A Housing Demand Analysis for the City of Hackensack, Minnesota

Prepared for:

Minnesota Housing Partnership
Saint Paul, Minnesota

May 2023

Maxfield Research & Consulting
Breaking Ground since 1983
2823 Hamline Avenue North
Roseville, MN 55113
612.338.0012
www.maxfieldresearch.com

Maxfield
Research & Consulting
Breaking Ground since 1983

May 17, 2023

Ms. Jill Henricksen
Community Development Manager
Minnesota Housing Partnership
2446 University Avenue W, #106
Saint Paul, MN 55114

Ms. Henricksen:

Attached is the analysis titled, "A Housing Demand Analysis for the City of Hackensack, Minnesota." The Housing Demand Analysis estimates future housing demand in the City for the area's workforce along with maintenance-free housing alternatives for older households and seniors.

The scope of this study includes an analysis of the demographic and economic characteristics of the City of Hackensack and surrounding housing draw area, an analysis of the for-sale housing market, an evaluation of rental market conditions, and a review of active adult senior housing supply and demand factors. The Study concludes with demand calculations to 2028 for general occupancy for-sale housing, general occupancy workforce rental housing, and market rate active adult senior housing, along with development concept recommendations.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Joseph R Hollman

Joe Hollman
Senior Associate

Attachment

TABLE OF CONTENTS

LIST OF TABLES

Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by Minnesota Housing Partnership to prepare a Housing Demand Analysis for the City of Hackensack, Minnesota. The Housing Demand Analysis estimates future demand for housing in the City targeting the area's workforce along with maintenance-free housing alternatives for older households and seniors.

The scope of this study includes an analysis of the demographic and economic characteristics of the City of Hackensack and the surrounding Primary Market Area (PMA), an analysis of the for-sale housing market, an evaluation of rental market conditions, and a review of active adult senior housing supply and demand factors. The Study concludes with demand calculations to 2028 for general occupancy for-sale housing, general occupancy workforce rental housing, and market rate active adult senior housing, along with development concept recommendations.

Demographic Analysis

Several demographic factors influencing the area, notably population and household growth, shifting household types, and a tight labor market are generating a need for additional housing in the PMA. The PMA experienced an estimated 16.0% population growth between 2010 and 2023, while the household base expanded 18.7%. Hackensack experienced a -2.4% decline in population against household growth of 10.2% during that timeframe. The pace of household growth was high relative to population growth suggesting a trend toward shrinking household sizes in the PMA. This trend reflects a general shift in demographic factors that favor smaller households, such as growth in single-person households as well as an aging household base.

We anticipate that the PMA will experience 8.9% population growth and 9.3% household growth between 2023 and 2030, including 9.7% population growth and 10.2% household growth in Hackensack. However, achieving any population and household growth will depend on the addition of new housing units catering to a variety of household types, income levels, and age groups.

Roughly 1,360 workers commute into the PMA for employment daily, with many coming from over 50 miles, and there is an opportunity to provide housing options for a portion of these workers. Modest job growth is anticipated in the PMA over the next several years, and additional housing will be needed to support the expanding workforce in the area.

A household earning the average weekly wage in the PMA ($759) would be able to afford an apartment renting for approximately $987 per month to not exceed 30% of its monthly income on housing costs, slightly higher than the average market rate rent in the PMA ($913). However, a household earning the average wage would be able to afford to purchase a home priced at approximately $126,500 or lower to not be cost-burdened, while a household with two wage earners could afford a home priced at $253,000 or lower, notably lower than the median resale price of single-family homes in the Hackensack area ($330,000).

For-Sale Market Analysis

Median resale prices for detached single-family homes in the Hackensack area have experienced solid growth in recent years, climbing 33% from $247,500 in 2018 to $330,000 in 2022. Since 2021, the PMA averaged 9.7 home resales per month. Based on the supply of available housing in the PMA (as of April 2023), there is a 2.1-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is considered to be a six-month supply, indicating that there is pent-up demand for ownership housing in the Market Area.

As of April 2023, there were 27 residential parcels available for sale in the PMA. These parcels have a median size of 69,696 square feet (1.6-acres) and a median list price of $89,900 ($1.29 per square foot. There are no actively-marketing subdivisions in Hackensack, although there are two individual lots that are not part of an actively-marketing subdivision listed for sale.

Rental Market Analysis

Our review of market conditions reveals a very tight rental housing market in Hackensack and the surrounding area. Reported vacancies in the PMA have tracked well-below equilibrium (7.0% vacancy nationally) and notably lower than Minnesota in recent years. Over the past five years, vacancy rates have averaged 0.5% in the PMA, including full occupancy in Hackensack, compared to 4.3% in Minnesota. The PMA combined with all other cities located within a 15-mile radius of Hackensack had an average vacancy rate of 1.3% in 2021. Additionally, based on our April 2023 survey of apartment buildings in the PMA, we identified just one vacancy which represents a 1.7% vacancy rate.

Property owners/managers indicate that they seldom have vacancies but receive many inquiries every week from people seeking rental housing, and the two subsidized properties in the PMA each maintain lengthy wait lists for units. This information indicates that there is pent-up demand and the existing supply of rental housing in the PMA is insufficient to meet demand.

Senior Housing Overview

Aging of baby boomers led to large growth in the age 65 to 74 population in the PMA between 2010 and 2023. As this group ages, the 65 and older age cohorts are expected to experience strong growth between 2023 and 2028. Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s, although this movement pattern is not demonstrated in the PMA as homeownership rates increase from 93% of age 65 to 74 households to 96% of households age 75 and older. This trend indicates that there is a limited supply of housing alternatives for seniors in the area. We identified two senior housing facilities in the PMA, totaling 47 units. Both properties are service-enhanced facilities offering assisted living and memory care services. We did not identify any active adult properties in the PMA.

Housing Demand Analysis and Recommendations

Anecdotal feedback provided by key stakeholders (i.e. real estate professionals, representatives from major employers, public officials) in the area indicates that there is an acute housing shortage in Hackensack and the surrounding area, particularly for units priced appropriately for the area's workforce as well as maintenance-free housing products for older adults and seniors.

The housing shortage is a critical issue impacting area businesses as employers have been losing workers due to a lack of housing or shifting jobs to other markets because they can't find enough workers. New housing is needed to support economic development and job growth in Hackensack and the surrounding area.

In total, we find demand for 81 general occupancy housing units in Hackensack by 2028, including 24 for-sale units (16 detached single-family units and eight for-sale attached single-family units such as townhomes or twin homes) and 57 market rate workforce rental housing units (32 units within the target income band for workforce housing).

Additionally, we find demand for 73 market rate active adult units in 2028, including 40 owner-occupied units and 33 renter-occupied units. However, we do not believe that an age-restricted active adult project is the right development concept for Hackensack. Rather, we anticipate that active adult demand will be satisfied with the development of market rate general occupancy (not age-restricted) maintenance-free, single-level living products, both owned and rented, such as apartments, townhomes, and twin homes.

DEMAND SUMMARY
CITY OF HACKENSACK: 2023 - 2028

Housing Product Type	Demand Capturable in Hackensack
For-Sale Units	**64**
General Occupancy For-Sale Units	**24**
Detached Single-Family	16
Attached Single-Family*	8
Active Adult For-Sale Units*	**40**
Market Rate & Workforce Rental	**90**
General Occupancy Rental Units	**57**
Workforce Rental Housing Units	32
Active Adult Market Rate Rental Units	**33**

*Attached single-family includes townhomes, twin homes, condominiums

These demand calculations assume that residential land and lots will be available for the development of housing units in Hackensack. Achieving the projected demand potential will not be feasible without an adequate supply of development-ready lots.

The following figure summarizes general development concept recommendations for rental housing and for-sale housing in the City of Hackensack through 2028. Note that these concepts do not necessarily equate to total demand, as the City of Hackensack will likely not be able to accommodate all of the estimated housing demand due to potential development constraints such as limited lot supply and land availability.

	Purchase Price/ Monthly Rent Range[1]	No. of Units	Target Market
For-Sale Housing			
Detached Single-Family	$275,000 - $350,000+	10 - 14	Workforce, move-up buyers
Attached Single-family	$225,000 - $300,000+	12 - 16	Workforce, empty-nesters, seniors
	Total:	**22 - 30**	
Rental Housing			
Market Rate Apartments	1BR/ $950 - 3BR/ $1,300	16 - 20	Workforce, empty-nesters, seniors
Market Rate Townhomes	2BR/ $1,200 - 3BR/ $1,350	8 - 10	Workforce, empty-nesters, seniors
Workforce Rental	EFF/ $850 - 2BR/ $1,150	24 - 28	Workforce HHs (50%-120% AMI)
	Total:	**48 - 58**	

[1] Pricing in 2023 dollars and can be adjusted to account for inflation.

Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by Minnesota Housing Partnership to prepare a Housing Demand Analysis for the City of Hackensack, Minnesota. The Housing Demand Analysis estimates future demand for housing in the City targeting the area's workforce along with maintenance-free housing alternatives for older households and seniors.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City of Hackensack and surrounding housing draw area; an analysis of the for-sale housing market; an evaluation of rental market conditions; and a review of active adult senior housing supply and demand trends. The Study concludes with demand calculations to 2028 for general occupancy for-sale housing, general occupancy workforce rental housing, and market rate active adult senior housing, along with development concept recommendations.

Methodology

The report contains primary and secondary research. Primary research includes interviews with city staffs, representatives from major employers in the area, and other professionals familiar with the area's housing market (i.e. public officials, apartment property owners).

This study also utilizes secondary data. Secondary research is always used as a basis for analysis and is carefully reviewed considering other factors that may impact projections. Secondary data resources include:

- Cass County Property Records
- Central Minnesota Council on Aging
- ESRI
- Minnesota Housing
- Minnesota Association of REALTORS
- Minnesota Department of Employment and Economic Development (DEED)
- Minnesota Department of Health
- Minnesota State Demographic Center
- Novogradac
- Realtor.com
- United States Census Bureau (Decennial Census, American Community Survey, Local Employment Dynamics)
- United States Department of Housing and Urban Development (HUD)

Introduction

Demographic characteristics and trends are important factors when evaluating housing needs in any given market. This section of the report begins by delineating the draw area for housing products in Hackensack and examines the demographic and economic characteristics of the draw area. A review of these characteristics provides insight into the demand for various types of housing in the community.

Market Area Definition

The draw area or "Market Area" for housing products is typically based on geographic and man-made boundaries, school district boundaries, commuting patterns, community orientation, and places of employment. Maxfield Research evaluated these factors along with information provided by stakeholders from the local housing task force to define the draw area for housing in the City of Hackensack.

Based on these considerations, the Primary Market Area (PMA) for housing in Hackensack was determined to be an aggregation of ten county subdivisions in Cass County, Minnesota, as summarized below.

County Subdivision

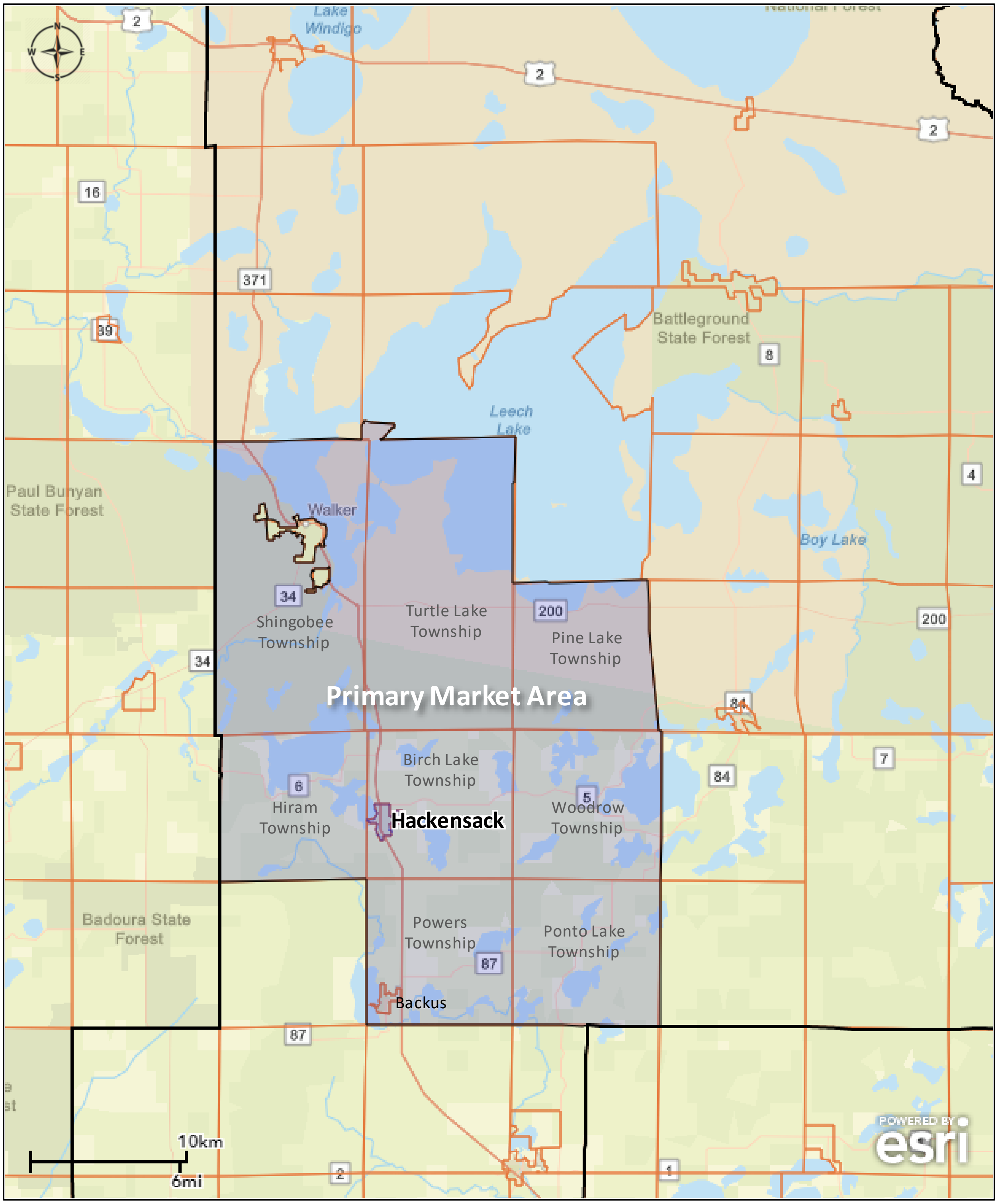
- Hackensack city
- Backus city
- Birch Lake township
- Hiram township
- Pine Lake township
- Ponto Lake township
- Powers township
- Shingobee township
- Turtle Lake township
- Woodrow township

Housing demand in Hackensack will be driven primarily by household growth and turnover of existing households in the PMA. A portion of the housing demand, however, will be generated from outside the area, so select demographic and economic comparisons are made to Cass County, Northwest Minnesota, and the State of Minnesota.

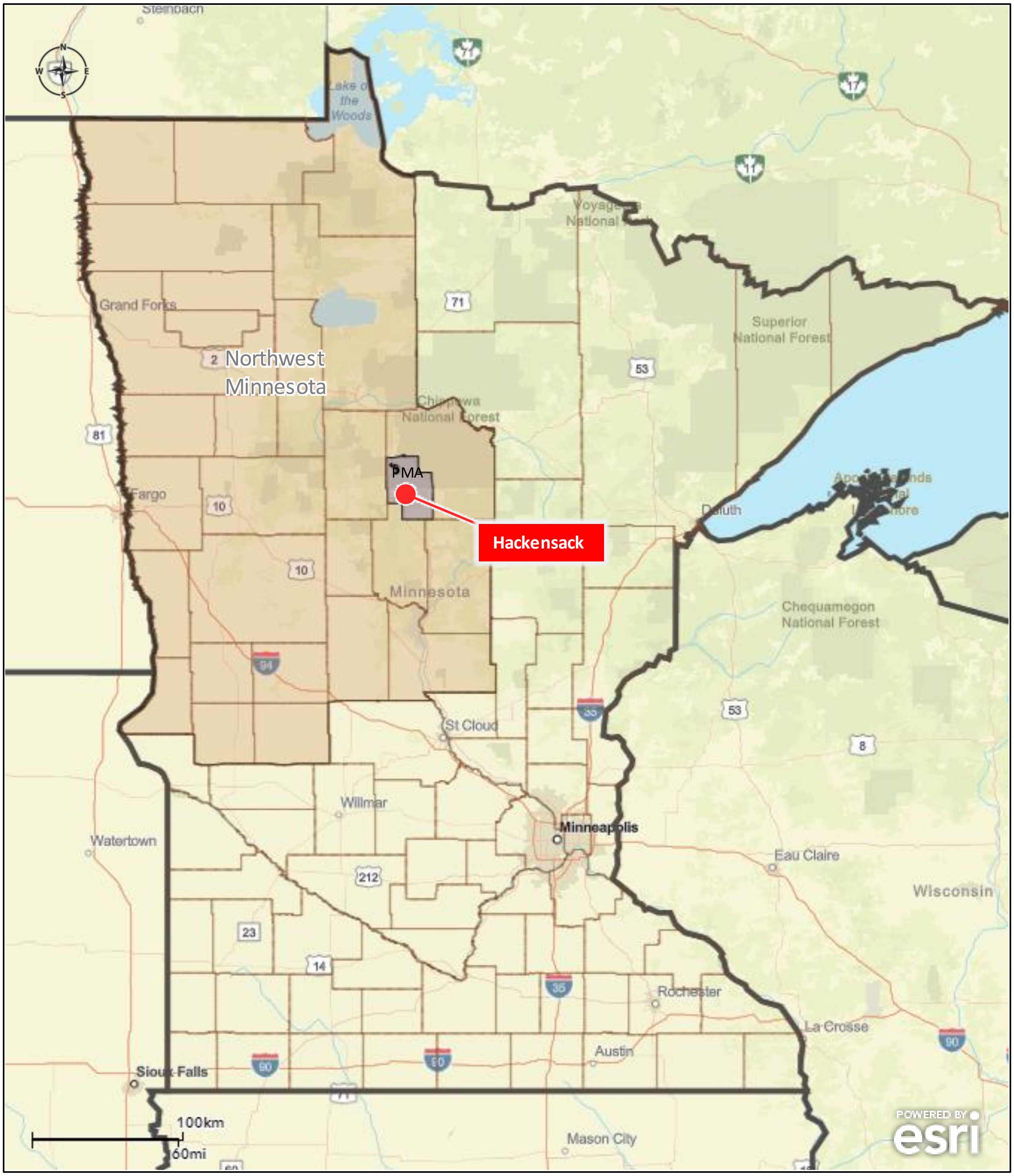
Northwest Minnesota refers to the 26-county Northwest Minnesota Planning Area as defined by the Minnesota Department of Employment and Economic Development (DEED), which includes the Counties of Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnomen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena, and Wilkin.

The following maps illustrate the location of Hackensack within the PMA along with its regional location in Northwest Minnesota and the State of Minnesota.

Primary Market Area



Regional Location



Population and Household Growth Trends

Table 1 on the following page presents population and household growth trends in the Market Area from 2010 to 2030. The 2010 and 2020 figures are from the U.S. Census. The population estimates and forecasts for Cass County, Northwest Minnesota, and Minnesota are based on forecasts published by the Minnesota State Demographic Center in February 2023.

Maxfield Research arrived at the population estimates and projections for Hackensack and the PMA based on a review of changes to the proportion of Cass County's growth that occurred in the City and the PMA since 2010. Household estimates and projections are based on household size estimates provided by ESRI (a nationally recognized demographics firm).

- As of 2020, Hackensack contained 294 people and 151 households, while there were 5,976 people and 2,740 households in the Remainder of the PMA.

- The PMA experienced 11.7% population growth between 2010 and 2020, increasing by 656 people, while the household base expanded 14.1%, increasing by 357 households.

  - Hackensack experienced a -6.1% decline in population (-19 people) from 2010 to 2020, while the number of households increased 5.6% (eight). The Remainder of the PMA experienced a 12.7% increase in population (675) against 14.6% household growth (349).

- The pace of household growth was high relative to population growth suggesting a trend toward shrinking household sizes in the PMA. This trend reflects a general shift in demographic factors that favor smaller households, such as growth in single-person households, as well as an aging household base.

- Population growth in the PMA outpaced growth in Cass County (5.2%), Northwest Minnesota (3.9%), and Minnesota (7.6%) between 2010 and 2020.

- According to projections from the Minnesota State Demographer, Cass County experienced 2.1% population growth (636) between 2020 and 2023, while the household base expanded 2.2% (276).

- The proportion of the County's population residing in the PMA increased from 19.7% in 2010 to 20.9% in 2020. Assuming a continuation of this trend, we estimate that the PMA gained 243 people (3.9% growth) between 2020 and 2023, while the household based expanded 4.1% (118 households).

- We estimate that Hackensack experienced 3.9% population growth and 4.3% household growth between 2020 and 2023, while the population in the Remainder of the PMA increased 3.9% against household growth of 4.1%.

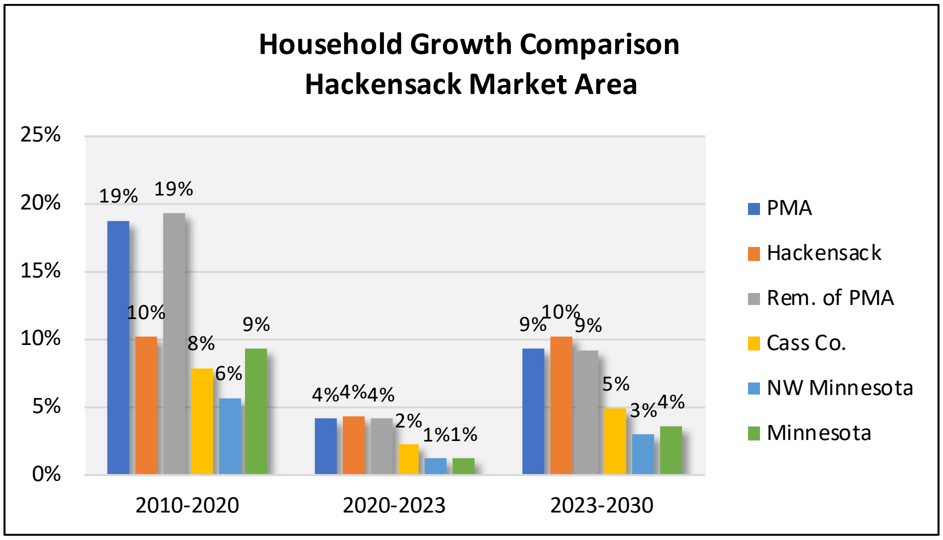
TABLE 1
POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
HACKENSACK MARKET AREA
2010 to 2030

	Census		Estimate	Forecast		Change					
						2010-2023		2023-2028		2028-2030	
	2010	2020	2023	2028	2030	No.	Pct.	No.	Pct.	No.	Pct.
Population											
Hackensack PMA	**5,614**	**6,270**	**6,513**	**6,928**	**7,092**	**899**	**16.0%**	**415**	**6.4%**	**164**	**2.4%**
Hackensack	*313*	*294*	*305*	*327*	*335*	*-8*	*-2.4%*	*21*	*6.9%*	*8*	*2.6%*
Remainder of PMA	*5,301*	*5,976*	*6,208*	*6,601*	*6,757*	*907*	*17.1%*	*394*	*6.3%*	*155*	*2.4%*
Cass County	28,567	30,066	30,702	31,757	32,153	2,135	7.5%	1,055	3.4%	396	1.2%
Northwest MN	553,805	575,441	581,760	593,857	598,099	27,955	5.0%	12,097	2.1%	4,242	0.7%
Minnesota	5,303,925	5,706,494	5,771,728	5,921,625	5,976,058	467,803	8.8%	149,897	2.6%	54,433	0.9%
Households											
Hackensack PMA	**2,534**	**2,891**	**3,009**	**3,210**	**3,288**	**475**	**18.7%**	**201**	**6.7%**	**78**	**2.4%**
Hackensack	*143*	*151*	*158*	*169*	*174*	*15*	*10.2%*	*12*	*7.4%*	*4*	*2.6%*
Remainder of PMA	*2,391*	*2,740*	*2,852*	*3,041*	*3,114*	*461*	*19.3%*	*189*	*6.6%*	*73*	*2.4%*
Cass County	11,948	12,614	12,890	13,349	13,521	942	7.9%	459	3.6%	172	1.3%
Northwest MN	224,890	234,970	237,643	242,747	244,621	12,753	5.7%	5,104	2.1%	1,875	0.8%
Minnesota	2,087,227	2,253,990	2,280,502	2,340,328	2,362,078	193,275	9.3%	59,827	2.6%	21,750	0.9%

Sources: US Census; MN State Demographic Center; ESRI; Maxfield Research & Consulting, LLC

- Between 2023 and 2030, the Minnesota State Demographer projects that Northwest Minnesota will experience 3.8% population growth, including 4.7% growth in Cass County.

- Based on the increasing proportion of Cass County's population residing in the PMA, we anticipate that the PMA will experience 8.9% population growth (578 people) and 9.3% household growth (279 households) between 2023 and 2030



- We understand that the City of Hackensack has established a goal of achieving a population growth rate of 5% annually over the next several years.

  - At this rate of growth, Hackensack would reach a population of 419 in 2030 (28% growth from 2023 to 2030), while the household base increases by 43.

- Our projections for Hackensack fall short of their growth rate goal of 5% per year, although we anticipate that Hackensack's population will increase 9.7%, with the addition of 30 people, between 2023 and 2030 against household growth of 10.2% (16 households). The Remainder of the PMA will experience 8.8% population growth (549) against 9.2% household growth (263) by 2030.

- **It's important to note that achieving any household growth will require available housing options in Hackensack. Population and household growth will depend on the addition of new housing units catering to a variety of household types, income levels, and age groups.**

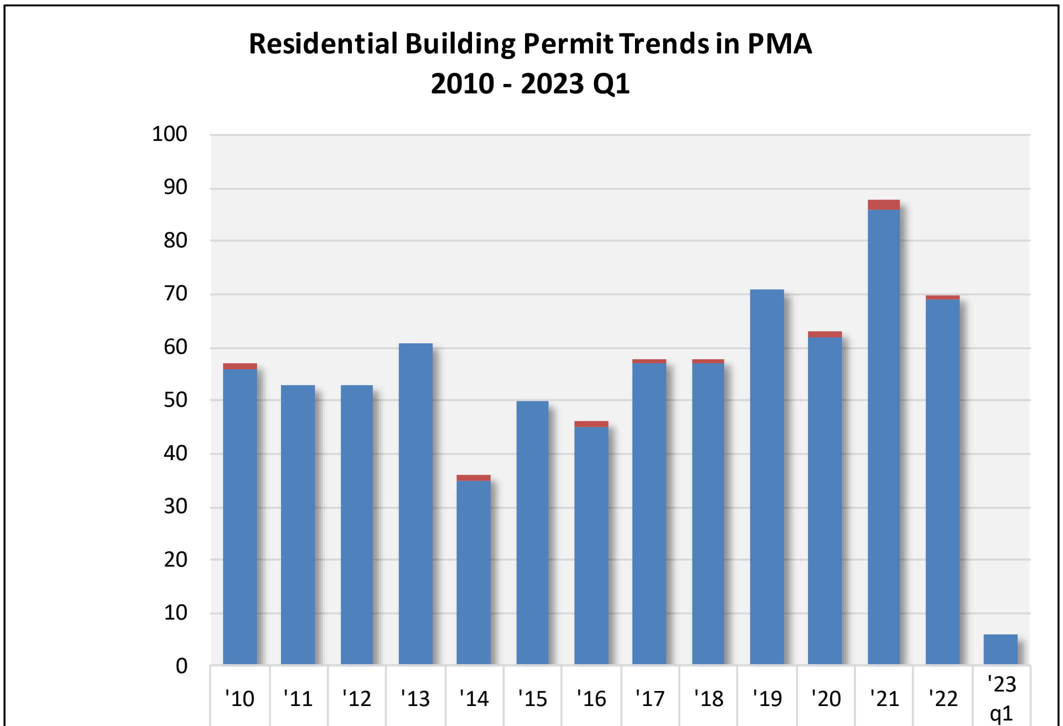
  - Growth will also be determined, in part, by increased or decreased hiring by area employers, so actual population and household growth could surpass (or trail) these projections depending on potential job growth as well as future housing development.

Residential Building Permit Trends

Building permit data presented below for the PMA was provided by the Cities of Hackensack and Backus along with the Cass County Environmental Services Department which provided permit data for the townships located in the PMA. Data represents new construction permits for housing units in the PMA. However, many of these new construction units may be vacation properties (i.e. seasonal cabins or second homes) which do not contribute to household growth in the area.

- From 2010 through the first quarter of 2023, 770 new housing units were permitted in the PMA, for an average of 59 new units per year.

- Residential development activity increased over the past five years, averaging 70 new units per year from 2018 through 2022, compared to 52 units per year between 2010 and 2017.



	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23 q1
Hackensack	1	0	0	0	1	0	1	1	1	0	1	2	1	0
Rem. of PMA	56	53	53	61	35	50	45	57	57	71	62	86	69	6

- Roughly 1% of the permitted units in the PMA since 2010 were located in Hackensack (nine new units), averaging less than one new unit per year.

- Permitting activity was strongest in Shingobee Township with 154 new housing units permitted, followed by Woodrow Township with 114. Hiram Township and Ponto Lake Township each had 94 units permitted since 2010.

Population Age Distribution

The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes.

Table 2 presents the age distribution of the Market Area population from 2010 to 2028. Information from 2010 is sourced from the U.S. Census. The 2023 estimates and projections for 2028 were based on data provided by ESRI with adjustments made by Maxfield Research to reflect current year data.

- In 2023, the largest adult cohort by age in Hackensack is 55 to 64, totaling an estimated 54 people (17.5% of the population), followed closely by the 65 to 74 age group with an estimated 50 people (16.5%).

- The 65 to 74 cohort is the largest age group in the PMA with 1,506 people (23.1% of the population), followed by the 55 to 64 age cohort with 1,217 people (18.7%). In Minnesota, age 25 to 34 is the largest cohort with 13.5% of the total population.

- The Market Area is expected to experience declines in the 55 to 64 age group between 2023 and 2028, contracting -1.4% in Hackensack, -8.3% in the PMA (-101 people), and -7.9% in Minnesota.

  - The decreases projected for the middle age population is a result of the comparatively small number of people who will move into this age group over the next five years due to the "baby bust" (a reference to the generation of children born between 1965 and 1980, an era when the United States' birthrate dropped sharply).

- Contraction is also forecast for younger adults in the Market Area between 2023 and 2028, as the 20 to 24 cohort is projected to decline -2.4% (-4 people), while the 25 to 34 age group contracts -8.2% (-37 people) in the PMA.

- Minnesota is projected to experience -1.0% contraction in the 20 to 24 age group and -1.4% contraction in the age 25 to 34 cohort.

- Solid growth is projected for the 35 to 44 age group as the peak of the "echo boom" (i.e. Millennial) generation moves through this age cohort.

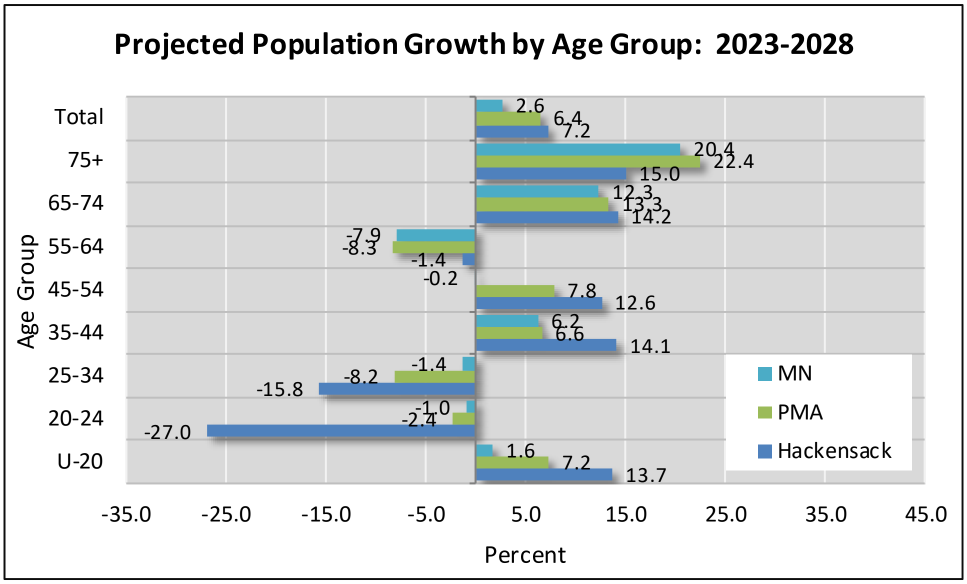
  - In the PMA, the age 35 to 44 cohort is projected to expand 6.6% between 2023 and 2028, adding 34 people, including 14.1% growth in Hackensack (four). The age 35 to 44 population in Minnesota is expected to increase 6.2%.

TABLE 2 POPULATION AGE DISTRIBUTION HACKENSACK MARKET AREA 2010 - 2028							
				Change			
	Census	Estimate	Projection	2010-2023		2023-2028	
Age	2010	2023	2028	No.	Pct.	No.	Pct.
Hackensack							
Under-20	72	57	64	-15	-21.2	8	13.7
20 to 24	19	10	7	-9	-49.3	-3	-27.0
25 to 34	25	28	23	3	11.3	-4	-15.8
35 to 44	40	26	29	-14	-35.8	4	14.1
45 to 54	41	39	43	-2	-6.0	5	12.6
55 to 64	37	54	53	17	44.6	-1	-1.4
65 to 74	41	50	57	9	22.7	7	14.2
75+	38	43	49	5	12.7	6	15.0
Total	**313**	**305**	**327**	**-8**	**-2.6**	**22**	**7.2**
Primary Market Area							
Under-20	1,075	1,110	1,190	35	3.2	80	7.2
20 to 24	194	186	182	-8	-3.9	-4	-2.4
25 to 34	403	451	414	48	11.8	-37	-8.2
35 to 44	479	516	549	37	7.6	34	6.6
45 to 54	831	675	728	-156	-18.7	53	7.8
55 to 64	1,100	1,217	1,116	117	10.7	-101	-8.3
65 to 74	1,034	1,506	1,706	472	45.7	200	13.3
75+	498	852	1,043	354	71.1	191	22.4
Total	**5,614**	**6,513**	**6,928**	**899**	**16.0**	**415**	**6.4**
Minnesota							
Under-20	1,431,211	1,421,956	1,445,358	-9,255	-0.6	23,402	1.6
20 to 24	355,651	365,902	362,153	10,251	2.9	-3,750	-1.0
25 to 34	715,586	777,979	767,152	62,393	8.7	-10,827	-1.4
35 to 44	681,094	751,875	798,208	70,781	10.4	46,334	6.2
45 to 54	807,898	687,892	686,360	-120,006	-14.9	-1,532	-0.2
55 to 64	629,364	767,834	707,012	138,470	22.0	-60,822	-7.9
65 to 74	354,427	578,589	649,878	224,162	63.2	71,289	12.3
75+	328,694	419,700	505,504	91,006	27.7	85,803	20.4
Total	**5,303,925**	**5,771,728**	**5,921,625**	**467,803**	**8.8**	**149,897**	**2.6**
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC							

- Growth is also expected for the 45 to 54 age group, expanding 7.8% (53 people) in the PMA between 2023 and 2028, including 12.6% growth in Hackensack (five). By comparison, age 45 to 54 is projected to contract -0.2% in Minnesota.

- Traditionally, the 35 to 44 and 45 to 54 age groups have been a target market for move-up ownership housing, although a higher proportion of these cohorts are now likely to rent their housing than in the past versus shifting over into the for-sale market due to lifestyle and economic factors.

- Strongest growth is expected to occur among older adults throughout the Market Area. Aging of baby boomers led to an increase of 472 people (46% growth) in the 65 to 74 population in the PMA between 2010 and 2022, including 23% growth in Hackensack (nine people).



- As baby boomers age, the 65 and older age cohorts are expected to increase over the next several years.

  – The 65 to 74 age group is projected to expand 13.3% in the PMA (200 people) including 14.2% growth in Hackensack (seven people) between 2023 and 2028. The 75 and older age group is projected to grow 22.4% in the PMA (191 people) and 15.0% in Hackensack (six people). These two age groups are projected to increase 12.3% and 20.4% in Minnesota, respectively.

- Based on age distribution projections for the PMA, demand growth is expected to be strongest for housing units catering to the senior population and move-up ownership housing. Although demand for other housing products will also be generated by turnover of existing households.

- Typical housing products sought by households in various age groups include:

  - Rental housing targeting the young adult (20 to 24 and 25 to 34) age groups
  - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group)
  - Entry-level ownership housing for first-time home buyers (age 25 to 34)
  - Move-up ownership housing for family households (age 35 to 54), and,
  - Age-restricted active adult or service-enhanced (i.e. assisted living) housing for seniors.

Household Income

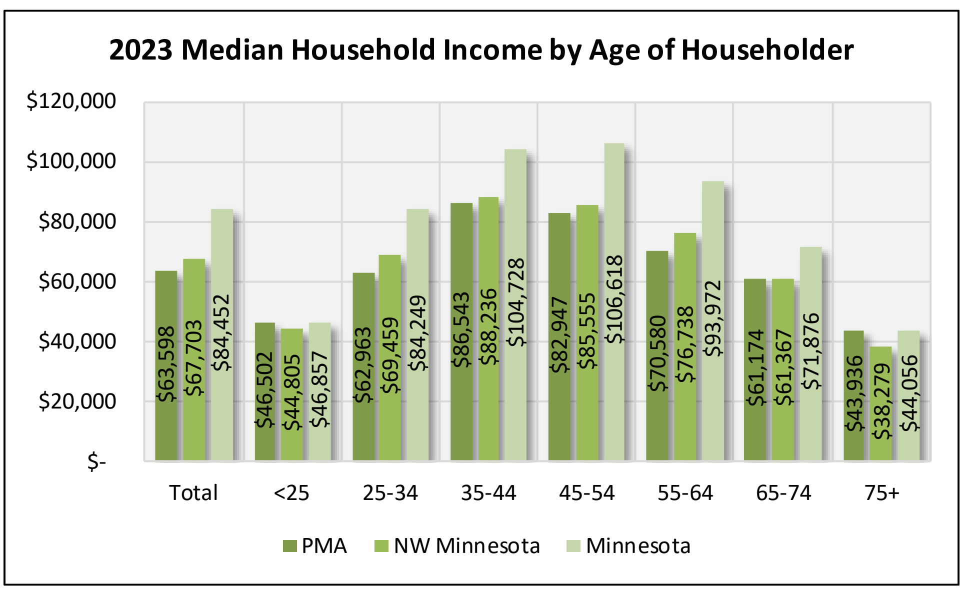
Household income data helps ascertain the demand for different types of housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the U.S. Department of Housing and Urban Development (HUD). Table 3 on the following page presents data on household income by age of householder for the PMA in 2023 and 2028. Information is estimated by ESRI and adjusted by Maxfield Research to reflect current year data.

- The 2023 median household income is estimated to be $63,598 in the PMA, roughly -6% lower than Northwest Minnesota ($67,703) and -33% lower than Minnesota ($84,452).

- By 2028, the median household income is expected to increase 14.6% to $72,879 in the PMA. The average annual increase (2.9%) will exceed the historic annual inflation rate of 2.5% over the past ten years, although it will trail the rapid inflation of 4.7% in 2021 and 8.0% in 2022.

  – By comparison, the median household income is projected to increase 3.1% annually in Northwest Minnesota while Minnesota experiences 3.2% annual increases in the median household income between 2023 and 2028.

- As households age through the lifecycle, incomes tend to peak in their 40s to early 50s. This trend is evident in the PMA as the age 35 to 44 cohort has the highest estimated income at $86,543 followed by the 45 to 54 age group at $82,947.



- Household growth is projected to be strongest among the highest income brackets in the PMA, as the total number of households with incomes of $100,000 or higher increases 38% (300 households) between 2023 and 2028.

TABLE 3
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
PRIMARY MARKET AREA
2023 & 2028

		Age of Householder						
	Total	**<25**	**25-34**	**35-44**	**45-54**	**55-64**	**65 -74**	**75+**
2023								
Less than $15,000	194	10	10	11	18	48	50	47
$15,000 to $24,999	237	3	13	11	16	43	63	88
$25,000 to $34,999	267	1	16	21	19	52	73	83
$35,000 to $49,999	440	13	30	24	37	77	149	110
$50,000 to $74,999	638	16	49	49	85	148	201	90
$75,000 to $99,999	446	2	32	44	58	116	128	66
$100,000 to $199,999	665	5	42	89	122	156	168	82
$200,000 or more	123	0	3	16	20	36	40	7
Total	**3,009**	**50**	**195**	**264**	**376**	**677**	**872**	**575**
Median Income	**$63,598**	**$46,502**	**$62,963**	**$86,543**	**$82,947**	**$70,580**	**$61,174**	**$43,936**
2028								
Less than $15,000	161	11	8	6	16	33	39	49
$15,000 to $24,999	174	4	7	7	11	25	48	74
$25,000 to $34,999	301	4	15	25	19	50	88	102
$35,000 to $49,999	493	13	30	20	32	71	186	141
$50,000 to $74,999	537	11	35	35	65	103	184	104
$75,000 to $99,999	455	2	30	39	64	98	145	77
$100,000 to $199,999	924	8	46	123	173	195	243	137
$200,000 or more	165	0	4	22	27	42	58	12
Total	**3,210**	**51**	**175**	**276**	**406**	**617**	**990**	**695**
Median Income	**$72,879**	**$42,244**	**$68,447**	**$106,835**	**$102,962**	**$83,284**	**$67,815**	**$48,349**
Change 2023 - 2028								
Less than $15,000	-33	1	-1	-5	-2	-15	-12	2
$15,000 to $24,999	-63	0	-6	-4	-6	-18	-15	-14
$25,000 to $34,999	35	2	-1	3	-1	-2	15	18
$35,000 to $49,999	53	-0	0	-4	-6	-6	37	31
$50,000 to $74,999	-101	-6	-14	-14	-19	-45	-17	14
$75,000 to $99,999	9	0	-2	-5	6	-18	16	11
$100,000 to $199,999	259	3	4	34	51	39	75	54
$200,000 or more	42	0	0	6	7	6	19	4
Total	**201**	**1**	**-20**	**11**	**31**	**-60**	**118**	**120**
Median Income	**$9,280**	**-$4,259**	**$5,484**	**$20,292**	**$20,015**	**$12,703**	**$6,641**	**$4,413**

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

- Based on the 2023 median household income in the PMA ($63,598), a household could afford an apartment unit renting for $1,590 per month. Based on the median household income by age group for general occupancy rental housing, rental rate affordability ranges from $1,163 per month for households under age 25 (median income of $46,502) to $2,164 for households in the 35 to 44 age group (median income of $86,543).

- The following figure illustrates affordable monthly rents by age group (based on 30% of median household income).

Rent Affordability by Age Group in PMA Based on Median Household Income		
Age Group	**Household Income**	**Affordable Rent**
Total	$63,598	$1,590
<25	$46,502	$1,163
25-34	$62,963	$1,574
35-44	$86,543	$2,164
45-54	$82,947	$2,074
55-64	$70,580	$1,765
65-74	$61,174	$1,529
75+	$43,936	$1,098

- As presented later in this report, the average market rate rental rate in the PMA is $913 per month. Based on this rent, a household will need to have an annual income of $36,520 or greater to not exceed 30% of its income on housing costs.

- In 2023, 2,268 PMA households (75% of the total) are estimated to have incomes of at least $36,520.

  – By 2027, total income-qualified households for existing market rate rental housing are projected to increase to 2,399 households (6% increase) after accounting for inflation.

- Growth among households income-qualified for market rate rental housing is expected to be strongest among the 65 to 74 age group, adding 79 households (12% growth), followed by the 75 and older age group with the addition of 75 households (22%).

- Income-qualified household growth is also projected for the age 45 to 54 cohort, adding 31 households (10%), as well as the 35 to 44 age group (12 households, 5% growth).

- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need to have a minimum annual income of roughly $102,926 to be income-qualified for a home purchased at the 2022 median resale price of $330,000 in the Hackensack area (30-year Fixed Rate Mortgage of 6.39%).

  – In 2023, an estimated 768 households in the PMA (26% of all households) have incomes of $102,926 or higher.

  – Shifting mortgage rates significantly impact housing affordability. For example, based on the average 30-year fixed rate mortgage of 4.04% over the past ten years, a household would need an income of $85,111 or higher to afford a home purchased at the median resale price in Hackensack. At that interest rate, the number of income-qualified households in the PMA increases to 1,056 in 2023 (35% of all households).

Household Income Limits for Affordable Housing

Table 4 presents income limits and maximum gross rents for Cass County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and published separately by Minnesota Housing based on the date a project is placed into service. This information is provided to illustrate the likely income bands for households targeted by potential workforce housing units in Hackensack. Moderate-income housing, often referred to as "workforce housing," is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. Individual properties, however, may have income restrictions set anywhere from 30% to 80% of AMI. For example, a 30% limit generally applies to public housing or project-based Section 8 housing, while Low Income Housing Tax Credit (LIHTC) properties are often restricted to households earning 40% to 60% AMI.

TABLE 4
2022 INCOME LIMITS
CASS COUNTY
Effective Date: 04/18/2022

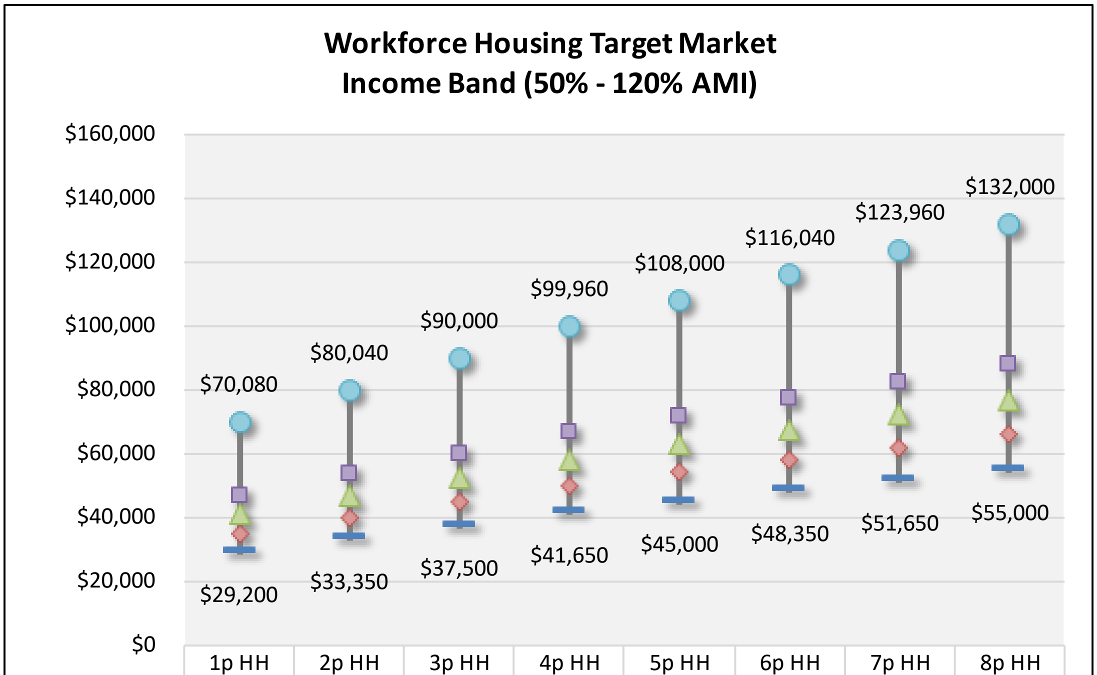
	-----Income Limits by Household Size-----							
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
20% AMI	$11,680	$13,340	$15,000	$16,660	$18,000	$19,340	$20,660	$22,000
30% AMI	$17,520	$20,010	$22,500	$24,990	$27,000	$29,010	$30,990	$33,000
40% AMI	$23,360	$26,680	$30,000	$33,320	$36,000	$38,680	$41,320	$44,000
50% AMI	$29,200	$33,350	$37,500	$41,650	$45,000	$48,350	$51,650	$55,000
60% AMI	$35,040	$40,020	$45,000	$49,980	$54,000	$58,020	$61,980	$66,000
70% AMI	$40,880	$46,690	$52,500	$58,310	$63,000	$67,690	$72,310	$77,000
80% AMI	$46,720	$53,360	$60,000	$66,640	$72,000	$77,360	$82,640	$88,000
120% AMI	$70,080	$80,040	$90,000	$99,960	$108,000	$116,040	$123,960	$132,000

	-----Maximum Gross Rents by Bedroom Size-----					
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR
20% AMI	$292	$312	$375	$433	$483	$533
30% AMI	$438	$469	$562	$649	$725	$799
40% AMI	$584	$625	$750	$866	$967	$1,066
50% AMI	$730	$781	$937	$1,083	$1,208	$1,333
60% AMI	$876	$938	$1,125	$1,299	$1,450	$1,599
70% AMI	$1,022	$1,094	$1,312	$1,516	$1,692	$1,866
80% AMI	$1,168	$1,251	$1,500	$1,733	$1,934	$2,133
120% AMI	$1,752	$2,001	$2,250	$2,499	$2,700	$2,901

Note: For projects placed in service on or after 04/1/2021

Sources: Minnesota Housing; HUD; Novogradac; Maxfield Research & Consulting, LLC

- A housing development offering unit types ranging from studio to four-bedroom units targeting one- to eight-person households at 50% to 120% AMI (i.e. workforce housing) would have a target market income band as shown in the following figure.



	1p HH	2p HH	3p HH	4p HH	5p HH	6p HH	7p HH	8p HH
50% AMI	$29,200	$33,350	$37,500	$41,650	$45,000	$48,350	$51,650	$55,000
60% AMI	$35,040	$40,020	$45,000	$49,980	$54,000	$58,020	$61,980	$66,000
70% AMI	$40,880	$46,690	$52,500	$58,310	$63,000	$67,690	$72,310	$77,000
80% AMI	$46,720	$53,360	$60,000	$66,640	$72,000	$77,360	$82,640	$88,000
120% AMI	$70,080	$80,040	$90,000	$99,960	$108,000	$116,040	$123,960	$132,000

- As shown, workforce housing household incomes range from a low of $29,200 for a one-person household in a studio or one-bedroom unit at 50% AMI to $132,000 for an eight-person household in a four-bedroom unit at 120% AMI.

- As of 2023, an estimated 1,888 PMA households have incomes in the 50% to 120% AMI range, representing 63% of all households.

- For workforce rental housing, to maintain affordability, maximum gross rents at 50% AMI range from $730 per month for a studio unit to $1,208 per month for a four-bedroom unit. At 120% AMI, maximum gross rents range from $1,752 for a studio unit to $2,700 for a four-bedroom unit.

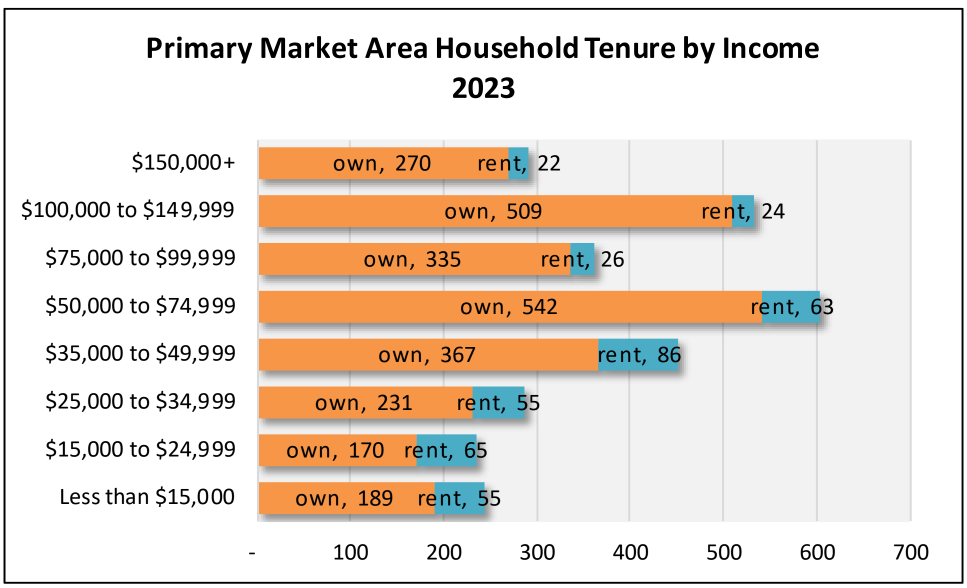
Household Tenure by Income

Table 5 shows estimated household tenure by income in the Market Area in 2023. Data is based on an estimate from the 2017-2021 American Community Survey and adjusted by Maxfield Research to reflect current year data.

As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. The higher the income, the lower the percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years generally allocate 20% to 25% of their income to housing.

- Typically, as income increases, so does the rate of homeownership. This can be seen in Hackensack, where the homeownership rate increases from 53% of households with incomes below $15,000 to 100% of the households with incomes above $150,000.

- In the PMA, 93% of households with incomes above $150,000 were homeowners, while 78% of households with incomes less than $15,000 owned. In Minnesota, 93% of households with incomes above $150,000 were homeowners compared to 37% of households with incomes below $15,000.



- Among owner households in the PMA, the highest proportion had incomes of $50,000 to $74,999 (21% of all owner households), followed closely by households with incomes in the $100,000 and $149,999 (20%) range.

- The highest proportion of renter households had incomes in the $35,000 to $49,999 range in the PMA (22% of all renter households), followed by the $15,000 to $24,999 range (16% of renter households).

- A portion of renter households that are referred to as lifestyle renters (those who are financially able to own but choose to rent) often have household incomes of $50,000 or higher and rent newer apartments, although lifestyle renters could also have lower incomes and be living in older apartments.

  – An estimated 34% of renter households in the PMA had incomes of $50,000 or more compared to 44% of households in Minnesota.

- An estimated 222 renter households and 1,704 owner households in the PMA have incomes in the $29,200 to $132,000 (i.e. the target market for workforce housing), which represents roughly 56% of all renter households in the PMA and 65% of all owner households.

TABLE 5
TENURE BY HOUSEHOLD INCOME
HACKENSACK MARKET AREA
2023

	Hackensack		Primary Market Area		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households						
Less than $15,000	6	52.6	189	77.5	59,122	36.5
$15,000 to $24,999	9	23.5	170	72.4	65,805	45.5
$25,000 to $34,999	13	39.1	231	80.8	85,594	53.1
$35,000 to $49,999	8	56.4	367	81.0	148,960	60.1
$50,000 to $74,999	20	79.1	542	89.6	269,202	69.6
$75,000 to $99,999	5	52.6	335	92.7	248,708	78.0
$100,000 to $149,999	13	100.0	509	95.5	372,053	86.4
$150,000+	15	100.0	270	92.5	397,944	92.9
Subtotal:	*87*	*55.4*	*2,613*	*86.8*	*1,647,388*	*72.2*
Renter Households						
Less than $15,000	5	47.4	55	22.5	102,882	63.5
$15,000 to $24,999	30	76.5	65	27.6	78,716	54.5
$25,000 to $34,999	20	60.9	55	19.2	75,523	46.9
$35,000 to $49,999	6	43.6	86	19.0	98,703	39.9
$50,000 to $74,999	5	20.9	63	10.4	117,718	30.4
$75,000 to $99,999	4	47.4	26	7.3	70,332	22.0
$100,000 to $149,999	-	0.0	24	4.5	58,698	13.6
$150,000+	-	0.0	22	7.5	30,543	7.1
Subtotal:	*70*	*44.6*	*396*	*13.2*	*633,114*	*27.8*
Total Households	***158***	***100***	***3,009***	***100***	***2,280,502***	***100***

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

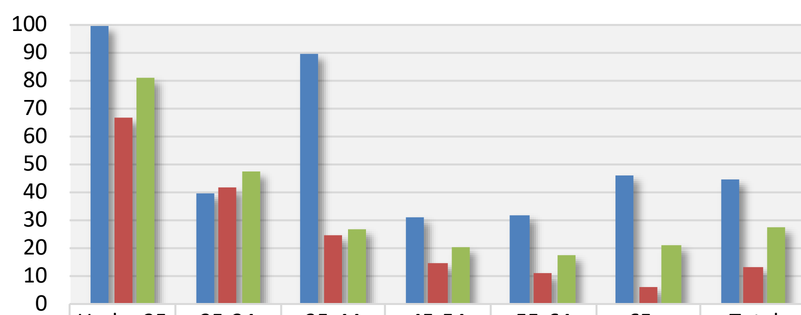
Household Tenure by Age

Table 6 shows household tenure by age of householder for the Market Area in 2010 and 2023. Data for 2010 is obtained from the Decennial Census, while the 2023 data is based on the 2017-2021 American Community Survey and adjusted by Maxfield Research to reflect current year household estimates. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes any unoccupied housing units and group quarters such as dormitories and nursing homes.

Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

- In Hackensack, 56% of all households own in 2023, giving it a homeownership rate that is lower than the PMA (87%) and Minnesota (72%).
  - Within the prime ownership years (35 to 64), 57% of households in Hackensack own in 2023, compared to 85% in the PMA and 79% in the State.
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among the younger Market Area households as 44% of households under the age of 35 rent in Hackensack compared to 47% of householders in the PMA and 54% in Minnesota.

Household Tenure by Age of Householder
Percentage of Renters in 2023



	Under 25	25-34	35-44	45-54	55-64	65 +	Total
Hackensack	100	40	90	31	32	46	44
PMA	67	42	24	15	11	6	13
Minnesota	81	47	27	20	17	21	28

- All households under age 25 rent in Hackensack, compared to 67% in the PMA and 81% in Minnesota. The percentage of renters in the 25 to 34 age group drops to 40% in Hackensack, 42% in the PMA, and 47% in the State.

TABLE 6
TENURE BY AGE OF HOUSEHOLDER
HACKENSACK MARKET AREA
2010 & 2023

		City of Hackensack				Primary Market Area				Minnesota			
		2010		2023		2010		2023		2010		2023	
Age		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	0	0.0	0	0.0	29	41.4	17	33.3	19,639	19.8	17,744	19.1
	Rent	13	100.0	1	100.0	41	58.6	33	66.7	79,588	80.2	75,124	80.9
	Total	**13**	**100.0**	**1**	**100.0**	**70**	**100.0**	**50**	**100.0**	**99,227**	**100.0**	**92,868**	**100.0**
25-34	Own	4	40.0	8	60.0	109	65.3	113	58.0	192,401	56.1	189,473	52.8
	Rent	6	60.0	5	40.0	58	34.7	82	42.0	150,477	43.9	169,683	47.2
	Total	**10**	**100.0**	**13**	**100.0**	**167**	**100.0**	**195**	**100.0**	**342,878**	**100.0**	**359,156**	**100.0**
35-44	Own	14	70.0	2	10.0	176	73.6	200	75.6	276,241	75.0	291,385	73.3
	Rent	6	30.0	14	90.0	63	26.4	64	24.4	91,851	25.0	106,259	26.7
	Total	**20**	**100.0**	**15**	**100.0**	**239**	**100.0**	**264**	**100.0**	**368,092**	**100.0**	**397,644**	**100.0**
45-54	Own	14	50.0	17	69.0	402	85.2	320	85.1	374,959	81.7	301,623	80.0
	Rent	14	50.0	8	31.0	70	14.8	56	14.9	83,878	18.3	75,421	20.0
	Total	**28**	**100.0**	**25**	**100.0**	**472**	**100.0**	**376**	**100.0**	**458,837**	**100.0**	**377,044**	**100.0**
55-64	Own	15	60.0	25	68.3	571	92.2	603	89.1	317,264	84.7	361,640	82.7
	Rent	10	40.0	12	31.7	48	7.8	74	10.9	57,304	15.3	75,680	17.3
	Total	**25**	**100.0**	**36**	**100.0**	**619**	**100.0**	**677**	**100.0**	**374,568**	**100.0**	**437,320**	**100.0**
65 +	Own	34	72.3	36	53.8	908	93.9	1,361	94.0	343,355	77.4	485,522	78.8
	Rent	13	27.7	31	46.2	59	6.1	86	6.0	100,270	22.6	130,948	21.2
	Total	**47**	**100.0**	**66**	**100.0**	**967**	**100.0**	**1,447**	**100.0**	**443,625**	**100.0**	**616,470**	**100.0**
TOTAL	Own	81	56.6	87	55.5	2,195	86.6	2,613	86.9	1,523,859	73.0	1,647,388	72.2
	Rent	62	43.4	70	44.5	339	13.4	396	13.1	563,368	27.0	633,114	27.8
	Total	**143**	**100.0**	**158**	**100.0**	**2,534**	**100.0**	**3,009**	**100.0**	**2,087,227**	**100.0**	**2,280,502**	**100.0**

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

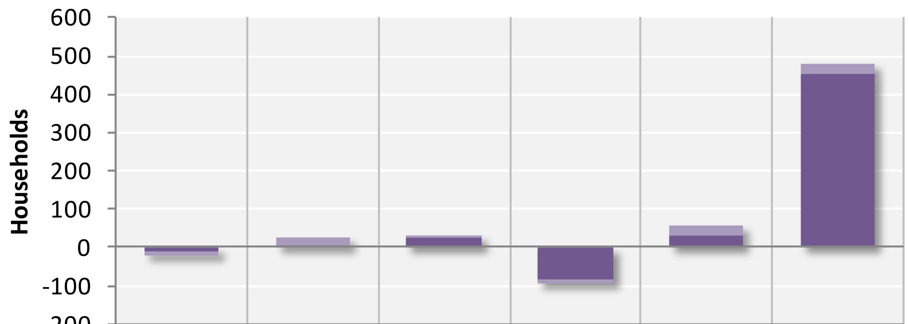
- Renter households in the PMA grew by an estimated 57 between 2010 and 2023, an increase of 17%, while the number of owner-occupied households expanded 19% (418 households).

  – Renter household growth occurred among most age groups between 2010 and 2023, with the strongest growth occurring in the 65 and older age group, along with the 55 to 64 and the 25 to 34 age groups.

  – The largest increase in owner households occurred in the 65 and older age group, followed by the 55 to 64 and 35 to 44 age groups.

- As depicted in the following chart, the largest overall increase occurred in the 65 and older age group in the PMA, with the addition of 453 owner households (50% growth) and a 46% increase in renter households (27).

Household Growth by Age Group and Tenure
Primary Market Area (2010-2023)



	Under 25	25-34	35-44	45-54	55-64	65+
Rent	-8	24	1	-14	26	27
Own	-12	4	24	-82	32	453

- Growth also occurred in the 55 to 64 age group, adding 32 owner households (6% growth) and 26 renter households (46% growth), the 25 to 34 age group with the addition of four owner households (4%) and 24 renter households (41%), and the 35 to 44 age group with the addition of 24 owner households (13% growth) and one renter household (2%).

- Contraction occurred in the 45 to 54 age group, as owner households decreased -20% (-80 households) while renter households declined -20% (-14 households) in the PMA.

- The under-25 age group contracted by -20 households (-29%), including a -43% decrease in owner households (-12 households) and a decline of eighter renter households (-19%).

Household Type

Table 7 shows household type trends in Hackensack and the PMA compared to Minnesota in 2010 and 2023. Data for 2010 is obtained from the Decennial Census, while the 2023 data is based on the 2017-2021 American Community Survey and adjusted by Maxfield Research to reflect current year household estimates. Shifting household types can stimulate demand for a variety of housing products.

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

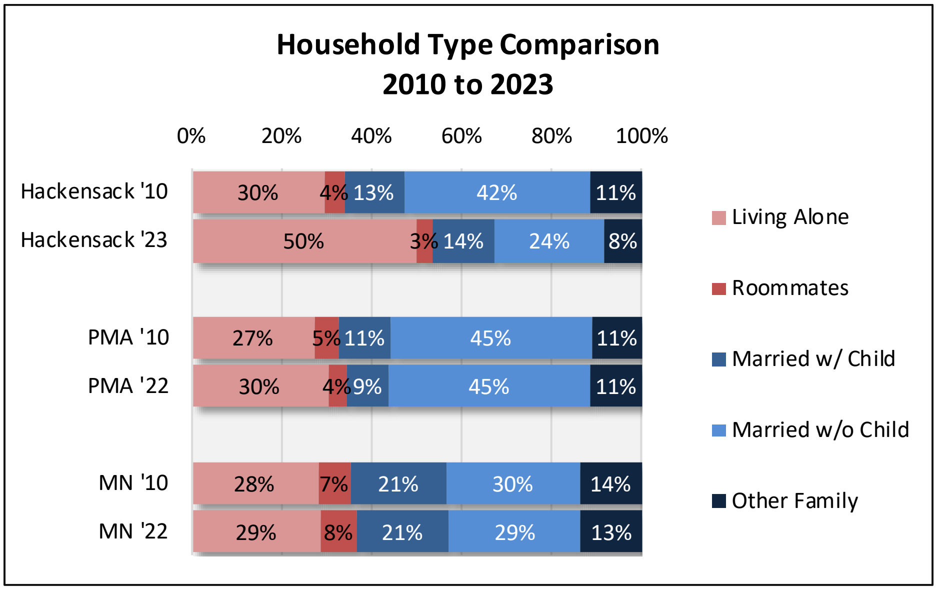
TABLE 7
HOUSEHOLD TYPE
HACKENSACK MARKET AREA
2010 & 2023

	Hackensack		Primary Market Area		Minnesota	
	2010	2023	2010	2023	2010	2023
Total Households	**143**	**158**	**2,534**	**3,009**	**2,087,227**	**2,280,502**
Non-Family Households	**48**	**84**	**831**	**1,041**	**738,212**	**832,636**
Living Alone	42	79	693	909	584,008	657,516
Other (Roommates)	6	5	139	132	154,204	175,120
Family Households	**94**	**74**	**1,703**	**1,968**	**1,349,015**	**1,447,866**
Married w/ Children	19	22	286	274	443,212	471,924
Married w/o Children	59	38	1,137	1,350	617,297	668,836
Other Family	16	13	281	344	288,506	307,105
Change (2010 - 2023)	**Hackensack**		**Primary Market Area**		**Minnesota**	
	No.	Pct.	No.	Pct.	No.	Pct.
Total Households	**15**	**10.5%**	**475**	**18.7%**	**193,275**	**9.3%**
Non-Family Households	**36**	**74.6%**	**209**	**25.2%**	**94,424**	**12.8%**
Living Alone	37	86.3%	216	31.2%	73,508	12.6%
Other (Roommates)	-1	-8.6%	-7	-5.1%	20,916	13.6%
Family Households	**-21**	**-22.1%**	**265**	**15.6%**	**98,851**	**7.3%**
Married w/ Children	3	15.5%	-12	-4.1%	28,712	6.5%
Married w/o Children	-21	-35.3%	213	18.8%	51,539	8.3%
Other Family	-3	-17.7%	63	22.6%	18,599	6.4%

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

- In Hackensack, single-person households are estimated to be the most common household type in 2023 (50% of all households), followed by married couple households without children (24%).

- Married couple without children households are the most common household type in the PMA (45% of all households), followed by single-person households (30%). Married couples without children are also the most common household type in Minnesota (29%).



- In 2023, family households comprise an estimated 46.5% of all households in Hackensack compared to 65.4% in the PMA and 63.5% in Minnesota.

- Family households experienced growth between 2010 and 2023 in the PMA, increasing by an estimated 265 households (16%), despite a -22% decline in Hackensack (-21 households). In Minnesota, the presence of family households increased 7% from 2010 to 2023.

  - The PMA experienced a 19% increase in the number of married couples without children after adding 213 households between 2010 and 2023, while the number of married couples with children contracted -4% (-12 households). Other family households increased 22.6% (63 households).

- Between 2010 and 2023, non-family households expanded 25% (209 households) in the PMA, including a 75% increase in Hackensack (36 households). Nonfamily households increased 13% in Minnesota during that time period.

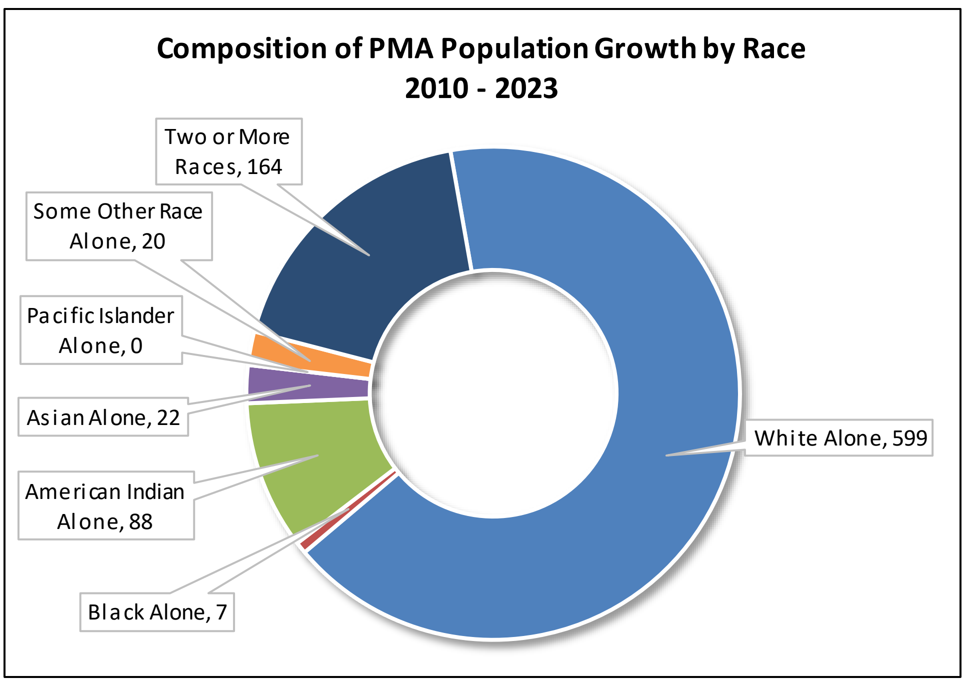
  - The number of single-person households expanded 31% (216 households) in the PMA between 2010 and 2023 against a -4% decline in roommate households (-12 households).

Race and Ethnicity

Table 8 on the following page displays the breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2010 to 2023. Information for 2010 is obtained from the Decennial Census, while the 2023 data is sourced from ESRI and adjusted by Maxfield Research to reflect current population estimates.

Federal standards mandate that race and ethnicity are separate and distinct identities and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; "Hispanic or Latino" origin or "Not Hispanic or Latino." In addition, a person can self-identify as having one or more racial identity, including "White," "Black or African American," "American Indian or Alaska Native," "Asian," and "Native Hawaiian or Other Pacific Islander." Respondents could also identify as being "Some Other Race."

- In 2023, "White Alone" comprises the largest proportion of the PMA's population, at an estimated 86% compared to 77% in Minnesota. In the PMA, people identified as American Indian or Two or More Races were the second and third most populous groups with 529 people (8%) and 278 people (4%), respectively.
- Based on ESRI's estimates, most races experienced population growth between 2010 and 2023 in the PMA. As depicted below, population growth was largest among White Alone, expanding by 599 people, followed by growth among individuals identified as Two or More Races (164 people) and American Indian Alone (88 people).



- Across Minnesota, population growth occurred among all races except for White Alone, which contracted -2% in the State. Largest growth in the State occurred among people identified as Two or More Races, followed by Black Alone, Asian Alone, and Some Other Race Alone.

- The number of people self-identifying as being of Hispanic or Latino origin, which represents 1% of the population in the PMA, expanded between 2010 and 2023 with the addition of 20 people (36% growth).

- In Minnesota, people identifying as being Hispanic or Latino represents an estimated 6% of the population after experiencing 41% growth between 2010 and 2023.

- Based on 2017-2021 American Community Survey estimates, approximately 89% of White Alone households in the PMA own their housing while the remaining 11% rent. The home ownership rate declines to 68% for all other races in the PMA, with American Indian Alone households having the lowest home ownership rate (62%).

TABLE 8
POPULATION DISTRIBUTION BY RACE & ETHNICITY
HACKENSACK MARKET AREA

		2010		2023		Change ('10 - '23)	
		No.	Pct.	No.	Pct.	No.	Pct.
Primary Market Area	**Population by Race**	**5,614**	**100.0%**	**6,513**	**100.0%**	**899**	**16%**
	White Alone	5,029	89.6%	5,628	86.4%	599	12%
	Black Alone	6	0.1%	13	0.2%	7	114%
	American Indian Alone	441	7.9%	529	8.1%	88	20%
	Asian Alone	15	0.3%	37	0.6%	22	150%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	8	0.1%	28	0.4%	20	248%
	Two or More Races	114	2.0%	278	4.3%	164	143%
	Population by Ethnicity	**5,614**	**100.0%**	**6,513**	**100.0%**	**899**	**16%**
	Hispanic or Latino	55	1.0%	75	1.1%	20	36%
	Not Hispanic or Latino	5,559	99.0%	6,438	98.9%	879	16%
Minnesota	**Population by Race**	**5,303,925**	**100.0%**	**5,771,728**	**100.0%**	**467,803**	**9%**
	White Alone	4,524,062	85.3%	4,444,776	77.0%	-79,286	-2%
	Black Alone	274,412	5.2%	409,532	7.1%	135,120	49%
	American Indian Alone	60,916	1.1%	69,589	1.2%	8,673	14%
	Asian Alone	214,234	4.0%	308,661	5.3%	94,427	44%
	Pacific Islander Alone	2,156	0.0%	2,972	0.1%	816	38%
	Some Other Race Alone	103,000	1.9%	174,396	3.0%	71,396	69%
	Two or More Races	125,145	2.4%	361,803	6.3%	236,658	189%
	Population by Ethnicity	**5,303,925**	**100.0%**	**5,771,728**	**100.0%**	**467,803**	**9%**
	Hispanic or Latino	250,258	4.7%	353,628	6.1%	103,370	41%
	Not Hispanic or Latino	5,053,667	95.3%	5,418,100	93.9%	364,433	7%

Sources: US Census Bureau; ESRI; Maxfield Research & Consulting, LLC

Employment Trends & Commuting Patterns

Employment characteristics are relevant when evaluating housing needs in any given market area. These trends warrant consideration since employment growth often fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households will commute greater distances to work if their housing is affordable enough to offset the additional transportation costs or if suitable housing is not available in their employer's community.

Resident Employment

Table 9 shows information on the resident labor force and employment in Cass County compared to Northwest Minnesota and State of Minnesota. The data is sourced from the Minnesota Department of Employment and Economic Development.

Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

TABLE 9
LABOR FORCE AND RESIDENT EMPLOYMENT TRENDS
HACKENSACK MARKET AREA
2010 through 2022

	Cass County			Northwest Minnesota			Minnesota		
Year	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate
2022	**14,729**	**14,110**	**4.2%**	**305,175**	**295,521**	**3.2%**	**3,077,500**	**2,994,919**	**2.7%**
2021	15,598	14,909	4.4%	296,993	286,332	3.6%	3,039,322	2,924,147	3.8%
2020	14,551	13,194	9.3%	305,387	286,411	6.2%	3,134,160	2,938,014	6.3%
2019	14,590	13,735	5.9%	305,222	291,506	4.5%	3,108,681	3,007,373	3.3%
2018	14,370	13,579	5.5%	301,492	289,039	4.1%	3,075,089	2,982,657	3.0%
2017	14,417	13,550	6.0%	301,963	288,485	4.5%	3,071,005	2,963,829	3.5%
2016	14,195	13,229	6.8%	301,358	286,781	4.8%	3,023,110	2,906,348	3.9%
2015	14,026	13,092	6.7%	300,114	286,308	4.6%	3,005,413	2,891,672	3.8%
2014	13,987	12,994	7.1%	296,478	281,677	5.0%	2,979,798	2,852,487	4.3%
2013	13,991	12,842	8.2%	295,423	278,296	5.8%	2,961,728	2,812,452	5.0%
2012	13,852	12,623	8.9%	296,305	277,609	6.3%	2,949,769	2,783,181	5.6%
2011	14,149	12,730	10.0%	297,942	276,195	7.3%	2,952,527	2,760,399	6.5%
2010	14,383	12,864	10.6%	297,986	274,362	7.9%	2,940,816	2,723,025	7.4%

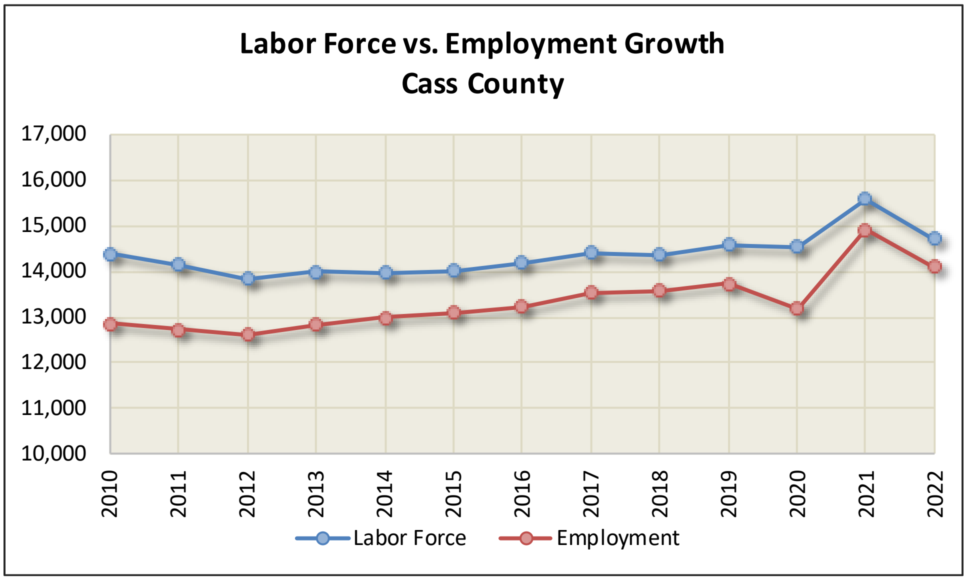
Sources: Minnesota DEED; Maxfield Research & Consulting, LLC

- In 2022, Cass County had an annual labor force of 14,729 with 14,110 employed residents, which equates to a 4.2% unemployment rate. By comparison, 2022 unemployment rates were at 3.2% in Northwest Minnesota and 2.7% in Minnesota.

- Cass County's labor force expanded 2.4% between 2010 and 2022 (346), while resident employment increased 9.7% (1,246).

  – By comparison, the labor force in Northwest Minnesota also increased 2.4% from 2010 to 2022 against resident employment growth of 7.7%. Minnesota's labor force expanded 4.6% during that time, while resident employment in the State increased 10.0%.

- Cass County's labor force increased at an average annual rate of 0.1% from 2010 through 2020 before declining -5.6% in 2022 after climbing 7.2% in 2021. Resident employment growth outpaced labor force growth, averaging 0.3% annual growth from 2010 through 2020. Resident employment jumped 13.0% in 2021 but decreased -5.4% in 2022.



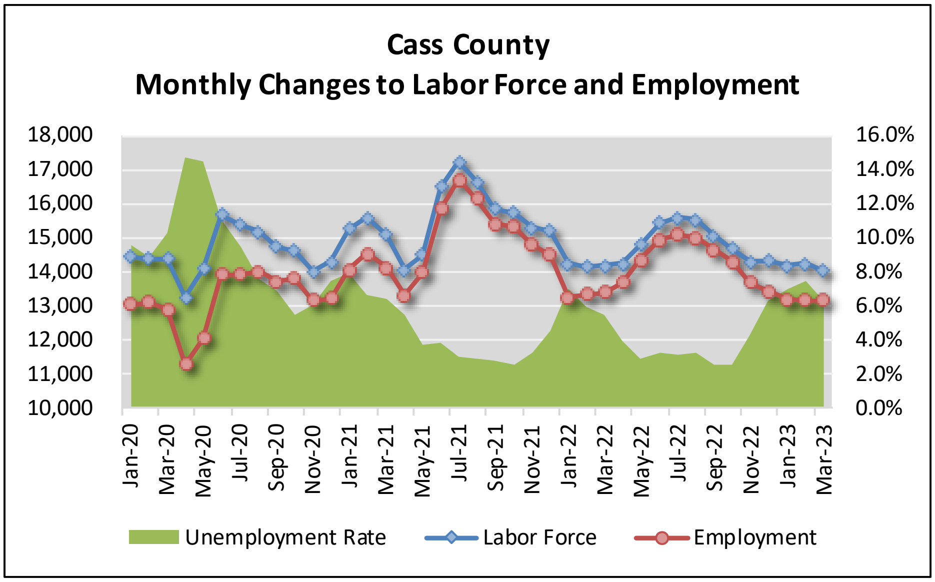
- Because resident employment growth has outpaced labor force growth, Cass County unemployment rates dropped from 10.6% in 2010 to 4.2% in 2022.

- Increased hiring drove the unemployment rate down throughout the Market Area from 2010 through 2019 as growth in the number of employed residents outpaced labor force growth. Resident employment however, declined -3.9% in Cass County compared to declines of -1.7% in Northwest Minnesota and -2.3% in Minnesota during 2020 due to the COVID-19 pandemic and subsequent economic recession.

- Due to the number of job losses related to the COVID-19 pandemic, unemployment rates increased during the first half of 2020.

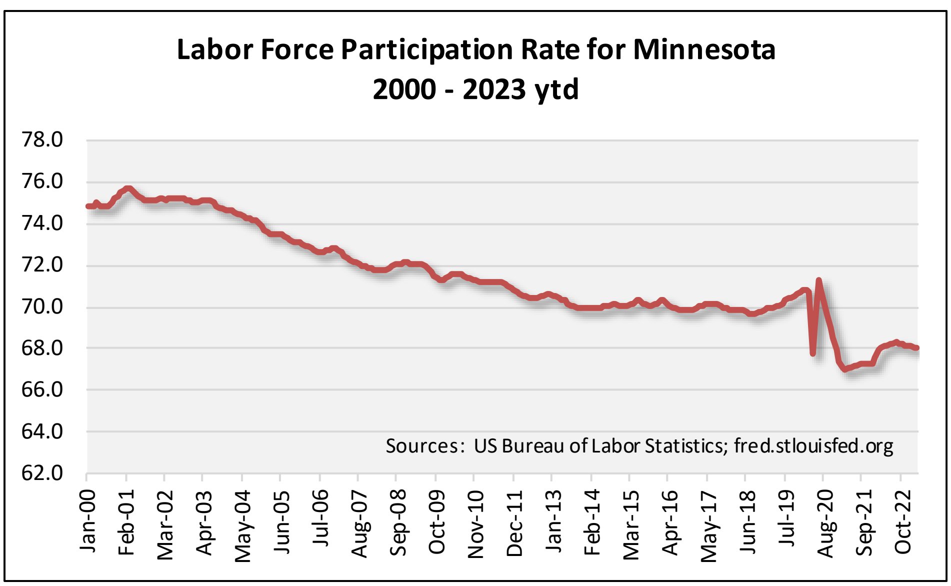
  – The unemployment rate peaked at 14.8% in the County in April 2020, compared to peaks of 9.1% in Northwest Minnesota, 10.9% in Minnesota, and 14.4% in the United States.

- Monthly unemployment rates declined in the Market Area since spiking during the spring of 2020, decreasing to 2.6% in Cass County during October 2022, before climbing back to 6.3% as of March 2023.



- Decreasing labor force participation has contributed to the declining unemployment rates. In Minnesota, the labor force participation rate declined to a low of 67.0% in March 2021, the lowest participation rate since March 1977 (66.8%). The labor force participation rate was at 68.0% as of March 2023 in Minnesota compared to 62.6% nationally.

- The decline was due to several factors, notably an aging population but also by workers being forced out of the labor market, children needing to attend school from home, and increased unemployment benefits, among others.



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets. For this analysis, we reviewed commuting pattern data for the PMA from the U.S. Census Bureau Local Employment Dynamics data for 2020, the most recent data available.

Table 10 provides a summary of the inflow and outflow characteristics of the workers in the PMA. Outflow reflects the number of workers living in the area but employed outside, while inflow measures the number of workers that are employed in the area but live outside. Interior flow reflects the number of workers that live and work in the PMA.

- Approximately 1,360 workers come into the PMA for employment daily (inflow), while 1,703 resident workers commute out of the area (outflow). An estimated 432 people both live and work in the PMA (interior flow).

- Roughly 76% of the jobs in the PMA are filled by workers commuting into the area. The highest proportion of workers coming into the area are aged 30 to 54 and earn more than $3,333 per month ($40,000 per year). The "All Other Services" sector brings in most of the employees (56%).

TABLE 10
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
HACKENSACK PMA
2020

	Outflow		Inflow		Interior Flow	
All Jobs	**1,703**	**100%**	**1,360**	**100%**	**432**	**100%**
By Age						
Workers Aged 29 or younger	325	19.1%	316	23.2%	95	22.0%
Workers Aged 30 to 54	802	47.1%	680	50.0%	194	44.9%
Workers Aged 55 or older	576	33.8%	364	26.8%	143	33.1%
By Monthly Wage						
Workers Earning $1,250/month or less	468	27.5%	543	39.9%	189	43.8%
Workers Earning $1,251 to $3,333/month	533	31.3%	393	28.9%	134	31.0%
Workers Earning More than $3,333/month	702	41.2%	424	31.2%	109	25.2%
By Industry						
"Goods Producing"	256	15.0%	437	32.1%	132	30.6%
"Trade, Transportation, and Utilities"	335	19.7%	167	12.3%	74	17.1%
"All Other Services"*	1,112	65.3%	756	55.6%	226	52.3%

*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC

- Overall, the PMA is an exporter of workers as a higher number of residents commute out of the area for employment than nonresident workers commute into the PMA.

- However, with 1,360 workers commuting into the PMA for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

- While data does not yet fully reflect impacts on commuting patterns post-pandemic, we anticipate that with potential shifts in work locations long-term for some worker segments (i.e. increased telecommuting) more people are likely to consider working remotely which would impact commuting patterns.

2020 Commuting Pattern
Primary Market Area

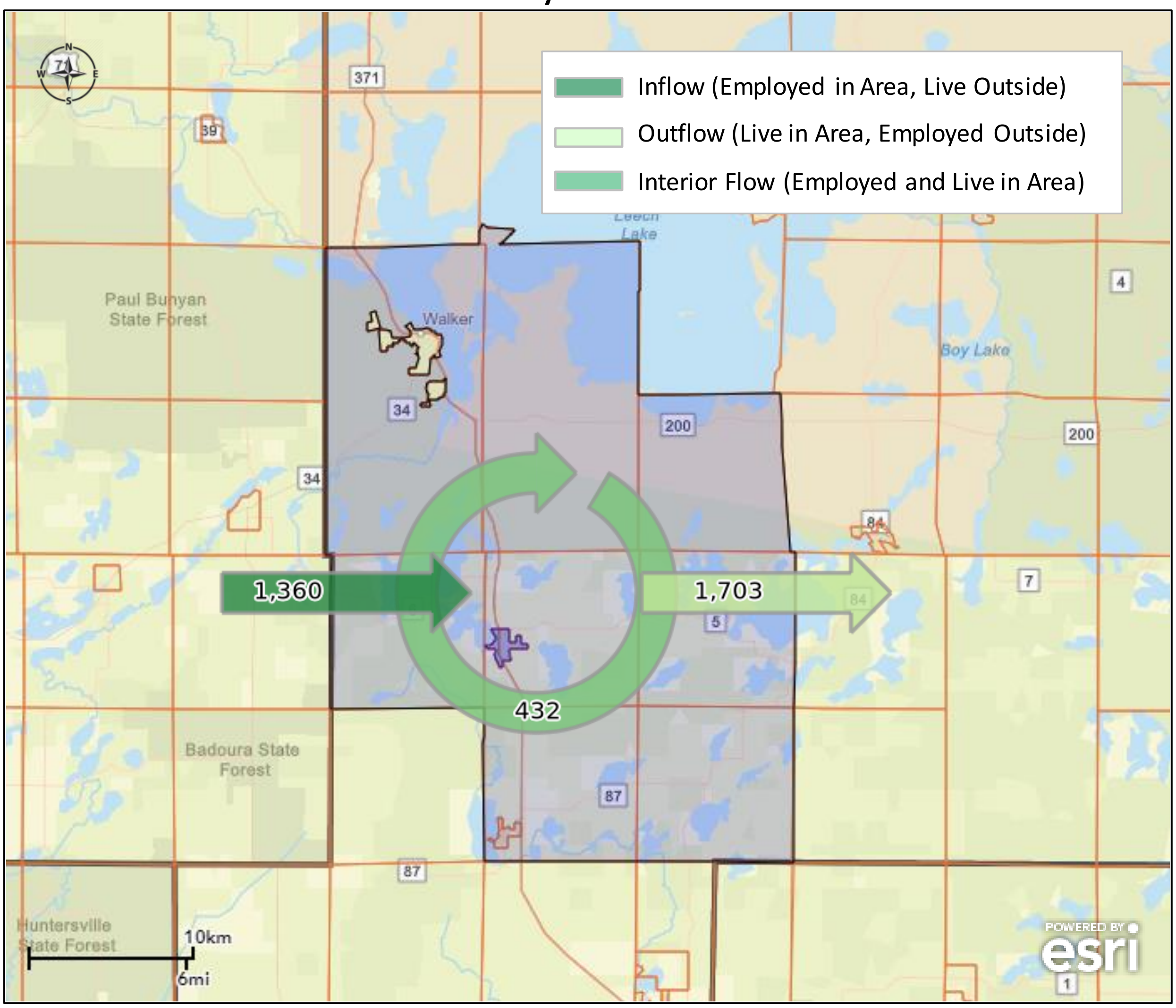


Table 11 highlights the commuting patterns, including distance and destination, of workers in the PMA based on data from the U.S. Census Bureau Local Employment Dynamics data for 2020. Home Destination summarizes where workers live who are employed in the area, while Work Destination represents where workers are employed who live in the PMA.

- Roughly 76% of the workers employed in the PMA reside outside the area, while 24% (432) reside in the PMA. The largest proportion of workers commuting into the PMA come from Walker (2.9%), Nevis Township in Hubbard County (2.7%), and Bemidji (2.5%).

- Approximately 31% of the workers in the PMA reside within ten miles of their place of employment while 33% travel from 10 to 24 miles. Roughly 20% of the workers commute from a distance of 25 to 50 miles and another 16% come from more than 50 miles away.

TABLE 11
COMMUTING PATTERNS
HACKENSACK PMA
2020

Home Destination by County Subdivision			Work Destination by County Subdivision		
Place of Residence	**Count**	**Share**	**Place of Employment**	**Count**	**Share**
Pine River township (Cass, MN)	115	6.4%	Walker city (Cass, MN)	333	15.6%
Shingobee township (Cass, MN)	97	5.4%	Shingobee township (Cass, MN)	157	7.4%
Powers township (Cass, MN)	71	4.0%	Hackensack city (Cass, MN)	118	5.5%
Turtle Lake township (Cass, MN)	65	3.6%	Bemidji city (Beltrami, MN)	94	4.4%
Walker city (Cass, MN)	52	2.9%	Pine River city (Cass, MN)	92	4.3%
Nevis township (Hubbard, MN)	48	2.7%	Brainerd city (Crow Wing, MN)	57	2.7%
Bemidji city (Beltrami, MN)	44	2.5%	Powers township (Cass, MN)	55	2.6%
Woodrow township (Cass, MN)	42	2.3%	Pike Bay township (Cass, MN)	54	2.5%
Birch Lake township (Cass, MN)	39	2.2%	Minneapolis city (Hennepin, MN)	45	2.1%
Ponto Lake township (Cass, MN)	36	2.0%	Birch Lake township (Cass, MN)	39	1.8%
All Other Locations	1,183	66.0%	All Other Locations	1,091	51.1%
Home Destination			**Work Destination**		
Distance Traveled	**Count**	**Share**	**Distance Traveled**	**Count**	**Share**
Total Jobs	1,792	100.0%	Total Jobs	2,135	100.0%
Less than 10 miles	553	30.9%	Less than 10 miles	686	32.1%
10 to 24 miles	592	33.0%	10 to 24 miles	457	21.4%
25 to 50 miles	356	19.9%	25 to 50 miles	356	16.7%
Greater than 50 miles	291	16.2%	Greater than 50 miles	636	29.8%

Home Destination = Where workers live who are employed in the selection area
Work Destination = Where workers are employed who live in the selection area

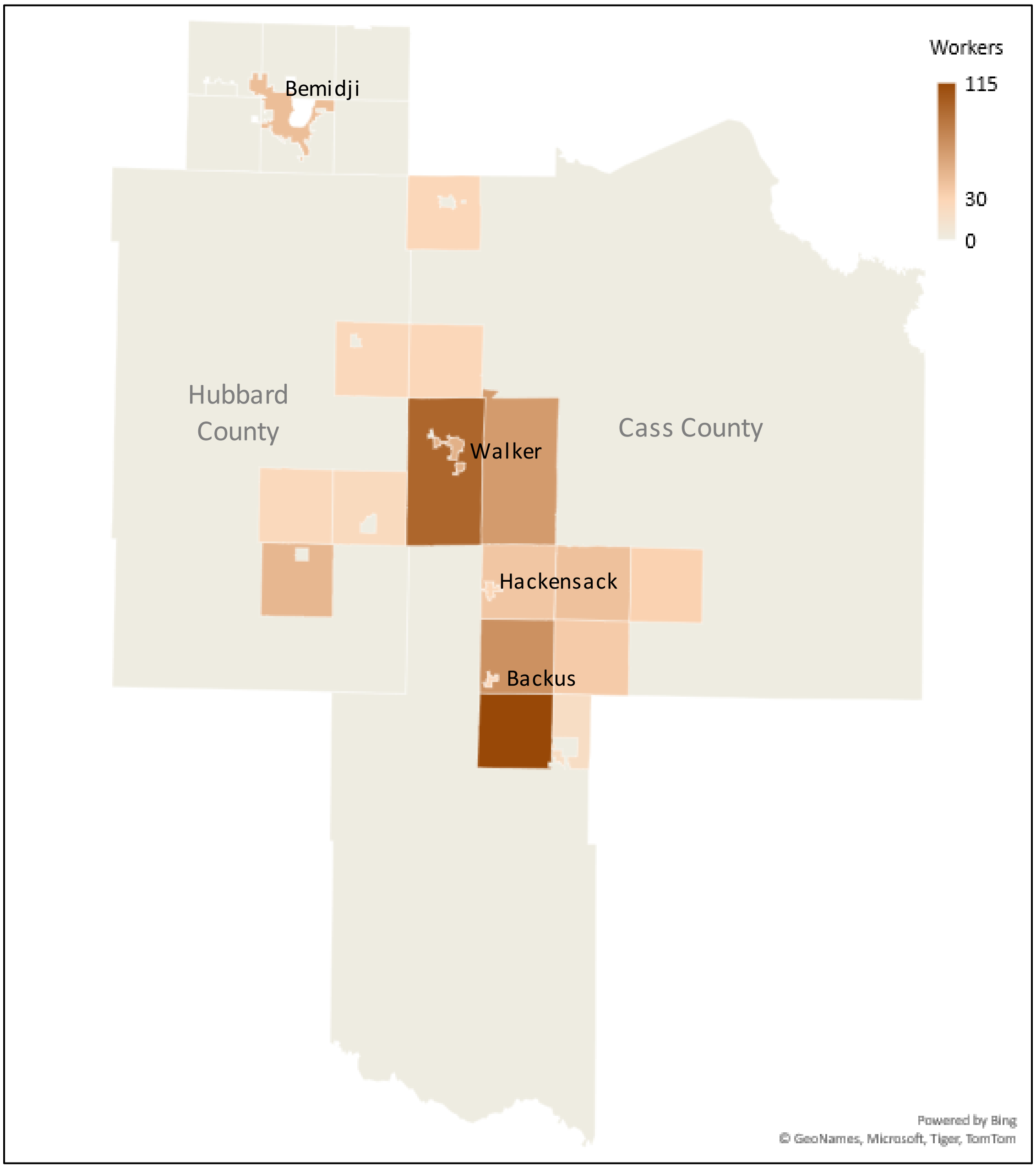
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC

- Roughly 20% of the workers living in the PMA also have jobs in the PMA. The remaining 80% commute outside of the area, most notably to Walker (15.6%), Bemidji (4.4%), Pine River (4.3%), and Brainerd (2.7%).

- Over 32% of the resident workers in the PMA travel less than ten miles for their jobs, while 21% have a commute distance from 10 to 24 miles. Approximately 17% commute between 25 and 50 miles while 30% commute more than 50 miles for employment.

The following map illustrates the 20 most common home destinations for workers who are employed in the PMA by County Subdivision based on Home Destination Local Employment Dynamics data.

PMA Commuting Patterns
Workers by 20 Most Common Home Destinations



Employment Growth Trends

Table 12 shows employment growth trends and projections from 2010 to 2030 for the Hackensack PMA compared to Cass County and Northwest Minnesota. Data is sourced from the Quarterly Census of Employment and Wages (QCEW) and represents the annual average employment for each year.

All establishments covered under the Unemployment Insurance Program are required to report wage and employment statistics quarterly. Federal government establishments are also covered by the QCEW program. Workers and jobs excluded from these statistics include the self-employed, family farm workers, and those who work only on a commission basis.

Employment projections for 2030 are based on 2020-2030 industry projections for the Northwest Minnesota Planning Region, the most recent forecast available from MN DEED. Maxfield Research applied the projected annual rate of growth to 2022 employment data to arrive at the forecast for the Region. We then projected employment for Cass County and the PMA based on a review of changes to the proportion of the Region's growth that occurred in each area between 2010 and 2022.

- In 2022, there were 10,480 jobs in Cass County, including 2,235 jobs in the PMA and 8,245 jobs in the Remainder of the County. The PMA contains roughly 21.3% of all jobs in Cass County, while employment in the County represents 4.7% of all jobs in the Northwest Minnesota Planning Region (221,564).

- Data from the Quarterly Census of Employment and Wages indicates that employment in the PMA expanded 9.3%, increasing by 190 jobs, between 2010 and 2022. Employment in the Remainder of Cass County increased 7.5%, adding 574 jobs, while Northwest Minnesota experienced 6.7% job growth during that time period.

  - Due, in large part, to the COVID-19 pandemic and subsequent economic recession, employment in the PMA contracted by -267 jobs (-11.5%) between 2019 and 2020.

  - The Remainder of Cass County experienced a -9.5% loss in jobs (-782), and the number of jobs in Northwest Minnesota contracted -5.5% between 2019 and 2020.

  - Employment in Northwest Minnesota is recovering from the COVID-19 recession, as the number of jobs increased 5.0% between 2020 and 2022, although total employment has not yet reached pre-COVID levels.

  - Cass County and the PMA have also recovered many of the jobs lost, as the PMA added 180 jobs between 2020 and 2022 (8.8% growth), while the Remainder of Cass County experienced 11.1% job growth (825 jobs).

TABLE 12
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
HACKENSACK PMA MARKET AREA
2010 to 2030

Annual Employment	Hackensack PMA	Cass County	*Remainder of County*	Northwest Minnesota
2010	2,045	9,716	*7,671*	207,558
2019	2,322	10,524	*8,202*	223,235
2020	2,055	9,475	*7,420*	210,996
2022	2,235	10,480	*8,245*	221,564
2030 Forecast	**2,370**	**11,074**	***8,704***	**230,717**

Change	No.	Pct.	No.	Pct.	*No.*	*Pct.*	No.	Pct.
2010 - 2019	277	13.5%	808	8.3%	*531*	*6.9%*	15,677	7.6%
2019 - 2020	-267	-11.5%	-1,049	-10.0%	*-782*	*-9.5%*	-12,239	-5.5%
2020 - 2022	180	8.8%	1,005	10.6%	*825*	*11.1%*	10,568	5.0%
2022 - 2030	**135**	**6.0%**	**594**	**5.7%**	***459***	***5.6%***	**9,153**	**4.1%**

Sources: MN DEED; Maxfield Research & Consulting, LLC

- Modest job growth is anticipated in the Market Area over the next several years. Based on projections from MN DEED, employment in Northwest Minnesota is projected to expand 5.1% between 2020 and 2030 (4.1% growth between 2022 and 2030).

- The pace of job growth is expected to be somewhat restrained in Northwest Minnesota, as the Region will experience potential labor force shortages due to an aging population, modest population growth, and a surge in retirements.

- Over the past ten years, Cass County has contained roughly 4.7% of the jobs in Northwest Minnesota, on average, ranging from a high of 5.4% in 2021 to a low of 4.5% in 2022. Based on recent trends, we project that Cass County will contain 4.8% of the Region's jobs in 2030.

  – To reach that proportion, employment growth in the County will outpace the remainder of the Region, adding 594 jobs (5.7% growth) to reach total employment of 11,074 in 2030.

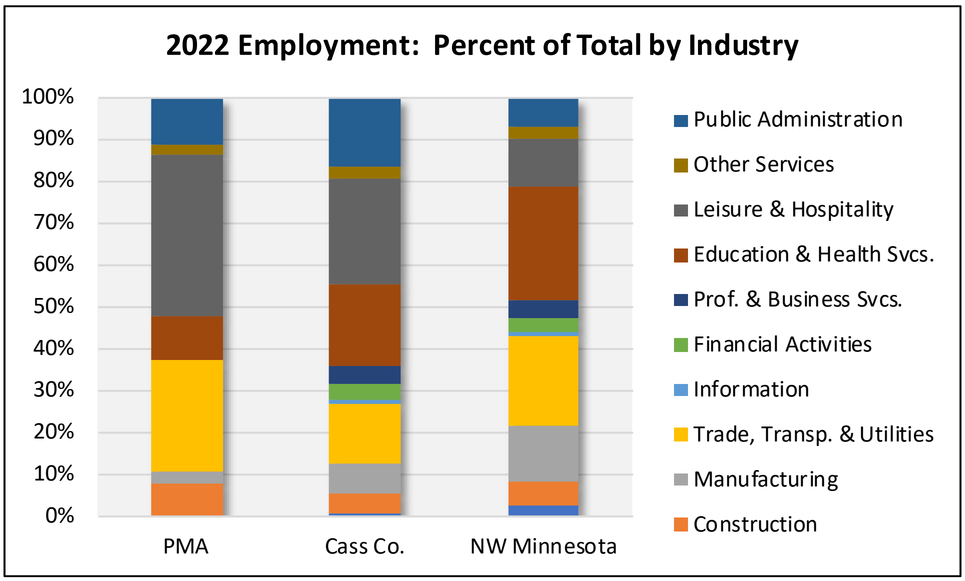
- The PMA has contained 21.4% of the County's jobs, on average, over the past ten years. Utilizing this percentage to project employment to 2030, we anticipate that the PMA will experience 6.0% job growth between 2022 and 2030, adding 135 jobs.

- Within the PMA, job growth will likely be focused along the major transportation corridors where there are concentrations of existing businesses and convenient highway access. Proximity to available labor will also impact where job growth occurs in the area.

Industry Employment and Wage Data

Tables 13 and 14 on the following pages display information on the employment and wage situation in the PMA and Cass County compared to Northwest Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents annual data for 2019 through 2022. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- Leisure and Hospitality is the largest employment sector in Cass County with 2,675 jobs (26% of the total), while Education and Health Services is the largest sector in Northwest Minnesota (27% of all jobs). Leisure and Hospitality is also the largest employer in the PMA with 483 jobs (22% of total employment).



- **Due to data suppression, some industry employment totals for the PMA may not reflect total actual employment for that industry, but aggregate totals for all industries combined is likely accurate. As an example, we know that Mann Lake Bee and Ag Supply, a manufacturer of beekeeping supplies, and Scamp Trailers, a travel trailer manufacturer, employ approximately 300 people at their facilities in Hackensack and Backus, although those jobs are not reflected in the reported Manufacturing industry employment data.**

- As noted previously, the Market Area lost jobs in 2020 due to the COVID-19 pandemic and subsequent economic recession. The PMA experienced -11.5% contraction in employment, losing -267 jobs, in 2020, as the Leisure and Hospitality sector lost -218 jobs (-38%).

- Cass County experienced a -10.0% decline in employment while Northwest Minnesota experienced a -5.5% loss in jobs. Job losses were most pronounced in the Leisure and Hospitality sector in Cass County as well as the Region.

TABLE 13
INDUSTRY EMPLOYMENT TRENDS
HACKENSACK MARKET AREA
2019 - 2022

					Change					
					2019-2020		2020-2021		2021-2022	
Industry	2019	2020	2021	2022	No.	Pct.	No.	Pct.	No.	Pct.
Primary Market Area										
Total, All Industries	**2,322**	**2,055**	**2,226**	**2,235**	**-267**	**-11.5%**	**171**	**8.3%**	**9**	**0.4%**
Nat. Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	82	84	90	94	2	2.4%	6	7.1%	4	4.4%
Manufacturing	36	41	43	35	5	13.9%	2	4.9%	-8	-18.6%
Trade, Transp. & Utilities	314	312	349	337	-2	-0.6%	37	11.9%	-12	-3.4%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	--	--	--	--	--	--	--	--	--	--
Prof. & Business Svcs.	39	34	35	34	-5	-12.8%	1	2.9%	-1	-2.9%
Education & Health Svcs.	158	129	128	128	-29	-18.4%	-1	-0.8%	0	0.0%
Leisure & Hospitality	573	355	431	483	-218	-38.0%	76	21.4%	52	12.1%
Other Services	30	--	23	31	--	--	--	--	8	35%
Public Administration	142	128	135	139	-14	-9.9%	7	5.5%	4	3.0%
Cass County										
Total, All Industries	**10,524**	**9,475**	**11,708**	**10,480**	**-1,049**	**-10.0%**	**2,233**	**23.6%**	**-1,228**	**-10.5%**
Nat. Resources & Mining	50	54	56	53	4	8.0%	2	3.7%	-3	-5.4%
Construction	432	436	1,880	516	4	0.9%	1,444	331%	-1,364	-72.6%
Manufacturing	661	692	779	725	31	4.7%	87	12.6%	-54	-6.9%
Trade, Transp. & Utilities	1,444	1,387	1,468	1,485	-57	-3.9%	81	5.8%	17	1.2%
Information	105	92	102	112	-13	-12.4%	10	10.9%	10	9.8%
Financial Activities	433	441	434	434	8	1.8%	-7	-1.6%	0	0.0%
Prof. & Business Svcs.	361	351	539	422	-10	-2.8%	188	53.6%	-117	-21.7%
Education & Health Svcs.	2,146	2,028	2,051	2,046	-118	-5.5%	23	1.1%	-5	-0.2%
Leisure & Hospitality	2,873	2,060	2,443	2,675	-813	-28.3%	383	18.6%	232	9.5%
Other Services	210	194	217	268	-16	-7.6%	23	11.9%	51	23.5%
Public Administration	1,806	1,737	1,738	1,741	-69	-3.8%	1	0.1%	3	0.2%
Northwest Minnesota										
Total, All Industries	**223,235**	**210,996**	**218,291**	**221,564**	**-12,239**	**-5.5%**	**7,295**	**3.5%**	**3,273**	**1.5%**
Nat. Resources & Mining	5,497	5,497	5,436	5,628	0	0.0%	-61	-1.1%	192	3.5%
Construction	11,370	11,618	13,474	12,507	248	2.2%	1,856	16.0%	-967	-7.2%
Manufacturing	29,478	27,968	28,899	29,870	-1,510	-5.1%	931	3.3%	971	3.4%
Trade, Transp. & Utilities	46,396	45,193	46,124	46,983	-1,203	-2.6%	931	2.1%	859	1.9%
Information	2,600	2,435	2,552	2,585	-165	-6.3%	117	4.8%	33	1.3%
Financial Activities	7,471	7,414	7,396	7,386	-57	-0.8%	-18	-0.2%	-10	-0.1%
Prof. & Business Svcs.	9,521	9,087	9,386	9,161	-434	-4.6%	299	3.3%	-225	-2.4%
Education & Health Svcs.	61,867	59,273	59,817	60,332	-2,594	-4.2%	544	0.9%	515	0.9%
Leisure & Hospitality	25,834	20,568	23,431	25,002	-5,266	-20.4%	2,863	13.9%	1,571	6.7%
Other Services	6,731	5,866	6,518	6,780	-865	-12.9%	652	11.1%	262	4.0%
Public Administration	16,466	16,073	15,257	15,328	-393	-2.4%	-816	-5.1%	71	0.5%

Sources: MN DEED; Maxfield Research & Consulting, LLC

TABLE 14
AVERAGE WEEKLY WAGES
HACKENSACK MARKET AREA
2019 - 2022

					Change					
					2019-2020		2020-2021		2021-2022	
Industry	2019	2020	2021	2022	No.	Pct.	No.	Pct.	No.	Pct.
Primary Market Area										
Total, All Industries	**$606**	**$710**	**$700**	**$759**	**$104**	**17.2%**	**-$9**	**-1.3%**	**$59**	**8.4%**
Nat. Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	$1,125	$1,137	$1,079	$1,068	$12	1.1%	-$58	-5.1%	-$11	-1.0%
Manufacturing	$908	$767	$776	$912	-$141	-15.5%	$9	1.2%	$136	17.5%
Trade, Transp. & Utilities	$483	$522	$573	$563	$39	8.0%	$51	9.7%	-$10	-1.7%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	--	--	--	--	--	--	--	--	--	--
Prof. & Business Svcs.	$969	$1,040	$993	$968	$71	7.3%	-$47	-4.5%	-$25	-2.5%
Education & Health Svcs.	$481	$548	$580	$618	$67	13.9%	$32	5.8%	$39	6.7%
Leisure & Hospitality	$464	$632	$703	$630	$168	36.1%	$71	11.2%	-$73	-10.4%
Other Services	$295	--	$251	$295	--	--	--	--	$44	17.4%
Public Administration	$1,042	$1,104	$1,111	$1,116	$62	5.9%	$7	0.6%	$5	0.4%
Cass County										
Total, All Industries	**$634**	**$722**	**$1,010**	**$783**	**$88**	**13.9%**	**$288**	**39.9%**	**-$227**	**-22.5%**
Nat. Resources & Mining	$710	$773	$765	$813	$63	8.9%	-$8	-1.0%	$48	6.3%
Construction	$911	$997	$2,407	$1,209	$86	9.4%	$1,410	141.4%	-$1,198	-49.8%
Manufacturing	$757	$797	$849	$911	$40	5.3%	$52	6.5%	$62	7.3%
Trade, Transp. & Utilities	$528	$569	$613	$630	$41	7.8%	$44	7.7%	$17	2.8%
Information	$434	$487	$533	$643	$53	12.2%	$46	9.4%	$110	20.6%
Financial Activities	$714	$802	$845	$896	$88	12.3%	$43	5.4%	$51	6.0%
Prof. & Business Svcs.	$868	$959	$930	$979	$91	10.5%	-$29	-3.0%	$49	5.3%
Education & Health Svcs.	$750	$821	$859	$934	$71	9.5%	$38	4.6%	$75	8.7%
Leisure & Hospitality	$427	$508	$547	$543	$81	19.0%	$39	7.7%	-$4	-0.7%
Other Services	$395	$365	$377	$403	-$30	-7.6%	$12	3.3%	$26	6.9%
Public Administration	$771	$859	$883	$925	$88	11.4%	$24	2.8%	$42	4.8%
Northwest Minnesota										
Total, All Industries	**$802**	**$868**	**$921**	**$949**	**$66**	**8.2%**	**$53**	**6.1%**	**$28**	**3.0%**
Nat. Resources & Mining	$835	$886	$932	$991	$51	6.1%	$46	5.2%	$59	6.3%
Construction	$1,035	$1,103	$1,344	$1,227	$68	6.6%	$241	21.8%	-$117	-8.7%
Manufacturing	$1,013	$1,053	$1,132	$1,179	$40	3.9%	$79	7.5%	$47	4.2%
Trade, Transp. & Utilities	$731	$784	$835	$870	$53	7.3%	$51	6.5%	$35	4.2%
Information	$902	$1,008	$1,060	$1,104	$106	11.8%	$52	5.2%	$44	4.2%
Financial Activities	$1,019	$1,098	$1,194	$1,263	$79	7.8%	$96	8.7%	$69	5.8%
Prof. & Business Svcs.	$908	$957	$991	$1,071	$49	5.4%	$34	3.6%	$80	8.1%
Education & Health Svcs.	$860	$922	$959	$1,008	$62	7.2%	$37	4.0%	$49	5.1%
Leisure & Hospitality	$335	$360	$390	$414	$25	7.5%	$30	8.3%	$24	6.2%
Other Services	$450	$513	$527	$551	$63	14.0%	$14	2.7%	$24	4.6%
Public Administration	$934	$1,000	$1,025	$1,059	$66	7.1%	$25	2.5%	$34	3.3%

Sources: MN DEED; Maxfield Research & Consulting, LLC

- Employment in Cass County, which improved in 2021 gaining 2,233 jobs (23.6%), contracted again in 2022, declining -11% (-1,228 jobs) between 2021 and 2022. Job losses were most pronounced in the Construction sector, which added 1,444 jobs in 2021 before declining by -1,364 jobs in 2022. The largest fluctuation was in the Heavy and Civil Engineering Construction sector, likely due to temporary employment for an infrastructure project.

- In the PMA, employment increased 8.3% between 2020 and 2021, adding 171 jobs, while job growth was relatively flat in 2022 (0.4% growth). The Leisure and Hospitality sector added the most jobs during that two-year time period.

- Average weekly wages in the PMA ($759) are -3% lower than the County ($783) and -20% lower than Northwest Minnesota ($949).

- The average weekly wage increased 25% in the PMA since 2019, compared to a 24% increase in Cass County and an 18% increase in Northwest Minnesota.

- Highest average wages in the PMA are found in the Public Administration ($1,116) and Construction ($1,068) industry sectors, similar to Cass County where the Construction sector has an average weekly wage of $1,209.

  - The Financial Activities sector has the highest wage in Northwest Minnesota ($1,263), followed by Construction ($1,227).

- A household earning the average weekly wage in the PMA ($759) would be able to afford an apartment renting for approximately $987 per month to not exceed 30% of its monthly income on housing costs, slightly higher than the average rent for existing market rate rental units in the PMA ($913).

- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in the PMA would be able to afford to purchase a home priced at approximately $126,500 or lower to not be cost-burdened (paying more than 30% of their income for housing). A household consisting of two persons earning the average weekly wage could afford a home priced at $253,000 or lower.

  - By comparison, the median resale price for detached single-family home resales in Hackensack in 2022 was $330,000.

- The data indicates the existing stock of market rate rental housing in the PMA is relatively affordable proportionate to average wages. However, average wages in the PMA would not support a home purchased at the median resale price in Hackensack.

Introduction

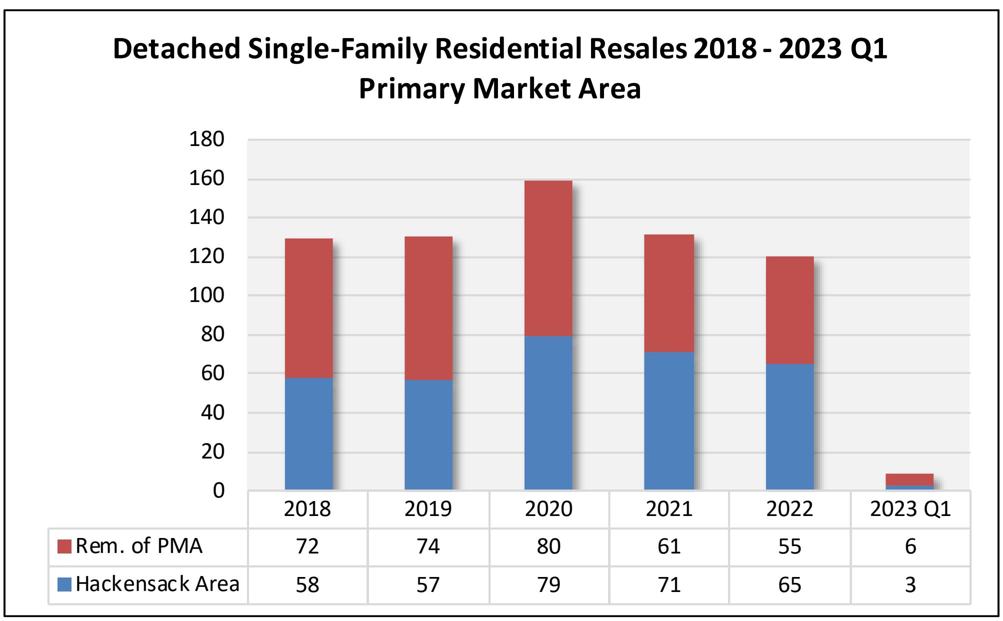
Maxfield Research analyzed the for-sale housing market in Hackensack and the surrounding area by collecting data on home sales, home listings, the supply of actively-marketing residential lots in the area, and any future residential subdivisions in the development pipeline. Demand calculations for general occupancy for-sale housing in the PMA between 2023 and 2028 are provided in the Demand Analysis section of the study.

Home Resale Trends

Table 15 on the following page presents home resale data (excludes new construction) from 2018 through March (first quarter) of 2023 for the Hackensack area compared to the Remainder of the PMA, Cass County, and the Brainerd Micropolitan Statistical Area (MSA) which consists of Cass and Crow Wing Counties. The table displays the median resale price, number of closed transactions, and marketing time (average days on market) for all detached single-family and attached single-family resales, which includes townhomes and twin homes, as well as condominiums. This data was obtained from the Minnesota Association of Realtors. Note that the Hackensack area refers to sales that occurred either in the City of Hackensack or a nearby township if the Realtor entered the sales data into the Multiple Listing Service system as Hackensack.

- From 2018 through March 2023, there were 333 detached single-family resales in the Hackensack area, representing approximately 49% of all PMA detached single-family resales.

- Detached single-family resale activity in the PMA, which increased from a total of 130 closed resales in 2018 to 159 resales in 2020, declined -17% to 132 resales in 2021. Resales decreased another -9% in 2022 to 120 closed transactions.



- In addition to the 681 detached single-family resales since 2018, there were also two attached single-family resales (one in 2019 and one in 2020), both of which were in the Hackensack area.

- Attached single-family resales represented 4% of all resales in Cass County since 2018 and 5% of all resales in the MSA.

TABLE 15
RESIDENTIAL RESALES ACTIVITY
HACKENSACK MARKET AREA
2018 - 2023 Q1

	Detached Single-family				Attached Single-family*			
	Median Sale Price	% Change	Closed Sales	Avg. DOM	Median Sale Price	% Change	Closed Sales	Avg. DOM
Hackensack Area								
2023 Q1	$541,150	64.0%	3	20	--	--	0	--
2022	$330,000	20.0%	65	38	--	--	0	--
2021	$275,000	-5.2%	71	71	--	--	0	--
2020	$290,000	0.9%	79	132	$389,000	151%	1	24
2019	$287,500	16.2%	57	191	$155,000	--	1	101
2018	$247,500	--	58	124	--	--	0	--
Remainder of PMA								
2023 Q1	$291,667	25.6%	6	133	--	--	0	--
2022	$232,291	-12.9%	55	34	--	--	0	--
2021	$266,566	21.2%	61	31	--	--	0	--
2020	$219,923	21.1%	80	129	--	--	0	--
2019	$181,649	7.6%	74	133	--	--	0	--
2018	$168,869	--	72	183	--	--	0	--
Cass County								
2023 Q1	$266,250	-23.9%	54	73	$149,900	-69.3%	1	4
2022	$350,000	18.6%	562	41	$487,500	107.5%	27	51
2021	$295,000	18.0%	668	55	$234,900	-20.9%	31	71
2020	$250,000	11.1%	761	135	$297,000	-2.9%	31	109
2019	$225,000	7.1%	588	148	$306,000	4.6%	21	96
2018	$210,000	--	641	156	$292,500	--	28	122
Brainerd MSA								
2023 Q1	$272,000	-15.0%	160	58	$227,500	-15.7%	11	68
2022	$320,000	14.3%	1,723	32	$270,000	12.1%	81	43
2021	$280,000	12.4%	1,991	40	$240,950	0.9%	114	47
2020	$249,000	13.6%	2,301	94	$238,750	13.0%	112	104
2019	$219,200	8.0%	1,923	108	$211,250	11.1%	90	88
2018	$203,000	--	1,911	125	$190,160	--	84	103

^Median sale prices represents a rolling 12 months median
*Attached single-family includes townhomes, twin homes, condominiums, etc.
DOM = Days on Market

Sources: Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

- From 2018 through 2022, the Hackensack area has averaged roughly 66 detached single-family resales per year (5.5 resales per month), while the Remainder of the PMA averages 5.7 detached single-family resales per month.

- Average marketing times have dropped sharply in the Hackensack area and the Remainder of the PMA, with detached single-family home resales declining from an average of 124 days on market in 2018 to 38 days in 2022 in the Hackensack area. Marketing times decreased from 183 days on market in 2018 to 55 days in 2022 in the Remainder of the PMA.

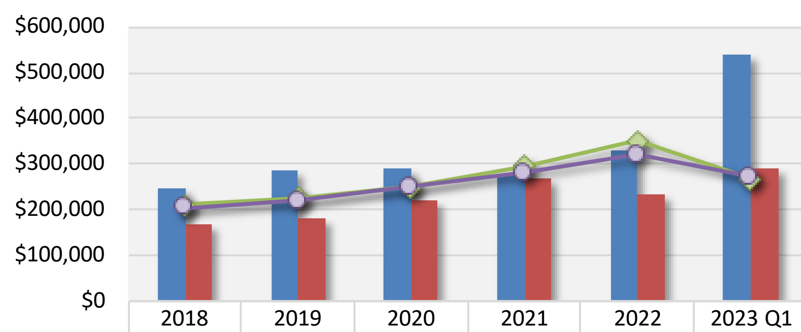
- The 2022 median resale price for detached single-family homes in the Hackensack area is $330,000, 42% higher than the Remainder of the PMA ($232,291) and 3% higher than the MSA ($320,000), but -6% lower than the Cass County median resale price of $350,000.

  - The total PMA had a median resale price of $285,217 in 2022.

- Median resale prices for detached single-family homes in the Hackensack area have experienced solid growth since 2018, climbing 33% from $247,500 in 2018 to $330,000 in 2022. Although limited to three closed transactions, the resale price jumped 64% to $541,150 in the first quarter of 2023.

- By comparison, the median resale price increased 38% in the Remainder of the PMA, climbing from $168,869 in 2018 to $232,291 in 2022, while Cass County and the Brainerd MSA experienced increases of 67% and 58%, respectively.

Detached Single-Family Median Resale Price Trends
Hackensack Market Area



	2018	2019	2020	2021	2022	2023 Q1
Hackensack Area	$247,500	$287,500	$290,000	$275,000	$330,000	$541,150
Rem. of PMA	$168,869	$181,649	$219,923	$266,566	$232,291	$291,667
Cass. Co.	$210,000	$225,000	$250,000	$295,000	$350,000	$266,250
Brainerd MSA	$203,000	$219,200	$249,000	$280,000	$320,000	$272,000

- Detached single-family pricing in the Hackensack area averaged 8.0% annual growth, slightly slower than he 9.2% average annual increase in the Remainder of the PMA. Cass County and the MSA experienced average annual increases of 13.7% and 12.1%, respectively.

- As noted previously, there were just two attached single-family resales (i.e. townhomes, twin homes, condominiums) in the PMA since 2018, with homes selling for $155,000 in 2019 and $389,000 in 2020.

- In Cass County, the median attached single-family resale price jumped 67% from $292,500 in 2018 to $487,500 in 2022, while the Brainerd MSA experienced a 42% increase in the median attached single-family resale price from $190,160 in 2018 to $270,000 in 2022.

Table 16 presents the price distribution for residential resales in the Hackensack area compared to the Brainerd MSA from 2021 through March 2023. Data represents previously owned sales of all property types, including detached single-family, attached single-family, and condominium units.

TABLE 16
RESIDENTAL SALES ACTIVITY - PRICE DISTRIBUTION
HACKENSACK MARKET AREA
2021 - 2023 Q1

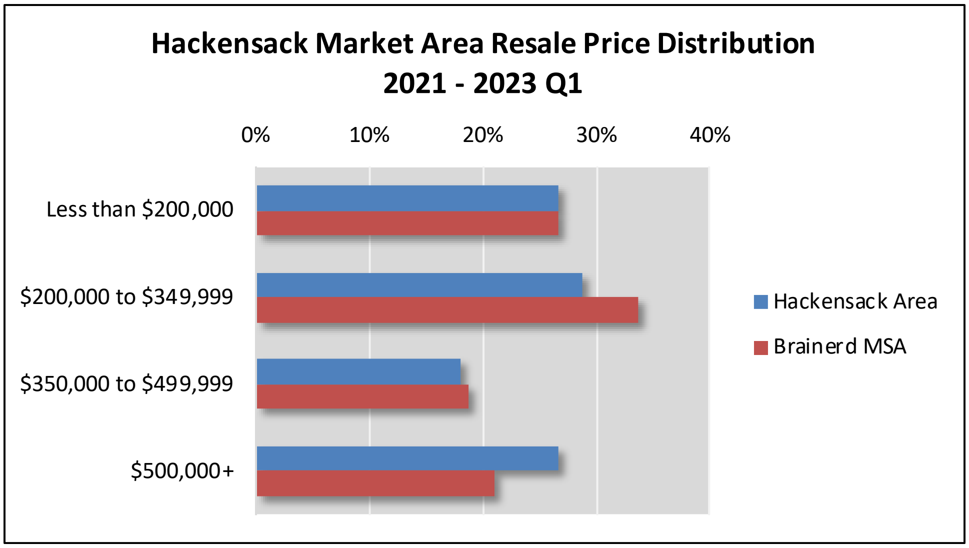
	2021		2022		2023 Q1		Total	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Hackensack Area								
Less than $200,000	26	36.6%	11	16.9%	0	0.0%	37	26.6%
$200,000 to $349,999	17	23.9%	22	33.8%	1	33.3%	40	28.8%
$350,000 to $499,999	9	12.7%	16	24.6%	0	0.0%	25	18.0%
$500,000+	19	26.8%	16	24.6%	2	66.7%	37	26.6%
Total	**71**	**100%**	**65**	**100%**	**3**	**100%**	**139**	**100%**
Brainerd MSA								
Less than $200,000	625	29.5%	420	23.2%	44	25.6%	1,089	26.6%
$200,000 to $349,999	718	33.9%	588	32.4%	74	43.0%	1,380	33.7%
$350,000 to $499,999	364	17.2%	381	21.0%	25	14.5%	770	18.8%
$500,000+	409	19.3%	424	23.4%	29	16.9%	862	21.0%
Total	**2,116**	**100%**	**1,813**	**100%**	**172**	**100%**	**4,101**	**100%**

Represents previously owned sales of all property types (detached and attached single-family)

Sources: Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

- Single-family homes priced between $200,000 and $349,999 were the most commonly purchased resale product in the Hackensack area during that timeframe, with 40 closed resales (29% of all transactions)

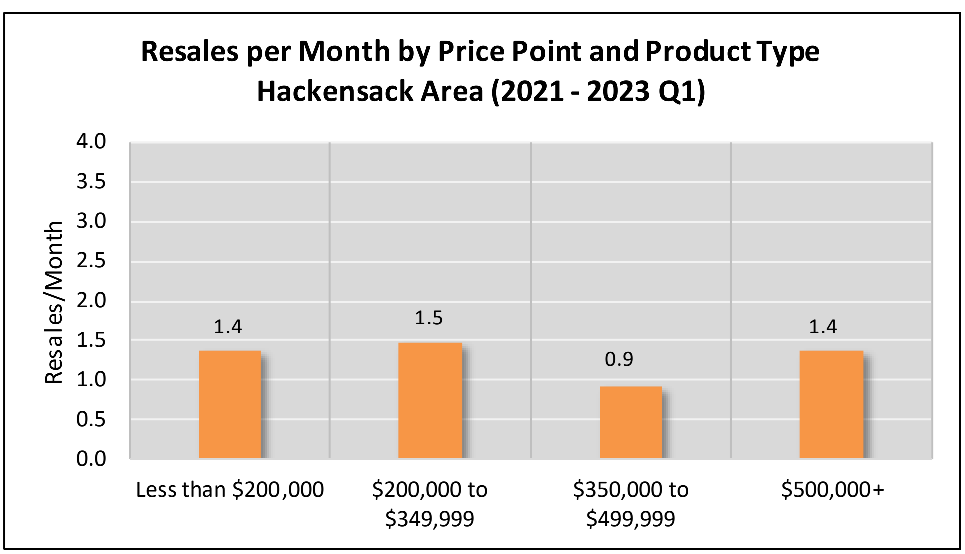
  - Roughly 27% all resales were homes priced below $200,000, while another 27% were priced at $500,000 or higher. Single-family homes sold in the $350,000 to $499,999 range represent 18% of all resales in the Hackensack area.



- In the MSA, housing units priced between $200,000 and $349,999 represented 34% of all resales (1,380 closed sales) between 2021 and March 2023.
  - Homes priced below $200,000 represented 27% of all resales, while 21% of the resales were for homes priced at $500,000 or higher. Roughly 19% of home resales in the MSA were priced from $350,000 to $499,999.

- Based on the 139 closed home resales between 2021 and March 2023, the Hackensack area experienced an average of 5.1 residential resales per month.

- As depicted below, homes priced in the $200,000 to $349,999 average 1.5 resales per month. Homes priced under $200,000 and at $500,000 or more each average 1.4 resales per month, while homes priced in the $350,000 to $499,999 range average 0.9 resales per month.



Active Listings

Table 17 presents a summary of detached and attached single-family housing products listed for sale in the PMA, as of April 2023. Attached single-family includes townhouses and twin homes, as well as residential condominiums. Data was sourced from Realtor.com.

- There were 20 homes listed for sale in the PMA as of April 23, none of which were in the City of Hackensack. Roughly 35% of the listings (seven) were in Shingobee Township, while 25% were in Woodrow Township (five), and 20% were in Turtle Lake Township (four). Another 10% of the listings were in Birch Lake Township (two) while Pine Lake Township and Ponto Lake Township each had one home listed for sale.

- Of the 20 active listings, 18 were for detached single-family homes, while two were attached single-family units.

TABLE 17
PRICE DISTRIBUTION - ACTIVE RESIDENTIAL SALE LISTINGS
PRIMARY MARKET AREA
April 2023

Price Distribution	Listings	Median Price	Median Size	Median Price PSF	Median Yr. Blt.
Detached Single-Family					
<$200,000	4	$158,500	1,092	$145	1965
$200,000-$349,999	4	$327,000	1,205	$271	1984
$350,000-$499,999	5	$399,900	1,956	$204	1985
$500,000+	5	$800,000	2,669	$300	1985
Subtotal:	**18**	**$394,900**	**1,604**	**$246**	**1985**
Multifamily (townhomes, twin homes, condominiums)					
<$200,000	0	--	--	--	--
$200,000-$349,999	1	$209,900	2,338	$90	2006
$350,000-$499,999	0	--	--	--	--
$500,000+	1	$515,000	2,268	$227	2003
Subtotal:	**2**	**$362,450**	**2,303**	**$157**	**2005**
Total:	**20**	**$394,900**	**1,795**	**$220**	**1985**

Sources: Realtor.com; Maxfield Research & Consulting, LLC

- The median asking price for detached single-family homes in the PMA was $394,900, 38% higher than the 2022 median resale price of $285,217.

- The median asking price for attached single-family units is $394,900, which includes one condominium unit on Leech Lake priced at $515,000 and $209,900 for a one-quarter share of fractional ownership townhome unit on Leech Lake.

- The median size of detached single-family homes listed for sale was 1,604 square feet which equates to a median price per square foot (psf) of $246, based on the median list price of $394,900.

- With a median size of 1,795 square feet, the median price per square foot for the two attached single-family units was $157, although the listings range from $90 psf for the fractional-ownership 2,338 square-foot townhome unit to $227 psf for the 2,268 square-foot condominium unit.

- The median year built of the homes listed for sale in the PMA is 1985 for the 18 detached single-family homes and 2005 for the attached single-family units.

- Of the units listed for sale, 11 are homes located on a lake or have lake access. These properties have a median list price of $515,000 ($264 psf based on the median size of 1,950 square feet).

- The properties not located on a lake have a median list price of $239,900, or $176 psf based on the median size of 1,366 square feet.

- Roughly 30% of all homes listed for sale are priced at $500,000 or higher, while homes priced in the $200,000 to $349,999 and the $350,000 to $499,999 ranges each represent 25% of the active listings. Homes priced below $200,000 represent 20% of the listings.

- Since 2021, the PMA has averaged 9.7 home resales per month. Based on the supply of available for-sale housing in the PMA (as of April 2023), there is a 2.1-month supply of homes available for sale on the market.

- By comparison, according to information provided by the Minnesota Association of Realtors, as of March 2023, there was a 1.7-month supply of homes available for resale in the Brainerd MSA.

  - **Equilibrium in the for-sale housing market is considered to be a six-month supply, indicating that there is pent-up demand for ownership housing in the Market Area.**

New Construction Sales Activity

Table 18 and the subsequent points summarize new construction home sales in the Market Area over the past five years. Data on new construction sales is captured by Minnesota Association of Realtors from the Multiple Listing Service, which captures only a portion of new construction sales data. There have been a limited number of new construction sales reported in Hackensack and the PMA over the past five years, so data for Cass County is analyzed compared to the Brainerd MSA.

TABLE 18
NEW CONSTRUCTION RESIDENTIAL SALES
HACKENSACK MARKET AREA
2019 - 2023 Q1

	Detached Single-family				Attached Single-family*			
	Median Sale Price	% Change	Closed Sales	PSF Price	Median Sale Price	% Change	Closed Sales	PSF Price
Cass County								
2023 Q1	$467,500	46.1%	2	$278	$577,812	-7.6%	2	$325
2022	$320,000	-24.1%	20	$227	$625,000	10.2%	3	$195
2021	$421,600	-14.6%	30	$229	$566,977	--	7	$243
2020	$493,685	98.3%	35	$228	--	--	0	--
2019	$249,000	--	15	$145	--	--	0	--
Brainerd MSA								
2023 Q1	$432,450	7.6%	20	$221	$579,775	11.8%	3	$326
2022	$402,089	12.9%	105	$219	$518,808	-0.3%	5	$195
2021	$356,004	23.4%	112	$202	$520,161	62.6%	15	$250
2020	$288,500	11.9%	104	$168	$320,000	7.4%	14	$167
2019	$257,900	--	77	$144	$298,039	--	7	$168

^Median sale prices represents a rolling 12 months median
*Attached single-family includes townhomes, twin homes, condominiums, etc.

Sources: Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

- A total of 102 new construction detached single-family homes and 12 new attached single-family units were purchased in Cass County from 2019 through the first quarter of 2023.

- Since 2019, roughly 89% of the reported new construction sales in Cass County were detached single-family homes, while 11% were attached units. Similarly, 90% of the new construction sales in the Brainerd MSA were for detached single-family homes and 10% of the sales were attached units during that same time period.

- In 2022, new construction detached single-family homes in Cass County sold for a median price of $320,000, compared to $402,089 in the Brainerd MSA. However, on a per square foot basis, the median new construction sale price of $227 psf in Cass County is 4% higher than $219 in the Brainerd MSA.

  - In Cass County, sale prices for detached single-family units peaked at $493,685 in 2020 and $421,600 in 2021.

  - On average, median sale prices for new construction detached single-family homes were 44% higher than median resale prices since 2019.

- The 2022 median sale price for new construction attached single-family units in Cass County was $625,000, notably higher than $518,808 in the Brainerd MSA, although sales had a median per square foot price of $195 in both Cass County and the MSA.

New Construction Home Pricing

Table 19 on the following page summarizes new construction homes listed for sale in actively-marketing residential subdivisions. Because there are no new construction homes listed for sale in the PMA, the table summarizes new homes listed for sale by a Realtor in other northern Minnesota communities as of April 2023.

Data is presented by subdivision and includes the number of listings, property type, home sizes (finished square feet of new construction homes), price ranges, and the median price per square foot. Active listing data is sourced from Realtor.com. Individual new construction homes not part of an actively-marketing subdivision (i.e. lakefront properties, large acreages) were excluded from the survey.

- Information is provided on 40 new construction listings in 12 actively-marketing subdivisions, including 22 detached single-family listings in six subdivisions and 18 attached single-family units in six subdivisions.

- Communities represented include Bemidji with 14 active listings, Brainerd with 12, Perham with six, Ottertail with four, Menahga with two, and Detroit Lakes with two listings.

- The detached single-family homes have a median size of 1,598 square feet, ranging from 1,023 square feet for a two-bedroom, one-bath split-level home in Brainerd to 2,748 square feet for a four-bedroom, three-bath one-story home in Perham.

  - New construction pricing for detached single-family homes ranges from a low of $275,000 to $464,000 with a median list price of $357,200 ($224 psf).

- Actively-marketing new construction attached single-family homes have a median size of 1,489 square feet, ranging from 830 square feet for a one-bedroom, one-bath condominium unit in Bemidji to 1,983 square feet for a three-bedroom, two-bath side-by-side townhome unit in Menahga.

  - Pricing for attached single-family and condominium units ranges from $239,600 to $409,900 with a median price of $344,150 ($231 psf).

  - The attached single-family and condominium developments also have an association fee, ranging from $150 to $200 per month.

TABLE 19
ACTIVELY-MARKETING NEW CONSTRUCTION HOME PRICING SUMMARY
NORTHERN MINNESOTA
April 2023

Subdivision	City	Property Type	Listings	Finished Square Feet Low - High	Finished Square Feet Median	List Price Range Low - High	List Price Range Median	Price/SF
Mountain View Meadows	Bemidji	Detached SF	4	1,638 - 1,783	1,713	$329,000 - $349,900	$341,500	$199
Brainerd Oaks	Brainerd	Detached SF	3	1,341 - 1,768	1,471	$275,000 - $324,900	$299,900	$204
The Meadows	Brainerd	Detached SF	5	1,023 - 2,107	1,584	$317,500 - $464,000	$368,400	$233
Serene Pines	Brainerd	Detached SF	4	1,341 - 1,602	1,529	$339,900 - $375,000	$375,000	$245
Prairies Edge	Perham	Detached SF	2	1,902 - 2,748	2,325	$399,000 - $449,500	$424,250	$182
Westwind 4th Addition	Perham	Detached SF	4	1,374 - 1,689	1,534	$339,500 - $409,500	$369,500	$241
Total New Construction Detached Single-Family Units:			**22**	**1,023 - 2,748**	**1,598**	**$275,000 - $464,000**	**$357,200**	**$224**
North Ridge Cottages	Bemidji	Townhome	3	1,280 - 1,538	1,538	$348,400 - $371,800	$357,000	$232
The Bixby	Bemidji	Condominium	5	830 - 1,162	900	$239,600 - $303,900	$249,900	$278
Hamilton Park	Bemidji	Twin Home	2	1,197 - 1,197	1,197	$278,800 - $278,800	$278,800	$233
Blueberry Pines Estates	Menahga	Townhome	2	1,983 - 1,983	1,983	$394,600 - $409,900	$402,250	$203
Thumper Pond	Ottertail	Twin Home	4	1,612 - 1,612	1,612	$399,000 - $399,000	$399,000	$248
Long Pine	Detroit Lakes	Twin Home	2	1,489 - 1,489	1,489	$339,900 - $339,900	$339,900	$228
Total New Construction Attached Single-Family Units:			**18**	**830 - 1,983**	**1,489**	**$239,600 - $409,900**	**$344,150**	**$231**

Sources: Realtor.com; Maxfield Research & Consulting, LLC

Residential Lot Supply

Table 20 on the following page summarizes residential lots in the PMA listed for sale by a Realtor as of April 2023. Additionally, information on any pending residential subdivisions in the PMA is provided. Active listing data is sourced from Realtor.com, while information on any pending developments is provided by the communities comprising the PMA. This data excludes vacant privately owned infill lots that are not being actively marketed and may or may not be available for future development.

- As of April 2023, there were 27 residential parcels available for sale in the PMA in eight county subdivisions.

- There are no actively-marketing subdivisions in Hackensack, although there are two individual lots that are not part of an actively-marketing subdivision listed for sale.

    - Shingobee Township is the most active county subdivision with nine lots listed for sale, followed by Woodrow Township with seven.

- Maxfield Research contacted staff from communities in the PMA to identify any new for-sale housing developments that are approved or proposed but not yet actively-marketing. There are no pending subdivisions in the PMA.

- The median size of lots currently available for sale in the PMA is 69,696 square feet (1.6-acre), ranging from 6,500 square feet (0.15-acre) for a lot in the Kabekona Village development in Shingobee Township to as large as 557,568 square feet (13 acres) for a parcel in Powers Township.

- Lot prices vary depending on location and features (i.e. lake-front, acreage), ranging from $17,900 for a lot in Hackensack to $550,000 for a lake-front parcel in Shingobee Township.

    - The actively-marketing parcels have a median list price of $1.29 per square foot based on the median list price of $89,900.

- According to the National Association of Home Builders 2019 Construction Cost Survey, residential lot prices average 18.5% of the total purchase price of a new construction home. Based on this benchmark, the estimated base price (exclusive of upgrades) for new homes on these parcels would range from $97,757 to $2.97 million based on the minimum and maximum lot prices, with a median base price of $485,946.

    - The estimated base prices exclude upgrades or price premiums which typically increase the purchase price of a new home by 10% to 20%, on average.

TABLE 20
ACTIVELY-MARKETING & PENDING RESIDENTIAL LOT SUPPLY
PRIMARY MARKET AREA
April 2023

	Lot Supply	Lot Size		Lot Price (For-Sale)			Base Home Price Estimates*	
County Subdivision Development Name	Lots For Sale	Min Ac. Max Ac.	Median Ac. Median SF	Min Max	Median	Price/Ac Price/SF	Base Home Price Range*	Median Base Home Price*
Hackensack	2	0.9 2.4	1.7 71,874	$17,900 $23,500	$20,700	$12,545 $0.29	$96,757 $127,027	$111,892
Birch Lake Township	1	2.0 2.0	2.0 87,120	$29,900 $29,900	$29,900	$14,950 $0.34	$161,622 $161,622	$161,622
Pine Lake Township	2	1.0 4.2	2.6 114,452	$125,000 $325,000	$225,000	$85,649 $1.97	$675,676 $1,756,757	$1,216,216
Ponto Lake Township	1	2.6 2.6	2.60 113,256	$149,000 $149,000	$149,000	$57,308 $1.32	$805,405 $805,405	$805,405
Powers Township	3	5.0 13.0	12.80 557,568	$79,000 $125,000	$89,000	$6,953 $0.16	$427,027 $675,676	$481,081
Turtle Lake Township	2	0.6 2.7	1.6 71,656	$49,900 $89,900	$69,900	$42,492 $0.98	$269,730 $485,946	$377,838
Woodrow Township	7	0.4 9.8	2.90 126,324	$84,900 $199,900	$125,000	$43,103 $0.99	$458,919 $1,080,541	$675,676
Shingobee Township	1	0.7 0.7	0.65 28,314	$550,000 $550,000	$550,000	$846,154 $19.43	$2,972,973 $2,972,973	$2,972,973
Kabekona Village Shingobee Township	8	0.1 0.4	0.20 7,603	$58,600 $98,000	$80,000	$400,000 $10.52	$316,757 $529,730	$432,432
Total Lots For Sale	**27**	**0.1** **13.0**	**1.60** **69,696**	**$17,900** **$550,000**	**$89,900**	**$56,188** **$1.29**	**$96,757** **$2,972,973**	**$485,946**

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

Sources: Realtor.com; PMA Communities; NAHB; Maxfield Research & Consulting, LLC

Introduction

The following section of the report analyzes market conditions for general occupancy rental housing in Hackensack and the PMA. Topics covered include rental housing information from the American Community Survey, detailed information on individual multifamily rental properties in the PMA, and a summary of any general occupancy rental housing projects in the development pipeline (i.e. under construction, approved, proposed) in the PMA.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to evaluate recent rental market trends in the Hackensack Market Area. Table 21 on the following page shows estimated vacancy rates and gross rental rates from the 2021 ACS (the most recent data available) compared to estimates from the previous four ACS periods. This vacancy estimate is often higher than what is found in apartment buildings as other types of rentals are included (i.e. vacant single-family rental properties).

Data is presented for the City of Hackensack, the PMA, Cass County, and Minnesota. Additionally, any other cities located within a 15-mile radius of Hackensack that are not part of the PMA are included in the Table, including Akeley, Chickamaw Beach, Pine River, and Walker.

Based on the ACS definition, a housing unit is considered vacant if no one is living in it at the time of the interview. Also, units occupied at the time of interview entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied and are classified as vacant. Vacant units are excluded from the housing inventory if they are open to the elements (roof, walls, windows, and/or doors no longer protect the interior), if they have been condemned, or if they are to be demolished. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities and fuels if these are paid by the renter.

- Reported vacancies in 2021 were estimated at 0.3% in the PMA, including full occupancy in Hackensack and 0.3% vacancy in the Remainder of the PMA, and 1.8% in Cass County, notably lower than the 4.7% vacancy rate in Minnesota.
  - Nationally, the equilibrium vacancy rate for rental housing is considered to be 7.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters.
- **Reported vacancies in the PMA and Cass County have tracked well-below equilibrium and notably lower than Minnesota in recent years, indicating pent-up demand for rental housing. Vacancy rates have averaged full occupancy in Hackensack, 0.5% in the PMA, and 2.0% in Cass County over the past five years, compared to 4.3% in Minnesota.**

- Over the past two years (2020 and 2021), Hackensack has averaged full occupancy, while the Remainder of the PMA and Cass County averaged 0.5% vacancy and 1.9% vacancy, respectively. Except for Walker, all other cities within a 15-mile radius averaged full occupancy, while estimated vacancy in Walker decreased from 6.2% in 2020 to 4.5% in 2021. **The PMA combined with all other cities located within a 15-mile radius of Hackensack had an average estimated vacancy rate of 1.5% in 2020 declining to 1.3% in 2021.**

TABLE 21
RENTAL HOUSING VACANCY & GROSS RENT ESTIMATES
HACKENSACK MARKET AREA
2017 - 2021

	2017	2018	2019	2020	2021
Vacancy					
PMA	**0.8%**	**0.7%**	**0.4%**	**0.4%**	**0.3%**
Hackensack	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Remainder of PMA	**0.9%**	**0.8%**	**0.5%**	**0.6%**	**0.3%**
Akeley	11.8%	10.4%	9.4%	0.0%	0.0%
Chickamaw Beach	0.0%	0.0%	0.0%	0.0%	0.0%
Pine River	0.0%	0.0%	0.0%	0.0%	0.0%
Walker	3.7%	5.2%	5.9%	6.2%	4.5%
Cass County	**2.1%**	**2.2%**	**2.0%**	**2.0%**	**1.8%**
Minnesota	4.1%	4.2%	4.2%	4.2%	4.7%
Monthly Rent					
PMA	**$714**	**$720**	**$793**	**$823**	**$852**
Hackensack	**$596**	**$607**	**$656**	**$667**	**$650**
Remainder of PMA	**$737**	**$746**	**$837**	**$880**	**$906**
Akeley	$633	$754	$756	$596	$731
Chickamaw Beach	--	--	--	--	--
Pine River	$639	$604	$655	$691	$741
Walker	$662	$722	$770	$675	$555
Cass County	**$692**	**$713**	**$739**	**$823**	**$799**
Minnesota	$906	$944	$977	$1,010	$1,081

Note: Rent equals median gross rent

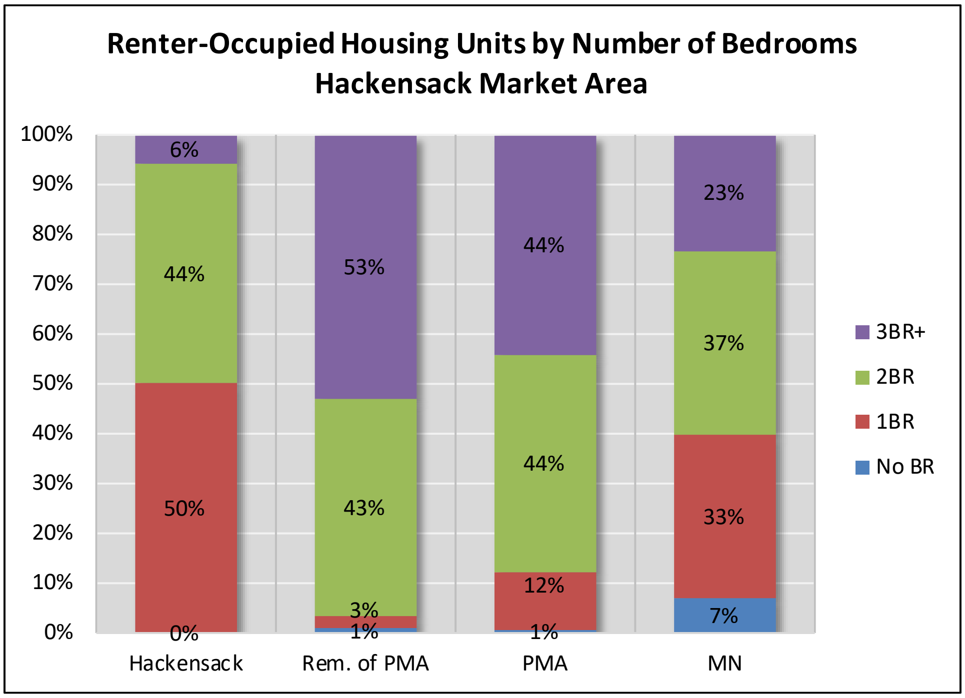
Sources: ACS 5-year Estimates; Maxfield Research & Consulting, LLC

- Median gross rents in Hackensack increased between the 2017 ACS and the 2021 ACS, climbing 9.1% from $596 in 2017 to $650 in 2021. Rents in the Remainder of the PMA jumped 23% during that five-year time period, averaging $906 in 2021. By comparison, rents in Minnesota increased 19.3% from $906 in 2017 to $1,081 in 2021.

- On an average annual basis, rental rate growth in the PMA (4.6% growth per year) has outpaced the average annual rate of inflation of 2.5% over the past ten years, while the average annual increase in Hackensack (2.3%) has slightly trailed the annual rate of inflation. In Minnesota, rents increased at a 4.5% average annual rate from 2017 to 2021, exceeding the historical rate of inflation.

Table 22 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2017-2021 ACS in Hackensack compared to the Remainder of the PMA, the PMA, and Minnesota.

- As depicted in the following chart, the unit mix in Hackensack is weighted toward one-bedroom units, at 50% of the inventory. Two-bedroom units represent 44% of the inventory, while 6% of the units have three or more bedrooms. There are no units without a bedroom (i.e. studio units) reported in Hackensack.



- By comparison, the unit mix in the Remainder of the PMA is weighted more toward larger unit sizes, as 53% of the units have three or more bedrooms while 43% have two bedrooms. One-bedroom units represent just 3% of the inventory in the Remainder of the PMA, while units without a bedroom represent 1% of the total.

- In Minnesota, two-bedroom units comprise the highest proportion of renter-occupied housing units (37%), followed by one-bedroom units at 33% and units with three or more bedrooms (23%). Units without a bedroom comprise 7% of all units in the State.

- With 68 units, roughly 19% of the PMA's supply of renter-occupied housing units is located in the City of Hackensack, with the remaining units being scattered around the Remainder of the PMA, most notably in Shingobee Township (61 units), Ponto Lake Township (48 units), Turtle Lake Township (48 units), and Backus (33 units).

TABLE 22
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
HACKENSACK MARKET AREA
2021

	Hackensack		Rem. of PMA		PMA		*MN*
	No.	Pct. of Total	No.	% of Total	No.	Pct. of Total	Pct. of Total
Total:	**68**	**100%**	**292**	**100%**	**360**	**100%**	***100%***
Median Gross Rent	**$650**		**$906**		**$852**		***$1,081***
No Bedroom	**0**	**0%**	**2**	**1%**	**2**	**1%**	***7%***
Less than $300	0	0%	2	1%	2	1%	*1%*
$300 to $499	0	0%	0	0%	0	0%	*1%*
$500 to $749	0	0%	0	0%	0	0%	*1%*
$750 to $999	0	0%	0	0%	0	0%	*2%*
$1,000 to $1,499	0	0%	0	0%	0	0%	*2%*
$1,500 or more	0	0%	0	0%	0	0%	*1%*
No cash rent	0	0%	0	0%	0	0%	*0%*
1 Bedroom	**34**	**50%**	**8**	**3%**	**42**	**12%**	***33%***
Less than $300	2	3%	2	1%	4	1%	*3%*
$300 to $499	9	13%	1	0%	10	3%	*3%*
$500 to $749	23	34%	0	0%	23	6%	*4%*
$750 to $999	0	0%	5	2%	5	1%	*8%*
$1,000 to $1,499	0	0%	0	0%	0	0%	*10%*
$1,500 or more	0	0%	0	0%	0	0%	*4%*
No cash rent	0	0%	0	0%	0	0%	*0%*
2 Bedrooms	**30**	**44%**	**127**	**43%**	**157**	**44%**	***37%***
Less than $300	0	0%	5	2%	5	1%	*1%*
$300 to $499	0	0%	7	2%	7	2%	*1%*
$500 to $749	19	28%	15	5%	34	9%	*4%*
$750 to $999	7	10%	26	9%	33	9%	*7%*
$1,000 to $1,499	0	0%	43	15%	43	12%	*15%*
$1,500 or more	4	6%	0	0%	4	1%	*8%*
No cash rent	0	0%	31	11%	31	9%	*1%*
3 or More Bedrooms	**4**	**6%**	**155**	**53%**	**159**	**44%**	***23%***
Less than $300	1	1%	2	1%	3	1%	*0%*
$300 to $499	0	0%	12	4%	12	3%	*1%*
$500 to $749	1	1%	8	3%	9	3%	*2%*
$750 to $999	1	1%	39	13%	40	11%	*3%*
$1,000 to $1,499	1	1%	29	10%	30	8%	*6%*
$1,500 or more	0	0%	15	5%	15	4%	*9%*
No cash rent	0	0%	50	17%	50	14%	*2%*

Sources: 2017-2021 ACS; Maxfield Research & Consulting, LLC

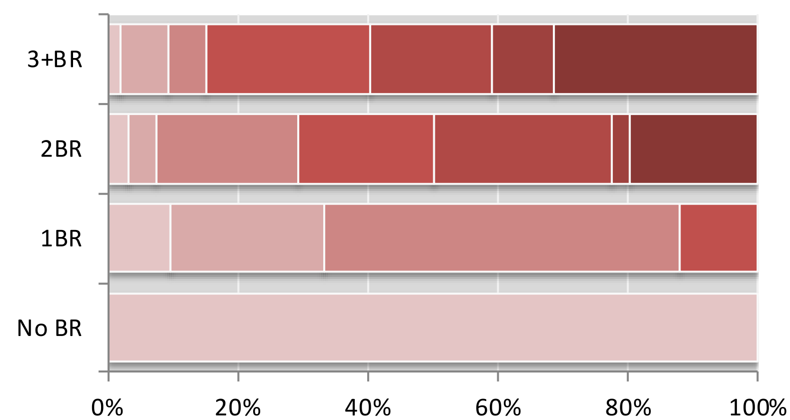
- Roughly 78% of the renter-occupied units in the PMA (100% in Hackensack) were reported as having cash rent, while 22% of the units were reported as having no cash rent (none in Hackensack). By comparison, 4% of renter-occupied units Minnesota have no cash rent.

- Units with no cash rent may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or others.

- As illustrated below, units with rents between $750 and $999 represented the largest proportion of renter-occupied housing units with cash rent in the PMA (22% of all units) in 2021, followed by units with monthly rents between $1,000 and $1,499 (20%).

  - Among the units without a bedroom in the PMA, all had rents of less than $300 per month.
  - The highest proportion of one-bedroom units had rental rates between $500 and $749 per month (55% of the one-bedroom units), followed by rents in the $300 to $499 range (24%).
  - The largest proportion of two-bedroom units had monthly rents in the $1,000 to $1,499 range (27%), followed by the $500 to $749 (22%) and $750 to $999 (21%) ranges.
  - Roughly 25% of the units with three or more bedrooms in the PMA rent for between $750 and $999 per month while 19% have monthly rents between $1,000 and $1,499.

Gross Rent by Number of Bedrooms
Primary Market Area



	No BR	1BR	2BR	3+BR
Less than $300	100%	10%	3%	2%
$300 to $499	0%	24%	4%	8%
$500 to $749	0%	55%	22%	6%
$750 to $999	0%	12%	21%	25%
$1,000 to $1,499	0%	0%	27%	19%
$1,500 or more	0%	0%	3%	9%
No cash rent	0%	0%	20%	31%

General Occupancy Rental Housing Properties

Maxfield Research compiled detailed information for rental housing properties with five or more units in the PMA, including four market rate properties, one United States Department of Agriculture Rural Development (USDA) Section 515 property targeting family households, one project-based Section 8 property owned and managed by the Cass County Housing and Redevelopment Authority (HRA). Data was collected by contacting managers and owners for these properties in Spring 2023.

The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities at this time. Tables 23 and 24 on the following pages summarize information on these projects.

Rental Housing Properties Location Map

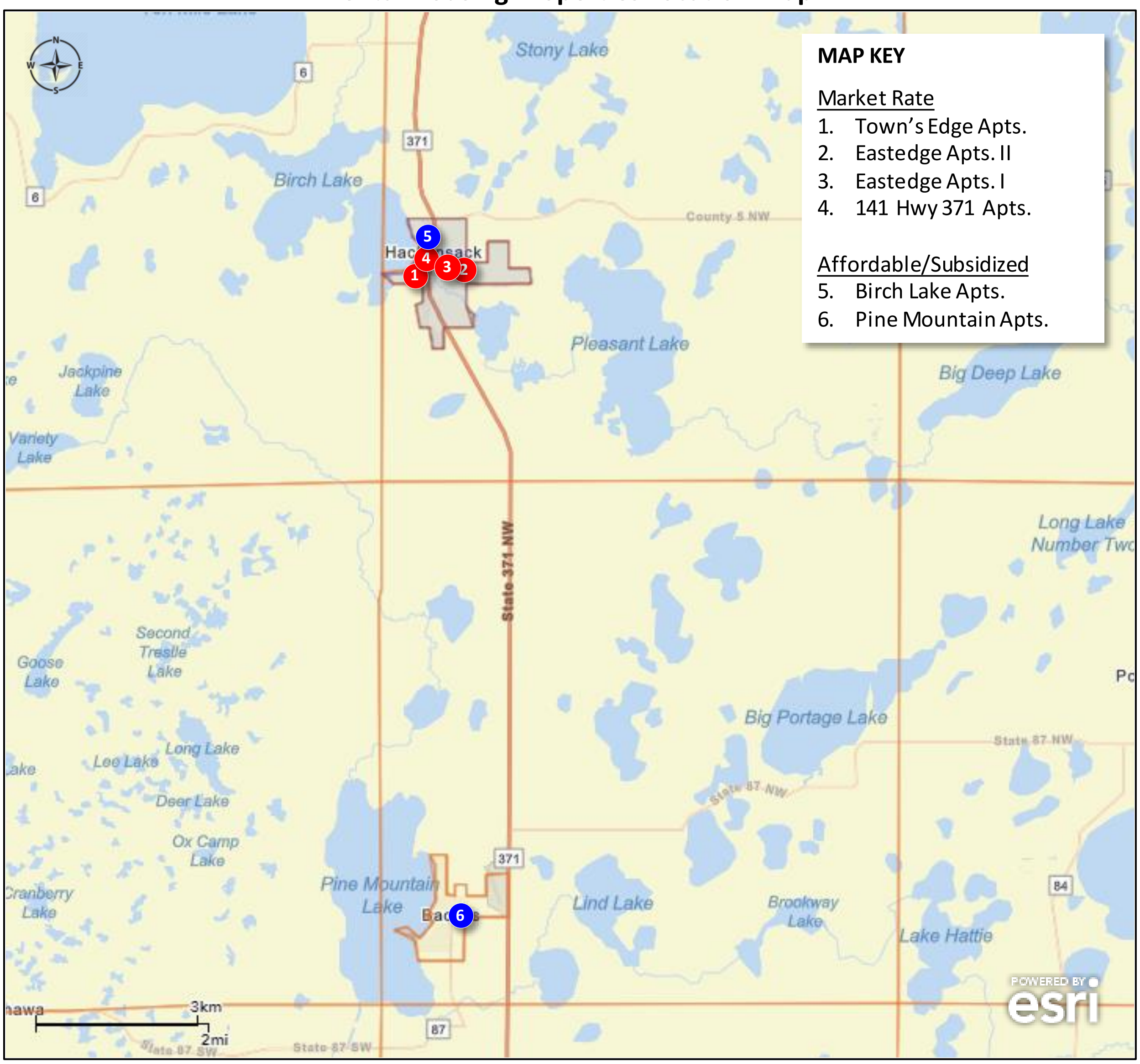


TABLE 23
SELECT GENERAL OCCUPANCY RENTAL PROPERTIES
PRIMARY MARKET AREA
April 2023

Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description: Type	No.	Vac.	Size	Monthly Rent: Min	Max	Rent/sq. ft.: Min	Max
Market Rate											
Town's Edge Apts	1994	8	1	2BR	8	1	850 - 900	$900	$900	$1.00	$1.06
110 No Name Ave W	vacancy rate:		12.5%								
Hackensack											
Notes: *Rent includes water, sewer, trash removal. Amenities include one detached garage parking stall included with rent, full kitchen appliance package, on-site laundry, wall-unit AC.*											
Eastedge Apts II	2001	8	0	2BR	8	0	850 - 900	$950	$950	$1.06	$1.12
4475 Poquet Dr NW	vacancy rate:		0.0%								
Hackensack											
Notes: *Rent includes water, sewer, trash removal. Amenities include one detached garage parking stall included with rent, full kitchen appliance package, on-site laundry, wall-unit AC.*											
Eastedge Apts I	1999	6	0	2BR	6	0	900 - 950	$1,000	$1,000	$1.05	$1.11
4483 Poquet Dr NW	vacancy rate:		0.0%								
Hackensack											
Notes: *Rent includes heat, water, sewer, trash removal. Amenities include one garage parking stall included with rent, full kitchen appliance package, on-site laundry, wall-unit AC.*											
141 Hwy 371 Apts	1975	5	0	1BR	1	0	400 - 400	$650	$650	$1.63	$1.63
141 Hwy 371 N	vacancy rate:		0.0%	2BR	4	0	800 - 800	$800	$800	$1.00	$1.00
Hackensack											
Notes: *Rent includes water, sewer, trash removal. Property features off-street surface parking lot, backyard deck.*											
Market Rate Total:		**27**	**1**								
	vacancy rate:		**3.7%**								
Affordable/Subsidized											
Birch Lake Apts.	1979	19	0	1BR	15	0	652 - 652	$644	$644	$0.99	$0.99
213 Hwy 371 N	vacancy rate:		0.0%	2BR	4	0	716 - 716	$655	$655	$0.91	$0.91
Hackensack											
USDA Rural Development Section 515 project. Most rents based on 30% of income; rents shown in table reflect basic rent for those not paying 30% of income. Rent includes electric, heat, water, sewer, trash removal. Amenities include community room, on-site coin-operated laundry, auto plug-ins, wall-unit AC. Currently, 25 people on wait list.											
Pine Mountain Apts.	1970s	12	0	1BR	4	0	NA	30% of AGI		NA	NA
101 Hazel St N	vacancy rate:		0.0%	2BR	5	0	NA				
Backus				3BR	3	0	NA				
Notes: *Project-based Section 8 public housing owned by Cass County HRA. Residents pay 30% of Adjusted Gross Income (AGI) for rent. Amenities include playground, off-street surface parking. HRA currently has 59 households on the public housing waiting list (20 for 1BR units, 18 for 2BR units, and 21 for 3BR units).*											
Affordable/Subsidized Total:		**31**	**0**								
	vacancy rate:		**0.0%**								
	Total	**58**	**1**								
	vacancy rate:		**1.7%**								

Note: Market rate unit size ranges are estimated based on overall building size

Source: Maxfield Research & Consulting, LLC

Table 24 provides a summary of the unit mix, vacancies, average sizes, and average rental rates among the market rate and affordable/subsidized rental properties in the PMA. Rental rates presented in the table are a weighted average based on the number of units at each property. Therefore, buildings with a larger number of units of any one type contribute more toward the average than those with only a few units of a specific type.

TABLE 24
UNIT TYPE SUMMARY
SELECTED GENERAL OCCUPANCY RENTAL PROPERTIES
April 2023

						Monthly Rents		
Unit Type	Total Units	% of Total	Vacant Units	% Vacant	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Market Rate Properties								
1BR	1	4%	0	0.0%	400	$650 - $650	$650	$1.63
2BR	26	96%	1	3.8%	875	$800 - $1,000	$923	$1.05
Total:	**27**	**100%**	**1**	**3.7%**	**857**	**$650 - $923**	**$913**	**$1.08**
Affordable/Subsidized Properties								
1BR	19	61%	0	0.0%	652	$644 - $644	$644	$0.99
2BR	9	29%	0	0.0%	716	$655 - $655	$655	$0.91
3BR	3	10%	0	0.0%	NA	NA - NA	NA	NA
Total:	**31**	**100%**	**0**	**0.0%**	**665**	**$644 - $655**	**$646**	**$0.97**

Source: Maxfield Research & Consulting, LLC

Market Rate Summary

- We identified four general occupancy market rate apartment properties with five units or more in the PMA, totaling 27 units.
- Of the market rate units, 96% have two bedrooms (26) while one is a one-bedroom unit.
- At the time of the survey, there was one vacant unit, resulting in a 3.7% vacancy rate among the market rate rental properties in the PMA.
- Nationally, the equilibrium vacancy rate for market rate rental housing is considered to be 7.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of market rate rental housing in the PMA is below the level to adequately meet demand.
- The owner of several of the apartment buildings in Hackensack indicated there are numerous potential renters inquiring about the one vacant unit, and that they receive many calls every week from people seeking rental housing in the area.

- On average, units in these general occupancy market rate projects have an estimated 857 square feet. The one-bedroom unit is an estimated 400 square feet, while the two-bedroom units average an estimated 875 square feet.

- The average rental rate across all market rate general occupancy properties is $913 per month with a range of $650 for the one-bedroom unit at the 141 Highway 371 building to a high of $1,000 for two-bedroom units at Eastedge Apartments I. The one-bedroom unit rents for about $650 per month, while the two-bedroom units average $923 per month.

- On a per square-foot basis (psf), these market rate rental properties have an average rent of $1.08 psf, with the one-bedroom at $1.63 psf and the two-bedroom units averaging $1.05 psf.

- While each property manages utilities differently, trash removal, water, and sewer are included in the rent at most properties.

Affordable/Subsidized Property Summary

Affordable housing projects financed with Section 515 loans made by the USDA Rural Development Housing and Community Facilities Program target very low-, low-, and moderate-income family households. Tenants pay basic rent or 30% of their adjusted income, whichever is greater. The project-based Section 8 property has rents based on 30% of income.

- We identified two general occupancy affordable or subsidized apartment properties in the PMA, totaling 31 units. Among these properties, 61% of the units have one bedroom, 29% are two-bedroom units, and 10% are three-bedroom units.

- At the time of the survey, there were no vacant units, resulting in a 100% occupancy rate among the affordable/subsidized rental properties in the PMA.

  - The Cass County HRA maintains a public housing waiting list, which currently has 59 households on the list.

  - There are 25 people on the wait list for Birch Lake Apartments.

- Unit size information was not available for Pine Mountain Apartments, but one-bedroom units at Birch Lake Apartments are 652 square feet while two-bedroom units are 716 square feet.

- Rents at Pine Mountain Apartments are based on 30% of adjusted gross income, as are most of the units at Birch Lake Apartments. Rents for residents not paying 30% of their income for rent pay $644 ($0.99 psf) for one-bedroom units and $655 ($0.91 psf) for two-bedroom units.

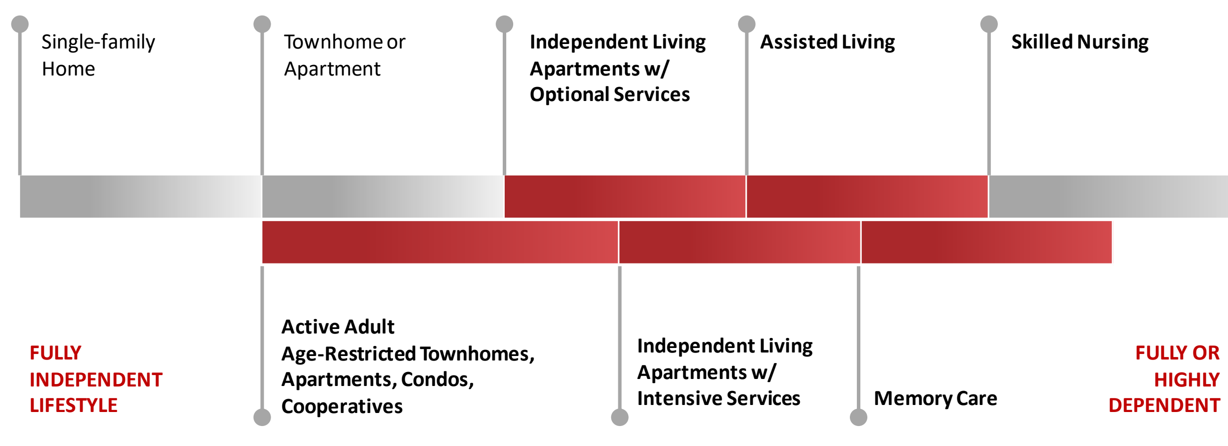
Introduction

This section provides an assessment of the market support for active adult senior housing in Hackensack and the PMA. An overview of the demographic and economic characteristics of the senior population in the PMA is presented along with an inventory of existing and pending senior housing developments located in the PMA. Demand for senior housing is determined based on demographic, economic and competitive factors that would impact the need for additional senior housing units.

Senior Housing Defined

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

FIGURE 1
CONTINUUM OF HOUSING AND SERVICES FOR SENIORS



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum. In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs).

For analytical purposes, Maxfield Research and Consulting, LLC classifies senior housing into five primary categories based on the level and type of services offered as described in the figure on the following page. Facilities referred to as “catered living” offer a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a unit specifically designated for independent living or assisted living.

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

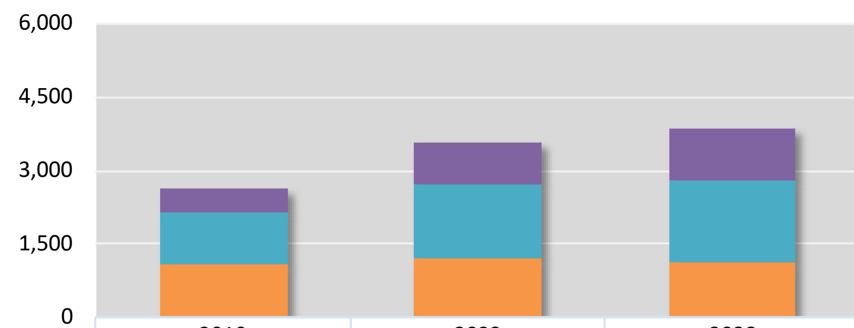
Older Adult (Age 55+) Population and Household Trends

The Demographic Analysis section of this study presented general demographic characteristics of the population and household base in the Market Area. The following points summarize key findings from that section as they pertain to the older adult and senior population in the PMA.

- The most rapid growth is expected to occur among older adults in the PMA. Aging of baby boomers led to large growth in the 65 to 74 population in the PMA between 2010 and 2023. As this group ages, the 65 and older age cohorts are expected to experience increases between 2023 and 2028.

  - The 75 and older age group is projected to grow 22%, adding 190 people.
  - The 65 to 74 age group is projected to expand 13% (198 people).
  - The 55 to 64 age group is expected to contract -8%, decreasing by -102 people.

Projected Population Growth by Older Adult Age Group
Primary Market Area



	2010	2023	2028
75+	498	852	1,042
65 to 74	1,034	1,506	1,704
55 to 64	1,100	1,217	1,115

- The key market for active adult housing is comprised of senior households age 65 and older, although many active adult properties are restricted to residents age 55 and older.

- The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced senior housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Elderly parents often prefer to be near their adult caregivers, so the older adult age cohort (age 55 to 64) also generates some additional demand for service-enhanced senior housing products.

- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, with income allocations described below:

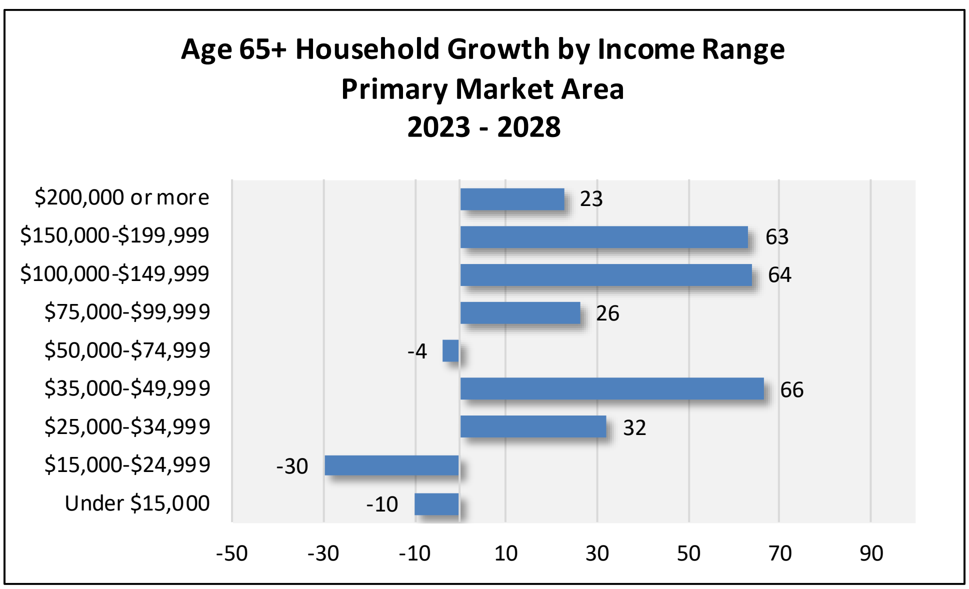
    - 40% to 50% for market rate active adult senior housing with little or no services
    - 65% for independent living, and
    - 80% to 90% or more for assisted living housing.

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

- The key market for market rate active adult housing is comprised of senior households (age 65 and older) with incomes of $35,000 or more. The age threshold increases to 70 and older if in an apartment-style building. In 2023, we estimate there are 1,037 age- and income-qualified households in the PMA for market rate active adult housing market.

    - Including all households with incomes of $40,000 and over (adjusted for inflation), the number of age 65 and older households projected to income-qualify for market rate active adult housing is expected to grow to 1,168 households in 2028 (13% growth).

- As depicted in the following graph, age 65 and older household growth is projected to be strongest among the higher income brackets in the PMA. This data suggests that there will be strong growth among households age- and income-qualified for new market rate active adult senior housing in the PMA over the next five years.



- Independent living housing demand is driven by households age 75 and older with incomes of $35,000 or more. We estimate the number of age- and income-qualified households in the PMA to be 355 in 2023, increasing to 420 (18% growth) in 2028.

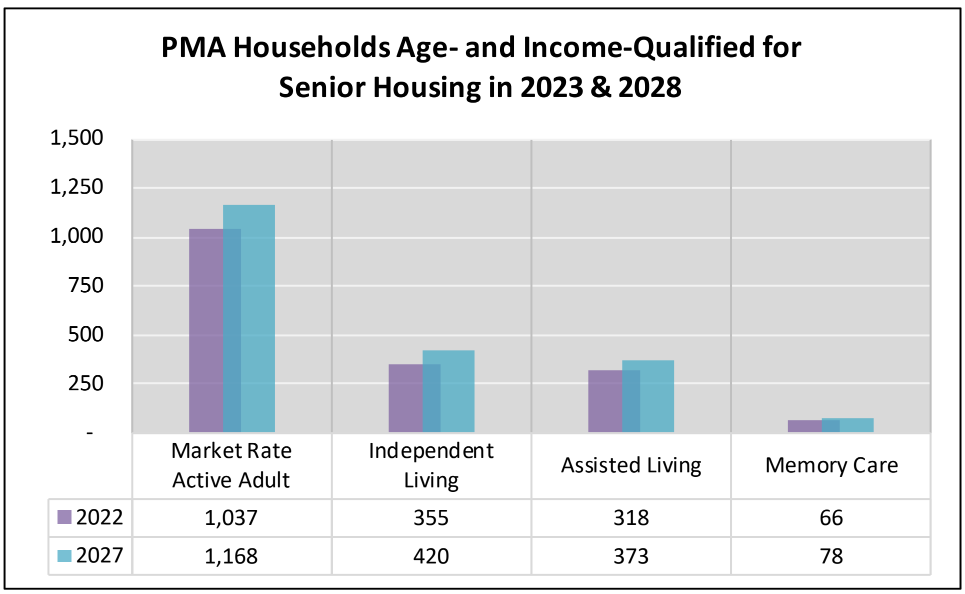
- The target market for assisted living housing is senior households age 75 and older with incomes of at least $40,000 (plus senior homeowners with lower incomes). As of 2023, there are an estimated 318 older senior households (age 75 and older) in the PMA with incomes of at least $40,000, accounting for 56% of all older senior households.

  - Including all households with incomes of $45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for assisted living is expected to grow 17% to 373 households in 2028.

- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least $60,000. We estimate that roughly 10% of the senior population has a memory impairment.

  - In 2023, we estimate that there are 664 age 65 and older households in the PMA with incomes of at least $60,000. Based on the estimated 10% incidence rate of Alzheimer's/dementia, approximately 66 households in the PMA are candidates for memory care housing in 2023.

  - The number of income-qualified ($65,000 adjusted for inflation) households is projected to increase 18% to 780 by 2028 (78 households eligible for memory care housing based on the 10% incidence rate).



- New construction senior housing will likely be priced higher than much of the existing product in the PMA, so higher household incomes may be needed to support new construction senior housing.

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

- The PMA maintains homeownership rates in the older adult age cohorts that are higher than in Minnesota. The estimated homeownership rate is 89% for age 55 to 64 households compared to 83% throughout the State. The PMA's homeownership rate for age 65 to 74 households rises to 93% compared to 84% in Minnesota.

- **Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. However, this movement pattern is not demonstrated in the PMA suggesting that the supply of housing alternatives for seniors may be limited.**

  - Homeownership rates increase between the 65 to 74 age group (93%) and the 75 and older age group (96%) in the PMA. By comparison, the homeownership rate in Minnesota drops sharply from 84% (age 65 to 74) to 71% (age 75 and older).

- With a homeownership rate of 94% for all households age 65 and older, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.

- The 2022 median resale price for detached single-family homes in the PMA was $285,217. Based on the 2022 median resale price, a senior household could generate approximately $5,362 of additional income annually (about $447 per month) if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).

  - Older households with incomes of $35,000 allocating 40% of their income toward market rate active adult rental housing could afford monthly rents of $1,167. Households with incomes of $30,000 allocating 40% of their income toward rent and using proceeds from a home sale ($447 per month) could afford a monthly active adult rent of $1,447.

- Should a senior utilize the home proceeds dollar for dollar to support living in service-enhanced housing, the proceeds of the home sale would last several years, as outlined below:

  - Roughly nine years in independent living housing (monthly rent approximated at $2,500); over five years in assisted living (monthly rent approximated at $4,000); and, over three years in memory care housing (monthly rent approximated at $6,500).

  - Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a large portion of PMA seniors will be financially prepared to privately pay for their housing and services.

- Due, in part, to the strong housing market (as indicated by rising sale prices) many older adults and seniors – particularly those in the market for independent housing products – may be more inclined to sell their single-family home and consider housing alternatives.

    - The COVID-19 pandemic has likely caused some reluctance among seniors considering relocating into senior housing, with many opting to remain in their homes in the short-term. Additionally, rising interest rates could ultimately slow sales activity and suppress resale price appreciation.

Supply of Senior Housing in the PMA

Table 25 provides information on existing and pending senior housing products located in the PMA. Information is sourced from the Central Minnesota Council on Aging and the Minnesota Department of Health and includes location, number of units, and service level.

TABLE 25
SENIOR HOUSING PROPERTIES
PRIMARY MARKET AREA
April 2023

Facility	City	Total Units
Active Adult - Market Rate & Affordable/Subsidized		
None identified	--	--
Total		**--**
Service-Enhanced		
Birchview Gardens AL & MC	Hackensack	37
Dignity and Grace AL	Backus	10
Total		**47**

Sources: Central Minnesota Council on Aging; Maxfield Research & Consulting, LLC

- As displayed in the table, we identified two senior housing facilities in the PMA, totaling 47 units. Both properties are service-enhanced facilities offering assisted living and memory care services. We did not identify any active adult properties in the PMA.

- We also did not identify any pending senior housing developments in the PMA.

Introduction

Maxfield Research & Consulting, LLC was engaged to quantify the demand potential for housing development in the City of Hackensack from 2023 to 2028. Earlier sections of this report examined growth trends and demographic characteristics of the household base in the PMA, employment trends, and housing market conditions in Hackensack and the surrounding area.

This section of the report begins by summarizing feedback that was obtained through personal interviews with individuals familiar with housing issues in the area including real estate professionals, representatives from major employers, and local officials. The report also quantifies demand for general occupancy ownership housing and workforce rental housing from 2023 to 2028, as well as market rate active adult senior housing demand in 2023 and 2028 in the PMA.

Interview Summary

In an attempt to gain additional insight into trends in the housing market in Hackensack and the surrounding PMA, Maxfield Research solicited input from professionals familiar with housing issues in the area. Topics addressed included the types of housing being sought in the area, whether there are gaps in the existing supply of available housing, and the impact housing availability has on the ability of employers to attract and retain workers. The following points summarize findings from this process.

- Housing availability is a significant issue in Hackensack and Cass County, and the housing market is very tight. It's very difficult to find affordably priced housing.
- New listing activity is slow, and most homes sell within days with multiple offers, including all-cash offers.
- Much of the recent sales activity has been for vacation properties, with relatively few people buying year-round homes, although there are many buyers in the market that want to relocate to the area and are looking for year-round housing, including people who work from home.
- There has been pent-up demand for housing and low inventory for four consecutive years.
- There is demand for entry-level homes priced below $180,000 but very little product has been available.
- There is strong demand for housing priced appropriately for the area's workforce, but the supply of available housing has been very limited.

- There are many older households and seniors staying in their homes that would like to find maintenance-free housing such as apartments or townhomes, but there is nothing available. Many of these older households could afford new construction.

- There are very few lots available for new home construction. There are isolated vacant single-family lots in Hackensack and the surrounding area, but these are privately owned and not currently available for sale.

- There is a very limited supply of “middle-class” housing in the area.

- Rising interest rates haven’t impacted demand yet, but additional increases could slow home purchasing activity. Increased interest rates have a major impact on housing affordability.

- The greatest housing needs are a new apartment building which would target the area’s workforce and older residents. There is also a strong need for attached single-family, maintenance-free housing with a formal Homeowners Association.

- The City of Hackensack has the infrastructure capacity to support more housing, although much of the undeveloped land in the City is owned privately and not available for sale.

- There is a gap in the market for middle-income households, such as teachers and other area workers, to buy or rent housing. There is a definite shortage of market rate rental housing.

- Much of the housing that comes available for sale is not affordable for area workers.

- Homes that become available for sale are often “upper-market” homes on a lake or on acreage, and much of the rental housing in the area is subsidized. Housing for the middle-market is missing.

- There is also a need for housing that would allow older buyers to move out of their existing homes to create turnover of existing single-family housing.

- There has been a recent trend toward investors purchasing homes in the area and turning them into short-term rental properties (i.e. VRBO), ultimately removing these homes from the inventory of potentially available housing.

- The top priority should be the development of new rental housing priced to accommodate younger workers which would help expand the area’s workforce and provide an opportunity for younger people to get established in the community.

- There have been many instances when people commuting into the area for employment end up leaving their jobs because they were not able to find suitable housing.

- It's been difficult to hire new employees, and the housing shortage has been a "blocker" because people can't find housing, even temporary housing such as rentals.

- The housing shortage is having a negative impact on the willingness of workers to stay in their jobs.

- Housing priced in the $200,000 to $250,000 range would be suitable for many area workers, but it's very difficult to find housing at that price point.

- It's very common for workers and staff to commute a long distance for employment in the area. Many of these people want to move to the Hackensack area but can't find suitable housing.

- Many older homeowners are staying in their homes for a long time because there are few housing alternatives for them to move into, which restricts turnover of the existing housing stock.

- The housing shortage is a barrier to employers' ability to attract and retain workers, and in some cases, employers are losing workers due to the lack of housing.

- There is essentially no housing available for workers in the area, and what does come available is typically on the far ends of the pricing spectrum, either high-priced homes for sale or subsidized rental housing.

- The largest employer in Hackensack has 35 to 50 positions open, and they need to outsource several management roles to individuals outside the area. It's been very difficult to fill these positions due, in part, to the lack of housing in the area.

- Some positions are being shifted to different facilities in other markets due to a workforce shortage in the Hackensack area. The limited housing availability in the area contributes to the workforce shortage.

- Typical entry-level positions begin at $16 per hour ($33,392 per year based on a 2,087-hour work year), averaging approximately $20 per hour ($41,740 per year), with experienced workers earning $25 to $28 per hour ($58,436 annually). Starting salaries at area schools begin at approximately $39,000 per year. People earning these wages can't afford much of the housing that becomes available in the area.

- There is an acute shortage of housing, both for-sale housing and rental housing, that is suitable for the area's workers.

- Housing is a critical issue, and some businesses may be forced to look elsewhere if there isn't enough housing available to support their workforce needs.

- Greatest housing needs include new rental housing, followed by single-family starter homes and townhomes. There is also some demand for move-up ownership housing.

- The construction of more move-up homes would likely stimulate faster turnover of entry-level housing.

- Many workers would like to move to the Hackensack area, but they commute by necessity because they have been unable to find suitable housing.

- There is a strong need for new moderately priced housing, both rental housing and for-sale housing.

- It was stated that Cass County is actively working with Lakes Area Habitat for Humanity to get additional owner-occupied housing built in the County.

- There is likely a need for some gap/bridge-financing to get new homes constructed in the area that would be priced appropriately for the area's workforce.

- The area is missing out on potential population and household growth as many potential buyers and renters are electing to live elsewhere because suitable housing isn't available in the area.

- The two largest housing gaps in the area are: 1) new rental housing for the area's work-force; and 2) maintenance-free housing for older residents.

- It was suggested that a new rental housing development would probably fill immediately if it were priced appropriately for the area's workforce.

- It's been very difficult to hire new workers because they aren't able to find housing, or they are not able to afford the housing that is available.

- The housing shortage is a critical issue impacting area businesses as employers have been losing workers due to a lack of housing or shifting jobs to other markets because they can't find enough workers in the Hackensack area.

For-Sale Housing Market Demand Analysis

Earlier sections of this report examined growth trends and demographic characteristics of the household base in Hackensack and the PMA along with housing market conditions in the area. Table 26 on the following page presents demand calculations for general occupancy for-sale housing in the PMA, specifically the City of Hackensack, between 2023 and 2028. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. These calculations exclude demand for vacation homes (i.e. seasonal cabins and second homes).

First, we calculate potential demand from new household growth based on the propensity of households to own their housing. For this analysis, we focus on households between the ages of 18 and 64 that will account for the majority of general occupancy for-sale housing demand. We also include a portion (30%) of the demand potential generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy for-sale housing development.

Next, we calculate the percentage of household growth that would likely own their housing based on 2021 American Community Survey data.

- Demand for general occupancy for-sale housing units in the PMA from projected household growth totals 100 units by 2028.

As of 2023, there are an estimated 1,661 owner households in the PMA that comprise the primary market for general occupancy for-sale housing. This estimate includes households under the age of 65 along with 30% of households age 65 and older. Based on household turnover data from the 2021 American Community Survey, we estimate that 31% of these owner households will experience turnover between 2023 and 2028. This estimate results in anticipated turnover of 515 existing households in the PMA by 2028.

We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. Based on the National Association of Realtors 2020 Home Buyer and Seller Generational Trends survey, 13% of all home purchases were new construction homes during the time of their survey (between July 2018 and June 2019).

- Based on this benchmark, we estimate that there will be demand from existing households for 67 new owned housing units in the PMA between 2023 and 2028.

Total demand from household growth and existing household turnover between 2023 and 2028 equates to 167 new for-sale housing units in the PMA. An additional proportion is added for households that would purchase their home in the PMA who currently reside outside the area.

- We estimate that 30% of the demand potential for general occupancy ownership housing would be derived from outside the PMA, increasing total demand to 238 units.

TABLE 26 GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND PRIMARY MARKET AREA 2023 to 2028			
DEMAND FROM PROJECTED HOUSEHOLD GROWTH			
Projected household growth in PMA 2023 to 2028[1]		201	
(times) Pct. of HH growth for general occupancy housing[2]	x	57%	
(equals) Projected demand for general occupancy units	=	115	
(times) Propensity to own[3]	x	87%	
(equals) Number of potential owner households from HH growth	=	**100**	
DEMAND FROM EXISTING OWNER HOUSEHOLDS			
Existing owner households in PMA[2]	=	1,661	
(times) Estimated % of owner turnover (age 64 and younger, 2023 to 2028)[4]	x	31%	
(equals) Total existing households projected to turnover 2023 to 2028	=	515	
(times) Estimated % desiring new owner housing[5]	x	13%	
(equals) Demand from existing households	=	**67**	
Total Demand From Household Growth and Existing Households, 2023 to 2028	=	**167**	
(plus) Ownership demand generated from outside PMA	+	30%	
(equals) Total demand potential for ownership housing in PMA	=	**238**	
(times) Percent of PMA demand capturable in Hackensack	x	10%	
(equals) Total demand potential for ownership housing in Hackensack	=	**24**	
		Detached Single-Family	**Attached Single-family***
(times) Pct. desiring detached single-family vs other for-sale units[6]	x	65%	35%
(equals) Total demand potential for new for-sale housing in Hackensack	=	**16**	**8**

[1] Projected household growth

[2] Households under age 65 plus 30% of households age 65 to 74

[3] Pct. owner households from 2017-2021 American Community Survey

[4] Based on household turnover and mobility data (American Community Survey)

[5] Source - National Association of REALTORS; 2020 Home Buyer and Seller Generational Trends

[6] Based on new construction sales data, construction trends, and growth projections by age group

*Attached single-family includes product types such as townhomes, twin homes, and condominiums.

Source: Maxfield Research & Consulting, LLC

Based on growth trends and projections, the distribution of households in the PMA, and the residential lot supply in the area, we estimate the proportion of PMA demand capturable in the City of Hackensack. We estimate that Hackensack can capture 10% of the ownership housing demand in the PMA, resulting in the demand potential for 24 owned housing units in the City between 2023 and 2028.

- **This estimate assumes that residential lots will be available for development in the City as it would be difficult for Hackensack to capture the projected demand potential without a supply of development-ready lots.**

While there has been limited attached single-family sales activity in the PMA, it appears that the supply is minimal and there is likely a gap in the market for attached single-family housing. We estimate that 65% of householders seeking new housing in Hackensack will seek detached single-family homes, while the remaining 35% would desire attached single-family housing units (i.e. townhomes, twin homes) if available. These estimates are based on general home construction trends, sales activity in other areas, and household growth projections by age group in the PMA.

- We anticipate that there will be demand for 16 detached single-family homes and eight attached single-family homes in Hackensack between 2023 and 2028.

The remaining demand (214 units) will be captured by existing platted lots and larger acreages in the Remainder of the PMA. As noted previously, we identified a total of 27 actively-marketing residential lots/parcels in the PMA. Based on the for-sale housing demand calculations in the PMA, there is a 0.6-year supply of lots listed for sale in the PMA. Additional lots will be needed in the PMA to satisfy projected for-sale housing demand between 2023 and 2028.

Rental Housing Demand Analysis

Table 27 on the following page presents our calculation of general occupancy rental housing demand for the PMA, specifically workforce rental housing. Factors considered include demographic trends, population shifts, and pending developments. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the PMA; and,

2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including proximity to employment, entertainment, and recreation.

First, we calculate potential demand from new income-qualified household growth over the next five years by age group based on the propensity of households to rent their housing. We focus on households between the ages of 18 and 64 that will account for most of the rental demand on the Site. We also include a portion (50%) of the demand generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy rental housing development in the PMA. The propensity to rent or own is based on 2021 American Community Survey figures by age cohort.

Next, we calculate the percentage of renters who are income-qualified for market rate workforce rental housing which would require household incomes at 50% AMI or higher. A one-person household in Cass County at 50% AMI would have an income of $29,200.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. The youngest households are often unable to afford rents at the top of the market unless they receive assistance from their parents or desire a roommate. Mobility rates were identified by age group (utilizing American Community Survey data) and were applied to the existing household base.

Together with demand from projected household growth and turnover, the total demand for market rate workforce rental housing is summarized. In the PMA, total demand for income-qualified market rate workforce housing over the next five years is 50 units.

TABLE 27
PROJECTED DEMAND FOR WORKFORCE MARKET RATE RENTAL HOUSING
PRIMARY MARKET AREA
2023 to 2028

		Number of Households				
		Age <25	Age 25 to 34	Age 35 to 44	Age 45 to 64	Age 65 & Over
Demand From Household Growth						
Projected Income-Qualifed Household Growth 2023 - 2028[1]		0	0	13	0	220
(times) Proportion estimated to be renting their housing[2]	x	67%	42%	24%	12%	6%
(equals) Demand For Rental Housing, 2023-2028	=	**0**	**0**	**3**	**0**	**13**
Demand From Existing Households						
Estimated number of renter households in 2023		33	82	64	130	86
(times) Estimated % Turnover between 2023 & 2028	x	72%	72%	52%	52%	47%
(equals) Total Existing Households Projected to Turnover	=	**24**	**59**	**33**	**68**	**40**
(times) Percent of Households Income Qualified[2]	x	74%	85%	89%	85%	78%
(equals) Total Number of Income-Qualified Households	=	**18**	**50**	**30**	**58**	**32**
(times) Estimated % Desiring New Rental Housing	x	15%	25%	25%	25%	20%
(equals) Demand From Existing Households	=	**3**	**13**	**7**	**14**	**6**
Total Demand From Household Growth and Existing Households		**3**	**13**	**11**	**14**	**20**

Demand Summary		
Total Market Area Demand for Rental Housing in PMA		**50**
(plus) Demand from outside PMA (30%)	+	22
(equals) Potential demand for rental housing in PMA (2023-2028)	=	**72**
(minus) Pending rental units in the PMA at equilibrium	-	0
(equals) Excess demand for rental housing in PMA (2023-2028)	=	**72**
(times) Percent capturable in Hackensack	x	80%
(equals) Rental Housing Demand Capturable in Hackensack (units)	=	**57**
(times) Proportion Workforce Renter HHs at 50%-120% AMI	x	56%
(equals) Workforce Rental Housing Demand in Hackensack (units)	=	**32**

[1] Affordable to 1-person household earning 50% AMI ($29,200) and higher
[2] Data from U.S. Census Bureau and ESRI.

Source: Maxfield Research & Consulting, LLC

An additional proportion is added for households that would move to a rental project in the PMA who currently reside outside the PMA. We estimate that 30% of the demand potential for market rate workforce rental housing in the PMA would be derived from outside the PMA, increasing demand to 72 units.

From the demand potential, we would subtract pending competitive developments in the PMA at market equilibrium (93% occupancy) to find the remaining excess demand in the Market Area. However, we did not identify any pending rental housing developments in the PMA. In total, we find excess demand for 72 units of market rate workforce rental housing in the PMA between 2023 and 2028.

Due to factors such as the geographic distribution of renter households in the PMA, availability of municipal services (e.g. water, sewer), and the location of employment and amenities (entertainment, shopping, education, etc.), we estimate that the City of Hackensack can capture 80% of the demand potential in the PMA. Based on this capture rate, we find demand for 57 new general occupancy market rate workforce rental housing units in Hackensack between 2023 and 2028.

Based on the income distribution of renter households in the PMA, we estimate that 56% of excess demand potential would be from households within the target income band for workforce housing which ranges from $29,200 (one-person household at 50% AMI) to $132,000 (eight-person household at 120% AMI. We find excess demand for 32 workforce rental housing units in Hackensack. Demand for the remaining 25 units would be derived from households with incomes above the target workforce housing income range (50% to 120% AMI) that would likely qualify for market rate rental housing.

Market Rate Active Adult Senior Housing Demand

Table 28 on the following page presents our demand calculations for market rate active adult housing in the PMA and the City of Hackensack in 2023 and 2028. The market for active adult housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of $35,000 or more plus homeowner households with incomes between $30,000 and $34,999 who would qualify with the proceeds from a home sale. The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort.

Seniors are willing to pay increasing proportions of their income on alternative housing, beginning with an income allocation of 40% to 50% for market rate active adult senior housing with little or no services. Older households with incomes of $35,000 allocating 40% of their income toward housing costs could afford monthly rents of $1,167. Households with incomes of

$30,000 allocating 40% of their income toward rent and using proceeds from a home sale could afford a monthly rent of $1,447. We estimate there are 1,665 age-, income- and asset-qualified households in the PMA that comprise the market for active adult housing in 2023, increasing to 1,772 qualified households in 2028.

TABLE 28
MARKET RATE ACTIVE ADULT/FEW SERVICES HOUSING DEMAND
PRIMARY MARKET AREA
2023 & 2028

	2023			**2028**		
	Age of Householder			**Age of Householder**		
	55-64	**65-74**	**75+**	**55-64**	**65-74**	**75+**
# of Households w/ Incomes of >$35,000[1]	530	683	355	481	748	420
# of Households w/ Incomes of $30,000 to $34,999[1]	+ 26	36	42	+ 24	61	47
(times) Homeownership Rate	x 89%	93%	96%	x 89%	93%	96%
(equals) Total Potential Market Base	= 553	716	395	= 502	805	465
(times) Potential Capture Rate	x 0.5%	3.5%	13.0%	x 0.5%	3.5%	13.0%
(equals) Demand Potential	= 3	25	51	= 3	28	60
Potential Demand from PMA Residents		= **79**			= **91**	
(plus) Demand from Outside PMA (25%)[2]		+ 26			+ 30	
(equals) Total Demand Potential		= **106**			= **122**	
	Owner		**Renter**	**Owner**		**Renter**
(times) % by Product Type	x 55%		x 45%	x 55%		x 45%
(equals) Demand Potential by Product Type	= 58		= 48	= 67		= 55
(minus) Existing & Pending MR Active Adult Units[3]	- 0		- 0	- 0		- 0
(equals) Excess Demand for MR Active Adult Units	= **58**		= **48**	= **67**		= **55**
(times) Percent capturable in Hackensack	x 60%		x 60%	x 60%		x 60%
(equals) Number of Units Supportable in Hackensack	= **35**		= **29**	= **40**		= **33**

[1] 2028 calculations define income-qualified households as all households with incomes greater than $40,000 and homeowner households with incomes between $35,000 and $39,999.

[2] We estimate that roughly 30% of demand will come from outside the PMA.

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

Source: Maxfield Research & Consulting, LLC

Adjusting to include appropriate capture rates for each age cohort (0.5% of households age 55 to 64, 3.5% of households age 65 to 74, and 13.0% of households age 75 and older) results in a demand potential for 79 active adult housing units in 2023 and 91 units in 2028.

- These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be willing, able, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

We estimate that seniors currently residing outside the PMA will generate 25% of the demand for active adult housing – increasing demand to 106 active adult units in 2023. Demand from outside the PMA includes parents of adult children living in the area, individuals who live outside the PMA but have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

Demand for market rate active adult housing is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, and trends for active adult housing products, we project that 55% of the demand will be for owner-occupied active adult housing (58 units in 2023), and the remaining 45% of demand will be for active adult rental housing units (48 units in 2023).

From the demand potential, we would subtract existing and pending active adult units in the PMA at equilibrium, although we did not identify any active adult units in the PMA. In total, we find excess demand for 58 market rate active adult ownership units and 48 market rate active adult rental units in 2023.

Adjusting for inflation, we estimate that households with incomes of $40,000 or more and homeowners with incomes of $35,000 to $39,999 would be candidates for active adult housing in 2028. Following the same methodology, we project that excess demand will increase to 67 market rate active adult ownership units and 55 market rate active adult rental units by 2028.

Due to factors such as the geographic distribution of the senior population in the PMA, availability of municipal services (e.g. water, sewer), and the location of services (medical, religious, retail, etc.) in the PMA, we anticipate that the City of Hackensack can capture 60% of the excess demand potential in the PMA.

- Based on this capture rate, we find demand for 63 market rate active adult units in Hackensack in 2023 (35 owner-occupied and 29 renter-occupied units), growing to 73 units in 2028 (40 owner- and 33 renter-occupied units).

This capture rate estimate assumes that residential lots will be available for the development of active adult units in the City. Achieving the projected demand potential will not be feasible without an adequate supply of development-ready lots.

Introduction

Maxfield Research and Consulting, LLC was engaged to evaluate the development potential for new housing in the City of Hackensack, Minnesota, particularly owned and rented housing targeting the area's workforce along with maintenance-free housing alternatives for older households and seniors. The following summarizes our findings and recommends development concepts for new general occupancy owned housing products, workforce rental housing, and market rate active adult housing in Hackensack.

Conclusions

Housing demand can come from several sources, notably household growth, changes in housing preferences, and replacement need. Given the apparent housing shortage in the area, new home construction will be needed to support household growth in the PMA. Housing demand is also impacted by shifting demographics, such as an aging population, which influences the type(s) of housing needed in a community.

Several demographic factors influencing the area, notably modest population and household growth, income growth, and shifting household types are generating a need for additional housing in the PMA. The PMA experienced 11.7% population growth between 2010 and 2020, while the household base expanded 14.1%. While Hackensack experienced a -6.1% decline in population, the number of households increased 5.6%. We estimate that the PMA gained 243 people (3.9% growth) between 2020 and 2023, while the household based expanded 4.1% (118 households), including 3.9% population growth and 4.3% household growth in Hackensack.

The pace of household growth was high relative to population growth suggesting a trend toward shrinking household sizes in the PMA. This trend reflects a general shift in demographic factors that favor smaller households, such as growth in single-person households, as well as an aging household base.

Married couple without children households (i.e. empty-nesters or couples that never had children) are the most common household type in the PMA (45% of all households), followed by single-person households (30%). The PMA experienced a 19% increase in married couple without children households (213) between 2010 and 2023, while the number of single-person households jumped 31% (216).

We anticipate that the PMA will experience 8.9% population growth and 9.3% household growth between 2023 and 2030, including 9.7% population growth and 10.2% household growth in Hackensack. However, **achieving any population and household growth will depend on the addition of new housing units catering to a variety of household types, income levels, and age groups.** Growth will also be determined, in part, by increased or decreased hiring by area employers, so actual population and household growth could surpass (or trail) these projections depending on potential job growth as well as future housing development.

Based on current housing costs in the PMA of $913 per month, on average, for market rate rental housing and the 2022 median resale price of $330,000 for single-family homes in the Hackensack area, we estimate that 75% of all PMA households have incomes high enough to afford market rate rents, while just 26% of households could afford to purchase a home sold at the median resale price.

- This data suggests that market rate rental housing in the PMA is relatively affordable proportionate to incomes, while a limited number of households could afford to purchase a home.

The household income band for "workforce housing" (generally defined as 50% to 120% AMI) ranges from a low of $29,200 for a one-person household at 50% AMI to $132,000 for an eight-person household at 120% AMI. As of 2023, an estimated 1,888 PMA households have incomes in this range, representing 63% of all households.

Roughly 1,360 workers commute into the PMA for employment daily, with many coming from over 50 miles, and there is an opportunity to provide housing options for a portion of these workers. Modest job growth is anticipated in the Region over the next several years, and we anticipate that the PMA will add 135 jobs (6% growth) between 2022 and 2030. Additional housing will be needed to support the expanding workforce in the area.

A household earning the average weekly wage in the PMA ($759) would be able to afford an apartment renting for approximately $987 per month to not exceed 30% of its monthly income on housing costs, slightly higher than the average rent for existing market rate rental units in the PMA ($913). However, a household earning the average wage would be able to afford to purchase a home priced at approximately $126,500 or lower to not be cost-burdened, while a household consisting of two persons earning the average wage could afford a home priced at $253,000 or lower, notably lower than the median resale price of single-family homes in the Hackensack area ($330,000).

Due, in part, to the COVID-19 pandemic, Minnesota is experiencing an increase in people moving into rural areas, a trend that is likely to continue to a certain extent as many employees have shifted to work-from-home situations. Hackensack could potentially capture a portion of the demand from households relocating to rural settings. However, this would be dependent on the availability of suitable housing options.

The table on the following page summarizes calculated demand by product type. Housing demand is comprised of several components, including household growth and turnover, pent-up demand, and replacement needs.

In total, we find demand for 81 general occupancy housing units in Hackensack by 2028, including 24 for-sale units (16 detached single-family units and eight for-sale attached single-family units such as townhomes or twin homes) and 57 market rate workforce rental housing units (32 units within the target income band for workforce housing).

Additionally, we find demand for 73 market rate active adult units in 2028, including 40 owner-occupied units and 33 renter-occupied units. It is important to recognize that this level of market rate active adult senior housing demand may not be realized as many seniors, especially in rural areas, prefer to age in place and delay moving to senior housing until they need services. Additionally, a portion of the active adult demand could be satisfied with the development of general occupancy (not age-restricted) maintenance-free owned and rented housing products (i.e. apartments, town homes, twin homes).

TABLE 29
DEMAND SUMMARY
CITY OF HACKENSACK
2023 - 2028

Housing Product Type	Excess Demand in PMA	Demand Capturable in Hackensack
For-Sale Units	**305**	**64**
General Occupancy For-Sale Units	**238**	**24**
Detached Single-Family		16
Attached Single-Family*		8
Active Adult For-Sale Units*	**67**	**40**
Market Rate & Workforce Rental	**127**	**90**
General Occupancy Rental Units	**72**	**57**
Workforce Rental Housing Units		32
Active Adult Market Rate Rental Units	**55**	**33**
Total Housing Demand	**432**	**154**

*Attached single-family includes townhomes, twin homes, and condominium units

Source: Maxfield Research & Consulting, LLC

These demand calculations assume that residential land and lots will be available for the development of housing units in Hackensack. Achieving the projected demand potential will not be feasible without an adequate supply of development-ready lots.

Anecdotal feedback provided by key stakeholders (i.e. real estate professionals, representatives from major employers) in the area indicates that there is an acute housing shortage in Hackensack and the surrounding area, particularly for units priced appropriately for the area's workforce as well as maintenance-free housing products for older adults and seniors. The housing shortage is a critical issue impacting area businesses as employers have been losing workers due to a lack of housing or shifting jobs to other markets because they can't find enough workers in the Hackensack area. New housing is needed to support economic development and job growth in the area.

Recommendations

Based on our demand calculations along with other findings from the market analysis, the following table summarizes general development concept recommendations for rental housing and for-sale housing in the City of Hackensack through 2028.

While our demand calculations reveal fairly strong demand for market rate active adult housing units in Hackensack and the PMA, we do not believe that an age-restricted active adult project is the right development concept for Hackensack. Rather, we anticipate that active adult demand will be satisfied with the development of market rate general occupancy (not age-restricted) maintenance-free, single-level living products, both owned and rented, such as apartments, townhomes, and twin homes.

TABLE 30
RECOMMENDED HOUSING DEVELOPMENT CONCEPTS
CITY OF HACKENSACK
2023 - 2028

	Purchase Price/ Monthly Rent Range[1]	No. of Units	Target Market
For-Sale Housing			
Detached Single-Family	$275,000 - $350,000+	10 - 14	Workforce, move-up buyers
Attached Single-family	$225,000 - $300,000+	12 - 16	Empty-nesters, seniors, workforce
	Total:	**22 - 30**	
Rental Housing			
Market Rate Apartments	1BR/ $950 - 3BR/ $1,300	16 - 20	Empty-nesters, seniors, workforce
Market Rate Townhomes	2BR/ $1,200 - 3BR/ $1,350	8 - 10	Empty-nesters, seniors, workforce
Workforce Rental	EFF/ $850 - 2BR/ $1,150	24 - 28	Workforce HHs (50%-120% AMI)
	Total:	**48 - 58**	

[1] Pricing in 2023 dollars and can be adjusted to account for inflation.

Note - Recommended development concepts do not equate to total demand. The City of Hackensack will likley not be able to accommodate all of the estimated housing demand due to factors such as lot supply, land availability, development constraints, etc.)

Source: Maxfield Research and Consulting, LLC

<u>For-Sale Housing</u>

From 2018 through 2022, the Hackensack area has averaged roughly 66 detached single-family resales per year (5.5 resales per month), while the Remainder of the PMA averages 5.7 detached single-family resales per month. Median resale prices for detached single-family homes in the Hackensack area have experienced solid growth in recent years, climbing 33% from $247,500 in 2018 to $330,000 in 2022.

Since 2021, the PMA has averaged 9.7 home resales per month. Based on the supply of available for-sale housing in the PMA (as of April 2023), there is a 2.1-month supply of homes available for sale on the market. **Equilibrium in the for-sale housing market is considered to be a six-month supply, indicating that there is pent-up demand for ownership housing in the Market Area.**

We recommend the development of 22 to 30 for-sale housing units, including 10 to 14 detached single-family units and 12 to 16 attached single-family (i.e. townhome, twin home) units between 2023 and 2028. While there is a limited supply of attached single-family housing in the area, these housing products can be an option for buyers looking for a starter home as well as households seeking to downsize or don't want the responsibilities of upkeep and home maintenance. We anticipate that most of the demand for attached single-family housing will come from either older households or the entry-level market (i.e. workforce).

Findings from our analysis suggest that there is demand for additional for-sale housing units in Hackensack but there are just two residential lots listed for sale. Additional lots will need to be available to support these development recommendations through either the creation of a new subdivision(s) or through infill of existing privately-owned vacant lots within the City which would need to be made available by the owner.

Understanding that the Client is focused on the development of new housing targeting the area's workforce, we recommend that pricing for new construction detached single-family homes begin at $275,000. A household would need to have an income of $85,772 or higher to afford a home purchased at this price (assuming a 10% down payment and an interest rate of 6.39%). Similarly, we recommend that pricing for new construction attached single-family homes begin at $225,000, which would require a minimum income of $73,177. These incomes fall within the 80% to 120% AMI range for three- and four-person households (i.e. the target market for workforce housing).

There is also strong demand for starter homes priced below $200,000, but it is difficult to build new for-sale housing at that price point. Therefore, the development of any new entry-level for-sale housing products in Hackensack may necessitate a public-private partnership. One way to provide entry-level for-sale housing is to generate household turnover by increasing the supply of move-up housing. Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes relocate into move-up housing. We anticipate that a portion of the demand for new construction housing in Hackensack will be for move-up detached single-family homes priced at $350,000 or higher.

There will also likely be demand for attached single-family housing priced at $300,000 or higher from older adults and seniors with equity from the sale of an existing single-family home. The strongest sources of demand for attached single-family units will likely be mid-age households (never-nesters or empty-nesters) or retirees who want to sell their detached single-family home.

We recommend that any lots intended for attached single-family development be clustered together and utilize a homeowner's association to contract for services such as snow removal and lawn maintenance. Based on our understanding of typical Homeowner's Association (HOA) fees in the Region, we anticipate that HOA fees would be roughly $150 to $200 per month, depending on the total number of homes served and the services provided.

Rental Housing

Our review of market conditions reveals a very tight rental housing market in Hackensack and the surrounding area. Reported vacancies in the PMA have tracked well-below equilibrium (considered to be 7.0% vacancy nationally) and notably lower than Minnesota in recent years. Over the past five years, vacancy rates have averaged 0.5% in the PMA, including full occupancy in Hackensack, compared to 4.3% in Minnesota. The PMA combined with all other cities located within a 15-mile radius of Hackensack had an average vacancy rate of 1.3% in 2021.

Additionally, based on our April 2023 survey of apartment buildings in the PMA, we identified one vacant rental unit which represents a 1.7% vacancy rate. Property owners/managers indicate that they seldom have vacancies but receive many inquiries every week from people seeking rental housing in the area, and the two subsidized properties in the PMA each maintain a lengthy wait list for units. This information indicates that **there is pent-up demand and the existing supply of rental housing in the PMA is insufficient to meet demand.**

Major employers in the area are trying to hire and expand their workforce, so job growth is projected over the next several years which will likely generate rental housing demand. Employment growth often fuels household growth as households generally prefer to live near work for convenience, a preference that is particularly true among younger renters. However, there is a housing shortage in the area for both owned and rented products, and the shortage is impacting the ability for area employers to attract and retain workers. **Overall, we find that there is a strong need for new rental housing to support potential job growth in Hackensack and the surrounding area.**

The strongest sources of demand for new rental housing in Hackensack will likely be young singles and roommate households along with couples without children in their mid/late-20s to mid-30s who work for nearby employers. Other family households (i.e. single-parent households) as well as mid-age and older households (never-nesters or empty-nesters) will also account for a portion of demand for new rental housing in the area.

We recommend an approximately 24- to 28-unit rental housing development targeted specifically to the area's workforce with a mix of efficiency/studio, one-, and two-bedroom units with rents ranging from $850 for an efficiency unit to $1,150 for a two-bedroom unit. An $850 monthly rent would be affordable to a single-person household earning $34,000 per year (roughly $16.29 per hour) which falls in the 50% to 60% AMI range. An $1,150 monthly rent would be affordable to a two-person household at $46,000 per year ($22.04 hourly wage) which falls in the 60% to 70% AMI range.

Because of construction and development costs, it may be difficult for a workforce apartment to be financially feasible at the recommended rents, so a public – private partnership may be needed to reduce development costs.

We also recommend a middle- to upper-market rental project with 16 to 20 units that could attract a diverse resident profile; including young singles and couples, as well as empty-nesters and seniors. To appeal to a wide target market, we suggest a project with a mix of one-, two-, and three-bedroom units.

Monthly rents (in 2023 dollars) should start at $950 for a one-bedroom unit to $1,300 for a three-bedroom unit. Market rate rents at existing apartments in the PMA average approximately $1.08 per square foot, however average monthly rents in a new construction project should range from about $1.40 to $1.60 per square foot, depending on unit type, to be financially feasible.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full kitchen appliance package, central air-conditioning, garage parking, outdoor recreation (fire pit, grilling area, etc.). Additionally, because of the pandemic, an increasing number of people are working remotely, a trend that is likely to continue to some degree. Subsequently, buildings that are well-equipped for telecommuting are becoming more important to renters. Including in-unit features like built in desks and built in USB ports should be well-received by prospective renters looking for a designated workspace. These features will be especially useful long-term as some employers transition into hybrid in-person/work-from-home schedules post-COVID-19 pandemic.

We anticipate that demand also exists for rental townhome units targeting empty-nesters and families, including those who are new to the community and want to rent until they find a home for purchase. As an alternative to an apartment-style building, we recommend an eight to ten-unit project with rents of approximately $1,200 for two-bedroom units to $1,350 for three-bedroom units. Units should be larger than in an apartment development and feature contemporary amenities (i.e. in-unit washer/dryer, full kitchen appliance package, kitchen island, high ceilings, etc.), an attached two car garage, and the project should provide some open/green space.

Housing Programs

Many local governments offer housing programs designed to enhance, improve, or develop new housing stock. The following points are designed to provide ideas and suggestions to help the public and private sector support housing programs and incentives to spur housing development in Hackensack. The examples presented on the following pages identify housing tools utilized in other communities; however, this is not an all-encompassing list as many governmental agencies offer different programs based on their individual needs.

Federal funds for housing development have been declining for decades and the remaining housing programs include the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTC), and USDA rural housing programs. However, local units of government are increasingly dependent on other resources to support development such as housing trust funds and housing bonds.

State/National Resources:

Minnesota Housing Finance Agency ("Minnesota Housing") – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multifamily housing sectors.

Their five strategic priorities are as follows; preserve federally subsidized rental housing, promote and support successful homeownership, address specific and critical rental housing needs, prevent and end homelessness, prevent foreclosure and support community recovery.

The Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers. Program criteria are summarized below.

- **To be eligible for the Workforce Housing Development Program, a project area must be either:**
    1) a home rule or statutory city located outside of the Twin Cities Metro Area with a population that exceeds 500 residents
    2) a community with a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city, or
    3) an area served by a joint county-city economic development authority
- A vacancy rate of 5% or lower for at least the prior two years
- One or more businesses located in the project area (or within 25 miles of the area) that employ 20 full time equivalent employees
- A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers, and
- The development must serve employees of businesses in the project area.

The Minnesota Affordable Housing Tax Credit (AHTC) and the Housing Tax Credit Contribution Account (HTCCA), which were established in 2021, offer a flexible fund that provides loans and grants to developers for eligible housing projects. The fund is capitalized by contributions from taxpayers. Participating taxpayers receive a $0.85 credit for every dollar contributed to the Housing Tax Credit Contribution Account (minimum contribution of $1,000).

The program is expected to start in 2023 and for the next six years, but Minnesota Housing and the Department of Revenue need to adopt program guidelines and criteria.

- Eligible uses include multifamily units for households with incomes at or below the greater of 80% AMI or SMI; single-family homes for households with incomes at or below the greater of 115% AMI or SMI; gap financing; new construction; acquisition; rehabilitation; demolition; construction financing; permanent financing; interest rate reduction; and refinancing.
- Eligible awardees include a City, federally recognized American Indian tribe or subdivision, tribal housing corporation, private developer, non-profit organization, housing and redevelopment authority, public housing authority or agency, owner of the housing.

Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund ("GMHF") supports, preserves, and creates affordable housing in the 80 counties outside the core Twin Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing.

Minnesota Department of Employment and Economic Development – MN DEED offers community development funding through two programs for projects that assist communities stay vital and pursue economic development. The Small Cities Development Program offers state grant funds to rehabilitate local housing stock. Local governments lend funds to projects benefiting low- and moderate-income households and may be used for owner-occupied or rental projects. Additionally, public facility grants are directed toward wastewater treatment projects.

United States Department of Agriculture (USDA) Rural Development – Housing support is available through the "Housing and Community Assistance" program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including homeownership assistance, housing rehabilitation and preservation, and rental assistance.

Other Resources

There are many other housing programs that Hackensack could consider utilizing to aid and improve the housing stock. The following is a list of potential programs that could be explored.

- Affordable Housing Trust Fund: Local Housing Trust Funds (LHTF) are funds established by a local government by dedicating local public revenue for housing. They are a consistent, flexible resource for housing within a local jurisdiction. Trust funds help communities leverage public and private resources and initiate projects that draw investment and jobs. Minnesota Housing Partnership recently completed a Local Housing Trust Fund Manual which is available on their website: https://www.mhponline.org/images/LHTFManual/LHTFManualMN.pdf

- Foreclosure Home Improvement Program: Low-interest loans to buyers of foreclosed homes to assist homeowners with needed home improvements while stabilizing owner-occupied properties. A portion of the loan could be forgivable if the occupant resides in home at least five years. Eligible participants should be based on income-guidelines (typically 80% AMI or lower).

- Historic Preservation: Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.

- Home-Building Trades Partnerships: Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the "classroom" for future trades people to gain experience in the construction industry. This program is contingent on proximity to these programs.

- Home Energy Loans: Offer low interest home energy loans for homeowners to make energy improvements in their house.

- Land Trust: Utilizing a long-term 99-year ground lease, housing remains affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low- to moderate-incomes. If the owner chooses to sell the home, the sale price is lower as land is excluded.

- Low or No Cost City-Supplied Land: Sell city-owned land at low/no cost for the construction of mixed-income and affordable housing.

- Rental License: Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.

- Rent to Own: Income-eligible families rent for a specified length of time with the end-goal of buying a home. The administering agency saves a portion of the monthly rent that will be allocated for a down payment on a future house.

- Scattered Site Housing Program: Target distressed or blighted single-family properties for demolition and rehabilitation. Once demolished, vacant lots can be sold for the construction of a new single-family home.

- Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.

- Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing development projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs.

  TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.

- Waiver or Reduction of Development Fees: There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.