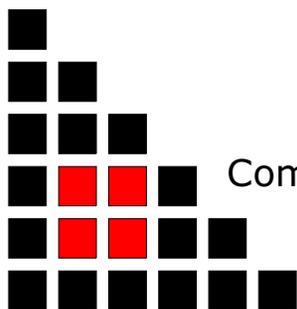


# WADENA COUNTY HOUSING STUDY

**City of Sebeka**

December 2020

An analysis of the overall housing needs  
of cities in Wadena County



Community Partners Research, Inc.

Lake Elmo, MN

(651) 777-1813

## List of Sections

	<u>Page</u>
<b>Introduction</b>	<b>2</b>
<b>Demographic and Projection Data</b>	<b>3</b>
<b>Existing Housing Data</b>	<b>21</b>
<b>ACS Rental Housing Data</b>	<b>28</b>
<b>Rental Housing Inventory</b>	<b>32</b>
<b>Employment and Local Economic Trends Analysis</b>	<b>40</b>
<b>Findings and Recommendations</b>	<b>47</b>
<b>Summary of Key Demographic and Housing Findings</b>	<b>47</b>
<b>Summary of Recommendations</b>	<b>50</b>
<b>Home Ownership Recommendations</b>	<b>51</b>
<b>Rental Housing Recommendations</b>	<b>59</b>
<b>Housing Rehabilitation</b>	<b>66</b>
<b>Other Initiatives and Issues</b>	<b>69</b>

# Introduction

## Overview

Community Partners Research, Inc., was hired by Wadena County, in partnership with The Economic Alliance, to complete an analysis of housing market conditions in the Cities of Menahga, Sebeka, Staples, Verndale and Wadena. This document specifically focuses on the City of Sebeka, with separate documents completed for the other communities.

## Methodology

A variety of resources were utilized to obtain information for the Housing Study. Community Partners Research, Inc., collected and analyzed data from July to October 2020. Data sources included:

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

## Limitations

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

During the course of the research for this project, a global pandemic was occurring, which has had immediate and widespread impacts, including on economic, housing and educational conditions. The longer-term effects of the pandemic cannot be predicted, and the analysts have proceeded with the best information available at the time of the research.

This study was prepared by:  
**Community Partners Research, Inc.**  
**(651) 777-1813**

## **Section Table of Contents**

	Page
Demographic Data Overview	4
Population Data and Trends	6
Population Projections: 2020 to 2025	8
Household Data and Trends	9
Average Household Size	10
Household Characteristics: Age Trends: 2010 to 2020	11
Household Projections	13
Household Projections by Age of Householder: 2020 to 2025	14
2018 Median Income Data	15
Income Distribution by Tenure - 2018	17
Renters Housing Cost Burden - 2018	19
Ownership Housing Cost Burden - 2018	20

# **Demographic and Projection Data**

## **Sources of Data**

A variety of data sources have been reviewed for this Study. One of the primary sources is the U.S. Census Bureau which produces population estimates and annual detailed reports through the American Community Survey. However, there is a data lag on the release and the most recent estimates from the American Community Survey are for 2018, based on surveys collected over a five-year period from 2014 to 2018.

The Census Bureau also produces annual population estimates for individual jurisdictions. These are separate from the American Community Survey. However, the annual estimates are only available for population, and do not provide any additional demographic details. The most recent estimates are for 2019.

The annual population and household estimates from the Minnesota State Demographer, effective for 2019, have also been reviewed. These are available for cities, townships and counties.

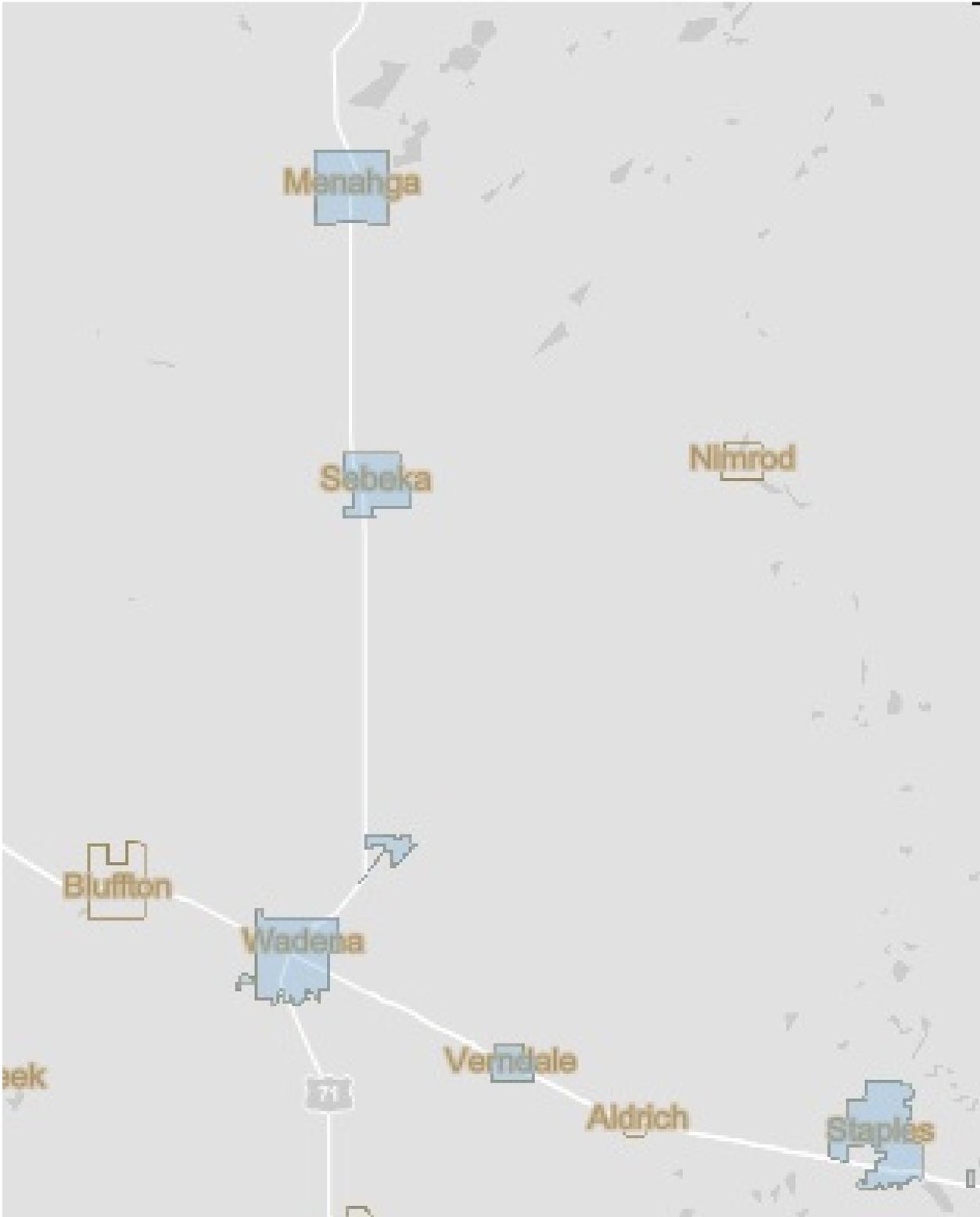
An additional data provider, Esri, Inc., has been used for the current-year, 2020 estimates. Esri is a private company that produces demographic data reports that are often used by financial institutions and the Minnesota Housing Finance Agency. Esri's 5-year projections extend to 2025.

## **Accuracy of Data**

The decennial census provides the benchmark data for demographic variables. At the time of the research for this Study, the 2020 Census was underway, but the first data release is not expected until sometime in 2021. As a result, intercensal estimates have been used, but these may prove to be inaccurate once the 2020 Census totals are released.

## **Market Area Designation**

In addition to presenting demographic information for the City of Sebeka, the analysts have also examined information for all of Wadena County.



## Population Trends Analysis

The following table tracks population change over time, using the decennial censuses data back to the year 1990. The 2019 estimate is from the Minnesota State Demographer. Other recent estimates are provided in the text that follows.

<b>Table 1 Population Trends - 1990 to 2019</b>							
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate	% Change 2010-2019
Sebeka	662	710	7.3%	711	0.1%	684	-3.8%
Wadena Co.	13,154	13,713	4.2%	13,843	0.9%	13,744	-0.7%

Source: U.S. Census Bureau; State Demographer

The most recent estimate from the Minnesota State Demographer's Office has an effective date of April 1, 2019, so a data lag exists. It showed 684 people living in Sebeka. When compared to the 2010 Census benchmark, the City had lost 27 residents between 2010 and 2019.

A current-year estimate was obtained from Esri which shows 668 people living in the City of Sebeka in 2020, down by 43 people from the level recorded in the 2010 Census.

A third source, the Census Bureau's population estimates program, placed the City's population at 666 people in 2019, down by 45 residents from 2010.

Although some minor differences do exist between the recent estimates, all three sources show a minor loss of population since 2010. However, very limited change has occurred over time. Depending on the recent estimate used, Sebeka's long-term population pattern shows a difference of between 4 and 22 people when compared back to the 1990 Census total.

For all of Wadena County, the State Demographer's 2019 estimate showed 13,744 people, down by 99 people from 2010. Based on this estimate, the population growth within some jurisdictions was not sufficient to offset losses in the remainder of the County.

The Census Bureau also showed a loss of population for the County. According to this source there were 13,682 permanent residents of Wadena County in 2019, down by 161 people from 2010.

Esri is showing some population growth Countywide. In 2020, this source estimated that Wadena County's population was 14,124 people, up by 281 people from 2010.

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

According to the 2018 estimate from the American Community Survey, more than 94% of the Sebeka's residents were White for race, and more than 99% were not of Hispanic/Latino ethnicity. Due to the limited diversity, no further demographic details have been provided by race/ethnicity.

### **Group Quarters Population**

In 2010, there were no people living in group quarters housing in Sebeka. The 2019 estimate from the State Demographer still showed no people living in group quarters housing.

### **Population Projections**

The following table presents population projections generated by Esri, and span the five-year period from 2020 to 2025.

<b>Table 2 Population Projections Through 2025</b>			
	2020 Estimate Esri	2025 Projection Esri	Change
Sebeka	668	660	-8 / -1.2%
Wadena County	14,124	14,327	203 / 1.4%

Source: Esri

Esri’s projection for Sebeka expects very little change, with only a minor loss of six permanent residents between 2020 and 2025. As stated previously, the City’s population has changed very little over the past 30 years, and this relative stability is being projected into the future.

Esri does expect some population growth Countywide, with the projected addition of 203 people over the five-year period. On an annual basis, this would average 40 to 41 people per year. This numeric gain would be above Esri’s estimated level of annual growth between 2010 and 2020.

## Household Trends Analysis

The following table tracks household change over time, using the decennial census data back to the year 1990. The 2019 estimate is from the State Demographer. Other recent estimates are provided in the text that follows.

<b>Table 3 Household Trends - 1990 to 2019</b>							
	1990 Census	2000 Census	% Change 1990-2000	2010 Census	% Change 2000-2010	2019 Estimate	% Change 2010-2019
Sebeka	299	332	11.0%	321	-3.3%	311	-3.1%
Wadena County	4,978	5,426	9.0%	5,705	5.1%	5,796	1.6%

Source: U.S. Census; State Demographer

According to the State Demographer, there were 311 households in the City in 2019. When compared to the 2010 Census, 10 households had been lost.

Esri’s 2020 estimate for Sebeka shows the City with 300 total households, down by 21 households since 2010.

As will be discussed in greater detail later in this document, building permit issuance shows that the City has added only one or two new housing units through new construction over the past decade. As a result, a limited change in the number of households would be expected. However, the estimated losses of 10 or more households over the past decade would imply that some housing units were lost after 2010 or that they are no longer occupied.

The primary estimating sources had similar opinions on the level of growth countywide. According to the State Demographer, there were 5,796 households in Wadena County in 2019. When compared to the 2010 Census, this shows average annual growth of approximately 10 households per year.

According to Esri, there are 5,845 households in 2020. When compared to the 2010 Census, this shows average annual growth of 14 households per year.

If viewed as an annual range, the Wadena County estimates are reasonably similar and show the County adding between 10 and 14 households per year. As stated in the population section, these sources differ on the location of this growth, as the State Demographer places most of the Countywide growth within Wadena, while Esri places the growth in the remainder of the County.

## Average Household Size

The following table provides decennial Census information on average household size dating back to 1990. The 2019 estimates from the State Demographer are also provided.

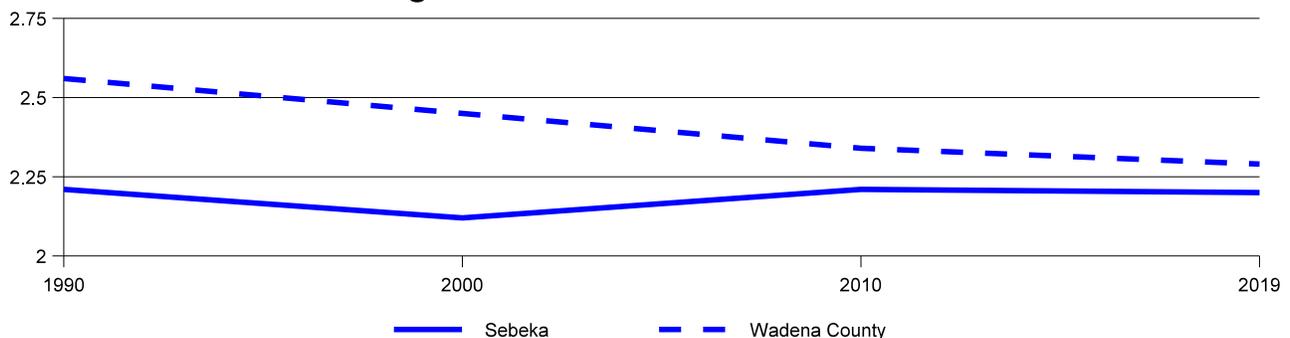
<b>Table 4 Average Number of Persons Per Household 1990 to 2019</b>				
	1990 Census	2000 Census	2010 Census	2019 Estimate
Sebeka	2.21	2.12	2.21	2.20
Wadena County	2.56	2.45	2.34	2.29

Source: U.S. Census; State Demographer

Household formation has been occurring at a different rate than population change in recent decades due to a steady decrease in average household size. This has been caused by household composition changes, such as more single person and single parent families, fewer children per family, and more senior households due to longer life spans. However, Sebeka has generally maintained a relatively stable average household size over time.

The average household size in Sebeka did decrease between 1990 and 2000, but then rebounded and has changed very little, from 2.21 persons in 2010 to 2.20 persons in 2019, according to the State Demographer. The City’s average household size has consistently remained below the Countywide average.

Average Household Size: 1990 to 2019



An alternate estimate from Esri also shows stability since 2010 with the City’s average household size at 2.23 persons in 2020.

The average household size for all of Wadena County has been growing consistently smaller, according to the State Demographer.

## Household Characteristics: Age Trends

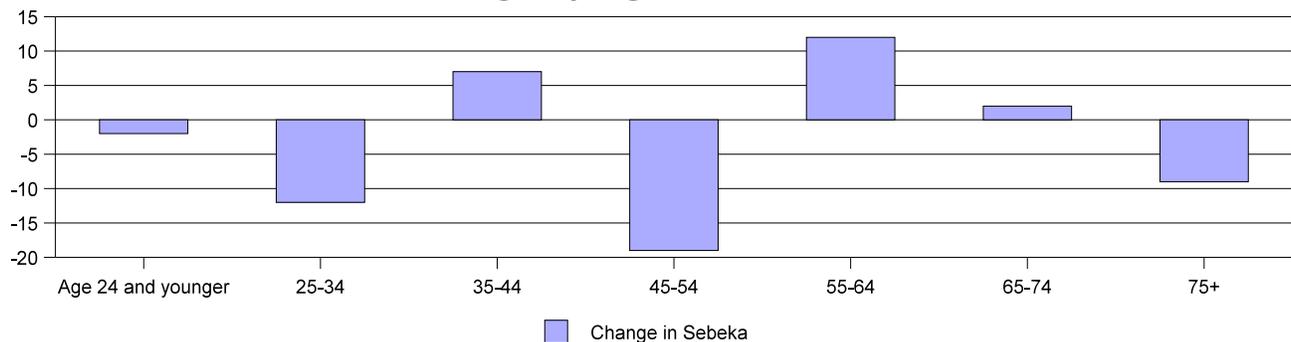
The following table examines the area’s changing age patterns. The 2020 age-based estimates from Esri are compared to the 2010 Census to track recent changes. This information has been analyzed is for the City of Sebeka. While Esri shows fewer households in the City than the State Demographer, the difference in these estimates is less than 4%.

<b>Table 5 Households by Age - 2010 to 2020</b>			
Age	Sebeka		
	2010	2020	Change
15-24	16	14	-2
25-34	53	41	-12
35-44	40	47	+7
45-54	62	43	-19
55-64	42	54	+12
65-74	46	48	+2
75+	62	53	-9
Total	321	300	-21

Source: U.S. Census; Esri

According to Esri, the City has lost 21 households between 2010 and 2020. There has been growth in the number of households age 55 to 64 years old and in the 35 to 44 year old range. Most of the other defined age ranges have remained largely stable or had reductions during the last decade.

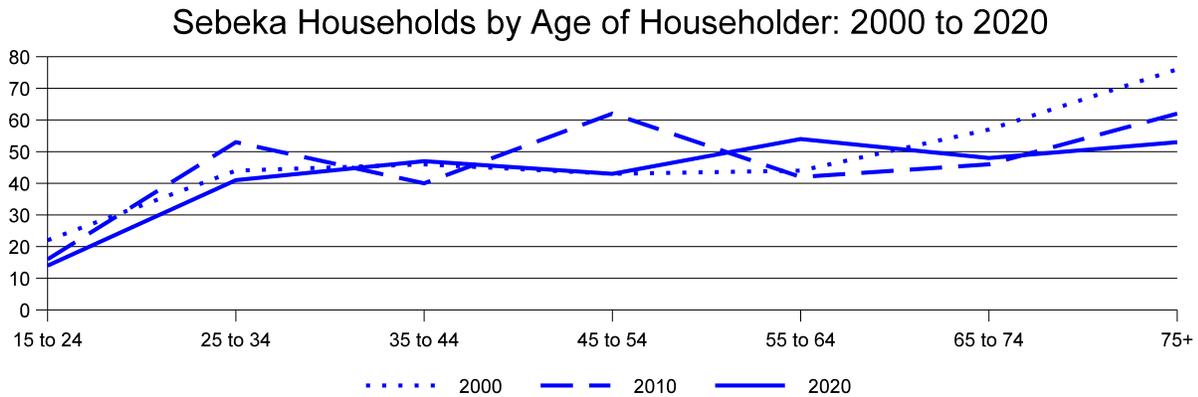
**Household Change by Age Between 2010 and 2020**



Much of the change occurred in the prime “baby boomer” age groups, between 55 and 74 years old, with especially strong growth among households age 55 to 64 years old. However, there was then a decrease among older seniors, age 75 and above, resulting in very limited growth from households age 55 and older.

With the exception of the 35 to 44 year old group, the other younger adult ranges decreased in size, although these changes were limited. If all of the groups age 54 and younger are combined, the City had 26 fewer households.

It is possible to track the advancing “wave” progression of the baby boomer households in Sebeka dating back to the year 2000, using information for households by the age of householder. Another noticeable trend over time is the decrease of older senior households, age 75 and older.



## Household Projections

The following table presents household projections from Esri, for the period between 2020 and 2025.

<b>Table 6 Household Projections Through 2025</b>			
	2020 Estimate Esri	2025 Projection Esri	Projected Change
Sebeka	300	296	-4 / -1.3%
Wadena County	5,845	5,938	93 / 15.9%

Source: Esri

Esri’s projection for Sebeka expects a minor reduction in the number of households over the next five years. This is consistent with Esri’s recent estimate showing some loss of households since 2010.

Esri’s projection for all of Wadena County expects that 93 households will be added over a five-year period. To reach this projection, the County would need to average approximately 19 households per year.

While Esri’s County projection is achievable, it would probably be due to household growth within the City of Wadena. Other data sources tend to show that the more rural portions of the County have been losing population and household over time. Future growth outside of the City of Wadena would appear to be less likely through the year 2025.

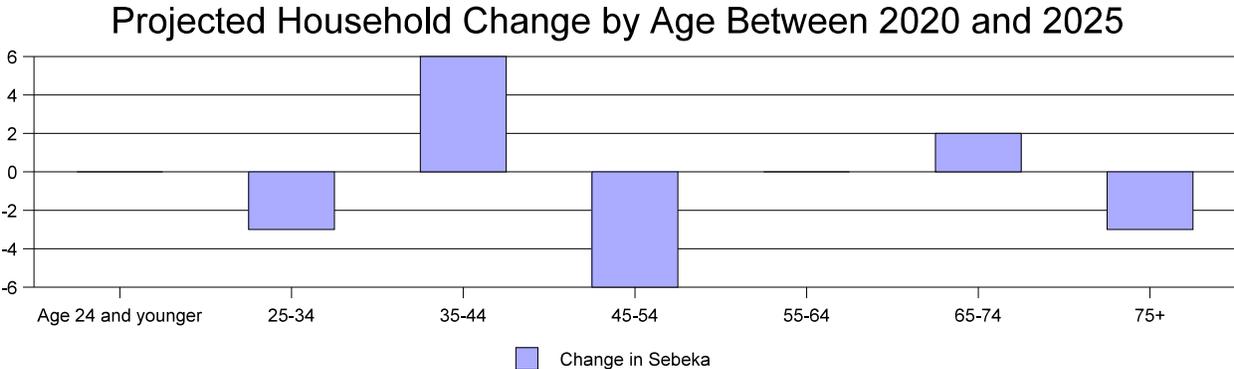
### Projected Households by Age

Esri provides projection data within defined 10-year age groups, which can be used to anticipate future changes in the demographic composition. The following table is for the City of Sebeka.

<b>Table 7 Sebeka Projected Households by Age: 2020 to 2025</b>			
Age Range	2020 Estimate	2025 Projection	Change
15-24	14	14	0
25-34	41	38	-3
35-44	47	53	+6
45-54	43	37	-6
55-64	54	54	0
65-74	48	50	+2
75+	53	50	-3
<b>Total</b>	<b>300</b>	<b>296</b>	<b>-4</b>

Source: Esri

The age-based projections to 2025 expect very limited change in Sebeka over the next five years. Most of the net increase should occur from households age 35 to 44 years old. The range with the largest reduction is age 45 to 54. Most of the other age ranges are projected to stay stable or to decrease slightly in size.



## 2018 Median Income Data

Annual median income estimates are available at the city, township and county level through the American Community Survey. Information from 2010 can be compared to 2018 to track income trends over the decade.

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

<b>Table 8 Median Household Income - 2010 to 2018</b>			
	2010 Median	2018 Median	% Change
Households			
Sebeka	\$35,000	\$46,875	33.9%
Wadena County	\$34,686	\$45,860	32.2%
Minnesota	\$57,243	\$68,411	19.5%
Families			
Sebeka	\$41,875	\$52,386	25.1%
Wadena County	\$47,898	\$69,996	46.1%
Minnesota	\$71,307	\$86,204	20.9%

Source: ACS

Information contained in the 2018 American Community Survey showed that the City’s median household and median family income levels have been increasing over the decade. The City’s median household income was slightly above the comparable Countywide median, but Sebeka’s median family income was more than \$17,000 less than the family median for the County. It is important to note that limited sampling in small communities can result in data flaws.

All of Wadena County also saw solid growth between 2010 and 2018 for the median income levels, especially for families. But the medians for Wadena County were well below the comparable Statewide medians in 2018.

A general standard is that 30% of income can be applied to housing costs. At this level, a median income household in Sebeka could apply approximately \$1,170 per month and a median income family could apply approximately \$1,310 per month.

However, as will be detailed later, there is often a significant difference between renter and owner household income levels, with many renter households in the lower income ranges, with significantly less income that can be applied to housing costs.

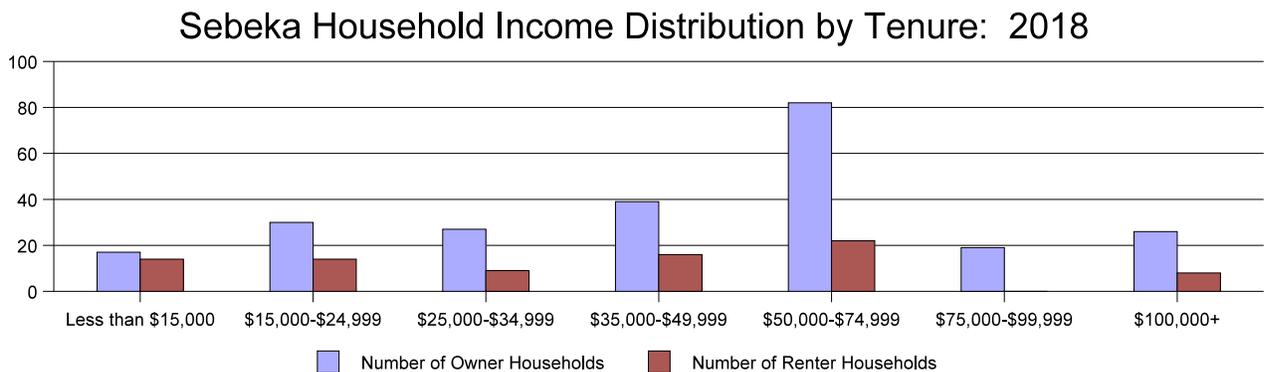
## Household Income Distribution by Tenure: 2018

The American Community Survey also contains household income distribution estimates. This information is available by ownership or renter status. When compared to other data sources, the American Community Survey has probably over estimated the number of households, but the distribution of income is still the best available information on this topic.

<b>Table 9 Sebeka Income Distribution by Tenure: 2018</b>			
Household Income	Number of Owner Households	Number of Renter Households	Total Households
\$0 - \$14,999	17	14	31
\$15,000 - \$24,999	30	14	44
\$25,000 - \$34,999	27	9	36
\$35,000 - \$49,999	39	16	55
\$50,000 - \$74,999	82	22	104
\$75,000 - \$99,999	19	0	19
\$100,000+	26	8	34
<b>Total</b>	<b>240</b>	<b>83</b>	<b>323</b>

Source: American Community Survey

Within the moderate to higher income ranges, there was a strong preference for home ownership. For households with an annual income of \$50,000 or more, the rate of home ownership was nearly 81%, with approximately 19% of these households renting their unit.



This pattern changed somewhat in the lower and moderate income ranges. For all households with an annual income below \$25,000, the rental rate was above 37%.

For all renter households in the City the estimated median income level in 2018 was \$42,788. Based on renter household income levels in other communities in Wadena County, it is possible that the estimate for Sebeka is too high and impacted by limited sampling.

For all home owners, the estimated median income was \$51,750.

## Renter Housing Cost Burden

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

The following table examines the percentage of income required by renter households for monthly housing costs in Sebeka.

<b>Table 10 Sebeka Renter Household Cost Burden - 2018</b>		
Percent of Income for Housing	Number of Households	Percentage
Less than 20%	23	27.7%
20% to 29.9%	36	43.4%
30% to 34.9%	4	4.8%
35% or more	20	24.1%
Not Computed	0	0%
Total	83	100%

Source: American Community Survey

Using a standard based on 30% of income, most renter households in Sebeka did not have a cost burden for rental housing in 2018. Overall, approximately 29% of all renters were paying 30% or more of their income for housing, but 71% of all renters had a more affordable rent, or did not report.

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

## Owner Housing Cost Burden

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

<b>Table 11 Sebeka Owner Household Cost Burden - 2018</b>			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	64	96	160 / 66.7%
20% to 29.9%	45	6	51 / 21.3%
30% or more	21	8	29 / 12.1%
Not Computed	0	0	0
Total	130	110	240

Source: American Community Survey

Most owner-occupants, which would include both households with or without a mortgage, reported paying less than 30% of their income for housing. Mortgage lending practices generally attempt to keep monthly payments below this level of household income.

However, approximately 12% of all home owners reported that they paid more than 30% of their income for housing. This included home owners both with and without a mortgage on their home. Nearly all of the home owners with a cost burden had an annual income below \$35,000.

## **Building Permit Trends**

Based on annual reporting to the Census Bureau, Sebeka has had only one new house constructed over the past 10 years. A single family house was permitted in 2016. City records indicate that it is probable that another house was built over the past 10 years which was not reported to the Census Bureau.

Providence Villa opened in 2017, with 16 assisted living beds. These sleeping rooms for private or shared occupancy were created through the conversion of an existing structure along with some new construction. While Providence Villa did add a specialized care housing option to the community, it did not create independent living units.

## **Lots and Land**

Northern Acres is a city-owned subdivision, originally developed with 24 single family lots. Over time, eight houses have been built, with 16 vacant lots remaining. These lots are free, provided the buyer constructs a new home within one year. However, this has generated only one or two new houses over the past 10 years.

In 2020, the City is working with the local Habitat for Humanity chapter to get a new home constructed.

## **Existing Home Sales**

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

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

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

The Assessor's Office also attempts to make adjustments to the actual sales price to reflect personal property, financing concessions or other factors not directly related to the real estate value. For the analysis that follows, the "adjusted sales price" has been used.

Information was available for each calendar year, and details are provided for the years 2010 through 2019. Partial-year information was also available for 2020, and has been presented, although this will change as additional sales are recorded.

<b>Table 12 Sebeka Residential Sales Activity - 2010 to 2020*</b>				
Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2020*	2	-	\$34,000	\$28,200
2019	5	\$56,500	\$158,500	\$33,182
2018	8	\$62,900	\$116,000	\$21,500
2017	10	\$85,800	\$131,000	\$34,100
2016	7	\$30,900	\$97,000	\$25,500
2015	6	\$45,600	\$63,400	\$33,320
2014	4	\$46,224	\$86,500	\$26,350
2013	6	\$42,550	\$87,800	\$24,500
2012	5	\$67,500	\$84,500	\$9,000
2011	3	\$42,500	\$58,300	\$29,500
2010	6	\$26,950	\$65,500	\$11,500

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

\* 2020 is through June 23

With a very limited number of good sales in any 12-month time period, the annual median price may not be a reliable indicator of home values. This is evident in the wide variation that exists for the annual medians in Sebeka since 2010.

In 2019, the last full year, there were only five good sales that were recorded. The median price was \$56,500. In 2017, when 10 good sales occurred, the median was \$85,800, the highest of all the years reviewed.

If the 25 sales between 2017 and 2020 (partial) are aggregated, the median was \$62,000.

In each of the years reviewed, there was at least one house sale for less than \$35,000. Over the entire time period, only one house has been sold for more than \$150,000.

An alternate home value estimate is available from the 2018 American Community Survey. This source places the midpoint owner-occupied house value at \$63,100. This amount was very similar to the median price for the sales since 2017.

## **Active Residential Listings**

The website Realtor.com, maintained by the National Association of Realtors, was used to collect information on active residential real estate listings in Sebeka. On August 27, 2020, there was only one single family home that was listed for sale that appeared to be located in the city limits of Sebeka. This house, which was listed for \$110,000, was identified as a “pending” sale.

## Housing Condition Analysis

In September of 2020, Community Partners Research, Inc. representatives conducted a visual 'windshield' survey of single family/duplex houses in the participating cities in Wadena County. Houses that appeared to contain three or more units were excluded from the survey.

In Sebeka, the City was divided into two neighborhoods, as follows:

- #1 Houses north of Minnesota Avenue
- #2 Houses south of Minnesota Avenue

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

Dilapidated houses are generally considered beyond repair.

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

Minor Repair houses are judged to be generally in good condition and require less extensive repair, such as one major improvement. Houses in this condition category will generally be good candidates for rehabilitation programs because they are in a salable price range and are economically feasible to repair.

Sound houses are judged to be in good, 'move-in' condition. Sound houses may contain minor problems and still be considered Sound.

<b>Table 13 Windshield Survey Condition Estimate - 2020</b>					
	Sound	Minor Repair	Major Repair	Dilapidated	Total
North of Minnesota Ave.	41 / 34.8%	51 / 43.2%	17 / 14.4%	9 / 7.6%	118
South of Minnesota Ave.	31 / 27.2%	43 / 37.7%	28 / 24.6%	12 / 10.5%	114
Total	72 / 31.0%	94 / 40.5%	45 / 19.4%	21 / 9.1%	232

Source: Community Partners Research, Inc.

In general, the housing stock in Sebeka is in good condition, with more than 71% of the houses rated in one of the two highest condition categories.

However, there were 45 houses rated in the Major Repair category and 21 houses rated as Dilapidated and possibly beyond repair.

No mobile homes were rated in the City. Some of the mobile homes are in an RV Park for seasonal/recreational use.

## **Age of Housing**

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

For owner-occupancy units in Sebeka, the estimated median year of construction is 1950. Nearly 63% of the owner-occupancy stock was constructed before 1960.

For rental housing, the estimated median year of construction was listed as 1977. Approximately 17% of the rental inventory was constructed prior to 1960.

## **Mobile Home Data**

The American Community Survey also provides some details on the mobile homes in the City. According to this source, there were 31 mobile homes in Sebeka. However, only 18 of these were occupied, with 13 either vacant or intended for seasonal/recreational use.

There were 17 owner-occupied mobile homes in Sebeka in 2018, and one renter-occupied unit. The majority of the occupied mobile homes in the City were manufactured before the year 2000.

The estimated median value for occupied mobile homes was \$48,300 in 2018.

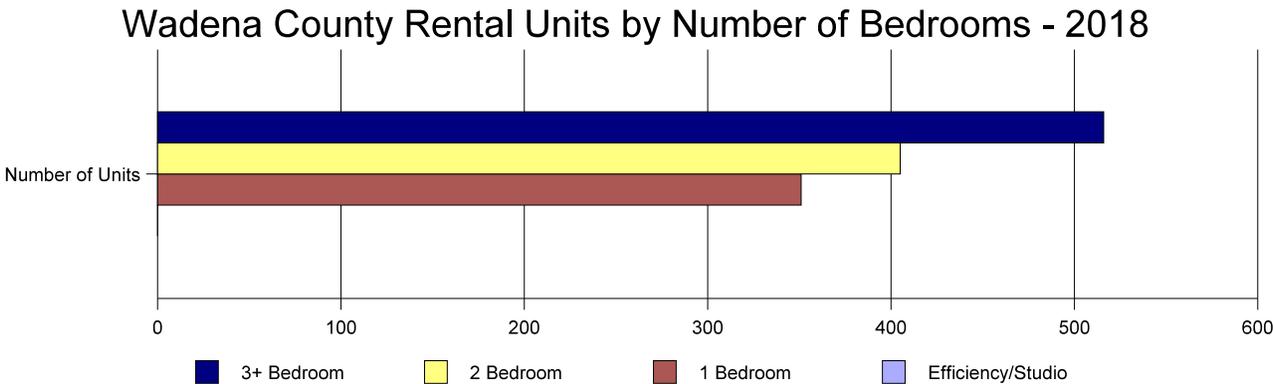
## American Community Survey Rental Data

The 2018 American Community Survey provides information on rental units in Wadena County. A later section of this document provides information collected in a rental survey of larger multifamily properties within the City of Sebeka.

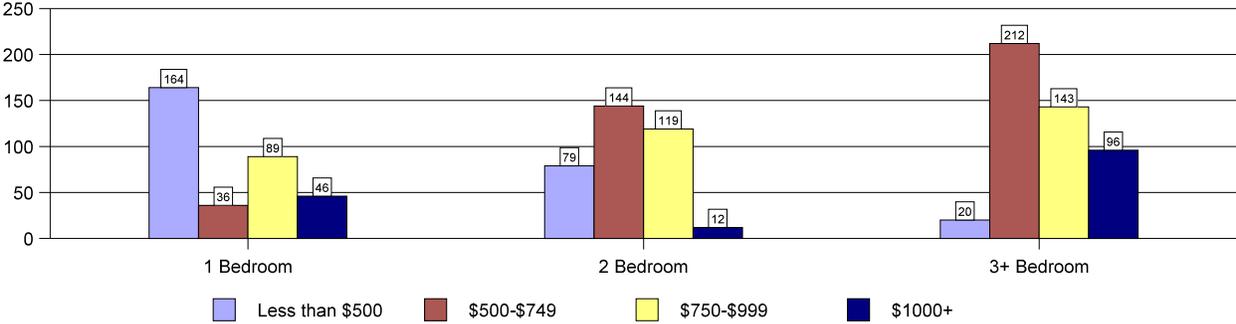
Unit Size	Rent less than \$500	Rent \$500 to \$749	Rent \$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	0	0	0	0	0	0
1 Bedroom	164	36	89	46	16	351
2 Bedroom	79	144	119	12	51	405
3+ Bedroom	20	212	143	96	45	516
Total	263	392	351	154	112	1,272

Source: American Community Survey

According to the 2018 ACS, there was a broad distribution of rental options in one-bedroom, two-bedroom units and 3+bedroom units. No studio/efficiency apartments were sampled in the data collection, although some of these do exist in the County. Overall, more than 72% of all rental housing had two or more bedrooms.



Wadena County Gross Rent Distribution by Bedroom Size - 2018

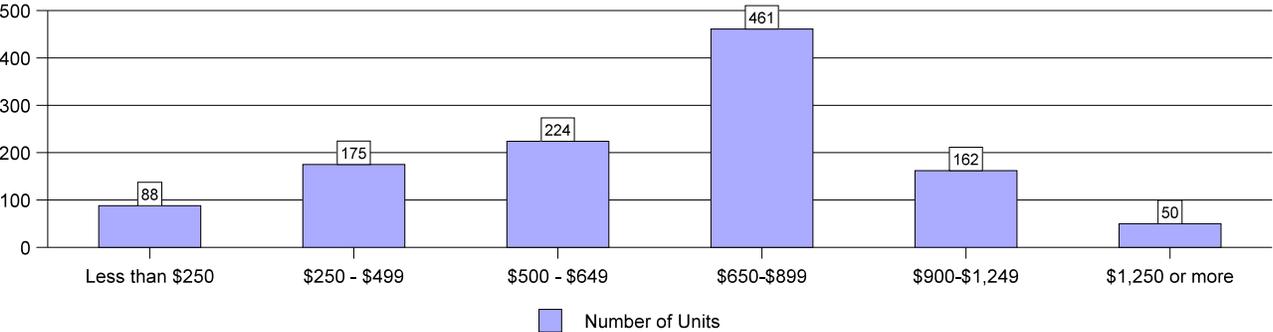


The American Community Survey includes an estimate of the median gross rent, for all units and by bedroom size. Overall, the median gross rent level was \$692 in 2018. Gross rent would include tenant-paid utilities.

- ▶ The median for one-bedroom rentals was \$516.
- ▶ The median for two-bedroom rentals was \$655.
- ▶ The median for three-bedroom rentals was \$722.
- ▶ The median for four-bedroom rentals was \$1,029.
- ▶ The median for units with five or more bedrooms was \$1,308.

The information on gross monthly rent by the number of bedrooms in the rental unit used fairly broad ranges for reporting rents. The American Community Survey also presents information on gross rents within more defined ranges, but this information is not distributed by bedroom mix.

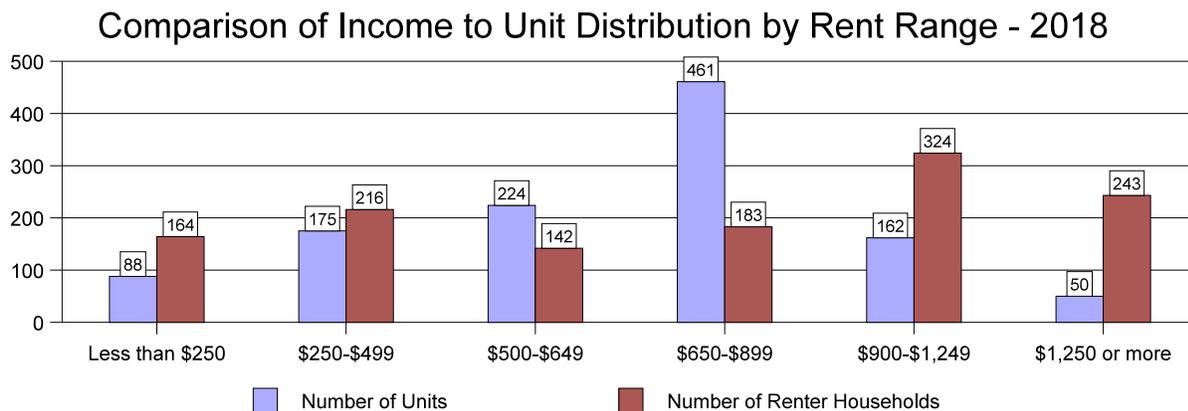
Wadena County Rental Unit Distribution by Rent Range - 2018



The rent distribution tables from the 2018 American Community Survey also do not differentiate between different segments of the market. Since all types of renter households could be surveyed, the rent distribution should include subsidized units, tax credit units, student units, and probably some specialized senior housing. However, the vast majority of units in the County would represent conventional, market rate housing.

Using the overall distribution of gross monthly rents and renter households by income, presented earlier in this Study, it is possible to compare rents and income. The following chart displays the overall rent distribution within defined price ranges as estimated for all rental units in the County.

Rental rate information can then be compared to the number of renter households that would need a unit within this same basic price range, using a standard that 30% of income can be applied to housing costs.



Comparing supply and demand, based on the price needed versus unit rent distribution, shows some distinct trends. First, there were more lower income households than units in the lowest ranges, for a unit priced at less than \$500. If all of the renter income groups below \$20,000 are combined, there 380 households but only 263 rental units priced under \$500.

The mismatch between very affordable units and renter households with an income below \$20,000 would be mitigated somewhat by rent assistance Vouchers or other public assistance programs. However, even with some assistance available, there were many lower income households with a housing cost burden, as detailed earlier in this section.

Within the more moderate income ranges between \$20,000 and \$36,000, the supply of rental units exceeded the number of households. Presumably, some of the lower income households that could not find a unit that was more affordable instead moved into units in this basic price range, even though it may have caused a significant rent burden.

In the higher rent ranges of \$900 or more, the overall supply of units was much smaller than the number of renter households with moderate to higher incomes. Overall, the American Community Survey estimates showed that

nearly 45% of all renter households in Wadena County in 2018 had an annual income of \$36,000 or more, but only 18% of all rental units were priced at \$900 or more for gross rent. Since 2018 there may have been some additions to this higher price range in newly constructed projects in Wadena.

### **Median Gross Rent by City**

A median gross rent estimate exists for each of the Cities participating in this Housing Study project, and provides for some level of comparison between communities.

For all rental units, the estimated medians in 2018 were as follows:

Menahga - \$683  
Sebeka - \$710  
Staples (Wadena County portion only) - \$798  
Verndale - \$569  
Wadena - \$690

It is important to note that there is a wide variation in the total of number of rental units in each individual community, which can impact the margin of error that exists in each City estimate.

## **Rental Housing Data**

### **Census Bureau Inventory**

At the time of the 2010 Census, there were 92 occupied rental units in Sebeka, and at least 3 unoccupied rental units, for a total estimated rental inventory of 95 units. The City's rental tenure rate, was 28.7%, based on renter-occupancy households, slightly above the Statewide rate in 2010 of 27% rental.

There is no accurate tenure count available since 2010, but the American Community Survey for 2018 did contain an estimate. According to that source, there were 83 occupied rental units in the City. There were also 9 unoccupied rental units, for a total estimated inventory of 92 total units. If accurate, this source showed a net loss of 3 rental housing units in the City between 2010 and 2018.

### **Rental Construction After 2010**

After the 2010 Census was completed, no additional rental housing projects have been developed in Sebeka. Although Providence Villa was created it only added sleeping rooms for people needing assisted living, and did not add to the supply of apartment units for independent living.

Any other changes in the rental inventory would be due to the removal of older housing, or to possible upward or downward changes from tenure conversion.

It is probable that the rental housing tenure rate in 2020 is very similar to the rate of 28.6% as reported in the 2010 Census.

### **Pending/Proposed Rental Projects**

No proposed projects were identified that would create rental housing in Sebeka.

## **Rental Housing Survey**

In September 2020, a telephone survey was conducted of multifamily rental projects in the participating cities in Wadena County. The survey focused on rental properties with four or more units.

The table that follows presents information for market rate, subsidized, and senior housing with services developments separately.

Surveyed unit totals in Sebeka included:

- ▶ 15 market rate units in multifamily structures
- ▶ 32 subsidized housing units
- ▶ 29 rooms for assisted living

Excluding the sleeping rooms offered for assisted living, the telephone survey was able to collect usable information from 47 rental units, or approximately 50% of the City's estimated rental stock.

## **Market Rate Summary**

Most of the market rate rental housing in Sebeka exists in single family houses. Only one multifamily rental project offering conventional market rate housing could be identified in the City. Centennial Apartments has 15 units. This project was constructed in 1999.

Estimated gross rents were below \$600 for a one-bedroom, below \$750 for a two-bedroom and below \$850 for a three-bedroom.

When contacted by the rental survey, there were two vacant apartments.

## **Subsidized Summary**

Sebeka has two rental projects that provide subsidized housing opportunities.

Hilltop Villas is subsidized through USDA Rural Development and has 12 apartment units. This project was originally designed for senior and/or disabled tenant occupancy, but was later changed to general occupancy housing. Although the specific details of the occupancy designation change are not known, it is most often the result of a poor occupancy history under the original designation.

Riverview Apartments is subsidized through USDA Rural Development and has 20 units designated for general occupancy.

### **Unit Mix**

All of the subsidized units in Sebeka have one or two bedrooms. There are no subsidized units for larger families.

- ▶ One-bedroom - 14 units
- ▶ Two-bedroom - 18 units

### **Occupancy / Vacancy**

At the time of the rental survey, all of the units in Hilltop Villa were occupied. One unoccupied unit was reported in Riverview. The income certification process can cause short-term delays in filling any turnover units.

Both projects reported a short waiting list of four to five names.

### **Rental Rates**

These two projects are combined for project-based rent subsidy and 30 of the 32 tenants can pay rent based on 30% of income. In the remaining two units a basic rent amount applies, even if it exceeds 30% of income.

The maximum rents are \$610 for a one-bedroom and \$630 for a two-bedroom apartment.

## **Tenant-Based Rent Assistance Vouchers**

In addition to the two developments with project-based rent subsidies, renter households in Sebeka can also access HUD Housing Choice Vouchers. Voucher assistance is issued to income-eligible households for use in suitable, private market rental housing units. With the assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. The rent assistance is administered by the Wadena HRA.

In September 2020, there are four households in Sebeka using Vouchers. Since this rent assistance is tenant-based, and moves with the household, the actual number of participating households within the City can vary from month to month.

Countywide, the program has the authority to issue 74 Vouchers, but budget limitations generally result in between 63 and 69 Vouchers in active use. Approximately 68% of the Vouchers were being used in Wadena, with the remainder elsewhere in the County.

When tenant-based rent assistance is combined with the project-based housing, there are 36 households with access to some form of subsidized housing. This probably represents up to 35% or more of all renter households in the City.

The Wadena County Voucher program does maintain a waiting list for assistance. There were approximately 140 names on the waiting list in September 2020. The program provides a preference for applicants that either live or work in Wadena County, and most of the households on the waiting list met at least one of those preferences.

Wadena County households also have access to some specialized rent assistance programs that are very targeted. HUD's Mainstream Vouchers are available to disabled households and the Wadena HRA will be applying for 40 Mainstream Vouchers in the future. Some VASH Vouchers for veterans at risk of homelessness may be available. There are also some additional programs, including Shelter+Care and the Bridges program. No specific information was obtained for these targeted programs.

## **Senior Housing with Services**

Sebeka has two housing options for seniors requiring services with their housing. Providence Villa and Serenity Living Solutions are stand-alone facilities that offer assisted living care.

Providence Villa has 16 sleeping rooms and Serenity Living has 13 rooms. Providence makes many of their rooms available for shared occupancy for couples, and has a maximum capacity for 28 residents. Serenity offers one room for shared occupancy, with capacity for 14 residents.

### **Occupancy/Vacancy**

At the time of the survey, Providence Villa reported that all of the rooms were occupied. While specific information on single or shared occupancy was not obtained, it is assumed that most rooms have one resident. It is important to note that the contact person for this facility stated that many residents come from outside the Sebeka area, through referrals from other locations.

Serenity Living Solutions reported that there were two open rooms when surveyed, and no waiting list existed. The contact person indicated that the pandemic was not viewed as an issue with recent demand. Most of the residents are from the Sebeka area, or have relatives living nearby.

### **Rental Rates**

Rates for assisted living are directly impacted by the level of care and services needed by the resident, and no specific rate information was obtained from these providers. Both of the assisted living providers in Sebeka will accept County assistance programs, such as Elderly Waiver. This assistance helps lower income seniors acquire supportive services.

### **Global Pandemic**

The research process for this Housing Study coincided with the global pandemic. While impacting all forms of housing, in Minnesota this event had the largest effect on senior housing providing services for frail residents. A number of different housing providers in the region have been listed on the Minnesota Department of Health website identifying senior facilities with confirmed COVID tests.

It is very possible that tenant movement had been suppressed. Seniors may be attempting to delay any move, if that is a possible option. Utilization rates should be re-evaluated when the pandemic is under control.

<b>Table 15 Sebeka Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Market Rate</b>					
Centennial Apartments 106 Jackson Ave	1 - 1 bedroom 10 - 2 bedroom <u>4 - 3 bedroom</u> 15 total units	\$550 \$690 \$790 +electric	2 vacant units 1 - 2 bdrm 1 - 3 bdrm	Mix of tenants	Two-level walkup apartment building constructed in 1999. Rent includes heat, water, sewer and garbage with tenant paying electric. Unit amenities include dishwasher, wall AC, balcony/patio and detached garages for extra fee. Three-bedrooms have 1088 sq ft and 1 bathroom. Two units were vacant on date of survey. General mix of tenants reported.
<b>Subsidized</b>					
Hilltop Villas 201 5 <sup>th</sup> St SW	6 - 1 bedroom <u>6 - 2 bedroom</u> 12 total units	\$610 \$630 30% of income	No vacant units, waiting list	General occupancy	Three 4-plexes constructed as USDA Rural Development subsidized housing - buildings are one-level and originally designated for senior/disabled but later changed to general occupancy. Hilltop and Riverview can offer project-based rent assistance to 30 of 32 tenants allowing rent based on 30% of income up to maximum rents listed. Amenities include stove, refrigerator and wall AC. Full occupancy reported on date of survey waiting list of 4 to 5 names.
Riverview Apartments 17 N Hubbard Ave	8 - 1 bedroom <u>12 - 2 bedroom</u> 20 total units	\$610 \$630 30% of income	1 vacant unit, 1 - 2 bdrm	General occupancy	USDA Rural Development subsidized apartment building - 2-level walkup that is designated for general occupancy. Riverview and Hilltop can offer project-based rent assistance to 30 of 32 tenants allowing rent based on 30% of income up to maximum rents listed. Amenities include stove, refrigerator and wall AC. One-bedrooms have 700 sq ft and 2-bedrooms have 800 sq ft; all units have 1 bathroom. One unit vacant at time of survey but 4 to 5 name waiting list exists.

<b>Table 15 Sebeka Multifamily Rental Housing Inventory</b>					
<b>Name</b>	<b>Number of Units/ Bedroom Mix</b>	<b>Rent</b>	<b>Vacancy/ Wait List</b>	<b>Tenant Mix</b>	<b>Comments</b>
<b>Subsidized</b>					
Tenant-based HUD Housing Choice Vouchers	4 households in Sebeka	N/A	N/A	General occupancy	Formerly the Section 8 Existing Program, HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. In Sept. 2020, 4 households in Sebeka were participating in the Wadena County program. Program typically has 65 to 69 Vouchers in use Countywide with most of these in Wadena. Waiting list exists with 140 households.
<b>Senior Housing with Services</b>					
Providence Villa 200 Minnesota Ave E	16 room facility with capacity for 28 residents	N/A	No vacant rooms	Assisted living	Senior assisted living facility that opened for occupancy in 2018. An existing structure was renovated and an addition was constructed to provide 16 rooms. With shared occupancy for couples the capacity could be 28 people. Full range of meals and care provided with 24-hour nursing staff. Owner reported full occupancy and good demand - many residents come from outside the Sebeka area through referrals. Mix of private pay and County assistance.
Serenity Living Solutions 1005 Wells Ave W	13 rooms with 12 single and 1 shared for 14 person capacity	N/A	2 open beds	Assisted living	Senior assisted living facility that opened in 2000 - units are primarily private sleeping rooms with private bathroom, with 1 room available for shared occupancy. 24-hour staffing, meals and services provided. Two beds open at time of survey and no waiting list. Pandemic has not significantly impacted occupancy or demand.

Source: Community Partners Research, Inc.

## **Employment and Economy**

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

### **Largest Employers**

The largest employers in Sebeka include:

- ▶ Sebeka Public Schools
- ▶ Caring Hands Inc.
- ▶ Sebeka DAC
- ▶ Anderson Homes
- ▶ City of Sebeka
- ▶ Hub 71 Restaurant
- ▶ Community First Bank
- ▶ West Central Telephone Association

Source: LakesnWoods.com

## Labor Force, Work Force and Unemployment

The Minnesota Department of Employment and Economic Development provides employment and labor force information for Wadena County. The following table looks at statistics since 2010.

<b>Table 16 County Labor Force and Employment: 2010 to 2020*</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	6,483	5,822	661	10.2%	7.4%	9.6%
2011	6,319	5,750	569	9.0%	6.5%	8.9%
2012	6,229	5,743	486	7.8%	5.6%	8.1%
2013	6,166	5,735	431	7.0%	5.0%	7.4%
2014	6,142	5,760	382	6.2%	4.2%	6.2%
2015	6,327	5,954	373	5.9%	3.7%	5.3%
2016	6,266	5,895	371	5.9%	3.9%	4.9%
2017	5,831	5,510	321	5.5%	3.4%	4.4%
2018	5,917	5,611	306	5.2%	2.9%	3.9%
2019	6,049	5,675	374	6.2%	3.2%	3.7%
2020*	6,073	5,626	447	7.4%	6.1%	8.4%

Source: MN Department of Employment and Economic Development

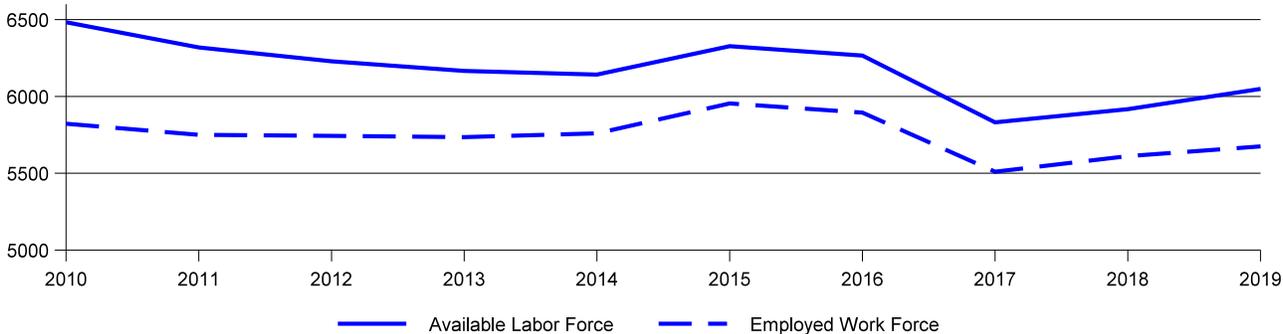
\* 2020 is through October

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

When viewed back to the year 2010, there has been some up and down movement in the size of the County’s available labor force. If 2019 is compared to 2010, the total resident labor force decreased by 434 people, or -6.7%. However, the low point for the decade was actually reached in 2017, and the size of the resident labor force increased from that time.

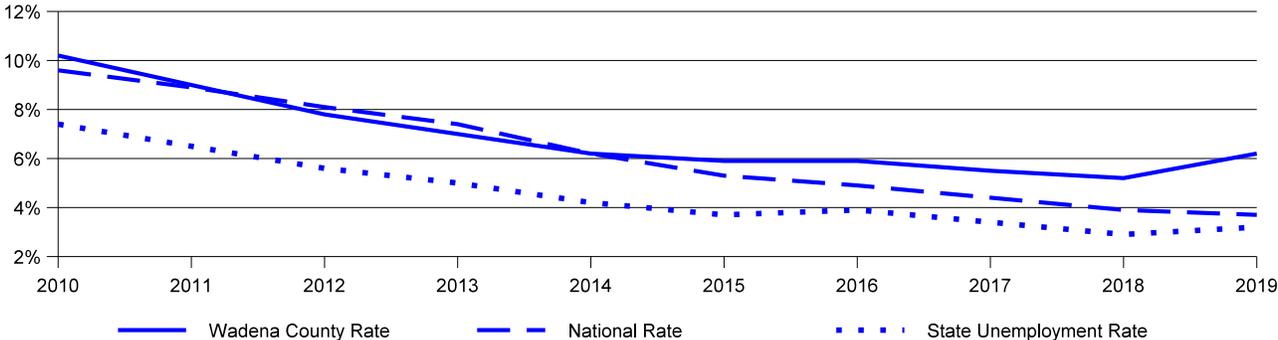
Generally similar patterns were present in the employed work force. From 2010 to 2019, the number of employed County residents decreased by 147 people, or -2.5%. During this time, the County’s unemployment rate has dropped from 10.2% in 2010 to 6.2% in 2019.

Wadena County Area Labor Force and Employed Work Force: 2010 to 2019



The County’s unemployment rate has shown some fluctuation, but had generally been on a downward trend through 2019. The County’s lowest unemployment rate was reached in the year 2018 at 5.2%. The highest rate was reached in 2010 at 10.2%.

Annual Unemployment Rate: 2010 to 2019



Since 2015, Wadena County’s unemployment rate has remained higher than the national rate, and has been above the Statewide rate for the entire time period reviewed.

The impact of the global pandemic is evident in the partial-year statistics for 2020. The County’s unemployment rate has increased, consistent with the State and national rates.

## Employment and Wages by Industry

The following table shows the annual employment and average wages for 2019, the last full year of data. The table only provides information for the City of Sebeka. The previous table, which provided information on the County’s labor force, represents the location of the worker by their home residence. The following table, represents the location of the job.

<b>Table 17 Sebeka Average Annual Wages by Industry - 2019</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	350	\$638
Construction	20	\$774
Trade, Transportation, Utilities	60	\$690
Education and Health Services	179	\$641
Leisure and Hospitality	41	\$231
Public Administration	18	\$529

Source: MN Department of Employment and Economic Development

For all industry, the average weekly wage was \$638 in 2019. At full-time employment for 52 weeks this would equate to an average annual wage of \$33,176.

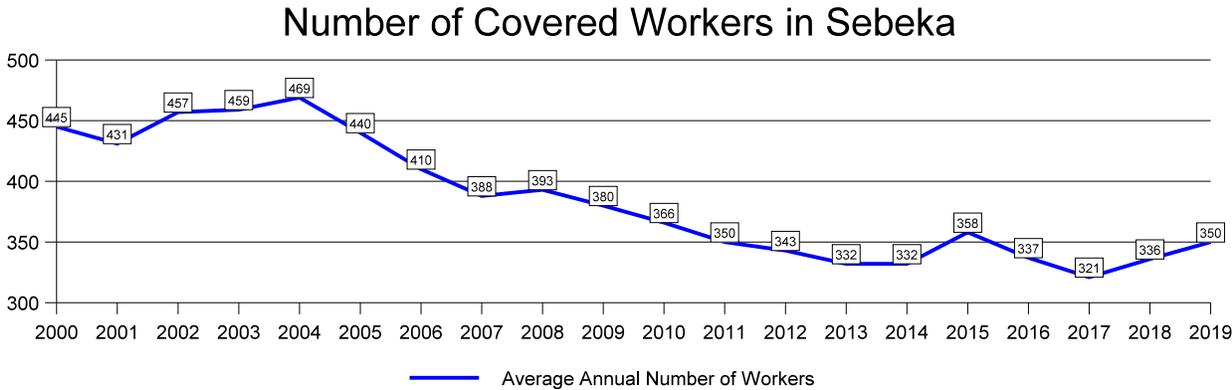
The dominant industry sector for total employment in Sebeka was Education and Health Services. More than 51% of all reported jobs in Sebeka were in this sector. The average weekly wage was \$641.

### Annual Covered Employment

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

Table 18 Sebeka Average Annual Employment			
Year	Total Covered Employment	Year	Total Covered Employment
2000	445	2010	366
2001	431	2011	350
2002	457	2012	343
2003	459	2013	332
2004	469	2014	332
2005	440	2015	358
2006	410	2016	337
2007	388	2017	321
2008	393	2018	336
2009	380	2019	350

Source: QCEW - MN Department of Employment and Economic Development



When viewed over a longer time period, back to the year 2000, there has been a gradual loss of covered jobs in Sebeka. Most of this decrease occurred before 2010, and since that time employment has remained relatively stable.

## Commuting Patterns of Area Workers

Information on commuting patterns is from the 2018 American Community Survey and has been examined for the City. The first table looks at travel time for City residents, excluding people that work at home.

<b>Table 19 Commuting Times for Sebeka Residents - 2018</b>		
Travel Time	Number	Percent
Less than 10 minute	61	18.4%
10 to 19 minutes	90	27.1%
20 to 29 minutes	70	21.1%
30 minutes +	111	33.4%
Total	332	100%

Source: American Community Survey

A majority of Sebeka’s residents were leaving the immediate area for employment 2018. Overall, more than 54% had a commute time of 20 minutes or more, and most of these were traveling 30 minutes or more for their primary job.

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

<b>Table 20 Commuting Times for Sebeka Employees - 2018</b>		
Travel Time	Number	Percent
Less than 10 minutes	117	32.6%
10 to 19 minutes	107	29.8%
20 to 29 minutes	64	17.8%
30 minutes+	71	19.8%
Total	359	100%

Source: American Community Survey

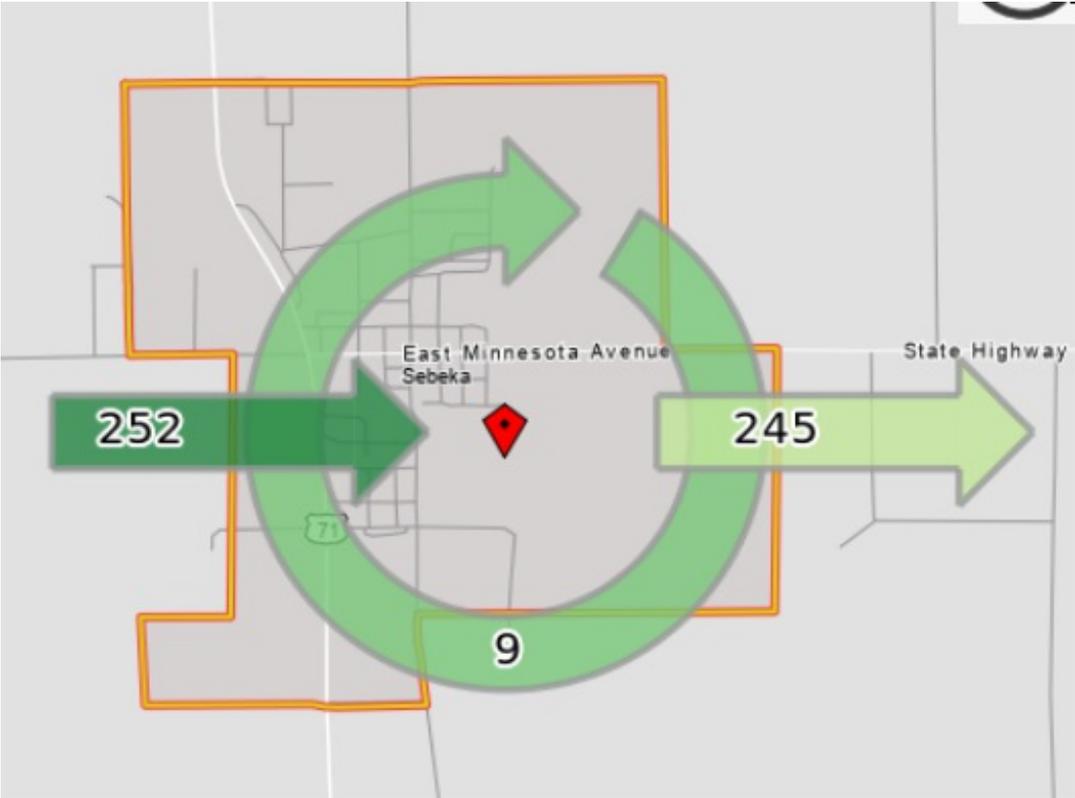
Most people that worked in Sebeka were traveling less than 20 minutes in 2018. Overall, more than 62% of the jobs were filled by people traveling 19 minutes or less, including the people that both live and work within Sebeka. However, nearly 20% of workers in the City were traveling 30 minutes or more.

### **Census On the Map**

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

According to the report for Sebeka, there were 261 people that were employed within the city limits in 2017. Only a small percentage of these Sebeka-based employees also lived within the City, with approximately 250 employees commuting in to work. The primary identified jurisdictions supplying workers to the City were Staples, Wadena, Leaf River Township and Thomastown Township.

Most Sebeka residents left their home community to work elsewhere. The primary locations listed for outbound commuters were Wadena, Staples, Brainerd, Perham and New York Mills.



# **Findings and Recommendations**

## **Summary of Key Findings for Sebeka**

### **Past Growth Patterns**

Over the past few decades, the City of Sebeka has maintained a relatively stable demographic profile for households living in the community. There have been some upward and downward changes from decade to decade, but when viewed over a longer time period, these changes have been limited.

In 2019, there were an estimated 311 resident households living in the City. While this was down slightly from the 321 households counted in the 2010 Census, it was up slightly from 299 households at the time of the 1990 Census. In general terms, the City has been experiencing a change averaging only one household (plus/minus) per year over the past 30 years.

### **Projected Growth**

Projections for smaller communities are often based on past patterns, which are then trended forward. For Sebeka, the relative stability in recent decades yields an expectation of limited change over the next five years. Since 2010 there have been minor decreases in both population and households. The projection obtained from Esri expects the City to lose approximately one household per year and one to two people per year through 2025.

Despite the limited change in the total number of households, the aging patterns of the existing residents should result in a growing number of households in the older ranges, especially between 55 and 74 years old.

While some growth is possible in specific younger age groups, overall there is a projected reduction in the number of households age 54 and younger in Sebeka through the year 2025.

### **Housing Construction/Availability**

There is some possibility for Sebeka to add households in the future without new housing construction, due to some vacant/underutilized older units in the community. But in general, the City will need to add housing to add households. Any unoccupied units that exist in the City in 2020 may not be attractive for potential occupants, due to condition, quality or features.

Since 2010, only one or two new houses have been built in Sebeka. The City also added 16 sleeping rooms for seniors needing assisted living.

Although specific building permit reports were not obtained for the years prior to 2010, the American Community Survey estimates show that the City has added fewer than 20 new housing units over the past 20 years.

### **Housing Tenure Patterns**

Sebeka has historically had a relatively average distribution of owner and renter-occupancy housing options. At the time of the 2010 Census, more than 71% of households were home owners. This has probably changed very little over the past 10 years.

The City does have some multifamily rental options, with most of the larger projects offering income-restricted subsidized housing. There are no identified rental projects that have been built in the City over the past 20 years, other than the sleeping rooms for assisted living.

### **Household Income and Housing Costs**

According to the 2018 American Community Survey, the median household income in Sebeka was \$46,875, slightly above the median for all of Wadena County.

Housing costs in Sebeka were generally in a moderate range. The estimated median value for an existing single house is probably less than \$70,000. The estimated median gross rent in 2018 was \$710 per month. Since much of the rental stock is federally subsidized, rent levels tend to be moderate.

Due to relatively low housing costs, most households in Sebeka have been able to acquire housing that is viewed as affordable. Fewer than 30% of renter households reported a housing cost burden in 2018. Only 12% of home owners were paying 30% or more of household income to housing costs.

While costs for existing housing are relatively low in Sebeka, the costs associated with new construction are substantially higher. This is probably a primary factor in the lack of new unit construction over the past two decades.

## **Employment and Commuting**

While there are employment opportunities in the City of Sebeka, the best information on commuting patterns indicates that most residents leave the community for their primary job. In 2018, nearly 55% of the City's employed residents were traveling 20 minutes or more to work.

The Quarterly Census of Employment and Wages (QCEW) reports workers that are covered by unemployment insurance. Using this data, longer-term employment patterns can be tracked. In Sebeka, there has been a gradual decrease of employment in the City over the past 20 years, although the number of covered jobs remained relatively stable between 2010 and 2019.

While a majority of residents appear to leave their home community for employment, most of the employment opportunities based in Sebeka are filled by non-residents. However, these inbound employees also tend to be local, as most people working in the City travel less than 20 minutes to work.

Based on the research completed for this Study, the following findings and recommendations have been made.

## Findings and Recommendations Overview

Community Partners Research, Inc., has utilized a range of sources in compiling information for this Housing Study. The following summary is provided of the specific recommendations being made. Later in this section, the specific findings that lead to these recommendations have been presented in detail.

<b>Findings and Recommendations</b>	
<b>Home Ownership Recommendations</b>	
1.	Projected Demand for One Owner-occupancy Unit Annually
2.	Promote the Affordable Lot Options in the City
3.	Additional Strategies to Encourage Lot Sales and New Home Construction
4.	Consider the Creation of Housing Construction Incentives
5.	Explore Options for Affordable New Construction Partnerships
6.	Promote the Affordable Existing Housing Stock in the City
7.	Utilize and Promote all Programs that Assist with Home Ownership
8.	Consider the Development of a Purchase/Rehabilitation Program
<b>Rental Housing Recommendations</b>	
9.	Promote the Production of 10 to 12 Units of Market Rate Rental Housing
10.	Monitor the Supply and Demand for Income-Restricted Rental Housing
11.	Monitor Demand for Specialized Senior Housing
<b>Housing Rehabilitation and Preservation</b>	
12.	Promote Rental Housing Rehabilitation Programs
13.	Continue to Promote Owner-occupied Housing Rehabilitation
14.	Demolish Dilapidated Structures
15.	Consider Programs to Improve the Condition and Quality of Mobile Homes
<b>Other Initiatives</b>	
16.	Create a Housing Plan and Coordination Among Housing Agencies
17.	Develop Community Marketing Programs and Strategies

## **Home Ownership Recommendations**

**Overview:** The City of Sebeka has had very little new home construction over the past decade. Annual reports from 2010 forward show only one or two new single family houses built in the City.

Sebeka does have a residential subdivision with approximately 16 vacant lots. This subdivision has existed for a number of years, with limited lot absorption. These lots are free provided that new home construction begins within one year of transfer. In 2020, the City was working with a local Habitat for Humanity chapter on getting a house built on one of these lots.

Existing home values in the community are in a lower price range. If all home sales since 2017 are aggregated, the median sale price was \$62,000. In 2020, it is probable that the median home value is below \$70,000, well below the costs associated with new construction.

In 2020, a large share of the households in Sebeka and Wadena County were age 55 and older. In the City of Sebeka, approximately 52% of all households were age 55 and older. Countywide, more than 55% of all households have a householder age 55 or older in 2020.

Empty-nester and senior households may consider the construction of a new single family home as a way to upgrade their housing. But over time, these older households will increasingly be looking for age-appropriate choices. This could include no/low maintenance options, including rental housing. With fewer young families and households, in the future there may be a smaller potential market than in the past for ownership of traditional single family homes.

The demand forecast and recommendations that follow are specific to the City of Sebeka. Different issues impacting home ownership will be addressed in the individual recommendations that follow.

## **1. Projected Annual Demand for One Owner-occupancy Unit Annually**

**Findings:** The City of Sebeka has had a long-term pattern of relative stability. The most recent patterns, since 2010, show the City gradually losing population and households. But these trends have varied from decade to decade, and since the year 1990, the average annual change in the number of households has been very limited.

Going forward, the household projections from Esri that are used for this Study would expect a minor reduction in both population and households in the City. However, the average projected decrease for households would be only one household per year.

In the opinion of the analysts, the addition of some high quality housing options in the City could result in some minor growth in the future. The net addition of one or more owner-occupancy households per year is achievable, provided some new houses are constructed.

**Recommendation:** Most households in Sebeka are home owners. While some additional rental housing could be built, the most realistic plan is to construct some new single family homes in the City. Over the next five years a goal of one new house annually should be pursued. To help achieve this level of annual production, some proactive efforts may be needed, as will be discussed in some of the recommendations that follow.

## **2. Promote the Affordable Lot Options in the City**

**Findings:** Based on information obtained from the City, there are as many as 16 vacant lots available in 2020 in a City-owned subdivision. It is possible that some additional building sites may also exist, including infill parcels or redevelopment properties.

The City will sell the lots in the subdivision at no cost to the buyer, provided that construction of a new house begins within one year. Despite this offer, only one or two new houses have been built in the past 11 years.

The recent experience in Sebeka is not substantially different than other cities in the County. In Menahga, Wadena and Staples, the annual average for single family housing starts has tended to be low in recent years. In nearby communities like New York Mills, residential lots have been offered at a very low price without any significant market response.

**Recommendation:** The City should actively promote the attractive lot options that exist for new home construction. The projections being used in this Study do indicate the potential demand for approximately one house per year over the next five years.

The City has already started working with Habitat for Humanity, and this may be a way to help start some new home construction.

### **3. Additional Strategies to Encourage Lot Sales and New Home Construction**

**Findings:** With a relatively large inventory of City-owned vacant lots in the Northern Acres subdivision, the following efforts could be explored to promote additional construction and lot absorption.

**Recommendation:** Our recommendations to promote lots sales and housing development include:

- ▶ ***User-Friendly*** - The lot purchase and home building process should be 'user friendly.' This includes an inventory of vacant lots, builders that are readily available to build custom homes and city regulations that are fair and reasonable. The entire process should be as 'user friendly' as possible.
- ▶ ***Lot availability for twin home/town home development*** - Although there is no evidence of attached single family housing for owner-occupancy in the recent past, the demographic patterns for the area show an aging population that could create demand for twin homes/town homes over the next five years. If possible, lots should be available for a twin home/town home construction.
- ▶ ***Range of house prices*** - Lots should be available to as wide a range of home sizes and prices as possible, without compromising the subdivisions. This broadens the lot buyer market. Smaller lots with fewer amenities could be marketed for more affordable homes.
- ▶ ***Marketing*** - The City could develop a comprehensive marketing strategy to sell available lots. All stakeholders should be included in creating marketing strategies. This would include marketing the attractiveness of the community as a place to live.
- ▶ ***Manufactured/Modular homes*** - Manufactured and modular homes can provide affordable opportunities for moderate income households.

#### **4. Consider the Creation of Housing Construction Incentives**

**Findings:** Given the limited demand for City-owned lots that has been present for many years, there may be proactive efforts needed to attract a larger market share.

One successful approach used by other communities is to offer some type of financial assistance for new construction. There are many ideas that have been used, including a waiver of municipal fees for building permits or water/sewer connections. If allowable, some cities have used property tax abatement or tax increment financing programs to pay for improvement costs. Others have used a direct cash incentive, such as a down payment assistance program.

**Recommendation:** The City has a strong interest in adding to its housing stock, to provide housing options for a local work force and to help replace older homes. In addition to a free lot, the City may wish to consider incentives that could be offered to accelerate home building. Home ownership promotes community stability. While costly, financial incentives could provide the City with a competitive advantage over other housing opportunities available in the region.

One consideration that may impact the discussion of construction incentives is based on the legal power to waive fees. The City Attorney may need to be consulted before any incentives are offered to be sure that they meet a “public purpose” test.

#### **5. Explore Options for Affordable New Construction Partnerships**

**Findings:** In an effort to generate more affordable new home construction, some communities have teamed with nonprofit groups to build new homes. The City has already had discussions with Habitat for Humanity.

One recent example is in the nearby City of Frazee that worked with the Midwest MN Community Development Corporation (MMCDC) to construct four houses on a redevelopment parcel. Starting in 2016, two houses were constructed and successfully sold. In 2018 and 2019, two additional houses were built and sold.

These are modest homes, with a split-entry design and approximately 936 sq ft of living space per level. To keep the initial costs low, the lower level was not finished. An optional two-car detached garage was available, along with a finished lower level, depending on the financial ability of the home buyer.

Despite the cost-cutting efforts being applied, these homes had a higher development cost than could be charged to the end buyer, based on a property appraisal. The houses needed an approximate cost write-down of \$48,000 each, which came from supplemental grant programs. The first two houses were sold for \$165,500, despite a total development cost of approximately \$213,000. The next two homes sold for \$175,000 but also had a slightly higher development cost.

**Recommendation:** The projections used for this Study do expect some demand for affordable home construction, but this demand will probably be for only one or two homes over the 5-year projection period. MMCDC is an established partner in working within the region to address this most affordable market segment.

The difficulty with this approach will be securing adequate funding for the development subsidy that may be needed. The houses in Frazee needed approximately \$48,000 each in cost write-downs. Future construction by MMCDC would therefore be dependent on securing outside assistance.

Despite the difficulties in making this affordable project work, it has helped Frazee to achieve multiple community goals, including the redevelopment of a blighted area, the provision of more affordable home ownership and adding to the number of home owners living in the City. To the extent that adequate outside funding can be secured, this effort could be explored in Sebeka.

Based on actual market evidence, a realistic goal would be to construct one or two affordable houses over the next five years. Lots in the City-owned Northern Acres Subdivision could be used for this initiative.

Additional projects with Habitat for Humanity could also be explored.

## **6. Promote the Affordable Existing Housing Stock in the City**

**Findings:** Although lower values for existing homes can serve as a deterrent to new construction, older homes do offer a very affordable ownership option. This Study tracked the sales activity in Sebeka back to the year 2010.

Given the limited annual sales activity, the midpoint sale for any 12-month period may not be an accurate indicator of overall values. But since 2017, the estimated median sale price has been \$62,000. A reasonable estimate is that the median value in the City in 2020 would be below \$70,000 for the average existing house.

Comparative home value information from the American Community Survey indicates that prices in Sebeka tend to be lower than larger nearby cities. According to the American Community Survey, the median value for an owner-occupied home in Sebeka was approximately \$63,100 in 2018. This was well below the estimated medians of \$95,000 in Menahga, \$100,300 in Wadena, \$135,900 in Park Rapids, or \$102,800 in New York Mills. The estimated median for all of Wadena County was \$123,700. Lower-valued existing homes can represent a very attractive ownership option for potential home buyers in the larger region.

**Recommendation:** Sebeka has many job opportunities within the City, and residents can also commute to nearby employment centers. One of the community goals is to provide attractive housing for the local work force. Promotion of the affordable ownership options can help achieve this goal. Sebeka does have a potential competitive advantage in attracting home buyers, with lower average values for single family houses than in the area's larger regional centers.

There is some evidence that over time, some of the City's older, lower-valued homes have slipped into disrepair. Action may be needed to clear some of these substandard structures, but it is in the City's best long-term interest to maintain and improve the older housing stock to attract home owners, and maintain the rate of home ownership.

As will be discussed later in this section, programs and assistance can be offered to improve the quality and condition of older houses that will make this affordable stock more appealing to potential buyers. There have been efforts in the past by housing agencies to offer special financing options that combined the home mortgage and rehabilitation assistance into a single loan. Borrowers can use these types of programs to purchase a house in need of repair and make the necessary improvements with the rehabilitation component.

## **7. Utilize and Promote all Programs that Assist with Home Ownership**

**Findings:** Home ownership is generally the preferred housing option for most households and most communities. The best available information indicates that more than 70% of all households living in Sebeka are home owners. There are programs that can be used to promote home ownership. The area's housing agencies and financial institutions can assist with this effort.

First time home buyer assistance, down payment assistance, and low interest loans help to address affordable housing issues. The City's median home value is probably below \$70,000 and there are many lower valued houses in the community that are very affordable for first time buyers. A local down payment assistance program could be explored through regional housing agencies. The Federal Home Loan Bank may have funding for closing cost and down payment assistance programs.

Home ownership counseling and training programs could also be offered. These programs can play a significant role in helping marginal buyers achieve home ownership.

While these individual home ownership assistance programs may not generate a large volume of new ownership activity, the combination of below market mortgage money, home ownership training, credit counseling, and down payment assistance may be the mix of incentives that moves a potential home buyer into home ownership.

**Recommendation:** The City, area financial institutions and regional housing agencies should utilize all available assistance programs to promote home ownership. The community could explore the possibility of obtaining specific program set-asides for use in the community. Funding sources for home ownership programs may include MHFA, USDA Rural Development, the Greater Minnesota Housing Fund and the Small Cities Development Program.

Both MMCDC and the Central MN Housing Partnership (CMHP) are regional nonprofit agencies dedicated to affordable housing that have been active in Wadena County. Both of these agencies can potentially assist with affordable home ownership program delivery.

## **8. Consider the development of a Purchase/Rehabilitation Program**

**Findings:** Sebeka has a stock of older homes, some of which may need repairs. The estimated median year of construction for all owner-occupancy houses in the City is 1950. Approximately 63% of the single family homes in the City are more than 60 years old. As some of the lower valued homes come up for sale, they may not be attractive options for potential home buyers because of the amount of maintenance and repair work that is required.

In the past, the Minnesota Housing Finance Agency had provided funding for the Minnesota Urban Homestead Program (MURL) Program. Under the program, the City or an area housing agency purchased an existing home that

needed rehabilitation, rehabilitated the home, sold the home to a low income family and provided a mortgage and a monthly payment that was affordable.

MURL accomplished many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. However, MHFA is no longer providing MURL funding.

**Recommendation:** We recommend that Sebeka explore options for the creation of a purchase/rehab program for existing houses. A regional housing agency could assist by purchasing a home that needs repair, rehabilitate and then resell the home to an eligible buyer.

A program could also be developed to provide mortgage funds directly to households for the purchase and rehabilitation of existing substandard homes. This program would not require an intermediate housing agency to purchase the house. In some cases, it may be possible to assist private contractors with purchasing, repairing and reselling homes.

The Minnesota Housing Finance Agency (MHFA), the SCDP Program, and the Federal Home Loan Bank are potential funding sources.

Attitudinal surveys conducted in other cities have found that purchase/rehab programs can be appealing to people who are currently renting their housing. In some communities, more than 80% of survey respondents who were renters indicated an interest in buying a home in need of repair if rehabilitation assistance was also available.

A purchase/rehabilitation program will achieve several goals. The program will encourage home ownership, prevent substandard homes from becoming rental properties, convert rental properties back to owner-occupancy, and rehabilitate homes that are currently substandard.

## **Rental Housing Recommendations**

**Overview:** Most households living in Sebeka own their housing, but the City also has a relatively average level of rental housing. At the time of the 2010 Census, nearly 29% of all households in the City were renting their housing. This percentage has probably remained largely unchanged since 2010, as very little new housing has been constructed in the City since 2010.

The City has a mix of structures providing rental housing. However, most of the units in multifamily projects serve the income-restricted affordable market segment. The City also has facilities addressing the senior segment providing supportive services. But these are sleeping rooms and not independent living units. Single family houses represent much of the conventional market rate segment.

Only one larger-scale project serving the market rate segment could be identified in Sebeka. The 15-unit Centennial Apartments project was constructed in 1999.

Sebeka has an inventory of 32 income-restricted housing units in multifamily projects. These serve the general occupancy segment and all but two of these units can offer project-based rent assistance for lower income households.

There are also 29 units/rooms providing assisted living care. But these are not independent apartment units with kitchens, but are sleeping rooms for people needing specialized care.

Looking at the growth potential for the City to the year 2025 yields a reasonable expectation of very limited change in the number of households. However, in the opinion of the analysts, the City does have some growth potential, provided suitable housing options exist. Neighboring communities including Menahga, Wadena and New York Mills have all had success with newer market rate rental development, and a modest-sized project in Sebeka could people the City to attract or retain households and people.

The following recommendations address specific segments of the Sebeka rental market.

## **9. Promote the Production of 10 to 12 Units of Market Rate Rental Housing**

**Findings:** The last identified construction of traditional rental housing in Sebeka dates to 1999, when the 15-unit Centennial Apartments project was built. Over the next 20 years, no additional development occurred, other than specialized care sleeping rooms serving seniors needing assisted living.

There has been more recent rental development in a number of nearby communities, including Menahga, Wadena and New York Mills. In each of these cities, high quality rental units have been built, often in town house-style units with an attached garage. These rentals have proven to be very popular with senior renter households. The single family-style unit design can serve as a transitional step for seniors that elect to sell their single family house as they move into more age-appropriate housing.

Estimated gross rents for a two-bedroom option in these various comparable projects have generally ranged from approximately \$950 to \$1,250, depending on specific size and features. Reported occupancy rates are very high, with waiting lists often reported for these units.

While these comparable projects are successful, the required rent levels are above the ability to pay for most renter households in the area. According to American Community Survey income data for the Wadena County, approximately 54% of all renter households had an annual income below \$35,000 in 2018. For these households, a monthly gross rent payment of \$875 or less is considered to be affordable.

Fewer than half of all existing renter households in the County can afford the rates being charged in the newer market rate projects that have been constructed in recent years.

**Recommendation:** To help expand the high quality housing options in Sebeka, the construction of 10 to 12 market rate rental units is recommended over the next five years. Although different rental styles could be used to meet this goal, including a small apartment project, the success of past town house-style projects in neighboring communities would support this type of future development in Sebeka. An advantage of this construction style is that units could also be added in smaller four to eight unit increments.

Given Sebeka's relatively large population of empty-nesters and seniors, a town house-style project would serve households looking for a life-cycle change from home ownership. This type of housing can serve as a bridge between home ownership and rental housing, and has generally been very successful with seniors.

As an alternate plan, a small-scale apartment building, similar to Centennial Apartments, could probably achieve a lower rent structure. Gross rents of \$800 or less may be possible for one-bedroom units, and below \$900 for two-bedrooms.

As stated previously, the age-based projections for the City expect that approximately 52% of all households will be age 55 or older by the year 2025. Regardless of actual construction type, any new rental housing in Sebeka should contain amenities and features that would appeal to this older adult segment of the market.

The first option to developing market rate rental housing would be to encourage the private sector to construct this housing. Each of the neighboring communities identified above were able to proceed with private developers. But if private-sector activity does not occur, the City or a regional housing agency could utilize essential function bonds or similar funding sources to construct market rate rental housing in Sebeka.

Another model that could be considered is a joint public-private approach. In 2017, the City of Villard in Pope County partnered with a private developer on a redevelopment project that resulted in the construction of four high quality rental housing units. The land was acquired and cleared as a public project, and then the parcel was sold to the developer at a low cost. Without the public involvement, it is doubtful that this project would have been constructed.

## **10. Monitor the Supply and Demand for Income-restricted Rental Housing**

**Findings:** There are two rental projects in Sebeka that provide affordable housing but have income restrictions for tenants. Hilltop Villas and Riverview Apartments have a combined 32 units. Both projects were developed using USDA Rural Development subsidies. In 30 of the 32 units project-based rent assistance can be offered, allowing tenants to pay rent based on 30% of income.

Hilltop Villas was designated for senior/disabled occupancy but later was changed to general occupancy housing. All of the subsidized units in Sebeka have either one or two bedrooms, with no options for larger families.

In addition to these subsidized properties, there are also four tenant-based rent assistance Vouchers being used in Sebeka. Although some overlap in resources may be present, there are potentially 36 households in Sebeka that have access to some form of assisted housing in 2020. This may represent up to 35% or more of all rental opportunities in the City.

With a relatively large percentage of subsidized resources, the 2018 American Community Survey reported that fewer than 30% of all renter households in Sebeka were applying 30% or more of their income for housing. These households also tended to have lower incomes, and would generally be eligible for subsidized housing.

**Recommendation:** In recent decades there have been very few resources for the development of new “deep subsidy” housing, similar to Hilltop Villas or Riverview Apartments. There have been some resources for “shallow subsidy” projects, such as federal low income housing tax credits, but these are general awarded for projects in larger employment centers.

Despite the relatively large supply of subsidized housing in Sebeka, some renters are still experiencing a housing cost burden. While the City could benefit from some additional “deep subsidy” units, it is highly unlikely that funding could be secured in the future.

We would recommend that Sebeka monitor the existing supply of subsidized rental housing. At this time, it would not be practical to pursue the development of additional income-restricted housing in the City. An important strategy is to preserve the existing subsidized options. Any very affordable housing that is lost is unlikely to be replaced.

A more realistic approach to providing affordable housing is to expand the local use of the tenant-based Vouchers. There is a lengthy waiting list for the Voucher program, but continued promotion of this resource to area renters should be encouraged. With only four current households in Sebeka utilizing this program, there could be opportunities to expand its use.

The Wadena HRA is attempting to secure additional rent assistance funding through HUD's Mainstream Vouchers program. Mainstream Vouchers assist non-elderly households that include a person with disabilities. HUD had not made new funding awards under this program for many years, but in 2019 some additional Vouchers were provided. Although this assistance is targeted to specific qualifying households, it does expand the overall pool of rent assistance resources available to County residents, and could reduce the competition for traditional Vouchers.

## **11. Monitor Demand for Specialized Senior Housing**

**Findings:** For a small community, Sebeka has two different housing options for seniors as they move through the aging cycle. Providence Villa and Serenity Living Solutions both are stand-alone facilities that provide senior assisted living.

Seniors are housed in private or shared sleeping rooms. Combined there are 29 rooms available, with capacity for 42 people if all shared rooms are utilized. Shared occupancy would generally occur when couples or family members live together, so it is assumed that most rooms typically have one occupant.

A separate part of this Wadena County Housing Study includes a Countywide perspective and includes detailed information on the supply of specialized senior housing. This analysis also provides information on older senior citizens living in Wadena County. In addition to Sebeka, specialized forms of senior housing exist in Menahga, Wadena and Staples.

In the opinion of the analysts, the two senior segments that appear to be under supplied in Wadena County are light services/congregate housing and housing dedicated to people with memory loss.

All of the rooms in Sebeka are oriented to assisted living care. The City does not have a light services project. There is no dedicated memory care housing in Sebeka, although it is probable that some of the assisted living residents may have memory loss issues.

This Study has compared demographic statistics for older senior citizens, age 75 and older, that live in Wadena County to the overall supply of specialized housing. It is recognized that the potential draw area for senior housing would extend beyond the County's borders. The analysis contained in this document is focused on assuring that County residents have access to specialized care options as they move through the aging cycle.

The following calculations have been made on the current distribution of units in the County compared to these senior demographics:

***Light Services Senior Housing*** - Housing options with light services for more independent seniors exist in Menahga and Staples. This type of housing is not present in Sebeka or in Wadena, the largest city in Wadena County. A reasonable estimate is that between 35 and 40 total units currently serve this housing segment, with nearly half of these in Menahga. To maintain full occupancy, a capture rate of approximately 3.8% to 4.3% is required among all senior households Countywide. An expansion of housing within this segment may be needed, although Wadena would be a logical location, as this community is not currently served by this housing type.

***Assisted Living*** - Assisted living housing options for seniors needing a higher level of services exist in Sebeka, Menahga, Wadena and Staples. A reasonable estimate is that between 135 and 140 total units/rooms serve this housing segment Countywide, with approximately 21% of these located in Sebeka. For older senior households age 75 and above in Wadena County, a capture rate of approximately 12.7% to 13.2% is required to maintain full occupancy. This is a relatively high capture rate, and some unused capacity was reported in 2020, although the impact of the global health pandemic on occupancy patterns is difficult to assess.

***Memory Care*** - This very specialized form of housing serves people in the advanced stages of memory loss that cannot live successfully in other types of senior housing. Memory care options exist in Wadena and Staples. This type of housing is not present in Sebeka. A reasonable estimate is that capacity currently exists for approximately 46 people in this housing segment in Wadena County. The current supply of memory care beds would need to capture approximately 3.2% of the County's older senior population to achieve full occupancy. Utilization rates in the existing supply of memory care beds/units tend to be high. There was some unused capacity reported, but this may have been directly linked to the COVID pandemic.

***Skilled Nursing Homes/Long-Term Care*** - Skilled nursing homes are present in Menahga, Wadena and Staples. Some of the licensed beds are dedicated to uses such as memory care or transitional care stays. An estimated 125 to 130 skilled nursing beds are generally available to longer-term residents. The supply of longer-term nursing home beds would need a capture rate of approximately 7.6% of the total population of older seniors (age 75+) in order to maintain a bed utilization rate of 95%. The actual utilization rate in 2020 is well below this level, but this segment is being directly impacted by the pandemic, with some beds temporarily changing focus to create COVID wards.

**Recommendation:** It is important to state that the global pandemic underway in 2020 has the potential to significantly impact specialized housing options for seniors. In Minnesota, more than 70% of the COVID deaths were in residents of long-term care or assisted living facilities. The recommendations concerning this type of housing are made with the assumption that the pandemic will soon be contained.

In the City of Sebeka, the best current information indicates that residents are well served by assisted living options. One of the providers stated that many residents come from outside the immediate Sebeka area, as the capacity within the City probably exceeds locally-generated demand.

The other types of specialized senior care are not available locally, including light services housing, specialized memory care and skilled nursing beds for long-term care. However, these types of care can be accessed in Menahga or Wadena, as well as in communities in other nearby counties.

At this time, we would not recommend any further construction of specialized senior housing in Sebeka. In the opinion of the analysts, any future production would be more appropriate to occur in Wadena or Menahga.

It is important to state that this Study has not examined competitive positioning between providers. For-profit housing providing services can be a very competitive business. A newly built facility may succeed by offering a superior housing product. However, if the overall demand is not adequate, the less competitive providers may experience decreased occupancy. Overall, we have based our recommendations on supply and demand, not competitive factors.

## **Housing Rehabilitation**

**Findings:** The City of Sebeka has an asset in its existing housing stock. Existing units, both now and into the future, will represent the large majority of the City’s affordable housing opportunities. As the existing housing stock ages, more maintenance and repair will be required. Without rehabilitation assistance, the affordable stock will shrink, creating an even more difficult affordability situation.

Existing units generally sell at a discount to their replacement value. Units that are not maintained and improved may slip into disrepair and be lost from the housing stock. Efforts and investment in housing rehabilitation activities will be critical to offering affordable housing opportunities.

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

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

**Findings:** Much of the conventional market rate rental stock in Sebeka exists in smaller structures, primarily single family houses and mobile homes offered for rental use. Much of the inventory in small structures is older housing.

Based on American Community Survey estimates, approximately 17% of all rental units in the City were constructed prior to 1960. This may include older, lower-valued houses may have been acquired by investors over time, and then converted to rental use.

The rehabilitation of older rental units can be one of the most effective ways to provide decent, safe and sanitary affordable housing. However, it is often difficult for rental property owners to rehabilitate and maintain their rental properties while keeping the rents affordable for the tenants.

The City has been successful in securing funds through the Rural Housing Preservation Grant program through USDA Rural Development. However, these were offered for owner-occupancy housing, not rental property.

**Recommendation:** Sebeka should promote the rehabilitation of older rental housing. Working with regional housing agencies, the City should seek funds to rehabilitate rental units. In Sebeka, this is likely to be “spot” rehab activity, as most of the older rental housing will be in single family houses or small rental structures.

### **13. Continue to Promote Owner-occupied Housing Rehabilitation**

**Findings:** A housing condition survey completed in 2020 found some houses in need of repair in Sebeka. In total, 242 houses were viewed and rated for condition.

Most of the houses in the City are generally in good condition, with more than 71% rated in the sound or minor repair categories. However, there were 45 houses rated as needing major repair, and 21 houses rated as dilapidated. Dilapidated structures may be beyond the point of economically feasible repair. These structures may need to be cleared, with a plan to re-use the lot.

Sebeka does have an older housing stock. According to the American Community Survey, the median year of construction for owner-occupancy units is 1950. Approximately 63% of the City's owner houses were constructed before 1960.

The City has been successful in securing funds through the Rural Housing Preservation Grant program through USDA Rural Development. These are being used to rehabilitate 11 owner-occupancy houses. Other funding sources, including programs from the Minnesota Housing Finance Agency and the Weatherization Program may also in use.

**Recommendation:** We would recommend that the City continue to prioritize the rehabilitation of the older housing stock in the community. The Small Cities Development Program is the best funding source that can be used for a larger-scale rehabilitation effort. The City has not participated in an SCDP housing rehab grant since about 2012. Future grant applications are encouraged, along with promotion of other programs and funding sources to assist with the repair of single family homes.

### **14. Demolish Dilapidated Structures**

**Findings:** The housing condition survey found 21 single family houses in the City that are dilapidated and possibly too deteriorated to rehabilitate. While it is probable that some houses have been demolished and cleared in recent years, a substantial number of substandard structures remain.

**Recommendation:** The City should continue to work with property owners to demolish or repair dilapidated structures. The appearance of the City is enhanced when blighted buildings are removed. It may also be possible to re-use cleared lots for redevelopment.

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

**Findings:** The housing condition survey did not view and rate mobile homes in Sebeka. However, secondary data sources would indicate that some of the mobile homes in the City may be in need of improvement. According to the American Community Survey, most of the mobile homes have a date of construction prior to 2000. Older mobile homes may be showing deterioration, and may be difficult to economically repair.

**Recommendation:** Addressing the issues created by substandard mobile homes is not easily solved. Some communities have rehabilitated older units, but this is difficult to accomplish because of the type of construction of mobile homes, and it is rarely cost effective. Some communities have established programs that provide for the purchase and removal of substandard mobile home units, provided a newer unit is purchased to replace the acquired dwelling. While this approach can work well in upgrading the stock, it can be expensive, especially if there are a large number of homes in poor condition.

## **Other Initiatives**

### **16. Create a Housing Plan and Coordination Among Housing Agencies**

**Findings:** The City of Sebeka does not have designated staff to work on housing programs and issues. The City may need resources to plan and implement some of the housing recommendations advanced in this Study.

The City does have access to County and regional agencies, including the Wadena Housing and Redevelopment Authority, Midwest Minnesota Community Development Corporation (MMCDC), Central MN Housing Partnership (CMHP), and Mahube-Otwa Community Action. There are also State-level resources, including the Minnesota Housing Finance Agency (MHFA), USDA Rural Development and the Greater MN Housing Fund. All of these agencies and organizations have experience with housing and community development programs and funding.

**Recommendation:** The City is fortunate to have access to several agencies that can address housing needs. It is our recommendation that the City work with the housing agencies to prioritize the recommendations of this Study and to develop a plan to address housing needs. The plan should include strategies, time lines and the responsibilities of each agency. While there has traditionally been a degree of staff interaction between these agencies, it will be important that a coordinated approach be used to prioritize and assign responsibility for housing programs.

It will also be important for Sebeka to look for opportunities to work cooperatively with other surrounding cities to address housing issues. With other small cities in the County with limited staff capacity, cooperative efforts may be the best way to accomplish certain projects. This approach will not only make housing projects more practical, but they will often be more cost-effective and competitive.

### **17. Develop Community Marketing Programs and Strategies**

**Findings:** There is competition from other cities in the immediate region to attract new residents, new home construction and home buyers. A community that invests in active marketing may have an advantage. Attracting interest from a potential home buyer may sometimes be limited by a lack of information and awareness of financing and incentive programs, homes and lots that are available for sale, a list of local builders, etc.

This is especially evident for new households moving into the area. The home buying/home building process can be very intimidating for first-time buyers and builders. It is important for the home buying or home building process to be user-friendly.

**Recommendation:** The City of Sebeka can work to promote the City as a desirable place to live, and could consider the following activities:

- ▶ Identify the City’s strengths and competitive advantages and heavily promote them
- ▶ Create marketing materials that can be distributed regionally (including internet, TV, radio, etc.)
- ▶ Work closely with employers to provide employees (especially new employees) with housing opportunities in the City
- ▶ Work with housing agencies to provide down payment assistance, low interest loans, home owner education and home owner counseling programs
- ▶ Work with builders to make the construction of a new home a very user friendly process
- ▶ Continue to work on the creation of jobs and the development of retail, commercial, service and recreational opportunities that make the City a “full service” community
- ▶ Provide attractive lots at an affordable price for a variety of home sizes, styles and price ranges
- ▶ Preserve and improve the quality of the City’s housing through the rehabilitation of substandard housing and the demolition of dilapidated structures that are beyond repair
- ▶ Develop new housing choices, such as new rental housing, twin homes, etc.
- ▶ Develop incentives and strategies to encourage builders and households to buy lots and to build and buy new homes.
- ▶ Review the City’s building policies and fees to assure that they are user-friendly, fair and reasonable for developers, builders and households.
- ▶ Develop a coordinated housing plan with area housing agencies.