

# Mille Lacs County Executive Summary from the East Central Regional Housing Collaborative

*Prepared for:*

Mille Lacs County Community Development  
Milaca, Minnesota

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## **Background of East Central Regional Housing Collaborative**

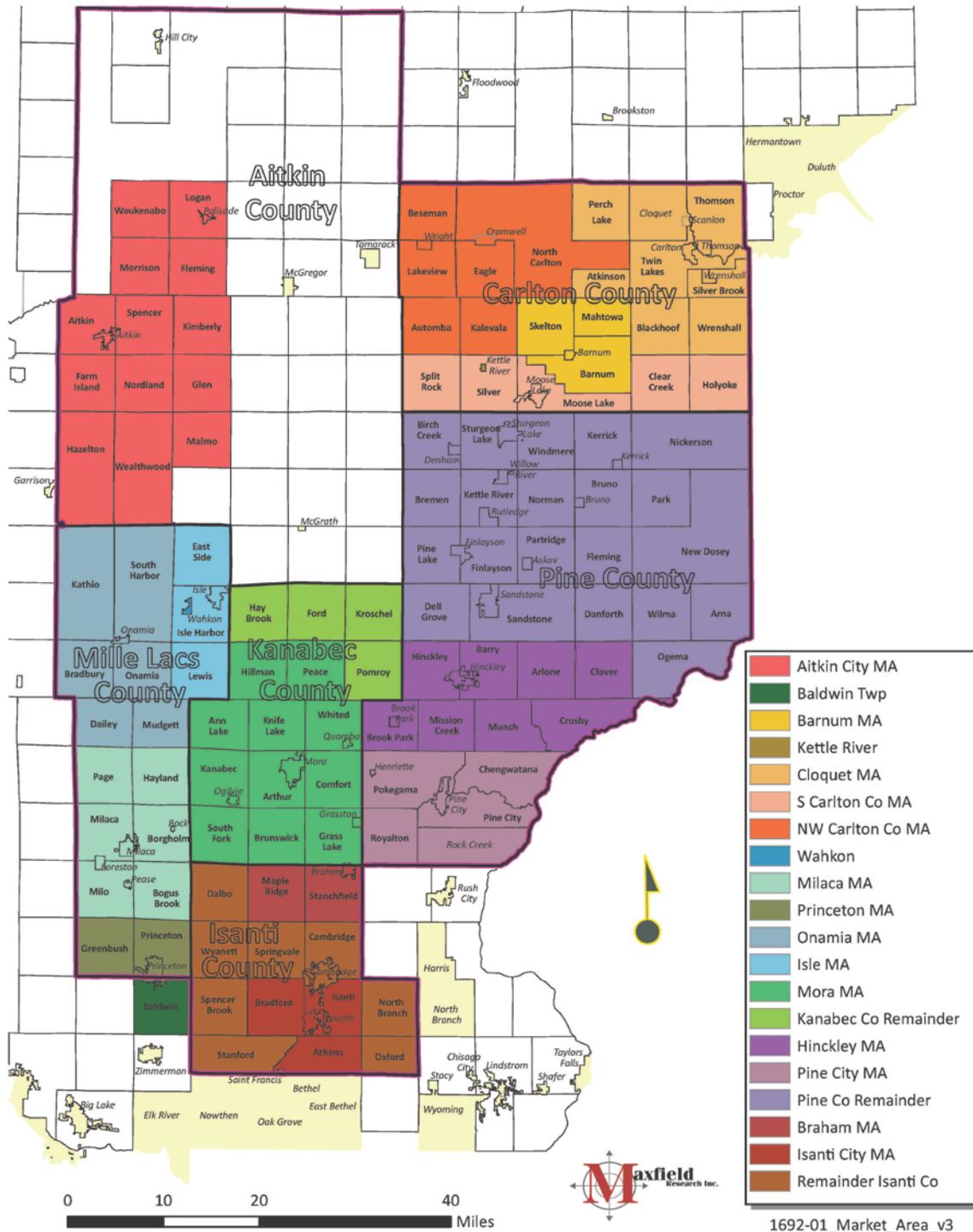
Maxfield Research Inc. was engaged by the East Central Regional Housing Collaborative to conduct a housing demand and needs assessment for East Central Minnesota region. The assessment will help decision-makers, both public and private, develop a greater understanding of the region’s housing market. The comprehensive housing needs assessment calculates demand from 2014 to 2025 and provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households.

A total of 19 entities contributed to the regional housing study, including four organizations from Mille Lacs County: Mille Lacs County, City of Milaca, City of Princeton, and the City of Wahkon. The East Central Region encompassed a total of 155 jurisdictions total; including 111 townships, 42 cities, 4 counties, and 2 unincorporated territories. The region was divided into 20 local submarkets; of which Mille Lacs County had five submarkets. (A map of the submarkets for the region is located on the following page). Because of the large geographic area of the region and the number of jurisdictions and participating entities, the regional study encompasses over 400 pages and provides information at the county-level and submarket level. As a result, the following Executive Summary provides highlights of findings from Mille Lacs County.

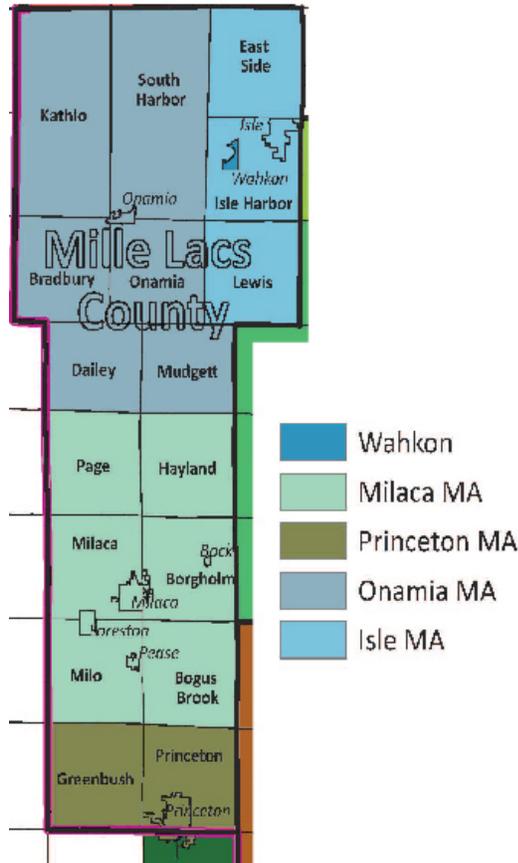
Mille Lacs County was divided into five submarkets as defined below: Wahkon, Milaca Market Area, Princeton Market Area, Onamia Market Area, and the Isle Market Area.

<b>Mille Lacs County</b>	<b>City</b>	<b>Township</b>
<b>Wahkon</b>	Wahkon	--
<b>Milaca Market Area</b>	Bock Foreston Milaca Pease	Bogus Brook Borgholm Hayland Milaca Milo Page
<b>Princeton Market Area</b>	Princeton	Princeton Greenbush
<b>Onamia Market Area</b>	Onamia	Bradbury Dailey Kathio Mudgett Onamia South Harbor
<b>Isle Market Area</b>	Isle	East Side Isle Harbor Lewis

## East Central Minnesota Housing Study Market Areas

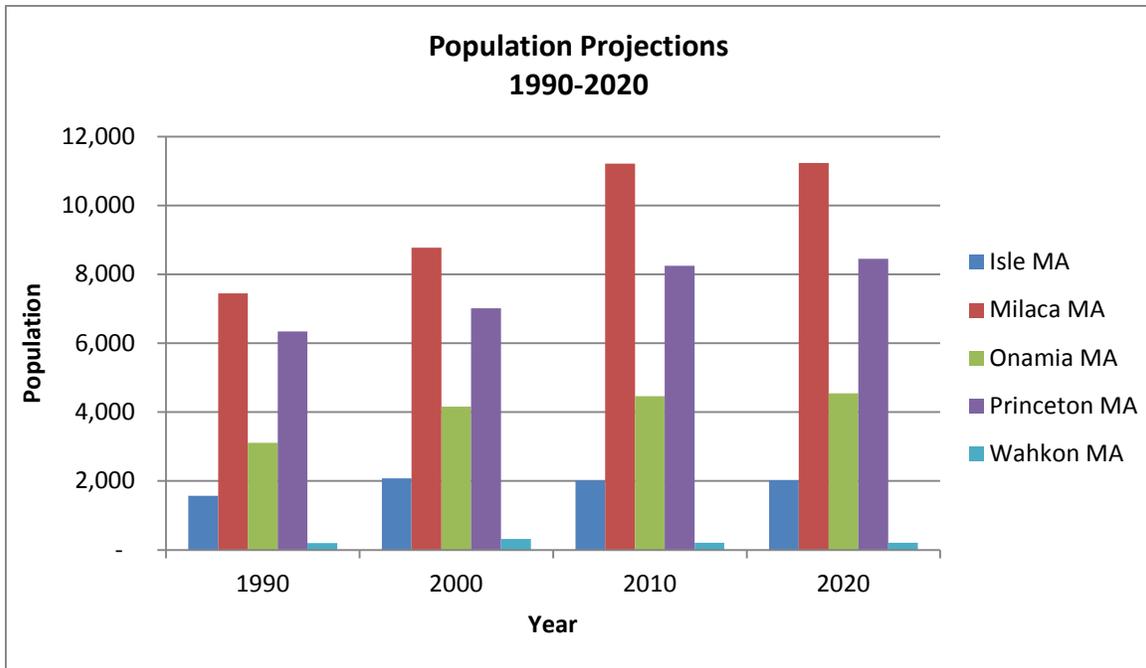


## Mille Lacs County Market Areas

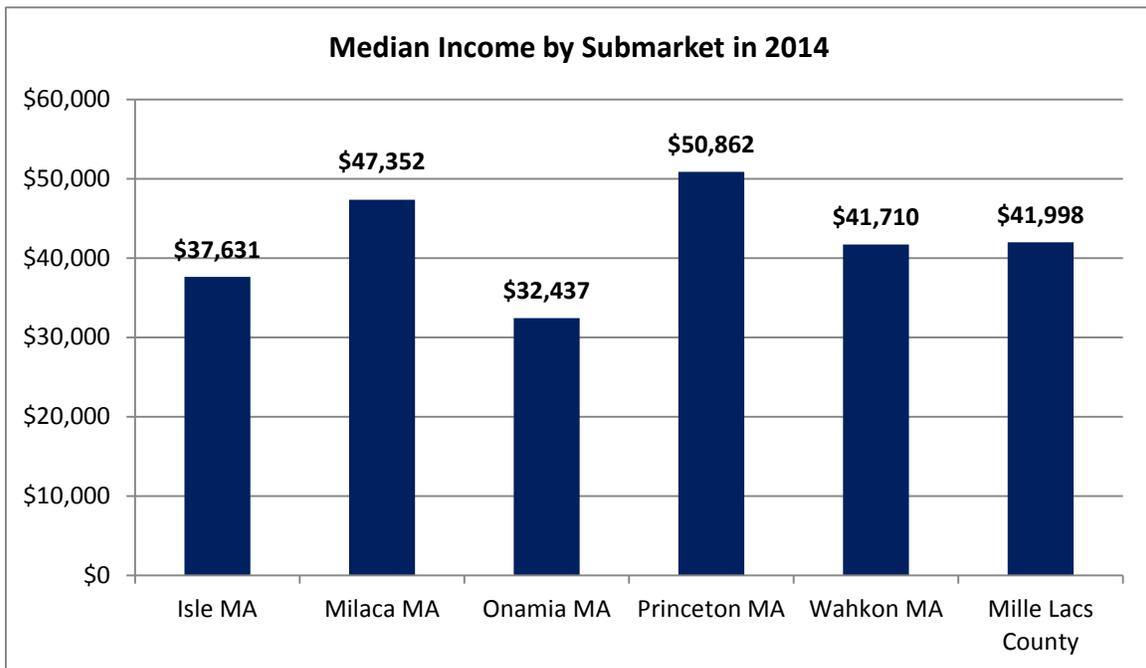


### Demographic Analysis

- The Mille Lacs County population grew by 19.6% between 1990 and 2000. Between 2000 and 2010, the Mille Lacs County population grew by another 17.1%. Between 1990 and 2000, notable increases were seen in the Wahkon Market Area (59.4%), Onamia Market Area (33.7%), and Isle Market Area (32.6%). From 2000 to 2010, significant gains were identified in the Milaca Market Area (27.8%) and Princeton Market Area (17.6%).
- By 2020, we expect that Mille Lacs County’s population will increase by 1.2% and households will grow by 1.6%. This slowdown is a result of the Great Recession as the recession caused many other communities in the region to lose population. Population gains are most prevalent in the Princeton Market Area (2.5%) and Onamia Market Area (1.7%). All submarkets within Mille Lacs County are projected to increase population, except for the Wahkon Market Area. All submarkets within Mille Lacs County are expected to gain households by 2020.



- In 2014, the median household income in Mille Lacs County was estimated to be approximately \$42,000 and is projected to jump to \$47,830 by 2020. By comparison, the median household income in the East Central Minnesota region was estimated to be \$50,980 and is projected to increase to \$56,539 by 2020. The Princeton Market Area (\$50,862) and Milaca Market Area (\$47,352) have highest submarket incomes within Mille Lacs County.



## EXECUTIVE SUMMARY FOR MILLE LACS COUNTY

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- In Mille Lacs County, approximately 76% of all households owned their housing in 2010, resulting in a lower home ownership rate in comparison to the East Central Minnesota Region (81% owned in 2010). Mille Lacs County's homeownership rate is the lowest among all East Central Minnesota counties. The Onamia Market Area has the lowest homeownership rate (69%) out of all the submarkets within the East Central Minnesota region.
- Family households were the most common type of household in Mille Lacs County, representing over 67% of all households in 2010. In 2010, the Milaca MA has the highest married w/child percentage (23.5%) out of the Mille Lacs County submarkets. In 2010, Mille Lacs County has 16.1% that are single-parent families or unmarried with children, which is the highest percentage out of the East Central Minnesota counties. This can largely be attributed to the Onamia Market Area (24.2%), which is the highest percentage amongst East Central Minnesota submarkets.
- Although Hispanics/Latinos comprised only 3.0% of Mille Lacs County's population in 2010, the Hispanic/Latino population has more than tripled since 2000.

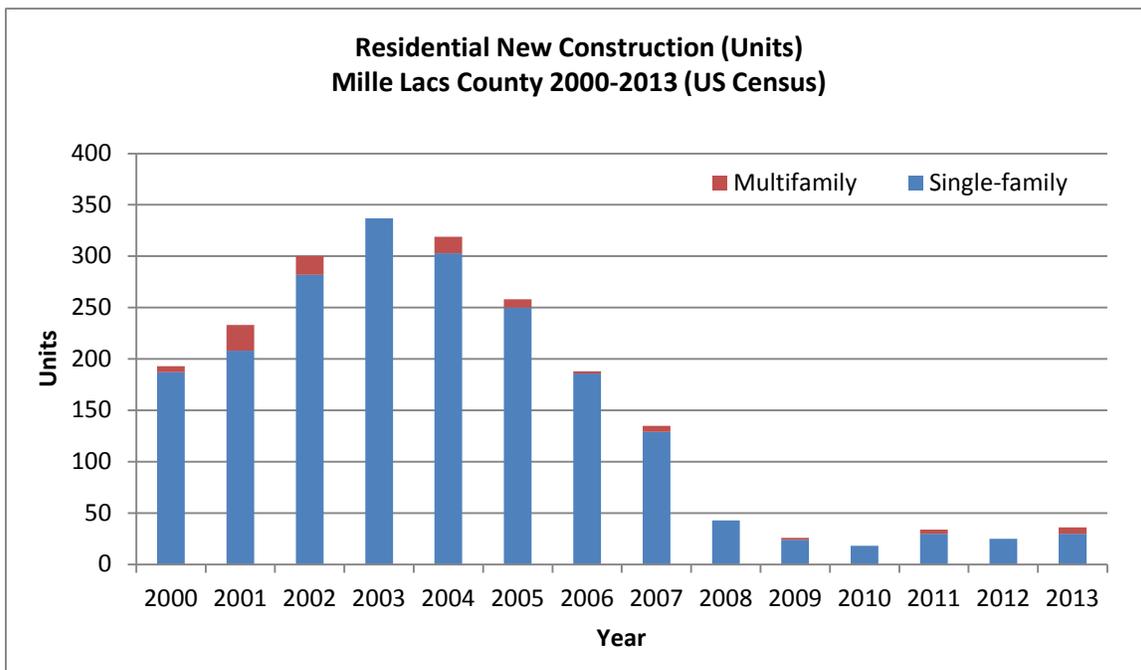
### ***Employment Trends***

- Mille Lacs County's annual unemployment rate dropped 4.8 percentage points from 12.9% in 2009 to 8.1% in 2013. The County's labor force was the highest in 2009 at 12,482 and contracted to 12,248 by 2013. In 2013, Mille Lacs County unemployment rate (8.1%) is lower than the East Central Minnesota average (8.7%), but higher than the Minnesota average (5.1%).
- There were 9,523 jobs in Mille Lacs County as of 2013, based on the 2013 preliminary data from the Bureau of Labor Statistics. Between 2010 and 2020, Mille Lacs County is projected to gain 2,240 jobs (+25.3%). This is the highest employment growth percentage amongst East Central Minnesota counties.
- The Education and Health Services industry was the largest employment sector in Mille Lacs County, providing 29% of all jobs in 2013. The Leisure and Hospitality and Trade, Transportation, & Utilities were also major employers of all jobs (21.3% and 13.3% respectively). From 2012 to 2013, the average weekly wage in the County increased 2.4% (\$14) to \$598. By comparison, wages increased 2.4% throughout the region to \$627.
- As the chart illustrates (below), Mille Lacs County is an exporter of workers as the number of residents leaving the County exceeded the number of workers coming into the County for employment.



***Housing Characteristics***

- Between 2000 and 2013, Mille Lacs County issued building permits for a total of 2,145 units (15% of region’s total). In Mille Lacs County, roughly 96% of the permitted units were single-family homes. In comparison, the East Central Minnesota region issued 90% of their permits to single-family homes.
- Between 2000 and 2005, Mille Lacs County issued building permits for a total of 1,640 units. This accounts for 77% of the total building permits issued between 2000 and 2013.



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- Although data was unavailable for many Mille Lacs County jurisdictions; the municipalities with the most permits since 2000 included Princeton (364 permits, 27%) and Milaca (149 permits, 7%). Nearly 600 permits were issued in the rural Mille Lacs County (27%).
- The age of the housing stock in Mille Lacs County is characterized by a large portion of homes built during the 2000s (22.7% of all housing units) and before the 1940s (16.5%). In the East Central Region as a whole, 15.8% were built before the 1940s and 20.6% in the 2000s. From 2010 or later, the Onamia Market Area had the highest percentage (1.6%) and numerical units (29) built between all East Central Minnesota submarkets.
- Approximately 67% of the County's homeowners have a mortgage. Nationally, about 70% of U.S. homeowners have a mortgage on their property. The median value for homes with a mortgage for Mille Lacs County homeowners was approximately \$154,200. Within Mille Lacs County, the median value for homes with a mortgage was highest in the Isle Market Area (\$192,796) and lowest in the Wahkon Market Area (\$139,600).
- The median contract rent in Mille Lacs County was \$552. Based on a 30% allocation of income to housing, a household would need an income of about \$22,080 to afford an average monthly rent of \$552 in Mille Lacs County. Between the East Central Region counties, Mille Lacs County had the lowest median contract rent at \$552, while Isanti County had the highest at \$722.

### ***For-Sale Housing Market Analysis***

- The median resale price of homes in Mille Lacs County was approximately \$110,000 with resales being around 362 in 2013. The median resale price peaked at \$163,000 (2005) while resales approached 452. However, Mille Lacs County resale pricing has increased annually since 2011.
- As of June 2014, there were 291 homes listed for sale in Mille Lacs County. The median list price is approximately \$160,000. Single-Family homes accounted for 90% of all listings.
- Based on a median list price of \$160,000, the income required to afford a home at this price would be about \$45,714 to \$53,333, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).
- Mille Lacs County had the second highest number of foreclosures in the region between 2005 and 2013 (1,559). However, the number of foreclosures peaked in 2008 (247) and has decreased to 112 as of 2013.
- Maxfield Research inventoried 12 subdivisions in Mille Lacs County consisting of over 415 total lots. Approximately 210 vacant lots were identified. Not all lots inventoried are actively marketing. The Princeton Market Area has a lot inventory of about 104 vacant lots

(about one-half of all vacant lots in County); while the Milaca Market Area has 69 vacant lots.

- The average marketing lot cost in Mille Lacs County was just over \$10,000; indicating the majority of lots marketing were the result of a previous foreclosure. The average new home price in Mille Lacs County is about \$223,000, or \$157 per square foot. New construction in Mille Lacs County is priced higher than the regional average of \$187,675, or \$147 per square foot.

### ***Rental Housing Market Analysis***

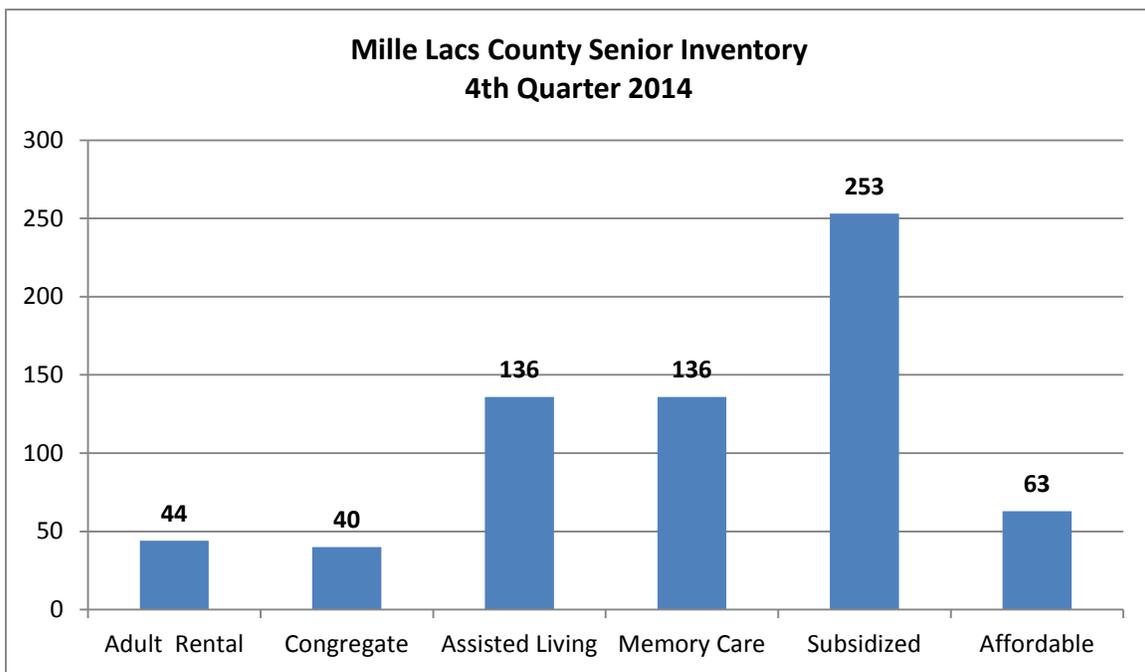
- Maxfield Research Inc. surveyed 146 market rate and 239 affordable/subsidized rental properties in Mille Lacs County. As of summer 2014, Maxfield Research Inc. identified one vacant market rate units and five vacant affordable/subsidized units resulting in overall vacancy rates of 0.7% and 2.1%, respectively.
- The overall market rate vacancy rate of 0.7% is lower than the industry standard of 5% vacancy for a stabilized rental market, which promotes competitive rates, ensures adequate choice, and allows for unit turnover. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The low vacancy rates in the market indicate pent-up demand for all rental product types: market rate, affordable, and subsidized units.
- *Tapestry Square Apartments*, constructed in 2001, are the newest market rate rental buildings in Mille Lacs County. Overall, Mille Lacs County's rental housing stock is older as the median year built for all surveyed developments is 1973.

### ***Housing Affordability***

- About 33% of owner households and 49% of renter householders are estimated to be paying more than 30% of their income for housing costs in Mille Lacs County. Compared to the state average, the percentage of renter cost burdened households is slightly lower than the state average (46.5% vs. 49.5%). However, the number of owner cost burdened households is higher in Mille Lacs County than the state average (33% versus 27%).
- The number of cost burdened households in the region increases proportionally based on lower incomes. About 71% of renters with incomes below \$35,000 are cost burdened and 54% of owners with incomes below \$50,000 are cost burdened.

***Senior Housing Market Analysis***

- Maxfield Research Inc. identified and collected market information on 23 senior projects in Mille Lacs County for total of 672 senior housing units with six units currently vacant for an overall vacancy rate of 0.9%, which is significantly lower than the market equilibrium rate of 5.0% to 7.0%.
- There are eleven subsidized/affordable independent/active adult facilities in Mille Lacs County with a total of 316 units. As of summer 2014, two units were vacant for a vacancy rate of 0.6%.
- There are twelve market rate senior facilities in Mille Lacs County with a total of 356 units. As of summer 2014, four units were vacant for a vacancy rate of 1.1%, below the market equilibrium rate of 5.0% to 7.0%.



***Planned and Proposed Housing Projects***

- There are approximately 92 housing units in the development pipeline either under construction, planned, or pending. There are an additional 30 units within speculative developments in Mille Lacs County that may move forward. All of the proposed projects in Mille Lacs County are located either in Milaca or Princeton.
- Senior housing units account for 94% of all of the units under construction or planned/proposed in Mille Lacs County.

***Housing Needs Analysis***

- Baldwin Township (Sherburne County), which neighbors Mille Lacs County just south of Princeton, may compete with southern Mille Lacs County for low-density housing development. Baldwin Township has projected demand for an estimated 108 for-sale housing units, 30 rental housing units, and 99 senior housing units between 2014 and 2025. However, Baldwin Township has no rental housing and is entirely designated for single-family housing based on the zoning ordinance. Baldwin Township has the highest median income in the East Central Minnesota region with \$75,374 in 2014 and an estimated median income for 2020 of \$81,000. In addition, Baldwin Township had the highest home price resale value in the region.
- General occupancy demand in Mille Lacs County is projected for an estimated 355 owned housing units and 347 rental units between 2014 and 2025 (702 total units).
- Approximately 51% of the general occupancy demand is projected to be for owned housing and 49% for rental housing.
  - i. 2014-2020 = 292 (43% owned, 57% rental)
  - ii. 2020-2025 = 410 (56% owned, 44% rental)
- Of the 347 rental units demanded by 2025, approximately 37% will be for market rate units, 26% for affordable units, and 37% for subsidized units.
  - i. Market Rate = 128 units
  - ii. Affordable = 90 units
  - iii. Subsidized = 128 units
- Affordable senior housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 21 units
  - ii. Milaca MA = 38 units
  - iii. Onamia MA = 0 units
  - iv. Princeton MA = 25 units
  - v. Wahkon MA = 2 units
  - vi. Mille Lacs Co. = 86 units
- Active-Adult rental housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 18 units
  - ii. Milaca MA = 27 units
  - iii. Onamia MA = 23 units
  - iv. Princeton MA = 3 units
  - v. Wahkon MA = 2 units
  - vi. Mille Lacs Co. = 73 units

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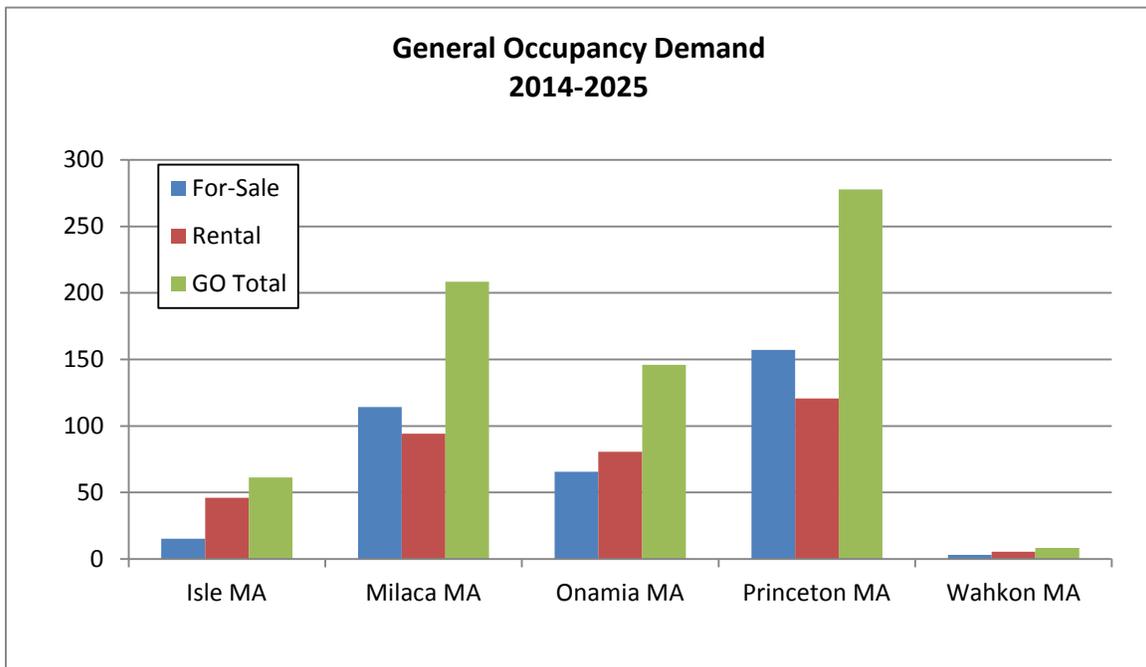
- Congregate rental housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 14 units
  - ii. Milaca MA = 7 units
  - iii. Onamia MA = 16 units
  - iv. Princeton MA = 26 units
  - v. Wahkon MA = 1 units
  - vi. Mille Lacs Co. = 64 units
  
- Assisted Living rental housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 6 units
  - ii. Milaca MA = 10 units
  - iii. Onamia MA = 0 units
  - iv. Princeton MA = 0 units
  - v. Wahkon MA = 1 units
  - vi. Mille Lacs Co. = 17 units
  
- Memory Care rental housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 9 units
  - ii. Milaca MA = 24 units
  - iii. Onamia MA = 7 units
  - iv. Princeton MA = 7 units
  - v. Wahkon MA = 1 units
  - vi. Mille Lacs Co. = 47 units
  
- General-Occupancy rental housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 61 units
  - ii. Milaca MA = 208 units
  - iii. Onamia MA = 146 units
  - iv. Princeton MA = 278 units
  - v. Wahkon MA = 8 units
  - vi. Mille Lacs Co. = 702 units
  
- For-sale housing demand from 2014 to 2025 by submarket:
  - i. Isle MA = 15 units
  - ii. Milaca MA = 114 units
  - iii. Onamia MA = 66 units
  - iv. Princeton MA = 157 units
  - v. Wahkon MA = 3 units
  - vi. Mille Lacs Co. = 355 units

# EXECUTIVE SUMMARY FOR MILLE LACS COUNTY

## GENERAL OCCUPANCY EXCESS DEMAND SUMMARY EAST CENTRAL MINNESOTA 2014 to 2025

Submarket	2014 to 2025							Combined Total
	For-Sale Housing			Rental				
	SF	MF	Total	MR	Aff.	Subs.	Total	
Isle MA	12	3	15	15	12	19	46	61
Milaca MA	82	32	114	44	17	34	94	208
Onamia MA	52	13	66	28	27	26	81	146
Princeton MA	113	44	157	40	32	48	121	278
Wahkon MA	3	0	3	2	2	1	5	8
Mille Lacs Co.	263	93	355	128	90	128	347	702

Sources: Maxfield Research Inc.



# EXECUTIVE SUMMARY FOR MILLE LACS COUNTY

SENIOR HOUSING EXCESS DEMAND SUMMARY EAST CENTRAL MINNESOTA 2014 to 2025									
	ACTIVE ADULT					SERVICE-ENHANCED**			
	Subsidized Rental	Affordable Rental	MR Owner	MR Rental	Total	MR Congregate	MR Assisted Living	MR Memory Care	Total
	Isle MA	0	21	8	18	47	14	6	9
Milaca MA	0	38	24	27	89	7	10	24	42
Onamia MA	0	0	10	23	32	16	0	7	22
Princeton MA	0	25	19	3	47	26	0	7	33
Wahkon MA	1	2	1	2	5	1	1	1	3
Mille Lacs Co.	1	86	61	73	221	64	17	47	128

\*\* Service-enhanced demand is calculated for private pay seniors only; additional demand could be captured if Elderly Waiver and other sources of non-private payment sources are permitted.

Please note: Demand for each benchmark year is a "point in time demand" and not a cumulative demand for each year.

Sources: Maxfield Research Inc.

