



Comprehensive Housing Needs Analysis

For the City of Thief River Falls, Minnesota

Prepared For:

City of Thief River Falls
Thief River Falls, Minnesota

May 2024



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May 6, 2024

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405 Third Street East
Thief River Falls, MN 56701

Mr. Baker:

Attached is the *Comprehensive Housing Needs Analysis for Thief River Falls, Minnesota* conducted by Maxfield Research & Consulting, LLC. The housing analysis projects housing need through 2030 and provides recommendations on the amount and type of housing that could be built across Thief River Falls to satisfy demand from current and future residents over this decade. The study identifies a potential demand for over 1,350 new housing units through 2035 spread between all-ages housing (54%) and age-restricted senior housing (46%).

Overall, the housing market is very tight across Thief River Falls with strong employment growth in the community, which has increased more rapidly than the housing stock. The inventory of rental properties (market rate and affordable/subsidized) found a combined vacancy rate of only 0.7% (0.6% market rate and 0.0% affordable/subsidized); indicating strong demand for new rental supply and few opportunities for existing/new households to relocate to Thief River Falls. In addition, active adult senior housing is tight, posting a vacancy rate of 0.0% while assisted living vacancies are much higher. Finally, the for-sale market has experienced record-low supply and strong appreciation over the past few years. The availability of homes for sale, especially those affordable to entry-level buyers is very low. Although new homes are needed in Thief River Falls, developing new homes that meet the needs of new home buyers will be challenging in the short-term given higher interest rates, rising construction costs, inflationary pressures, and tighter underwriting.

Detailed information regarding recommended housing concepts and the challenges associated with developing the needed housing can be found in the *Recommendations* and *Challenges and Opportunities* sections at the end of the report.

We have enjoyed performing this study for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH & CONSULTING, LLC

Matt Mullins
Vice President

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting, LLC. was engaged by the City of Thief River Falls to conduct a *Comprehensive Housing Needs Assessment* for the City of Thief River Falls, Minnesota. The Housing Needs Assessment provides updated recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City of Thief River Falls Market Area; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental, senior, and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic Analysis

- The population of the City of Thief River Falls grew modestly between 2010 and 2020 by 2.1%. During the period, households in Thief River Falls grew by 7.0%.
- Population is forecast to grow from 2020 to 2028 by 5.2%, adding 451 people, while households also grow 5.7% (230 households). These growth trends are expected to continue to 2035.
- The City of Thief River Falls experienced significant growth in the 65 to 74 age cohorts (+53.7%) from 2010 to 2023. Age cohorts under age 24 lost population from 2010 to 2023. These age cohorts are expected to rebound in Thief River Falls from 2023 to 2028. The population under 18 is forecast to grow by 5.0% and the 18 to 24 age cohort is expected to increase by 1.3%.
- Thief River Falls had an estimated median household income of \$62,240 in 2023 while the median income in the Market Area was estimate at \$73,448. The median income in Thief River Falls is projected to increase nearly 17% by 2028 to \$72,744, while incomes are also expected to grow in the Market Area, rising to \$81,706 (11.2%).
- Median incomes for owner occupied households was \$74,330, more than 50% greater than the median income for renter occupied households (\$42,833) in 2021. Owner occupied households represented 65% of households in the City of Thief River Falls.
- The largest household type in the City of Thief River Falls was single person households, representing 41% of households in 2021. Single person households have grown from 37% in 2010.

EXECUTIVE SUMMARY

- In 2021, an estimated 63% of the renter-occupied households in the City of Thief River Falls were one-person households, compared to only 29% of owner-occupied households. The largest proportion of owner households were two-person households (39.5%).
- Nearly 93% of the population in Thief River Falls reported their race as White Alone. In addition, nearly 6% of the City's population reported their ethnicity to be Hispanic.
- Although most residents did not move within the last year (86%) in Thief River Falls, among those that did move it was most likely to be within the same county (9.5%).

Employment Trends

- Between 2010 and 2019, employment in the Northwest Minnesota Planning Area, which contains Thief River Falls increased by 15,677 from 207,558 to 223,235 (7.6%).
- Between 2010 and 2022, average covered employment (place of work employment) rose by 48% (2,832) in Thief River Falls. The increase in employment is primarily attributed to the Trade, Transportation and Utilities Industry where employment increased by 42% during the same period. The Education and Health Services industry has also accounted for a significant increase in employment.
- The unemployment rates in Thief River Falls and Pennington County decreased rapidly in the post-pandemic recovery.
- The Trade, Transportation and Utilities Sector accounted for an estimated 55% of jobs in the PMA as of the 1st Quarter 2023, with an average weekly wage of \$1,160.
- The most common work destination among Thief River Falls residents was within the City of Thief River Falls (73.5%).
- The City of Thief River Falls can be considered an importer of workers, as the number of workers coming into the City (4,982) for employment was higher than the number of residents leaving the City for work (1,236).

Housing Characteristics

- Pennington County issued permits for the construction of 1,047 new residential units from 2000 to 2022. Of the number of units built from permits issued, 43% were single-family homes and 56% were multifamily units.
- The median year built of owned housing in the Market Area was 1968 compared to a median year built of 1977 for rental housing in the Market Area. As a result, the existing housing stock is "older" as new construction (post 2010) accounts for a somewhat smaller share of the overall housing stock.

EXECUTIVE SUMMARY

- In Thief River Falls, the most common rental building has between 20 and 49 units (19.9%) while the most common owned housing is single-family detached dwellings (88.2%).
- An estimated 62% of Thief River Falls homeowners have a mortgage. These homes have an estimated median value of \$139,900 (Census).
- Over half of the owned housing stock in Thief River Falls is estimated to be valued between \$100,000 and \$199,999 (54%).
- The median rent in Thief River Falls was \$675. Nearly two-thirds of renters in Thief River Falls paid between \$500 and \$999 in rent as of 2021.
- In 2021, nearly 70% of homes in the Market Area were owner-occupied compared to 59% of homes in Thief River Falls.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 992 general occupancy multifamily rental units in Thief River Falls across 32 multifamily properties. The survey took place from February through April 2024. At the time of the survey, a total of five units were vacant, resulting in an overall vacancy rate of 0.5%. Typically, a healthy rental market maintains a vacancy rate of at or near 5%, which promotes competitive rates, ensures adequate consumer choice and allows for sufficient unit turnover. The exceptionally low vacancy rate indicates there is pent-up demand for additional rental housing.
- Among the rental properties surveyed, 892 units are market rate, 38 units are shallow-subsidy (LIHTC) and 62 units are deep-subsidy. Shallow-subsidy and deep-subsidy units have maximum income restrictions to maintain affordability. Market rate units were 0.3% vacant; shallow-subsidy units were 7.0% vacant and deep-subsidy units were 0.0% vacant.
- Average rents for older properties in Thief River Falls range from \$500 per month for studio units to \$850 per month for three-bedroom units. Newer rental properties (built post-2010) have rents ranging from \$800 per month for one-bedroom units to \$1,288 per month for three-bedroom units.

Senior Housing Market Analysis

- Maxfield identified a total of 368 senior units among nine properties. These properties include active adult (market rate and affordable/subsidized), independent living with some services, assisted living and memory care.
- Most units in Thief River Falls are active adult mixed between market rate and affordable, followed by assisted living. Active adult senior housing accounts for 62% of all senior units while assisted living accounts for 24%.

EXECUTIVE SUMMARY

- Vacancy rates are low for active adult housing, 1.1%, but are much higher for assisted living housing at nearly 30%. The pandemic caused vacancy rates to rise among all assisted living facilities across Minnesota and recovery has been slow. Gradually vacancy rates in assisted living facilities are decreasing but challenges with finding adequate staff to provide care continues to contribute to higher vacancy rates. Facilities cannot lease more units than they have staff to provide care to residents.

For-Sale Housing Market Analysis

- The median sales price of homes in Pennington County have risen 105% from 2012 (\$84,900) to 2023 (\$174,000), according to the Minnesota Association of Realtors Annual Report.
- In 2023, half of resales in the Secondary Market Area (288 resales) occurred in Pennington County (144 resales) according to the Minnesota Association of Realtors Annual Report.
- Thief River Falls generated 79% of Pennington County sales from 2017 to 2023.
- Over half of the 2023 single family home sales were priced between \$100,000 and \$200,000.
- There were 38 active single family home listings in October 2023. One-story and one and half story homes presented 80% of all active listings. These listings also had the lowest average listing prices and average square feet of \$161,020 and 1,443 square feet for one and half story homes and \$213,613 and 1,864 square feet for one story homes.
- There are 217 lots in newer subdivisions in the Thief River Falls, with 76 vacant lots remaining in those newer subdivisions.
- Lots in newer subdivisions averages 0.52 acres, with an averaged assessed land value of \$28,395 and home value of \$271,414.
- There were two actively marketing subdivisions outside the city limits of Thief River Falls. These subdivisions had larger lots, averaging 1.96 acres, compared to those newer subdivisions within the city limits.

Housing Affordability

- About 16% of owner households and 38% of renter households are estimated to be paying more than 30% of their income for housing costs in the City of Thief River Falls. The Remainder of the Market Area cost burdened households are 15% for owner households and 34% for renter households.

EXECUTIVE SUMMARY

- Renter households in the City of Thief River Falls and the Remainder of the Market Area were less likely to be cost burdened compared to the State of Minnesota, where 46% of renter households were cost burdened.
- An entry-level single-family home in the Thief River Falls Market Area could expect to be sold for \$175,000. At this price point, given the down payment and mortgage rates noted above, a household would need an income of approximately \$55,000 to spend no more than 30% on their housing costs. Nearly 62% of Market Area households could afford an entry-level single-family home in the Thief River Falls Market Area.
- An estimated 63% of existing renter households can afford to rent an existing one-bedroom unit in Thief River Falls (approx. \$790/month). For a new one-bedroom apartment, nearly 54% of households in the Market Area would be income-qualified with an estimated rent of \$970 a month.

Housing Needs Analysis

- Based on our calculations, demand exists for the following general occupancy product types between 2023 and 2035:
 - Market rate rental 185 units
 - Affordable rental 82 units
 - Subsidized rental 61 units
 - For-sale single-family 242 units (After existing lots have been absorbed)
 - For-sale multifamily 154 units
- In addition, we find demand for most senior housing product types. By 2035, demand for senior housing is forecast for the following:
 - Active adult ownership 128 units
 - Active adult market rate rental 101 units
 - Active adult affordable 131 units
 - Independent Living 132 units
 - Assisted living 53 units
 - Memory care 83 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the following chart provides a summary of the recommended development concepts by product type for the City of Thief River Falls through 2035. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT CITY OF THIEF RIVER FALLS 2024 to 2035				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owner-Occupied Homes				
Single Family				
	Entry-level	<\$225,000	95 - 100	Ongoing
	Move-up	\$225,000 - \$350,000	120 - 125	Ongoing
	Executive	\$375,000+	65 - 70	Ongoing
	Total		280 - 295	
Townhomes/Twinhomes/Detached Townhomes/Villas				
	Entry-level	<\$180,000	65 - 70	Ongoing
	Move-up	\$200,000 - \$300,000	60 - 65	Ongoing
	Executive	\$300,000+	30 - 35	Ongoing
	Total		155 - 170	
Total Owner-Occupied			435 - 465	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$775/1BR - \$1,250/3BR	75 - 80	2025+
	Apartment-style (move up)	\$850/Eff - \$1,400/3BR	65 - 70	2027+
	Townhomes (move up)	\$1,400/2BR - \$1,800/3BR	35 - 40	2025+
	Total		175 - 190	
Affordable Rental Housing				
	Apartment-style	Moderate Income ²	50 - 60	2024+
	Townhomes	Moderate Income ²	30 - 35	2024+
	Subsidized	30% of Income ³	30 - 40	2024+
	Total		110 - 135	
Total Renter-Occupied			285 - 325	
Senior Housing (i.e. Age Restricted)				
	Senior Cooperative(s)	\$75,000+	80 - 90	2024+
	Active Adult Market Rate Rental ⁴	\$1,200/1BR - \$1,500/2BR+Den	80 - 90	2024+
	Active Adult Affordable Rental ⁴	Moderate Income ³	125 - 130	2024+
	Independent Living/Congregate	\$1,750/1BR - \$2,800+/2BR	110 - 120	2025+
	Assisted Living	\$3,000/Eff - \$5,500/2BR	40 - 50	2028+
	Memory Care	\$4,000/EFF - \$6,000/2BR	50 - 60	2024+
	Total		485 - 540	
Total - All Units			1,205 - 1,330	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Pennington County Income limits.				
³ Subsidized housing will be difficult to develop financially. Hence, some demand moved from subsidized to affordable				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior communities.				
Source: Maxfield Research & Consulting, LLC.				

Purpose and Scope of Study

Maxfield Research and Consulting, LLC. was engaged by the City of Thief River Falls to conduct a *Housing Needs Assessment* for the City of Thief River Falls, Minnesota. The Housing Needs Assessment provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes an analysis of the demographic and economic characteristics of the Thief River Falls Market Area; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental, senior and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Methodology

A number of resources were utilized to obtain information for the analysis. The primary data and information sources include the following:

- U.S. Census Bureau; American Community Survey
- Minnesota Department of Employment and Economic Development (DEED)
- U.S. Department of Housing and Urban Development (HUD)
- Environmental Systems Research Institute (ESRI)
- CoStar, Inc.
- Regional Multiple Listing Service of Minnesota (MLS)
- City of Thief River Falls
- Pennington County
- Longitudinal Employer-Household Dynamics (LEHD)
- Minnesota Geospatial Commons
- Minnesota Housing Finance Agency (MHFA)
- Novogradac
- Private property owners/managers, Realtors, brokers, developers, employers, etc.

Introduction

This section of the report examines factors related to the current and future demand for owned and rented housing in Thief River Falls, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, household types, household tenure, employment growth trends and characteristics, age of housing stock, and recent residential building permit trends for the Thief River Falls Market Area. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

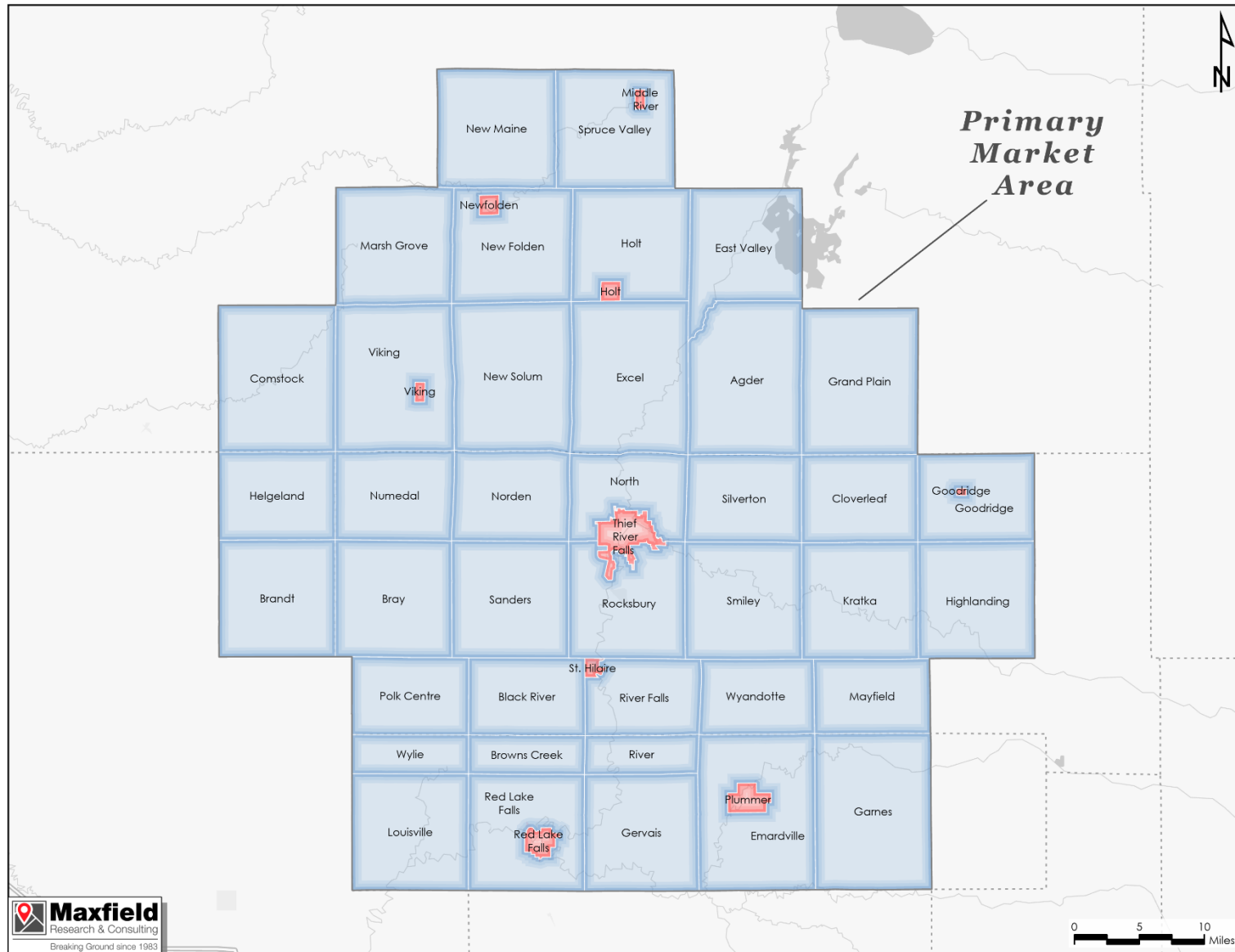
Market Area Definition

The primary draw area (Market Area) for housing in Thief River Falls was defined based on traffic patterns, community and school district boundaries, geographic and man-made barriers, and our general knowledge of the draw area. The Market Area includes the City of Thief River Falls, along with 47 other cities and townships across Marshall, Pennington, Polk and Red Lake Counties. A Secondary Market Area will also be evaluated and will include the entirety of Marshall, Pennington, Polk and Red Lake Counties.

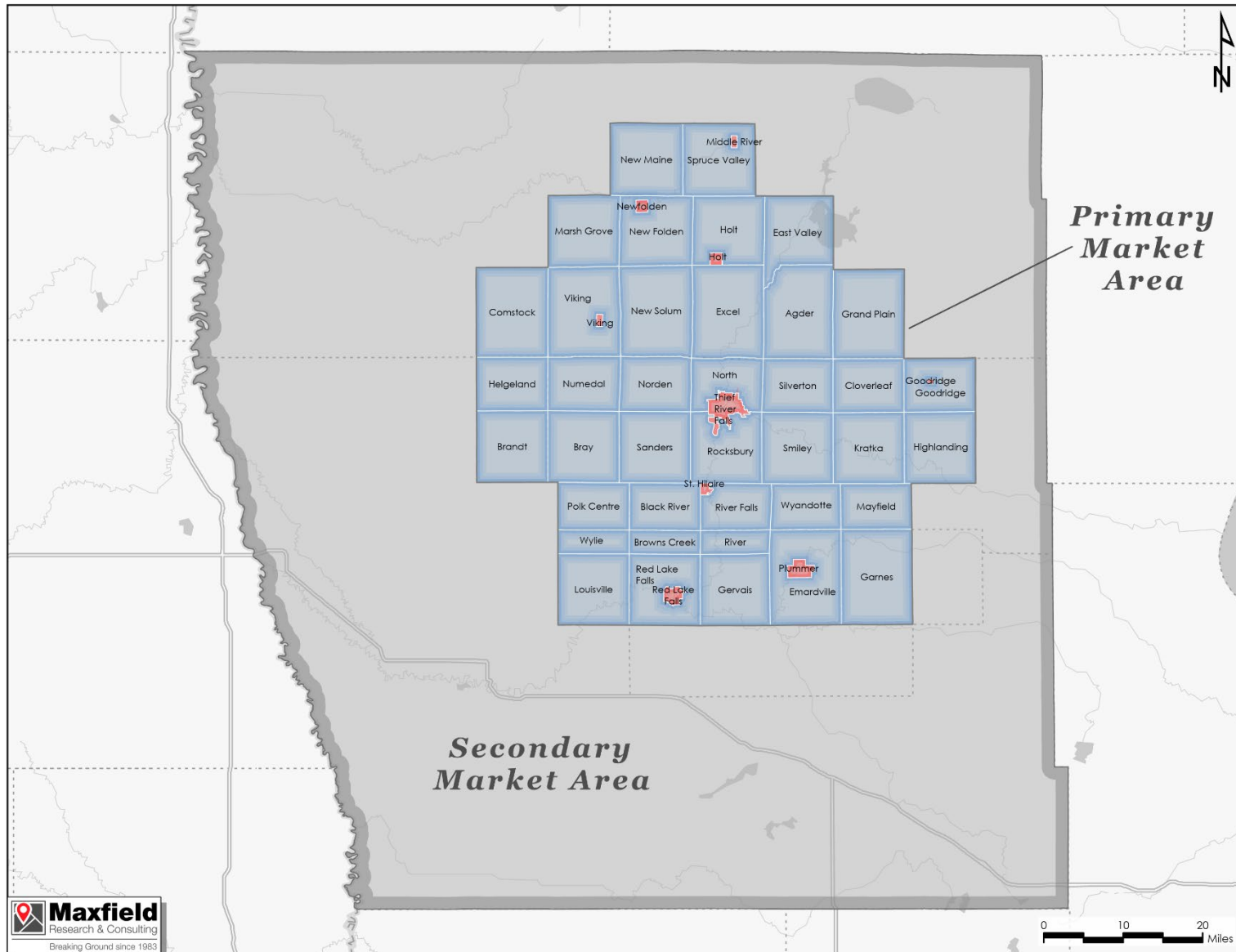
The City of Thief River Falls is expected to account for most of the total demand for housing in the Market Area, depending on the housing product. Additional demand will come from individuals moving from just outside the area, those who return from other locations (particularly young households returning after pursuing their degrees or elderly returning from retirement locations) and seniors who move to be near the adult children living in the Market Area. Demand generated from in and outside of the Market Area is considered in the demand calculations presented later in this analysis.

City of Thief River Falls Market Area Definition	
City	Township
Middle River	New Maine
Newfolden	Marsh Grove
Holt	Spruce Valley
Viking	New Folden
Goodridge	Holt
Thief River Falls	East Valley
St. Hilaire	Comstack
Plummer	Viking
Red Lake Falls	New Solum
	Excel
	Agder
	Grand Plain
	Helgeland
	Numedal
	Norden
	North
	Silverton
	Cloverleaf
	Goodridge
	Highlanding
	Kratka
	Smiley
	Rocksbury
	Sanders
	Bray
	Brandt
	Polk Centre
	Black River
	River Falls
	Wyandotte
	Mayfield
	Wylie
	Browns Creek
	River
	Emardville
	Garnes
	Gervais
	Red Lake Falls
	Louisville
Secondary Market Area Definition	
County	
Marshall	
Pennington	
Polk	
Red Lake	

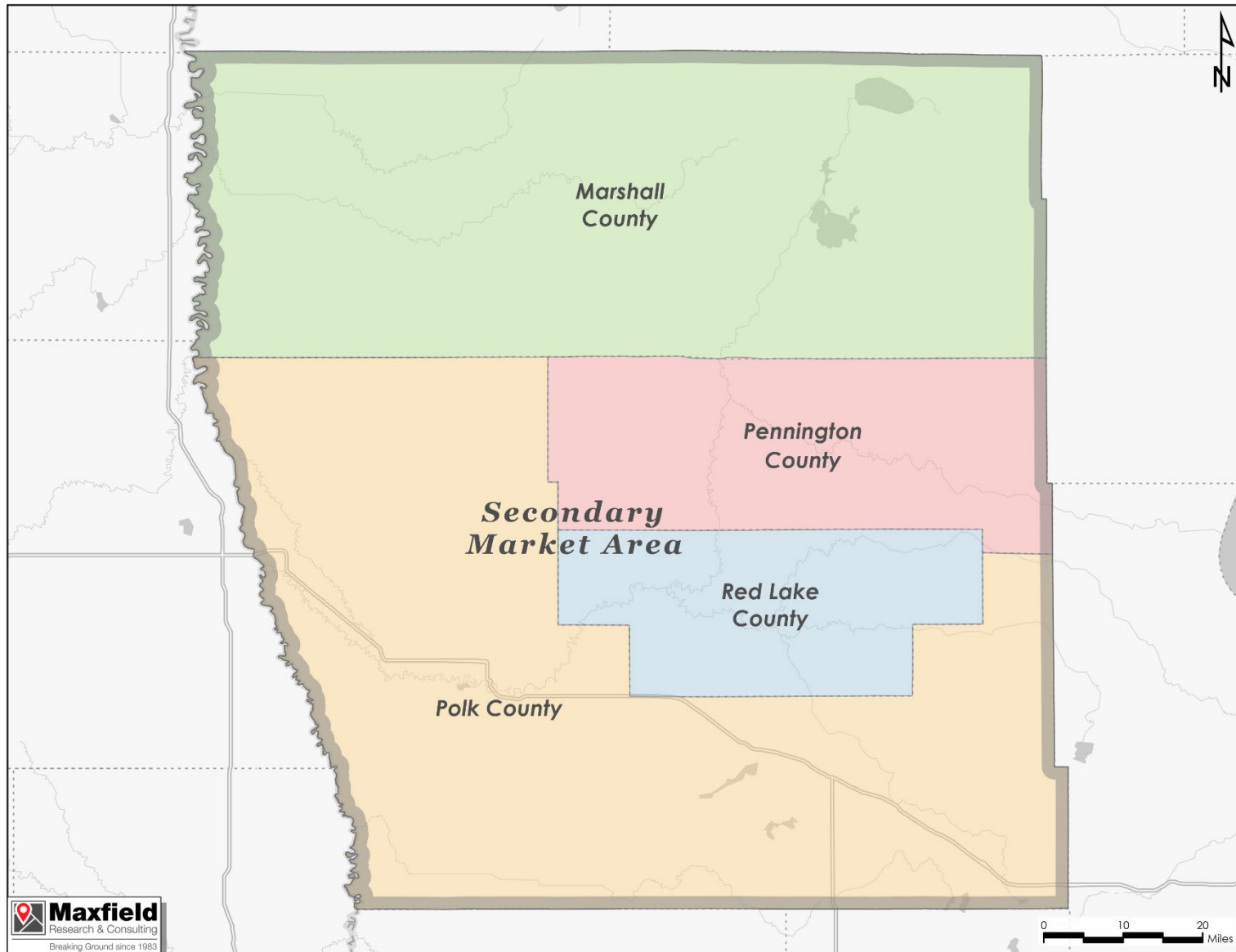
Thief River Falls Market Area



Thief River Falls Market Area and Secondary Market Area



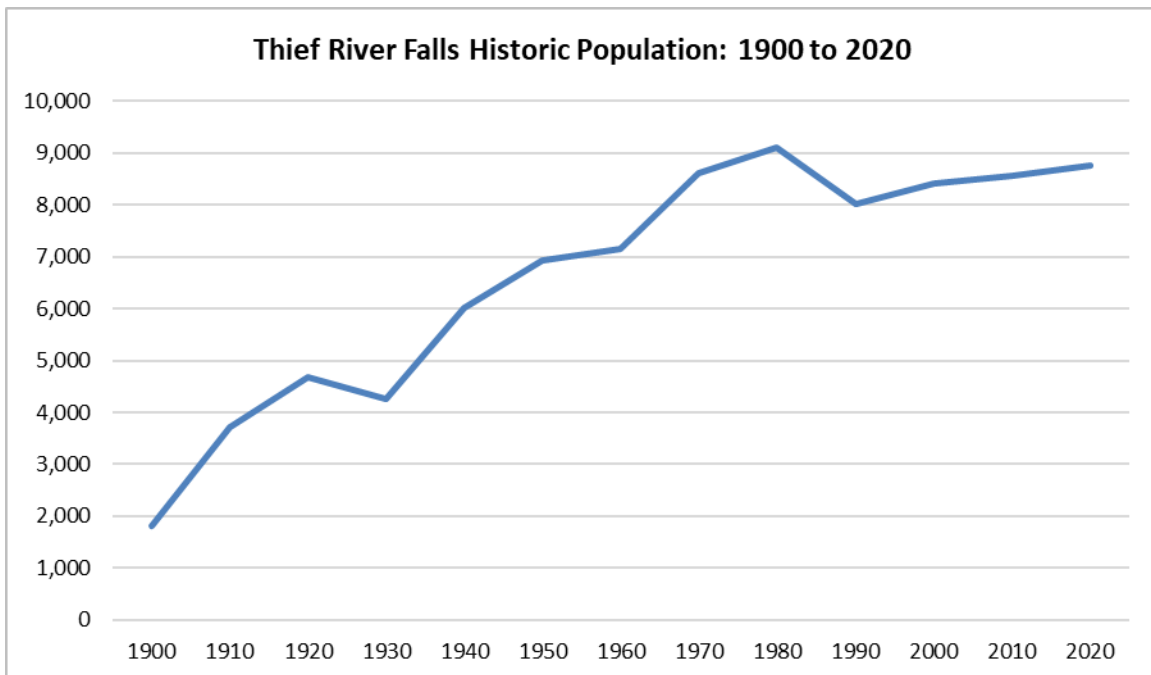
Secondary Market Area



Historic Population and Household Growth Trends

The figure below shows the historic population of City of Thief River Falls from the U.S. Census Bureau from 1900 to 2020.

- The population of Thief River Falls has generally risen since 1900. In 1900, the population of the city was 1,819, by 2020, the population of City reached 8,749.
- The population of the city peaked at 9,105 in 1980 before falling to 8,010 in 1990. Since 1990, modest population growth has occurred in Thief River Falls.



- The proportion of Pennington County's population living within the City of Thief River Falls has grown continuously since 1920. In 1920, 39% of the population of Pennington County lived in Thief River Falls by 2020 the proportion had risen to 63%.

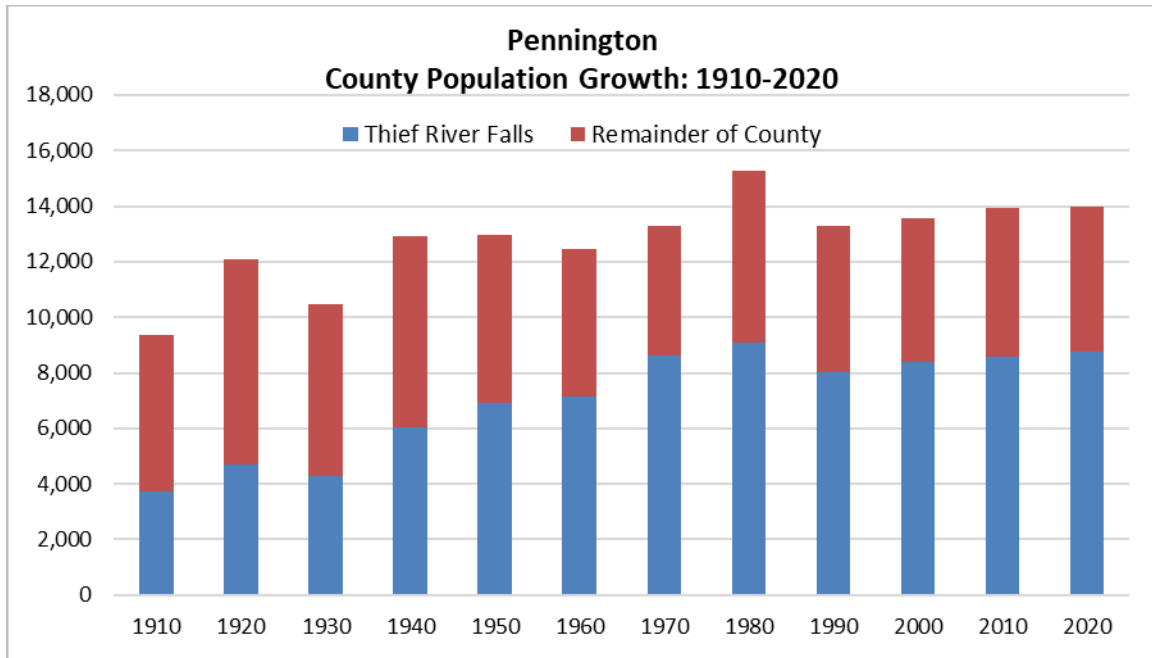


Table D-1 show historic population trends for the Market Area, Secondary Market Area and State of Minnesota from 2000 to 2020.

- The population of the Market Area grew by only 1.1% (217 people) from 2000 to 2010. From 2010 to 2020 however, population fell -0.6% (-115) from 2010 to 2020. At the same time, Thief River Falls grew by 1.9% (163) from 2000 to 2010 and by 2.1% (176) from 2010 to 2020. Population growth in Thief River Falls and a few of the townships, offset the declining population in many of the cities and townships in the PMA.

DEMOGRAPHIC ANALYSIS

TABLE D-1 HISTORIC POPULATION GROWTH TRENDS THIEF RIVER FALLS MARKET AREA 2000 - 2020							
	Historic Population			Change			
	Census			2000-2020		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
Cities							
Thief River Falls	8,410	8,573	8,749	163	1.9%	176	2.1%
Gooddridge	98	132	112	34	34.7%	-20	-15.2%
Holt	89	88	90	-1	-1.1%	2	2.3%
Middle River	319	303	304	-16	-5.0%	1	0.3%
Newfolden	362	368	352	6	1.7%	-16	-4.3%
Plummer	270	292	276	22	8.1%	-16	-5.5%
Red Lake Falls	1590	1,427	1,339	-163	-10.3%	-88	-6.2%
St. Hiaire	272	279	273	7	2.6%	-6	-2.2%
Viking	92	104	79	12	13.0%	-25	-24.0%
Townships							
Agder	108	109	112	1	0.9%	3	2.8%
Black River	98	82	67	-16	-16.3%	-15	-18.3%
Brandt	62	50	45	-12	-19.4%	-5	-10.0%
Bray	73	64	53	-9	-12.3%	-11	-17.2%
Browns Creek	58	48	41	-10	-17.2%	-7	-14.6%
Cloverleaf	70	84	90	14	20.0%	6	7.1%
Comstack	135	105	127	-30	-22.2%	22	21.0%
East Valley	45	43	43	-2	-4.4%	0	0.0%
Emardville	217	195	209	-22	-10.1%	14	7.2%
Excel	280	300	310	20	7.1%	10	3.3%
Garnes	174	190	178	16	9.2%	-12	-6.3%
Gervais	250	226	235	-24	-0.1	9	0.0
Goodridge	54	79	79	25	46.3%	0	0.0%
Grand Plain	55	55	54	0	0.0%	-1	-1.8%
Helgeland	52	54	41	2	3.8%	-13	-24.1%
Highlanding	192	194	202	2	1.0%	8	4.1%
Holt	147	132	120	-15	-10.2%	-12	-9.1%
Kratka	139	131	145	-8	-5.8%	14	10.7%
Louisville	192	187	171	-5	-2.6%	-16	-8.6%
Marsh Grove	145	143	119	-2	-1.4%	-24	-16.8%
Mayfield	76	51	49	-25	-32.9%	-2	-3.9%
New Folden	197	230	216	33	16.8%	-14	-6.1%
New Maine	194	199	200	5	2.6%	1	0.5%
New Solum	313	325	315	12	3.8%	-10	-3.1%
Norden	385	379	369	-6	-1.6%	-10	-2.6%
North	726	708	761	-18	-2.5%	53	7.5%
Numedal	91	90	97	-1	-1.1%	7	7.8%
Polk Centre	79	87	66	8	10.1%	-21	-24.1%
Red Lake Falls	206	201	192	-5	-2.4%	-9	-4.5%
River	194	178	191	-16	-8.2%	13	7.3%
River falls	65	65	62	0	0.0%	-3	-4.6%
Rocksbury	1077	1211	1,102	134	12.4%	-109	-9.0%
Sanders	285	298	298	13	4.6%	0	0.0%
Silverton	182	187	187	5	2.7%	0	0.0%
Smiley	528	580	620	52	9.8%	40	6.9%
Spruce Valley	238	242	239	4	1.7%	-3	-1.2%
Viking	145	156	175	11	7.6%	19	12.2%
Wyandotte	101	130	92	29	28.7%	-38	-29.2%
Wylie	72	65	58	-7	-9.7%	-7	-10.8%
PMA	19,202	19,419	19,304	217	1.1%	-115	-0.6%
Secondary Market Area	59,407	59,058	58,159	-349	-0.6%	-899	-1.5%
Minnesota	4,919,479	5,303,925	5,706,494	384,446	7.8%	402,569	7.6%
Sources: U.S. Census; Maxfield Research & Consulting LLC							

DEMOGRAPHIC ANALYSIS

Table D-2 show historic household growth trends for the Market Area, Secondary Market Area and Minnesota from 2000 to 2020.

- Household growth typically outpaces population growth, which is evident in the household growth trends of the PMA since 2000. With population nearly stable from 2000 to 2020, households still experienced a modest amount of growth.
- From 2000 to 2010, 355 households were added to the Market Area, a 4.6% increase. Another 190 households were added to the Market Area from 2010 to 2020 (2.3%).
- As household growth seemed to slow in the Market Area from 2000 to 2020, households grew in Thief River Falls. Households grew by 5.1% (183) from 2000 to 2010 and then added 268 households (7%) from 2010 to 2020.

DEMOGRAPHIC ANALYSIS

TABLE D-2 HISTORIC HOUSEHOLDS GROWTH TRENDS THIEF RIVER FALLS MARKET AREA 2000 - 2020							
	Households			Change			
	Census			2000 - 2010		2010 - 2020	
	2000	2010	2020	No.	Pct.	No.	Pct.
Cities							
Thief River Falls	3,619	3,802	4,070	183	5.1%	268	7.0%
Gooddridge	47	60	46	13	27.7%	-14	-23.3%
Holt	36	36	36	0	0.0%	0	0.0%
Middle River	152	148	145	-4	-2.6%	-3	-2.0%
Newfolden	160	156	158	-4	-2.5%	2	1.3%
Plummer	125	128	117	3	2.4%	-11	-8.6%
Red Lake Falls	608	615	589	7	1.2%	-26	-4.2%
St. Haire	121	123	124	2	1.7%	1	0.8%
Viking	39	43	34	4	10.3%	-9	-20.9%
Townships							
Agder	41	39	41	-2	-4.9%	2	5.1%
Black River	34	36	29	2	5.9%	-7	-19.4%
Brandt	26	22	16	-4	-15.4%	-6	-27.3%
Bray	24	27	23	3	12.5%	-4	-14.8%
Browns Creek	20	19	16	-1	-5.0%	-3	-15.8%
Cloverleaf	26	31	35	5	19.2%	4	12.9%
Comstack	55	48	50	-7	-12.7%	2	4.2%
East Valley	19	20	20	1	5.3%	0	0.0%
Emardville	81	79	89	-2	-2.5%	10	12.7%
Excel	103	115	114	12	11.7%	-1	-0.9%
Garnes	70	67	59	-3	-4.3%	-8	-11.9%
Gervais	95	94	95	-1	-1%	1	1%
Goodridge	23	26	29	3	13.0%	3	11.5%
Grand Plain	22	22	22	0	0.0%	0	0.0%
Helgeland	18	19	17	1	5.6%	-2	-10.5%
Highlanding	69	64	56	-5	-7.2%	-8	-12.5%
Holt	61	55	55	-6	-9.8%	0	0.0%
Kratka	48	51	55	3	6.3%	4	7.8%
Louisville	75	80	73	5	6.7%	-7	-8.8%
Marsh Grove	55	57	53	2	3.6%	-4	-7.0%
Mayfield	27	24	28	-3	-11.1%	4	16.7%
New Folden	77	88	89	11	14.3%	1	1.1%
New Maine	77	78	86	1	1.3%	8	10.3%
New Solum	108	122	124	14	13.0%	2	1.6%
Norden	135	146	158	11	8.1%	12	8.2%
North	268	280	255	12	4.5%	-25	-8.9%
Numedal	35	35	29	0	0.0%	-6	-17.1%
Polk Centre	29	33	30	4	13.8%	-3	-9.1%
Red Lake Falls	86	93	73	7	8.1%	-20	-21.5%
River	70	66	70	-4	-5.7%	4	6.1%
River falls	25	29	22	4	16.0%	-7	-24.1%
Rocksbury	382	435	417	53	13.9%	-18	-4.1%
Sanders	104	109	117	5	4.8%	8	7.3%
Silverton	71	74	68	3	4.2%	-6	-8.1%
Smiley	186	209	240	23	12.4%	31	14.8%
Spruce Valley	94	95	100	1	1.1%	5	5.3%
Viking	63	66	73	3	4.8%	7	10.6%
Wyandotte	38	40	47	2	5.3%	7	17.5%
Wylie	23	21	23	-2	-8.7%	2	9.5%
PMA	7,770	8,125	8,315	355	4.6%	190	2.3%
Secondary Market Area	23,423	24,258	24,100	835	3.6%	-158	-0.7%
Minnesota	1,895,127	2,087,227	2,253,990	192,100	10.1%	166,763	8.0%
Sources: U.S. Census; Maxfield Research & Consulting LLC							

Population and Household Estimates and Projections

Table D-3 presents population and household growth estimates and projections for the Market Area to 2035. Estimates for 2023 and projections to 2035 are based on information from ESRI (a national demographics service provider) and the Minnesota State Demographic Center, with adjustments calculated by Maxfield Research and Consulting, LLC.

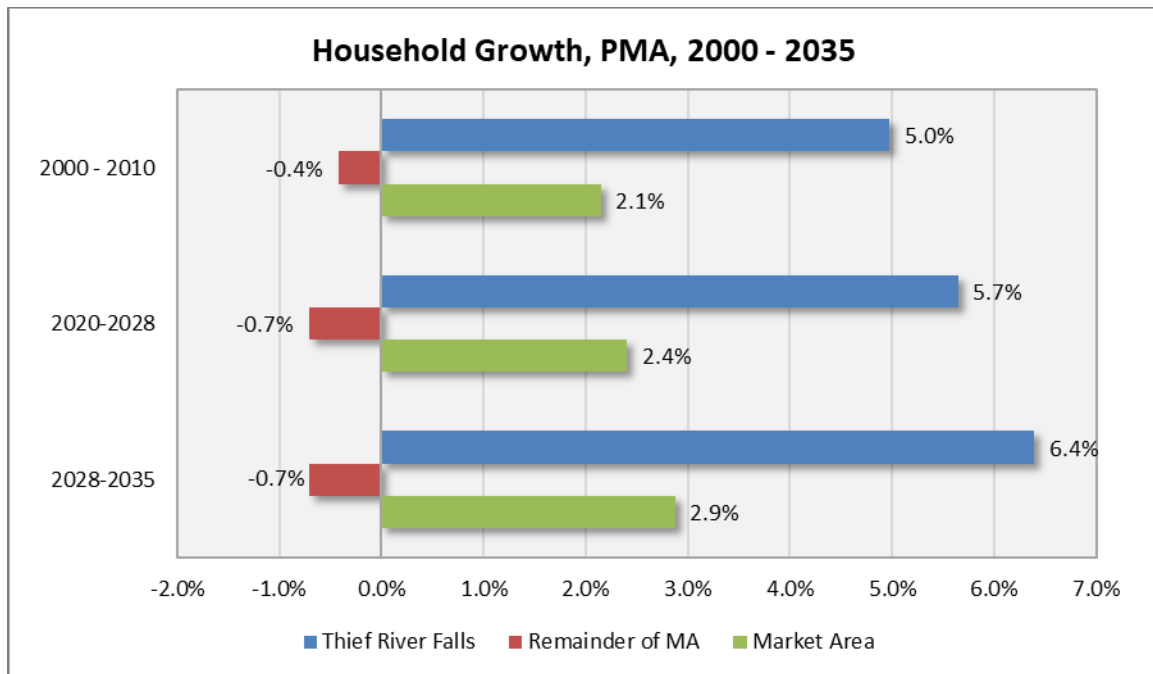
- Between 2010 and 2020, the population of the City of Thief of River Falls grew by 2.1%. However, population fell slightly in the Remainder of the Market Area during this time, losing -2.7% of its population during the decade.
- Population growth is expected to return to Thief River Falls with a 5.2% increase in population projected from 2020 to 2028 and further increase of 4.3% forecast from 2028 to 2035. At the same time, population will be mostly stable in the Remainder of the Market Area during this time, with population projected to fall only -0.5% from 2020 to 2028 and -0.8% from 2028 to 2035.
- Meanwhile, households in the City grew, adding 268 (7.0%) from 2010 to 2020. Households in the Remainder of the Market Area fell -1.8%. Similar household growth trends are projected to continue through 2035. The City of Thief River Falls is forecast to add 230 (5.7%) households from 2020 to 2028 and 275 (6.4%) households from 2028 to 2035.
- As a result of growth in Thief River Falls, the Market Area population will grow by 2.1% from 2020 to 2028 and 1.6% from 2028 to 2035, while households will grow by 2.4% and 2.9% from 2020 to 2028 and 2028 to 2035.
- In Pennington County, households are forecast to remain steady to 2035, losing only 27 households from 2020 to 2035.
- Households in the SMA will remain steady to 2035. From 2020 to 2028, households are forecast to fall -0.7% and -0.8% from 2028 to 2035.

DEMOGRAPHIC ANALYSIS

TABLE D-3
POPULATION & HOUSEHOLD GROWTH PROJECTIONS
THIEF RIVER FALLS MARKET AREA
2010-2035

								Change					
	U.S. Census			Estimate	Projections			2010 - 2020		2020-2028		2028-2035	
	2000	2010	2020	2023	2028	2030	2035	No.	Pct.	No.	Pct.	No.	Pct.
Population													
Thief River Falls	8,410	8,714	8,749	8,900	9,200	9,350	9,600	35	0.4%	451	5.2%	400	4.3%
Remainder of Market Area	10,792	10,699	10,555	10,545	10,500	10,460	10,420	-144	-1.3%	-55	-0.5%	-80	-0.8%
Market Area Total	19,202	19,413	19,304	19,445	19,700	19,810	20,020	-109	-0.6%	396	2.1%	320	1.6%
Pennington County	13,584	13,390	13,992	13,979	13,970	13,947	13,779	602	4.5%	-22	-0.2%	-191	-1.4%
Secondary Market Area	59,407	59,058	58,159	57,910	57,538	57,330	56,324	-899	-1.5%	-621	-1.1%	-1,214	-2.1%
Minnesota	4,919,479	5,303,925	5,706,494	5,827,170	5,886,323	6,034,205	6,155,860	402,569	7.6%	179,829	3.2%	269,537	4.6%
Households													
Thief River Falls	3,619	3,877	4,070	4,160	4,300	4,400	4,575	193	5.0%	230	5.7%	275	6.4%
Remainder of Market Area	4,151	4,263	4,245	4,240	4,215	4,200	4,185	-18	-0.4%	-30	-0.7%	-30	-0.7%
Market Area Total	7,770	8,140	8,315	8,400	8,515	8,600	8,760	175	2.1%	200	2.4%	245	2.9%
Pennington County	5,525	5,836	6,077	6,076	6,057	6,075	6,050	241	4.1%	-20	-0.3%	-7	-0.1%
Secondary Market Area	23,423	24,258	24,100	24,070	23,940	24,000	23,750	-158	-0.7%	-160	-0.7%	-190	-0.8%
Minnesota	1,895,127	2,087,227	2,253,990	2,305,000	2,355,000	2,375,000	2,430,000	166,763	8.0%	101,010	4.5%	75,000	3.2%
Persons Per Household													
Thief River Falls	2.32	2.25	2.15	2.14	2.14	2.13	2.10						
Remainder of Market Area	2.60	2.51	2.49	2.49	2.49	2.49	2.49						
Market Area Total	2.47	2.38	2.32	2.31	2.31	2.30	2.29						
Pennington County	2.46	2.29	2.30	2.30	2.31	2.30	2.28						
Secondary Market Area	2.54	2.43	2.41	2.41	2.40	2.39	2.37						
Minnesota	2.60	2.54	2.53	2.53	2.50	2.54	2.53						
Sources: U.S. Census Bureau; MN State Demographic Center; ESRI; Maxfield Research & Consulting, LLC													

Sources: U.S. Census Bureau; MN State Demographic Center; ESRI; Maxfield Research & Consulting, LLC



Age Distribution Trends

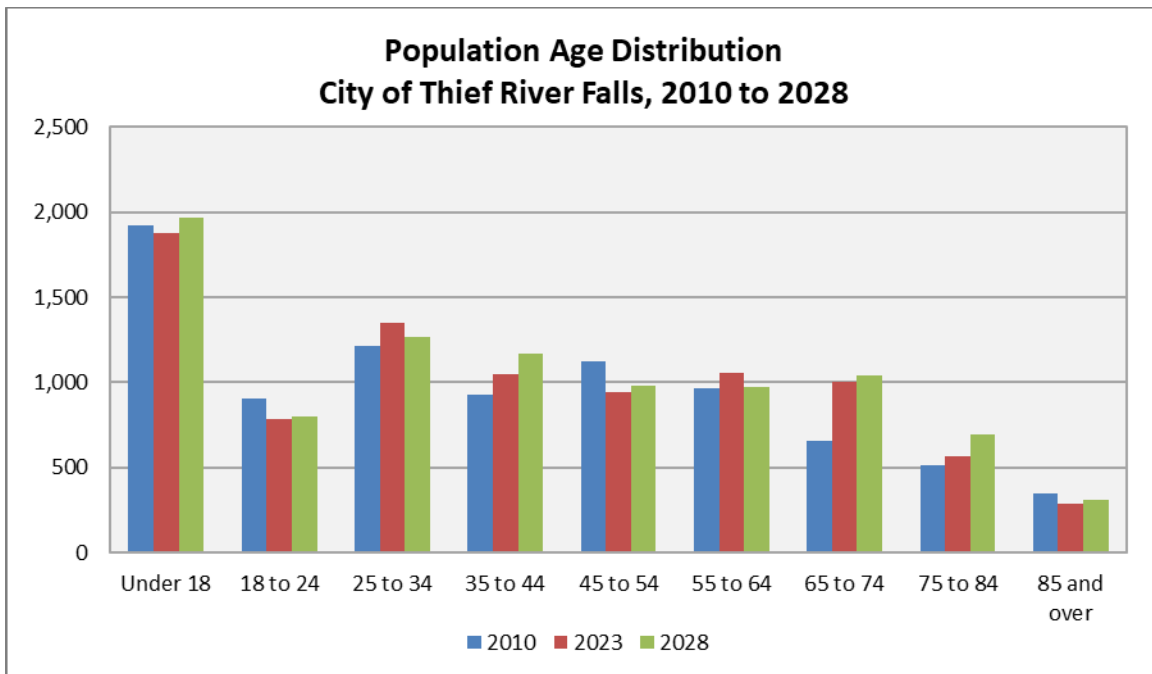
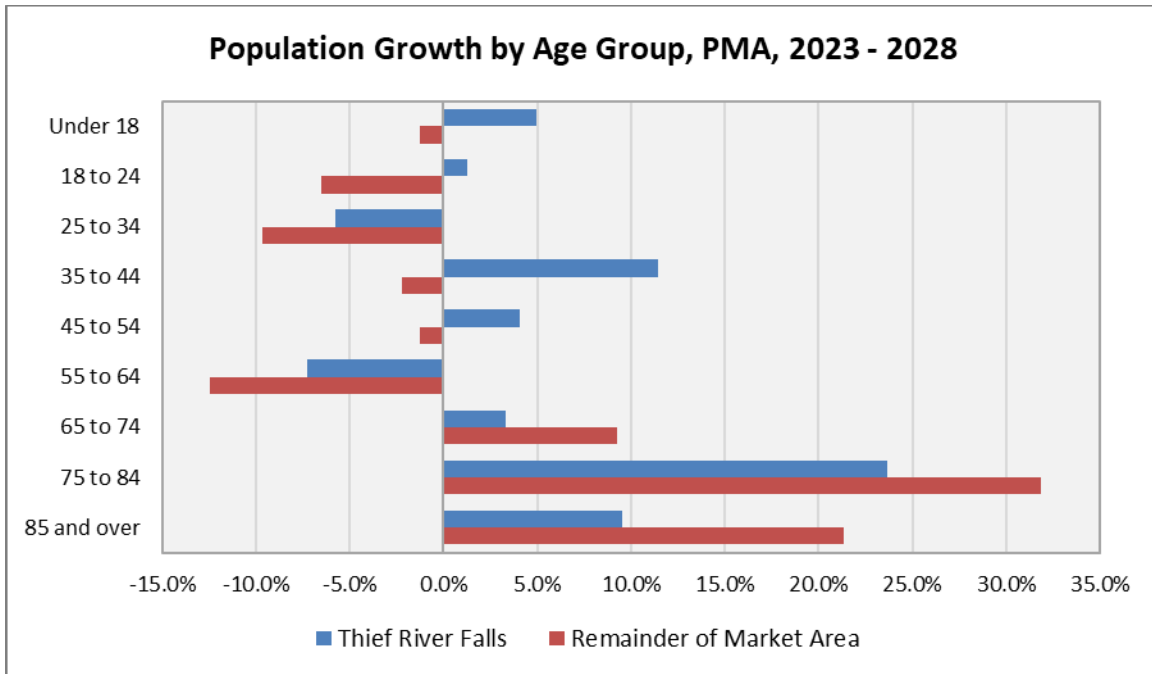
The age distribution of a community's population helps in assessing the type of housing needed. For example, younger and older people are more attracted to medium and higher-density housing located near services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Table D-4 presents the age distribution of Thief River Falls and the Market Area population from 2000 to 2028. Information from 2000, 2010 and 2020 is sourced from the U.S. Census. The 2023 estimates and projections for 2028 were provided by ESRI, with adjustments made by Maxfield Research.

- Between 2010 and 2023, the City of Thief River Falls experienced significant growth in the 65 to 74 age cohort, which grew by 53.7%. At the same time, the youngest age cohorts, those under age 24, declined.
- From 2023 to 2028, the younger age cohorts are expected to rebound in Thief River Falls. The population under 18 is forecast to grow by 5.0% and the 18 to 24 age cohort is expected to increase by 1.3%.
- The growth in the population of the Remainder of the Market was largely in the population over age 65 from 2010 to 2023. As in the City, the largest population growth occurred in the 65 to 74 age cohort (+50.8%).
- Growth trends in the Remainder of the Market Area is expected to continue from 2023 to 2028. All the population growth is forecast to occur in the 65 and over age cohorts.

DEMOGRAPHIC ANALYSIS

TABLE D-4 POPULATION AGE DISTRIBUTION THIEF RIVER FALLS MARKET AREA 2000 to 2028											
Age	Census			Estimate	Projection	Change					
	2000	2010	2020	2023	2028	2000-2010		2010-2023		2023-2028	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.	No.	Pct.
City of Thief River Falls											
Under 18	1,886	1,926	1,894	1,874	1,967	40	2.1	-52	-2.7	93	5.0
18 to 24	985	906	737	787	797	-79	-8.0	-119	-13.1	10	1.3
25 to 34	1,046	1,210	1,329	1,347	1,269	164	15.7	137	11.3	-78	-5.8
35 to 44	1,152	926	1,045	1,045	1,165	-226	-19.6	119	12.9	120	11.4
45 to 54	1,041	1,122	962	942	980	81	7.8	-180	-16.0	38	4.1
55 to 64	716	967	1,099	1,053	976	251	35.1	86	8.9	-77	-7.3
65 to 74	643	654	879	1,006	1,039	11	1.7	352	53.7	33	3.3
75 to 84	607	512	536	563	696	-95	-15.7	51	9.9	133	23.7
85 and over	334	350	268	284	311	16	4.8	-66	-18.9	27	9.6
Subtotal	8,410	8,573	8,749	8,900	9,200	163	1.9	327	3.7	300	3.4
Remainder of Market Area											
Under 18	2,897	2,780	2,524	2,294	2,265	-117	-4.0	-486	-17.5	-29	-1.2
18 to 24	836	634	815	686	642	-202	-24.2	52	8.2	-45	-6.5
25 to 34	1,099	1,163	988	1,119	1,011	64	5.8	-44	-3.8	-108	-9.7
35 to 44	1,702	1,409	1,282	1,287	1,258	-293	-17.2	-122	-8.7	-28	-2.2
45 to 54	1,601	1,771	1,330	1,308	1,291	170	10.6	-463	-26.2	-16	-1.3
55 to 64	1,162	1,502	1,584	1,613	1,412	340	29.3	111	7.4	-201	-12.4
65 to 74	766	906	1,231	1,366	1,492	140	18.3	460	50.8	126	9.2
75 to 84	562	517	585	663	874	-45	-8.0	146	28.2	211	31.9
85 and over	167	164	216	210	255	-3	-1.8	46	28.0	45	21.4
Subtotal	10,792	10,846	10,555	10,545	10,500	54	0.5	-301	-2.8	-45	-0.4
Market Area Total											
Under 18	4,783	4,706	4,418	4,167	4,232	-77	-1.6	-539	-11.4	65	1.5
18 to 24	1,821	1,540	1,552	1,473	1,439	-281	-15.4	-67	-4.3	-34	-2.3
25 to 34	2,145	2,373	2,317	2,466	2,280	228	10.6	93	3.9	-186	-7.6
35 to 44	2,854	2,335	2,327	2,332	2,423	-519	-18.2	-3	-0.1	91	3.9
45 to 54	2,642	2,893	2,292	2,250	2,272	251	9.5	-643	-22.2	22	1.0
55 to 64	1,878	2,469	2,683	2,665	2,388	591	31.5	196	8.0	-277	-10.4
65 to 74	1,409	1,560	2,110	2,372	2,531	151	10.7	812	52.0	159	6.7
75 to 84	1,169	1,029	1,121	1,225	1,570	-140	-12.0	196	19.1	344	28.1
85 and over	501	514	484	494	566	13	2.6	-20	-3.9	72	14.6
Total	19,202	19,419	19,304	19,445	19,700	217	1.1	26	0.1	255	1.3
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC											

- In 2023, the largest adult cohort by age in the City of Thief River Falls is estimated to be the 25 to 34 age cohort, totaling an estimated 1,347 people which represents 15.1% of the population.
- The proportion of the population over age 65 will grow from 20.8% in 2023 to 22.2% by 2028.



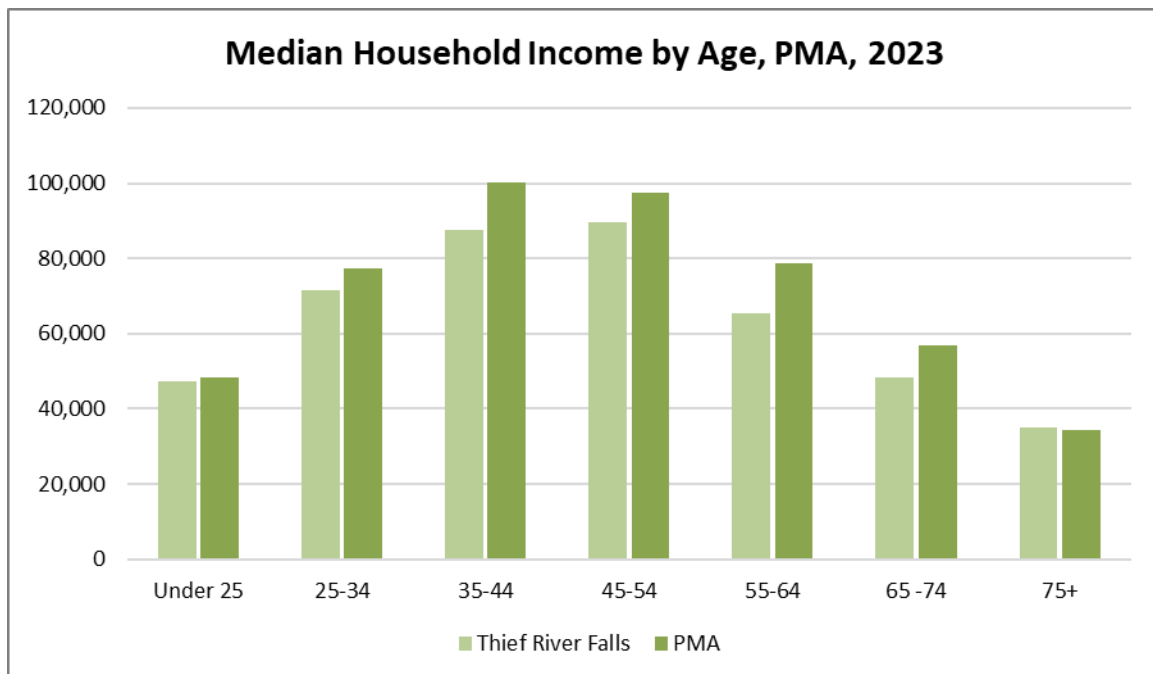
Household Income by Age of Householder

The estimated distribution of household incomes in the Market Area for 2023 and 2028 are shown in Tables D-5 and D-6. The data was estimated by Maxfield Research and Consulting based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as 30% of a household's adjusted gross income. For example, a household with an income of \$50,000 per year would be able to afford a monthly housing cost of about \$1,250. Maxfield Research and Consulting uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$50,000 income would translate to an affordable single-family home of \$150,000 to \$175,000. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- Thief River Falls had an estimated median household income of \$62,240 in 2023. The median income in the Market Area was estimate at \$73,448 in 2023. The higher median income in the Remainder of the PMA is due to higher home ownership rates, farmsteads, etc.



- The median income in Thief River Falls is projected to increase nearly 17% by 2028 to \$72,744. Incomes are also expected to grow in the Market Area, rising to \$81,706 (11.2%).

Non-Senior Households

- In 2023, only 5% of the non-senior (under age 65) households in Thief River Falls Market Area had incomes under \$15,000 (311 households). All of these households would be eligible for subsidized rental housing. Another 4% of the Market Area's non-senior households had incomes between \$15,000 and \$25,000 (306 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.
- Median incomes for households in the Market Area peak at \$100,204 for the 35 to 44 age cohort in 2023. Households in this age group are in their peak earning years. By 2028, the median income for the 35 to 44 age group is projected to increase to \$104,088, a 3.9% increase.
- The median resale price of single-family homes in Thief River Falls was \$162,500 as of 2023 (Table FS-2). The income required to afford a home at this price is an estimated range of \$51,000 to \$59,000, based on the standard of 3.0 to 3.5 times household income (and assuming the household does not have a high debt level). In 2023, 58% (4,843 households) of the Market Area's households under age 75 had incomes greater than \$51,000. New construction however, would be higher than the current median sales price and would require a higher income threshold. As such, fewer households would qualify for new construction.

Senior Households

- The oldest householders are likely to have lower incomes. In 2023, 8% of households ages 65 to 74 and 11.6% of households ages 75 and over had incomes below \$15,000. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2023 median income for Market Area householders ages 65 to 74 and 75+ was \$56,837 and \$34,475, respectively.
- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$41,250 to afford monthly rents of \$2,750, which is the base monthly rent for assisted living in the Market Area. There were an estimated 473 older senior (ages 75 and over) households (40%) with incomes at or above \$41,250 in 2023. Seniors age 75 and over are the primary market for assisted living housing, although most seniors moving to assisted living housing today are in their early to mid-80s.

DEMOGRAPHIC ANALYSIS

TABLE D-5 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER THIEF RIVER FALLS MARKET AREA 2023 and 2028								
	Total	Age of Householder						
		Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2023								
Less than \$15,000	568	52	68	45	52	95	120	137
\$15,000 to \$24,999	680	48	68	35	34	120	124	250
\$25,000 to \$34,999	577	27	77	30	36	60	137	209
\$35,000 to \$49,999	1,122	77	164	96	106	161	262	256
\$50,000 to \$74,999	1,312	78	249	173	176	256	289	91
\$75,000 to \$99,999	1,380	50	231	266	226	284	243	81
\$100,000 to \$149,999	1,918	57	351	463	400	342	217	88
\$150,000 to \$199,999	531	4	63	102	129	112	72	50
\$200,000+	312	2	43	88	68	65	32	14
Total	8,400	394	1,312	1,299	1,226	1,496	1,497	1,176
Median Income	\$73,448	\$48,246	\$77,463	\$100,204	\$97,483	\$78,631	\$56,837	\$34,475
2028								
Less than \$15,000	480	46	48	36	41	61	94	154
\$15,000 to \$24,999	563	42	46	27	26	82	97	244
\$25,000 to \$34,999	519	24	57	24	27	42	117	229
\$35,000 to \$49,999	990	63	126	76	84	114	233	293
\$50,000 to \$74,999	1,218	78	210	153	138	214	299	126
\$75,000 to \$99,999	1,450	58	218	274	229	259	292	120
\$100,000 to \$149,999	2,261	73	381	543	458	362	285	159
\$150,000 to \$199,999	683	4	75	124	154	136	100	90
\$200,000+	351	2	43	99	71	68	46	23
Total	8,515	389	1,204	1,355	1,228	1,337	1,562	1,439
Median Income	\$81,706	\$54,592	\$86,183	\$104,088	\$103,985	\$87,985	\$68,459	\$38,542
Change - 2023 to 2028								
Less than \$15,000	-88	-5	-20	-9	-11	-34	-27	18
\$15,000 to \$24,999	-117	-5	-22	-9	-9	-38	-28	-6
\$25,000 to \$34,999	-58	-4	-20	-7	-10	-18	-19	20
\$35,000 to \$49,999	-133	-14	-38	-20	-22	-47	-29	37
\$50,000 to \$74,999	-95	0	-39	-20	-38	-42	10	35
\$75,000 to \$99,999	70	8	-13	8	4	-25	49	39
\$100,000 to \$149,999	343	16	30	79	59	20	68	71
\$150,000 to \$199,999	152	0	12	22	26	23	28	41
\$200,000+	40	0	1	11	3	3	14	8
Total	115	-4	-108	56	2	-159	65	263
Median Income	\$8,258	\$6,346	\$8,720	\$3,884	\$6,502	\$9,354	\$11,622	\$4,067
Sources: ESRI; Maxfield Research & Consulting, LLC								

Sources: ESRI; Maxfield Research & Consulting, LLC

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TABLE D-6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF THIEF RIVER FALLS 2023 and 2028								
	Total	Age of Householder						
		Under 25	25-34	35-44	45-54	55-64	65 -74	
2023								
Less than \$15,000	313	38	49	31	25	53	60	57
\$15,000 to \$24,999	437	35	49	32	26	73	88	136
\$25,000 to \$34,999	300	15	47	24	24	26	68	97
\$35,000 to \$49,999	636	48	102	57	55	89	137	147
\$50,000 to \$74,999	680	54	162	102	95	114	103	48
\$75,000 to \$99,999	636	33	133	131	92	96	106	45
\$100,000 to \$149,999	870	34	198	208	171	126	94	39
\$150,000 to \$199,999	180	1	29	27	50	48	16	9
\$200,000+	109	1	18	33	31	16	9	1
Total	4,160	259	788	644	567	641	683	579
Median Income	\$62,240	\$47,233	\$71,589	\$87,526	\$89,478	\$65,451	\$48,159	\$34,928
2028								
Less than \$15,000	277	35	36	25	24	38	56	62
\$15,000 to \$24,999	366	34	32	24	20	57	68	131
\$25,000 to \$34,999	299	16	40	22	20	22	67	112
\$35,000 to \$49,999	607	45	91	56	46	70	136	162
\$50,000 to \$74,999	645	59	142	95	78	106	105	60
\$75,000 to \$99,999	664	35	124	145	95	86	116	63
\$100,000 to \$149,999	1,063	42	218	268	209	138	124	63
\$150,000 to \$199,999	248	1	36	44	69	60	24	14
\$200,000+	132	0	23	41	33	19	13	3
Total	4,300	267	741	722	595	596	708	671
Median Income	\$72,744	\$50,992	\$79,711	\$98,400	\$101,586	\$76,152	\$54,958	\$36,887
Change - 2023 to 2028								
Less than \$15,000	-36	-3	-13	-5	-0	-15	-4	5
\$15,000 to \$24,999	-72	-1	-17	-7	-5	-15	-20	-5
\$25,000 to \$34,999	-1	1	-7	-1	-3	-3	-2	15
\$35,000 to \$49,999	-29	-3	-11	-1	-9	-19	-1	15
\$50,000 to \$74,999	-35	5	-21	-7	-17	-9	1	12
\$75,000 to \$99,999	28	2	-9	14	3	-10	10	18
\$100,000 to \$149,999	194	9	19	60	39	13	30	25
\$150,000 to \$199,999	68	0	7	18	19	12	8	5
\$200,000+	23	-1	5	9	2	3	3	2
Total	140	9	-47	78	28	-45	25	92
Median Income	\$10,504	\$3,759	\$8,122	\$10,874	\$12,108	\$10,701	\$6,799	\$1,959
Sources: ESRI; Maxfield Research & Consulting, LLC								

Tenure by Household Income

Table D-7 shows household tenure by income for the City of Thief River Falls, the Thief River Falls Market Area, the Remainder of the Market Area and the Secondary Market Area in 2021. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options

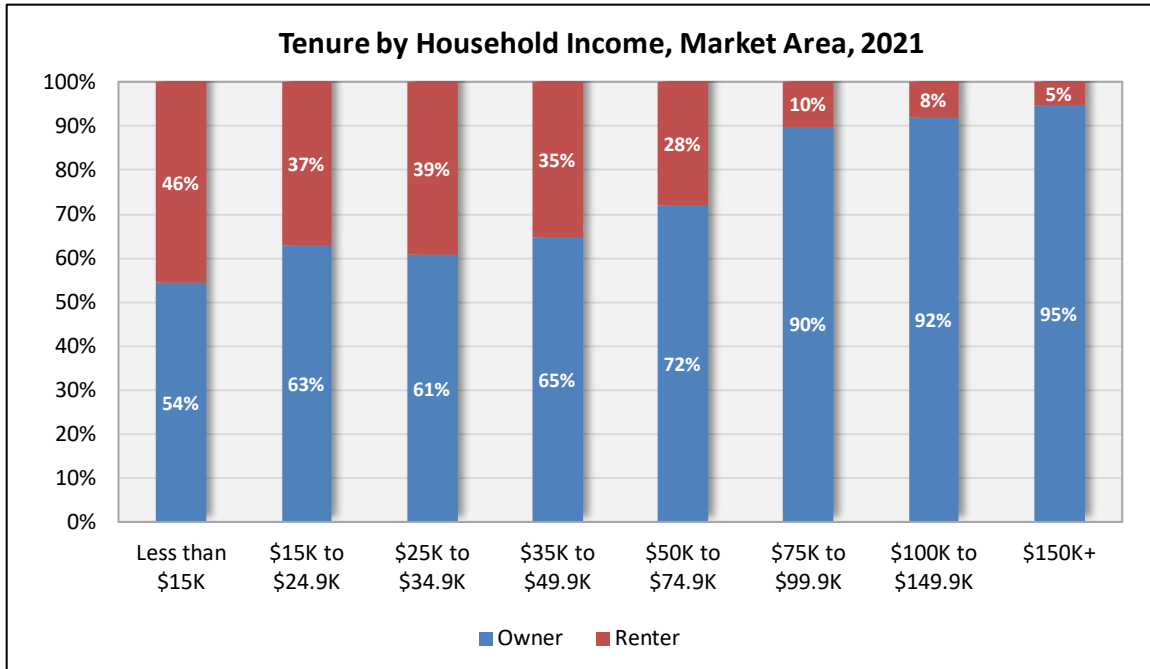
DEMOGRAPHIC ANALYSIS

based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income. It is important to note that the higher the income, the lower 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, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the Thief River Falls Market Area, where the lowest homeownership rate was 54% for households with an income between \$15,000 and \$24,999. Among households with incomes over \$150,000, the homeownership rate was 94.7%.
- In 2021, the median income of owner households was \$74,330 while the median incomes of renter households were \$42,833 in Thief River Falls.
- A portion of renter households that are referred to as lifestyle renters, or those who are financially able to own but choose to rent, have household incomes above \$50,000. Lifestyle renters represent about 37% of the Thief River Falls Market Area's renters in 2021. Households with incomes below \$15,000 are typically a market for deep subsidy rental housing. An estimated 15% of the Thief River Falls Market Area's renters in 2021 fall in this income category.

	Thief River Falls				Remainder of Market Area				Market Area				SMA			
	Owner		Renter		Owner		Renter		Owner		Renter		Owner		Renter	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$15,000	140	42.7	188	57.3	197	67.5	95	32.5	337	54.4	283	45.6	961	41.5	1,357	58.5
\$15,000 to \$24,999	269	57.1	202	42.9	185	73.7	66	26.3	454	62.9	268	37.1	1,155	49.6	1,175	50.4
\$25,000 to \$34,999	133	43.3	174	56.7	214	80.8	51	19.2	347	60.7	225	39.3	1,095	63.0	642	37.0
\$35,000 to \$49,999	334	51.1	320	48.9	438	81.6	99	18.4	772	64.8	419	35.2	2,059	66.2	1,050	33.8
\$50,000 to \$74,999	431	57.7	316	42.3	622	87.0	93	13.0	1,053	72.0	409	28.0	3,046	75.8	971	24.2
\$75,000 to \$99,999	521	86.4	82	13.6	705	92.6	56	7.4	1,226	89.9	138	10.1	3,295	87.6	465	12.4
\$100,000 to \$149,999	580	86.3	92	13.7	939	95.8	41	4.2	1,519	91.9	133	8.1	3,836	92.0	334	8.0
\$150,000+	191	89.7	22	10.3	448	97.0	14	3.0	639	94.7	36	5.3	2,183	96.6	76	3.4
Total	2,599	65.1	1,396	34.9	3,748	87.9	515	12.1	6,347	76.9	1,911	23.1	17,630	74.4	6,070	25.6
Median Household Income	\$74,330		\$42,833		\$83,380		\$44,993		\$79,651		\$43,278		\$78,209		\$32,083	

Source: U.S. Census Bureau - American Community Service; Maxfield Research & Consulting, LLC



Net Worth

Table D-8 shows household net worth in the Thief River Falls Area in 2023. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

- Households in the Thief River Falls Market Area had an average net worth of \$589,024 in 2023 and a median net worth of \$184,568. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 65 to 74 age cohort. Senior households usually have a higher net worth due to their 401k's and other retirement funds. In addition, senior households that continue to have higher average net worth could be an indication of farm equipment and land assets being retained. In the Thief River Falls Market Area, median net worth reaches a high of \$298,294 in the 65 to 74 age cohort.
- Net worth is significantly higher in the rural areas of the Market Area than in the city limits. This is due to higher homeownership rates (i.e. home equity) and larger acreages and farmsteads. While the median net worth of the Market Area peaks at nearly \$300,000 for the 65 to 74, the median net worth of Thief River Falls reaches its highest at \$194,821 among the 75 and over cohort.

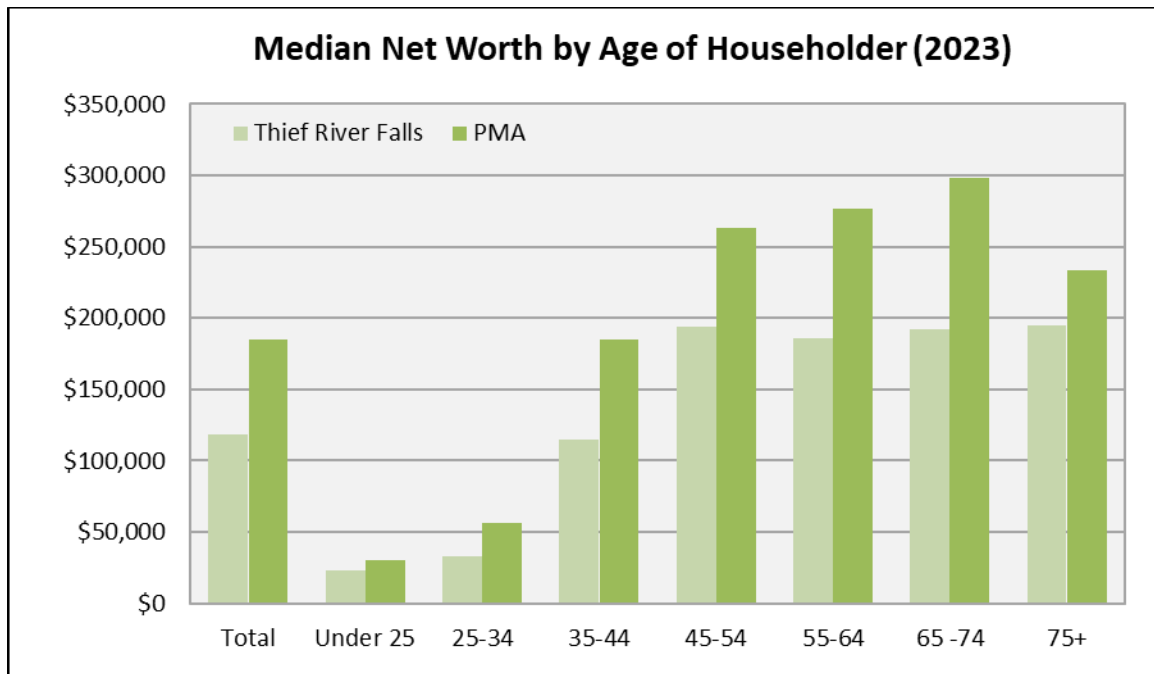
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TABLE D-8
NET WORTH BY AGE OF HOUSEHOLDER
THIEF RIVER FALLS MARKET AREA
2023

	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
City of Thief River Falls								
Less than \$15,000	894	103	319	145	56	98	122	51
\$15,000 to \$34,999	278	49	81	43	18	22	55	9
\$35,000 to \$49,999	135	10	46	18	11	14	22	12
\$50,000 to \$99,999	608	54	160	99	63	86	51	94
\$100,000 to \$149,999	385	35	83	45	76	53	42	52
\$150,000 to \$249,999	643	3	73	137	107	102	95	126
\$250,000 or more	1,217	4	27	156	235	265	295	235
Subtotal	4,160	259	788	644	567	641	683	579
Median Net Worth	\$117,874	\$22,603	\$32,815	\$115,124	\$193,724	\$185,429	\$191,808	\$194,821
Average Net Worth	\$342,871	\$52,040	\$73,243	\$293,170	\$514,117	\$518,443	\$472,080	\$380,501
Thief River Falls Market Area								
Less than \$15,000	1,299	133	429	186	94	161	203	93
\$15,000 to \$34,999	398	75	110	55	24	37	81	15
\$35,000 to \$49,999	206	17	70	24	12	33	35	14
\$50,000 to \$99,999	998	93	282	151	99	146	85	142
\$100,000 to \$149,999	693	62	160	90	126	96	66	93
\$150,000 to \$249,999	1,357	8	171	306	222	213	178	260
\$250,000 or more	3,449	6	90	488	649	810	848	559
Subtotal	8,400	394	1,312	1,299	1,226	1,496	1,497	1,176
Median Net Worth	\$184,568	\$30,455	\$56,375	\$185,020	\$263,450	\$276,548	\$298,294	\$233,466
Average Net Worth	\$589,024	\$59,159	\$99,463	\$422,797	\$638,203	\$889,714	\$802,360	\$791,232

Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

Sources: ESRI; Maxfield Research & Consulting, LLC



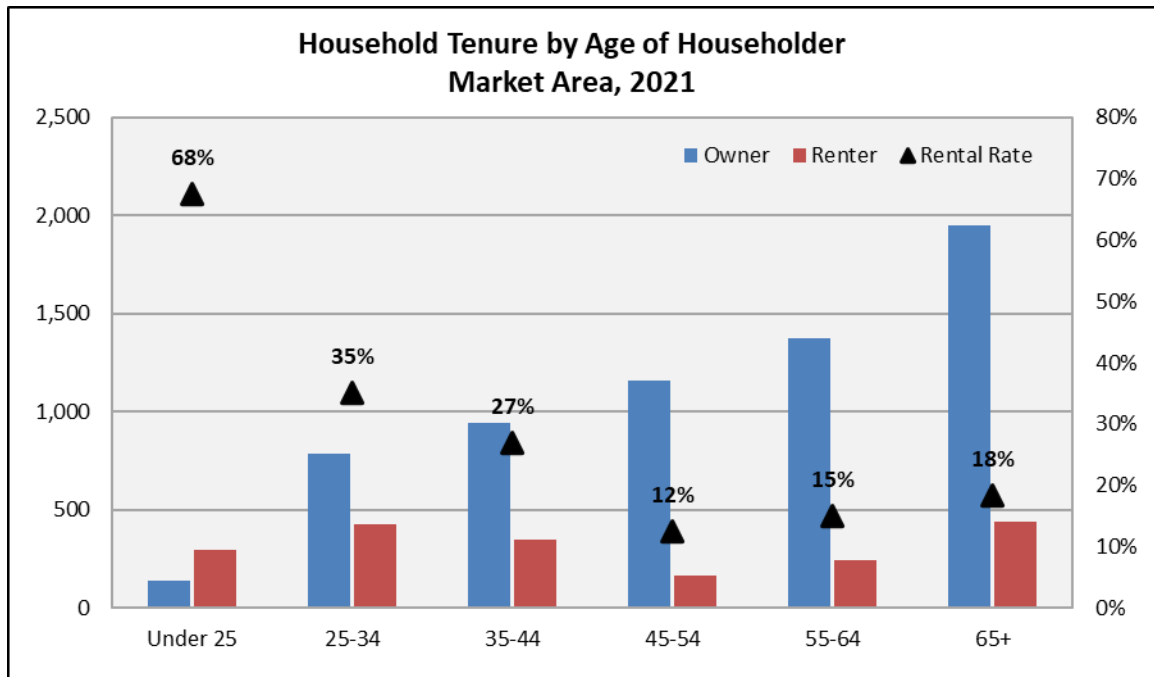
Tenure by Age of Householder

Table D-9 shows the number of owner and renter households in Thief River Falls and the Market Area by age group in 2010 and 2021. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual's life cycle.

- In 2010, 76% of all households in the Market Area owned their housing. The proportion of owner-occupied housing the Market Area was stable through 2021 (76.9%).
- In the Thief River Falls, the proportion of owner households (65%) was less than in the Market Area in and the Secondary Market Area (74.4%) in 2021. The City has provides more rental stock compared to other areas in the Market Area and Secondary Market Area, pushing higher the proportion of the renters in the City.
- As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, reducing the responsibility of maintenance and a financial commitment.
- In 2021, 67.6% of the Market Area's households under the age of 25 rented their housing, the proportion rental households fell to 35.1% of households between the ages of 25 and 34.

DEMOGRAPHIC ANALYSIS

- Owner households reach their peak among the 45 to 54 age cohort, when 87.6% of all households own their housing.



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TABLE D-9
TENURE BY AGE OF HOUSEHOLDER
THIEF RIVER FALLS MARKET AREA
2010 & 2021

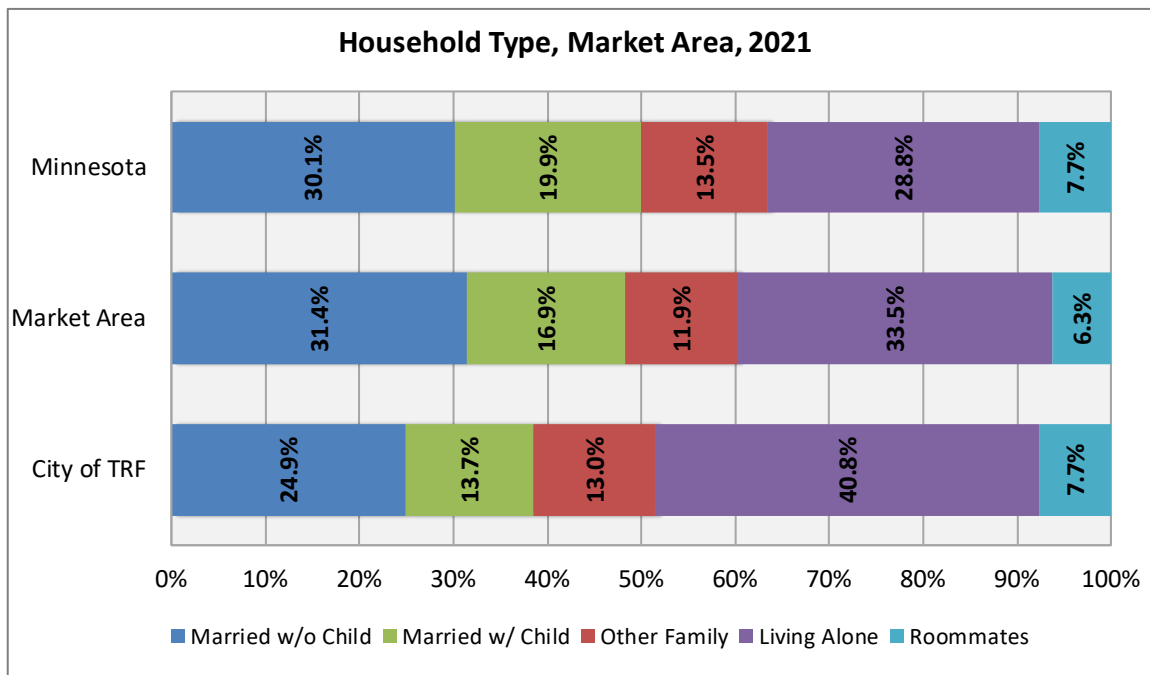
Age		City of Thief River Falls				Market Area				Secondary Market Area			
		2010		2021		2010		2021		2010		2021	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	84	25.6	98	32.0	133	29.8	141	32.4	321	25.2	281	32.2
	Rent	244	74.4	208	68.0	314	70.2	294	67.6	952	74.8	591	67.8
	Total	328	100.0	306	100.0	447	100.0	435	100.0	1,273	100.0	872	100.0
25-34	Own	367	54.7	440	56.8	783	63.3	785	64.9	2,099	61.6	2,178	62.4
	Rent	304	45.3	334	43.2	453	36.7	425	35.1	1,306	38.4	1,315	37.6
	Total	671	100.0	774	100.0	1,236	100.0	1,210	100.0	3,405	100.0	3,493	100.0
35-44	Own	398	71.2	346	58.2	1,078	81.1	941	73.0	2,869	78.8	2,582	69.7
	Rent	161	28.8	248	41.8	252	18.9	348	27.0	773	21.2	1,123	30.3
	Total	559	100.0	594	100.0	1,330	100.0	1,289	100.0	3,642	100.0	3,705	100.0
45-54	Own	504	74.8	390	81.3	1,353	84.1	1,156	87.6	4,096	83.3	2,974	78.7
	Rent	170	25.2	90	18.8	255	15.9	164	12.4	823	16.7	806	21.3
	Total	674	100.0	480	100.0	1,608	100.0	1,320	100.0	4,919	100.0	3,780	100.0
55-64	Own	463	80.8	563	77.2	1,248	87.6	1,372	85.1	3,868	86.3	4,164	83.4
	Rent	110	19.2	166	22.8	177	12.4	241	14.9	612	13.7	827	16.6
	Total	573	100.0	729	100.0	1,425	100.0	1,613	100.0	4,480	100.0	4,991	100.0
65+	Own	656	65.8	762	68.5	1,583	76.1	1,952	81.6	4,950	75.7	5,451	79.5
	Rent	341	34.2	350	31.5	496	23.9	439	18.4	1,589	24.3	1,408	20.5
	Total	997	100.0	1,112	100.0	2,079	100.0	2,391	100.0	6,539	100.0	6,859	100.0
TOTAL	Own	2,472	65.0	2,599	65.1	6,178	76.0	6,347	76.9	18,203	75.0	17,630	74.4
	Rent	1,330	35.0	1,396	34.9	1,947	24.0	1,911	23.1	6,055	25.0	6,070	25.6
	Total	3,802	100.0	3,995	100.0	8,125	100.0	8,258	100.0	24,258	100.0	23,700	100.0

Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting, LLC

Household Type

Table D-10 shows a breakdown of the type of households present in the Market Area in 2010 and 2021. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- People living alone represent the largest share of households in the Thief River Falls (41%) and the Market Area (33.5%) in 2021. By comparison, people living alone represent 29% of households in Minnesota.
- In the Market Area, households of married couples without children represented 31.4% of households compared to 25% in Thief River Falls.
- The most significant decrease in household type was among the Other Family households in Thief River Falls, which include single parent families and unmarried couples with children. The proportion of Other Family households fell from 17.3% to 13% between 2010 and 2021.
- Comparatively, it was married couples with children that experienced the largest decline in proportion among households in the Remainder of the Market Area, falling from 23.4% to 19.9%.



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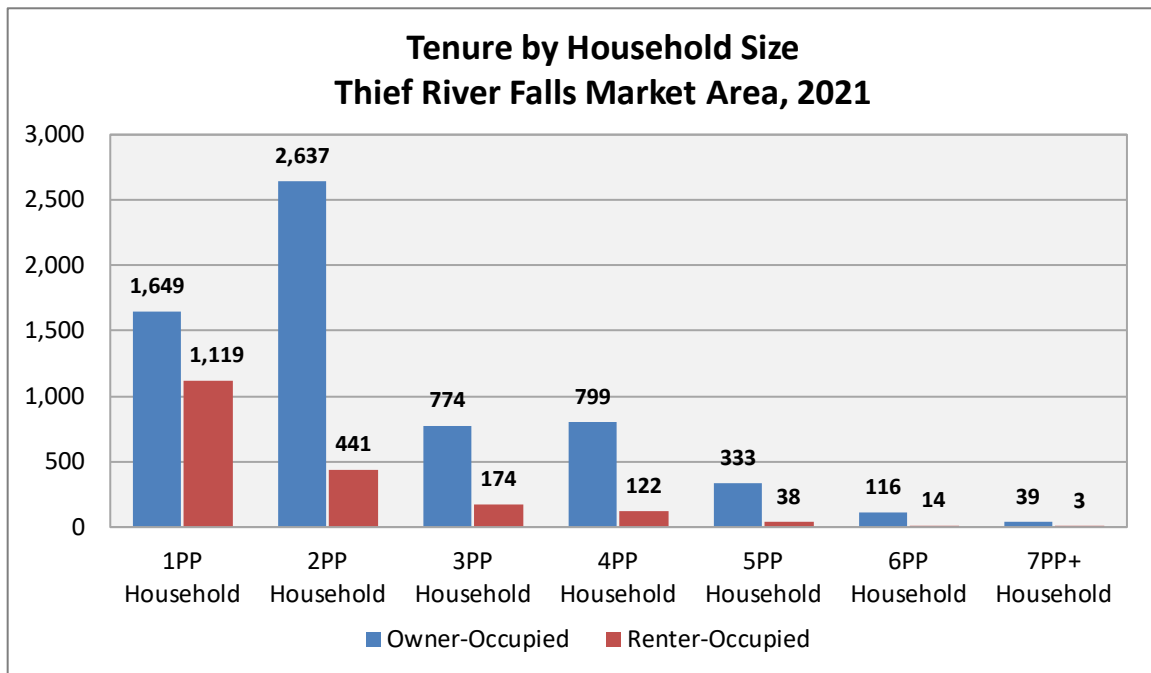
**TABLE D-10
HOUSEHOLD TYPE
THIEF RIVER FALLS MARKET AREA
2010 & 2021**

Number of Households	Total HH's		Family Households						Non-Family Households			
			Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021
City of Thief River Falls	3,802	3,995	957	993	526	546	658	521	1,390	1,628	271	307
Remainder of Market Area	4,323	4,263	1,562	1,601	1,012	848	469	464	1,063	1,140	217	210
Thief River Falls Market Area	8,125	8,258	2,519	2,594	1,538	1,394	1,127	985	2,453	2,768	488	517
Secondary Market Area	24,258	23,700	7,799	7,406	4,665	4,317	3,182	2,871	7,312	7,911	1,300	1,195
Percent of Total												
City of Thief River Falls	100%	100%	25.2%	24.9%	13.8%	13.7%	17.3%	13.0%	36.6%	40.8%	7.1%	7.7%
Remainder of Market Area	100%	100%	36.1%	37.6%	23.4%	19.9%	10.8%	10.9%	24.6%	26.7%	5.0%	4.9%
Thief River Falls Market Area	100%	100%	31.0%	31.4%	18.9%	16.9%	13.9%	11.9%	30.2%	33.5%	6.0%	6.3%
Secondary Market Area	100%	100%	32.2%	31.2%	19.2%	18.2%	13.1%	12.1%	30.1%	33.4%	5.4%	5.0%
Minnesota	100%	100%	29.6%	30.1%	21.2%	19.9%	13.8%	13.5%	28.0%	28.8%	7.4%	7.7%
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting, LLC												

Tenure by Household Size

Table D-11 shows the distribution of households by size and tenure in the City of Thief River Falls and the Thief River Falls Market Area in 2010 and 2021. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in the Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children, as well as older adults and seniors who choose to downsize from their single-family homes. In 2021, approximately 63% of the renter-occupied households in the City of Thief River Falls were one-person households. Single person renter households increased in Thief River Falls, from 56% in 2010.
- Only 29% of owner households were single person households in 2021. The largest proportion of owner households were two person households, representing 39.5% of owner households.
- Similar trends were observed in the Market Area, where one person households comprised the majority of renter households (59%) and two person households accounted for the majority of owner occupied households (41.5%) in 2021.



DEMOGRAPHIC ANALYSIS

TABLE D-11 TENURE BY HOUSEHOLD SIZE THIEF RIVER FALLS MARKET AREA 2010 and 2021								
Size	CITY OF THIEF RIVER FALLS							
	2010				2021			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	651	26.3%	739	55.6%	756	29.1%	872	62.5%
2PP Household	986	39.9%	315	23.7%	1,026	39.5%	288	20.6%
3PP Household	334	13.5%	141	10.6%	329	12.7%	133	9.5%
4PP Household	310	12.5%	86	6.5%	330	12.7%	74	5.3%
5PP Household	133	5.4%	30	2.3%	113	4.3%	29	2.1%
6PP Household	45	1.8%	17	1.3%	38	1.5%	0	0.0%
7PP+ Household	13	0.5%	2	0.2%	7	0.3%	0	0.0%
Total	2,472	100.0%	1,330	100.0%	2,599	100.0%	1,396	100.0%

Size	MARKET AREA TOTAL							
	2010				2021			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	1,408	22.8%	1,045	53.7%	1,649	26.0%	1,119	58.6%
2PP Household	2,518	40.8%	452	23.2%	2,637	41.5%	441	23.1%
3PP Household	875	14.2%	221	11.4%	774	12.2%	174	9.1%
4PP Household	804	13.0%	140	7.2%	799	12.6%	122	6.4%
5PP Household	406	6.6%	51	2.6%	333	5.2%	38	2.0%
6PP Household	120	1.9%	32	1.6%	116	1.8%	14	0.7%
7PP+ Household	47	0.8%	6	0.3%	39	0.6%	3	0.2%
Total	6,178	100.0%	1,947	100.0%	6,347	100.0%	1,911	100.0%

Sources: U.S. Census Bureau; American Community Survey; Maxfield Research and Consulting LLC

Diversity

The population distribution by race, Table D-12 presents the diversity of the population in Thief River Falls, the Remainder of the Market Area and the Market Area for 2010 and 2021. The data was obtained from the U.S. Census and American Community Survey.

- In 2021, “White Alone” comprised the largest proportion of the population in Thief River Falls (92.5%), the Remainder of the Market Area (93.4%), and in the Thief River Falls Market Area (93%). The percentage has decreased since 2010 where “White Alone” was 93% in the Market Area.

DEMOGRAPHIC ANALYSIS

TABLE D-12
POPULATION DISTRIBUTION BY RACE
THIEF RIVER FALLS MARKET AREA
2010 and 2021

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone		Hispanic or Latino ¹ <i>Ethnicity not Race</i>	
	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021
Thief River Falls	7,888	8,129	179	174	165	112	0	0	59	46	88	44	194	286	273	514
Remainder of the MA	10,530	9,901	35	55	73	117	8	0	29	113	63	52	108	358	230	299
Thief River Falls Market Area	18,418	18,030	214	229	238	229	8	0	88	159	151	96	302	644	503	813
Secondary Market Area	55,615	52,977	496	1,048	761	735	10	9	328	563	793	621	1,055	2,416	2,538	3,259
PERCENTAGE	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021	2010	2021
Thief River Falls	92.0%	92.5%	2.1%	2.0%	1.9%	1.3%	0.0%	0.0%	0.7%	0.5%	1.0%	0.5%	2.3%	3.3%	3.2%	5.8%
Remainder of the MA	97.1%	93.4%	0.3%	0.5%	0.7%	1.1%	0.1%	0.0%	0.3%	1.1%	0.6%	0.5%	1.0%	3.4%	2.1%	2.8%
Thief River Falls Market Area	94.8%	93.0%	1.1%	1.2%	1.2%	1.2%	0.0%	0.0%	0.5%	0.8%	0.8%	0.5%	1.6%	3.3%	2.6%	4.2%
Secondary Market Area	94.2%	90.8%	0.8%	1.8%	1.3%	1.3%	0.0%	0.0%	0.6%	1.0%	1.3%	1.1%	1.8%	4.1%	4.3%	5.6%

¹ US Census respondents list themselves ethnically Hispanic or Latino and racially in one of the other listed categories.

Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting LLC

- After White Alone, respondents in the City of Thief River Falls were most likely to select Two or More Races Alone (3.3%).
- U.S. Census respondents are able list themselves ethnically as Hispanic or Latino, in addition to listing themselves racially. As of 2021, 5.8% of the Thief River Falls population was Hispanic/Latino. The Hispanic/Latino population was 3.2% of the city's population in 2010.

Mobility in the Past Year

Table D-13 shows mobility patterns of Thief River Falls residents within a one-year timeframe. The data is sourced to the 2017-2021 American Community Survey, the most recent data available. People move for various reasons, but housing is the primary motivator, followed by family-related reasons, and job-related reasons. Local moves are generally housing-related, while longer-distance moves are typically job-related.

- The majority of residents in Thief River Falls (86%) did not move within the last year.
- Of the remaining residents that moved within the last year, approximately 9.5% moved intra-county and 3% moved from outside of Pennington County, but within Minnesota.
- Mobility was slightly less in the Market Area, where 87.4% of residents did not move within the last year.
- A greater proportion of younger age cohorts tended to move compared to older age cohorts. In Thief River Falls, approximately 42.3% of those age 18 to 44 moved within the last year, the largest proportion of all adult age cohorts. Mobility falls to 6% among those age 65 to 74, before rising again for the cohort over age 65. This likely reflects the necessary or voluntary choice of retirees and seniors to move from their longtime homes.
- Mobility was even lower in the Secondary Market Area, where nearly 89% of households had not moved in the last year.

DEMOGRAPHIC ANALYSIS

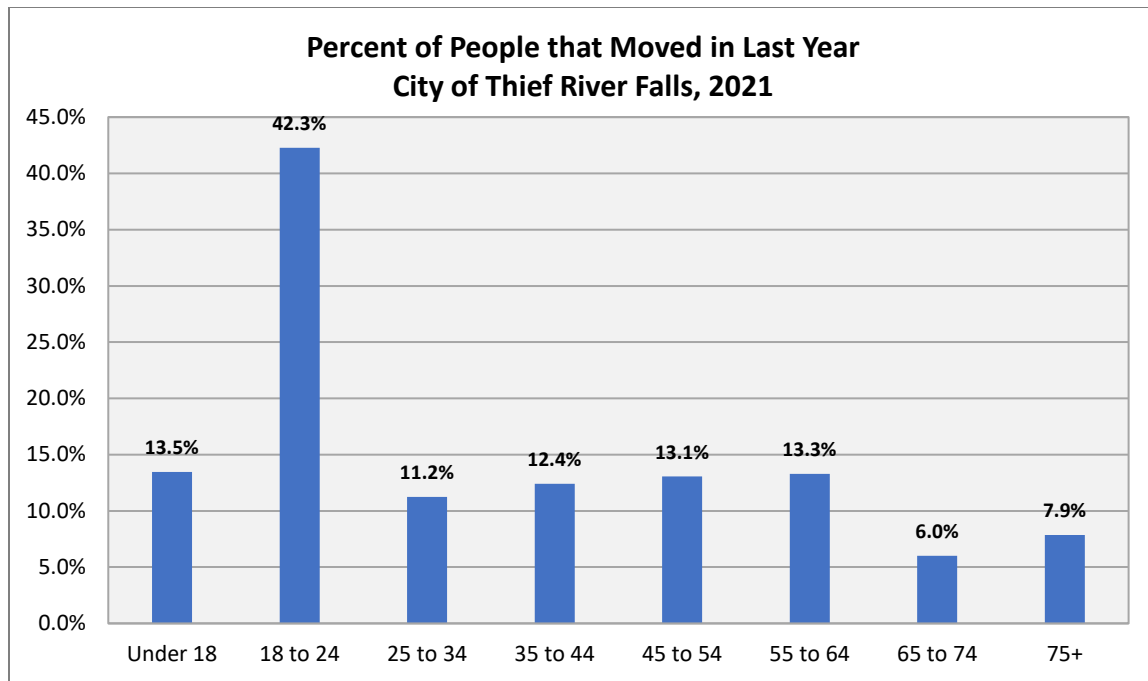


TABLE D-13 MOBILITY IN THE PAST YEAR BY AGE FOR CURRENT RESIDENCE THIEF RIVER FALLS MARKET AREA 2021											
Thief River Falls		Not Moved		Moved							
		Same House		Within Same County		Different County Same State		Different State		Abroad	
Age	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Under 18	1,620	86.5%	212	11.3%	23	1.2%	17	0.9%	0	0.0%	
18 to 24	434	57.7%	179	23.8%	74	9.8%	65	8.6%	0	0.0%	
25 to 34	1,176	88.8%	104	7.8%	36	2.7%	9	0.7%	0	0.0%	
35 to 44	910	87.6%	56	5.4%	73	7.0%	0	0.0%	0	0.0%	
45 to 54	752	86.9%	85	9.8%	10	1.2%	18	2.1%	0	0.0%	
55 to 64	1,018	86.7%	120	10.2%	17	1.4%	19	1.6%	0	0.0%	
65 to 74	814	94.0%	52	6.0%	0	0.0%	0	0.0%	0	0.0%	
75+	786	92.1%	27	3.2%	29	3.4%	11	1.3%	0	0.0%	
Total	7,510	85.9%	835	9.5%	262	3.0%	139	1.6%	0	0.0%	
Market Area		Same House		Within Same County		Different County Same State		Different State		Abroad	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 18	3,694	87.4%	343	8.1%	141	3.3%	48	1.1%	2	0.0%	
18 to 24	1,130	72.4%	220	14.1%	113	7.2%	98	6.3%	0	0.0%	
25 to 34	1,953	89.1%	155	7.1%	62	2.8%	22	1.0%	0	0.0%	
35 to 44	2,191	89.4%	107	4.4%	128	5.2%	26	1.1%	0	0.0%	
45 to 54	2,185	92.6%	122	5.2%	28	1.2%	22	0.9%	3	0.1%	
55 to 64	2,500	92.3%	160	5.9%	28	1.0%	21	0.8%	1	0.0%	
65 to 74	1,965	96.0%	62	3.0%	6	0.3%	13	0.6%	0	0.0%	
75+	1,605	95.0%	29	1.7%	36	2.1%	19	1.1%	1	0.1%	
Total	17,223	89.5%	1,198	6.2%	542	2.8%	269	1.4%	7	0.0%	
Minnesota	51,134	88.7%	3,128	5.4%	1,598	2.8%	1,760	3.1%	58	0.1%	
Sources: U.S. Census Bureau; Maxfield Research and Consulting LLC											

Demographic Summary

- Population of Thief River Falls is forecast to grow from 2020 to 2028 by 5.2%, adding 451 people, while households also grow 5.7% (+230 households). These growth trends are expected to continue through 2035.
- The population of Thief River Falls is expected to grow by 4.3% from 2028 to 2035, while households are expected to increase by 6.4%.
- From 2010 to 2023, The largest population gains in Thief River Falls was in the 65 to 74 age cohort (+53.7%) while the population under age 24 lost population.
- Younger age cohorts are expected grow from 2023 to 2028. The population under 18 is forecast to grow by 5.0% and the 18 to 24 age cohort is expected to increase by 1.3%.
- Thief River Falls had an estimated median household income of \$62,240 in 2023, with median incomes expected to rise in the City of Thief River Falls by 17% to 72,744. Median incomes in the Market Area were higher compared to the City, at \$73,448 in 2023 and rising to 81,706 in 2028.
- Owner occupied households accounted for 65% of households in Thief River Falls in 2021. These households recorded a median income of \$74,330, more than 50% greater than the median income for renter occupied households (\$42,833) in 2021.
- The largest household type in Thief River Falls was single-person households, representing 41% of households in 2021. Single person households have experienced the largest growth among household types since 2010, growing by 37%.
- Renter households in Thief River Falls were most likely to be single-person households. In 2021, an estimated 63% of renter households lived alone. By comparison, only 29% of owner households lived alone.
- Nearly 93% of the population in Thief River Falls reported their race as White Alone. In addition, nearly 6% of the City's population reported their ethnicity to be Hispanic.
- Although most residents did not move within the last year (86%) in Thief River Falls, those that did move, usually moved within the same county (9.5%).

Employment Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. Housing is however, usually less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

Employment Growth and Projections

Table E-1 shows projected employment growth in Northwest Minnesota. Table E-1 shows employment growth trends and projections from 2010 to 2030 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2030 forecast is based on industry projections for the Northwest Minnesota Planning area. The Northwest Minnesota Planning area consists of 26 Minnesota Counties (Becker, Beltrami, Cass, Clay, Clearwater, Crow Wing, Douglas, Grant, Hubbard, Kittson, Lake of the Woods, Mahnommen, Marshall, Morrison, Norman, Otter Tail, Pennington, Polk, Pope, Red Lake, Roseau, Stevens, Todd, Traverse, Wadena and Wilkin Counties). Projections are unavailable at the municipal level.

- Between 2010 and 2019, employment increased by 15,677 from 207,558 to 223,235 (7.6%).
- Between 2020 and 2023, employment increased from 210,996 to 224,886, a significant employment recovery from the pandemic, 13,890 or 6.6% over the period. These significant employment gains observed since 2020 demonstrate the strength of employment. Since 2020, employment gains have been observed, as seen in the growth in employment in the Northwest region from 2020 to 2022.
- Long-term employment projections forecast 4.3% employment growth from 2023 to 2030, 9,114 additional jobs. With the gains made in employment between 2020 and 2023, employment in the Northwest region is forecast to reach 234,000 by 2030 and 240,000 by 2035.

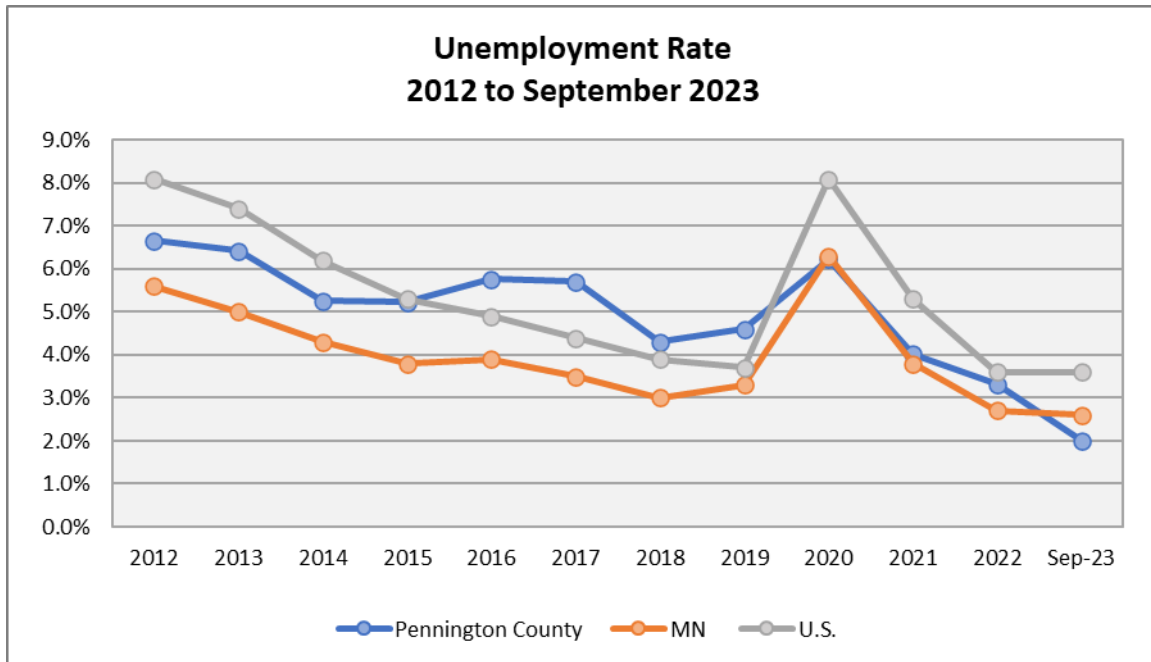
TABLE E-1 EMPLOYMENT PROJECTIONS NORTHWEST MINNESOTA 2010-2030											
	Employment							Change			
	Actual					Forecast		2010 - 2019		2023 - 2030	
	2010	2015	2019	2020	2023	2030	2035	No.	Pct.	No.	Pct.
Northwest Minnesota	207,558	217,864	223,235	210,996	224,886	234,000	240,000	15,677	7.6%	9,114	4.3%
Sources: MN Dept. of Employment & Economic Development (MN DEED); Maxfield Research & Consulting, LLC											

Resident Labor Force

Table E-2 presents resident employment data for Pennington County from 2012 through September 2023. City level is not available for Thief River Falls. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the area*. Not all these individuals necessarily work in the area. The data is obtained from the Minnesota Department of Economic Development (MN DEED). Unemployment rate data is also provided for Minnesota and the US.

TABLE E-2 RESIDENT EMPLOYMENT (ANNUAL AVERAGE) Pennington County 2012 to September 2023						
Year	Total Labor Force	Total Employed	Total Unemployed	Unemployment Rate	Minnesota Unemployment Rate	U.S. Unemployment Rate
2012	8,601	8,028	573	6.7%	5.6%	8.1%
2013	8,667	8,111	556	6.4%	5.0%	7.4%
2014	8,865	8,399	466	5.3%	4.3%	6.2%
2015	9,102	8,626	476	5.2%	3.8%	5.3%
2016	9,039	8,518	521	5.8%	3.9%	4.9%
2017	8,837	8,333	504	5.7%	3.5%	4.4%
2018	8,779	8,401	378	4.3%	3.0%	3.9%
2019	8,746	8,343	403	4.6%	3.3%	3.7%
2020	8,756	8,211	545	6.2%	6.3%	8.1%
2021	8,696	8,346	350	4.0%	3.8%	5.3%
2022	8,815	8,522	293	3.3%	2.7%	3.6%
Sep-23	8,746	8,570	176	2.0%	2.6%	3.6%
Change 2012-'22	214	494	-280	-3.3%	-2.9%	-4.5%
Sources: MN Dept. of Employment & Economic Deve. (MN DEED); Maxfield Research & Consulting, LLC						

- The total labor force has been generally stable in Pennington County from 2012 to 2022, increasing by only 214 persons over that time frame. However, the total employed over the same time has increased by nearly 500 persons (6.2%).
- In the last decade, the unemployment rate in Pennington County fell from 6.7% in 2012 to 3.3% in 2022. The downward trend of unemployment was briefly interrupted in 2020 when unemployment jumped to 6.2%, up from 4.6% the previous year. This jump is largely due to the COVID-19 pandemic. By 2021, unemployment had fallen again to 4.0% and by September 2023, it had dropped further to 2.0%.
- Although the unemployment rate has generally been declining since 2012, it has remained above the unemployment rate of Minnesota.



Covered Employment and Wages by Industry

Table E-3 displays information on the employment and wage situation in Thief River Falls compared to Pennington County. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents data for the first quarter of 2022 compared to the first quarter of 2023, the most recent data available.

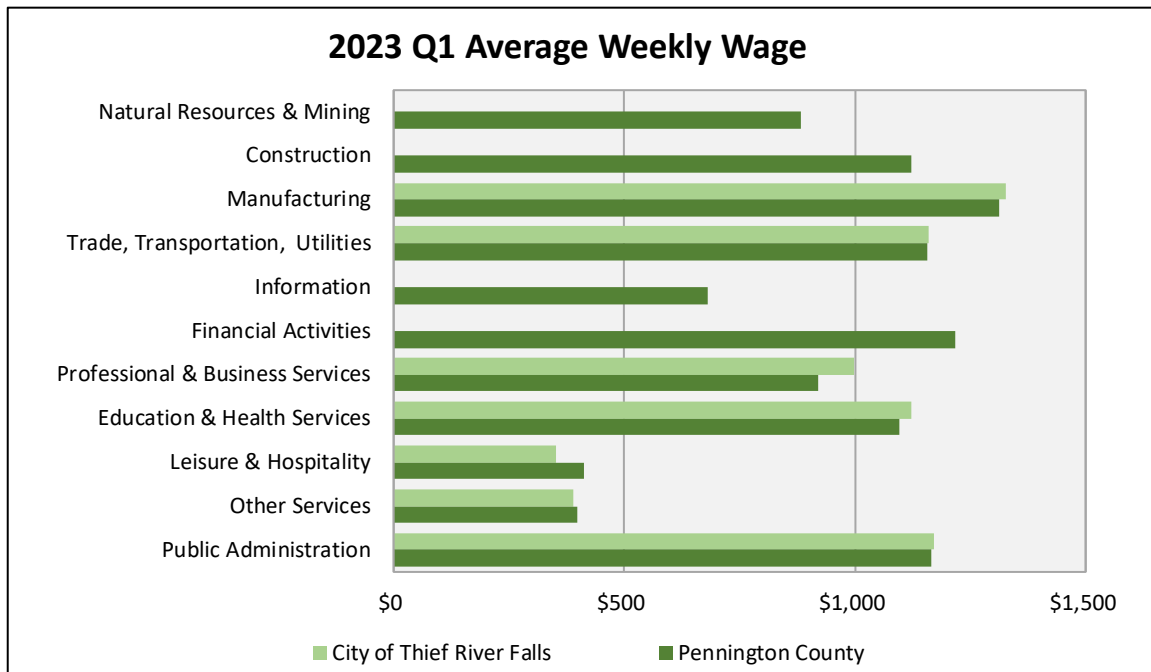
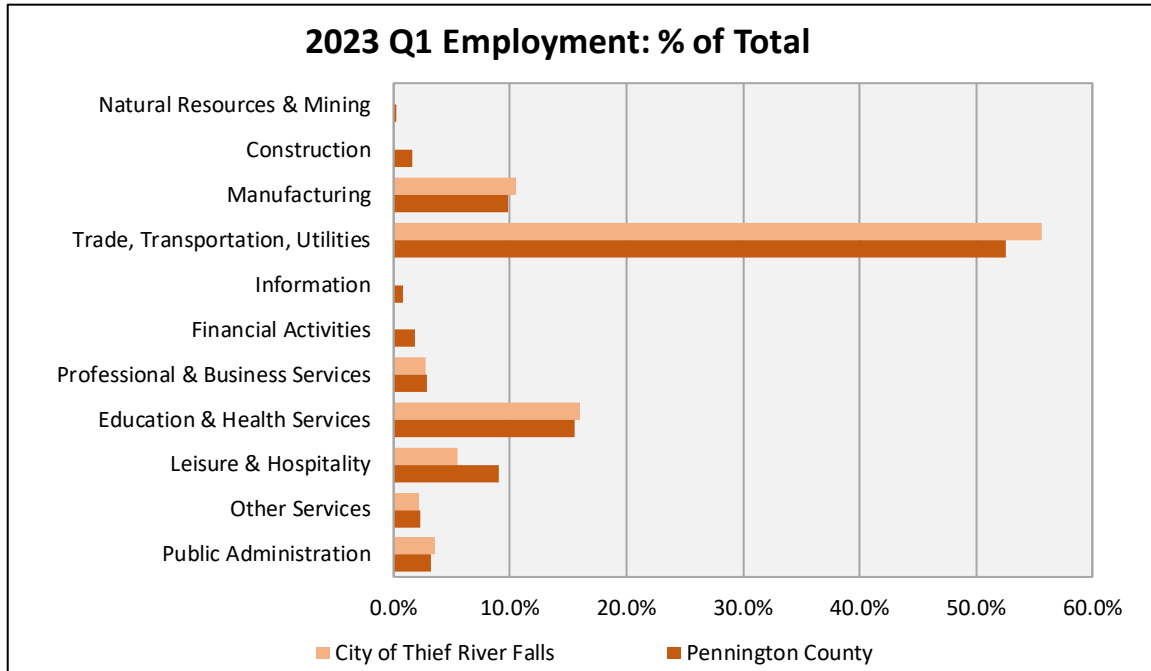
All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data 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.

- Employment remained nearly steady in Thief River Falls from the first quarter of 2022 to the first quarter of 2023, while the average weekly wage increased 7.4% (\$76).
- The Trade, Transportation and Utilities Sector accounted for 55.6% of the City's jobs in the first quarter of 2023. This Sector reported an average weekly wage of \$1,160 during the same time.
- From the first quarter of 2022 to the first quarter of 2023, the Trade, Transportation and Utilities Sector experienced a -3.3% (169 jobs) decline. During the period, the Manufacturing Sector grew by nearly 21%, adding 164 jobs.

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- Average weekly wages in the Thief River Falls were \$1,104 in the first quarter of 2023. Wages were similar in the County, which reported an average weekly wage of \$1,067.
- The Manufacturing Sector reported the highest weekly wages in the first quarter of 2023, \$1,327 in Thief River Falls.
- A household earning the average weekly wage in Thief River Falls (\$1,104) would be able to afford rent or mortgage payments of an estimated \$1,435 per month to not exceed 30% of its monthly income on housing costs.

TABLE E-3 QUARTERLY CENSUS OF EMPLOYMENT AND WAGES CITY OF THIEF RIVER FALLS & PENNINGTON COUNTY 2022 Q1 AND 2023 Q1										
Industry	2022 Q1			2023 Q2			Change 2022 - 2023			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment #	%	Wage #	%
City of Thief River Falls										
Total, All Industries	300	8,935	\$1,028	303	8,969	\$1,104	34	0.4%	\$76	7.4%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	13	784	\$1,133	14	948	\$1,327	164	20.9%	\$194	17.1%
Trade, Transportation, & Utilities	84	5,157	\$1,071	86	4,988	\$1,160	-169	-3.3%	\$89	8.3%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	--	--	--	--	--	--	--	--	--	--
Professional & Business Services	26	223	\$913	26	250	\$998	27	12.1%	\$85	9.3%
Education & Health Services	49	1,447	\$1,110	50	1,435	\$1,122	-12	-0.8%	\$12	1.1%
Leisure & Hospitality	34	452	\$321	35	495	\$353	43	9.5%	\$32	10.0%
Other Services	30	197	\$374	30	199	\$390	2	1.0%	\$16	4.3%
Public Administration	16	325	\$1,136	16	318	\$1,172	-7	-2.2%	\$36	3.2%
Pennington County										
Total, All Industries	413	9,896	\$992	419	9,907	\$1,067	11	0.1%	\$75	7.6%
Natural Resources & Mining	14	27	\$733	14	29	\$883	2	7.4%	\$150	20.5%
Construction	32	147	\$1,035	32	162	\$1,121	15	10.2%	\$86	8.3%
Manufacturing	18	806	\$1,126	19	971	\$1,313	165	20.5%	\$187	16.6%
Trade, Transportation, & Utilities	121	5,418	\$1,061	123	5,207	\$1,157	-211	-3.9%	\$96	9.0%
Information	6	88	\$658	5	83	\$682	-5	-5.7%	\$24	3.6%
Financial Activities	37	186	\$1,144	36	181	\$1,218	-5	-2.7%	\$74	6.5%
Professional & Business Services	34	265	\$816	34	288	\$921	23	8.7%	\$105	12.9%
Education & Health Services	53	1,602	\$1,081	55	1,537	\$1,096	-65	-4.1%	\$15	1.4%
Leisure & Hospitality	42	807	\$399	44	897	\$413	90	11.2%	\$14	3.5%
Other Services	39	229	\$388	40	229	\$398	0	0.0%	\$10	2.6%
Public Administration	17	318	\$1,126	17	320	\$1,165	2	0.6%	\$39	3.5%
Sources: Minnesota Department of Employment and Economic Development (MN DEED); Maxfield Research & Consulting, LLC										



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table E-4 highlights the commuting patterns of workers in the City of Thief River FLLA and Table E-5 shows commuting patterns in the PMA in 2020 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau.

EMPLOYMENT TRENDS

- As shown in Table E-4, the work destination for 73.5% of workers who live in the City of Thief River Falls was in the City itself. Among workers employed in the Thief River Falls, nearly 41% also live in the City.

TABLE E-4 COMMUTING PATTERNS City of Thief River Falls 2020					
Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Thief River Falls city, MN	3,423	40.7%	Thief River Falls city, MN	3,423	73.5%
Red Lake Falls city, MN	216	2.6%	Grand Forks city, ND	69	1.5%
Grand Forks city, ND	141	1.7%	Medina city, MN	67	1.4%
St. Hilaire city, MN	96	1.1%	Fargo city, ND	67	1.4%
Newfolden city, MN	83	1.0%	Bemidji city, MN	44	0.9%
Crookston city, MN	79	0.9%	Moorhead city, MN	35	0.8%
Warren city, MN	77	0.9%	Red Lake Falls city, MN	25	0.5%
Middle River city, MN	69	0.8%	Goodridge city, MN	22	0.5%
Oklee city, MN	65	0.8%	East Grand Forks city, MN	20	0.4%
Karlstad city, MN	40	0.5%	Crookston city, MN	18	0.4%
All Other Locations	4,116	49.0%	All Other Locations	869	18.7%
Total All Jobs	8,405		Total All Jobs	4,659	
Home Destination = Where workers live who are employed in Thief River Falls Work Destination = Where workers are employed who live in Thief River Falls					
Sources: US Census Bureau On the Map; Maxfield Research and Consulting LLC					

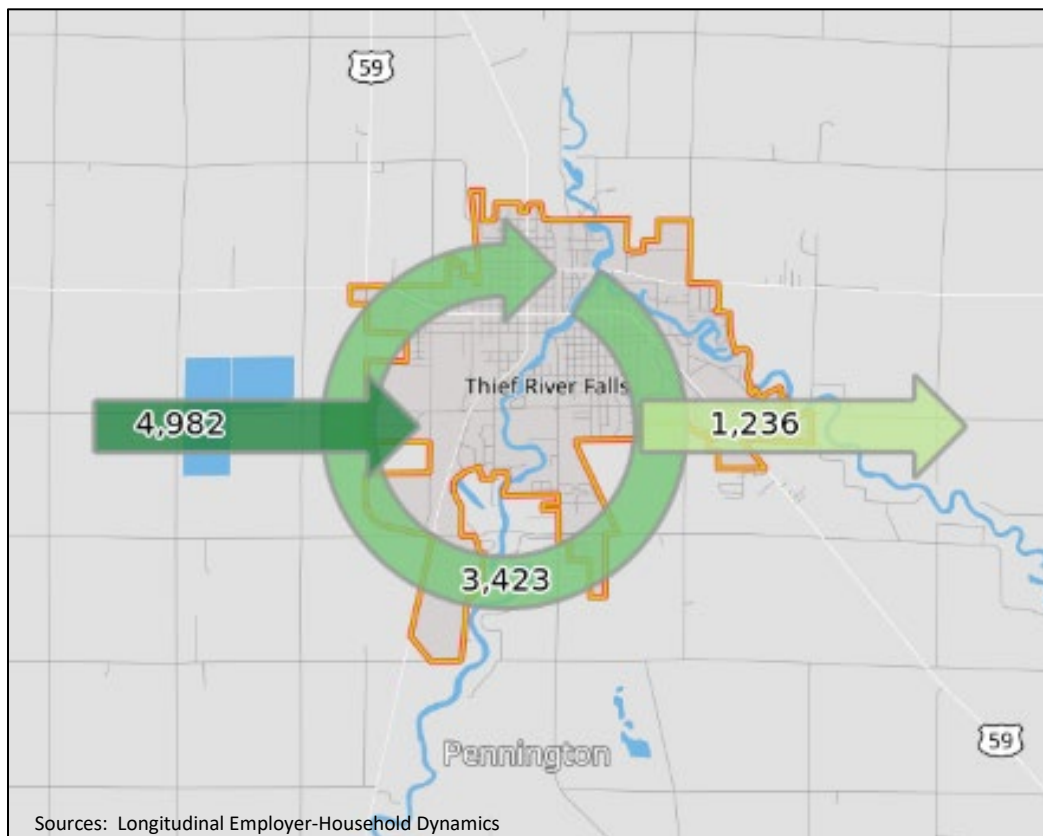
Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in Thief River Falls. Outflow reflects the number of workers living in Thief River Falls but employed outside of the City. Inflow measures the number of workers that are employed in the City of Thief River Falls but live outside the City. Interior flow reflects the number of workers that live and work in the City of Thief River Falls.

- Thief River Falls was an importer of workers. Nearly 5,000 people commute into the City for work (inflow). An additional 3,423 workers live and work in the City (interior flow).
- An additional 1,236 people commute out of Thief River Falls for work.
- Workers employed in the City, those representing inflow and interior flow commuters, were most likely to earn more than \$3,333 per month. Outflow workers were also most likely to earn more than \$3,333 per month, but at a much lower proportion. Over half of inflow workers and 45% of interior workers were earning more than \$3,333 per month, while 37% of outflow workers fell in this category.
- The Trade, Transportation and Utility industry employed more than 50% of inflow and interior flow workers. Outflow workers were most likely to be employed in the Other Services industry (63.7%). Industries covered in the Other Services category includes two-digits NAICS codes 51, 52, 53, 54, 55, 56, 61, 62, 71, 72, 81, 92. These sectors include but are not limited to Information, Finance, Insurance, Professional Services, Public Administration, Health Care, Social Assistance, Educational Services, Accommodation and Food Services.

TABLE E-6 COMMUTING INFLOW/OUTFLOW CHARACTERISTICS CITY OF THIEF RIVER FALLS 2020						
	Outflow		Inflow		Interior Flow	
City Total	1,236	100.0%	4,982	100.0%	3,423	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	321	26.0%	973	19.5%	788	23.0%
Workers Aged 30 to 54	591	47.8%	2,708	54.4%	1,772	51.8%
Workers Aged 55 or older	324	26.2%	1,301	26.1%	863	25.2%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	388	31.4%	1,044	21.0%	864	25.2%
Workers Earning \$1,251 to \$3,333 per month	391	31.6%	1,426	28.6%	1,023	29.9%
Workers Earning More than \$3,333 per month	457	37.0%	2,512	50.4%	1,536	44.9%
<u>By Industry</u>						
"Goods Producing"	209	16.9%	599	12.0%	375	11.0%
"Trade, Transportation, and Utilities"	240	19.4%	2,779	55.8%	1,756	51.3%
"All Other Services"	787	63.7%	1,604	32.2%	1,292	37.7%
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research and Consulting, LLC						

Employment Inflow & Outflow



Covered Employment by Industry

Table E-7 presents covered employment workforce numbers for the City of Thief River Falls and Pennington County from 2005 through 2022. Covered employment data is calculated as an annual average and *reveals the number of jobs in the designated area*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in Table E-7, but not all positions are included. The data is sourced from the Minnesota Department of Employment and Economic Development. The following are key trends from the covered employment data:

- Between 2010 and 2022, the average number of employees rose by 48% (2,832) in the City of Thief River Falls. The increase in employment can be attributed to the Trade, Transportation and Utilities Industry where employment rose by 42% during this period.
- The Trade, Transportation and Utilities Industry represented 56% of average employment in 2022 in the PMA and in Thief River Falls. The Manufacturing Industry represented 25% of employment in 2005 in Thief River Falls but was down to 11% in 2022; employment in the

EMPLOYMENT TRENDS

industry decreased from 1,893 in 2005 to 983 in 2022, although totals for Digi-Key and Arctic Cat have been suppressed for confidentiality and privacy reasons.

TABLE E-7 COVERED EMPLOYMENT TRENDS CITY OF THIEF RIVER FALLS AND PENNINGTON COUNTY 2005, 2010, 2015, 2022 North American Industrial Classification System (NAICS)										
City of Thief River Falls					Change					
Average Number of Employees					2010 - 2022					
<u>Industry</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2022</u>	<u>No.</u>	<u>Pct.</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2022</u>
Natural Resources & Mining	-	-	-	-	-	-	-	-	-	-
Construction	102	130	166	168	38	29	1.3%	1.7%	1.8%	1.9%
Manufacturing	1,893	1,402	1,382	983	-419	-30	24.7%	18.3%	15.2%	10.8%
Trade, Transportation, and Utilities	2,859	3,607	4,612	5,046	1,439	40	37.3%	47.2%	50.8%	55.7%
Information	82	-	-	-	-	-	1.1%	-	-	-
Financial Activities	88	181	167	162	-19	-10	1.1%	2.4%	1.8%	1.8%
Professional and Business Services	115	115	408	221	106	92	1.5%	1.5%	4.5%	2.4%
Education and Health Services	1,361	1,389	1,451	1,447	58	4	17.8%	18.2%	16.0%	16.0%
Leisure and Hospitality	478	358	460	452	94	26	6.2%	4.7%	5.1%	5.0%
Other Services	232	194	195	197	3	2	3.0%	2.5%	2.1%	2.2%
Public Administration	448	272	230	325	53	19	5.9%	3.6%	2.5%	3.6%
Totals	7,658	7,648	9,071	9,061	1,413	18.5				
Pennington County					Change					
Average Number of Employees					2010 - 2022					
<u>Industry</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2022</u>	<u>No.</u>	<u>Pct.</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2022</u>
Natural Resources & Mining	29	63	90	37	-26	-41.3	0.3%	0.7%	0.9%	0.4%
Construction	162	207	243	193	-14	-6.8	1.9%	2.3%	2.3%	2.0%
Manufacturing	1,532	1,060	1,109	981	-79	-7.5	18.0%	11.7%	10.5%	10.0%
Trade, Transportation, and Utilities	3,029	3,870	4,881	5,377	1,507	38.9	35.6%	42.7%	46.3%	55.1%
Information	82	119	120	86	-33	-27.7	1.0%	1.3%	1.1%	0.9%
Financial Services	168	188	191	183	-5	-2.7	2.0%	2.1%	1.8%	1.9%
Professional and Business Services	147	134	452	269	135	100.7	1.7%	1.5%	4.3%	2.8%
Education and Health Services	1,762	1,757	1,723	1,548	-209	-11.9	20.7%	19.4%	16.4%	15.8%
Leisure and Hospitality	888	1,044	1,148	860	-184	-17.6	10.4%	11.5%	10.9%	8.8%
Other Services	253	233	233	233	0	0.0	3.0%	2.6%	2.2%	2.4%
Public Administration	456	385	348	329	-56	-14.5	5.4%	4.2%	3.7%	3.3%
Totals	8,508	9,060	10,538	9,767	2,030	23.9				
Source: MN DEED; Maxfield Research and Consulting LLC										

Employer Survey

Maxfield Research and Consulting, LLC surveyed a sample of employer representatives from Thief River Falls regarding recent trends in job growth, employee turnover, and projected job growth. In addition, representatives were asked their opinion about issues related to housing. In addition to Thief River Falls, employees in Thief River Falls are commuting from areas that include Red Lake Falls, Grand Forks and Warren.

- Price was repeatedly mentioned as a housing challenge among both for sale properties and rental properties.

EMPLOYMENT TRENDS

- Employers have reported a variety of staffing needs, with some stable or growing, while others face budget cuts.
- Hiring entry level personnel is becoming harder for employers as companies compete for this segment of the labor force with more competitive wages and benefits.
- Many companies interviewed found new hires were mainly located in Thief River Falls already as opposed to relocating to the area for work.
- Among companies that continue to report growth, some are still waiting to see the impact of remote, and hybrid, work on the housing needs. Some effects, such as, new employees opting not to relocate closer to the office, are still in flux.
- A tight housing market in Thief River Falls was a common theme among discussions with employers. Existing homes are selling over asking price and new home construction is slowing due to economic factors such as inflation and increasing material costs and mortgage rates.
- In addition to the for-sale market, the rental market is also tight. New construction apartments are often full prior to completion and new developments have slowed due to the same economic impacts on the for-sale market.
- A need for additional for-sale housing below \$300,000 was noted by employers, along with market rate rentals at a lower price point and short-term rentals.
- Some employers who provide housing for temporary workers would like to hire locally because the housing costs are expensive for employers.
- Apartments have constituted most of the recent development in Thief River Falls, while few single-family home projects have been undertaken. A potential explanation was that there is a lack of lots with public infrastructure in place.

Major Employers

Table E-8 shows major employers in Thief River Falls. This is not a comprehensive list of all employers in the city. The information on largest employers was gathered from two sources. The first was provided by the City of Thief River Falls and is sourced to the Minnesota Department of Employment and Economic Development. A second list of largest employers was obtained from the Thief River Falls Visitor Guide.

- The two lists offer very similar insights into the largest employers in the City of Thief River Falls. The largest employer Thief River Falls was Digi-Key with 3,705 employees per the City information and 3,903 from the 2023 Visitors Guide.

EMPLOYMENT TRENDS

- After Digi-Key, the largest industry in the City was the manufacturing industry, with approximately 984 employees. The Health and Education industries were represented by Sanford Health with 532 employees and 501 employees in the education industry between Thief River Falls schools and Northland Community and Technical College. In addition, local governments recorded between 223 employees.
- According to the 2023 Thief River Falls Visitor Guide, retail was also a large employment sector in the City with 330 employees across two employers.
- The two sources each provided 10 employers and nine of the employers were the same. The only difference was the Seven Clans Casino Hotel and Indoor Waterpark, which was included in the list provided by the City and reported at 283, but not included in the list from the Visitors Guide. The Visitors Guide included Walmart with 200 employees, which was not a part of the MN DEED list provided by the City.

TABLE E-8 MAJOR EMPLOYERS CITY OF THIEF RIVER FALLS 2023				
Name	Industry/Product/Service	Per Interviews	Approximate No. of Employees	
			Per City of TRF	Per TRF Visitor Guide
Digi-Key Corporation	Online Retailer and Marketplaces		3,705	3,903
Textron/Artic Cat, Inc	Motor Vhcls/Passenger Car Bodies (Mfrs)		776	759
Sanford Health - Thief River Falls ¹	Hospitals	532	532	532
Thief River Falls School Distric No. 564 ¹	School Districts	350	350	350
Seven Clans Casino Hotel & Indoor Waterpark	Casinos		283	N/A
Walmart	Department Store		N/A	200
Northern Pride, Inc. ¹	Poultry Processing Plants (Mfrs)	225	225	225
Northland Community & Technical College	Junior-Community College-Tech Institutes		151	151
Pennington County ¹	Government Offices - County	136	136	136
Hugos	Grocers-Retail		140	130
City of Thief River Falls ¹	City Government	87	87	87
Major Employers Total		1,330	6,385	6,473

¹ Employee size updated based on employer interviews

Sources: Maxfield Research & Consulting, LLC, City of Thief River Falls, Thief River Falls Visitor Guide

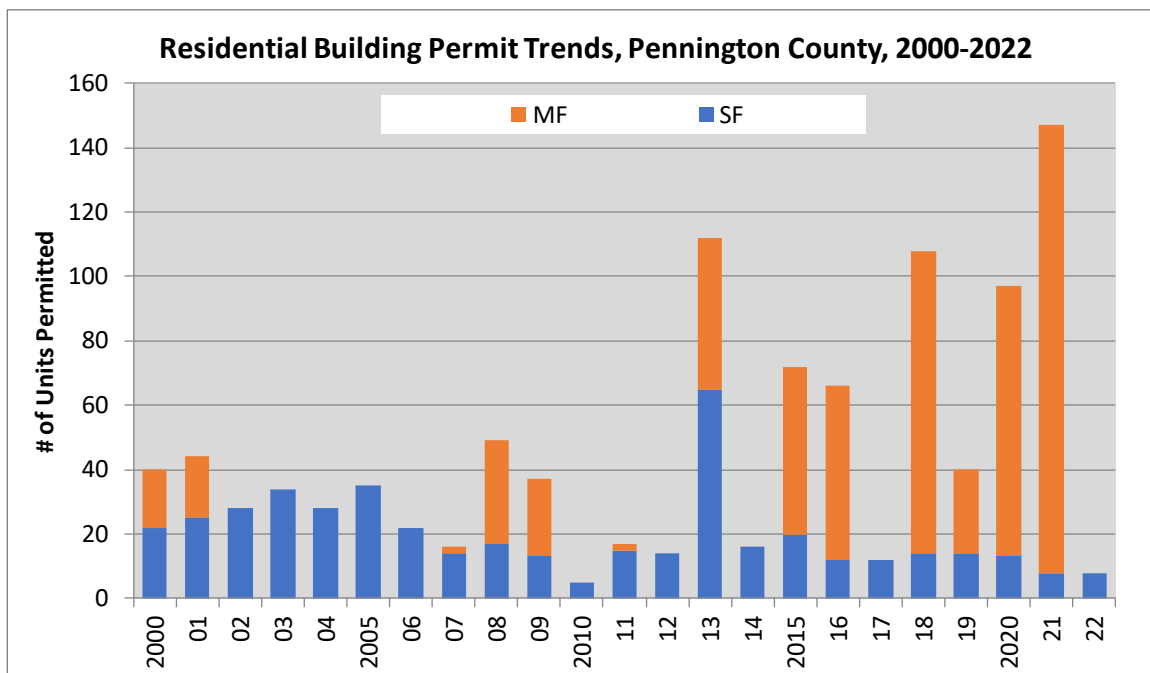
Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in the City of Thief River Falls and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends and reviewing housing data from the American Community Survey that relates to the Market Area.

Residential Building Permit Trends

Maxfield Research obtained data from the US Department of Housing and Urban Development on the number of building permits issued for new housing units in Pennington County from 2000 to 2022. Table HC-1 displays permits issued for single-family homes, duplexes, and multifamily dwellings. Multifamily units include for-sale (condominium, townhomes, and townhomes) and rental properties. The following are key points about housing development since 2000.

- Pennington County issued 1,047 permits from 2000 through 2022, which is an average of 46 permits a year.
- From 2000 through 2022, there were 454 single family permits (43%) and 593 multi-family permits issued (56%) in Pennington County.



HOUSING CHARACTERISTICS

- Most residential permits issued during the period were in buildings with five or more units, representing 93% of all permits issued for multifamily units. Increased development of multifamily buildings has been driving growth since 2013.

TABLE HC-1 RESIDENTIAL BUILDING PERMIT TRENDS PENNINGTON COUNTY 2000-2022					
Year	Pennington County				
	Single-family	----- Multifamily -----			Total Units
		MF Total	DTQ	MF5	
2000	22	18	12	6	40
2001	25	19	11	8	44
2002	28	0	0	0	28
2003	34	0	0	0	34
2004	28	0	0	0	28
2005	35	0	0	0	35
2006	22	0	0	0	22
2007	14	2	2	0	16
2008	17	32	0	32	49
2009	13	24	0	24	37
2010	5	0	0	0	5
2011	15	2	2	0	17
2012	14	0	0	0	14
2013	65	47	6	41	112
2014	16	0	0	0	16
2015	20	52	0	52	72
2016	12	54	2	52	66
2017	12	0	0	0	12
2018	14	94	4	90	108
2019	14	26	0	26	40
2020	13	84	0	84	97
2021	8	139	0	139	147
2022	8	0	0	0	8

SF = Single-family; DTQ = Duplex, Triplex, or Fourplex; MF5 = Multifamily with 5+ units

Sources: US Dept. of HUD; US Census Bureau; City of Watertown; Maxfield Research and Consulting, LLC

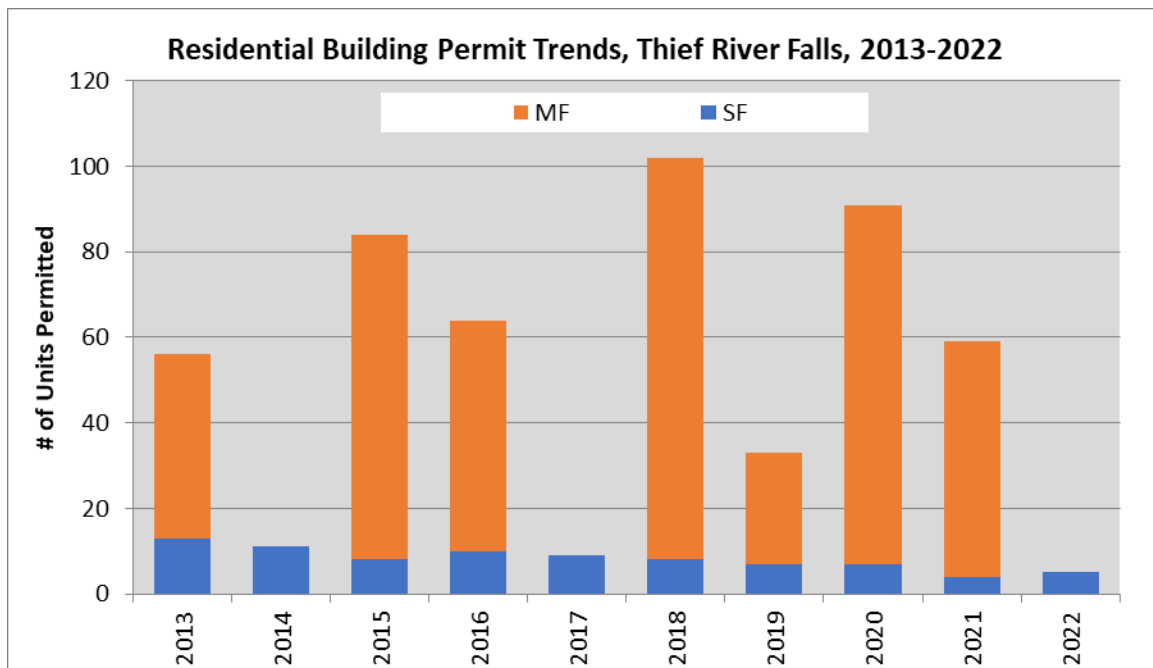
Table HC-2 shows the number of permits issued from 2013 through 2022, based on information provided by the City of Thief River Falls.

- Permits were issued for 82 single-family homes and 432 multifamily units in the last ten years in Thief River Falls.

TABLE HC-2 RESIDENTIAL BUILDING PERMIT TRENDS CITY OF THIEF RIVER FALLS 2013-2022			
Year	Thief River Falls		
	Single-family	Multi-family	Total Units
2013	13	43	56
2014	11	0	11
2015	8	76	84
2016	10	54	64
2017	9	0	9
2018	8	94	102
2019	7	26	33
2020	7	84	91
2021	4	55	59
2022	5	0	5

Sources: City of Thief River Falls

- On average, permits were issued for eight new single-family homes and 43 new multifamily units annually in Thief River Falls.
- Single family permits have generally been declining since 2017. In 2016, permits were issued for ten single-family homes, falling to five in 2022.



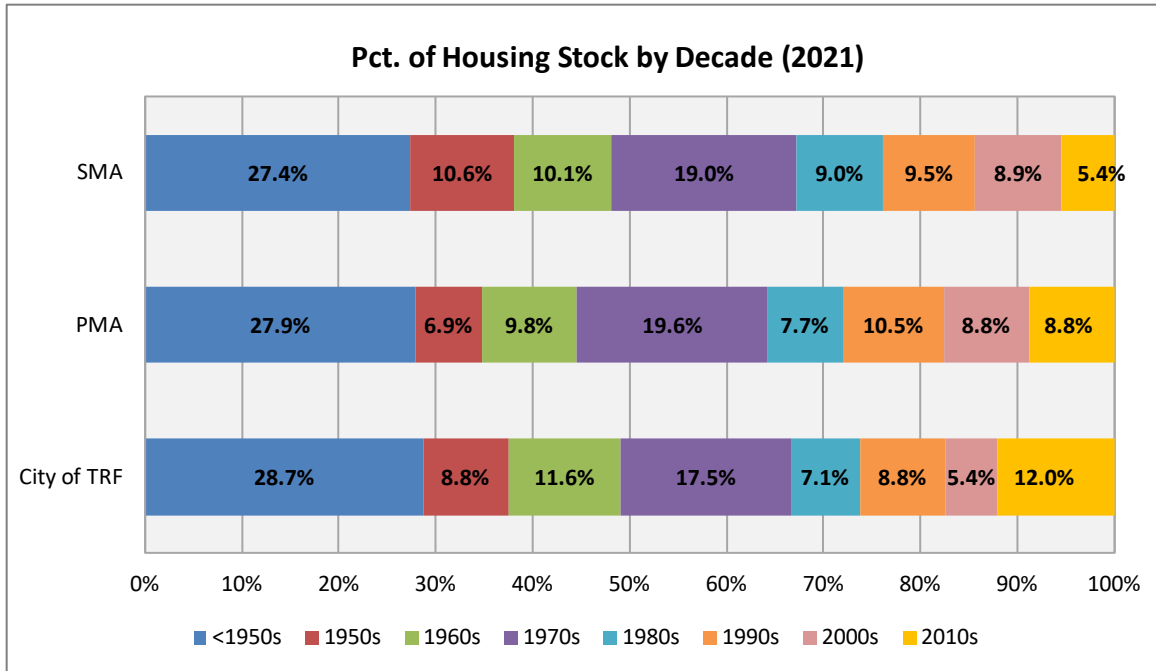
American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately three million addresses annually. The survey gathers data previously contained only in the long form of the Decennial Census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2017 and 2021. Tables HC-3 to HC-8 show key data for the City of Thief River Falls, the Market Area and Secondary Market Area.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2021 based on data from the U.S. Census Bureau and 2021 from the American Community Survey (5-Year). Table HC-3 includes the number of housing units built in the Market Area, prior to 1950 and during each decade since.

- In total, the Market Area is estimated to have 8,258 housing units, of which approximately 77% are owner-occupied and 23% are renter-occupied.
- Rental housing in the Market Area was newer than owner occupied housing. The median year built of owner-occupied housing was 1968 compared to a median year built of 1977 for renter occupied housing.
- In Thief River Falls, the largest portion of the housing stock was built before 1950 (30.7%), followed by housing stock built in the 1990’s (18.8%) and the 1960’s (12.4%).
- The median year that housing was built in the SMA was 1971. As in the PMA, the largest proportion of housing units was built before 1950 (27.4%).

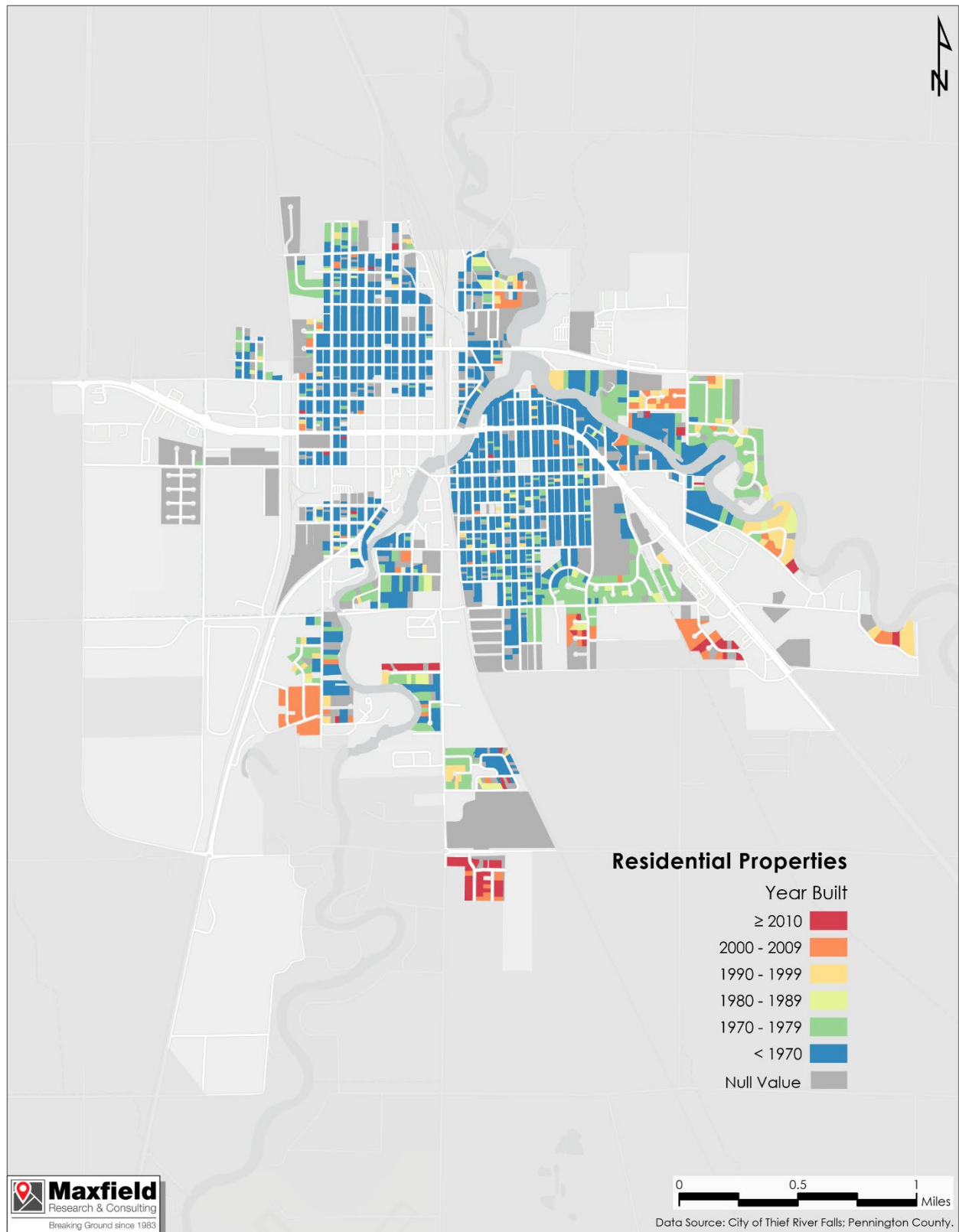


HOUSING CHARACTERISTICS

**TABLE HC-3
AGE OF HOUSING STOCK
THIEF RIVER FALLS MARKET AREA
2021**

			Year Built															
Total Units	Med. Yr. Built	<1950		1950s		1960s		1970s		1980s		1990s		2000s		2010 and later		
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
CITY OF THIEF RIVER FALLS																		
Owner-Occupied	2,607	1960	1,026	39.4	270	10.4	292	11.2	464	17.8	171	6.6	147	5.6	155	5.9	82	3.1
Renter-Occupied	1,671	1977	202	12.1	105	6.3	205	12.3	286	17.1	134	8.0	231	13.8	76	4.5	432	25.9
Total	4,278	1968	1,228	28.7	375	8.8	497	11.6	750	17.5	305	7.1	378	8.8	231	5.4	514	12.0
REMAINDER OF MARKET AREA																		
Owner-Occupied	3,740	1973	1,030	27.5	193	5.2	296	7.9	806	21.6	286	7.6	457	12.2	486	13.0	186	5.0
Renter-Occupied	538	1978	128	23.8	22	4.1	45	8.4	125	23.2	70	13.0	60	11.2	36	6.7	52	9.7
Total	4,278	1973	1,158	27.1	215	5.0	341	8.0	931	21.8	356	8.3	517	12.1	522	12.2	238	5.6
MARKET AREA TOTAL																		
Owner-Occupied	6,347	1968	2,056	32.4	463	7.3	588	9.3	1,270	20.0	457	7.2	604	9.5	641	10.1	268	4.2
Renter-Occupied	2,209	1977	330	14.9	127	5.7	250	11.3	411	18.6	204	9.2	291	13.2	112	5.1	484	21.9
Total	8,556	1971	2,386	27.9	590	6.9	838	9.8	1,681	19.6	661	7.7	895	10.5	753	8.8	752	8.8
SECONDARY MARKET AREA																		
Owner-Occupied	17,630	1970	5,221	29.6	1,936	11.0	1,627	9.2	3,269	18.5	1,436	8.1	1,514	8.6	1,847	10.5	780	4.4
Renter-Occupied	6,070	1973	1,273	21.0	580	9.6	772	12.7	1,245	20.5	700	11.5	727	12.0	273	4.5	500	8.2
Total	23,700	1971	6,494	27.4	2,516	10.6	2,399	10.1	4,514	19.0	2,136	9.0	2,241	9.5	2,120	8.9	1,280	5.4
Note: Total units not equal to total households due to sample counts.																		
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC																		

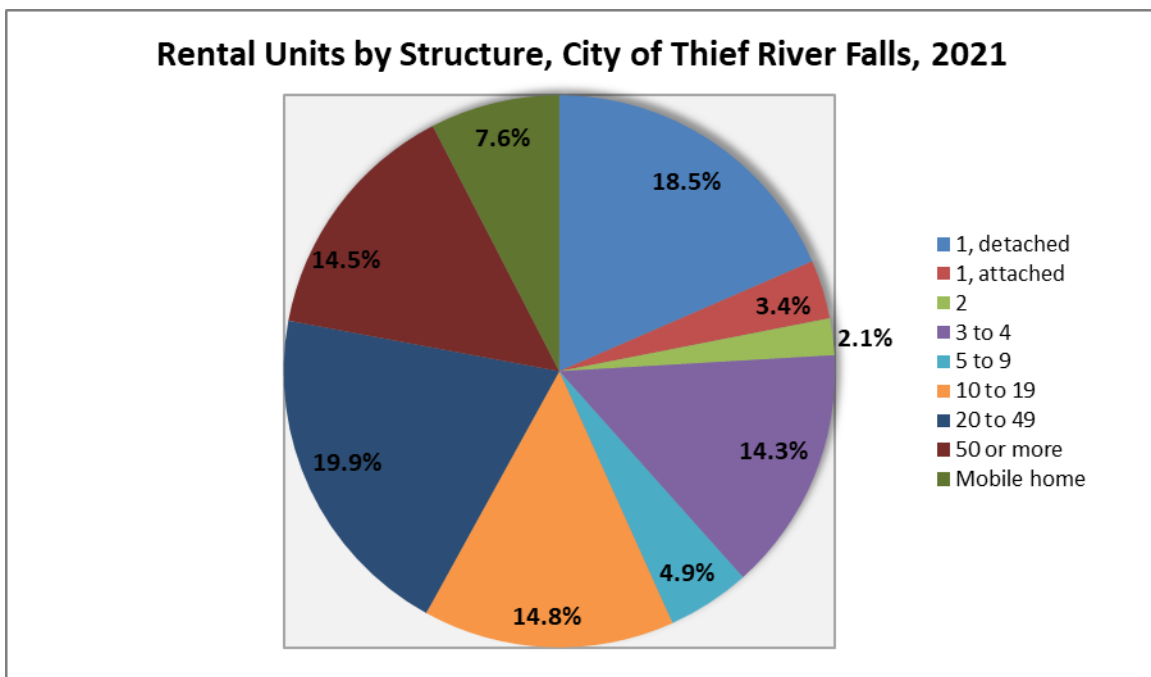
Thief River Falls Year Built of Residential Properties



Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-4 shows the housing stock in the Market Area by type of structure and tenure as of 2021

- The dominant housing type in the City of Thief River Falls among owner-occupied homes is the single-family detached home, representing an estimated 88% of all owner-occupied housing units as of 2021.
- Renter occupied housing is more varied in the City. The most common renter occupied housing is in buildings with 20 to 49 units (19.9%), followed by single family detached homes (18.5%) and then buildings with 3 to 4 units, 10 to 19 units and 50 or more units each represent approximately 14% of rental units.
- Single family detached units represent the largest proportion of owner-occupied units (90.3%) and renter occupied units (26.9%) in the Secondary Market Area. An additional 43% of renter occupied units were in buildings with the total number of 10 or greater.



HOUSING CHARACTERISTICS

TABLE HC-4
HOUSING UNITS BY STRUCTURE & TENURE
THIEF RIVER FALLS MARKET AREA
2021

Units in Structure	CITY OF THIEF RIVER FALLS				REMAINDER OF MARKET AREA				MARKET AREA TOTAL				SECONDARY MARKET AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	2,292	88.2%	258	18.5%	3,217	85.8%	188	36.5%	5,509	86.8%	446	23.3%	15,919	90.3%	1,632	26.9%
1, attached	74	2.8%	48	3.4%	24	0.6%	33	6.4%	98	1.5%	81	4.2%	290	1.6%	274	4.5%
2	52	2.0%	30	2.1%	7	0.2%	25	4.9%	59	0.9%	55	2.9%	103	0.6%	372	6.1%
3 to 4	10	0.4%	200	14.3%	0	0.0%	33	6.4%	10	0.2%	233	12.2%	14	0.1%	362	6.0%
5 to 9	0	0.0%	68	4.9%	0	0.0%	28	5.4%	0	0.0%	96	5.0%	2	0.0%	552	9.1%
10 to 19	0	0.0%	206	14.8%	0	0.0%	55	10.7%	0	0.0%	261	13.7%	0	0.0%	905	14.9%
20 to 49	0	0.0%	278	19.9%	0	0.0%	54	10.5%	0	0.0%	332	17.4%	0	0.0%	997	16.4%
50 or more	0	0.0%	202	14.5%	0	0.0%	21	4.1%	0	0.0%	223	11.7%	3	0.0%	700	11.5%
Mobile home	171	6.6%	106	7.6%	500	13.3%	78	15.1%	671	10.6%	184	9.6%	1,295	7.3%	273	4.5%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	4	0.0%	3	0.0%
Total	2,599	100%	1,396	100%	3,748	100%	515	100%	6,347	100%	1,911	100%	17,630	100%	6,070	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC

Owner-Occupied Housing Units by Mortgage Status

Table HC-5 shows mortgage status and average values from the American Community Survey for 2021 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 62% of Thief River Falls homeowners have a mortgage. Comparatively, 56% of homeowners in the Market Area and the Secondary Market Area have a mortgage.
- The median value for homes with a mortgage for Thief River Falls homeowners is \$139,900. By comparison, the same value in the Secondary Market Area is \$178,628.
- Homes without a mortgage had a median value of \$151,700 in Thief River Falls. Homes without a mortgage were similarly valued in the Market Area and the Secondary Market Area. Thief River Falls was the only geography where homes without a mortgage were valued more than homes with a mortgage.

TABLE HC-5 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS THIEF RIVER FALLS MARKET AREA 2021								
Mortgage Status	THIEF RIVER FALLS		REMAINDER OF MA		MARKET AREA		SMA	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Housing units without a mortgage	992	38.2%	1,821	48.6%	2,813	44.3%	8,152	46.2%
Housing units with a mortgage/debt	1,607	61.8%	1,927	51.4%	3,534	55.7%	9,478	53.8%
<i>Second mortgage only</i>	29	1.1%	49	1.3%	78	1.2%	231	1.3%
<i>Home equity loan only</i>	44	1.7%	94	2.5%	138	2.2%	538	3.1%
<i>Both second mortgage and equity loan</i>	15	0.6%	10	0.3%	25	0.4%	38	0.2%
<i>No second mortgage or equity loan</i>	1,519	58.4%	1,764	47.1%	3,283	51.7%	8,601	48.8%
Total	2,599	100.0%	3,748	100.0%	6,347	100.0%	17,630	100.0%
Average Value by Mortgage Status								
Housing units with a mortgage	\$139,900		\$191,242		\$167,039		\$178,628	
Housing units without a mortgage	\$151,700		\$151,379		\$151,497		\$148,753	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC								

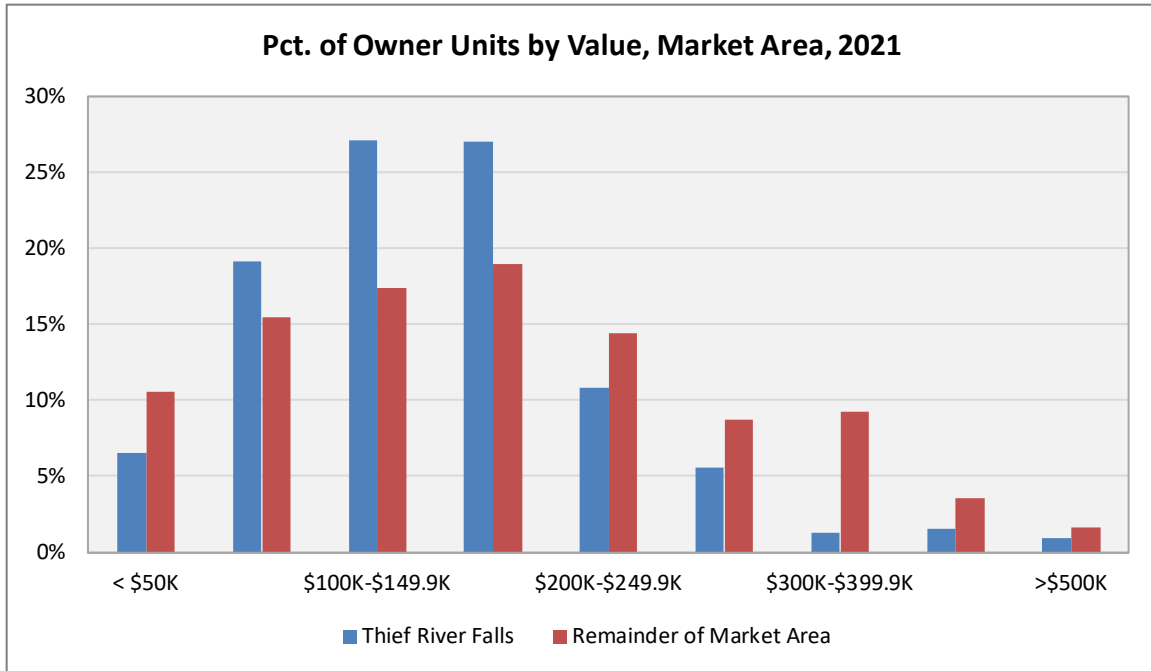
Owner-Occupied Housing Units by Value

Table HC-6 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

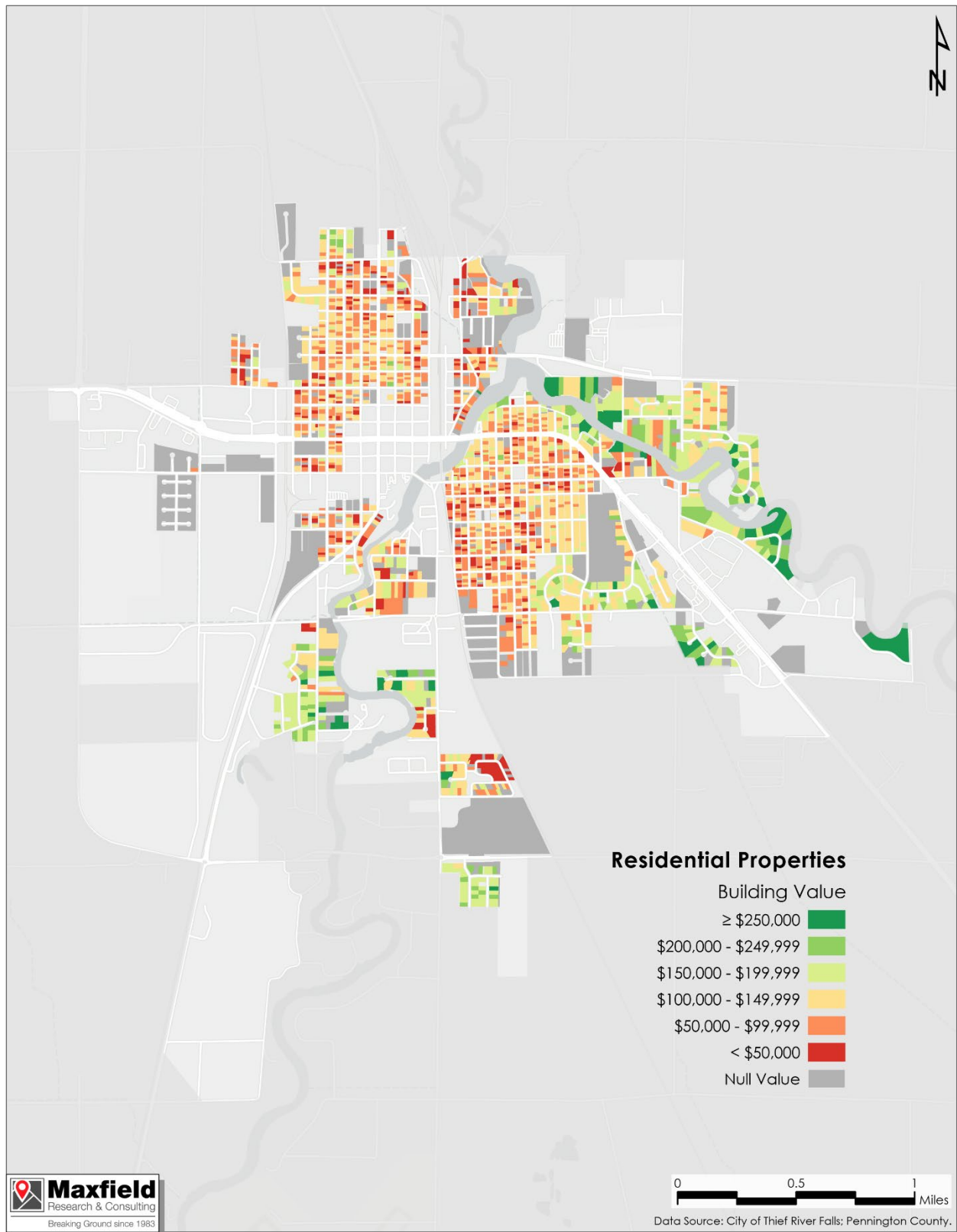
- The largest proportion of the owner-occupied housing stock in the City of Thief River Falls is estimated to be valued between \$100,000 to \$149,999 and \$150,000 to \$199,999, with each cohort representing 27% of owner-occupied homes.
- In the Market Area, the largest proportion of owner-occupied homes was also in the \$150,000 to \$199,999 cohort (22.3%) and the \$100,000 to \$149,999 cohort (21.4%).
- The median value of owner-occupied homes in Thief River Falls was \$143,000 compared to \$162,340 in the Secondary Market Area.

TABLE HC-6 OWNER-OCCUPIED UNITS BY VALUE THIEF RIVER FALLS MARKET AREA 2021								
Home Value	THIEF RIVER FALLS		REMAINDER OF MA		MARKET AREA		SMA	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	170	6.5%	396	10.6%	566	8.9%	1,628	9.2%
\$50,000-\$99,999	497	19.1%	578	15.4%	1,075	16.9%	2,973	16.9%
\$100,000-\$149,999	705	27.1%	652	17.4%	1,357	21.4%	3,253	18.5%
\$150,000-\$199,999	703	27.0%	712	19.0%	1,415	22.3%	3,419	19.4%
\$200,000-\$249,999	282	10.9%	541	14.4%	823	13.0%	2,585	14.7%
\$250,000-\$299,999	144	5.5%	328	8.8%	472	7.4%	1,478	8.4%
\$300,000-\$399,999	34	1.3%	347	9.3%	381	6.0%	1,306	7.4%
\$400,000-\$499,999	39	1.5%	132	3.5%	171	2.7%	558	3.2%
Greater than \$500,000	25	1.0%	62	1.7%	87	1.4%	430	2.4%
Total	2,599	100.0%	3,748	100.0%	6,347	100.0%	17,630	100.0%
Median Home Value	\$143,000		\$166,873		\$157,069		\$162,340	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC								

- Homes in the Remainder of the Market Area were more likely to be valued over \$250,000 than homes in the City. Only 9% of homes in the City of Thief River Falls were valued over \$250,000 compared to 23% of homes in the Remainder of the Market Area.



Thief River Falls Building Value of Residential Properties



Renter-Occupied Units by Contract Rent

Table HC-7 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Thief River Falls and the Remainder of the Market Area was \$675 and \$592, respectively. Based on a 30% allocation of income to housing, a household in Thief River Falls would need an income of about \$27,000 to afford the median monthly rent.
- The median rent for the Secondary Market Area was nearly even to that of Thief River Falls, at \$676.
- Thief River Falls renters paying cash rents were most likely to have monthly rents ranging from \$500 to \$749 (33.1%) and \$750 to \$999 (30.3%).
- Housing units without payment of rent (“no cash rent”) make up only 2.4% of Thief River Falls rentals, but account for nearly 17% of rentals in the Remainder of the Market Area. Typically, units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

TABLE HC-7 RENTER-OCCUPIED UNITS BY CONTRACT RENT THIEF RIVER FALLS MARKET AREA 2021								
Contract Rent	THIEF RIVER FALLS		REMAINDER OF MA		MARKET AREA		SMA	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	33	2.4	85	16.5	118	6.2	531	8.7
Cash Rent	1363	97.6	430	83.5	1,793	93.8	5,539	91.3
\$0 to \$249	109	7.8	49	9.5	158	8.3	614	10.1
\$250-\$499	254	18.2	180	35.0	434	22.7	1,191	19.6
\$500-\$749	462	33.1	97	18.8	559	29.3	1,967	32.4
\$750-\$999	423	30.3	73	14.2	496	26.0	961	15.8
\$1,000+	115	8.2	31	6.0	146	7.6	806	13.3
Total	1,396	100.0	515	100.0	1,911	100.0	6,070	100.0
Median Contract Rent	\$675		\$592		\$671		\$676	
Sources: U.S. Census Bureau - American Community Survey; Maxfield Research & Consulting, LLC								

Housing Units by Occupancy Status & Tenure

Tenure is a key variable that analyzes the propensity for householders to rent or own their housing unit. Tenure is an integral statistic used by numerous governmental agencies and private sector industries to assess neighborhood stability. Table HC-8 shows historic trends from 2010 and 2021.

- In 2021, 69.9% of homes in the Market Area were owner-occupied, nearly unchanged from 2010 when 69.3% of homes were owner-occupied. The proportion of renter households has fallen from 22% in 2010 to 20.9% in 2021. As a result, vacant units have increased, from 8.1% to 9.9% during the same period.
- The proportion of owner-occupied homes was lower in Thief River Falls, representing 59.1% of occupied homes in 2021. The number of units occupied by owners fell slightly from 2010 when 60.9% of units were owner occupied.
- Similarly, the proportion of renter-occupied units fell from 32.8% in 2010 to 31.8% in 2021 in the City. Meanwhile, the number of vacant units rose from 6.4% in 2010 to 9.1% in 2021.
- In the Secondary Market Area, the proportion of owned units rose from 65.8% to 69.3% from 2010 to 2021, while the proportion of vacant units fell from 12.3% to 9.9%.

TABLE HC-8 HOUSING UNITS BY OCCUPANCY STATUS & TENURE THIEF RIVER FALLS MARKET AREA 2010 TO 2021								
Year/Occupancy	THIEF RIVER FALLS		REMAINDER OF MA		MARKET AREA		SMA	
	No.	Pct.	No.	Pct.	Pct.	Pct.	Pct.	Pct.
2010								
Owner Occupied	2,472	60.9	3,706	77.5	6,178	69.9	18,203	65.8
Renter Occupied	1,330	32.8	617	12.9	1,947	22.0	6,055	21.9
Vacant	259	6.4	460	9.6	719	8.1	3,409	12.3
Total	4,061	100.0	4,783	100.0	8,844	100.0	27,667	100.0
2021								
Owner Occupied	2,599	59.1	3,748	78.6	6,347	69.3	17,630	69.3
Renter Occupied	1,396	31.8	515	10.8	1,911	20.9	6,070	20.9
Vacant	399	9.1	507	10.6	906	9.9	3,919	9.9
Total	4,394	100.0	4,770	100.0	9,164	100.0	9,164	100.0
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC								

Introduction

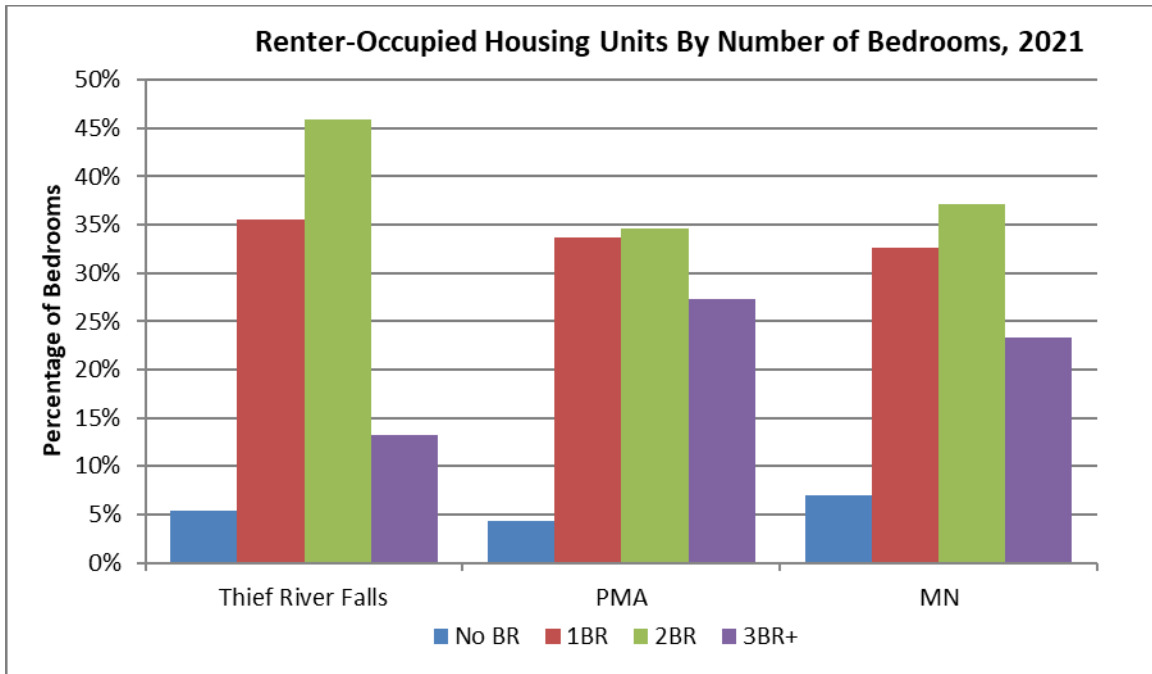
For this analysis, rental properties are classified into two groups, general occupancy (all ages) and senior (age-restricted). All senior properties are included in the Senior Housing Analysis section of this report. General occupancy rental properties are divided into three groups: market rate (those without income restrictions); affordable or shallow-subsidy housing (those receiving tax credits or another type of shallow-subsidy, where there is a quoted rent for the unit and a maximum income that cannot be exceeded by the tenant); and subsidized or deep-subsidy properties (those with income restrictions at 50% or less of AMI where rental rates are based on 30% of the tenant's gross adjusted income).

Overview of Rental Market Conditions

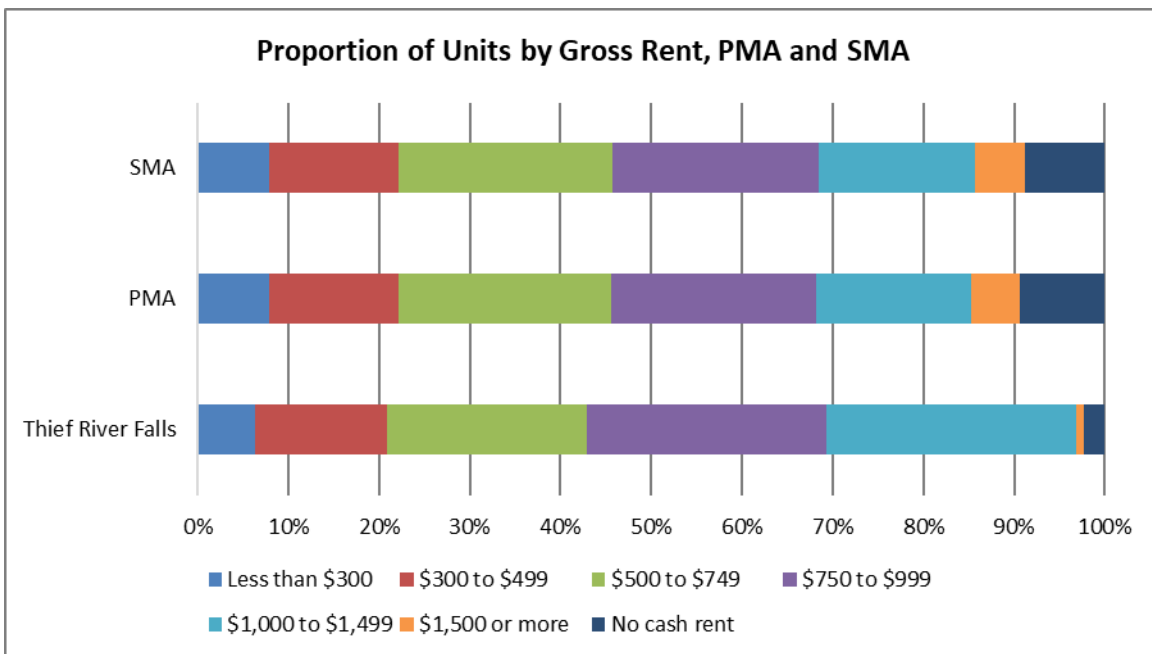
Maxfield Research utilized data from the American Community Survey (ACS) to provide a “big picture” summary of rental market conditions in Thief River Falls, the PMA and Minnesota. The ACS is an ongoing survey conducted by the U.S. Census Bureau that provides data every year rather than every ten years as presented by the Decennial Census. We use this data because these figures are not available from the Decennial Censuses.

Table R-1, 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 Thief River Falls, the PMA, the SMA and Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- A median gross rent of \$799 was reported in Thief River Falls, compared to \$741 in the PMA and SMA while \$1,081 in the State of Minnesota.
- Two-bedroom units were the most common unit type in Thief River Falls (45.8%). In the remaining geographies, one- and two-bedrooms reported a similar proportion of rental units. Meanwhile, units with three or more bedrooms were more common in the PMA (27.4%), the SMA (26.5%) and Minnesota (23.3%), compared to Thief River Falls (13.2%).



- The median gross rent in Thief River Falls was most likely to be between \$1,000 and \$1,499 (27.6%), followed by \$750 to \$999. In the PMA and SMA, rents were likely to be between \$500 to \$749 and \$750 to \$999, with each group representing 23% of units.



**TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
PRIMARY MARKET AREA
2021**

	Thief River Falls		PMA		SMA		MN
	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	1,396	100.0%	6,585	100.0%	6,070	100.0%	100.0%
Median Gross Rent	\$799		\$741		\$741		\$1,081
No Bedroom	75	5.4%	284	4.3%	267	4.4%	7.0%
Less than \$300	9	0.6%	26	0.4%	24	0.4%	0.5%
\$300 to \$499	39	2.8%	92	1.4%	86	1.4%	0.7%
\$500 to \$749	27	1.9%	107	1.6%	103	1.7%	1.3%
\$750 to \$999	0	0.0%	49	0.7%	48	0.8%	2.0%
\$1,000 to \$1,499	0	0.0%	0	0.0%	0	0.0%	1.6%
\$1,500 or more	0	0.0%	0	0.0%	0	0.0%	0.7%
No cash rent	0	0.0%	10	0.2%	6	0.1%	0.2%
1 Bedroom	497	35.6%	2,220	33.7%	2,105	34.7%	32.6%
Less than \$300	70	5.0%	391	5.9%	361	5.9%	3.0%
\$300 to \$499	141	10.1%	548	8.3%	498	8.2%	3.1%
\$500 to \$749	177	12.7%	705	10.7%	679	11.2%	4.4%
\$750 to \$999	84	6.0%	286	4.3%	281	4.6%	7.8%
\$1,000 to \$1,499	14	1.0%	105	1.6%	105	1.7%	9.5%
\$1,500 or more	11	0.8%	129	2.0%	129	2.1%	4.4%
No cash rent	0	0.0%	56	0.9%	52	0.9%	0.4%
2 Bedrooms	640	45.8%	2,280	34.6%	2,092	34.5%	37.1%
Less than \$300	10	0.7%	77	1.2%	77	1.3%	0.8%
\$300 to \$499	12	0.9%	120	1.8%	104	1.7%	1.2%
\$500 to \$749	104	7.4%	575	8.7%	517	8.5%	4.0%
\$750 to \$999	225	16.1%	701	10.6%	650	10.7%	7.2%
\$1,000 to \$1,499	281	20.1%	508	7.7%	494	8.1%	14.5%
\$1,500 or more	0	0.0%	40	0.6%	33	0.5%	8.1%
No cash rent	8	0.6%	259	3.9%	217	3.6%	1.3%
3 or More Bedrooms	184	13.2%	1,801	27.4%	1,606	26.5%	23.3%
Less than \$300	0	0.0%	25	0.4%	18	0.3%	0.3%
\$300 to \$499	10	0.7%	175	2.7%	172	2.8%	0.9%
\$500 to \$749	0	0.0%	162	2.5%	134	2.2%	1.7%
\$750 to \$999	59	4.2%	448	6.8%	401	6.6%	2.9%
\$1,000 to \$1,499	90	6.4%	511	7.8%	453	7.5%	6.1%
\$1,500 or more	0	0.0%	189	2.9%	172	2.8%	9.1%
No cash rent	25	1.8%	291	4.4%	256	4.2%	2.3%

Sources: American Community Survey; Maxfield Research and Consulting LLC.

General-Occupancy Rental Properties

As of April 2024, Maxfield Research identified and surveyed a total of 992 rental units in buildings of four units or larger in Thief River Falls. Tables R-2 and R-3 summarize rents, vacancies, unit features and common area amenities for market rate, affordable and subsidized general occupancy properties.

Our research of Thief River Falls' general occupancy rental market includes a survey of 27 market rate properties, one property with market rate and affordable units, two shallow-subsidy properties and two deep-subsidy properties. In total, the surveyed properties include 892 market rate, 38 shallow-subsidy and 62 deep-subsidy units. Skylite Apartments is restricted to senior (62+) and disabled households and these units were divided between general occupancy and senior totals.

Although we were able to contact and obtain up-to-date information on most of the rental properties, a few of the properties could not be contacted and we have relied on information from third party sources.

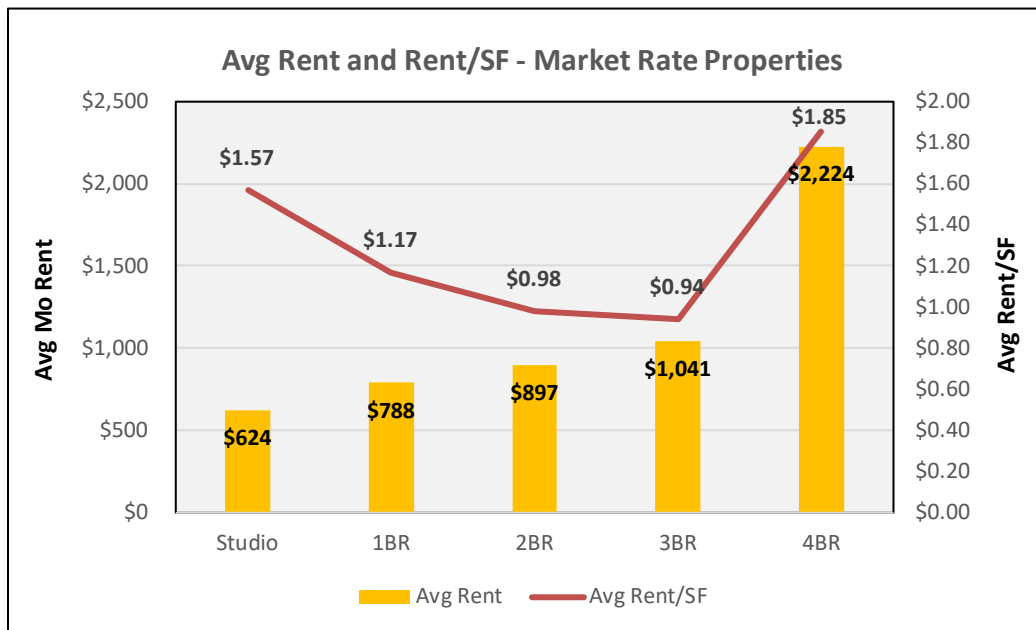
At the time of the survey, only five units were vacant for an overall vacancy rate of 0.5%. The industry standard is a vacancy rate of 5% for a stabilized rental market, which promotes competitive rates, ensures adequate choice and allows for sufficient unit turnover.

Market Rate

- A total of three vacant units was found in market rate rental properties, resulting in a vacancy rate of 0.3% as of April 2024. Turnover at many apartments is primarily driven by residents purchasing homes or leaving the area for employment opportunities. Many tenants will stay in a unit for longer lease terms; especially older adults/seniors.
- According to the survey, 46% of the market rate units have two bedrooms. The breakout by unit type is summarized below.
 - Studio/Efficiency units: 9%
 - One-bedroom units: 34%
 - Two-bedroom units: 46%
 - Three-bedroom units: 9%
 - Four-bedroom units: 3%
- Most of the market rate properties surveyed have a common laundry room with coin-operated washers and dryers. A very limited number of newer properties have in-unit washer and dryers. An in-unit washer/dryer has become the standard in new apartment developments constructed today.

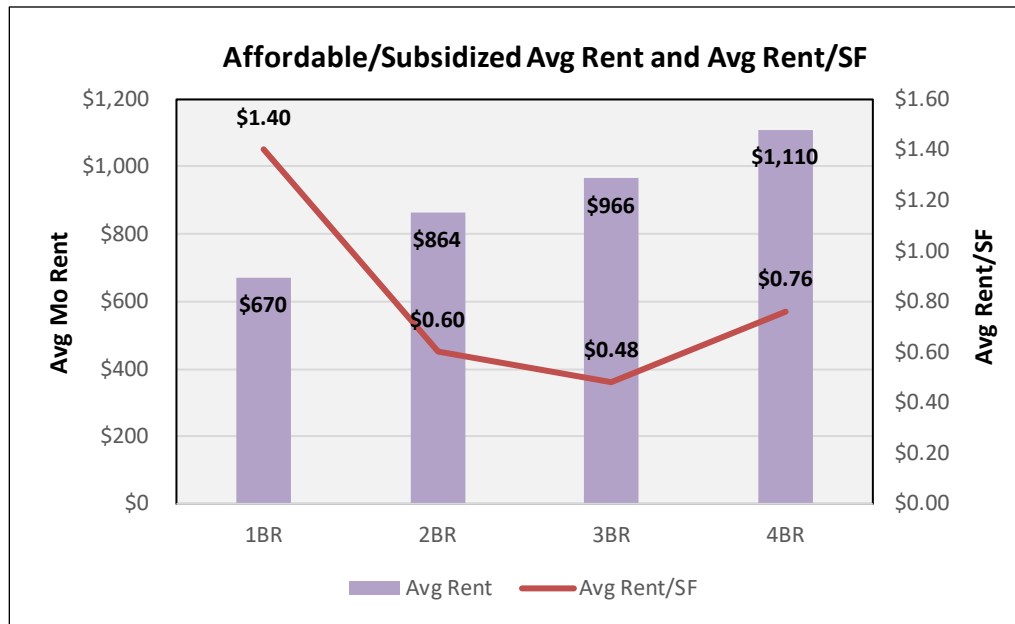
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- The newest general-occupancy market rate rental property is *Rivers Bend*, which was completed in 2020 and includes 45 units. Park West Apartments recently completed renovations and Sungarden Apartments is under renovation.



Affordable/Subsidized

- There are three properties that have income-restricted units in Thief River Falls. Maxfield identified two fully affordable properties with a total of 30 units that have shallow-subsidies and one property that is mixed affordable/market rate. The mixed income property has eight, two-bedroom units that are affordable. Another 62 units have a deep-subsidy. At the time of the survey, no units were vacant among the affordable units, resulting in a vacancy rate of 0.0%. The benchmark market vacancy rate for shallow-subsidy properties is 5% (same as market rate) and 3% for deep-subsidy properties. Deep-subsidy properties however, may have a longer period of unit turnover to qualify new residents for move-in and therefore, may have some units vacant for longer periods.
- Sherwood Park Townhomes* (built in 2004) is the newest affordable property in Thief River Falls. Project amenities include dishwasher, common area laundry facilities, surface and garage parking, and patio/balconies.
- Another eight two-bedroom affordable units were developed as part of the River Falls Estates property (total of 41 units). The property received tax increment financing and the two-bedroom unit rents are affordable to households at or less than 60% of AMI.



- Information on the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Pennington County is found in the *Housing Affordability* section, found later in this report.

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TABLE R-2 GENERAL OCCUPANCY RENTAL PROPERTIES THIEF RIVER FALLS MARKET AREA FEBRUARY 2024												
Project Name/Location	Year Built	Units	Total Vacant	Unit Mix	Unit Size		Monthly Rent		Avg Rent	Rent Per Sq Ft.		Amenities/Comments
					Min	Max	Min	Max		Min	Max	
MARKET RATE RENTAL PROPERTIES												
Atlantic Apartments 409 Atlantic Ave	1925 est.	8	0 0.0%	7 - 1BR 1 - 2BR	520 750		\$520 \$771	\$520 \$771	\$520 \$771	\$1.00 - \$1.00 \$1.03 - \$1.03		Two-story building; off-street parking; some residents have purchased their own wall unit air conditioners; small closets
Belmont Apartments 1308 Dale St	1991	15	0 0.0%	1 - 1BR 8 - 2BR 6 - 3BR	700 - 700 881 - 881 1,060 - 1,060		\$625 - \$625 \$750 - \$750 \$810 - \$810	\$625 \$750 \$810	\$625 \$750 \$810	\$0.89 - \$0.89 \$0.85 - \$0.85 \$0.76 - \$0.76		Wall unit air; some units with balconies, dishwasher, garbage disposal, coin-op laundry, single stall garage w/electricity, heat included; units rarely turn over according to management; this property is no longer under the LHFC program.
Cottonwood Apartments 103 Cottonwood Ave	1991	8	0 0.0%	1 - 2BR 7 - 3BR	850 1,000		\$775 \$880	\$775 \$880	\$775 \$880	\$0.91 - \$0.91 \$0.88 - \$0.88		Two-story building w/off-street parking; wall unit air; detached garages; in-unit w/dryer hookups; common laundry; water, sewer and trash included; tenant pays heat and electric.
Country Acres Apartments 1918 Greenwood St E	1970	48	0 0.0%	48 - 2BR	780		\$765	\$765	\$765	\$0.98 - \$0.98		Four three-story buildings with 12 units each. Pet friendly; sewer, water, garbage included, community grills, garages and additional storage available. Playground, laundry facilities, wall
Crocker Apartments 716 Crocker Ave S	1970	12	0 0.0%	6 - 1BR 6 - 2BR	810 810		\$655 - \$665 \$685	\$660 \$685	\$660 \$685	\$0.81 - \$0.81 \$0.85 - \$0.85		Wall unit air; window coverings; storage on-site; laundry on-site; off-street parking; gas heat, water/sewer incl; tenant pays elec and trash removal; carpeting in living and bedroom areas.
Edgewood Apartments 1236 Edgewood Drive	1969	18	0 0.0%	1 - Studio 5 - 1BR 12 - 2BR	500 750 850		\$500 \$750 \$850	\$500 \$750 \$850	\$500 \$750 \$850	\$1.00 - \$1.00 \$1.00 - \$1.00 \$1.00 - \$1.00		Rent includes water and sewer; tenant pays heat, electric and trash; garages available for \$50/mo.; wall unit air; on-site laundry;
Edgewood Drive Apartments 1238/1240 Edgewood Dr	1971	16	0 0.0%	16 - 2BR	714		\$665 - \$685	\$675	\$675	\$0.93 - \$0.93		Two 2-story buildings with eight units each. Wall unit air, washer/dryer hook-up/laundry facilities. Water/sewer included. Tenant pays heat, electric and trash. Detached garages available.
First Street Estates 1 1611 1st St W	2021	87	1 1.1%	33 - 1BR 48 - 2BR 6 - 3BR	620 828 1,165		\$945 \$1,045 \$1,107	\$945 \$1,045 \$1,107	\$945 \$1,045 \$1,107	\$1.52 - \$1.52 \$1.26 - \$1.26 \$0.95 - \$0.95		Grilling stations, heated bus stop, pet friendly (2 pet limit, \$25/mo pet rent). Detached garages - \$65 to \$85/mo. Community room, fitness room, elevator, playground, heat, water, sewer and
Foxtail Townhomes 1002 Longren Ave	1995	40	1 2.5%	16 - 3BR 24 - 4BR	1,100 1,200		\$1,401 \$2,224	\$1,401 \$2,224	\$1,401 \$2,224	\$1.27 - \$1.27 \$1.85 - \$1.85		Student housing for Northland Community College - managed by college. 4BR is \$5,000 for the school year, parking \$35 per semester. Private rooms, all utilities included, washer/dryer, full kitchen appliance package; internet and Wifi included; bed is full
Greenhill Drive Townhomes 1201-1217 Greenhill Drive	1976	12	0 0.0%	10 - 2BR 2 - 3BR	1,100 1,200		\$920 \$1,100	\$920 \$1,100	\$920 \$1,100	\$0.84 - \$0.84 \$0.92 - \$0.92		Heat, water, sewer included; tenant pays electric and trash removal. Front and backyard w/backyard outdoor patio; wall unit air; privacy fence in back; vinyl flooring in kitchen; carpeting in bedroom and living areas; in-unit w/dryer.
530-550 8th St W 530-550 8th St W	1975	24	1 4.2%	24 - 1BR	650		\$700	\$700	\$700	\$1.08 - \$1.08		Wall unit air; w/dryer in unit; window coverings; carpet in living/bedroom; rent includes water/sewer and trash; heat and electric paid by tenant. Scenic walking paths.
JAK Apartments 205 Horace Ave N	1949	18	0 0.0%	16 - 1BR 2 - 2BR	425 720		\$500 \$650	\$500 \$750	\$500 \$750	\$1.18 - \$1.18 \$0.90 - \$0.90		Apartments are on the upper floors of a downtown commercial building. Window wall air conditioners. Walk-up, no elevator
316 N Horace 316 N Horace Ave	1941	9	0 0.0%	2 - 1BR 7 - 2BR	450 820		\$525 \$750	\$525 \$750	\$525 \$750	\$1.17 - \$1.17 \$0.91 - \$0.91		Two-story building; off-street parking; standard kitchen appliance pkg.
Joppru Apartments 416 Main Ave N	1920s	8	0 0.0%	4 - 1BR 4 - 2BR	400 750		\$475 - \$525 \$625 - \$650	\$475 \$750	\$475 \$750	\$1.19 - \$1.19 \$0.83 - \$0.83		Tile floor in kitchen; carpeting in living/bedrooms; no dishwasher or microwave, built-in breakfast nook, vinyl plank flooring in bathroom, carpeting in bedroom. No on-site laundry; tenant
Kendall Apartments 516 Kendall Ave S	1970s	8	0 0.0%	6 - 2BR 2 - 3BR	880 1,000		\$750 \$850	\$750 \$850	\$750 \$850	\$0.85 - \$0.85 \$0.85 - \$0.85		1 1/2 -story building; off-street parking; wall unit air. Basic kitchen appliance package.
Merriam Manor 413 Merriam Ave S	1987	8	0 0.0%	4 - 1BR 4 - 2BR	700 950		\$665 \$750	\$665 \$750	\$665 \$750	\$0.95 - \$0.95 \$0.79 - \$0.79		1 1/2 story building; wall unit air; common laundry on-site; no dishwasher, no microwave, window coverings, detached garages - one stall included in rent; heat/water/sewer included. Tenant
Midtown Manor 417 3rd St W	1964	12	0 0.0%	7 - 1BR 5 - 2BR	689 963		\$575 \$800	\$575 \$800	\$575 \$800	\$0.83 - \$0.83 \$0.83 - \$0.83		Heat, water/sewer and trash included. Wall unit air; vinyl wood plank flooring in kitchen; carpeting in living and bedroom; window coverings, on-site laundry; off-street parking, with plug-
Parkwood Apartments 624 Kinney Ave N	1978	24	0 0.0%	12 - 1BR 12 - 2BR	689 963		\$645 \$769 - \$795	\$645 \$782	\$645 \$782	\$0.94 - \$0.94 \$0.80 - \$0.83		Detached garages \$40/mo. Wall unit air; ceiling fan; balcony/patio, standard kitchen appliances; high-speed internet; cable TV; gas heat, water/sewer and trash included. Common
(continued)												

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TABLE R-2 GENERAL OCCUPANCY RENTAL PROPERTIES THIEF RIVER FALLS MARKET AREA FEBRUARY 2024												
MARKET RATE RENTAL PROPERTIES (continued)												
Project Name/Location	Year Built	Units	Total		Unit Size		Monthly Rent		Rent Per Sq Ft.		Amenities/Comments	
			Vacant	Unit Mix	Min	Max	Min	Max	Avg Rent	Min		Max
Park West Apartments 1301-1305 1st Street W	1980 2020R	78	0 0.0%	28 - Studio 50 - 1BR	410 590 - 630		\$745 - \$825 \$925 - \$945	\$745 \$935	\$1.82 - \$2.01 \$1.50 - \$1.57		Fully remodeled; Center kitchen island; SS Appliances; Vinyl plank flooring; window blinds; walk-in closet; keyless entry; wall unit air; heat, water/sewer, trash included; On-site laundry; playground, off-street parking;	
River's Bend 100 Barnick Rd	2020	45	0 0.0%	19 - 1BR 20 - 2BR 6 - 3BR	724 1,016 - 1,076 1,314		\$960 - \$980 \$1,171 - \$1,191 \$1,288	\$970 \$1,181 \$1,288	\$1.33 - \$1.33 \$1.11 - \$1.15 \$0.98 - \$0.98		Wall unit air; Balcony/patio; SS appliances incl dishwasher and microwave; walk-in closet; in-unit w/dryer; center kitchen island; vinyl plank flooring in kitchen; carpeting in bedrooms and living area; quartz counters; walk-in closet; Rent includes heat, water/sewer, trash; detached dbl garage - included.	
River Falls Estates 925 Alice Dr	2014	33	0 0.0%	2 - Studio 6 - 1BR 22 - 2BR 3 - 3BR	443 - 464 650 - 741 938 - 1,020 1,300 - 1,320		\$785 \$880 \$765 - \$1,090 \$1,200	\$785 \$880 \$928 \$1,200	\$1.77 - \$1.77 \$1.19 - \$1.35 \$0.82 - \$1.07 \$0.91 - \$0.92		Heat, sewer, and water included in rent. Wall unit air, playground area, coin-op laundry, window treatments, bay windows, elevator, detached garages for \$70/mo	
Rose Garden Apartments 619-711 State Ave N	1972	60	0 0.0%	30 - 1BR 30 - 2BR	689 963		\$500 \$765	\$500 \$765	\$0.73 - \$0.73 \$0.79 - \$0.79		Two and 1/2-story buildings; wall unit air; common laundry; window coverings; off-street parking; balcony on select units for upper floor units; playground; outdoor grill area	
Summerfield Place of TRF 108-125 Westview Ave	2016	36	0 0.0%	4 - 1BR 14 - 1BR+ 18 - 2BR	742 1,034 1,217		\$790 \$995 \$1,180	\$790 \$995 \$1,180	\$1.06 - \$1.06 \$0.96 - \$0.96 \$0.97 - \$0.97		Rent includes heat, water, sewer, trash. Patio/balcony; central air; in-unit w/dryer; full kitchen appliance pkg.; balcony/patio; Detached garages-\$50/mo, no pets	
Sungarden Apartments 1508-1518 Hwy 1 E <i>In Initial Lease-up (Remodeling)</i>	1971 2023R	87	n/a n/a	10 - Studio 13 - 1BR 42 - 2BR 22 - 3BR	550 700 850 1,050		\$550 \$675 \$775 \$995	\$525 \$650 \$750 \$751	\$1.00 - \$1.00 \$0.96 - \$0.96 \$0.91 - \$0.91 \$0.95 - \$0.95		Three, two-story apt buildings; three, two-story townhome buildings. Renovations underway; a portion of units have already been renovated. No longer under LHTC. Now market rate. Washer/dryer in unit. Heat, water/sewer and trash included; tenant pays electric	
Sunrise Apartments 320 Oak Ave N	1972	38	0 0.0%	30 - Studio 1 - 1BR 7 - 2BR	320 550 750		\$500 \$580 \$750	\$500 \$580 \$750	\$1.56 - \$1.56 \$1.05 \$1.00		Rent includes heat, electricity, water, sewer and trash. Internet is additional charge. Window coverings; no dishwasher; no microwave; On-site coin-operated laundry. Off-street parking.	
West River Falls 210 Ruby Ave N	2016	104	0 0.0%	6 - Studio 42 - 1BR 52 - 2BR 4 - 3BR	442 722 - 856 1,002 - 1,114 1,301		\$810 \$895 - \$970 \$1,040 - \$1,155 \$1,230	\$810 \$933 \$1,098 \$1,230	\$1.83 - \$1.83 \$1.13 - \$1.24 \$1.04 - \$1.04 \$1.82		Heat, sewer, water included in rent. Grill and picnic areas, community room with kitchen, in-unit washer/dryer, air conditioning, underground bike storage, underground parking (\$70), storage (\$25), pet friendly with a two pet limit and \$25/mo	
Wheatland Estates 106 Cottonwood Ave N	2004	24	0 0.0%	2 - 1BR 20 - 2BR 2 - 3BR	535 - 580 890 937		\$895 \$995 \$1,195	\$895 \$995 \$1,195	\$1.54 - \$1.67 \$1.12 - \$1.12 \$1.28 - \$1.28		On site laundry, no charge; garages for rent (\$50); elevator; wall unit air; window coverings; dishwasher; balcony/patio;	
601 13th St W 601 13th St W	1989	12	0 0.0%	12 - 2BR	850		\$750	\$750	\$0.88 - \$0.88		Wall unit air; two-story building; common laundry; off-street parking; window coverings; updated kitchens w/vinyl plank flooring; rent includes heat, water, sewer and trash.	
Market Rate Total			892	3	0.3% vacant ¹							
AFFORDABLE RENTAL PROJECTS												
Sherwood Park 1524 Hwy 1 NE	2000	18	0 0.0%	13 - 2BR 5 - 3BR	1,248 1,392		\$980 - \$980 \$1,085 - \$1,085	\$980 \$1,085	\$0.79 - \$0.79 \$0.78 - \$0.78		Heat, sewer, water included in rent, wall unit air, playground, attached garage - one stall included in rent, washer/dryer hookups or coin-op laundry facilities, tenant pays electric and trash; patio; vinyl flooring in kitchen, carpeting in living and	
Southwood Park Townhome 1601 Greenwood St E	1996	12	2 16.7%	6 - 2BR 5 - 3BR 1 - 4BR	1,008 1,343 1,456		\$930 - \$980 \$1,085 \$1,110	\$955 \$1,085 \$1,110	\$0.92 - \$0.97 \$0.81 - \$0.81 \$0.76 - \$0.76		Heat, sewer, water, included in rent, air conditioning, playground, attached garage, coin-op laundry	
River Falls Estates 925 Alice Drive	2014	8	0 0.0%	8 - 2BR	938 - 945		\$761 - \$761	\$761	\$0.81 - \$0.81		Heat, sewer, and water included in rent. Wall unit air, playground area, coin-op laundry, window treatments, bay windows, elevator, detached garages for \$70/mo	
Affordable Total			38	2	7% vacant ¹							
SUBSIDIZED RENTAL PROPERTIES												
Skylite Apartments 415 Arnold Ave S <i>Disabled and Seniors (62+)</i>	1969	38	0 0.0%	38 - 1BR	478 - 478		\$670 Max Mkt Rent - 30% of AMI	\$670	\$1.40 - \$1.40		Deep-subsidy rentals; Income qualifications are at or less than 50% of AMI. Residents pay 30% of their adjusted gross income for rent. Single-story, private entry; common laundry; window coverings; no air conditioning; limited off-street parking; some	
River Pointe Townhomes 928 Alice Dr	2016	24	0 0.0%	12 - 2BR 12 - 3BR	1,161 - 1,161 1,383 - 1,383		\$761 - \$761 \$866 - \$866 Max Mkt Rent - 30% of AMI	\$761 \$866	\$0.66 - \$0.66 \$0.63 - \$0.63		Rent includes sewer/water; tenant pays heat, electric and trash. Central air; playground, washer/dryer hook-ups in units or coin-op laundry on-site, single attached garage incl in rent, private patios;	
Deep-Subsidy Total			62	0	0% vacant ¹							
¹ Vacancy rate based on properties where units and vacancies were available. Source: Maxfield Research and Consulting, LLC												

¹ Vacancy rate based on properties where units and vacancies were available.
Source: Maxfield Research and Consulting, LLC

TABLE R-3 UNIT TYPE SUMMARY GENERAL OCCUPANCY RENTAL DEVELOPMENTS April 2024						
Market Rate				Monthly Rents		
Unit Type	Total Units ²	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	77	9%	398	\$500 - \$825	\$624	\$1.57
1BR	302	34%	674	\$475 - \$960	\$788	\$1.17
2BR	413	46%	911	\$625 - \$1,191	\$897	\$0.98
3BR	76	9%	1,110	\$850 - \$1,401	\$1,041	\$0.94
4BR	24	3%	1,200	\$2,224 - \$2,224	\$2,224	\$1.85
Total:	892	100%	777	\$475 - \$1,401	\$830	\$1.07
Vacancy Rate ¹		0.3%		Average Year Built		1981
Affordable				Monthly Rents		
Unit Type	Total Units ²	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	0	0%	0	\$0 - \$0	\$0	\$0.00
2BR	27	71%	1,567	\$930 - \$980	\$910	\$0.82
3BR	10	26%	2,735	\$1,085 - \$1,085	\$1,085	\$0.79
4BR	1	3%	1,456	\$1,110 - \$1,110	\$1,110	\$0.76
Total:	38	100%	1,871	\$0 - \$1,110	\$961	\$0.81
Vacancy Rate ¹		6.7%		Average Year Built		2003
Subsidized				Monthly Rents		
Unit Type	Total Units	% of Total	Avg. Size	Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	38	61%	478	\$670 - \$670	\$670	\$1.40
2BR	12	19%	1,161	\$761 - \$761	\$761	\$0.66
3BR	12	19%	1,383	\$866 - \$866	\$866	\$0.63
Total:	62	100%	785	\$670 - \$866	\$726	\$0.92
Vacancy Rate ¹		0.0%		Average Year Built		1993

¹ Vacancy rates based only on properties where vacancies were provided
² Total units does not match Table R-2 because unit mix was not available for all properties

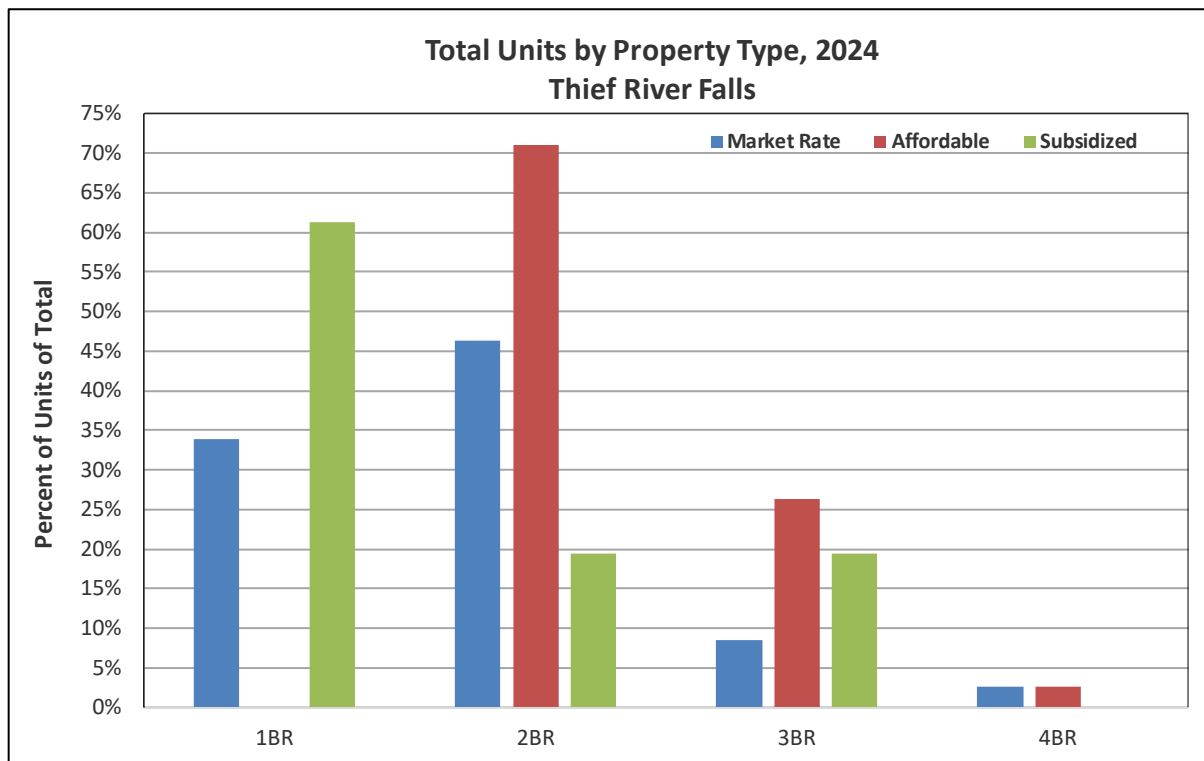
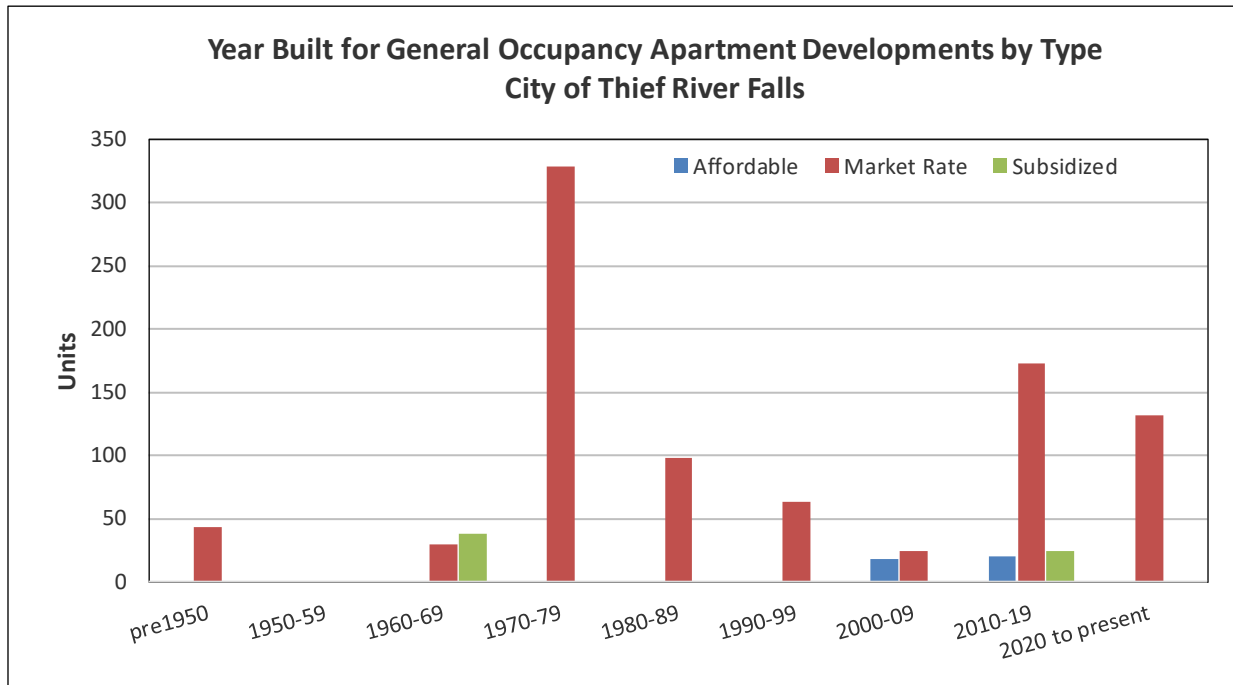
Source: Maxfield Research and Consulting, LLC

Rental Comparison

Most rental units in Thief River Falls are in older buildings, dating from the 1970s. The survey included properties ranging from the 1920s to 2020. The graph on the following page includes all properties surveyed and shows the number of rental units by year built.

RENTAL MARKET ANALYSIS

A second graph shows the total number of units by property type (i.e. market rate, shallow-subsidy, deep-subsidy) for Thief River Falls. The largest number of units surveyed are market rate with one- and two-bedroom units accounting for the highest proportions.



RENTAL MARKET ANALYSIS

- Average rents for shallow-subsidy properties are higher than for market rate properties. This is because most of the shallow-subsidy properties are newer and most of the units are townhomes, which are usually higher-priced than apartments.
- As shown on Table 3, the average rents are:

	Market Rate	Affordable	Subsidized
Studio	\$624	---	---
1BR	\$788	\$910	\$670
2BR	\$897	\$1,085	\$761
3BR	\$1,041	\$1,110	\$866
4BR	\$2,224		---

- As already stated, vacancy rates among the different property segments were very low, less than 1%, indicating significant pent-up demand for additional rental housing in Thief River Falls. New rentals have leased rapidly, but there continues to be significant demand for workforce rental housing and affordable rental housing.

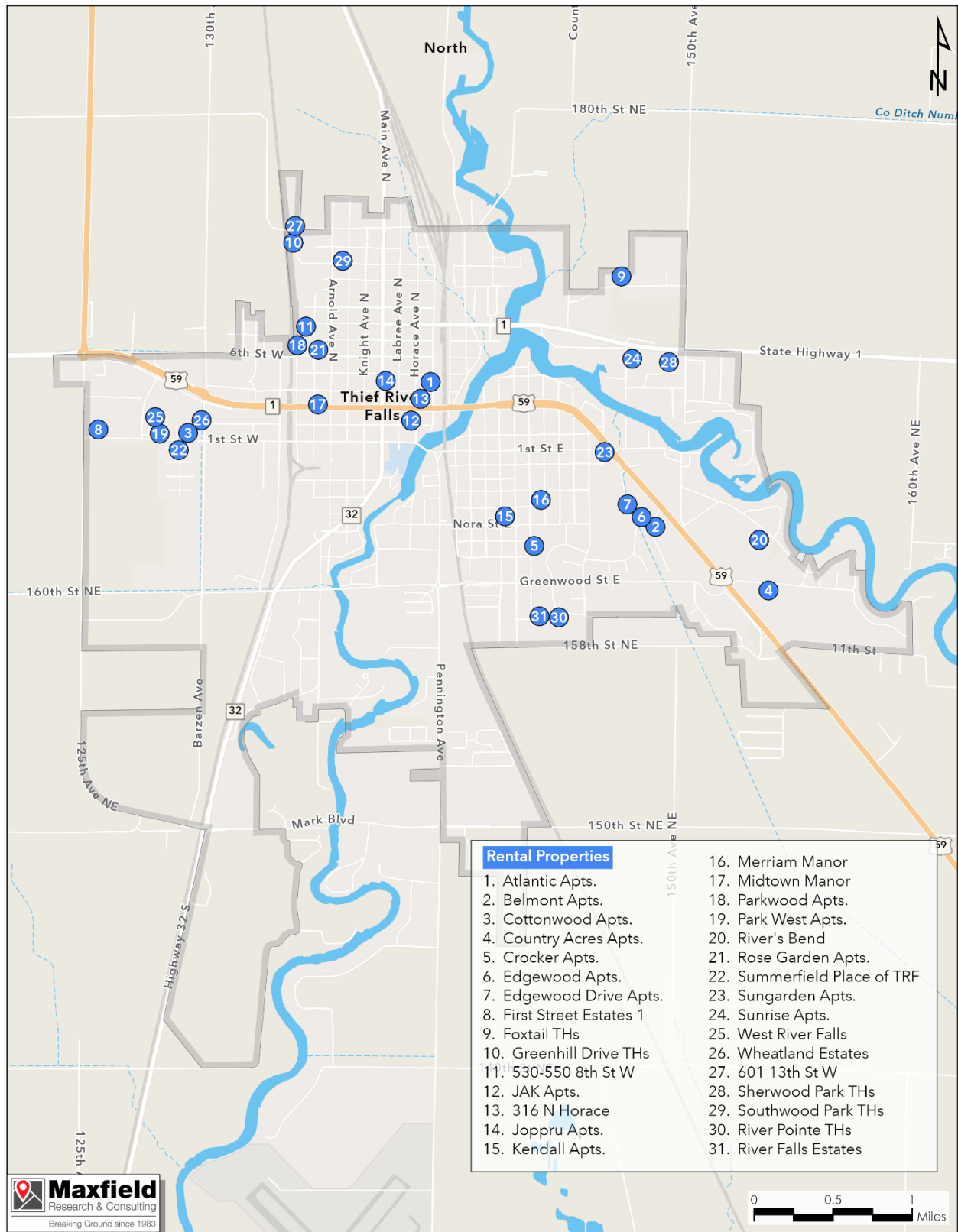
The average per square foot price for each property segment was:

- Market rate - \$1.07
- Affordable - \$0.82
- Subsidized - \$0.92

Housing Choice Vouchers

The Housing Choice Voucher program (also known as Section 8) is a subsidized rental assistance program funded by the Department of Housing and Urban Development. The Northwest Minnesota Multi-County HRA leads the program for the Counties of Kittson, Marshall, Norman, Pennington, Polk, Red Lake, Roseau and Lake of the Woods. The program allows eligible people, or families, to select rental units and 30% to 40% of their adjusted gross income for rent and utilities and the HRA pays the remaining balance to the landlord.

Thief River Falls Multifamily General-Occupancy Rental Properties



Select General-Occupancy Rental Properties in Thief River Falls



First Street Apartments



River's Bend



West River Falls



Merriam Manor



Edgewood Drive



Wheatland Estates

Planned and Proposed Housing Developments

Maxfield Research obtained data from community staff members in Thief River Falls in order to identify housing developments under construction, planned, or pending. As of October 2023 (and revised in May 2025), there are four multifamily developments under consideration in Thief River Falls.

- There are five pending housing developments in Thief River Falls. Total units are known for only three of the projects, combined with a total of about 270 units.
- At present, the Edge is the project that is furthest along in the development pipeline. The project is awaiting on funding from MN Housing and the project concept could also change from 45 units to 66 units based on a variety of factors (i.e. financing, grants, construction costs, etc.)
- Of the five projects, two projects are currently delayed (The Crossings and Paces Lodging) and two are in the concept phases (First Street West and Pennington Ave.). Both of these projects are twin home concepts on 48-acres. that are under consideration. Specific details on number and type of units were not yet available.

PLANNED AND PROPOSED HOUSING DEVELOPMENTS

TABLE P-1
PLANNED/PENDING RESIDENTIAL PROJECTS
THIEF RIVER FALLS MARKET AREA
October 2023 (Updated May 2024)

Project Name/Location	Developer/Applicant	Project Type	Units/Lots		Status/ Timing	Comments	
			MR	Aff			Total
Thief River Falls							
The Edge NW Corner Highway 32 and Greenwood Street	D.W. Jones	Multi-Family	66		66	Pending	Applied for MN Housing workforce development programs. Also could be scaled back to about 45 units
The Crossings Greenwood St E	Northridge Accomodations, Inc	Multi-family	116		116	Delayed	116 market rate units are planned in six buildings with a clubhouse
101 Barnick Rd	Paces Lodging Corporation	Multi-family	90		90	Delayed	Two buildings with 45 unit market rate apartments Delayed due to market conditions/financing
First Street West	Fankhanel, LLC	Twinhomes	N/A		N/A	Concept	48 acre site with a strategic position between Digi-Key and Artic Cat. Some site preparation is complete, but utilities and roads are still need. Rental twin homes are being considered
Pennington Ave	MTH of Bemidji	Twinhomes	N/A		N/A	Concept	A 48 acre site with twinhomes under consideration. The project is in early stages, still needing annexation, rezoning, streets and utilites
Source: City of Thief River Falls; Maxfield Research & Consulting, LLC							

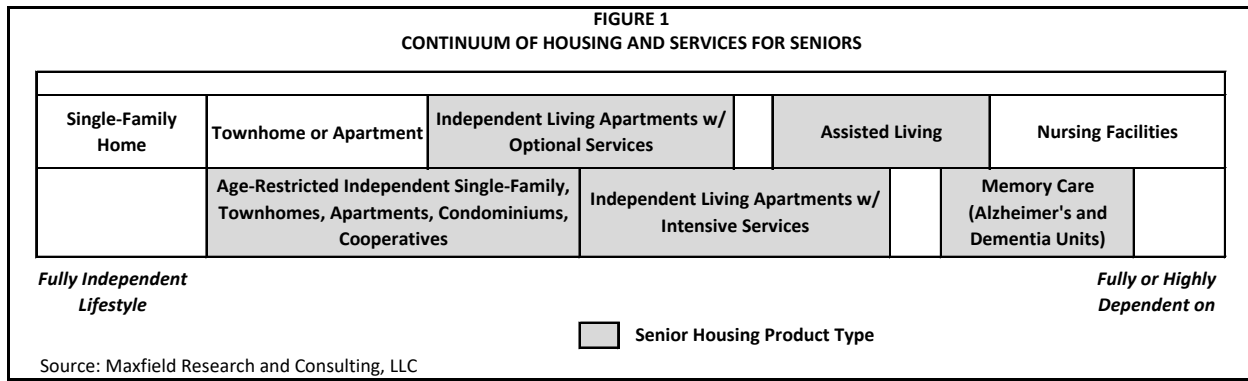
Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research and Consulting LLC classifies senior housing projects into five categories based on the level of support services offered:

- ▶ **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). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically 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** properties (or senior living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services. Sponsorship by a nursing home, hospital or other health care organization is common.
- ▶ **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 particular health situation), who are in need of 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 either staff on duty 24 hours per day or at least 24-hour emergency response.
- ▶ **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 deals almost exclusively with 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**, or long-term care facilities, 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.



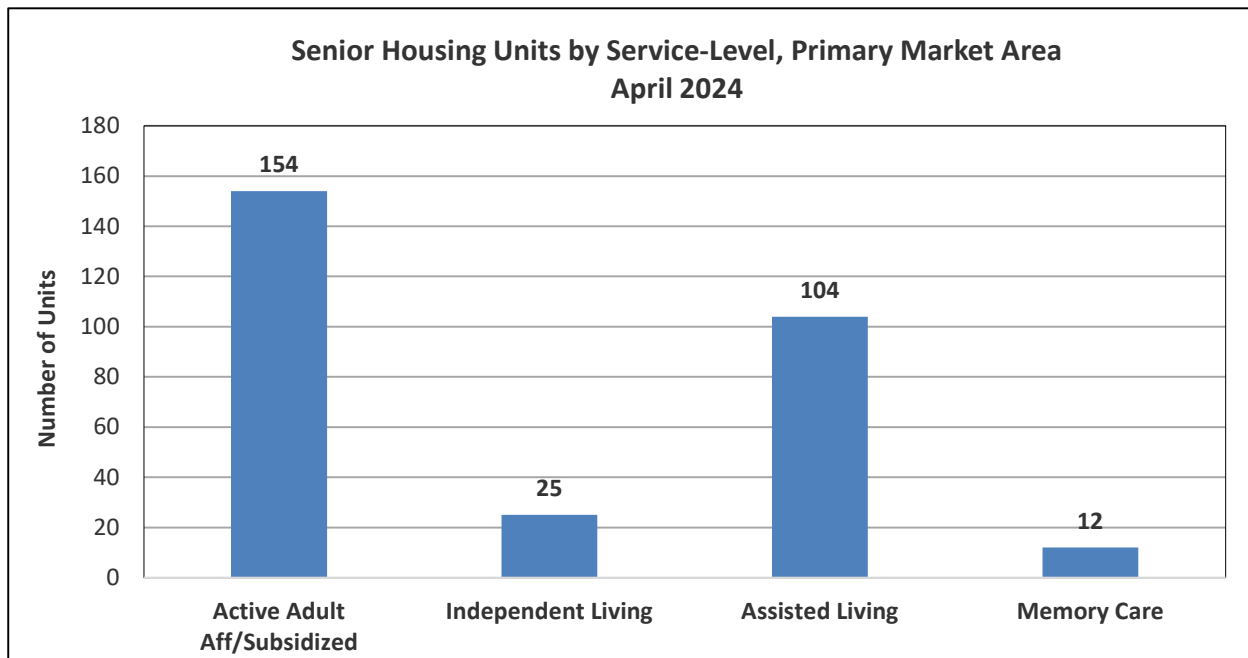
The senior housing products available today, when combined with long-term care facilities form a full continuum of care, extending from virtually a purely residential model to a medically intensive one. Often the services available at these properties overlap with another making these definitions somewhat ambiguous. In general, active adult properties tend to attract younger active seniors, who merely wish to rid themselves of home maintenance; independent living properties serve independent seniors that desire support services (i.e., meals, housekeeping, transportation, etc.) while assisted living properties tend to attract older, frail seniors who need assistance with daily activities, but not the skilled medical care available only in a nursing facility.

Senior Housing Properties in Thief River Falls

As of April 2024, Maxfield Research and Consulting, LLC identified senior housing developments in Thief River Falls. Combined, these projects contain a total of 295 units. Table S-1 provides information on all inventoried senior housing projects in Thief River Falls. Information in the table includes year built, number of units, unit mix, number of vacant units, rents/sales price, and general notes, amenities, and services about each project is outlined in Table S-2.

The following are key points from the survey of the senior housing supply.

TABLE S-1 SENIOR HOUSING UNITS BY TYPE PRIMARY MARKET AREA APRIL 2024					
Active Adult/Few Services			Independent	Assisted Living	Memory Care
Ownership	MR Rental	AFF/Sub. Rental	Living		
0	73	154	25	104	12
Source: Maxfield Research & Consulting, LLC					



Subsidized Senior Housing

Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents' incomes and based on 30% of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available.

- There are four, subsidized properties in Thief River Falls that are restricted to households age 62 years or older or households with a qualified disability. Two of those properties are under the Rural Development program, one is under the HUD Section 8 program and the third is under the Thief River Falls public housing program. The four properties have a total of 154 units. As of April 2024, there were no vacant units, indicating pent-up demand for affordable/subsidized senior housing.

SENIOR HOUSING ANALYSIS

- Typically, subsidized senior housing offers limited to no amenities. Amenities that are available at the properties include community rooms, on-site common laundry and library.

Active Adult Rental

- Two market rate active adult properties were identified in Thief River Falls with a total of 73 units. At the time of survey, each property had one vacant unit for an overall active adult vacancy of 2.7%, which is below the 5% industry standard that allows for sufficient consumer choice and adequate turnover.
- Market rate active adult properties usually have a higher level of common area amenities such as community room with full serving kitchen, guest suite, library, activities room, elevator. Units have in-unit or common laundry, window blinds, and full kitchen appliances including dishwasher and microwave oven.

Independent Living

- There are two market rate independent living properties in Thief River Falls, Green Leaf (built in 2004 and Oak Park - converted in 2024). Green Leaf has 20 units with monthly fees ranging from \$1,440 for a studio unit to \$2,080 for a one-bedroom unit. Oak Park will offer five units but they have not yet received their licensing so these units are not yet available to be occupied. These units are being converted to independent living from the existing Oakland Park Communities campus. Pricing was not available for Oak Park's new IL units. Green Leaf has no open units as of April 2024 for its independent living segment.

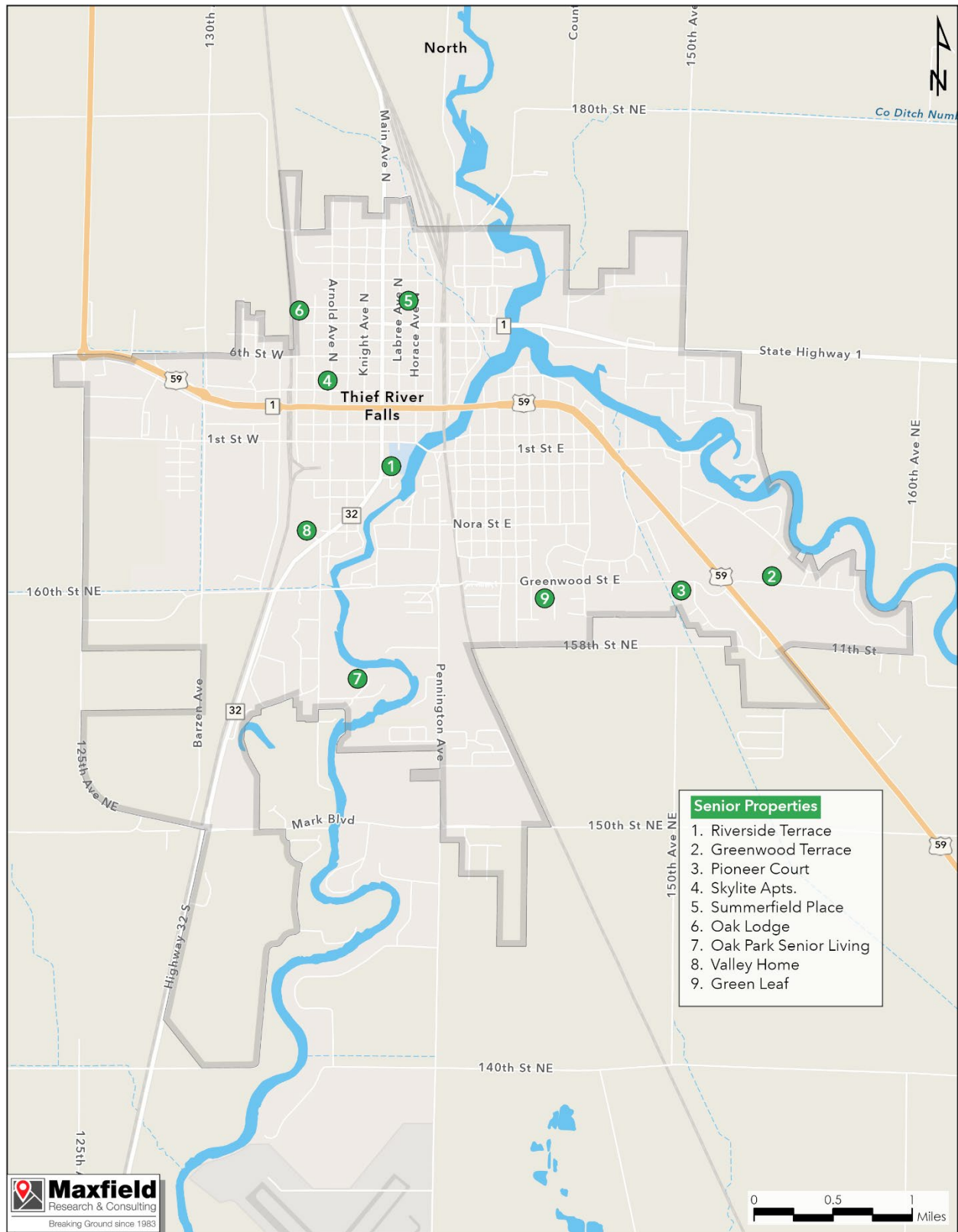
Assisted Living

- There are two assisted living facilities with a total of 104 units. Assisted living properties had an overall vacancy rate of 29%. Both properties are accepting private pay and Elderly Waiver. The current vacancy rate is above the 7% market acceptance, which is consider the market equilibrium vacancy rate for assisted living.
- Green Leaf is the newest assisted living property, opened in 2004 and includes 36 units. Valley Assisted Living has 68 beds, but a portion of those will be closed and the area will be converted over to a child care facility later in 2024.
- The assisted living properties include meals, scheduled activities, weekly housekeeping, laundry and linens, and 24-hour staff. Personal care services are charged in addition to the monthly fees.

Memory Care

- As the time of the survey, there is only market rate memory care facility with 12 units in Thief River Falls. Green Leaf had no vacancies and offers additional care services above the monthly fee. There are six care levels and additional care services are determined based on a nursing assessment and a points system.
- Valley Home previously operated a memory care wing but closed it down; losing 24 units of memory care housing from the market.
- The base monthly fee for memory care begins at \$4,525 per month for a single-room and \$4,785 for a deluxe room.

Thief River Falls Senior Properties



SENIOR HOUSING ANALYSIS

TABLE S-2 SENIOR OCCUPANCY RENTAL HOUSING THIEF RIVER FALLS MARKET AREA APRIL 2024												
Project Name/Location	Year Built	Units	Vacant	Unit Mix	Unit Size		Monthly Rent		Avg Rent	Rent Per Sq Ft.		Amenities/Comments
					Min	Max	Min	Max		Min	Max	
AFFORDABLE/SUBSIDIZED ACTIVE ADULT												
Riverside Terrace 225 Labree Ave S	1980 2012 Ren	66	0 0.0%	66 - 1BR	588 - 588		\$916 - \$916 Max Mkt Rent- 30% of AMI	\$916	\$1.56 - \$1.56		Project-Based Section 8. Laundry facilities, elevator, wall unit air, weekly activities, utilities included in rent, community room, pet-friendly; 62+ and/or disabled.	
Greenwood Terrace 2001 Greenwood St E	2014	26	0 0.0%	25 - 1BR 1 - 2BR	600 - 600 768 - 768		\$731 - \$731 \$777 - \$777 Max Mkt Rent- 30% of AMI	\$731 \$777	\$1.22 - \$1.22 \$1.01 - \$1.01		Rural Development. 25 units have rental assistance. Heat, sewer, water included in the rent, community room, assigned parking, coin-op laundry, elevator, community dining room with kitchen, pet friendly, wall unit air, surface parking. 62+ and/or disabled.	
Pioneer Court 1602 Greenwood St E	1995	24	0 0.0%	23 - 1BR 1 - 2BR	600 - 600 768 - 768		\$575 - \$700 \$590 - \$780	\$638 \$685	\$0.96 - \$1.17 \$0.77 - \$1.02		Rural Development. 16 of the 24 units have rental assistance. Designated elderly or disabled, income based rent. Heat, water, sewer and garbage included. <u>Pet-friendly, on-site laundry.</u>	
Skylite Apartments 415 Arnold St	1995	38	0 0.0%	38 - 1BR	478 - 478		\$670 - \$670 Max Mkt Rent- 30% of AMI	\$670	\$1.40 - \$1.40		TF HRA - Public Housing. Income restrictions of 50% of AMI or less; residents pay 30% of their gross adjusted income for rent; Designated elderly or disabled. Private entry. Heat, water, sewer and garbage included. Some units have a small outdoor patio. Off-street parking (limited).	
MARKET RATE ACTIVE ADULT												
Summerfield Place (55+) 215 9th St E	1996	49	1 2.0%	19 - 1BR 12 - 1BR+ 18 - 2BR	664 - 738 923 - 923 926 - 987		\$1,000 - \$1,000 \$1,005 - \$1,005 \$1,005 - \$1,100	\$1,000 \$1,005 \$1,053	\$1.51 - \$1.36 \$1.09 - \$1.09 \$1.09 - \$1.11		Rent includes water, sewer and heat. Activity room, community room, elevator, guest suite, library. Apartments offer balconies, dishwasher, in unit washer/dryer; central air; window blinds; enclosed parking - \$50/month extra.	
Oak Lodge 540 9th Street Street W	N/A	24	1 4.2%	23 - 1BR 1 - 2BR	750 - 750 950 - 950		\$620 - \$620 \$850 - \$850	\$620 \$850	\$0.83 - \$0.83 \$0.89 - \$0.89		Single-level building; coin-op laundry; commons area w/kitchen; rent includes heat, water and sewer. Activity room, community room, elevator, guest suite, library.	
MARKET RATE INDEPENDENT LIVING												
Oak Park Senior Living 123 Baken Street	2024 (Conversion)	5	n/a n/a	5 - 1BR	500 - 500		n/a n/a	n/a	n/a n/a		Part of Oakland Park Communities, which includes another two skilled nursing facilities. Not open yet. Waiting on licensure from the State. Most likely open Spring 2024.	
Green Leaf 1006 Greenwood St E	2004	20	0 0.0%	10 - Studio 10 - 1BR	345 - 466 639 - 837		\$1,440 - \$1,905 \$2,080 - \$2,080	\$1,673 \$2,080	\$4.17 - \$4.09 \$3.26 - \$2.49		24-hour staff, medication management, assistance with daily living, housekeeping daily touch up/1x per wk deep clean; weekly laundry/linens, three meals/day plus snacks; one wing of bldg to house a child care center later in 2024. Currently accepting EW and private pay.	
MARKET RATE ASSISTED LIVING												
Green Leaf Assisted Living 1006 Greenwood St E	2004	36	8 22.2%	26 - Studio 10 - 1BR	345 - 466 639 - 837		\$4,150 - \$5,510 \$5,950 - \$6,310	\$4,830 \$6,130	\$12.03 - \$11.82 \$9.31 - \$7.54		Base monthly fee includes three meals/day; snacks; all utilities; 24 hr. emergency pendant-addtl chg; daily/weekly hspk; weekly laundry/linen service; activity and exercise; programs; beauty salon, library, chapel, wellness clinic. Accepts private pay and elderly waiver. Cable TV -	
Valley Home Assisted Living 523 Arnold Ave S	1965	68	23 33.8%	58 - Single 10 - Double	282 - 282 507 - 507		\$2,870 - \$2,870 \$4,115 - \$4,115	\$2,870 \$4,115	\$10.18 - \$10.18 \$8.12 - \$8.12		24-hour staff, medication management, assistance with daily living, housekeeping daily touch up/1x per wk deep clean; weekly laundry/linens, three meals/day plus snacks; one wing of bldg to house a child care center later in 2024. Currently accepting EW and private pay.	
MARKET RATE MEMORY CARE												
Green Leaf Memory Care 1006 Greenwood St E	2004	12	0 0.0%	10 - Sgl Rm. 2 - Dlx Rm.	345 - 345 455 - 455		\$4,525 - \$4,525 \$4,785 - \$4,785	\$4,525 \$4,785	\$13.12 - \$13.12 \$10.52 - \$10.52		Morning mental exercises, daily physical activities, daily life skills, person centered life enrichment program. Accepts private pay and elderly waiver. Additional services based on points assessment; service levels from 1 through 6	
Valley Home Memory Care 523 Arnold Ave S	2005	24									Closed memory care area;	
Closed - no longer operating												
Total		368	33	9% Vacancy Rate ¹								
Total-Market Rate		214	33	15% Vacancy Rate								
Total-Affordable/Subsidized		154	0	0% Vacancy Rate								
*Units can be occupied as either independent or assisted living units, unit count reflects room designations at the time of the survey ¹ Vacancy rate is calculated based on properties where both the number of units and vacancies were provided Source: Maxfield Research and Consulting, LLC												

Senior Housing Properties in Thief River Falls



Riverside Terrace (affordable)



Greenwood Terrace (affordable)



Pioneer Court (affordable)



Skylite Apartments (affordable)



Summerfield Place (AA- market)



Oak Lodge (AA – market)

Senior Housing Properties in Thief River Falls



Green Leaf (market rate-IL, AL, MC)



Oak Park (market rate – AL, MC)

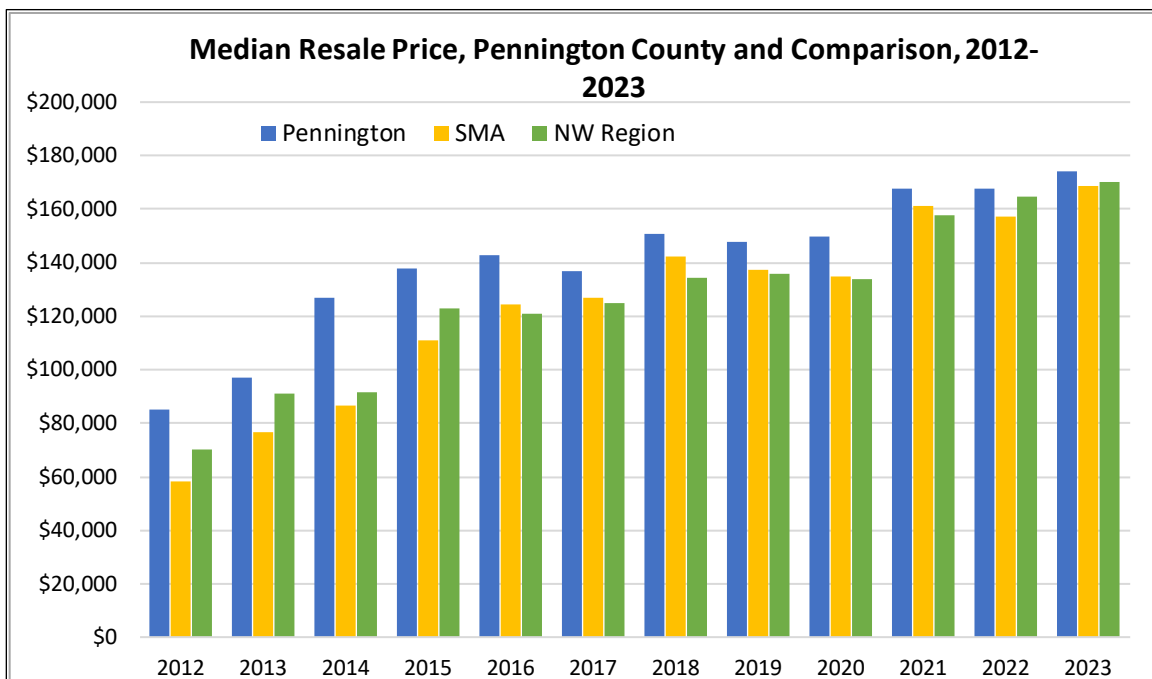
Introduction

Maxfield Research & Consulting, LLC analyzed the for-sale housing market in Thief River Falls by analyzing data on single-family and multifamily home sales, active listings, lot supply and the actively marketing subdivisions in the City.

Pennington County and SMA Home Resale Comparison

Table FS-1 compares Pennington County resale data against the SMA and Northwest Region of Minnesota. The Northwest Region includes Kittson, Roseau, Marshall, Red Lake, Pennington and Norman Counties. The table shows Historic Resale Trends from the Minnesota Realtors Annual Report on the Minnesota Housing Market.

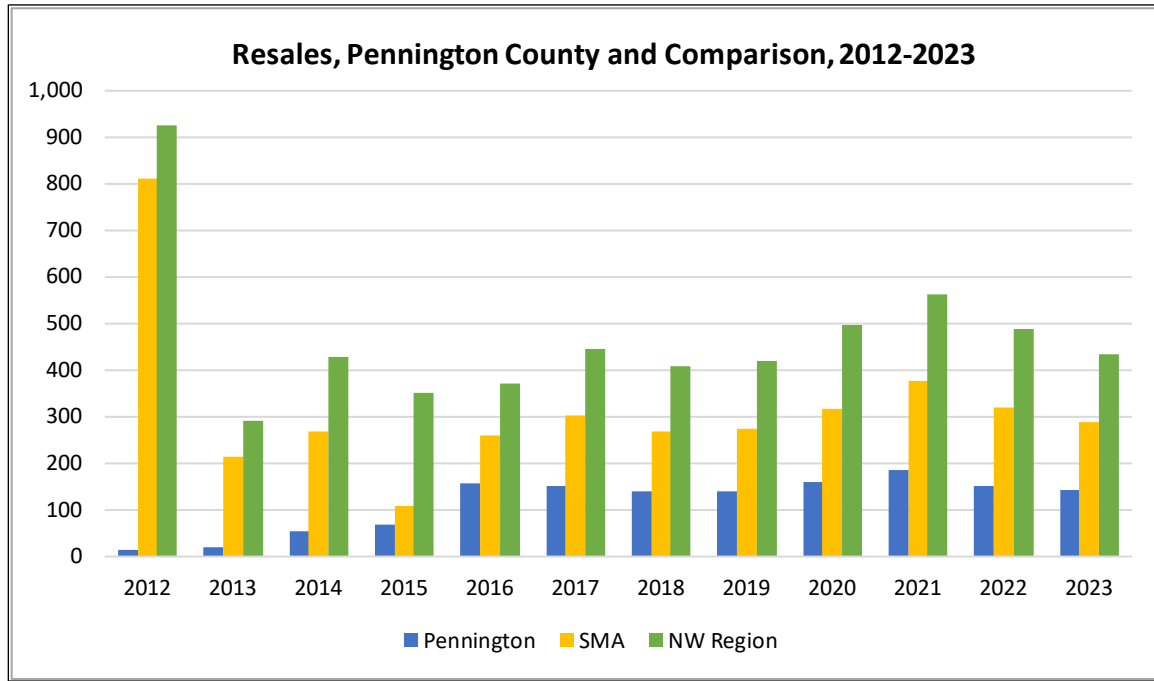
- The median resale price for Pennington County more than doubled (+105%) from 2012 to 2022, from \$84,900 in 2012 to \$174,000 in 2023.
- Median resale price in the Secondary Market Area rose 188% from 2012 to 2023, while the median resale price in the NW Region increased 143% during the same period.
- The median resale price in Pennington County in 2023 (\$174,000) was, higher than the SMA (\$168,622) and the NW Region (\$170,000).



- Resales in the SMA and NW Region were at their highest point in 2012, with 810 and 924 resales respectively. The following year, resales fell precipitously to 215 in the SMA and 292 in the NW Region.

FOR-SALE MARKET ANALYSIS

- From 2013 to 2023, resales averaged 273 in the SMA and 427 in the NW Region annually.
- In 2012, there were 14 resales in Pennington County; in 2021, there was a high of 185 resales.



**TABLE FS-1
HISTORIC RESALE TRENDS
PENNINGTON COUNTY, SMA AND NW REGION**

Year	Pennington	SMA	NW Region	Year	Pennington	SMA	NW Region
Median Sales Price				Resales			
2012	\$84,900	\$58,485	\$70,000	2012	14	810	924
2013	\$97,000	\$76,884	\$91,000	2013	21	215	292
2014	\$127,000	\$86,578	\$91,500	2014	55	269	428
2015	\$137,900	\$110,830	\$123,000	2015*	69	109	351
2016	\$143,000	\$124,393	\$121,000	2016	158	261	371
2017	\$136,750	\$126,856	\$125,000	2017	151	303	444
2018	\$151,000	\$142,532	\$134,250	2018	140	268	407
2019	\$148,000	\$137,187	\$135,900	2019	141	273	421
2020	\$149,950	\$134,642	\$134,000	2020	160	316	498
2021	\$167,600	\$161,386	\$157,500	2021	185	378	562
2022	\$167,450	\$157,246	\$164,950	2022	152	319	488
2023	\$174,000	\$168,622	\$170,000	2023	144	288	434

NW Region includes Kittson, Roseau, Marshall, Red Lake, Pennington, Polk and Norman Counties

**2015 estimated from 2016 annual report change from 2015*

Source: MN Realtors, Maxfield Research & Consulting LLC

Overview of For-Sale Housing Market Conditions

Table FS-2 presents home resale data on single-family and multifamily housing in Thief River Falls from 2017 through November 2023. The data was provided by the Pennington County Assessor's Office and shows the annual number of sales, median and average pricing and sales distribution by single-family and multifamily housing.

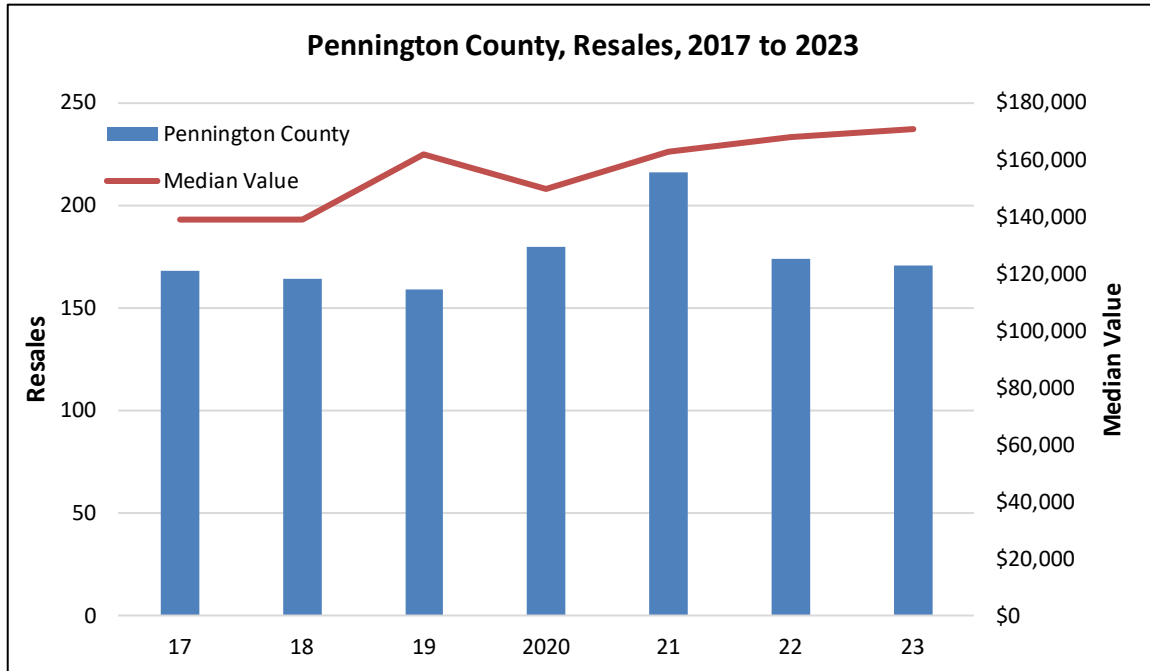
The following are key points observed from the data.

- Thief River Falls generated most of the sales in Pennington County from 2017 through November 2023, representing 79% during the period.
- Resales in Thief River Falls fell between 2017 and 2019. Starting in 2020, resales began to tick up, reaching a high of 162 in 2021. The trend reversed for 2022 and 2023 with resales falling again, dropping to 112 in 2023, coinciding with the rising mortgage interest rates.

TABLE FS-2 RESALE TRENDS PENNINGTON COUNTY 2000 to 2023								
Year	CITY OF THIEF RIVER FALLS			REMAINDER OF PENNINGTON COUNTY			ALL HOMES (SF + MF)	
	SF	MF	TOTAL	SF	MF	TOTAL	Avg.	Median
2017	133	2	135	33	0	33	\$152,802	\$139,000
2018	130	2	132	32	0	32	\$151,419	\$139,000
2019	122	2	124	35	0	35	\$186,161	\$162,000
2020	141	2	143	37	0	37	\$168,775	\$149,900
2021	162	2	164	51	1	52	\$192,542	\$162,700
2022	138	1	139	34	1	35	\$182,572	\$167,800
2023	130	2	132	39	0	39	\$207,059	\$170,564

Sources: Pennington County Assessor's Office and Maxfield Research & Consulting, LLC.

- The median sale price in Pennington County climbed from \$139,000 in 2017 to \$186,000 in 2023.



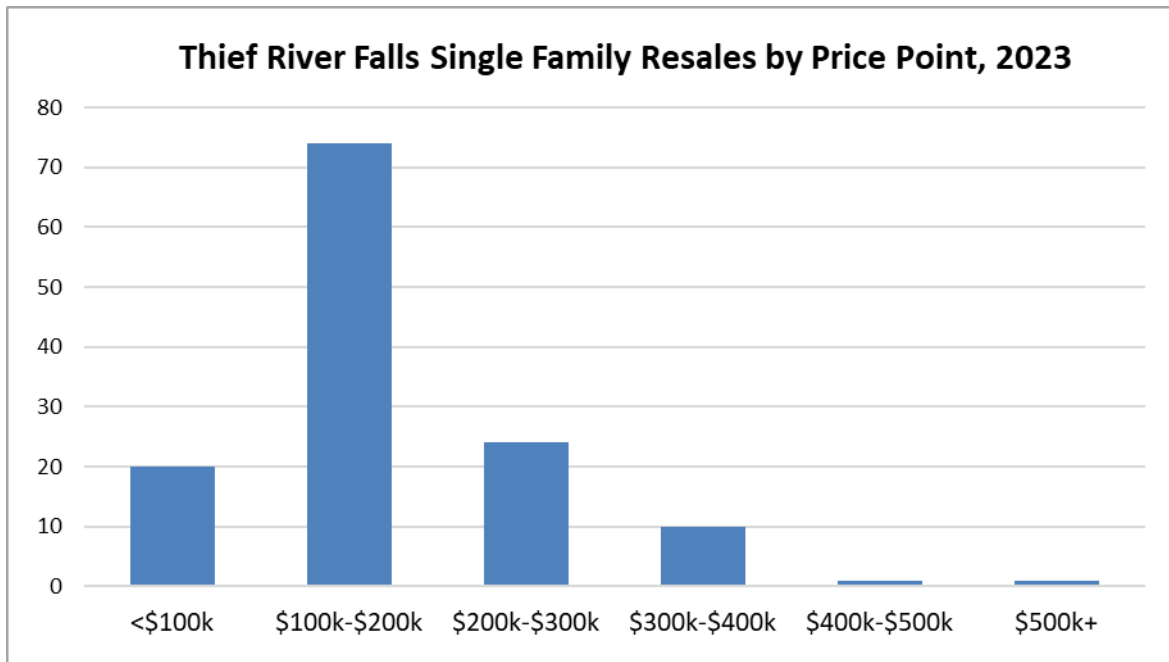
Home Resales by Price Point

Table FS-3 shows the distribution of sales in nine price ranges from resales in 2023. The graph on the following page visually displays the sales data.

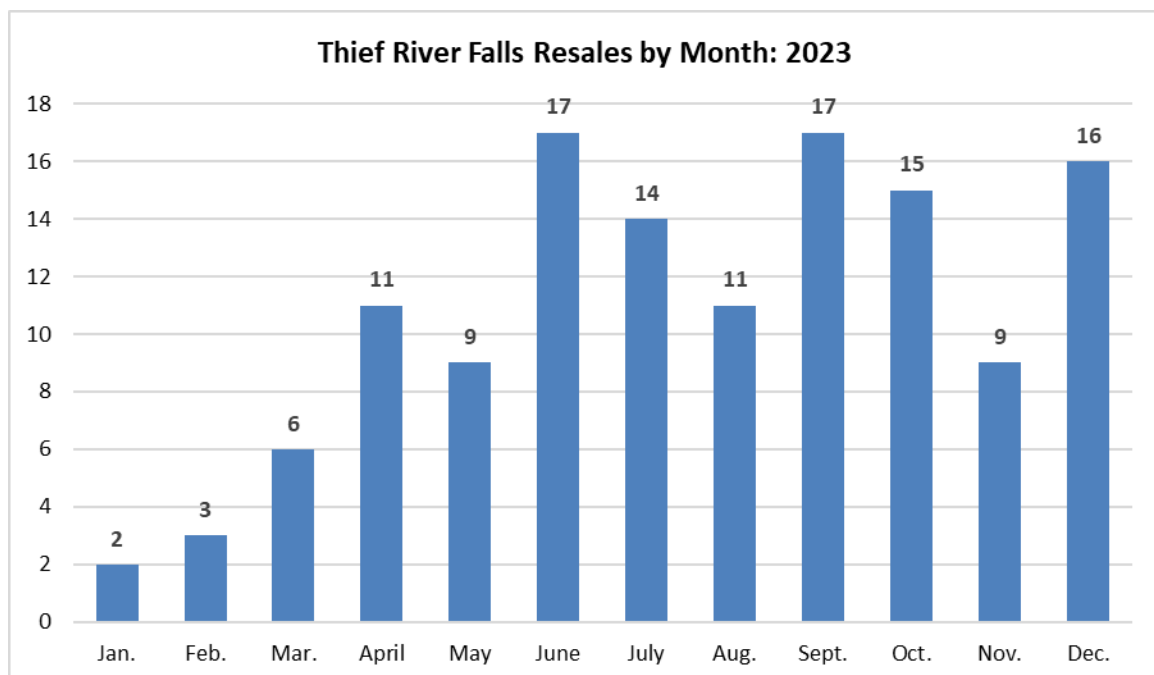
- There were 130 single family homes sold in Thief River Falls in 2023 and 74 of those homes were priced between \$100,000 and \$200,000, representing 57% of all resales.

TABLE FS-3 HOME RESALES BY SALES PRICE & PRODUCT TYPE CITY OF THIEF RIVER FALLS 2023						
Price Range	Single-family		Multifamily		Combined	
	No.	Pct.	No.	Pct.	No.	Pct.
<\$100,000	20	15.4%	0	0.0%	20	15.2%
\$100,000 to \$200,000	74	56.9%	0	0.0%	74	56.1%
\$200,000 to \$300,000	24	18.5%	0	0.0%	24	18.2%
\$300,000 to \$400,000	10	7.7%	0	0.0%	10	7.6%
\$400,000 to \$500,000	1	0.8%	0	0.0%	1	0.8%
\$500,000 to \$749,999	1	0.8%	0	0.0%	1	0.8%
\$750,000 to \$999,999	0	0.0%	0	0.0%	0	0.0%
\$1,000,000 or More	0	0.0%	2	100.0%	2	1.5%
Total	130	100.0%	2	100.0%	132	100.0%
Median	\$162,500		\$1,922,422		\$167,000	
Average	\$172,379		\$1,922,422		\$205,794	
Sources: Regional Multiple Listing Service of Minnesota, Maxfield Research & Consulting, LLC						

- Most of the remaining resales were homes price under \$100,000 (20 resales) or between \$200,000 and \$300,000 (24 resales).



- Resale activity was slow in 1st Quarter 2023. From January to March, there were 11 resales. Resales were more evenly distributed among the remaining months, although the largest number of resales occurred in June (17) and September (17).



Current Supply of Homes on the Market

To more closely examine the current market for available owned housing in Thief River Falls, we reviewed the current supply of homes on the market (listed for sale). Tables FS-3 through FS-5 show homes currently listed for sale in Thief River Falls. The data was gathered from Zillow and is based on active listings in October 2023.

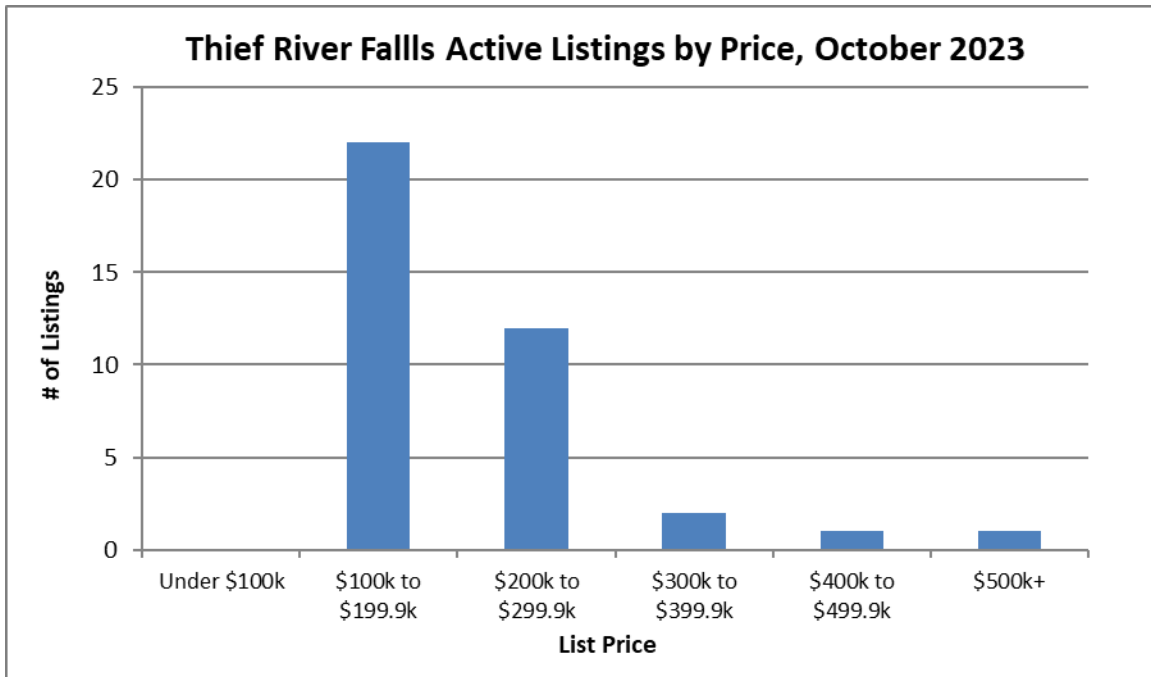
Table FS-3 shows the number of listings by price point, while Tables FS-4 and FS-5 show listings by home style. The following points are key findings from the compilation of active single-family and multifamily listings in Thief River Falls.

- There were 38 homes listed for sale in Thief River Falls in October 2023. All the listings were for single-family homes.
- The median price for homes actively listed for sale was \$188,250. The average list price was \$218,529. The average price was skewed higher with the addition of a small number of high-priced homes, including one listed at \$734,900.

TABLE FS-4 HOMES CURRENTLY LISTED FOR-SALE CITY OF THIEF RIVER FALLS October 2023		
Price Range	Single-Family	
	No.	Pct.
< \$99,999	0	0.0%
\$100,000 to \$149,999	6	15.8%
\$150,000 to \$199,999	16	42.1%
\$200,000 to \$249,999	7	18.4%
\$250,000 to \$299,999	5	13.2%
\$300,000 to \$349,999	1	2.6%
\$350,000 to \$399,999	1	2.6%
\$400,000 to \$449,999	1	2.6%
\$450,000 to \$499,999	0	0.0%
\$500,000 and Over	1	2.6%
	38	100%
Minimum	\$100,000	
Maximum	\$734,900	
Median	\$188,250	
Average	\$218,529	
¹ Includes townhomes, twinhomes, and condominiums		
Sources: Zillow, Maxfield Research & Consulting		

FOR-SALE MARKET ANALYSIS

- The largest proportion of active listings, 42%, was priced in the \$150,000 to \$199,999 range.
- Only four of the listings (11%) were priced above \$300,000 as of October 2023.



- Most of the active listings are single-story and 1.5-story homes, with each style accounting for 39.5% of listing in October 2023.
- One and a half story homes had the lowest average list price, \$161,020 and the oldest average. One and a half story homes listed for sale were, on average, built in 1923.
- Single-story homes were listed at an average price of \$213,613 with an average year built of 1974.
- There were only four, two-story homes among active listings in October, but these listings recorded a low of \$88 per square foot.

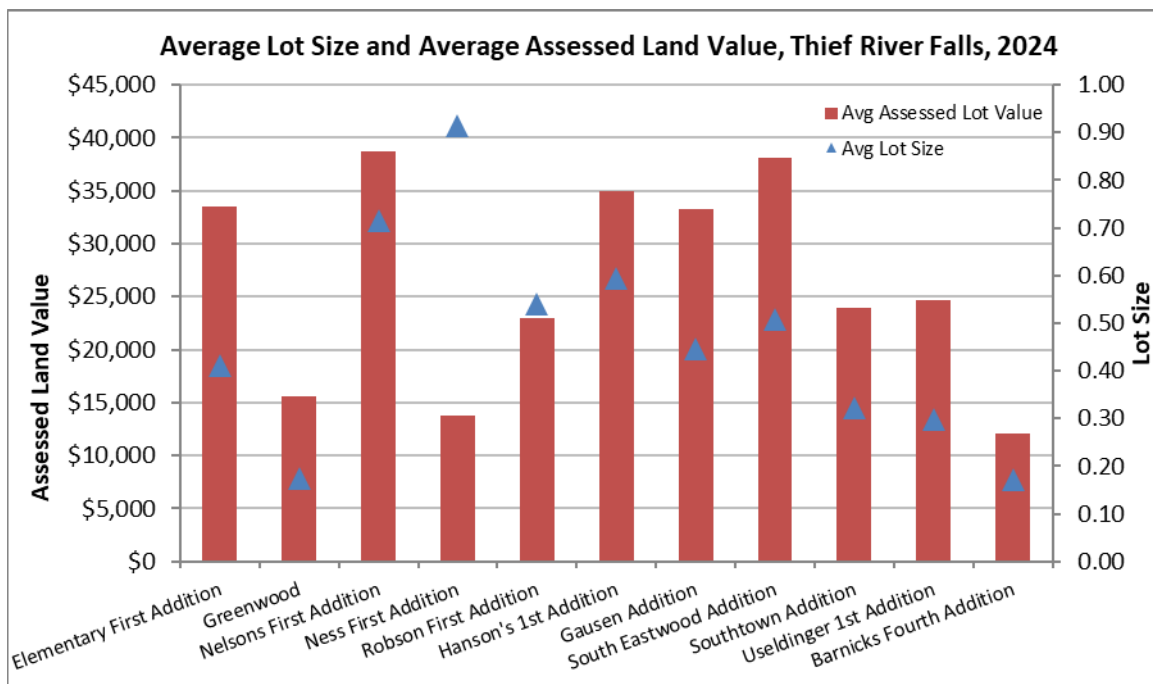
TABLE FS-5 ACTIVE LISTINGS BY HOUSING TYPE October 2023								
Property Type	Listings	Pct.	Avg. Size (Sq Ft)	Avg. List Price	Avg. List Price Per Sq. Ft.	Avg. Bedrooms	Avg. Bathrooms	Avg. Age of Home
Single-Family								
One story	15	39.5%	1,864	\$213,613	\$115	3	2	1974
1.5-story	15	39.5%	1,443	\$161,020	\$112	3	2	1923
Split Level	2	5.3%	2,371	\$288,750	\$122	5	3	1978
2-story	4	10.5%	3,235	\$285,550	\$88	4	3	1969
Three or more	2	5.3%	3,870	\$482,450	\$125	3	4	1962
Total	38	100.0%	1,974	\$218,529	\$111	2	3	1953

Sources: Greater Mpls Area Association of Realtors; Maxfield Research & Consulting, LLC

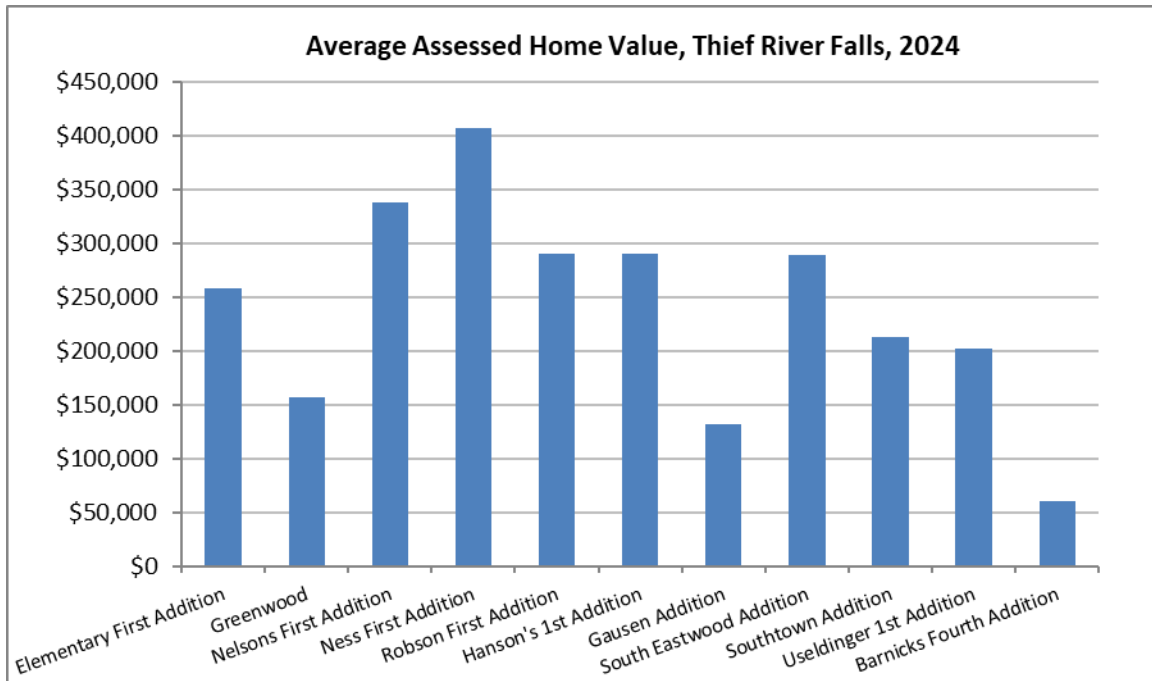
Vacant Lot Inventory & Active Subdivisions

Maxfield Research inventoried vacant lots in newer subdivisions (i.e. non infill lots) and identified actively marketing subdivisions in Thief River Falls. Table FS-6 on the following page summarizes vacant lots by subdivision.

- Among the newer active subdivisions, there were 76 vacant lots in Thief River Falls. Collectively, there are 217 total lots in the subdivisions.
- The average lot size in newer subdivisions was 0.52 acres. Average lot sizes were smallest in the Barnicks Fourth Addition and Greenwood subdivisions, while the Ness First Addition had the highest average lot size at 0.91 acres.
- The average assessed lot value was \$28,395, whereas the average assessed home value (land plus building) was an estimated \$271,414. This results in a lot to home value of about 10.5%, below the typical 20% proportion that land typically represents in the final purchase price of a new construction home.



- Nelsons First and South Eastwood Additions had the highest average assessed values per lot, at \$38,000 in both subdivisions. Barnicks Fourth and Ness First Additions reported the lowest average assessed values.
- Assessed values of homes ranged from \$406,375 in the Ness Subdivision to \$60,600 in the Barnicks Fourth Addition and \$132,250 in the Gausen Addition.



FOR-SALE MARKET ANALYSIS

TABLE FS-6
LOT SUPPLY SINGLE-FAMILY SUBDIVISIONS
CITY OF THIEF RIVER FALLS
April 2024

		No. of Lots	Vacant/ Avail. Lots	Avg Size of Lots (Acres)			Avg AssessedLot/Land Value ¹			Avg Assessed Home Value ²		
Subdivision	City/Twp.			Min	Max	Avg.	Min	Max	Avg.	Min	Max	Avg.
Elementary First Addition	Thief River Falls	38	1	0.34	- 1.18	0.41	\$29,401	- \$40,800	\$33,457	\$196,100	- \$349,500	\$258,244
Greenwood	Thief River Falls	26	4	0.15	- 0.21	0.17	\$10,600	- \$20,995	\$15,543	\$31,900	- \$208,700	\$156,620
Nelsons First Addition	Thief River Falls	47	21	0.33	- 2.75	0.72	\$16,100	- \$65,564	\$38,764	\$190,900	- \$516,900	\$337,973
Ness First Addition	Thief River Falls	23	19	0.41	- 4.84	0.91	\$4,100	- \$52,200	\$13,812	\$115,300	- \$534,000	\$406,375
Robson First Addition	Thief River Falls	16	8	0.20	- 1.27	0.54	\$5,700	- \$52,625	\$22,988	\$11,600	- \$369,000	\$290,700
Hanson's 1st Addition	Thief River Falls	31	7	0.23	- 2.25	0.60	\$23,736	- \$48,480	\$34,969	\$206,700	- \$510,500	\$289,976
Gausen Addition	Thief River Falls	5	3	0.11	- 0.82	0.45	\$25,400	- \$40,600	\$33,232	\$93,400	- \$171,100	\$132,250
South Eastwood Addition	Thief River Falls	8	1	0.20	- 0.96	0.51	\$28,800	- \$44,271	\$38,134	\$259,100	- \$343,100	\$289,200
Southtown Addition	Thief River Falls	7	2	0.16	- 0.64	0.32	\$5,000	- \$52,427	\$23,892	\$155,100	- \$303,300	\$212,420
Useldinger 1st Addition	Thief River Falls	5	1	0.20	- 0.53	0.30	\$19,797	- \$31,200	\$24,672	\$185,800	- \$213,600	\$202,250
Barnicks Fourth Addition	Thief River Falls	11	9	0.16	- 0.22	0.17	\$10,600	- \$18,895	\$12,090	\$60,600	- \$60,600	\$60,600
Subtotal		217	76	0.52			\$28,395			\$271,414		
Sources: City of Thief River Falls, Development Corporation; Maxfield Research and Consulting, LLC.												

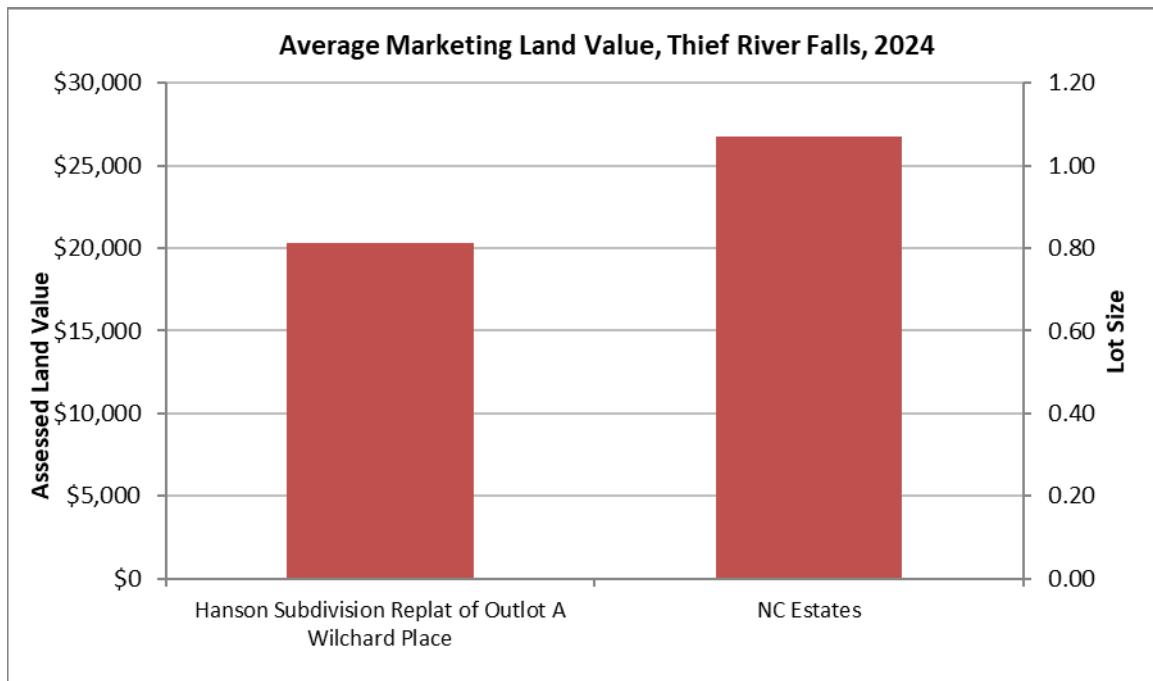
FOR-SALE MARKET ANALYSIS

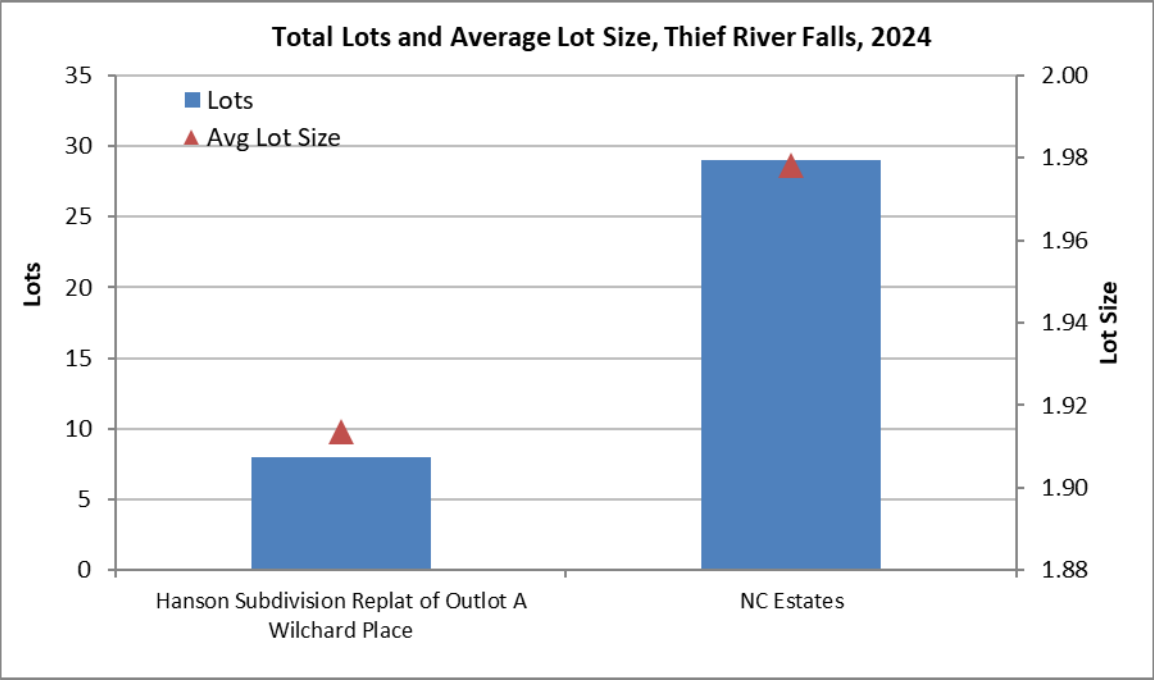
TABLE FS-7
MARKETING SINGLE-FAMILY SUBDIVISIONS
THIEF RIVER FALLS MARKET AREA
April 2024

Subdivision	City/Twp.	No. of Lots	Vacant/ Avail. Lots	Avg Size of Lots (Acres)			AvgLot/Land Marketing Value ¹		
				Min	Max	Avg.	Min	Max	Avg.
Hanson Subdivision Replat of Outlot A Wilchard Place	Excel Township	8	6	1.67	- 2.28	1.91	\$19,500	\$25,000	\$20,286
NC Estates	Rocksbury Township	29	28	0.74	1.98	1.98	\$22,500	\$34,500	\$26,732
Subtotal		37	34		1.96			\$25,338	
Sources: Zillow, Pennington County Beacon, Marshall County Beacon, Development Corporation; Maxfield Research and Consulting, LLC.									

FOR-SALE HOUSING

- Table FS-7 shows two actively marketing subdivisions in Market Area, but outside the city limits for Thief River Falls. These subdivisions have a total of 37 lots with 34 lots still available. The average lot size was 1.96 acres compared to 0.52 acres in Thief River Falls.
- The Hanson Subdivision has eight lots with six remaining available in Excel Township in Marshall County. Lots in the Hanson Subdivision average 1.91 acres and were marketing at a price of \$20,286.
- NC Estates is a 29-lot subdivision in the Rocksbury Township with 28 lots still available. The average lot size was 1.98 acres and lots were marketing at an average price of \$26,732.





Realtor Input

Maxfield Research & Consulting reached out to local Realtors to solicit input on the for-sale housing market in Thief River Falls. The following summarizes key findings.

- Among Realtors surveyed, half described the current for-sale market as a sellers’ market, with another one-third indicating that the market was balanced for buyers and sellers.
- Realtors stated an entry-level home is generally between \$125,000 and \$200,000. Move-up homes were considered those between \$240,000 and \$350,000, while executive level homes started at a range of \$400,000 to \$500,000.
- Most Realtors reported a moderate undersupply of homes for sale in Thief River Falls. Those interviewed were divided regarding the lot supply with about half believing the lot supply was sufficient and half stating that more lots were needed.
- The most common household type among active purchasers are couples with children, both married and unmarried. Other common household types among buyers are single parents with children and those living alone.
- When probed about the housing types most needed in Thief River Falls, the following needs ranked highest:

- Entry-level single-family
 - Move-up single-family
 - Villas or one-level living
 - Senior Housing
- The high mortgage interest rate is the greatest challenge for home sales in Thief River Falls. Higher interest rates have held back would be sellers from selling and first-time buyers are being priced out of the market with the significant increase in financing costs over the past year.
- Other barriers to buying a home in Thief River Falls were identified as a lack of supply, the high price of homes, down payment requirements and the ability to qualify for a mortgage.
- Most area Realtors believed conditions in the Thief River Falls for-sale housing market would remain largely the same over the next year. This includes stability in sales prices, inventory, resales and mortgage. More Realtors however, expect the number of days a property is on the market to increase than those that expected a decrease or stable trend for days on market.
- High costs, from interest rates to inflation were seen as challenging to the housing market in Thief River Falls. In addition to the high price of homes, finding the right product type or finding a builder willing to build the desired housing product, were noted as other challenges.
- New construction single-level homes with two or three bedrooms and two bathrooms were identified as the product type that is most lacking in Thief River Falls. The existing housing stock offers the challenges of condition and design, such as steep stairs.

Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, many individual properties have income restrictions set anywhere from 30% to 80% of AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. Moderate-income housing, often referred to as “workforce housing,” refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 80% and 120% AMI. Figure 1 below summarizes income ranges by definition.

FIGURE 1 AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income Workforce Housing	80% - 120%
Note: Pennington County 4-person AMI = \$94,600 (2023).	

Naturally-Occurring Affordable Housing (i.e. Unsubsidized Affordable)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures.

Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

Table HA-1 shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Pennington County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date the project was placed into service. Fair market rent is the amount needed to pay gross monthly rent at modest rental housing in a given area. This table is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families at financially assisted housing.

Table HA-2 shows the maximum rents by household size and AMI based on income limits illustrated in Table HA-1. The rents on Table HA-2 are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

HOUSING AFFORDABILITY

TABLE HA-1
MHFA/HUD INCOME AND RENT LIMITS
PENNINGTON COUNTY- 2023 (Effective 05/15/23)

	Income Limits by Household Size							
	1 pph	2 phh	3 phh	4 phh	5 phh	6 phh	7 phh	8 phh
30% of median	\$18,600	\$21,240	\$23,910	\$26,550	\$28,680	\$30,810	\$32,940	\$35,070
50% of median	\$31,000	\$35,400	\$39,850	\$44,250	\$47,800	\$51,350	\$54,900	\$58,450
60% of median	\$37,200	\$42,480	\$47,820	\$53,100	\$57,360	\$61,620	\$65,880	\$70,140
80% of median	\$49,600	\$56,640	\$63,760	\$70,800	\$76,480	\$82,160	\$87,840	\$93,520
100% of median	\$62,000	\$70,800	\$79,700	\$88,500	\$95,600	\$102,700	\$109,800	\$116,900
120% of median	\$74,400	\$84,960	\$95,640	\$106,200	\$114,720	\$123,240	\$131,760	\$140,280
	Maximum Gross Rent							
	EFF	1BR	2BR	3BR	4BR			
30% of median	\$465	\$531	\$597	\$663	\$717			
50% of median	\$775	\$885	\$996	\$1,106	\$1,195			
60% of median	\$930	\$1,062	\$1,195	\$1,327	\$1,434			
80% of median	\$1,240	\$1,416	\$1,594	\$1,770	\$1,912			
100% of median	\$1,550	\$1,770	\$1,992	\$2,212	\$2,390			
120% of median	\$1,860	\$2,124	\$2,391	\$2,655	\$2,868			
	Fair Market Rent							
	EFF	1BR	2BR	3BR	4BR			
Fair Market Rent	\$629	\$714	\$940	\$1,208	\$1,368			

Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.

Sources: HUD; Novogradac; Maxfield Research and Consulting LLC.

HOUSING AFFORDABILITY

TABLE HA-2
MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME
PENNINGTON COUNTY - 2023

Unit Type ¹	HHD Size		Maximum Rent Based on Household Size (@30% of Income)											
	Min	Max	30%		50%		60%		80%		100%		120%	
			Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.
Studio	1	1	\$465	- \$465	\$775	- \$775	\$930	- \$930	\$1,240	- \$1,240	\$1,550	- \$1,550	\$1,860	- \$1,860
1BR	1	2	\$465	- \$531	\$775	- \$885	\$930	- \$1,062	\$1,240	- \$1,416	\$1,550	- \$1,770	\$1,860	- \$2,124
2BR	2	4	\$531	- \$664	\$885	- \$1,106	\$1,062	- \$1,328	\$1,416	- \$1,770	\$1,770	- \$2,213	\$2,124	- \$2,655
3BR	3	6	\$598	- \$770	\$996	- \$1,284	\$1,196	- \$1,541	\$1,594	- \$2,054	\$1,993	- \$2,568	\$2,391	- \$3,081
4BR	4	8	\$664	- \$877	\$1,106	- \$1,461	\$1,328	- \$1,754	\$1,770	- \$2,338	\$2,213	- \$2,923	\$2,655	- \$3,507
¹ One-bedroom plus den and two-bedroom plus den units are classified as 1BR and 2BR units, respectively. To be classified as a bedroom, a den must have a window and closet.														
Note: Pennington County 4-person AMI = \$94,600 (2023)														
Sources: HUD, MHFA, Novogradac, Maxfield Research & Consulting, LLC														

Housing Cost Burden

Table HA-3 shows the number and percentage of owner and renter households in the Thief River Falls Market Area that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2021 five-year estimates. This information is different than the 2000 Census which separated households that paid 35% or more in housing costs. As such, the information presented in the tables may be overstated in terms of households that may be “cost burdened.” The Federal standard for affordability is 30% of income for housing costs. Without a separate break out for households that pay 35% or more, there are likely a number of households that elect to pay slightly more than 30% of their gross income to select the housing that they choose. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing.

Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

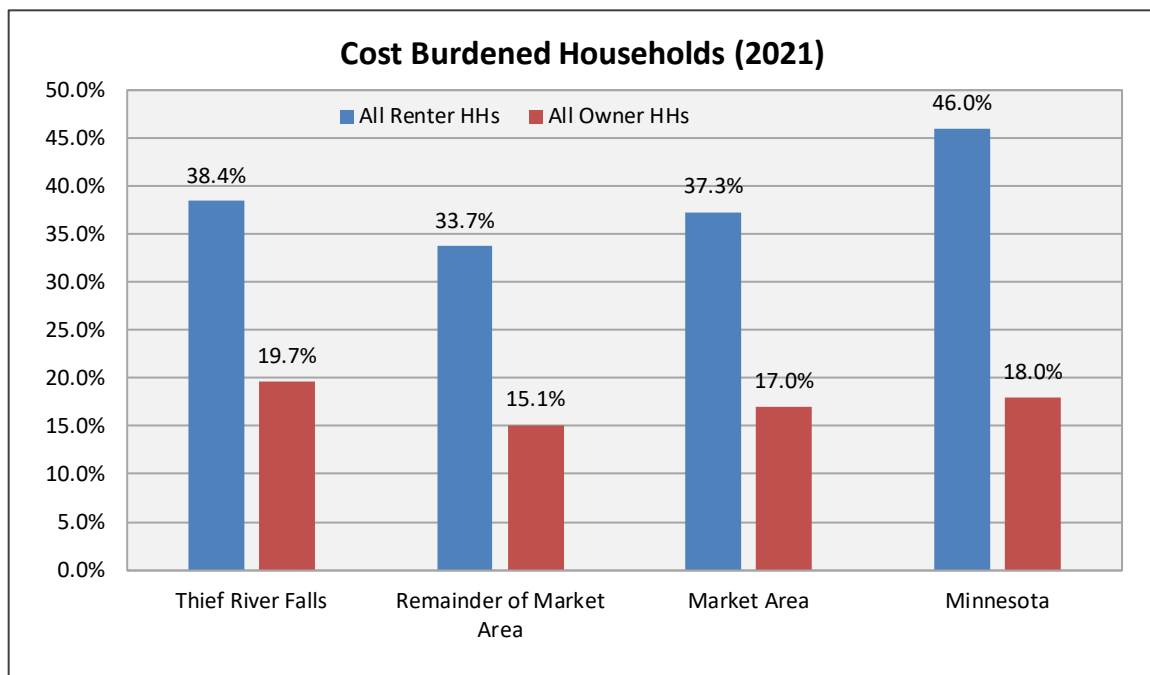
Key findings from Table HA-3 follow.

- About 16% of owner households and 38% of renter householders are estimated to be paying more than 30% of their income for housing costs in the City of Thief River Falls. The Remainder of the Market Area cost burdened households are 15% for owner households and 34% for renter households.
- Renter households in the City of Thief River Falls and the Remainder of the Market Area were less likely to be cost burdened compared to the State of Minnesota, where 46% of renter households were cost burdened.
- The number of cost burdened households in Thief River Falls increases based on income level. About 77% of renters with incomes below \$35,000 are cost burdened and 53% of owners with incomes below \$50,000 are cost burdened.
- By comparison, in the Remainder of the Market Area, 45% of owners with incomes below \$50,000 and 70% of renters with incomes below \$35,000 are cost burdened and in Minnesota, 53% of owner households with incomes below \$50,000 and 81% of renters with incomes below \$35,000.

HOUSING AFFORDABILITY

TABLE HA-3
HOUSING COST BURDEN
THIEF RIVER FALLS MARKET AREA
2021

Community	City of Thief River Falls		Remainder of MA		Market Area		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households								
All Owner Households	2,599		3,748		6,347		1,610,801	
Cost Burden 30% or greater	511	19.7%	564	15.1%	1,075	17.0%	288,694	18.0%
Owner Households w/ incomes <\$50,000	876		1,034		1,910		351,498	
Cost Burden 30% or greater	460	52.5%	458	45.0%	918	48.5%	182,009	52.9%
Renter Households								
All Renter Households	1,396		515		1,911		618,299	
Cost Burden 30% or greater	520	38.4%	145	33.7%	665	37.3%	269,438	46.0%
Renter Households w/ incomes <\$35,000	564		212		776		251,105	
Cost Burden 30% or greater	428	77.3%	131	69.7%	559	75.3%	188,005	81.0%
Note: Calculations exclude households not computed.								
Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting, LLC								



Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Table HA-4 on the following page illustrates key housing metrics based on housing costs and household incomes in the Thief River Falls Market Area. The table estimates the percentage of Thief River Falls Market Area householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on averages in Thief River Falls.

The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 7.125% interest rate
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income per 2021 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income per 2021 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An entry-level single family home in the Thief River Falls Market Area could expect to be sold for \$175,000. At this price point, given the down payment,
- About 63% of existing renter households can afford to rent an existing one-bedroom unit in Thief River Falls (approx. \$790/month). The percentage of renter income-qualified households is approximately 50% that can afford an existing three-bedroom unit (approx. \$1,040/month).
- For a new one-bedroom apartment, nearly 54% of households in the Market Area would be income-qualified with an approximate rent of \$970 a month. For a new three-bedroom apartment, with a rent of approximately \$1,288, 36% of market area households would income-qualify.

HOUSING AFFORDABILITY

TABLE HA-4 HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME THIEF RIVER FALLS MARKET AREA						
For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			Townhome/Twinhome/Condo		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$175,000	\$275,000	\$400,000	N/A	N/A	N/A
Pct. Down Payment	10.0%	10.0%	10.0%	N/A	N/A	N/A
Total Down Payment Amt.	\$17,500	\$27,500	\$40,000	N/A	N/A	N/A
Estimated Closing Costs (rolled into mortgage)	\$5,250	\$8,250	\$12,000	N/A	N/A	N/A
Cost of Loan	\$162,750	\$255,750	\$372,000	N/A	N/A	N/A
Interest Rate	7.125%	7.125%	7.125%	N/A	N/A	N/A
Number of Pmts.	360	360	360	N/A	N/A	N/A
Monthly Payment (P & I)	-\$1,096	-\$1,723	-\$2,506	N/A	N/A	N/A
(plus) Prop. Tax	-\$146	-\$229	-\$333	N/A	N/A	N/A
(plus) HO Insurance/Assoc. Fee for TH	-\$58	-\$92	-\$133	N/A	N/A	N/A
(plus) PMI/MIP (less than 20%)	-\$71	-\$111	-\$161	N/A	N/A	N/A
Subtotal monthly costs	-\$1,371	-\$2,155	-\$3,134	N/A	N/A	N/A
Housing Costs as % of Income	30%	30%	30%	N/A	N/A	N/A
Minimum Income Required	\$54,847	\$86,188	\$125,364	N/A	N/A	N/A
Pct. of ALL Market Area HHDS who can afford ¹	61.9%	41.9%	21.3%	N/A	N/A	N/A
No. of Market Area HHDS who can afford ¹	5,199	3,523	1,788	N/A	N/A	N/A
Pct. of Market Area owner HHDS who can afford ²	66.7%	44.7%	21.9%	N/A	N/A	N/A
No. of Market Area owner HHDS who can afford ²	4,233	2,835	1,387	N/A	N/A	N/A
No. of Market Area owner HHDS who cannot afford ²	2,114	3,512	4,960	N/A	N/A	N/A
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$790	\$900	\$1,040	\$970	\$1,181	\$1,288
Annual Rent	\$9,480	\$10,800	\$12,480	\$11,640	\$14,172	\$15,456
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$31,600	\$36,000	\$41,600	\$38,800	\$47,240	\$51,520
Pct. of ALL Market Area HHDS who can afford ¹	80.6%	77.4%	72.4%	74.9%	67.4%	64.0%
No. of Market Area HHDS who can afford ¹	6,771	6,500	6,081	6,291	5,659	5,373
Pct. of Market Area renter HHDS who can afford ²	63.4%	57.9%	49.7%	53.8%	41.5%	36.2%
No. of Market Area renter HHDS who can afford ²	1,211	1,107	951	1,029	793	691
No. of Market Area renter HHDS who cannot afford ²	700	804	960	882	1,118	1,220
¹ Based on 2021 household income for ALL households						
² Based on 2021 ACS household income by tenure (i.e. owner and renter incomes. Owner incomes = \$79,651 vs. renter incomes = \$43,278)						
Source: Maxfield Research & Consulting, LLC						

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in the Thief River Falls Market Area. This section of the report presents our estimates of housing demand in the Thief River Falls Market Area and City of Thief River Falls from 2024 through 2035.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages are:

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often "double-up" with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly priced single-family homes or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically, families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Generally, couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for upkeep and maintenance
 - Generally, in their late 60's or 70's

6. *Older seniors*

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance
- Generally single females (widows) in their mid-70's or older

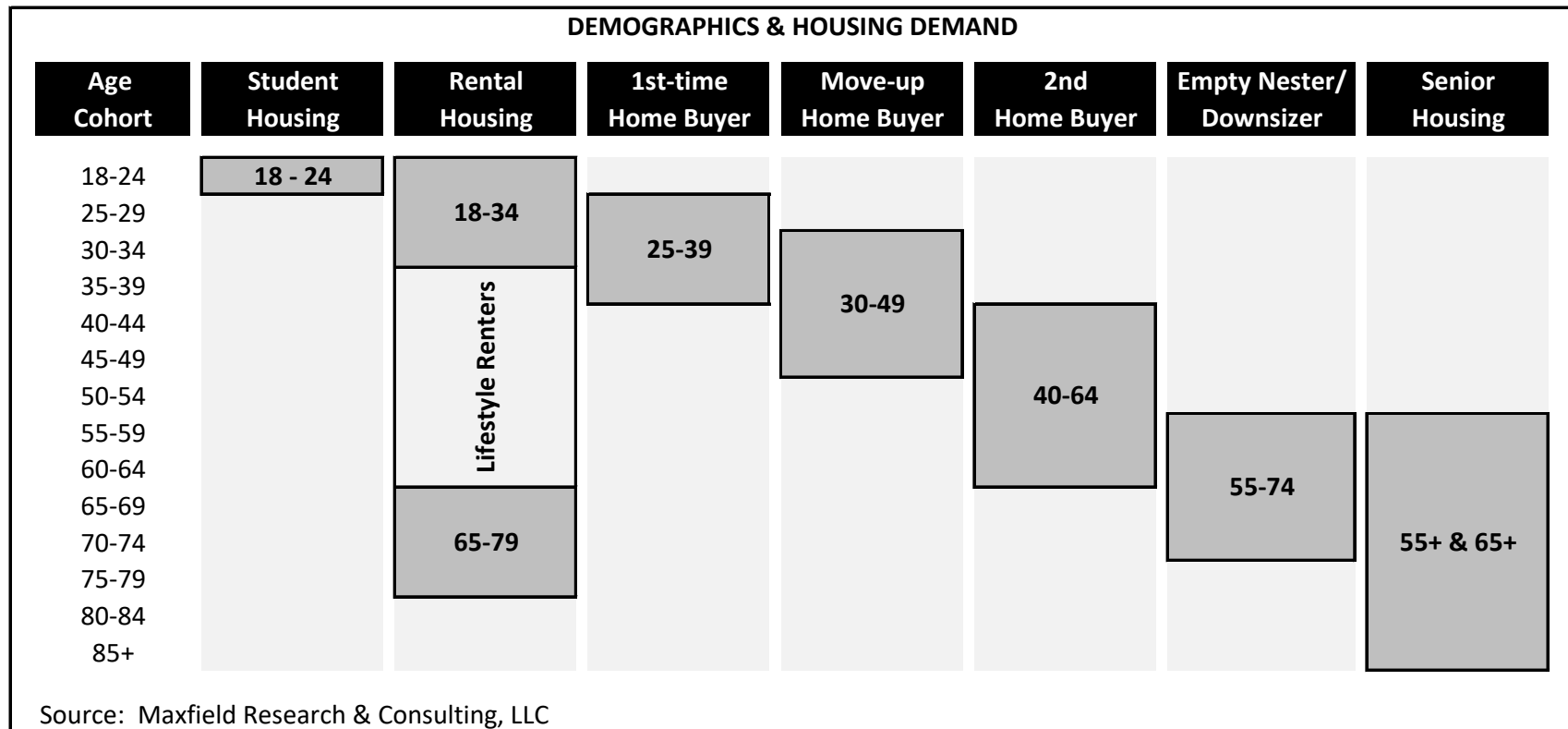
Demand for housing can come from several sources including household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough desirable vacant housing available to absorb the increase in households. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Thief River Falls Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Thief River Falls.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.



HOUSING DEMAND ANALYSIS

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre ¹
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR 2 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR 2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR 2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
	Entry-level townhomes	First-time buyers: Singles, couples w/no children	1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+	6.0-12.0 DU/Acre
	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR 2BA+	6.0-8.0 DU/Acre
	Executive townhomes/twinhomes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Condominiums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR 2BA	8.0-12.0 DU/Acre
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR 1-2 BA	Varies considerably based on senior product type

¹ Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy and Job Growth

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing

household growth, which in-turn relates to reduced housing demand. Additionally, low-income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e., growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e., owner to renter or vice versa), or simply move to a new location.

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Recent mortgage interest rate hikes from the Federal Reserve have resulted in tighter underwriting and leaving many buyers on the sidelines. Housing payments have increased by about 45% going back to 2022 just on interest rates alone.

Mobility

It is important to note that demand is somewhat fluid between Thief River Falls and the surrounding area will be impacted by development activity in nearby areas, including other communities outside of the Market Area. Much of the housing demand in a community is

generated by the turnover of existing households. Satisfying future demand will be highly dependent on the availability of suitable housing options in the community.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Thief River Falls Market Area between 2023 and 2035.

The 65 and older cohort is typically not a target market for new general occupancy for-sale housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, at a propensity to own of 75%, the Thief River Falls Market Area is expected to increase by 119 households under the age of 65 between 2023 and 2035.

Demand is forecast to emerge from existing Market Area householders through turnover. An estimated 4,290 owner-occupied households under age 65 are located in the Thief River Falls Market Area in 2023. Based on mobility data from the Census Bureau, an estimated 52% of owner households will turnover in a 13-year period, resulting in 2,221 existing households projected to turnover. Finally, we estimate 15% of the existing owner households will seek new for-sale housing, resulting in demand for 333 for-sale units through 2035. Combining demand from projected household growth (119 households) with demand from existing owner households (333 households) results in combined demand of 452 households.

Next, we estimate that 25% of the total demand for new for-sale units in the Thief River Falls Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters. Adding demand from outside the Thief River Falls Market Area to the existing demand potential, results in a total estimated demand for 603 for-sale housing units by 2035.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 70% of the for-sale owners will prefer traditional single-family product types while the remaining 30% will prefer a maintenance-free multi-family product (i.e., townhomes, detached townhomes, condominiums, etc.).

We then subtract the current identified platted lots that are available, under construction or approved. After subtracting the current lot supply in subdivisions (76 total single-family lots) we find total demand through 2035 resulting in 346 single-family lots and 181 multifamily lots.

Finally, we estimate that 70% of the excess single-family demand and 85% of the excess multifamily demand from the Thief River Falls Market Area demand could be captured in the City of Thief River falls. Therefore, total for-sale demand in Thief River Falls through 2035 is about 242 new single-family lots and 154 multifamily units.

HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 to 2035			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Market Area 2023 to 2035 ¹			159
(times) % propensity to own ²	x	75%	
(equals) Projected demand from new HH growth	=		119
Demand from Existing Owner Households			
Number of owner households (age 64 and younger) in the Market Area (2023) ³			4,290
(times) Estimated percent of owner turnover ⁴	x	52%	
(equals) Total existing households projected to turnover	=		2,221
(times) Estimated percent desiring new housing	x	15%	
			333
(equals) Demand from existing households			
(equals) Total demand from HH growth and existing HHs 2023 to 2035	=		452
(times) Demand from outside the Market Area			25%
(equals) Total demand potential for ownership housing, 2023 to 2035			603
		Single Family	Multi-Family*
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x	70%	30%
(equals) Total demand potential for new single-family & multifamily for-sale housing	=	422	181
(minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶	-	76	0
(equals) Excess demand for new general occupancy for-sale housing	=	346	181
(times) Percent of Market Area demand capturable by Thief River Falls	x	70%	85%
(equals) number of units supportable in Thief River Falls		242	154
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of owner households under the age of 65 (U.S. Census - 2021). ³ Estimate based on 2023 households under age 65 and ownership propensity. ⁴ Based on on turnover from 2021 American Community Survey for households moving over an 13-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.			
Source: Maxfield Research and Consulting LLC			

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Thief River Falls Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in the Thief River Falls Market Area that want to upgrade their housing situations.

The 65 and older cohort is typically not a target market for new general occupancy rental housing, therefore, we limit demand from household growth to only those households under the age of 65. According to our projections, at an estimated 25% rental rate, the Thief River Falls

Market Area is expected to increase by 159 renter households under the age of 65 between 2023 and 2035.

Demand is forecast to emerge from existing Market Area householders through turnover. An estimated 1,437 renter-occupied households under age 65 are located in the Thief River Falls Market Area in 2023. Based on mobility data from the Census Bureau, an estimated 90% of renter households will turnover in 13-year period, resulting in 1,288 existing households projected to turnover. Finally, we estimate 22% of the existing renter households will seek new rental housing, resulting in demand for 283 rental units through 2035.

Next, we estimate that 25% of the total demand for new rental units in the Thief River Falls Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Thief River Falls Market Area to the existing demand potential, results in a total estimated demand for about 430 rental housing units by 2035.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 15% of the total demand will be for subsidized housing (30% AMI), 20% will be for affordable housing (40% to 60% AMI), and 65% will be for market rate housing (non-income restricted).

Next, we subtract housing projects that are under construction or pending and expected to move forward, since these projects will satisfy some of the calculated demand for general occupancy rental housing. There is currently one pending project with a total of 66 market rate units proposed (D. W. Jones project), reducing demand by 63 market rate units to account for 95% occupancy at the new project.

Finally, we estimate that a site in Thief River Falls can capture 85% of market rate demand, 95% of affordable demand, and 95% of subsidized demand in the Market Area, resulting in demand for 61 subsidized units, 82 affordable units, and 185 market rate units in Thief River Falls.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 to 2035			
Demand from Projected Household Growth			
Projected HH growth under age 65 in the Market Area 2023 to 2035 ¹			159
(times) Estimated % to be renting their housing ²	x		25%
(equals) Projected demand from new HH growth	=		40
Demand from Existing Renter Households			
Number of renter HHs (age 64 and younger) in the Market Area (2023) ³			1,437
(times) Estimated percent of renter turnover ⁴	x		90%
(equals) Total existing households projected to turnover	=		1,288
(times) Estimated percent desiring new rental housing	x		22%
(equals) Demand from existing households			283
(equals) Total demand from HH growth and existing HHs 2023 to 2035	=		323
(times) Demand from outside the Market Area			25%
(equals) Total demand potential for rental housing, 2023 to 2035			431
		Subsidized	Affordable
(times) Percent of rental demand by product type ⁵	x	15%	20%
(equals) Total demand potential for general-occupancy rental housing units	=	65	86
(minus) Units under construction or pending ⁶	-	0	63
(equals) Excess demand for new general occupancy rental housing	=	65	217
(times) Percent of Market Area demand capturable by the Market Area	x	95%	85%
(equals) number of units supportable by the Market Area		61	185
¹ Estimated household growth based on projections as adjusted by Maxfield Research and Consulting LLC ² Pct. of renter households under the age of 65 (U.S. Census - 2021). ³ Estimate based on 2021 renter households (under age 65). ⁴ Based on on turnover from 2021 American Community Survey for households moving over 13-year period. ⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households) ⁶ Pending/proposed/under construction at 95% occupancy.			
Source: Maxfield Research & Consulting, LLC			

Estimated Demand for Market Rate Active Adult Senior Housing

Table HD-3 presents our demand calculations for market rate active adult senior housing in the Thief River Falls Market Area in 2023 and 2035.

In order to determine demand for active adult senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors aged 55 and older, although active adult living projects will primarily attract seniors aged 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Thief River Falls Market Area in 2023 to be 2,915 households.

Adjusting to include appropriate long-term capture rates for each age cohort (1.5% of households age 55 to 64, about 8.5% of households age 65 to 74, and 15% of households age 75 and over) results in a market rate demand potential for 236 active adult senior housing units in 2023.

Some additional demand will come from outside of the Thief River Falls Market Area. We estimate that 25% of the long-term demand for active adult senior housing will be generated by seniors currently residing outside the Thief River Falls Market Area. This demand will consist primarily of parents of adult children living in the Thief River Falls Market Area, individuals who live just outside of the Thief River Falls Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from the Thief River Falls Market Area seniors and demand from seniors who would relocate to the Thief River Falls Market Area results in a demand for 315 market rate active adult units in 2023.

Active adult demand in the Thief River Falls Market Area is apportioned between ownership and rental housing. Based on the age distribution, homeownership rates and current product available in the Thief River Falls Market Area, we project that 45% of the Thief River Falls Market Area's demand will be for adult ownership housing (142 units) and 55% will be for rental housing (173 units).

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. Subtracting the existing competitive market rate units results in total demand potential for 142 adult owner-occupied units and 104 active adult rental units. Finally, we estimate that 80% of the excess active adult demand in the Thief River Falls Market Area could be captured in Thief River Falls, resulting in demand for 113 owner occupied units and 83 renter-occupied units in 2023.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$34,999 would income qualify for market rate independent senior housing in 2035. Considering the growth in the older adult base and the income distribution of the older adult population in 2035, the methodology projected that demand will be 161 adult owner-occupied units and 127 adult rental units in the Thief River Falls Market Area. Accounting for the 80% of excess active adult demand capturable in Thief River Falls, results in demand for 128 owner occupied units and 101 renter-occupied units in 2035.

HOUSING DEMAND ANALYSIS

TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 & 2035						
	2023			2035		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,220	1,115	580	1,146	1,211	735
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+	60	137	+	61	140
(times) Homeownership Rate	x	85%	82%	x	85%	82%
(equals) Total Potential Market Base	=	1,271	1,227	=	1,198	1,325
(times) Potential Capture Rate	x	1.5%	8.5%	x	1.5%	8.5%
(equals) Demand Potential	=	19	104	=	18	113
Potential Demand from Residents						
		=	236		=	268
(plus) Demand from Outside of the Market Area (25%)		+	79		+	89
(equals) Total Demand Potential		=	315		=	357
	Owner-Occupied		Renter-Occupied	Owner-Occupied		Renter-Occupied
(times) % by Product Type	x	45%	x	55%	x	45%
(equals) Demand Potential by Product Type	=	142	=	173	=	161
(minus) Existing and Pending MR Active Adult Units ²	-	0	-	69	-	0
(equals) Excess Demand for MR Active Adult Units	=	142	=	104	=	161
(times) Percent that could be captured in Thief River Falls	x		80%		80%	
(equals) Excess market rate active adult demand in TRF		113	83	128	101	
¹ 2035 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households						
² Existing and pending are deducted at market equilibrium (95% occupancy).						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Subsidized/Affordable Active Adult Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable active adult senior housing in the Thief River Falls Market Area in 2023 and 2035.

In order to arrive at the potential age and income qualified base for low income and affordable housing, we exclude all senior (65+) households with incomes more than \$35,000. We exclude homeowner households with incomes between \$30,000 and \$34,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need-based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 1.5% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older. This results in demand for 138 units in 2023.

An additional proportion is added for senior households that would move into affordable active adult housing in the Market Area who currently reside outside of the Market Area. Typically,

the Market Area for affordable active adult is larger than that of market rate active adult. As a result, we estimate that seniors currently residing outside the Market Area will generate 30% of the demand for shallow/deep-subsidy active adult senior housing, increasing demand to 198 units.

We estimate that 30% of demand would be for subsidized units and 70% would be for shallow subsidy units. This results in a demand potential for 59 total subsidized and 138 affordable senior units in 2023.

Next, we subtract existing affordable/subsidized active adult housing. There are 146 subsidized units and no affordable units (accounting for 97% occupancy). This results in an excess demand for 138 affordable senior units in 2023, while there is no additional demand for deep-subsidy active adults units. Finally, we estimate that 90% of excess shallow-subsidy demand in the Thief River Falls Market Area demand could be captured in Thief River Falls, resulting in demand for 125 shallow-subsidy units in 2023.

Adjusting for inflation, we estimate that households with incomes up to \$40,000 would be candidates for financially-assisted independent housing in 2035. We reduce the potential market by homeowner households earning between \$35,000 and \$39,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income.

Following the same methodology, we project demand in the Thief River Falls Market Area for 0 subsidized units and 146 affordable units in 2035. Accounting for the 90% of excess shallow-subsidy demand that capturable in Thief River Falls, results in demand for 131 affordable units in 2035.

HOUSING DEMAND ANALYSIS

TABLE HD-4 DEEP-SUBSIDY/SHALLOW SUBSIDY ACTIVE ADULT HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 & 2035						
	2023			2035		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$35,000 ¹	275	381	596	229	396	745
Less Households w/ Incomes of \$30,000 to \$34,999 ¹	- 30	68	105	- 59	136	212
(times) Homeownership Rate	x 85%	82%	82%	x 85%	82%	82%
(equals) Total Potential Market Base	= 250	326	511	= 179	285	572
(times) Potential Capture Rate	x 1.5%	10.0%	20.0%	x 1.5%	10.0%	20.0%
(equals) Demand Potential	= 4	33	102	= 3	28	114
(equals) Potential Demand from Residents	= 138			= 146		
(plus) Demand from outside of the Market Area (30%)	+ 59			+ 62		
(equals) Total Demand Potential	= 198			= 208		
	Deep-Subsidy		Shallow-Subsidy	Deep-Subsidy		Shallow-Subsidy
(times) % by Product Type	x 30%		x 70%	x 30%		x 70%
(equals) Demand Potential by Product Type	= 59		= 138	= 62		= 146
(minus) Existing and Pending Sub./Aff. Active Adult Units ²	- 146		- 0	- 146		- 0
(equals) Excess Demand for Sub./Aff. Units	= 0	= 138		= 0	= 146	
(times) Percent that could be captured in Thief River Falls	90%			90%		
(equals) Excess Demand for Sub./Aff. Units in TRF	= 0	= 125		= 0	= 131	
¹ 2035 calculations define income-qualified households as all households with incomes less than \$40,000. Homeowner households with incomes between \$35,000 and \$39,999 are excluded from the market potential for financially-assisted housing.						
² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Independent Living Senior Housing

Table HD-5 presents our demand calculations for independent living housing in the Thief River Falls Market Area in 2023 and 2035.

The potential age- and income-qualified base for independent living senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2021 ACS homeownership rates of the Thief River Falls Market Area seniors. The number of age, income, and asset-qualified households in the Thief River Falls Market Area is estimated to be 1,836 households in 2023.

Demand for independent living is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 15.0% of households age 75 and older) results in a local demand potential for 117 independent living units in 2023.

We estimate that seniors currently residing outside of the Thief River Falls Market Area will generate 25% of the demand for independent living senior housing. Together, the demand from the Thief River Falls Market Area seniors and demand from seniors who are willing to locate to the Thief River Falls Market Area totals 157 independent living units in 2023.

HOUSING DEMAND ANALYSIS

Currently, there are 25 existing independent living units in the PMA. Subtracting these units, at 95% occupancy, results in overall demand for 133 independent living units in 2023 in the Market Area. Finally, we estimate that 80% of Thief River Falls Market Area independent living demand could be captured in the City of Thief River Falls, resulting in demand for 106 units in 2023.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for independent living housing in 2035. Following the same methodology, demand is calculated to increase to 165 units through 2035. Accounting for the 80% of demand capturable in Thief River Falls, results in demand for 132 independent units in 2035.

TABLE HD-5 MARKET RATE INDEPENDENT LIVING RENTAL HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 & 2035				
	2023		2035	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	1,115	580	1,211	735
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+ 68	105	+ 80	100
(times) Homeownership Rate	x 82%	82%	x 82%	82%
(equals) Total Potential Market Base	= 1,171	666	= 1,276	816
(times) Potential Capture Rate ²	x 1.5%	15.0%	x 1.5%	15.0%
(equals) Potential Demand	= 18	100	= 19	122
Potential Demand from Market Area Residents	= 117		= 142	
(plus) Demand from Outside of the Market Area (25%)	+ 39		+ 47	
(equals) Total Demand Potential	= 157		= 189	
(minus) Existing and Pending Independent Living Units ³	- 24		- 24	
(equals) Total Independent Living Demand Potential	= 133		= 165	
(times) Percent that could be captured in Thief River Falls	- 80%		- 80%	
(equals) Total Independent Living Demand Potential in TRF	= 106		= 132	

¹ 2035 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 The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2018 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

³ Competitive units include Independent Living units at 95% occupancy (market equilibrium).

Source: Maxfield Research and Consulting LLC

Estimated Demand for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in the Thief River Falls Market Area in 2023 and 2035. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2023, there are a projected 1,791 seniors aged 75 and older in the Thief River Falls Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 646 seniors in the Thief River Falls Market Area.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the Thief River Falls Market Area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the Thief River Falls Market Area. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below

\$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 393 units in 2023.

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Thief River Falls Market Area living alone. Based on 2010 Census data, 58% of age 75+ households in the Thief River Falls Market Area lived alone. Applying this percentage results in a total base of 227 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There is a total of 257 age/income-qualified seniors needing assistance in the Thief River Falls Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this potential market penetration rate of 40% results in demand for 10433 assisted living units in 2023.

We estimate that a portion of demand for assisted living units (25%) will come from outside of the Thief River Falls Market Area. Applying this figure results in total potential demand for 137 market rate assisted living units in the Thief River Falls Market Area.

There are a total of 104 market rate assisted living units in the Thief River Falls Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we calculate that there is current demand for 41 assisted living units in the Thief River Falls Market Area in 2023. After applying the aforementioned calculations to the age/income-qualified base in 2035, results in demand for 66 units.

The City of Thief River Falls is expected to be able to capture 80% of the independent living demand in the Thief River Falls Market Area, resulting in demand for 32 units in 2023 and 53 units in 2035.

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of public aid. The Elderly Waiver program has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the number of waivers accepted within the community to around roughly 10% to 20%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

HOUSING DEMAND ANALYSIS

TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND THIEF RIVER FALLS MARKET AREA 2023 and 2035						
Age group	2023			2035		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
75 - 79	716	25.5%	183	933	25.5%	238
80 - 84	509	33.6%	171	663	33.6%	223
85+	566	51.6%	292	575	51.6%	297
Total	1,791		646	2,171		757
Percent Income-Qualified²			61%			62%
Total potential market			393			466
(times) Percent living alone			x 58%			58%
(equals) Age/income-qualified singles needing assistance			= 227			268
(plus) Proportion of demand from couples (12%) ³			+ 31			37
(equals) Total age/income-qualified market needing assistance			= 257			305
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from MA residents			= 103			122
(plus) Proportion from outside MA (25%)			+ 34			41
(equals) Total potential assisted living demand			= 137			163
(minus) Existing market rate assisted living units ⁵			- 97			97
(equals) Total excess market rate assisted living demand			= 41			66
(times) Pct. Of Market Area demand capturable by a site in TRF			- 80%			80%
(equals) Total excess market rate assisted living demand			= 32			53
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the 2018 State of Aging in America published by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more, plus a portion of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). \$45,000+ in 2035.						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy.						
Source: Maxfield Research & Consulting, LLC						

Estimated Demand for Memory Care Senior Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in the Thief River Falls Market Area in 2023 and 2035.

Demand is calculated by starting with the estimated Thief River Falls Market Area senior (age 65+) population in 2023 and multiplying by the incidence rate of Alzheimer's/dementia among this population's age cohorts. According to the Alzheimer's Association (Alzheimer's Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are afflicted with Alzheimer's Disease. This yields a potential market of 488 seniors in the Thief River Falls Market Area in 2023.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 to \$6,000 when including service packages. Based on our review of senior household incomes in the Thief River Falls Market Area, homeownership rates and home sale data, we estimate that 51% of seniors in the Thief River Falls Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia by the income-qualified percentage results in a total of 248 age/income-qualified seniors in the Thief River Falls Market Area in 2023.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 62 seniors in the Thief River Falls Market Area.

We estimate that 25% of the overall demand for memory care housing would come from outside of the Thief River Falls Market Area. Together, demand totals 83 memory care units in 2023.

We reduce the demand potential by accounting for the existing memory care product in the Thief River Falls Market Area. There are a total of 12 units in the Market Area; however, we reduce the competitive units to include memory care units at a 7% vacancy rate. Subtracting these competitive units results in a demand for 72 units in 2023.

The same calculations are applied to the age/income-qualified base in 2035. Following the same methodology, potential demand for market rate memory care units is expected to increase to 97 units in the Thief River Falls Market Area through 2035.

The City of Thief River Falls is expected to be able to capture 85% of the memory care demand in the Thief River Falls Market Area, resulting in demand for 61 units in 2023 and 83 units in 2035.

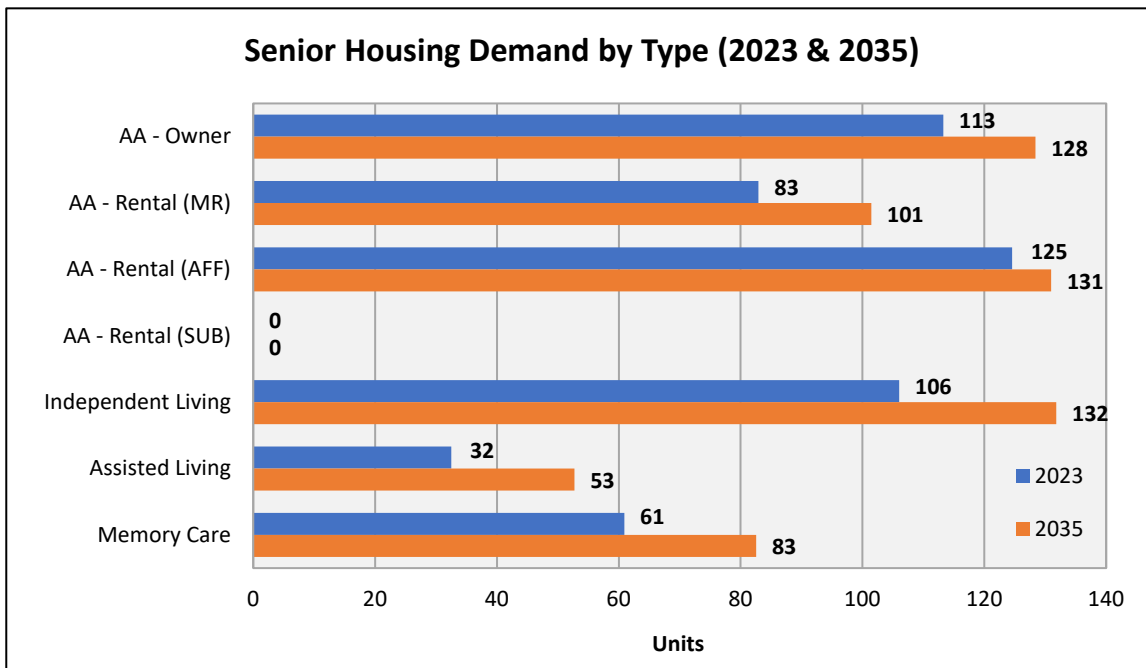
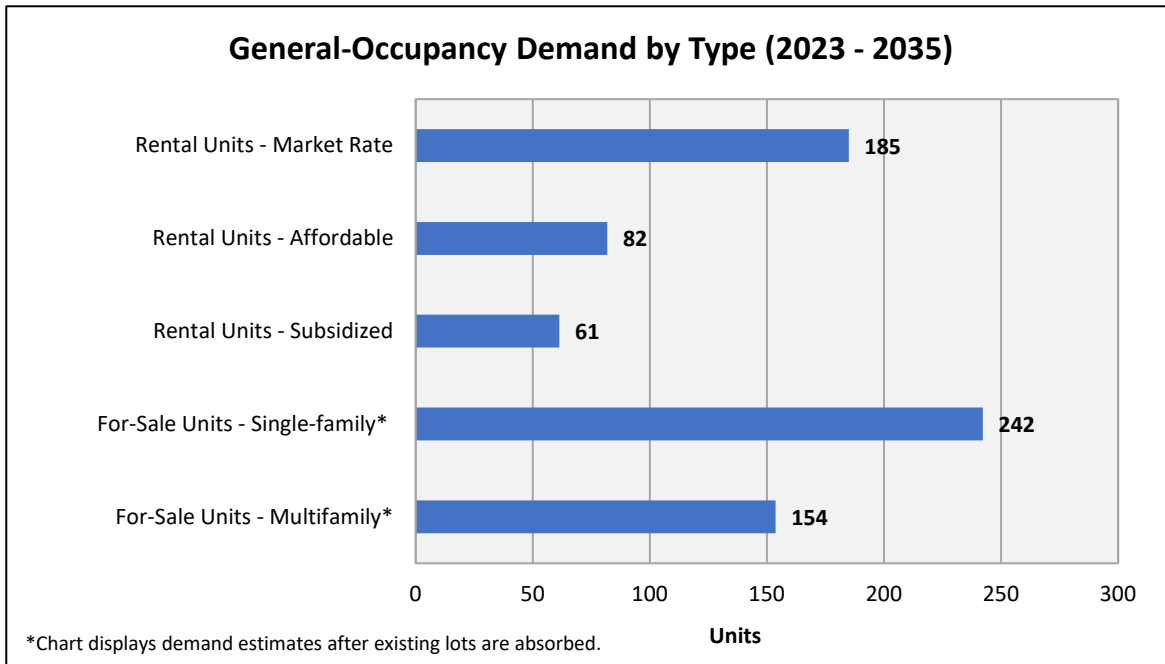
HOUSING DEMAND ANALYSIS

TABLE HD-7 MARKET RATE MEMORY CARE DEMAND THIEF RIVER FALLS MARKET AREA 2023 & 2035		
	2023	2035
65 to 74 Population	2,372	2,572
(times) Dementia Incidence Rate ¹	x 2%	x 2%
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 47	= 51
75 to 84 Population	1,225	1,595
(times) Dementia Incidence Rate ¹	x 19%	x 19%
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 233	= 303
85+ Population	494	575
(times) Dementia Incidence Rate ¹	x 42%	x 42%
(equals) Estimated Age 85+ Pop. with Dementia	= 207	= 242
(equals) Total Senior Population with Dementia	= 488	= 596
(times) Percent Income/Asset-Qualified ²	x 51%	x 54%
(equals) Total Income-Qualified Market Base	= 248	= 325
(times) Percent Needing Specialized Memory Care Assistance	x 25%	x 25%
(equals) Total Need for Dementia Care	= 62	= 81
(plus) Demand from Outside of the Market Area (25%)	+ 21	+ 27
Total Demand for Memory Care Units	= 83	= 108
(minus) Existing and Pending Memory Care Units ³	- 11	- 11
(equals) Excess Demand Potential	= 72	= 97
(times) Pct. Of Market Area demand capturable by TRF	- 85%	- 85%
(equals) Number of Units Supportable in the City of TRF	= 61	= 83
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007) ² Includes seniors with income at \$60,000 or above (\$65,000 in 2035) plus a portion of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing). ³ Existing memory care units at 7% vacancy rate.		
Source: Maxfield Research & Consulting, LLC		

Introduction

Based on the finding of our analysis and demand calculations, Table CR-1 below provides a summary of housing demand in the Thief River Falls Market Area through 2035. As the table illustrates, demand exists for a variety of product types. The following section summarizes housing concepts and housing types that will be demanded from various target markets. It is important to note that not all housing types will be supportable and that the demand illustrated in Table CR-1 may not directly coincide with housing development due to a variety of factors (i.e. economies of scale, infrastructure capacity, land availability, etc.).

TABLE CR-1 SUMMARY OF HOUSING DEMAND THIEF RIVER FALLS MARKET AREA 2023 - 2035				
Type of Use	Primary Market Area		Thief River Falls	
	2023 - 2035		2023 - 2035	
General-Occupancy				
Rental Units - Market Rate	217		185	
Rental Units - Affordable	86		82	
Rental Units - Subsidized	65		61	
For-Sale Units - Single-family*	346		242	
For-Sale Units - Multifamily	181		154	
Total General Occupancy Supportable	895		724	
	2023	2035	2023	2035
Age-Restricted (Senior)				
Market Rate				
Active Adult	245	287	196	230
Ownership	142	161	113	128
Rental	104	127	83	101
Independent Living	133	165	106	132
Assisted Living	41	66	32	53
Memory Care	72	97	61	83
Total Market Rate Senior Supportable	490	615	396	497
Affordable/Subsidized				
Active Adult - Subsidized	0	0	0	0
Active Adult - Affordable	138	146	125	131
Total Affordable Senior Supportable	138	146	125	131
* Demand estimate after existing lots have been absorbed.				
Source: Maxfield Research and Consulting LLC				



Based on the findings of our analysis and demand calculations, Table CR-2 provides a summary of recommended development concepts by product type for Thief River Falls. It is important to note that these proposed concepts are intended to function as a development guide to effectively meet the housing needs of existing and future households in Thief River Falls. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

CONCLUSIONS AND RECOMMENDATIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF THIEF RIVER FALLS 2024 to 2035				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owner-Occupied Homes				
Single Family				
	Entry-level	<\$225,000	95 - 100	Ongoing
	Move-up	\$225,000 - \$350,000	120 - 125	Ongoing
	Executive	\$375,000+	65 - 70	Ongoing
	Total		280 - 295	
Townhomes/Twinhomes/Detached Townhomes/Villas				
	Entry-level	<\$180,000	65 - 70	Ongoing
	Move-up	\$200,000 - \$300,000	60 - 65	Ongoing
	Executive	\$300,000+	30 - 35	Ongoing
	Total		155 - 170	
Total Owner-Occupied			435 - 465	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style (moderate)	\$775/1BR - \$1,250/3BR	75 - 80	2025+
	Apartment-style (move up)	\$850/Eff - \$1,400/3BR	65 - 70	2027+
	Townhomes (move up)	\$1,400/2BR - \$1,800/3BR	35 - 40	2025+
	Total		175 - 190	
Affordable Rental Housing				
	Apartment-style	Moderate Income ²	50 - 60	2024+
	Townhomes	Moderate Income ²	30 - 35	2024+
	Subsidized	30% of Income ³	30 - 40	2024+
	Total		110 - 135	
Total Renter-Occupied			285 - 325	
Senior Housing (i.e. Age Restricted)				
	Senior Cooperative(s)	\$75,000+	80 - 90	2024+
	Active Adult Market Rate Rental ⁴	\$1,200/1BR - \$1,500/2BR+Den	80 - 90	2024+
	Active Adult Affordable Rental ⁴	Moderate Income ³	125 - 130	2024+
	Independent Living/Congregate	\$1,750/1BR - \$2,800+/2BR	110 - 120	2025+
	Assisted Living	\$3,000/Eff - \$5,500/2BR	40 - 50	2028+
	Memory Care	\$4,000/EFF - \$6,000/2BR	50 - 60	2024+
	Total		485 - 540	
Total - All Units			1,205 - 1,330	
¹ Pricing in 2024 dollars. Pricing can be adjusted to account for inflation.				
² Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). See Table HA-1 for Pennington County Income limits.				
³ Subsidized housing will be difficult to develop financially. Hence, some demand moved from subsidized to affordable				
⁴ Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior communities.				
Source: Maxfield Research & Consulting, LLC.				

For-Sale Housing Recommendations

Single-Family Housing

Table HD-1 identified demand for about 240 single-family housing units in Thief River Falls through 2035. The lot supply benchmark for growing communities is a three- to five-year lot supply, which ensures adequate consumer choice without excessively prolonging developer-carrying costs. According to our newer subdivision research, there are 76 vacant lots in Thief River Falls that could absorb future new single-family construction. Over the past decade, the City of Thief River Falls has averaged only eight homes per year; therefore the current lot supply appears to be sufficient in the short-term. Although there are some scattered, infill lots throughout the City of Thief River Falls in older neighborhoods, many of these lots are undesirable to today's buyers as they are unable to accommodate specific product types.

Due to the price of the existing housing stock (and slightly older) in Thief River Falls, most of the existing older housing stock appeals to entry-level buyers. Entry-level homes, which we generally classify as homes priced under \$200,000 will be mainly satisfied by existing single-family homes as residents of existing homes move into newer housing products built in the Thief River Falls Area, such as move-up single-family homes, twinhomes, rental housing and senior housing.

A move-up buyer or step-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually, the move is desired because of a lifestyle change, such as a new job or a growing family. Based on our interviews with real estate professionals, move-up homes are generally priced from about \$250,000 to \$350,000 or more. Although demand is strong for entry-level new construction, it will be difficult to construct new homes for much less than \$275,000 given today's development costs. Executive-level homes are loosely defined as those homes priced above \$400,000. Most of these homes would be build-to-suit new construction in one of the city's newer subdivisions are on larger acreages located outside or near city limits.

New construction has been slow in Thief River Falls over the past several years, averaging less than 10 units per year and several years under five units. Most communities have experienced strong new construction starts between 2020 and 2022 as buyers sought more home for the dollar driven by hybrid work and a desire for more affordable housing. While the supply of homes is tight due to higher mortgage rates, many communities have seen new construction account for a much higher market share as builders are delivering housing whereas the resale market supply is low. Given high construction costs, infrastructure costs, inflation, and higher mortgage rates, it is financially difficult today to built most new construction under \$300,000. A private-public partnership or other incentives will likely be needed to stimulate the new construction sector in Thief River Falls.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, detached townhomes, villas, and twinhomes. Typically, the target market of for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In many housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

Based on the changing demographics and the need for alternative housing types, demand was calculated for over 150 new multifamily for-sale lots/units in Thief River Falls through 2035. Based on our research and interviews, there are virtually no owner-occupied association-maintained housing units in the community. According to Table HC-4, only 5% of the for-sale housing stock is in a multifamily option such as a townhome, twin home or quads. Given the aging of the population (especially those 65+), desire for association-maintained housing (and affordability); Thief River Falls is expected to see an increased demand for attached housing or association-maintained product types. We recommend offering both one-level and two-story townhome units; however two-story units could also have the option for a master suite on the main level.

The following provides greater detail into several for-sale multifamily housing products.

- *Twinhomes*— By definition, a twin home is basically two units with a shared wall with each owner owning half of the lot the home is on (also referred to as a duplex). Some one-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations. The swell of support for twin home and one-level living units is generated by the aging baby boomer generation, which is increasing the numbers of older adults and seniors who desire low-maintenance housing alternatives to their single-family homes but are not ready to move to service-enhanced rental housing (i.e., downsizing or right sizing). Housing products designed to meet the needs of these aging Thief River Falls residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the future. Based on our windshield survey of Thief River Falls, there are very few twin home units in the current housing stock.

Twinhomes are also a preferred for-sale product by builders throughout Minnesota as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family housing with similar finishing's and square footage. Many two-story townhomes cater to professionals, smaller families, and younger seniors while one-level living townhomes cater to the 55+ age cohorts and often feature at least 1,400 square feet or more on the main level.

CONCLUSIONS AND RECOMMENDATIONS

- *Detached Townhomes/Villas* – An alternative to the twin home is the one-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family living on a smaller scale while receiving the benefits of maintenance-free living. Many of these units are designed with a walk-out or look-out lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main level living areas with at least 1,450 square feet. The main level living area usually features a primary bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. However, owners should also be able to purchase the home with the option to finish the lower level (i.e., additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the villa product.

Although there are no new construction villas developed at this time in Thief River Falls, this product type has been successfully developed across other out state Minnesota communities in the past decade. Pricing for a detached townhome/villa will vary based on a slab-on-grade home versus a home with a basement. Base pricing will fluctuate based on custom finishes, upgrades, etc., however pricing will likely need to be near \$300,000 or more given today's high construction costs.

- *Side-by-Side and Back-to-Back Townhomes* – This housing product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families, and singles and/or roommates across the age span. However, two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing, many of which will have equity from the sale of their single-family home.

We recommend side-by-side units, which tend to appeal to a slightly broader market, including older adults and retirees as well as younger families with children. Side-by-side units (or rowhomes) have increased density and could provide higher returns on investment to builders/developers that would spread out the costs of infrastructure. Association-maintained townhomes and/or rowhomes can have lot widths ranging from 22' to 35'.

Side-by-side townhomes would be attractive to a variety of first-time and move-up buyers. Because of the growth in the older population, two-story units should be designed with the option of a master suite on the main level. Side-by-side townhomes command the highest density among the various townhome products and would be the recommended concept for Thief River Falls. Price points around \$200,000 would be well-received by prospective buyers.

General Occupancy Rental Housing Recommendations

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product are near or below market equilibrium as of February 2024. Across all rental income product types the vacancy rate is only 0.5% in Thief River Falls, a balanced vacancy rate is considered 5% hence the current market is under supplied. As illustrated in Table R-2, the majority of rental developments are older and hence are serving as naturally occurring affordable housing. However, the growing renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments.

Maxfield Research calculated demand for nearly 330 rental housing units in Thief River Falls through 2035. Demand was calculated at 185 market rate units (after accounting for projects in the pipeline), 82 affordable units, and 61 subsidized units. Based on our analysis and significantly low vacancy rates, demand could be even higher to meet market equilibrium of 5%.

- **Market Rate Rental** – There are virtually no apartment units for rent in Thief River Falls as the vacancy rate for market rate product was only 0.3% indicating pent-up demand for new product. Minus *First Street Estates*, the majority of the market rate rental stock is older and has lower rent structures – do in-part to the age of the structure. According to our research and interviews, there is an urgent need for more rental housing for both existing residents and to attract new residents to town as there are so many job openings.

We recommend a variety of product types to meet this demand; from moderate-income rentals, move-up rentals, and spacious townhome rental units (see below). There is an immediate need for moderately price market rate units with rents ranging from \$775 to \$1,250 per month and move-up rental housing with rents ranging from roughly \$850 to \$1,400 per month. Given the number of units of need, several different projects are needed to accommodate renter types.

Average market rate rents in Thief River Falls are approximately \$1.07 per square foot. Therefore, both the recommended concepts will command a rent premium compared to some of the older rental housing stock. New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

- **Market Rate General Occupancy Rental Townhomes**– In addition to the recommended apartment project(s), we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. An additional 35 to 40 rental townhome units could be supported in Thief River Falls, potentially even more should elevated interest rates persist keeping home buyers on the sidelines. We recommend a project with rents of approximately \$1,400 for larger two-bedroom units to \$1,800 for three-bedroom units. Units should feature

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contemporary amenities (i.e., in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.

- *Affordable General Occupancy Rental Apartments and Townhomes*– There are only two affordable projects in Thief River Falls with 38 units, with two vacant units. We find that demand exists for another 82 affordable units through 2035. In addition, we find additional demand for another 61 subsidized units. As a result, we recommend a 50- to 60-unit moderate-income affordable apartment-style development, a 30 to 35 moderate-income townhome development, and a 30 to 40 subsidized development. However, the subsidized project is nearly impossible to financing today so these units could be reapportioned to affordable housing later in the decade.

Units should feature central air conditioning, full appliance package, in-unit washer/dryer, an attached one/two car garage. Such development could assist in drawing more families to the community that cannot find affordable housing options through ownership or market rate rental in the surrounding area.

We believe the addition of the rental developments suggested above will further provide sufficient housing choices in the City and will continue to serve the needs of households that live and/or currently work in Thief River Falls.

Senior Housing Recommendations

As illustrated in Table CR-1, demand exists for nearly all senior housing product types in the PMA and the City of Thief River Falls. Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Thief River Falls: older adult and senior residents are able to relocate to new age-restricted housing in Thief River Falls, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

- *Market Rate Active Adult Rental* – Demand was projected for 230 market rate active adult rental units in Thief River Falls through 2035. Currently, there are two market rate active adult projects making up 73 units with a vacancy rate of less than 3%. It is likely there are seniors who currently reside in general-occupancy housing that would consider a newer active adult rental product.

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Development of this product could be in a separate stand-alone facility or in a mixed-income project. A mixed-income building could include a portion of units that would be affordable to seniors with incomes established the Minnesota Housing Finance Agency. Although demand is strong for this sector, this senior demographic is also a target for all-ages general occupancy rental housing and this target market is not always ready to sell their home until product is available that meets their needs. Given the few options for home buyers today, seniors can take advantage of a low supply housing market and sell their homes quickly.

We recommend about 80 to 90 market rate active adult units consisting of one-bedroom, two-bedroom, and two-bedroom plus den units. Units should range from \$1,200 to \$1,500 a month.

- *Affordable (shallow-subsidy) Rental* – Demand was calculated for about 130 units of affordable senior housing in Thief River Falls through 2035. Currently there are no affordable active adult rental projects; all the income-restricted is within subsidized housing. Presently, a senior renters have to find affordable units within the limited supply of affordable general occupancy rental units in Thief River Falls or look elsewhere in other communities in the surrounding area.

Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Affordable senior housing products can also be incorporated into a mixed income building which may increase the projects financial feasibility. We recommend a total of 125 to 130 affordable active adult units, likely across several projects.

- *For-Sale Active Adult* – There are no for-sale active adult properties in the Market Area. Maxfield Research and Consulting, LLC projected demand for nearly 130 active adult ownership units through 2035. Maxfield Research & Consulting, LLC recommends a cooperative development with a mix of one-, two-, and three-bedroom units with share costs starting around \$75,000. The cooperative model, in particular, appeals to a larger base of potential residents in that it has characteristics of both rental and ownership housing. Cooperative developments allow prospective residents an ownership option and homestead tax benefits without a substantial upfront investment as would be true in a condominium development or life care option. Maxfield Research & Consulting, LLC has found the cooperative model to be very well-accepted in rural communities across the Midwest.

Due to the lack of association-maintained housing options in Thief River Falls, demand will be strong for a variety of for-sale products beyond senior cooperatives (such as villas, cottages/patio homes, twin homes, etc.)

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- Independent Living– Demand was calculated for over 130 independent living units through 2035 in Thief River Falls. At present, there are two facilities offering independent living accommodating 25 units with no vacancies. As a result, many seniors may stay in their homes due to the lack of independent senior housing or leaving Thief River Falls to find suitable housing in other communities. A new independent living senior housing could be developed as part of a continuum of care project or in a stand-alone development. We suggest that a new independent living project comprise a mix of one- and two-bedroom units with base rents ranging from \$1,750 to \$2,800.

Meals and other support and personal care services will be available to independent living residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

Due to economies of scale needed for independent living housing, other service levels may have to be combined to the project to increase density to be financially feasible. Alternatively, the concept called “Catered Living” may be viable as it combines independent and assisted living residents and allows them to age in place in their unit versus moving to a separate assisted living facility. (See the following for definition of Catered Living).

- I’m OK program;
- Daily noon meal;
- Regularly scheduled van transportation;
- Social, health, wellness and educational programs;
- 24-hour emergency call system; and
- Complimentary use of laundry facilities.

In addition, meals and other support and personal care services will be available to congregate residents on a fee-for-service basis, such as laundry, housekeeping, etc. When their care needs increase, residents also have the option of receiving assisted living packages in their existing units.

- Assisted Living and Memory Care Senior Housing – Based on our analysis, we project demand to support an additional 53 assisted living units and 83 memory care units in Thief River Falls through 2035. There are two existing assisted living facilities making up just over 100 units, however these units have a combined vacancy rate of 30%. These facilities are still recovering from the COVID-19 pandemic and have elevated vacancies. As such, we do not recommend any new assisted living units until the vacancy rate is sub-7% in the assisted living sector.

There is only one 12-unit memory project in the Market Area that is fully occupied. Hence, there is an immediate need for additional memory care units to meet the growing needs of dementia patients. Memory care unit mix should be studios and one-bedroom units with

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base monthly rents ranging from \$4,000 to \$6,000. Memory care units should be located in a secured, self-contained wing located on the first floor of a building and should feature its own dining and common area amenities including a secured outdoor patio and wandering area. Alternatively, memory care could be developed as a stand-alone concept. The base monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:

- Three meals per day;
- Weekly housekeeping and linen service;
- Two loads of laundry per week;
- Weekly health and wellness clinics;
- Meal assistance;
- Regularly scheduled transportation;
- Professional activity programs and scheduled outings;
- Nursing care management;
- I'm OK program;
- 24-hour on site staffing;
- Personal alert pendant with emergency response; and
- Nurse visit every other month.

Additional personal care packages should also be available for an extra monthly charge above the required base care package. A care needs assessment is recommended to be conducted to determine the appropriate level of services for prospective residents.

Challenges and Opportunities

The following were identified as the greatest challenges and opportunities for developing the recommended housing types.

- **Accessory Dwelling Units (“ADU”):** Accessory dwelling units (“ADUs”) go by several different names such as: In-law suites, garage apartments, backyard cottages, granny flats, guest houses, etc. An ADU is simply a small, stand-alone residential dwelling unit located on the same property as a detached single-family home. However, in some cases an ADU could include an addition on an existing home, apartment over a garage, or be located within an attic or basement within the home. Legally, however, an ADU is still a part of the original parcel’s PID number and title is with the property owner. The most common reason for building an ADU is generating rental income for the homeowner or housing a family member (often for free).

Because of increased density on the property and smaller sized units, ADUs have the potential to increase housing affordability and create a wider range of housing options. Many communities that permit ADUs in their zoning code limit the number of accessory structures to just one; however, some cities have recently revised their zoning code to allow up to two accessory structures. Some communities monitor ADU construction by limiting new construction to only owner-occupied housing units (main structure is owned), minimum lot size, setbacks, and number of occupants or bedrooms in the accessory structure.

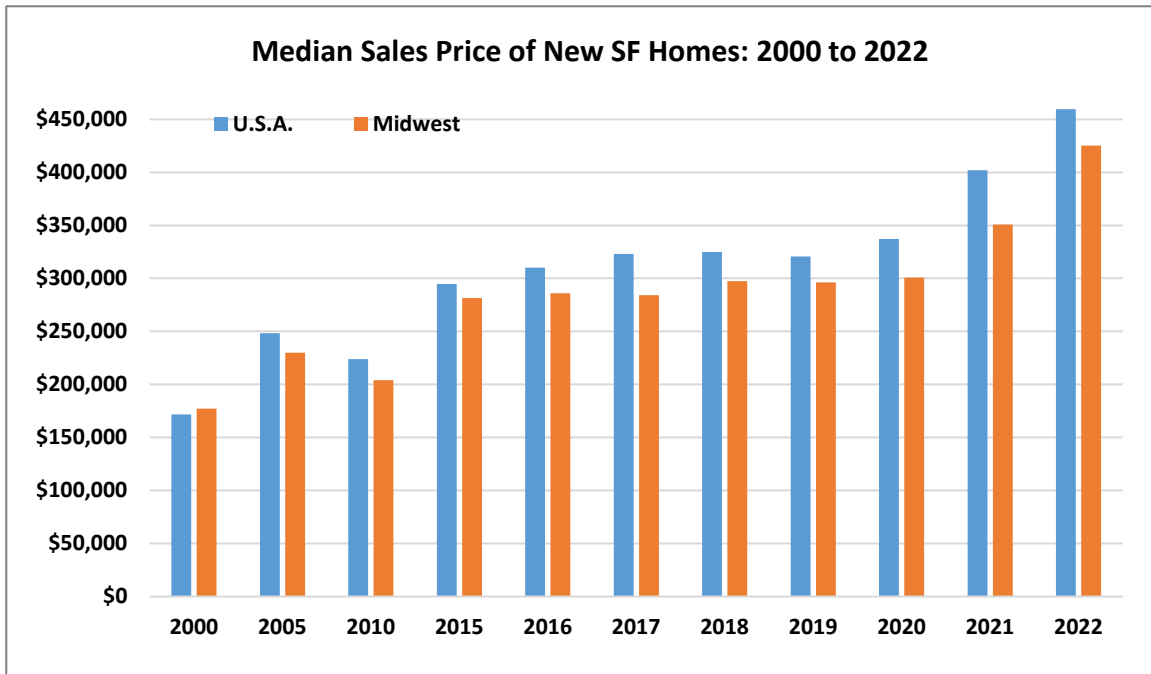
Maxfield Research recommends that local planning departments review their existing zoning code and if not already permitted, revise zoning codes to ensure ADUs can be a permitted use. Since the pandemic, the demand for ADUs has continued to increase as many homeowners have sought to move family members together in a multi-generational environment. Also, some homeowners design the ADU as a multifunctional space as a home office and living space.

- **Affordable Housing/Naturally Occurring Affordable Housing (NOAH).**

Tables HA-1 and HA-2 identified the Pennington County median incomes (“AMI”) and the fair market rents by bedroom type. As illustrated in Table R-2, nearly all the existing market rate rental product in Thief River Falls is affordable to households earning less than 80% AMI. Most of the market rate rental stock is affordable at 50% AMI, except for newer, or recently renovated properties. Table HA-3 illustrates the effect of NOAH housing in Thief River Falls, as 38% of renter households were considered cost burdened in 2021 compared to 46% of renter households in Minnesota. At the same time however, rents have been increasing faster than incomes over the past few years and the affordability gap is slowly widening from year-to-year and the number of cost burdened households is increasing. Because NOAH housing provides the vast majority of affordable housing to renters; we recommend a proactive approach to maintaining affordability within the existing housing stock.

Dollar for dollar, preservation of NOAH units yields a much higher number of affordable units vs. new construction under the LIHTC program. Further, with few new rental projects projected in Thief River Falls, maintaining the existing rental stock will be necessary for the existing housing stock to remain attractive to renters.

- **Aging Population/Aging Boomers.** As illustrated in Table D-4, there was strong growth between 2010 and 2020 in the younger senior population in Thief River Falls and the PMA (+19.7% in the PMA). Over the next five years senior growth remains strong with the addition of nearly 600 seniors in the PMA. In addition, Table D-9 shows homeownership rates among seniors 65+ is approximately 77% in 2021. High homeownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of these demographic and social dimensions, new senior housing development (specifically independent living with light services) in Thief River Falls could experience a longer lease-up period as seniors in the region are less reluctant to move from their current home to senior housing living. At the same time, these seniors are seeking alternative housing concepts such as rental of for-sale association-maintained communities.
- **Construction & Development Costs.** The cost to build and develop new single-family housing has increased significantly over the past decade and since the Great Recession in all markets across the U.S.A., as seen in the chart below. New construction pricing peaked in the 2000s between 2005 and 2007 before falling during the recession. Pricing in nearly every market across the United States decreased between 2008 and 2011 before starting to rebound in 2012 and beyond. However, since the Great Recession it has become increasingly difficult for builders to construct entry-level new homes due to a number of constraints – rising land costs, rising material and labor costs, lack of construction labor, and increasing regulation and entitlement fees. As a result, affordable new construction homes have become rare as builders are unable to pencil-out modestly priced new construction. New construction in Thief River Falls is difficult to achieve under \$275,000 to \$300,000. At the same time, new construction pricing is at an all-time high coming out of the pandemic due to strong demand and supply and labor constraints for builders that are driving up housing costs.



- COVID-19 Impacts.** The COVID-19 pandemic has had both direct and indirect effects on the housing industry. The senior housing industry was directly impacted as the virus affected older adults at a much higher rate. Senior properties hit record high vacancy rates and many seniors continue to age in place as long as possible as they have avoided living in a shared space. At the same time, many ex-urban communities and counties benefit from the pandemic-related housing boom.

Historically, the unemployment rate in Pennington County has been slightly higher than the State of Minnesota. Prior the pandemic, in February 2020, the unemployment rate in Pennington County was 7.2%, before jumping to 11% in May 2020. The unemployment rate dropped quickly in Pennington County, falling to 6.4% by June and reaching 3.4% by September 2020. For most of 2023, the Pennington County unemployment rate was under 5%.

Despite the pandemic impacts over the past four years, the local real estate market has performed above expectations and strong demand remains for housing. Supply remains at an all-time low, yet pricing is remaining steady (but some appreciation) due few homes for sale. The pandemic has changed buyer preferences; both internally and externally. Buyers have a greater desire for outdoor features, green space, more square footage, flexible spaces for home offices, and healthy living conditions. Buyers are also trading location for more home by locating further from their place of employment. There is also a preference toward new construction and the new home market has been strong since 2020 as builders have not kept the pace with demand.

On the rental side, social distancing initially had an impact on common corridor apartment buildings as all communal areas were shut down and tenants could not utilize amenities. Since the pandemic, the demand for smaller unit sizes has waned as renters desire larger spaces as they work from home, utilize for fitness, etc. With telecommuting and work from home being the norm tenants are seeking a separation of work and live spaces as well as access to balconies and patios to provide fresh air and extra space. There has been strong demand for townhome-style rentals or a building that has been designed with a separate entrance to eliminate the possible of interacting with others and catching the virus. These trends and preferences will likely continue as the pandemic has waned.

- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock. Generally, we find very few housing programs available in Thief River Falls and Pennington County. We recommend implementing even a few housing programs to assist new development or enhance the existing housing stock. The following is a sampling of potential programs that could be explored.
 - 4d Affordable Housing Tax Incentive - Offers rental property owners a 40% tax rate reduction and limited grant assistance for units that remain affordable for ten years. Property owners can invest the savings into updating and maintaining their naturally occurring affordable housing units.
 - Architectural Design Services - The local government authority (City, HRA, etc.) partners with local architects to provide design consultation with homeowners. Homeowner pays a small fee for service, while the City/public entity absorbs the majority of the cost. No income restriction.
 - Construction Management Services – Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department. This type of service could also be rolled into various remodeling related programs.
 - Density Bonuses – Since the cost of land is a significant barrier to housing affordability, increasing densities can result in lower housing costs by reducing the land costs per unit. Municipalities can offer density bonuses as a way to encourage higher-density residential development while also promoting an affordable housing component.
 - Fast Track Permitting – Program designed to reduce delays during the development process that ultimately add to the total costs of housing development. By expediting the permitting process costs can be reduced to developers while providing certainty into the development process. Typically, no-cost to the local government jurisdiction.

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- Heritage/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 Improvement Area (HIA) - HIAs allow a townhome or condo association low interest loans to finance improvements to communal areas. Unit owners repay the loan through fees imposed on the property, usually through property taxes. Typically, a "last resort" financing tool when associations are unable to obtain traditional financing due to the loss of equity from the real estate market or deferred maintenance on older properties.
- 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.
- Home Sale Point of Sale - City ordinance requiring an inspection prior to the sale or transfer of residential real estate. The inspection is intended to prevent adverse conditions and meet minimum building codes. Sellers are responsible for incurring any costs for the inspection. Depending on the community, evaluations are completed by either city inspectors or third-party licensed inspectors.
- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, among others.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically, all construction must be completed within an allocated time period (one year in most cases).
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.

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- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to work-force families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Remodeling Tours - City-driven home remodeling tour intended to promote the enhancement of the housing stock through home renovations/additions. Homeowners open their homes to the public to highlight home improvements.
- Rental Collaboration - City organizes regular meetings with owners, property managers, and other stakeholders operating in the rental housing industry. Collaborative, informational meetings that includes city staff, updates on economic development and real estate development, and updates from the local police, fire department, and building inspection departments.
- Rent to Own - Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Shallow Rent Subsidy: The HRA funds a shallow rent subsidy program to provide program participants living in market rate rentals a rent subsidy (typically about \$100 to \$300 per month).
- 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 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.
- Transfer of Development Rights – Transfer of Development Rights (TDR) is a program that shifts the development potential of one site to another site or different location, even a different community. TDR programs allow landowners to sever development rights from properties in government-designated low-density areas and sell them to purchasers who want to increase the density of development in areas that local governments have selected as higher density areas.

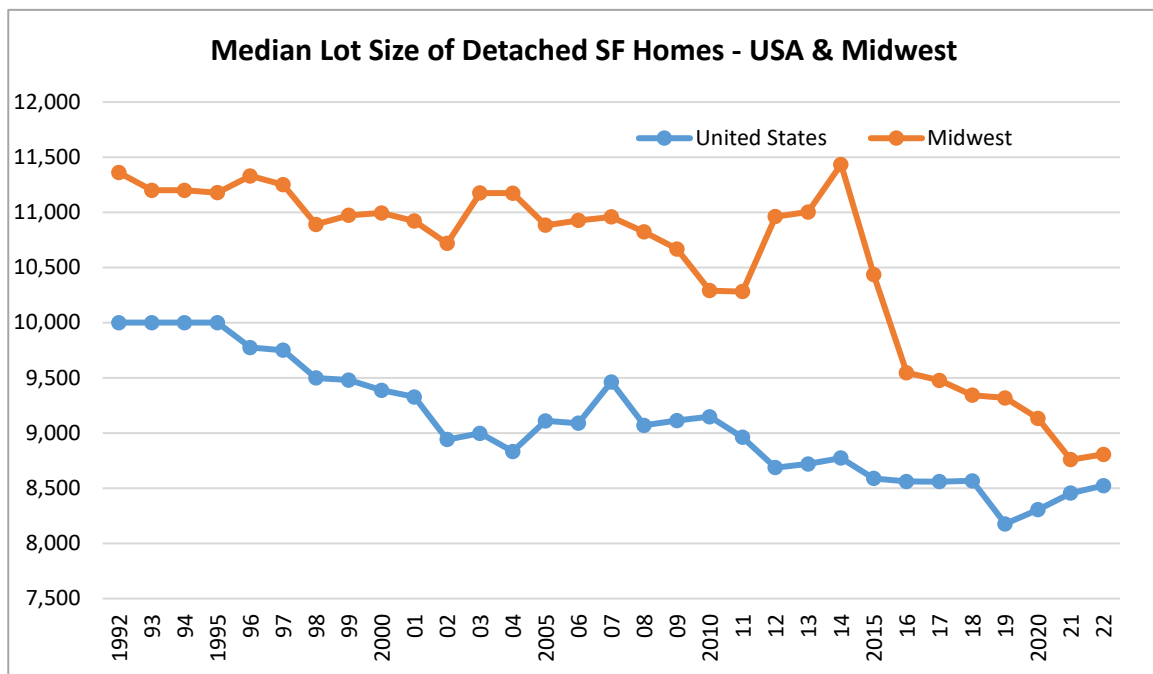
- Waiver or Reduction of Development Fees – There are several fees’ developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Inflation.** U.S. inflation rates hit a new 40-year high of nearly 9% in 2022, the biggest yearly increase since December 1981. Rampant price increased for nearly every good and service and specifically energy and food costs are having an impact on American consumers and will eventually affect housing affordability. As a result, the Federal Reserve is implementing interest rate hikes and increasing borrowing costs to hopefully offset a recession. As interest rates have increased for-sale housing demand has slowed and demand for rental housing has increased. This has resulted in higher housing costs for both buyers and renters. Housing assets are in higher demand during inflationary times as real estate values tend to hedge inflation and investors seek out rental housing assets as equity continues to grow. In the short term, household balance sheets will continue to be stretched as rising costs affect Thief River Falls area residents. This could hinder housing production in the near term as new construction will be difficult to pencil. Finally, the high inflation of homeowners insurance is having a major impact on housing affordability as many homeowners are facing premium increases of 20% or more.
- **Job Growth/Employment.** The Covid-19 pandemic created a number of new challenges for businesses, workers, and government. These unprecedented challenges had an economic ripple effect across the country as thousands of Americans found themselves out of work with increases in unemployment. As depicted earlier, the unemployment rate in Pennington County has historically been higher than the State of Minnesota, but lower than the U.S. averages. Unemployment peaked at nearly 11% during the pandemic shutdowns, but fell quickly, and has generally remained at or below 5% through 2023.

Employers noted the changes to the job market ushered in by the COVID-19 pandemic. The movement of households to smaller communities and the sudden popularity of remote work. The rise of hybrid, or full time remote, work means that employees can opt to live further away from their workplace as commuting becomes less of a factor.

Major employment expansions are underway in the City of Thief River Falls. Finding permanent employees and housing are a challenge as employers expand their workforce. Some local employers pay for temporary, or short-term housing for employees, which is expensive for the employer. Additional rental units, for both permanent and short-term housing, would likely ease the burden on the employer and provide a more attractive option for potential employees to relocate to the City.

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- **Lifestyle Renters.** Historically, householders rented because they couldn't afford to buy or didn't have the credit to qualify for a mortgage. Today that is no longer the case, and many householders are renting by choice. High-income renters represent the fastest growing market segment of the rental market today; having grown 48% over the past decade. Demand is being driven by the Millennials, would-be buyers on the side-lines (due to high sales prices and mortgage rates), and empty nesters. As a result, rental housing is one of the preferred real estate asset classes today across country. Lifestyle renters are attracted to developments offering excellent finishing quality, extensive common area facilities, and typically focus on an environment providing a more social experience.
- **Lot Size:** Across Minnesota, the Midwest, and the U.S. there has been a growing trend of lot size compression for decades and especially since the Great Recession of last decade. As illustrated in the chart below, the median lot size of a new single-family detached home in the United States sold in 2019 dropped to its smallest size since the Census Bureau has been tracking lot sizes. Nationwide median lot sizes have dropped below 8,200 square feet (0.19 acres) before increasing in 2021 and 2022 from the pandemic. At the same time, lot sizes decreased in the Midwest to the lowest levels recorded in 2021, down about 15% from 2010.



Lot sizes have decreased in part due to increasing raw land prices, lot prices, and rising regulatory and infrastructure costs (i.e. curb and gutter, streets, etc.). As a result, builders and developers have reduced lot sizes in an effort to increase density and absorb higher land development costs across more units. Many newer single-family subdivisions across the Greater Twin Cities Metro Area and Greater Minnesota have lot widths of about 65 to 75 feet, down from the standard width of 80 to 90 feet prior to the Great Recession. Because

many local governments have larger minimum lot size requirements, the cost of housing continues to rise as developers and buyers may be required to purchase a lot that is larger than they prefer. In an effort to curb rising costs, we recommend compressing lot sizes for new construction to help alleviate costs and maintain affordability.

- **Lot Supply.** Table FS-6 inventoried active subdivisions with available lots. Based on our research, there are approximately 75 vacant developed lots at the time of this report (excluding scattered or infill-lots). Historically Thief River Falls is averaging about eight new single-family homes per year since 2013, therefore the current lot supply is able to support demand in the very short-term. However, not all the existing lots may be attractive to home buyers that are seeking specific land for future building such as a lot with topography, walk-outs, look-outs, etc. Most of the existing subdivisions with vacant lots only have a few to a handful of lots remaining, whereas Nelsons First Addition and Ness First Addition contain the vast majority of vacant lots in Thief River Falls. Although there are technically enough lots today, new lots may be needed to meet the demand for new housing construction. Given the time to develop finished lots with infrastructure, developers and builders need to be platted new subdivisions years ahead to meet future housing needs.
- **Mobility/Outstate Minnesota Lifestyle and Image:** The COVID-19 pandemic fundamentally changed the housing industry and mobility has been at all-time highs since the pandemic. According to Pew Research, 20% of American's moved during the pandemic. Housing suddenly became more than a place to sleep, but the home office, school, gym, and place of entertainment. Generally, households used the pandemic and the work-from-home movement to flee high-cost housing markets and relocated to more affordable housing markets. Mobility trends showed the movement away from urban core neighborhoods or Metro Areas to the suburbs, exurbs, and rural areas. Households moved to lesser denser populated areas, lower tax states, sought larger homes and yards, and traded-up due to the lower cost of housing.

Many communities outside of the Twin Cities experienced strong growth as remote work made the movement to small towns and the "country" viable which was once led by proximity to the office. Outstate Minnesota returnees are often motivated to live closer to family and friends, smaller schools to raises children, slower pace of life, outdoor activities, and finally more affordable housing stock compared to their previous place of residence. It is estimated that families with children accounted for the highest percentage of household types that have moved to smaller cities.

A recent study released in March 2024 shows that across the U.S. the average distance between the employee and the employer increased by 2.7x driven by hybrid and work from home employment options. The movement away from the place of employment is being led by Millennials and often targeting higher-paying professionals that have the option to work remotely or hybrid. Given Thief River Fall's regional location in northwestern Minnesota and our interviews, workers commuting daily in the community are coming from far distances and the city is unable to capture these workers through relocation due to the lack

of housing options in the City. Thief River Falls would be able to capture additional household and population growth with additional housing stock and also has the potential to capture other households from other higher cost housing markets who would relocate to Thief River Falls for schools, recreational amenities, and more affordable housing stock.

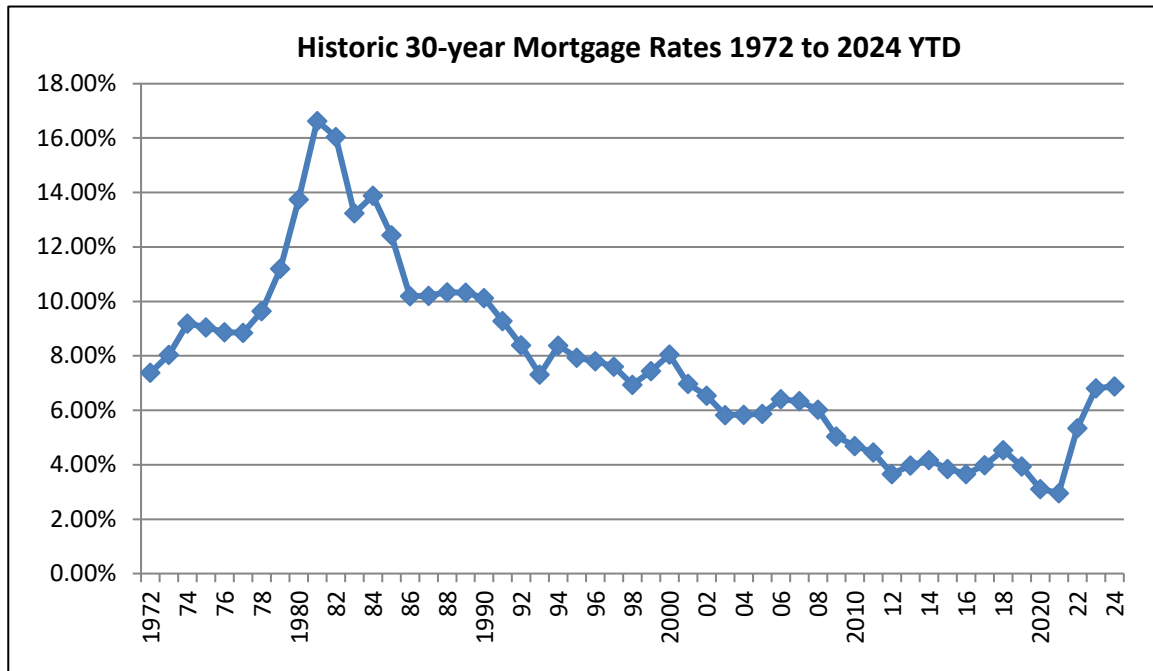
- **Modular Housing.** Modular housing, often referred to as prefab housing, is the construction of housing units in a controlled factory-like setting or on a manufacturers site or lumber yard. Modular housing is gaining steam from developers and investors to combat high construction costs, labor shortages, and speed-up the construction timeline. The biggest advantage modular housing provides is time and shaving months of holding costs off the consumer's bottom line. Originally modular housing was mostly single-family oriented; however, developers are now constructing entire apartment buildings, hotels, senior living, man camps, and college dorms. Historically the biggest challenge of modular housing is transportation, shipping costs, and perception. Modular housing has made huge strides over the decades and are now built on concrete foundations or include basements. The industry continues to battle the stigma of the older mobile homes as the appraisal community continually mis-appraises modular homes due to biases or lack of education on the product.

Maxfield Research believes there is opportunity in the modular construction sector that can be utilized in Thief River Falls, providing a win-win scenario by providing housing production and passing cost savings along to consumers. Modular plants are in Detroit Lakes, Owatonna, and one is planned along the I-94 corridor between the Twin Cities and St. Cloud.

If not already so, we recommend that the City revise zoning codes to allow for this type of housing if it is not permitted. However, design standards should be enforced to ensure incompatible housing does not deter neighborhoods.

- **Mortgage Rates.** Mortgage rates play a crucial part in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment to maintain the same housing costs. Mortgage rates have stayed at historic lows for most of the past decade trending under 4.5% (30-year fixed) since around 2010. At the on-set of the COVID-19 pandemic, rates plummeted to at or near an all-time low under 3% for part of 2020 and most of 2021. However, due to a 40-year high inflation the Federal Reserve began hiking rates in 2022 to slow the economy and curtail inflation. The Federal Reserve has implemented 11 rate hikes over the past two plus years. As a result, the cost of for-sale housing has increased significantly, and many would-be-buyers are on the sidelines and have been priced out of the market. Compared to early in 2022, mortgage payments in Winter of 2024 are on average about 65% higher than the beginning of 2022 (3.25% vs. 7%). As a result, affordability has been crushed and a housing market reset is in play. The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1972 and is the most

relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



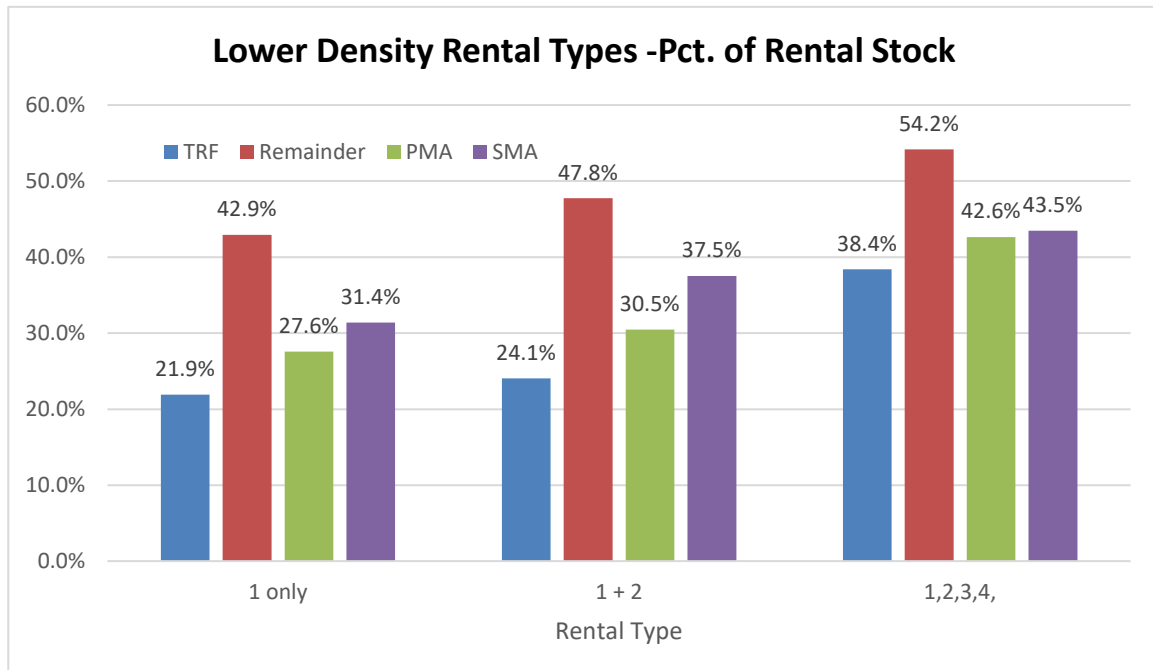
- **Private/Public Partnerships (“PPP”).** Private/public partnerships are a creative alliance formed to achieve a mutual purpose and goal. Partnerships between local jurisdictions, the private sector, and nonprofit groups can help communities develop housing products through collaboration that otherwise may not materialize. Private sector developers can benefit through greater access to sites, financial support, and relaxed regulatory processes. Public sectors have increased control over the development process, maximize public benefits, and can benefit from an increased tax base.

A number of communities have solved housing challenges through creative partnerships in a variety of formats. Many of these partnerships involve numerous funding sources and stakeholders. Because of the difficulty financing infrastructure costs, it will likely require innovative partnerships to stimulate housing development.

- **Single-Family Rental Housing Demand.** Table HC-4 showed that 19% of the rental housing inventory in Thief River Falls in 2021 is within single-unit housing structures. Another 3% of units were located within an attached structure such a townhome or twin home while another 16.5% are located in duplexes, triplexes, or quads. Nationwide, it is estimated that 25 of the 43 million rental households in the United States (58%) reside in both single-family rentals, townhomes, duplexes, triplexes, and quads. Single-family units, townhomes, and condos make-up about 34% of all rental units in the country, 23% in the Twin Cities Metro Area, and 27% in the State of Minnesota. About 43% of all rental units in the Market Area

are comprised of lower-density rentals while 44% of rental units in the SMA are 1-to-4-unit structures.

A recent study by Freddie Mac identified the market share of single-family rentals (“SFR”) by ownership type across the country. The study found that 88% of SFR are owned by investors with between 1 and 10 homes. Institutional investors make-up only 1% of the market share today; even though they have the financial backing and are able to acquire larger portfolios.



Demand is strong for SFR by providing renter lifestyle choice and the ability to reside in a detached unit without having to obtain the funds for a down payment on a mortgage. Many single-family renters may consider purchasing; however, the rising costs of real estate and the down payment requirements hinder some renters from making the leap to home ownership. The COVID-19 pandemic increased demand for SFR as renters desire more square footage, green space/yards, separate entrances, and more privacy than traditional multifamily structures.

Single-family rental communities have been one of the hottest real estate products to come out of the pandemic over the past few years. Although Minnesota is behind the rest of the country, there are several developments in the pipeline or that have recently been completed in the Twin Cities. We recommend exploring purpose-built single-family rental communities or townhomes in the City of Thief River Falls and zoning codes that permit the project concept.

APPENDIX

Definitions

Absorption Period – The period necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active Adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable Housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For this study, we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 30%, 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

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 particular health situation), who are in need of 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 either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts, and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate 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 typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. These properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services. Currently, the term "congregate" has been replaced with "independent living" in the marketplace.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not

limited to turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

Gross Density – The number of dwelling units per acre based on the gross site acreage.

Gross Density = Total residential units/total development area

Net Density - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.

Net Density = Total residential units/total residential land area (excluding ROWs)

Detached Housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely Low-Income – Person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent Pennington County - 2023					
Bedroom Type/ Rent	FAIR MARKET RENT				
	EFF	1BR	2BR	3BR	4BR
	\$629	\$714	\$940	\$1,208	\$1,368

Source: U.S. Dept of Housing and Urban Development

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents are shown in the figure below.

	Gross Rent Pennington County – 2023				
	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$465	\$531	\$597	\$663	\$717
50% of median	\$775	\$885	\$996	\$1,106	\$1,195
60% of median	\$930	\$1,062	\$1,195	\$1,327	\$1,434
80% of median	\$1,240	\$1,416	\$1,594	\$1,770	\$1,912
100% of median	\$1,550	\$1,770	\$1,992	\$2,212	\$2,390
120% of median	\$1,860	\$2,124	\$2,391	\$2,655	\$2,868

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular area over a measurable period, which is a function of new household formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing Unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater or market rate or 30% of their adjusted income.

Income Limits – Maximum household income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program. See income-qualifications.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market Analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market Rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market Study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what housing needs, if any, existing within a specific geography.

Market Rate Rental Housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

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 deals almost exclusively with 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.

Migration – The movement of households and/or people into or out of an area.

Mixed-Income Property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another. Mobility rate is often illustrated over a one-year time frame.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such

as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-Up Demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based Rent Assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent Burden – Gross rent divided by adjusted monthly household income.

Restricted Rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Consulting, LLC. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-Family Home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized Level of Occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized Housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low-income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment's contract/market rate rent and the amount paid by the tenant toward rent.

Substandard Conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target Population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-Paid Utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover Period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted Units – Units that are not subject to any income or rent restrictions.

Vacancy Period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce Housing – Housing that is income-restricted to households earning between 80% and 120% AMI; however, some government agencies define workforce housing from 50% to 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.