that existing housing may have repair needs or upgrades when compared to newly constructed units.

**Recommendation:** Based on the research completed for this Study, we believe that a goal of constructing four to six new entry-level homes in Grand Rapids and Cohasset annually through the year 2024 is realistic. This would represent 20% to 25% of the annual projected demand for single family units. In current prices, entry-level homes are generally defined as \$200,000 or less. However, an even lower target price would be better suited to current incomes and home buying power of low to moderate income households.

To reach the higher end of this annual range, it is assumed that some of these units would be addressed through nonprofit housing agencies or through organizations such as Habitat for Humanity. Private developers would also be expected to produce some more affordable homes, but possibly with some degree of public involvement.

To achieve an ownership purchase price of \$200,000 or less, significant cost saving measures will be needed, along with probable development or financing subsidies. This will somewhat limit the area's ability to generate this type of housing, as recent subsidies in other communities have been as high as \$30,000 or more.

Grand Rapids and Cohasset will need to continue attracting younger families and working age residents to maintain an adequate work force for area employers. This recommendation could be part of a strategy of proactive efforts to attract and retain younger households.

While some affordable new construction will be needed, we do recognize that the existing housing market will continue to be the primary source of affordable home ownership options. Past research in other communities would indicate that the large majority of first-time buyers will purchase an affordable, existing home, and only a small percentage will purchase a newly constructed home.

With stronger projected growth from households age 65 and older, the community has the ability to generate roll-over opportunities within the older, existing stock. Younger senior buyers that move into age-appropriate new construction or rental units will help to make older single family houses available for sale. The more the life-cycle concept is successfully implemented over the next few years, the more opportunities that will be created for younger buyers in the existing single family stock.

## **10. Demand for 4 to 5 Higher-Priced Homes Constructed Annually**

**Findings:** A share of the home building that is likely to occur in Grand Rapids and in off-lake locations in Cohasset would generally be defined within the higher price ranges, with a total purchase price of \$350,000 or more. This will often reflect households that already own their housing, and a decision to opt for new construction will be based on the availability of trade-up housing options.

The research in 2019 has continued to track the household growth in the age groups 55 and older. Over the next five years, growth should be especially strong in the 10-year age range between 65 and 74 years old. The ownership tenure preferences for older adult households remain very high.

At the time of the 2010 Census, the home ownership rate for Market Area households in the 65 to 74 year old ranges was approximately 88%. Although we would expect this percentage to decrease as other housing options become available, including high quality rentals, a high percentage of these households will opt for home ownership. Demand from middle-aged and young senior households will primarily exist from people looking to upgrade their housing.

**Recommendation:** Approximately 20% of the future demand has been allocated to the higher home price ranges, with expected annual demand for approximately four to five units annually in Grand Rapids and Cohasset. Additional demand will exist for higher-priced homes on lake shore parcels and rural locations. The competition with high-amenity sites makes higher-priced homes less likely in the two primary Market Area communities, unless lake parcels exist.

Demand for housing in the higher price ranges can generally be met by the private development community, and would not typically require any level of public involvement or assistance, although Tax Increment Financing may be provided to some of the new subdivisions helping to lower the costs of infrastructure.

In 2019, there are no specific subdivisions in Grand Rapids or Cohasset that specifically target higher-priced new construction. There are attractive lot options in Grand Rapids, but these can serve a variety of home styles and prices.

In Grand Rapids and Cohasset, higher-priced houses will primarily be in detached single family structures. Some attached single family units may also be built within the higher price ranges, but in general, a more moderate price structure should exist for twin homes and town houses.

## **11. Attached Single Family Housing Should Continue to Gain Market Share**

**Findings:** Prior to the housing market retreat of the late 2000s, attached single family housing, primarily in the form of twin homes, had been adding market share in most cities. Although specific construction reports for Grand Rapids from the previous decade were not reviewed, in most similar-sized communities up to 25% of the single family housing starts were in attached structures.

However, as the national housing markets retreated after 2007, alternative housing products, such as attached units, often suffered the greatest hit. When people became concerned about owning or investing in new construction, they became even more concerned about less traditional products.

A review of recent building permit issuance in Cohasset did not identify any attached housing construction in the current decade. It has been difficult to track the actual level of attached housing construction in Grand Rapids, but some twin home construction has occurred. It is probable that attached single family-style units have accounted for less than 12% of the activity in that City since 2010.

The age-based projections show strong overall household growth between 2019 and 2024, primarily within the 65 and older age ranges. The 2024 projections indicate that more than 39% of all households living in the Grand Rapids Market Area in 2024 will be age 65 and older. The near-senior and senior citizen age groups have historically had very high rates of owner-occupancy and represent a primary target market for attached single family housing that offers no maintenance or low maintenance living.

**Recommendation:** The demand calculations used for this Study expect that approximately 25% or more of the future demand for owner-occupancy housing construction can be met through attached single family housing, such as twin homes. With overall ownership demand at 20 to 25 units per year in Grand Rapids and Cohasset, attached single family construction should reach four to six units per year. Since Cohasset does not have lots for this type of housing, this construction is most likely to occur in Grand Rapids.

Although we have identified this demand as an annual average, attached housing construction could occur in clusters. Over the 5-year projection period the total production could be as high as 30 units, and this may occur in two or three development phases.

In Cohasset, possible development sites may become available in the future, including the potential for river-front parcels. There is one identified proposed development project in Grand Rapids that would create a Planned Unit Development (PUD) with five to seven patio homes.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes. These existing homes then become available for younger families. It is important for the community to offer a range of life-cycle housing options.

Depending on the project location, we would expect most of the attached unit construction to occur in a more moderate price range between \$225,000 and \$350,000. However, high-amenity units could also be developed, especially those that can offer lake access or similar desirable sites.

## **12. Promote Residential Lot Development**

**Findings:** The research for this Study did not identify any significant supply of traditional single family lots in Cohasset. Some vacant lake shore parcels exist in the community, or sites that could be used if an existing structure is removed. Cohasset also has parcels that would need on-site sewage treatment and a private well. No residential subdivisions with municipal services have been developed in many years.

There is an inventory of vacant single family lots in Grand Rapids, but the supply is not overly large. Estimates by Grand Rapids City staff indicate that approximately 35 vacant lots existed in 2019, including some that are infill or remnant lots that remain in otherwise developed areas.

There has not been any new subdivision development in Grand Rapids in many years. The best available information is that the last subdivision development probably occurred in the early to mid-2000s, before the national housing market crash that occurred later in that decade. Like many other communities, there was a significant slowdown in home building in Grand Rapids. The construction slowdown after 2007 left developers with inventories of unsold lots, and discouraged additional subdivision development.

In response to the limited interest from private developers, the Grand Rapids EDA is in the process of developing a 15-lot subdivision on property obtained from the School District. While some basic covenants will apply, these will be targeted to typical single family home construction.

No similar plans exist in Cohasset. In most cases, land development would require extensions of municipal sewer and water lines, resulting in significant up-front costs.

**Recommendation:** The research completed for this Study would indicate that additional subdivision development will be needed in the near-future. Although our single family projections of 20 to 25 houses per year cover both Grand Rapids and Cohasset, we would expect most of the demand in Grand Rapids. The absorption of 15 or more traditional lots per year going forward is very possible. At this rate, the available lot supply could be depleted within two to three years.

The planned EDA project in Grand Rapids would help to address this lot supply issue, and should provide for at least one additional year of new home construction. The EDA is prepared to initiate other lot development projects in the future. If lot absorption proceeds as projected, a 15 to 20 lot subdivision will be needed every one to two years going forward.

Development of lots in Cohasset would also be encouraged to help the City capture a share of the anticipated demand. However, this should only proceed in the development costs are reasonable, as most of the expected demand for traditional lots will be for more affordable or moderately-priced housing. While some higher-priced home construction may also occur, there is strong competition for these types of home on lake shore properties or high amenity rural locations. Moderately-priced lots would be well-matched to anticipated demand.

A portion of the future lots should be suitable for attached single family construction, such as twin homes or town houses. As discussed elsewhere in this section, we would anticipate that 20% to 25% of the owner-occupancy demand will exist for attached housing products. This could result in four to six units constructed in attached single family styles. The current inventory in Grand Rapids is probably insufficient to address two years of construction at this projected level.

### **13. Promote Affordable Home Ownership Programs**

**Findings:** As construction costs rise, there continues to be a need for affordable new home construction and ownership assistance programs to assist low and moderate income households. This can help to address an “affordability gap” that exists between median income households and typical prices for both new and existing homes in the area.

Home values in Grand Rapids and Cohasset tend to be higher than in most of the surrounding communities. However, income levels for most home owners are relatively moderate. According to the American Community Survey for 2017, the estimated median income for existing home owners in the Market Area was approximately \$62,200, and below \$25,200 for renter households.

**Recommendation:** Continued efforts to provide home ownership assistance are appropriate in Grand Rapids and Cohasset. Existing home values in these cities are relatively high, and have been increasing in recent years. To move moderate income households into home ownership may often require financial assistance to bridge the gap between what is affordable and the prices being charged for homes in the area.

### **14. Findings on River Front Development Potential**

**Findings:** Discussions with City officials in Cohasset identified the potential for a large-scale mixed-use development in the community. The City has acquired a 40-acre river front parcel. Initial plans show the potential for a wide range of commercial, recreational and residential uses. Identified concepts include a hotel, marina, multifamily housing and commercial/retail businesses. Significant planning and study will be required before any development concepts proceed. Included in this analysis will be the feasibility of constructing a marina, which could greatly impact the appeal of the project site for additional development.

At this early stage in the project, the analysts are not prepared to render any opinions on the concepts that have been discussed. The site was not viewed, and no preliminary designs or site plans were reviewed.

However, there are factors identified in this Study that may assist with development planning. Most notably is the expected need for approximately 325 to 350 additional housing units in the Market Area to meet demand from permanent resident households. This demand would increase with the potential to attract seasonal use residents to a project that could have a marina and unique housing options.

Another significant finding in this Study is the expanding population of senior citizens, especially in the younger senior age range between 65 and 74 years old. While some of this growth is due to the aging patterns of existing residents, the Grand Rapids area has always had a strong attraction for retirees. Housing options that are oriented to these mature households will grow in popularity over the five-year projection period used in this report.

The analysts are not aware of any specifically comparable projects within the region that can be examined. Similar projects have been proposed in other lake area communities in the State but have not proceeded to construction.

## **Housing Rehabilitation and Preservation**

**Overview:** Cohasset has a significant asset in its existing housing stock. Older units, both now and into the future, will represent the majority of the most affordable housing opportunities. Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock.

Efforts and investment in housing rehabilitation activities will continue to be important for offering affordable housing options and in preventing the deterioration of neighborhoods. As this existing stock ages, more maintenance and repair are required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

The following specific recommendations are made to address the housing rehabilitation needs.

### **15. Promote Owner-occupied Housing Rehabilitation Programs**

**Findings:** The single family housing stock in Cohasset is relatively new by comparative standards, but the City also has some older neighborhoods in the core area of the community.

A housing condition survey was completed in 2019 as part of the research process for this Study. There were 147 houses that were rated were in the central part of the City, and no attempt was made to view lake shore homes or those in the more rural portions of the community.

The visual survey found that most of the houses in this part of Cohasset are generally in good condition, with more than 76% rated in the Sound or Minor Repair categories. The two highest ratings used.

However, there were 28 houses rated as needing Major Repair, and seven houses rated as Dilapidated, and possibly beyond the point of economically feasible repair. The severely deteriorated structures may need to be cleared, with a plan to re-use the lot.

The older housing stock generally represents the most affordable home ownership option in the community. Investment in owner-occupied housing rehabilitation activities will be important to ongoing efforts to provide affordable housing opportunities.

Strong values for existing homes should also help to encourage continued reinvestment into maintenance and repairs. Based on recent sales, most existing houses in Cohasset will have a value above \$140,000. To preserve this investment, home owners will have a financial incentive to maintain their property.

**Recommendation:** The primary funding source for concentrated neighborhood rehabilitation programs is the Small Cities Development Program (SCDP), administered by the MN Department of Employment and Economic Development (DEED). According to City staff, Cohasset has not received a grant in many years. The Itasca County HRA is currently administering an SCDP grant in Grand Rapids that includes an owner-occupied housing activity and may be a resource for Cohasset in developing an SCDP application.

Ongoing rehabilitation efforts should be pursued in Cohasset. In addition to SCDP, there are rehabilitation assistance programs available through the Minnesota Housing Finance Agency and other area housing organizations.

## **16. Promote Rental Housing Rehabilitation Programs**

**Findings:** Although Cohasset has only a small stock of rental housing, some of these are older units. According to the American Community Survey, approximately 13% of the City's rental units were constructed prior to 1970. This would probably include older single family houses that have been converted to rental use. This type of tenure change typically happens in older homes that can be purchased by investors at a lower price.

The rehabilitation of older rental units can help to produce or maintain a supply of affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

**Recommendation:** The City should continue to promote the rehabilitation of older rental housing. Working with regional housing agencies such as the Itasca County HRA, Kootasca Community Action and AEOA, the City should seek funds to rehabilitate rental units. The Small Cities Development Program remains as a primary funding source for rental rehabilitation programs, but other resources also exist through the Minnesota Housing Finance Agency.

## **17. Consider Programs to Improve the Condition and Quality of Mobile Homes**

**Findings:** Although Cohasset has only a limited number of mobile homes, they are generally in poor physical condition. As part of the housing conditions survey, 23 mobile homes were viewed and rated.

Most of the mobile homes in Cohasset are generally in need of significant repair or replacement. Only nine of the 23 structures were rated in the best condition categories of Sound or Minor Repair.

Five of the units were rated as needing Major Repair. Nine mobile homes were viewed as Dilapidated, and probably beyond the point of any economically feasible repairs.

**Recommendation:** Addressing the issues created by substandard mobile homes are not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective.

The following initiatives have been used in other Minnesota communities in an attempt to improve the condition and quality of mobile home units and parks:

- ▶ ***Operation Safe Mobile Home Park*** - Owners of substandard mobile homes are given the option of voluntarily selling their substandard mobile home to the City or an area housing agency for a fixed minimum price. The mobile homes are then removed from the park and demolished or salvaged. The owner could then use the funds from the sale to help purchase a new home. In some cases, housing agencies have provided funding for down payment assistance or gap financing programs to purchase new mobile homes. Also, mobile home dealerships have participated with buying the salvaged homes.

- ▶ **Time of Sale Inspection Program** - This inspection program is designed to provide safe living conditions to community residents through the identification and elimination of basic life/safety hazards in older mobile homes. Mobile homes are subject to inspection prior to their sale. All identified safety hazards must be corrected before the unit is sold and/or occupied.
- ▶ **Cooperative/Land Trust** - Some mobile home parks have created a cooperative or a land trust which enables the home owners to own the mobile home park land and facilities. This ownership often creates pride which results in a clean, safe park atmosphere.

## **18. Demolish Dilapidated Structures**

**Findings:** The City recognizes that some substandard housing and other structures exist in the community. The housing condition survey in the older core area of the City identified as many as seven houses and nine mobile homes that may be too deteriorated to repair. Other non-residential structures probably exist in the community that would be suitable for clearance.

The City of Grand Rapids has been actively demolishing substandard buildings with the annual removal of four to five structures in a typical year. That City has been able to access funding from IRRRB to assist with removal costs.

**Recommendation:** The City should continue to work with property owners to demolish or repair dilapidated structures. The appearance of the community is enhanced when blighted buildings are removed. It may also be possible to re-use cleared lots for redevelopment. Since limited affordable lot options exist in Cohasset, cleared sites may have a potential use for housing construction.

## **19. Develop a Plan to Prioritize and Implement Housing Initiatives**

**Findings:** This Study has advanced a number of opportunities for housing development and programs for Cohasset. However, like most smaller communities, the City has limited staff resources that can be devoted to these issues. One initial step would be to determine priorities for future action, and define responsibilities for taking the next steps.

**Recommendation:** There are a number of regional housing agencies, many of which are listed on the following page, that can help Cohasset move forward with housing programs and initiatives.

## **Agencies and Resources**

The following regional and state agencies administer programs or provide funds for housing programs and projects:

### **Arrowhead Economic Opportunity Agency, Inc.**

702 3<sup>rd</sup> Avenue South  
Virginia, MN 55792  
(218) 749-2912

### **Iron Range Resources and Rehabilitation Board**

P.O. Box 441  
Eveleth, MN 55734  
(218) 735-3000

### **Itasca County Housing and Redevelopment Authority**

102 NE 3<sup>rd</sup> Street  
Suite 160  
Grand Rapids, MN 55744  
(218) 326-7978

### **Kootasca Community Action**

201 NW 4<sup>th</sup> Street  
Suite 130  
Grand Rapids, MN 55744  
(218) 999-0800

### **Greater Minnesota Housing Fund**

332 Minnesota Street  
Suite 1201 East  
St. Paul, MN 55101  
[info@gmhf.com](mailto:info@gmhf.com)  
General contact: (800) 277-2258, (651) 221-1997

**Minnesota Housing Partnership**

2446 University Avenue

Suite 140

St. Paul, MN 55114

<http://www.mhponline.org/information-email-at-mhp>

General contact: (800) 728-8916, (651) 649-1710

**Minnesota Housing Finance Agency**

400 Sibley Street

Suite 300

St. Paul, MN 55101

[mn.housing@state.mn.us](mailto:mn.housing@state.mn.us)

General contact: (800) 657-3769, (651) 296-7608

**USDA Rural Development**

Virginia Service Center

1202 8<sup>th</sup> Street South

Virginia, MN 55792

(218) 741-3929