

Chapter 8: Housing

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Photo credit: GBAJPB



Photo credit: True North Bemidji

VISION

Ensure a full range of safe and secure housing options designed to serve a broad range of incomes that promote quality neighborhoods and rural development.

Introduction

Housing characteristics are indicative of the social and economic conditions of a community and are an important element of a comprehensive plan. Information in this section provides data about the current housing stock as well as identifies significant changes in the number of housing units and other housing characteristics. The ability of a community to provide an adequate housing supply for all persons and income levels is integral to its economic prosperity and the wellbeing of its inhabitants.

In 2012, the Beltrami County Housing and Redevelopment Authority conducted a study of the housing needs and conditions in the Cities of Bemidji, Blackduck, Kelliher as well as the Red Lake Reservation and Beltrami County (Community Partners Research Inc. Beltrami County Comprehensive Housing Study, An Analysis of Housing Needs in Beltrami County. October 2012.). The following is a short comparison of Bemidji with selected cities in Minnesota in terms of several housing and income indicators.

Each of the cities selected for the comparison were within 700 people of each other for total population, according to the 2010 Census. Each of the cities are located in Greater Minnesota and were not part of a larger Metropolitan Statistical Area. The Cities used for comparison were:

- Brainerd
- Fergus Falls
- Marshall
- New Ulm
- Worthington

Most of the comparison data for the 2012 study was obtained from the Census Bureau, either from the 2010 Census or the 2010 American Community Survey. The American Community Survey provides annual estimates based on sampling data.

Comparison of Basic Demographic Data

- Based on the comparison population data, Bemidji has experienced more population growth than most of the comparison cities. Between 2000 and 2010, the City's population increased by 12.7%. Worthington was the only comparison city to have a faster population growth rate during the last decade, at 13.6%.
- Bemidji ranked first for percentage household growth. Between 2000 and 2010, the percentage increase exceeded 14%. None of the other comparison communities had a household growth rate above 10%.
- At 2.15 persons, Bemidji had a relatively small average household size among the comparison communities. A larger average household size typically is an indication of a large number of children in the population, while a small size often indicates a larger number of senior citizens. Worthington had the largest average household size at 2.79 persons, while only Fergus Falls had a smaller household size than Bemidji.

- Bemidji had the youngest median age of all the communities analyzed. However, the City also had the largest percentage of the population that was attending college or other post-secondary education. The younger median age is probably a reflection of the large student population in the City.
- Bemidji had the second highest percentage of racial and ethnic minorities within the total population. Only Worthington, with nearly 49% minorities, had a smaller percentage of White, non-Hispanic residents in the City.



Photo credit: GBAJPB



Photo credit: GBAJPB

Comparison of Income and Housing Costs

- Bemidji had the second lowest median household income of the comparison cities, according to the 2010 American Community Survey. New Ulm had the highest median household income, while Brainerd was the only city with a median household income that was lower than Bemidji's.
- In terms of income growth between the 2000 Census and the 2010 American Community Survey, Bemidji ranked near the middle of the group with an increase

of 14.3%. The largest percentage income growth occurred in Fergus Falls (20.9%) over the last decade.

- Based on annual data from the Quarterly Census of Employment and Wages, the annual average wage for all industry in Bemidji was lower than most of the comparison communities. Only New Ulm had a lower average annual wage in 2011.
- Bemidji had the second highest unemployment rate for the year 2011 (12.4%), with only Brainerd having a higher rate (13.9%). The cities of Marshall, Worthington, New Ulm, and Fergus Falls had employment rates of 3.7%, 5.3%, 5.6%, and 7.0%, respectively.

Comparison of Housing Data and Information

- The median owner-occupied home value in Bemidji was near the middle among the comparison cities, according to the 2010 American Community Survey. Marshall had the highest home value and Worthington had the lowest.
- The median value for all owner-occupancy homes in Bemidji was \$119,300 in 2010, near the middle of the comparison communities. The American Community

Survey also provided a comparison of income to housing costs. For Bemidji, the median percentage of annual income spent on home ownership was 19.7%. Although this was a relatively low percentage of income needed for housing, it was high among the comparison cities.

- The median gross rent in Bemidji was the second lowest among the comparison cities. However, the median percentage of annual income spent on rental housing was 29.8%. Among the comparison cities, Brainerd and Bemidji renters had to apply the largest percentage of their income to housing costs. The goal for affordable housing is to apply less than 30% of income for housing costs.
- The rate of home ownership in Bemidji was the lowest of the comparison communities (48.2%), as most of the households in the city were renters in 2010. New Ulm had the highest rate of owner-occupancy, with more than 75% of households owning their unit.
- Although Bemidji had a high rate of renter-occupancy when compared to this specific group of cities, it is also appropriate to look at renter rates in other

communities with large student populations. For example, the rental rate in 2010 in other regional communities with large universities were as follows: Mankato - 46.4%, Winona - 41.3%, St. Cloud - 46.6%, Fargo - 54.2%, Brookings, SD - 52.9%, and Duluth - 39.6%.



Photo credit: GBAJPB

- The housing stock in Bemidji was estimated to be relatively new, according to the American Community Survey. The median year of construction for owner-occupancy units was 1969, the second newest among the comparison cities. Bemidji also had the newest rental housing, with the estimated year of construction at 1976 for rental units.

Existing Housing Characteristics

Occupancy Characteristics

The Greater Bemidji Area's predominant type of housing is the single-family home. **Table 10** provides general housing information from the 1990, 2000, and 2010 Census counts. There were 9,040 housing units in the Greater Bemidji Area as of the 2010 Census, with a vacancy rate of about 8.7%.

Table 10: General Housing Information for the Greater Bemidji Area

Statistics	1990	2000	2010
Total Persons	14,883	15,938	18,088
Total Housing Units	5,920	6,639	7,797
Occupied	5,373	6,138	7,097
Vacant	547	501	700
Vacancy Rate	9.2%	9.4%	10.7%
Persons Per Occupied Housing Unit	2.58	2.58	2.46
Average Family Size	3.08	2.87	2.92
Number of Families	3,263	3,554	3,801

Source: US Census, Decennial Census, 2010; State Data Center of Minnesota, n.d.

Table 11 provides a comparison of the total number of housing units between the Greater Bemidji Area, the county, and the state. All the jurisdictions experienced an overall increase of housing units from 1990 to 2010.

Table 11: Number of Housing Units in Selected Areas

Areas	1990	2000	2010	% Change, 1990-2010
City of Bemidji	4,412	4,948	5,748	30.28%
Northern Township	1,508	1,691	2,049	35.88%
Beltrami County	14,670	16,989	20,527	39.92%
State of Minnesota	1,848,566	2,065,946	2,347,201	26.97%

Source: US Census, Decennial Census, 2010

Table 12 compares the percentage of rental occupied housing units in the Greater Bemidji Area, the county, and state. The City of Bemidji’s percentage of rental occupied housing is twice as much as the County and the State due in large part to the presence of three college institutions located in the Greater Bemidji Area. As of September 1st, 2016, there were 3,120 rental units in the City of Bemidji. The percentage of vacant properties that would be classified as rentals in the Greater Bemidji Area is 8.7%.

Table 12: Percentage of Rental Occupied Units for the Greater Bemidji Area

Areas	1990	2000	2010
City of Bemidji	42.9%	43.2%	48.2%
Northern Township	14.5%	11.3%	16.4%
Beltrami County	21.7%	21.5%	24.3%
State of Minnesota	25.1%	23.3%	24.0%

Source: US Census, Decennial Census, 2010

According to the U.S. Census Bureau, the median gross rent in the Greater Bemidji Area is \$712 a month.

Housing Permits Issued

Table 13: New Single-Family Building Permits Issued in the Greater Bemidji Area, 2012-2017

Areas	2012	2013	2014	2015	2016	2017
City of Bemidji	17	30	30	15	13	5
Northern Township	23	28	10	15	17	18
Total	40	58	40	30	30	23

Source: GBAJPB, 2012-2017

Table 14: New Multi-Family Building Permits Issued in the Greater Bemidji Area, 2012-2017

	2012	2013	2014	2015	2016	2017
City of Bemidji	1	5	17	14	6	11
Northern Township	2	1	3	1	3	2
Total	3	6	20	15	9	13

Source: GBAJPB, 2012-2017

Value Characteristics

Table 15 shows values have steadily increased over the since the 2010 census. The reason for the increase is most likely due to economic trends rather than improved housing stock.

Table 15: Value of Owner-Occupied Single-Family Dwelling Units in the Greater Bemidji Area

Unit Value Ranges	2010	2015
	Percent	Percent
Less than \$50,000	9.7%	12.2%
50,000-99,999	22.7%	17.2%
100,000-149,999	24.2%	23.5%
150,000-199,999	19.5%	22.5%
200,000-299,999	13.5%	17.9%
300,000-499,999	8.3%	4.4%
500,000 or more	2.1%	2.3%
Median Value	\$144,000	\$148,600

Source: US Census Bureau, ACS, 2011-2015

Table 16 shows that Minnesota overall has a slightly higher median value of specified owner-occupied units in Northern Township and is substantially higher in Beltrami County and City of Bemidji.

Table 16: Median Value of Specified Owner-Occupied Units in Selected Communities

Community	2015
City of Bemidji	\$120,100
Northern Township	\$183,300
Beltrami County	\$147,200
State of Minnesota	\$185,200

Source: US Census Bureau, ACS, 2011-2015

Age Characteristics

One factor that assists a community in understanding potential housing needs and issues is the age of its existing units. **Table 17** compares the age of existing housing units by percentage of total housing units of the Greater Bemidji Area, Beltrami County, and the State of Minnesota.

Table 17: Age of Housing Units

Year Unit was Built	Greater Bemidji Area	Beltrami County	State of Minnesota
2010 or Later	4.4%	2.0%	0.8%
2000-2009	40.9%	17.6%	14.6%
1990-1999	25%	16.4%	13.6%
1980-1989	29.4%	14.3%	13.0%
1970-1979	34.5%	18.5%	15.6%
1960-1969	19.8%	8.9%	9.8%
1950-1959	13.9%	6.9%	10.4%
1940-1949	8.2%	4.2%	4.8%
1939 or Earlier	23.9%	11.3%	17.3%

Source: US Census Bureau, ACS, 2011-2015

Housing Projections

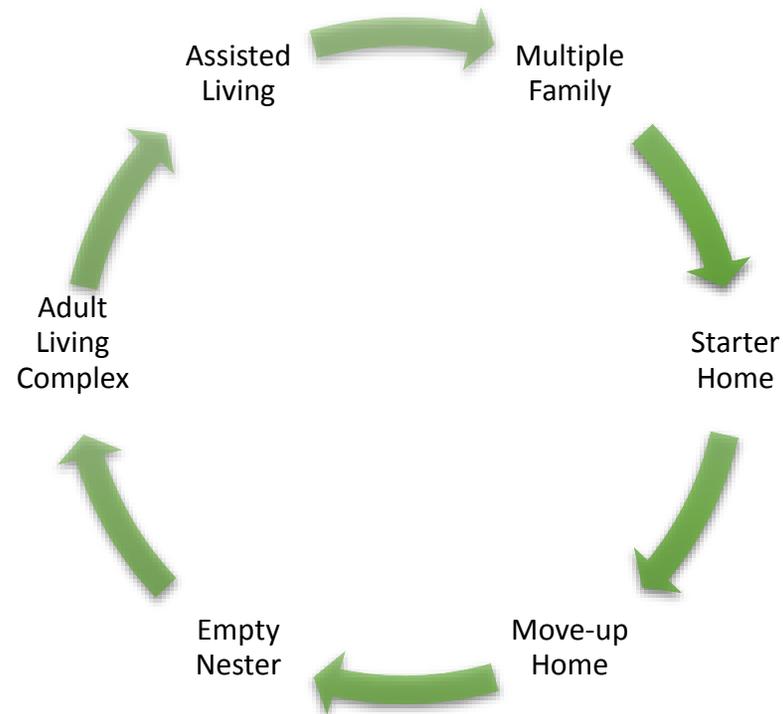
Housing Opportunities and Choices

A range in housing options is important to ensure that “full-life cycle” housing (**Chart 10**) is available to enable residents to stay within the community throughout their lives, even as housing desires change. Smaller starter homes, larger homes, apartments, townhomes, and retirement facilities are important to ensure adequate housing for young adults, families with children, empty-nesters, and retirees.

Affordable and Accessible Housing

Housing affordability is an important consideration for a community and its residents. Affordable homes can attract and retain employees to the community. This can be a selling point and a competitive advantage for area employers. Affordable homes also support the local workforce so they can live closer to their jobs. A healthy mix of housing options ensures opportunities for all individuals to improve their economic situation and contribute to their communities.

Chart 10: Full Life Circle



Source: GBAJPB, 2012-2017

Housing Programs

Residents in the Greater Bemidji Area have access to several federal and state housing programs. The Beltrami County Housing and Redevelopment Authority (Beltrami County HRA) is a municipal corporation created by the Beltrami County Board over 30 years ago, under the authority granted in Minnesota Statutes. The following list identifies several housing assistance programs available to the residents that are administered through regional agencies ([Beltrami County Housing and Redevelopment Authority \(HRA\) Housing Programs](#)).

Down Payment Assistance

The Beltrami County HRA administers a down payment assistance program designed to promote home ownership. Through this program, the Beltrami County HRA offers loans that are deferred with no interest for five years. Repayment of the principal begins after five years at 4% interest. **Table 18** shows the income limit that households must meet.

Table 18: Household Income Limits for Down Payment Assistance

Household Size	Annual Income Limit
1-4	\$61,900
5	\$66,850
6	\$71,850
7	\$76,800
8	\$81,750

Source: Headwaters Regional Development Commission, 2016

Housing Rehabilitation

The Beltrami County HRA administers an owner-occupied housing rehabilitation program to assist low and moderate-income households throughout Beltrami County, make essential home repairs, and correct health and safety concerns. The in-house loan program provides up to \$15,000 at 3% interest to eligible borrowers.

Home Buyer and Financial Services

The Beltrami County HRA supports the Home Buyer Education, Coaching, and Financial Literacy services provided in the County by the Headwaters Regional Development Commission. Home Buyer Education is provided through the Home Stretch Program.

Mobile Home Replacement Pilot Program

The Beltrami HRA is working on a pilot program to replace dilapidated mobile homes on private land with newly constructed modest homes. The program is a partnership with the Blackduck School District's Building Trades Program, which constructs a home on school grounds that is then moved to its permanent location upon completion. If the pilot program is successful, we hope to be able to replicate it in other areas of the Headwaters Region.

Affordable New Construction

The Beltrami County HRA has reinstated the affordable new construction program to construct modest homes available for sale to low and moderate-income households in Beltrami County. The homes are currently being constructed by private contractors in the City of Bemidji.

Conifer Estates

Conifer Estates is a twenty-unit supportive and transitional housing project in the City of Bemidji. Financing for the project was provided by Minnesota Housing Finance Agency (MHFA), Greater Minnesota Housing Fund, and Federal Home Loan Bank through First National Bank of Bemidji. The Beltrami County HRA is the owner of the

facility and has executed a Facility Lease and Management Agreement with Headwaters Housing Development Corporation (HHDC) in which the organizations have agreed that the facility will be operated exclusively by HHDC under the terms of the agreements with MHFA. The HHDC has contracted with DW Jones, Inc. to provide property management services, and Bi-CAP, Inc., Red Lake Housing, and Leech Lake Housing, Inc. provide management services.

Village of Hope

The Village of Hope is an emergency facility developed by Ours to Serve House of Hospitality. The Village of Hope provides shelter to low income homeless families in and around Beltrami County.



Photo Credit: Village of Hope

Housing Strengths

- Mixed-use housing in downtown.
- Strong market rate multi-family development increasing the available workforce housing.
- Available land in surrounding townships for future housing development.



Photo Credit: GBAJPB

Housing Challenges

- Shortage of land with access to municipal services for housing development within the City of Bemidji, creating increasing requests for high-density development on private well and septic.
- Greater than 50% of single-family homes are rental properties within the City of Bemidji.
- Cost of land for housing.
- Recent multi-family housing projects have not included affordable or supportive housing benefits.

Housing Objectives and Strategies

Objective 8.1 Preserve and Enhance the Quality of Housing that is Affordable, Safe, and Energy Efficient

Having affordable and safe housing options available for all residents is imperative to improving quality of life, and for successful community growth. Energy efficient homes can improve affordability for the occupant and reduce the overall carbon footprint of the community.

1. **Identify areas to allow flexibility when renovating existing old housing stock while preserving the character of existing neighborhoods.** Form-based zoning and flexible zoning standards can be implemented into historic neighborhoods where lot size and setbacks are not able to be met. This will allow for redevelopment and modernization of properties that cannot currently expand and allow for increased redevelopment opportunities in historic neighborhoods.
2. **Improve the quality of housing with energy efficient building upgrades and through using renewable energy resources.** Ensuring that residents know what resources are potentially available to them to make energy efficient building upgrades or to convert to using renewable resources can decrease the community's overall energy needs, ultimately reducing environmental impact.

Objective 8.2 Promote and Encourage Diversity with New Housing Developments

Housing developments that include a diverse amount of housing options can help ensure all residents have housing, diverse housing can and should provide market rate and affordable opportunities.

1. **Promote a variety of housing options based on market and need.** It is important to support all forms of housing developments and to promote diversity and choice of housing for all residents. Market rate housing or workforce housing should be promoted based on market trends, affordable or supportive housing should be promoted based on the needs of the community.
2. **Allow flexibility when affordable housing units are part of a new development.** Allowing for new housing developments to receive a density bonus or other flexibility can incentivize developers to include affordable housing units.

Objective 8.3 Promote Opportunities for Successful Homeownership.

- 1. Promote the development of smaller affordable single-family homes in compact developments.** Developers will be encouraged to include affordable housing units, when creating new compact housing developments. Density bonuses could incentivize the inclusion of affordable housing units within the development, to increase opportunities for homeownership.
- 2. Promote educational opportunities to support successful homeownership training.** Training and supportive efforts for successful home ownership initiatives help to ensure residents understand the responsibilities of owning a home. Successful homeownership is an important part of building healthy and resilient neighborhoods.

