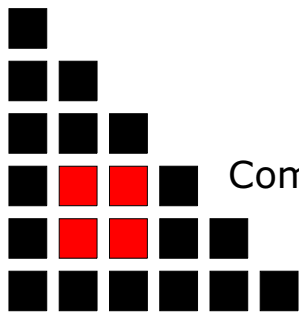


# City of Detroit Lakes HOUSING STUDY UPDATE

July 2024

An updated analysis of the overall housing needs  
of the City of Detroit Lakes and the surrounding area



Community Partners Research, Inc.

Lake Elmo, MN

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# Introduction

## Overview

Community Partners Research, Inc., was hired by the Detroit Lakes Housing and Redevelopment Authority (HRA) in 2013 and 2017 to complete a comprehensive study of housing market conditions in Detroit Lakes and the surrounding area. With changes in the community over time, the City of Detroit Lakes contracted for an Update to the previous documents in 2024.

## Methodology

A variety of resources were utilized to obtain information for the Update. Community Partners Research, Inc., collected and analyzed data from April to July 2024. 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 Becker County
- Data provided by the Multiple Listing Service
- Data from the MN Dept. of Employment and Economic Development
- Interviews with staff from the City
- Interviews with people familiar with the area's housing conditions
- Area housing agencies
- Rental property owner surveys

## Limitations

This Update represents an analysis performed with the data available at the time of the research. Any findings are based upon current solutions and the best available information on future trends and projections. Significant changes in the area's economy, employment growth, tax policy or other related factors could change the findings and conclusions contained in this report. This Update has not attempted to project future economic conditions, but instead has relied on past patterns and practices.

This study was prepared by:  
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## Executive Summary

This 2024 Housing Study Update was based on previous documents created for the Detroit Lakes area, most recently in 2018. This Update has largely followed the format and content of the prior study, and is organized into the different sections as listed below. This Executive Summary follows in the same format, and provides some of the highlights from each of the individual sections.

- ▶ Demographic Data
- ▶ Projection Data
- ▶ Income and Housing Costs
- ▶ Existing Housing Data
- ▶ Rental Housing Inventory
- ▶ Senior Housing with Services Inventory
- ▶ Employment and Local Economic Trends
- ▶ Findings and Recommendations

### Demographic Highlights

- ▶ The City of Detroit Lakes has continued its long history of population and household growth. This Update has once again examined the City as part of an aggregated area, referred to as Greater Detroit Lakes which also includes Detroit and Lake View Townships. The best available information shows that the City has accounted for the large majority of population and household growth for the Greater Detroit Lakes area in recent years.
- ▶ Annexation may have had some impact on past growth patterns for the City of Detroit Lakes, but the Greater Detroit Lakes area would not be impacted by annexation changes. The aggregated area added 618 permanent resident households between 2010 and 2020 according to the Census. Over the decade, the area added an average of nearly 62 households per year, very consistent with the estimate that had been used in the 2018 Housing Study.
- ▶ Household growth between 2010 and 2020 was generally consistent with identified growth in the housing stock. Between 2010 and 2019, an annual average of approximately 73 units per year was added through new construction in Detroit Lakes. With the assumption that some older housing was removed during the decade, new unit creation and household growth were somewhat similar.

- ▶ Post-Census household estimates show a lower level of household growth after 2020. Average growth for Greater Detroit Lakes was estimated at approximately 26 households per year by the State Demographer. Once again, this would be somewhat consistent with housing construction patterns. From 2020 through 2022, an annual average of approximately 36 housing units per year was constructed in Detroit Lakes. With limited excess housing capacity, housing unit growth and household growth are closely linked in Detroit Lakes.
- ▶ The anticipated age progression patterns identified in previous studies have continued to occur, as the large “baby boom” generation moves through the aging cycle. As a desirable place to live, Greater Detroit Lakes continues to attract and retain older adult households. According to the 2020 Census, the Greater Detroit Lakes area added more than 650 households over the prior decade in the age ranges between 55 and 84 years old.

### **Projection Highlights**

- ▶ This Update has once again examined different projections for future growth within the Detroit Lakes area. In the opinion of the analysts, the projections available from other data sources are too conservative for the area’s growth potential. A realistic forecast over the next five years is that Greater Detroit Lakes will add between 55 and 60 households in a typical year, with the large majority of these households within the City.
- ▶ This projection may prove to be conservative, as the area has historically grown at an even faster rate. However, with a direct link between housing availability and household growth, future changes may be more limited. In the past five years the City of Detroit Lakes has not permitted 50 or more housing units in a single year. With very little excess housing capacity, new unit creation will need to be higher going forward to even achieve the annual average of 55 to 60 households.
- ▶ This Update also contains new age-based forecasts. These projections expect that more than 54% of all households in Greater Detroit Lakes will be age 55 and older by the year 2028. The largest numeric increase will be from households age 75 or older.
- ▶ Some growth is also projected in certain younger adult age groups, including the 45 to 54 year old range. However, some expected losses in other younger ranges results in more limited growth through 2028 from non-senior households age 64 and younger.

## **Income and Housing Cost Highlights**

- ▶ The primary source of information on income is the 2022 American Community Survey, so a data lag exists. The 2022 estimates are also based on limited sampling, so a margin of error applies.
- ▶ According to the American Community Survey, there has been solid growth in both the median household income and the median family income for the City since 2016. Although still lower than the comparable medians for all of Becker County, the City's median household income was \$60,317 in 2022, and the median family income was \$82,172.
- ▶ Income distribution information for the entire Greater Detroit Lakes area also showed improvement, especially in the higher income ranges. The number of households with an annual income of \$75,000 or more has continued to grow, while the number of households with an annual income below \$35,000 has been decreasing. However, nearly 28% of all households still had an annual income below \$35,000 in 2022, and limited buying power for housing.
- ▶ Most of the lower income households were renters. The median household income for Detroit Lakes renter households was \$32,865 in 2022. More than 52% of all renter households had an annual income below \$35,000.
- ▶ Many of the lower income renter households had a "housing cost burden", defined as applying 30% or more of their income to housing. According to the 2022 American Community Survey, nearly 46% of all renter households in Detroit Lakes had a housing cost burden, and most of these were applying substantially more than 30% of income to housing. These households were distributed in all age ranges, including seniors.
- ▶ The median household income for home owners in Detroit Lakes was \$80,863, and more than 54% of all owners had an annual income of \$75,000 or more in 2022.
- ▶ Most existing home owners had secured an affordable housing option, as nearly 82% of owners in the City were applying less than 30% of their income to housing costs. However, approximately 18% of home owners did need to apply 30% or more of their income to home ownership costs.

## Existing Housing Inventory Highlights

- ▶ The City continues to see ongoing construction of new single family houses. Over the 14-year time period from 2010 through 2023, nearly 500 single family permits were issued in Detroit Lakes, for an annual average of more than 35 houses per year.
- ▶ Over the past five years this annual average has dipped somewhat, but the City has still had nearly 31 single family housing starts per year since 2019. The large majority of the recent construction has been in traditional detached houses, although some attached single family units have also been built.
- ▶ Multifamily rental production has been much less consistent. Since 2019, an annual average of only six multifamily units per year have been permitted. In the 6-year period from 2013 through 2018, nearly 300 multifamily rental units were permitted, or an average of approximately 50 units per year.
- ▶ No pending or proposed rental projects were identified in the research for this 2024 Housing Study Update.
- ▶ Sale prices for existing homes in Detroit Lakes, as tracked by Becker County sales records, continue to show an upward trend in the median value. For each of the full years between 2021 and 2023, the median home sale price in the City was \$265,000 or higher. Although only partial-year activity exists in 2024, the median price has moved even higher.
- ▶ It is important to note that some home sales reflect lake shore properties. In each of the past six years there has been at least one home sale for more than \$1,000,000 in Detroit Lakes.
- ▶ In 2024, there appears to be an adequate residential lot supply to meet near-term construction needs. However, the estimated vacant lot inventory represents less than two years of expected construction demand. Ongoing residential subdivision development will be needed to keep pace with projected demand for single family houses.
- ▶ The limited supply of land parcels that can be used for higher-density multifamily construction remains an issue. Part of the reduced production of multifamily units in recent years may be due to a shortage of sites.

## **Rental Housing Market Highlights**

- ▶ As tracked by the decennial Census, the percentage of Detroit Lakes households living in rental housing has continued to increase over time. In 2020, 41.8% of the City's households were renters, up from 39.5% in 2010. This above-average rental rate does drop if the entire Greater Detroit Lakes area is examined, as the City is the primary rental center for the surrounding region and for all of Becker County.
- ▶ Based on Census records and post-Census construction, the total estimated rental inventory in Detroit Lakes probably contains 1,950 to 1,975 units in 2024. This total would include specialized forms of rental housing, including senior units providing supportive services.
- ▶ As part of the research process for this Update, a telephone survey was once again conducted that attempted to contact the City's larger rental properties. The units that were surveyed were then analyzed based on the market segment that they served. Overall, information was available on more than 1,000 units within various rental segments.
- ▶ Consistent with past surveys, the estimated vacancy rates in different rental market segments remain very low in 2024. In conventional market rate rentals, the estimated vacancy rate was around 1%. There was evidence of unmet demand and any open units were typically due to recent turnover that had not yet been leased.
- ▶ There continues to be a wide variation in rates for market rate rental housing in Detroit Lakes, with a mixture of new apartment buildings constructed in the past 15 years along with a large inventory of older units which are generally in a more modest range. However, with high occupancy rates and unmet demand, there is upward price pressure on all units, including older rental housing.
- ▶ In the moderate rent/income-restricted segment, generally projects that utilized federal low income housing tax credits, good demand was also evident. Since 2018, Apex Townhomes was constructed and added 30 units to this housing segment. However, some of the older tax credit projects have ended their compliance requirements, resulting in almost no change of units within this affordable segment. While the number of renter households in Detroit Lakes has continued to increase, the percentage that can be served by tax credit units has grown smaller, with no net expansion in the size of the available inventory.



- ▶ There has been no change to the inventory of federally subsidized rental housing in Detroit lakes, and no current projects are viewed as “at risk” of leaving their subsidy programs. However, the last addition to the City’s subsidized inventory occurred before 1990. As the City has continued to grow, the percentage of renters that have access to a subsidized unit has grown smaller. Occupancy rates generally remain high and waiting lists exist for subsidized units.
- ▶ There has been no real change in the number of households served by the tenant-based Housing Choice Voucher Program. In 2024 there were 124 participating households in the City, compared to approximately 120 to 130 households in 2018. The Detroit Lakes HRA has the authority to issue more Vouchers, but a shortage of vacant rental units that meet program requirements has suppressed utilization.
- ▶ Information in the 2022 American Community Survey pointed to an under-supply of very affordable rental units in Detroit Lakes, with a gross monthly rent below \$500. The number of renter households within a comparable income range greatly exceeded the unit supply.
- ▶ The number of higher priced units, with a gross monthly rent of \$1,250 or more was much smaller than the number of renter households with an annual income of \$50,000 or more. Overall, the American Community Survey estimates showed that more than 32% of all renter households in Detroit Lakes in 2022 had an annual income of \$50,000 or more, but only 16% of all rental units were priced at \$1.250 or more for gross rent.

### **Senior Housing with Services Market Highlights**

- ▶ Since the 2018 Housing Study was completed there has been one larger senior project constructed. Pelican Landing opened in 2021 with 58 apartment-style units for assisted living and 21 suites for people with memory care needs. Although this new construction project would imply an expansion within some segments of the specialized housing inventory in Detroit Lakes, this did not always occur, as will be discussed below.
- ▶ There has been a minor reduction in the number of licensed nursing home beds since 2018. However, more significantly, both of the City’s skilled nursing homes are intentionally operating at reduced capacity, due in part to Covid-era shutdowns and/or staffing limitations.

- ▶ Within the specialized memory care segment, the addition of rooms at the new Pelican Landing was more than offset by the closure of a memory care wing at the Emmanuel Nursing Home. As a result, there is reduced resident capacity in 2024 when compared to 2018.
- ▶ The only market segment that has expanded since 2018 is assisted living, due to the addition at Pelican Landing. However, there has also been some reduction of higher services housing at other facilities in the City, which had been offering flexible levels of care in 2018. As a result, the assisted living expansion is not as large as the net addition through new construction.
- ▶ At the time of the 2018 Housing Study, a State designation of “housing with services” had been available for more independent senior housing that could also offer supportive services like meals, housekeeping and laundry assistance. This State designation no longer exists, and some of the providers of housing with services have shifted to providing largely independent senior housing.

### **Employment and Economic Trends Highlights**

- ▶ The area’s employment status remains strong, with growth in the number of jobs and a low rate of unemployment. In both 2022 and 2023, the unemployment rate in Becker County was 3% or lower.
- ▶ There was a short-term negative impact on labor and employment statistics due to the global pandemic in 2020, but the City and the County had generally returned to pre-pandemic levels by 2021 or 2022.
- ▶ The number of people employed within the City of Detroit Lakes has continued to grow over time, as tracked by unemployment insurance coverage. Between 2010 and 2023, more than 1,000 covered workers were added in the City.
- ▶ Most of the area’s employed work force is locally-based, with a large majority of City residents traveling less than 20 minutes for their primary job. Most people employed within the City are also from the area, with fewer than 21% of workers traveling 30 minutes or more to their job in Detroit Lakes.

## **Findings and Recommendations Summary**

The Findings and Recommendations for the Update have primarily focused on rental and home ownership housing opportunities in Detroit Lakes.

### **Overview**

The primary demand-generator used for the new housing development recommendations in this Update is expected household growth. Over the next five years, an annual average of 55 to 60 households has been used for expected growth. This yields a 5-year total of 275 to 300 households creating growth-generated demand for housing.

Other demand-generators will also contribute to the need for housing. For rental units this will include some overproduction to address the low rate of vacancy that has existed in recent years. For ownership housing, some higher level of production will be needed to address demand for specific types of units, especially customized new construction.

In determining the housing tenure needed, this Update has allocated the demand potential into approximately 50% for owner-occupancy and 50% for renter-occupancy units per year. While identified as average annual demand, it is probable that construction activity for individual years will actually be above or below these levels. This is especially true for rental housing which will tend to occur in larger-scale development projects.

### **Rental Housing Recommendations**

The demand calculations used for this Update based on growth, unit replacement and pent-up demand indicate that 190 to 220 rental units will be needed over the 5-year projection period. Ideally, this recommended production would be distributed across various rental market segments, as defined below.

- 1. Market Rate Rental Housing: Demand for 90 to 100 Units in the Five-year Projection Period** - The City has had past success with larger-scale market rate rental projects, but since 2019, fewer than 30 conventional market rate units have been added. Looking forward over the next five years, at least 90 to 100 additional units would be recommended. Additional recommendations have been made for moderate rent and subsidized housing creation. If these more affordable units are not created then additional market rate production would be needed to keep pace with overall rental demand.

- 2. Moderate Rent Tax Credit Housing: Promote the Development of 25 to 35 Units over the Projection Period** - The federal low income housing tax credit has been the primary financial incentive for the creation of moderate rent housing for more than three decades. Although Apex Townhomes was constructed after 2018, the removal of some older projects from tax credit compliance resulted in no net gain within this affordable segment, despite ongoing growth in the number of renter households. Prior to the Apex project the last new construction tax credit award in Detroit Lakes was for Richwood Heights in 2002, as significant competition exists for this assistance. Over the next five years the development of between 25 and 35 additional moderate rent tax credit units is recommended.
- 3. Subsidized Rental Housing: Develop as Resources Allow with a Goal to Add 25 to 30 Units** - Subsidized housing is affordable for even very low income households, as the monthly rent will often be based on 30% of the renter household's income. The last physical addition to the subsidized inventory occurred in the late 1980s, although some very affordable supportive housing units targeted to the homeless have been added since that time. Constructing any subsidized units going forward will be extremely difficult due to a lack of resources, but setting a goal of adding up 25 to 30 units would be encouraged, along with preservation of the existing subsidized inventory.
- 4. Senior-Designated Rental Housing Continues to be Appropriate for Future Development** - The projections used in this Update expect that approximately 54% of all households living in Greater Detroit Lakes in 2028 will have a head of household age 55 or older. As much as 30% of the unit recommendation going forward could be senior-designated (age 55+).
- 5. Updated Findings on Student Housing Issues** - There is a post-secondary student population in Detroit Lakes, primarily attending classes at the M State campus. The best available information on enrollment patterns for students attending on-campus classes in Detroit Lakes indicates a continued decrease over time. This is partly due to the changing nature of post-secondary education, which can include on-line learning or access from remote campus locations. Students are being housed in the conventional market and will benefit from continued rental housing development in the future in Detroit Lakes.

- 6. Multifamily Land Availability - Assuring Future Sites to Support Construction Needs** - Detroit Lakes has established a long-term pattern of household growth, and according to the 2020 Census the City's rental tenure rate had moved close to 42%. The City had fairly strong multifamily rental production between 2013 and 2018, but since 2019 there have been fewer than 30 new units created, and some of these were in the conversion of an existing building. One of the limiting factors for future rental production is a lack of multifamily building sites. Assuring that developers have adequate land availability will be an important community strategy to sustain population and household growth. Public officials may need to be proactive in taking the policy steps including proper zoning for higher density housing and making sure that public infrastructure can be extended to future development areas.

## **Senior Housing with Services Recommendations**

Detroit Lakes has a broad array of specialized senior housing options serving people as they move through the aging cycle. Some housing projects offer largely independent housing with light services, while others are very service and staff intensive. The following recommendations address different sub-segments of the senior market.

- 7. Light Services Senior Housing: Promote an Expansion of 25 to 30 Units by 2028** - This type of housing largely serves more independent seniors, but certain features may be offered, including a daily meal(s), an emergency call system, weekly housekeeping/laundry assistance, and possibly other light services. By 2028, the total population of senior citizens is expected to grow, especially in the age ranges 75 years old and older. To maintain the current capture rates being achieved within this housing segment, an expansion of at least 25 to 30 would be needed.
- 8. Assisted Living: Promote an Expansion of 25 or More Units by the Year 2028** - Since the 2018 Housing Study was completed there has been an expansion of assisted living options when Pelican Landing opened in 2021. However, occupancy rates remain very high in this housing segment and growth from older seniors by 2028, age 75 and above, will generate additional demand. Maintaining the current capture rate being achieved within the assisted living segment would require at least 25 units by 2028.

- 9. Memory Care Housing: Promote an Expansion of 18 to 20 Rooms/Beds by the Year 2028** - Memory care housing represents a very specialized segment of the senior market. Since the 2018 Housing Study was completed there has been development of memory care beds in Pelican Landing which opened in 2021. However, the closure of a specialized memory care wing in a nursing home actually resulted in a net reduction of capacity. Going forward to the year 2028, an expansion of 18 to 20 or more units/beds would be recommended to maintain the same basic capture rate within this housing segment.

## **Home Ownership Recommendations**

The calculations used for this Update expect a combination of demand generators including household growth, unit replacement and pent-up demand, to generate annual single family production of approximately 37 to 42 units in an average year over the next five years. This projected level of demand is greater than the average achieved in the past. Although the longer-term average is approximately 35 single family permits per year, since 2019, the annual production has been closer to 31 units per year. A combination of higher costs for land, infrastructure, building materials and labor has directly impacted home prices and contributed to lower unit construction.

- 10. Moderate to Higher Priced New Construction: Demand for 26 to 29 Single Family Homes Annually** - The large majority of new houses constructed in Detroit Lakes will be within the moderate to higher price ranges, generally defined as \$375,000 or more. These will be purely open market transactions between buyers and sellers, and will typically not require any outside public involvement or financial assistance. Any public role would generally be to assure that adequate land remains available with access to infrastructure. An estimated 70% of the demand would be expected within this market segment. The projected level of annual construction would include some attached single family units, such as twin homes, which should gain market share over the next five years.
- 11. Affordable/Entry-Level New Construction: Demand for 8 to 11 Homes Annually** - Serving the entry-level ownership segment is very difficult through new construction, based on costs for land, labor and materials. In the past, agencies like MMCDC had been active in developing affordable homes but rising costs have made this difficult. This agency still offers home buyer assistance and education programs. If lower-priced options can be achieved, which would probably require some forms of subsidy or cost write-downs, up to 25% of future demand could be met in the affordable/entry-level new construction segment.

- 12. Very Affordable New Construction: Promote 2 to 3 Homes Per Year** - There may be options to generate some very affordable new construction ownership options, using organizations such as Habitat for Humanity or approaches such as a Community Land Trust. In Detroit Lakes, these efforts would probably require the availability of infill parcels, possibly after the removal of an older structure. A goal of producing 2 to 3 units per year would help to address demand from marginal home buyers that cannot be served by private market housing.
- 13. Promote Entry-level Home Ownership with the Existing Housing Stock** - Given the difficulty of constructing new houses for the entry-level segment, the most affordable home ownership options will remain within the existing single family stock. While there is evidence of significant price appreciation, most existing houses in the City are still significantly more affordable than most newly constructed housing. Promoting this affordable stock, and possibly offering home ownership incentive assistance, could help the City achieve a higher rate of home ownership.
- 14. Demand for Attached Ownership Options Should Gain Market Share** - Some annual construction of attached single family housing units, such as twin homes, has been occurring in Detroit Lakes but has probably represented less than 20% of all single family housing starts. By 2028, approximately 54% of all households in Greater Detroit Lakes will be age 55 or older and low maintenance/no maintenance housing options should continue to grow in popularity. It is reasonable to expect that between 25% and 30% of future single family unit constructions will be in some form of attached housing. At the overall demand projections this should yield between 9 and 13 attached units per year, provided adequate sites and attractive home plans are available.
- 15. Promote Additional Subdivision/Lot Development** - In 2024 the City does have some inventory of vacant residential lots for new home construction. However, this inventory is not overly large and some lots are builder-exclusive. The demand projections used for this Update expect annual single family construction in a range between 37 and 42 units per year over the next five years. At this pace, new subdivision and lot development will be needed within the next two years. With high development costs, it may be difficult to produce future lots in a price range that is similar to previous offerings. While local developers have been adept at bringing new lots into the market, higher costs may require creative approaches or outside public assistance to assure that new construction housing starts are not impacted.



## **Housing Rehabilitation and Preservation Recommendations**

While new housing construction will be needed to keep pace with anticipated growth, the most affordable housing in Detroit Lakes will continue to exist in the older unit inventory. Maintaining this supply of older housing will continue to be an important community strategy.

- 16. Promote Owner-occupied Housing Rehabilitation** - For owner-occupancy units in Detroit Lakes, the estimated median year of construction is 1973 and approximately 34% of all houses were constructed before 1960. The most affordable ownership options in the City will typically exist in this older housing stock. Maintenance and improvement of older single family houses will remain an important housing strategy.
  
- 17. Promote Rental Housing Rehabilitation** - Detroit Lakes has an above-average rental tenure rate, approaching 42% in 2020. The estimated median year of construction for all rental units is 1978. Approximately 54% of all rental units in the City were built before 1980 and are 45 or more years old. The rehabilitation and upgrade of older rental housing can be one of the most cost-effective ways to maintain a supply of decent, safe and sanitary affordable units for the future.



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# Demographic Data Overview

## Sources of Data

The timing of this 2024 Update has allowed access to the 2020 Census. By late 2023, the Census Bureau had released most of the detailed tables from the 2020 Census. The release schedule had been delayed by the global pandemic.

The Covid pandemic had not only impacted the Census release schedule, but it also affected the data collection. As a result, there are some questions about the accuracy of 2020 Census data, but in the opinion of the analysts it still represents the best demographic information available.

Some of the demographic variables, such as income and housing cost information, are estimated through the Census Bureau's American Community Survey, based on an annual sampling of households. However, because the estimates are based on sampling, there is a margin of error that exists.

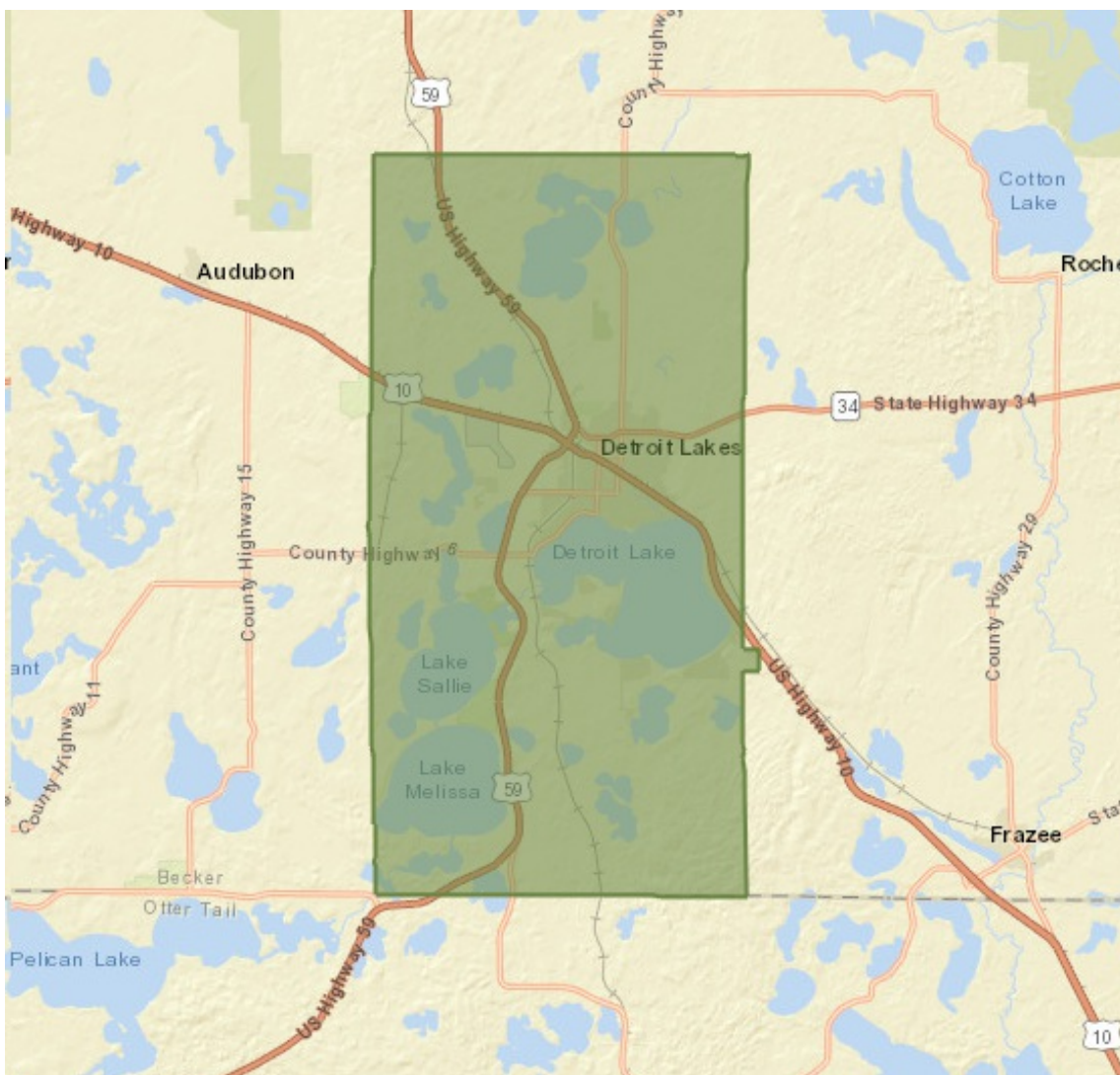
This document does incorporate information from the American Community Survey. These estimates have an effective date in 2022, so a data-lag exists. The estimates were derived from five-year sampling, obtained between 2018 and 2022. Although the American Community Survey estimates have an effective date after 2020, they have not been reconciled with the 2020 Census counts, and in some cases there are differences between these data sources.

Community Partners Research has also obtained some current-year estimates and projections from Esri, a private company that produces demographic reports. The Esri estimates are for the year 2023, with 5-year projections to the year 2028.

Demographic estimates from the Minnesota State Demographer's Office have also been used.

## Greater Detroit Lakes Area Definition

Some of the population and household growth for the City of Detroit Lakes over the past decades was due to annexation activity from Detroit Township and Lake View Township. To better understand the growth that has occurred from factors other than annexation, an aggregated area containing Detroit Lakes, Detroit Township and Lake View Township has been examined. In this Update, this area is referred to as Greater Detroit Lakes. For some demographic variables, information for all of Becker County has been provided for comparison.



## Population Data and Trends

The following table includes the population totals as reported in the decennial Census dating back to 1990. Post-Census estimates for are discussed in the text that follows.

<b>Table 1 Population Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	2010 Census	% Change 2000-2010	2020 Census	% Change 2010-2020
Detroit Lakes	6,635	7,348	8,569	16.6%	9,869	15.2%
Greater DL	10,932	11,437	12,287	7.4%	13,745	11.9%
Becker County	27,881	30,000	32,504	8.3%	35,183	8.2%

Source: U.S. Census Bureau

### 2020 Data

- ▶ The release of population totals from the 2020 U.S. Census has established a new benchmark for the number of people residing in each jurisdiction. The Census total had an effective date of April 1, 2020.
- ▶ In 2020, the population for the City of Detroit Lakes was 9,869 people. When compared back to the 2010 Census, the City had added 1,300 permanent residents, for a population increase of 15.2%.
- ▶ The 2020 Census count continues a long pattern of strong growth for the community. However, it is known that part of the City's population increase over time has been due to annexation activity, as developed portions of adjoining townships have been brought into the city limits.
- ▶ The population change for the aggregated area defined as Greater Detroit Lakes is not impacted by past annexation shifts between the various jurisdictions that include and surround the City of Detroit Lakes. Between 2010 and 2020, Greater Detroit Lakes added 1,458 permanent residents. When averaged over the 10-year time period, the area was growing by nearly 146 people per year.
- ▶ If viewed over a longer time period, the rate of population growth has been increasing for Greater Detroit Lakes. In the 1990s, the population increased by 4.6%, followed by growth of 7.4% between 2000 and 2010. From 2010 to 2020, the area's population increased by 11.9%.

- ▶ The total resident population for Becker County in 2020 was 35,183, up by 2,679 people from 2010. On an annual average basis, the County has been adding approximately 268 residents per year over the past decade.
- ▶ While the jurisdictions the form Greater Detroit Lakes have represented a majority of the Countywide population growth over the last decade, some increase has also occurred in the remaining portions of Becker County. More than 54% of the County's population increase between 2010 and 2020 was attributable to the Greater Detroit Lakes jurisdictions, and nearly 46% occurred in the remainder of the County.

### **Post-Census Estimates**

- ▶ A post-Census population estimate for Detroit Lakes is available from the MN State Demographer's Office. For 2023, the Demographer estimated the City's population at 9,999. When compared to the Census count of 9,869 residents in 2020, the City had continued to grow, but added only 130 people in the 3-year period between 2020 and 2023.
- ▶ In 2023, the Demographer estimated the population level for the Greater Detroit Lakes area at 13,764. When compared to the Census count of 13,745 residents in 2020, the area had added only 19 people between 2020 and 2023, less than the estimated growth in the City of Detroit Lakes.
- ▶ An estimate for 2023 was also obtained from Esri for Greater Detroit Lakes. It showed 14,150 people, up by 405 residents from 2020. If viewed as an annual average, Esri's estimate shows the area adding 135 people per year since 2020, significantly greater than the Demographer's estimate but slightly lower than the average of 146 people per year achieved between 2010 and 2020.
- ▶ The State Demographer's 2023 population estimate for all of Becker County showed 35,284 permanent residents, compared to 35,183 in the 2020 Census. Based on this estimate, the County added only 101 residents between 2020 and 2023.
- ▶ Esri estimated that Becker County had 35,762 residents in 2023, up from 35,183 in 2020. If accurate, the County added 579 since 2020, although most of this was due to growth in the Greater Detroit Lakes jurisdictions.

## **Population Characteristics**

- ▶ The 2020 Census listed approximately 85% of the residents of Detroit Lakes as White for race. More than 7% of the population identified themselves as “Two or More” races, and nearly 4.2% were Native American.
- ▶ Fewer than 2.5% of the City’s residents identified their ethnicity as Hispanic/Latino in the 2020 Census.

## Group Quarters Population Data

The decennial Census counts some permanent residents as living in “group quarters” housing rather than in independent households. The following tables track the changes in this population subset over the past decades in Detroit Lakes.

<b>Table 2 Group Quarters Populations in Detroit Lakes: 1980 to 2020</b>					
	1980 Census	1990 Census	2000 Census	2010 Census	2020 Census
Population	263	256	271	333	358

Source: U.S. Census

- ▶ According to the 2020 Census, Detroit Lakes had 358 people residing in some type of group quarters housing, up by 25 people from 2010.

By comparing the classifications in 2010 and 2020, some insights can be gained into changes in the City’s group quarters residents.

<b>Table 3 Group Quarters Populations by Type: 2010 to 2020</b>			
	2010 Census	2020 Census	Change
Nursing Homes	209	210	+1
Correctional facilities	66	55	-11
Other Noninstitutional	58	93	+35
Total	333	358	+25

Source: U.S. Census

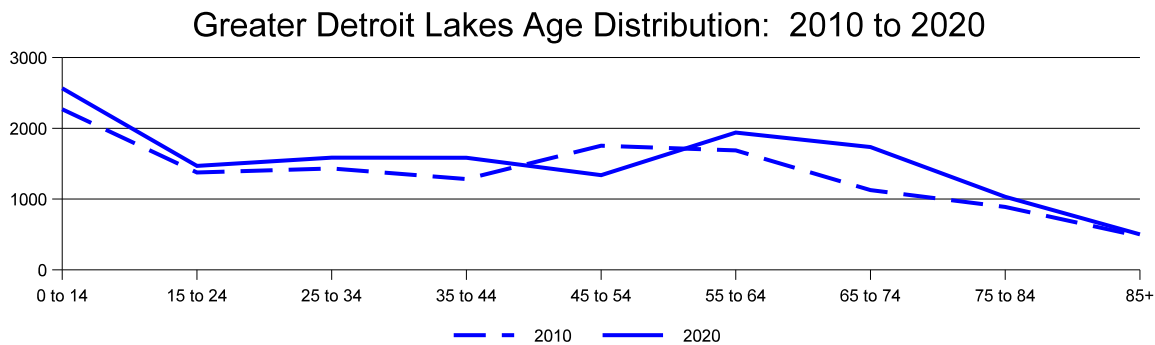
- ▶ The largest group quarters increase was in noninstitutional facilities, such as group homes, with 35 people added over the decade.
- ▶ The number of people residing in skilled nursing facilities remained largely stable over the prior decade.
- ▶ There was some decrease in people in correctional facilities in the City.
- ▶ Minnesota State Community and Technical College (M State) has a campus in Detroit Lakes. However, the College does not have any on-campus student housing options, and none of the City’s group quarters residents in 2020 were identified as students.

## Population by Age Trends: 2010 to 2020

The following table compares population by age changes in Greater Detroit Lakes between 2010 and 2020, using the decennial Census data.

Table 4 Greater Detroit Lakes Population by Age - 2010 to 2020			
Age	2010	2020	Change
0-14	2,269	2,565	+296
15-19	711	800	+89
20-24	664	669	+5
25-34	1,432	1,585	+153
35-44	1,282	1,583	+301
45-54	1,754	1,337	-417
55-64	1,687	1,939	+252
65-74	1,126	1,734	+608
75-84	888	1,032	+144
85+	474	501	+27
Total	12,287	13,745	1,458

Source: U.S. Census

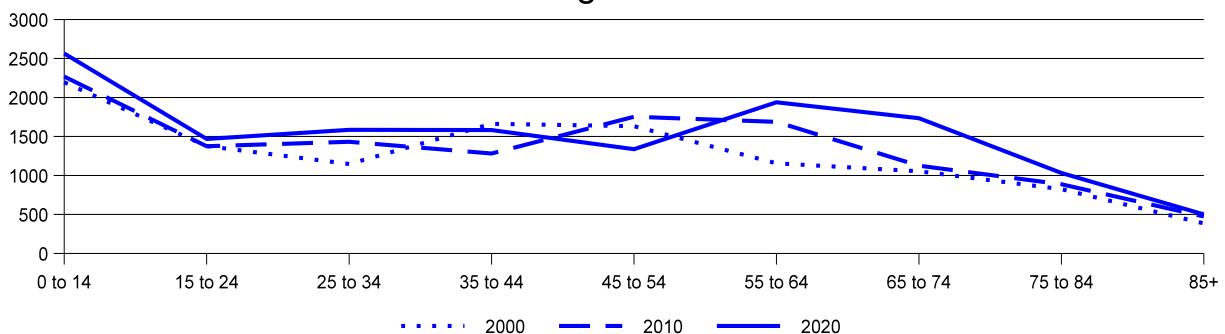


- ▶ Between 2010 and 2020, the Greater Detroit Lakes area added 1,458 residents. As a result, most of the defined age groups added people over the decade.



- ▶ Consistent with the trends identified in the 2018 Housing Study, the progression of the large baby boom generation continues to be evident. The largest numeric increase of any defined age group occurred among younger senior citizens, between 65 and 74 years old. Over the decade, Greater Detroit Lakes added 608 people within this 10-year range.
- ▶ There was also solid growth in the adjoining age groups, with 252 people added in the near-senior range between 55 and 64 years old, and 144 people added in the 75 to 84 year old range. Overall, Greater Detroit Lakes added more than 1,000 residents in the 30-year range between 55 and 74 years old. Despite the substantial growth among younger senior citizens and near-seniors, the area had a very limited increase of only 27 people age 85 and older between 2010 and 2020.
- ▶ Following behind the baby boom was a smaller demographic group and the area had 417 fewer people age 45 to 54 years old in 2020, as the trailing generation did not fully replace the advancing baby boomers.
- ▶ Between 2010 and 2020, Greater Detroit Lakes added nearly 300 children, age 14 and younger.
- ▶ The area also added some older children and young adults, between 15 and 24 year old, but in total fewer than 100 people were added.
- ▶ The area did have growth in the 35 to 44 year old range, and among younger adults in the 25 to 34 age group. However, most of this growth was then negated by the large loss in the 45 to 54 range. As a result, Greater Detroit Lakes had a net population gain of only 37 residents in the 30-year range between 25 and 54 years old over the last decade.

Greater Detroit Lakes Age Distribution: 2000 to 2020



- ▶ Longer-term patterns, back to the year 2000, show the advancing wave created by the baby boom’s movement through the aging cycle.

## Household Data and Trends

The following table tracks household change over time, using the decennial census data back to the year 1990. The Census total had an effective date of April 1. Post-Census estimates are discussed in the text that follows.

<b>Table 5 Household Trends - 1990 to 2020</b>						
	1990 Census	2000 Census	2010 Census	% Change 2000-2010	2020 Census	% Change 2010-2020
Detroit Lakes	2,976	3,319	3,864	16.4%	4,462	15.5%
Greater DL	4,554	4,880	5,379	10.2%	5,997	11.5%
Becker County	10,477	11,844	13,224	11.7%	14,371	8.7%

Source: U.S. Census

### 2020 Data

- ▶ In 2020, the City of Detroit Lakes had 4,462 permanent resident households. When compared back to the 2010 Census, the City had added 598 households, for an increase of 15.5%.
- ▶ The 2020 Census count continues a long pattern of strong growth for the community. However, it is known that part of the City's past household growth was due to annexation activity, as existing housing and households from adjoining townships had been brought into the city limits.
- ▶ The household change for the aggregated area defined as Greater Detroit Lakes was not impacted by past annexation shifts. Between 2010 and 2020, the Greater Detroit Lakes area added 618 permanent households. This total would not include seasonal/recreational residents that had a permanent home elsewhere. When averaged over the 10-year time period, the area was adding approximately 62 households per year.
- ▶ If viewed over a longer time period, the growth of the Greater Detroit Lakes area has been increasing over the decades. In the 1990s, the area added an average of 33 households per year. From 2000 to 2010, this annual average increased to approximately 50 households per year. From 2010 to 2020, Greater Detroit Lakes averaged 62 additional households annually.

- ▶ Becker County had 14,371 households in 2020, up by 1,147 from 2010. The jurisdictions forming Greater Detroit Lakes represented nearly 54% of the net household growth for the County over the decade, with the remaining jurisdictions accounting for more than 46%.

### **Post-Census Estimates**

- ▶ A post-Census estimate for Detroit Lakes is available from the MN State Demographer’s Office. In 2023, the Demographer estimated that the City had 4,557 permanent households. When compared to the 2020 Census count of 4,462 households, the City had added 95 households between 2020 and 2023, or an average of 31 to 32 households per year. From 2020 through 2022, there were an estimated 107 housing units constructed in the City, so the estimated growth in households was slightly lower than the probable expansion of the housing stock.
- ▶ In 2023, the Demographer estimated that Greater Detroit Lakes had 6,074 households. When compared to the Census count of 5,997 in 2020, the area had added only 77 households between 2020 and 2022, or an annual average of 26 households. Outside of the City, there was a small loss of households based on the Demographer’s estimate.
- ▶ An estimate for 2023 was obtained from Esri for the Greater Detroit Lakes area. It showed 6,078 households, up by 81 households from 2020. If accurate, Esri’s estimate showed the area adding an annual average of 27 households over the past three years, slightly lower than the average annual growth estimated by the State Demographer’s Office. Between 2010 and 2020, Greater Detroit Lakes averaged approximately 62 additional households per year, well above the averages indicated by the recent estimates from both Esri and the State Demographer.
- ▶ The State Demographer’s 2023 estimate for all of Becker County showed 14,578 permanent resident households. When compared to the 2020 Census count of 14,371, the County had added 207 households over the three-year time period, or an average of 69 households per year. Most of the County’s increase occurred outside of the Greater Detroit Lakes area.
- ▶ Esri’s 2023 estimate for all of Becker County showed 14,636 households, up from 14,371 households in 2020. If accurate, the County added 265 households between 2020 and 2023, with only 81 in the Greater Detroit Lakes jurisdictions and 184 households in the remaining portions of the County outside of Greater Detroit Lakes.

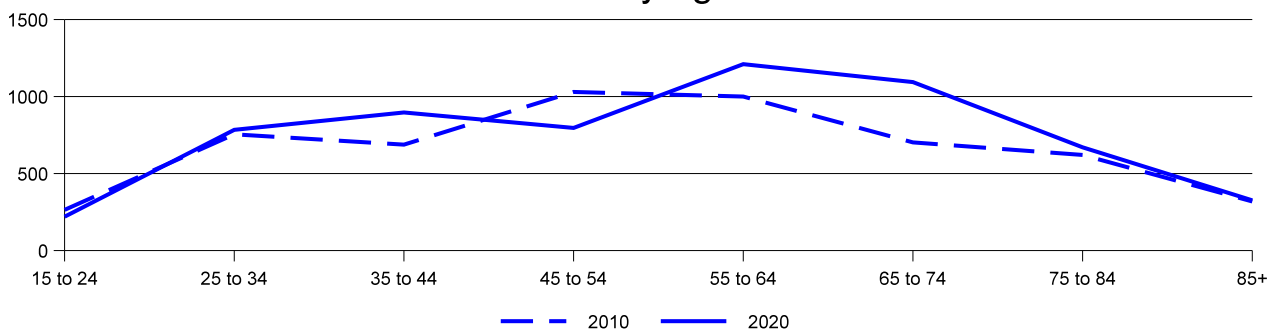
## Household by Age Trends: 2010 to 2020

The following table compares changes in households by age in Greater Detroit Lakes between 2010 and 2020, using the decennial Census data.

<b>Table 6 Greater Detroit Lakes Households by Age - 2010 to 2020</b>			
Age	2010	2020	Change
24 and under	264	220	-44
25-34	755	784	+29
35-44	688	897	+209
45-54	1,030	796	-234
55-64	1,000	1,210	+210
65-74	702	1,094	+392
75-84	621	670	+49
85+	319	326	+7
<b>Total</b>	<b>5,379</b>	<b>5,997</b>	<b>+618</b>

Source: U.S. Census

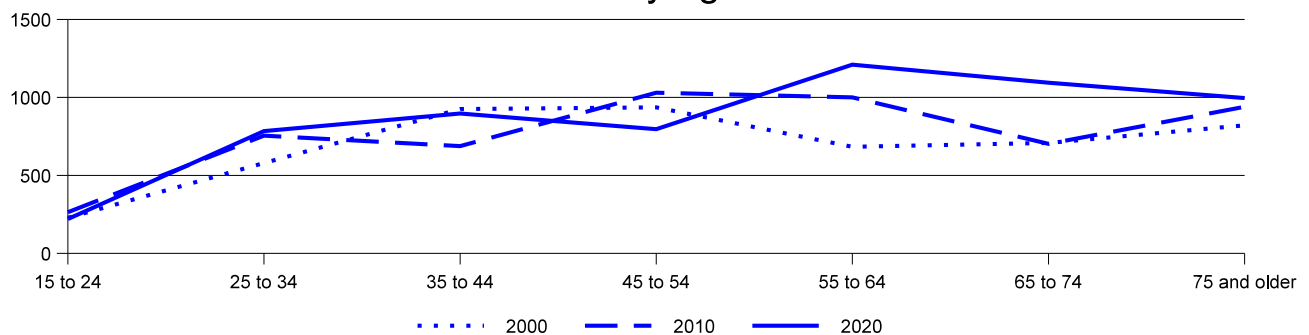
Greater Detroit Lakes Households by Age of Householder: 2010 to 2020



- ▶ Between 2010 and 2020, the Greater Detroit Lakes area added 618 resident households. As a result, most of the defined age ranges also added households over the decade.

- ▶ Consistent with the population by age data presented earlier, the largest numeric increase of any single age group occurred among younger senior households, in the 65 to 74 year old range. There was also growth in both of the adjoining age groups and overall the area added more than 650 households in the 30-year range between 55 and 84 years old.
- ▶ Despite the growth within the younger senior age groups, Greater Detroit Lakes added only seven households age 85 and older between 2010 and 2020.
- ▶ The area did have solid growth from younger households in the 35 to 44 year old range, and some additional growth in the 25 to 34 year old group. However, increases within these age groups were then offset by losses in other younger ranges. As a result, Greater Detroit Lakes had a net loss of 40 households age 54 and younger between 2010 and 2020.
- ▶ The largest numeric decrease of households occurred in the 45 to 54 year old range, as the age group immediately younger than the advancing baby boomers was much smaller in size and did not replace the advancing age cohort.

Greater Detroit Lakes Households by Age of Householder: 2000 to 2020



- ▶ As with the longer-term patterns for population, it is possible to track the progression of the baby boomer households since 2000 in the Greater Detroit Lakes area. The number of households within the prime baby boomer age ranges has been increasing over time, as more households have migrated into the area as they age.

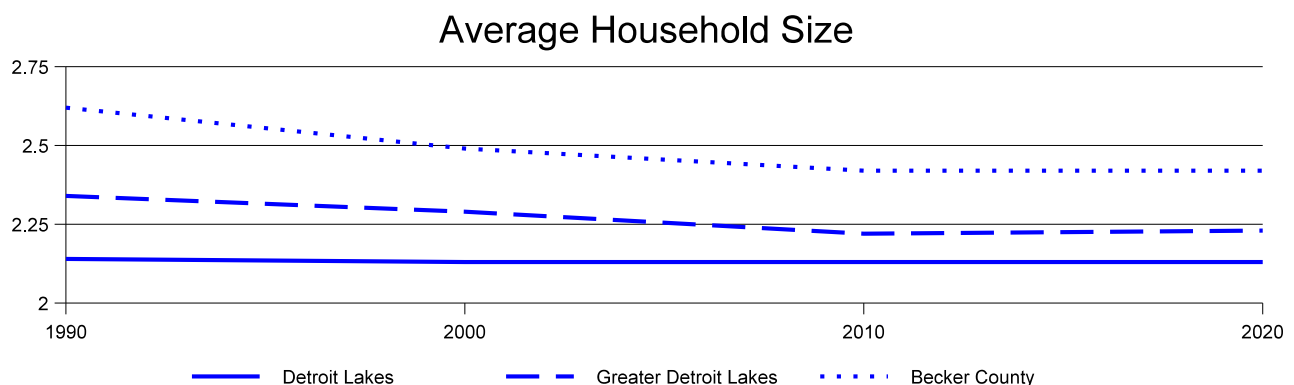
## Average Household Size

The following table provides decennial Census information on average household size.

<b>Table 7 Average Number of Persons Per Household 1990 to 2020</b>				
	1990 Census	2000 Census	2010 Census	2020 Census
Detroit Lakes	2.14	2.13	2.13	2.13
Greater DL	2.34	2.29	2.22	2.23
Becker County	2.62	2.49	2.42	2.42

Source: U.S. Census

- ▶ 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.
- ▶ Despite the fact that the household size in most communities has been decreasing over time, the average in Detroit Lakes has remained very stable in recent decades, with almost no change in the average household size between 1990 and 2020. However, it should be noted that the City’s average has also remained relatively small by comparative standards.



- ▶ The average household sizes for Greater Detroit Lakes and Becker County have decreased over the past 30 years, although both remained largely stable between 2010 and 2020.

## Households by Type

The 2020 Census can be compared to statistics from 2010 to examine changes in household composition over the prior decade. The following table looks at household trends within the City of Detroit Lakes.

<b>Table 8 Detroit Lakes Household Composition - 2010 to 2020</b>			
	2010 Census	2020 Census	Change
Family Households			
Married couple with children under 18	530	558	+28
Married couple without children under 18	959	1,110	+151
Other families with children under 18	412	447	+35
Other families without children under 18	192	285	+93
<b>Total Families</b>	<b>2,093</b>	<b>2,400</b>	<b>+307</b>
Non-Family Households			
Single Person	1,518	1,804	+286
Two or more persons	253	258	+5
<b>Total Non-Families</b>	<b>1,771</b>	<b>2,062</b>	<b>+291</b>

Source: U.S. Census

- ▶ Between 2010 and 2020, Detroit Lakes experienced an increase in the number of both family and non-family households.
- ▶ The largest increase of any household type occurred from one person households. Between 2010 and 2020 the City had 286 more people living alone.
- ▶ The City had an increase in all of the different family types, including both married couples and single parents with children. However, the largest numeric increase for families was married couples without children.
- ▶ No household type had a decrease between 2010 and 2020, the number of households with two or more unrelated people living together, such as roommate households, added only five households over the decade.

## Household Occupancy Tenure

Housing occupancy tenure information from the 2020 Census can be compared back to 2010 to track housing preference patterns over the prior decade.

<b>Table 9 Detroit Lakes Housing Tenure: 2010 to 2020</b>					
Owners			Renters		
2010 Census	2020 Census	Change	2010 Census	2020 Census	Change
2,339	2,596	+257	1,525	1,866	+341

Source: U.S. Census

- ▶ Between 2010 and 2020, the City of Detroit Lakes added 598 total households according to Census reporting. This included a gain of 257 owner-occupancy households and 341 renter-occupancy households.
- ▶ Part of the City’s household growth may have been due to annexation.
- ▶ In 2020, the home ownership rate in Detroit Lakes was 58.2% compared to 60.5% in 2010.
- ▶ The City’s rental tenure rate has been steadily increasing. In the year 2000, 35.6% of the City’s households were renters. By 2010, this had increased to 39.5% renter-occupancy. In 2020, the Census reported that 41.8% of households were renters.

<b>Table 10 Greater Detroit Lakes Housing Tenure: 2010 to 2020</b>					
Owners			Renters		
2010 Census	2020 Census	Change	2010 Census	2020 Census	Change
3,714	3,993	+279	1,665	2,004	+339

Source: U.S. Census

- ▶ Between 2010 and 2020, Greater Detroit Lakes added 618 total households according to Census reporting. This included a gain of 279 owner-occupancy households and 339 renter-occupancy households.
- ▶ In 2020, the home ownership rate in Greater Detroit Lakes was 66.6% compared to 69.0% in 2010. Consistent with Detroit Lakes, the rental tenure rate has been increasing and was at 33.4% in 2020.



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## **Accuracy of Previous Projections**

The 2018 Housing Study had made projections to the year 2022, examining different sources of information including historical growth trends.

The projections used for the 2018 Study had expected the Greater Detroit Lakes aggregation to have 13,802 residents in 2022. According to the Minnesota State Demographer's estimate, the area had 13,970 people in 2022, slightly above the projected level.

For households, the 2018 Housing Study had projected that the Greater Detroit Lakes area would have 6,012 households by 2022. According to the State Demographer's estimate, there were 6,061 resident households in Greater Detroit Lakes in 2022, once again exceeding the forecast from the prior Housing Study.

## Population Projections to 2028

As part of the research for this Update, new population projections have been examined. Projections from Esri to the year 2028 have been presented in the first table below. However, in the opinion of the analysts, the Esri projections are overly conservative. As a result, Community Partners Research, Inc., has also generated projections based on historic growth trends and other data collected for this Housing Study Update.

<b>Table 11 Esri Population Projections to 2028</b>			
	2020 Census	2028 Projection	Annual Average
Greater Detroit Lakes	13,745	14,297	69 people/yr
Becker County	35,183	36,151	121 people/yr

Source: U.S. Census; Esri

- ▶ The population projection from Esri expects the Greater Detroit Lakes area to have 14,297 permanent residents by 2028. When compared back to 2020, the area would need to add an average of only 69 people per year to reach this projection. Growth at this level would be significantly slower than in the past. Between 2010 and 2020, the aggregated area added an average of 146 people per year, more than double the level being projected by Esri.
- ▶ Esri has an equally conservative forecast for population growth Countywide. The available forecast shows 36,151 people in Becker County by 2028. To reach this projection, the County would only need to add approximately 121 people per year. For comparison, Becker County had average growth of 268 people per year between 2010 and 2020, more than double the level being projected by Esri.

The analysts view Esri’s projections as overly conservative based on the past history of growth, and have generated alternate population forecasts for the 5-year time period from 2023 to 2028.

<b>Table 12 CPR, Inc. Population Projections to 2028</b>			
	2023 Estimate	2028 Projection	Annual Average
Greater Detroit Lakes	13,764	14,515	150 people/yr
Becker County	35,284	36,735	290 people/yr

Source: State Demographer; Community Partners Research, Inc.

- ▶ Using past rates of growth and projecting these forward, the analysts believe that the aggregated Greater Detroit Lakes area will have approximately 14,515 residents by 2028. To reach this forecast, the area would need to add approximately 150 people per year between 2023 and 2028. Between 2010 and 2020, the Greater Detroit Lakes area had average annual growth of approximately 146 people per year.
- ▶ For all of Becker County, the Community Partners Research, Inc., projection expects more than 36,700 permanent residents by 2028. To reach this forecast the County would need average annual growth of approximately 290 people per year between 2023 and 2028. From 2010 to 2020, the County averaged approximately 268 additional residents per year.
- ▶ Based on these projections, slightly more than half of the County's total population growth through the year 2028 would be attributed to the three jurisdictions that form Greater Detroit Lakes, and the remaining growth to the other jurisdictions in Becker County.

## Household Projections to 2028

New household projections have been examined for this Update. As stated previously, projections from Esri have been presented even though these are viewed as overly conservative by the analysts. Separate projections by Community Partners Research have also been generated, based on historic growth rates.

<b>Table 13 Esri Household Projections to 2028</b>			
	2020 Census	2028 Projection	Annual Average
Greater Detroit Lakes	5,997	6,154	20 households/yr
Becker County	14,371	14,836	58 households/yr

Source: U.S. Census; Esri

- ▶ The projection from Esri expects the Greater Detroit Lakes area to have 6,154 permanent households by 2028. When compared back to 2020, the area would need to add an average of only 20 households per year to reach this projection. Growth at this level would be significantly slower than in the past. Between 2010 and 2020, the aggregated area added an average of 62 households per year, more than three times greater than the level being projected by Esri.
- ▶ Esri also has a very conservative forecast for growth Countywide. The available forecast shows 14,836 Households in Becker County by 2028. To reach this projection, the County would only need to add approximately 58 households per year. For comparison, Becker County had average growth of 115 households per year between 2010 and 2020, approximately double the level being projected by Esri.

The analysts view Esri’s projections as overly conservative based on the past history of growth, and have generated alternate household forecasts for the 5-year time period from 2023 to 2028.

<b>Table 14 CPR, Inc. Household Projections to 2028</b>			
	2023 Estimate	2028 Projection	Annual Average
Greater Detroit Lakes	6,074	6,350 to 6,375	55 to 60 households/yr
Becker County	14,578	15,130	110 households/yr

Source: State Demographer; Community Partners research, Inc.

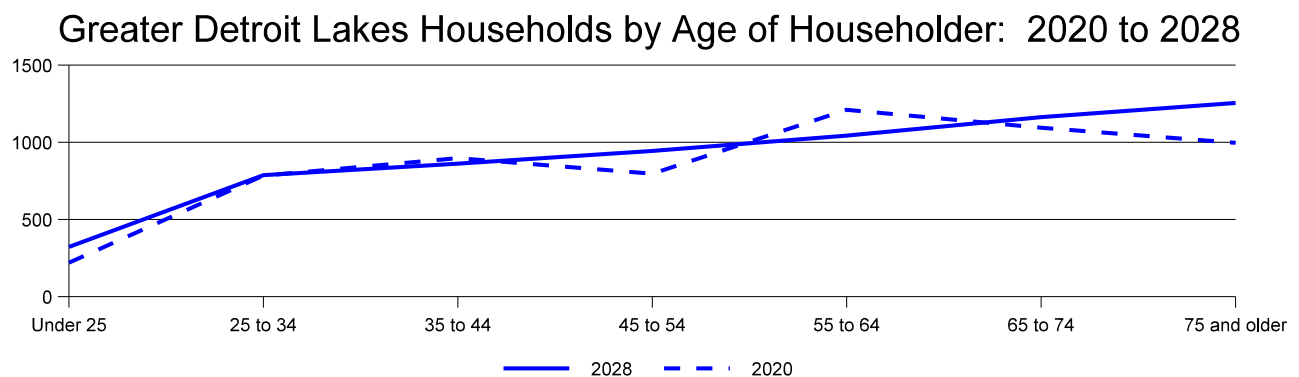
- ▶ Using past rates of growth and projecting these forward, the analysts believe that the aggregated Greater Detroit Lakes area will have 6,350 to 6,375 households by 2028. To reach this forecast, the area would need to add approximately 55 to 60 households per year from 2023 and 2028. Between 2010 and 2020, the Greater Detroit Lakes area had average annual growth of approximately 62 households per year.
- ▶ For all of Becker County, the Community Partners Research, Inc., projection expects 15,130 permanent households by 2028. To reach this forecast the County would need average annual growth of approximately 110 households per year between 2020 and 2028. From 2010 to 2020, the County averaged approximately 115 additional households per year.
- ▶ Based on these projections, slightly more than half of the County's total household growth through the year 2028 would be attributed to the three jurisdictions that form Greater Detroit Lakes, and the remaining growth to the other jurisdictions in Becker County.

## Household Projections by Age: 2020 to 2028

Despite the fact that Esri has a conservative expectation of the area’s future growth, their household projections do include details about households by age. In the following table, Community Partners Research, Inc., has adjusted Esri’s base forecasts for 2028 to match the actual expected household level. The actual adjustment was approximately 3.6%. The projections have then been compared to the 2020 Census data to anticipate changes over the next few years.

<b>Table 15 Projected Households by Age - 2020 to 2028</b>			
Age	Greater Detroit Lakes		
	2020	2028	Change
24 and younger	220	322	+102
25-34	784	787	+3
35-44	897	861	-36
45-54	796	944	+148
55-64	1,210	1,043	-167
65-74	1,094	1,163	+69
75 and older	996	1,255	+259
<b>Total</b>	<b>5,997</b>	<b>6,375</b>	<b>+378</b>

Source: U.S. Census; Community Partners Research, Inc.



- ▶ The adjusted age-based projections expect Greater Detroit Lakes to add 378 households between 2020 and 2028. As a result, most of the defined age ranges are also projected to increase in size.

- ▶ By 2028, nearly all of the large baby boom generation will be age 65 or older and their impact will be evident in the age patterns for the Detroit Lakes area.
- ▶ These projections expect substantial growth among senior-headed households, with an overall increase of nearly 330 households age 65 and older by 2028. Most of this growth would be expected from households age 75 and older.
- ▶ Trailing behind the baby boomers was a smaller demographic cohort, and an expected decrease will occur among households age 55 to 64 years old. This age group will not fully replace the advancing age cohorts resulting in fewer near-senior households by 2028.
- ▶ The adjusted projections show solid growth in the number of households in the 45 to 54 year old age group. Additional growth is also expected from younger households age 25 and under. Although a minor decrease is projected in the 35 to 44 year old range, a net increase of more than 215 households is projected for households age 54 and younger by 2028.



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## Median Income Data

Annual income estimates are available at the city and county level through the Census Bureau’s American Community Survey. No median income information was available for Greater Detroit Lakes, since it is an aggregated geography.

The most recently released data are for 2022. This information can be compared to the 2016 American Community Survey estimates that were included in the 2018 Housing Study to help track changing income patterns over time.

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.

<b>Table 16 Median Income - 2016 to 2022</b>			
	2016 Median	2022 Median	% Change
Households			
Detroit Lakes	\$37,103	\$60,317	62.6%
Becker County	\$54,115	\$68,683	26.9%
Minnesota	\$63,217	\$73,472	16.2%
Families			
Detroit Lakes	\$57,854	\$82,172	42.0%
Becker County	\$65,400	\$86,407	32.1%
Minnesota	\$79,595	\$95,634	20.2%

Source: American Community Survey 5-year survey

- ▶ According to the American Community Survey, the median household income in the City of Detroit Lakes increased rapidly from 2016 and was at \$60,317 in 2022. While the City’s median has increased over time, the 2016 estimate was probably too low, and the percentage change may be overly high.
- ▶ Using a standard that 30% of income is available for housing costs, a household at the City’s median level could have applied \$1,508 per month for housing.

- ▶ The median household income for all of Becker County was estimated at \$68,683 in 2022, above the median for Detroit Lakes.
- ▶ Families tend to have higher income levels than all household because by definition families must have two or more members, and potentially more than one income earner, while many households are people living alone.
- ▶ The median family income for Detroit Lakes in 2022 was estimated at \$82,172, once again up substantially from the 2016 median level. At 30% of income, a family at the median level could afford approximately \$2,054 for monthly housing costs.
- ▶ The median family income for all of Becker County was estimated at \$86,407 in 2022, above the median for Detroit Lakes. The County's median family income was more than \$9,000 below the comparable median Statewide.
- ▶ As will be detailed later in this section, renter households tend to be below the overall medians, while owner households tend to be above the overall median levels.

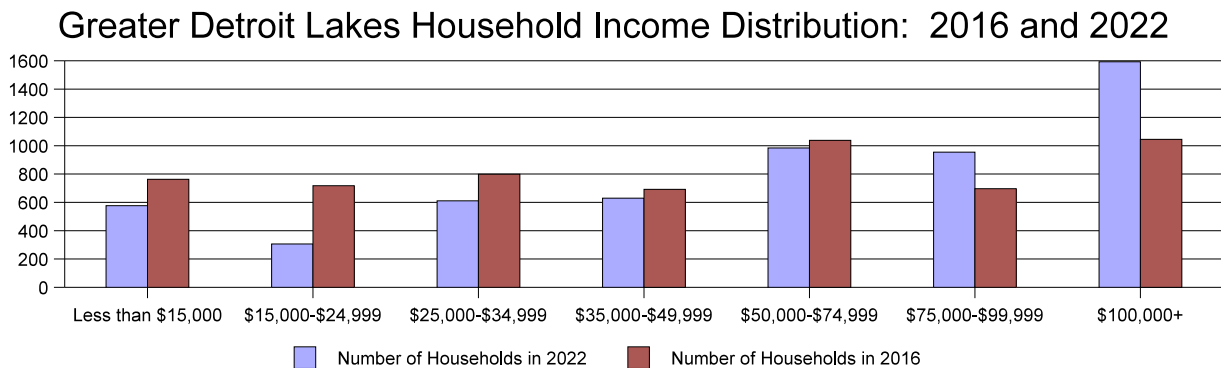
## Greater Detroit Lakes Household Income Distribution

The American Community Survey household income estimates for the entire Greater Detroit Lakes area can be compared to the same distribution information from 2016 to examine changes that have occurred over time.

It is important to note that the 2022 American Community Survey estimate was lower than the Census household count. However, the distribution of households by income range is viewed as the best available information.

<b>Table 17 Greater Detroit Lakes Income Distribution: 2016 to 2022</b>			
Household Income	Number of Households in 2016	Number of Households in 2022	Change 2016 to 2022
\$0 - \$14,999	763	577	-186
\$15,000 - \$24,999	718	406	-312
\$25,000 - \$34,999	799	611	-188
\$35,000 - \$49,999	692	630	-62
\$50,000 - \$74,999	1,038	984	-54
\$75,000 - \$99,999	697	955	+258
\$100,000+	1,045	1,593	+548
<b>Total</b>	<b>5,752</b>	<b>5,756</b>	<b>+4</b>

Source: American Community Survey



- ▶ Consistent with the growth of the median income levels presented previously, the Greater Detroit Lakes area has had improving income levels. It is probable that the numeric change is even greater than indicated, as the 2022 estimates are low for total households.

- ▶ Overall, the Greater Detroit Lakes saw a decrease of households in the lower income ranges, with nearly 500 fewer households in 2022 with an annual income below \$25,000, and nearly 700 fewer households with an annual income below \$35,000.
- ▶ There was strong growth in the moderate to higher income ranges of \$75,000 or more. Between 2016 and 2022, the area added more than 800 households in these ranges.

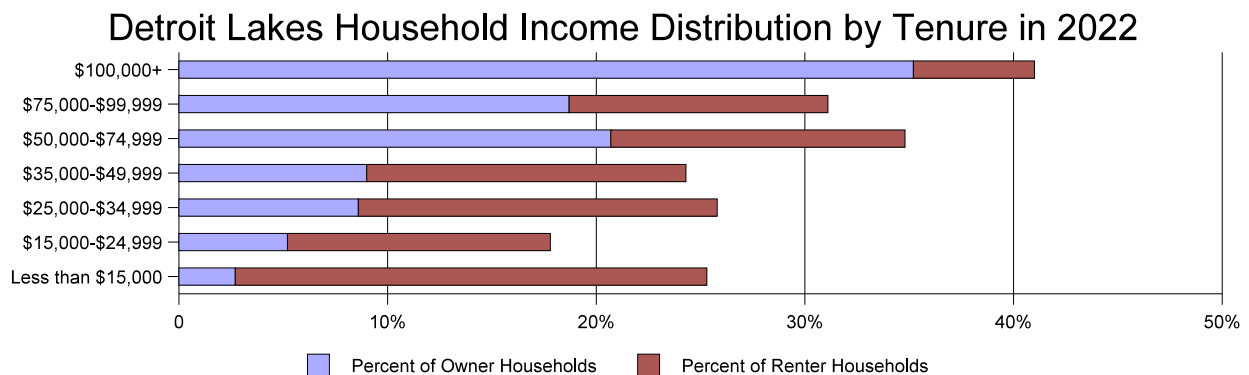
## Detroit Lakes Income Distribution by Housing Tenure

The American Community Survey provides an income estimate by owner and renter status. The following table examines income distribution within the City of Detroit Lakes, where most of the area’s renter households reside.

Since the estimates are based on limited sampling, there is a margin of error. For total households, the American Community Survey reported 4,190 households in the City, which was well below the 2020 Census count of 4,462. The ACS estimates were too low for both home owners and renters. As a result, the following tables provides percentage distributions which are assumed to be relatively accurate and the best available information on income by tenure.

<b>Table 18 Detroit Lakes Income Distribution by Tenure - 2022</b>			
Household Income	Percent of Owner Households	Percent of Renter Households	Total Households
\$0 - \$14,999	2.7%	22.6%	10.8%
\$15,000 - \$24,999	5.2%	12.6%	8.2%
\$25,000 - \$34,999	8.6%	17.2%	12.1%
\$35,000 - \$49,999	9.0%	15.3%	11.6%
\$50,000 - \$74,999	20.7%	14.1%	18.0%
\$75,000 - \$99,999	18.7%	12.4%	16.1%
\$100,000+	35.2%	5.8%	23.3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: American Community Survey



- ▶ Income and housing tenure are often linked for most households, with home owners generally having higher annual income levels, and renters having lower incomes.
- ▶ In 2022, more than 52% of all renter households in Detroit Lakes had an annual income below \$35,000. At 30% of income, these households would have \$875, or less, that could be applied to monthly housing costs.
- ▶ The median income for all renter households in Detroit Lakes was \$32,865 in 2022. At 30% of income, a renter at the median level could afford approximately \$822 per month for housing costs.
- ▶ Most owner households had a substantially higher income level. Nearly 54% of all owner households in the City had an annual income of \$75,000 or more.
- ▶ The estimated median household income for owners in 2022 was \$80,863. At 30% of income, an owner at the median level could afford approximately \$2,022 per month for housing costs.

## Estimated Housing Costs and Income - Renters

The household income and tenure information in the American Community Survey can be analyzed to determine the number of lower income households that pay a disproportionate share of their income for housing. The goal of most housing assistance programs is to keep housing costs at 30% or less of household income. When 30% or more of income is required, it is generally defined as a “housing cost burden”. Households applying 35% or more of their income for housing may have a “severe housing cost burden”.

As stated previously, the 2022 American Community Survey probably underestimated the number of renter-occupancy households by 175 to 200 total households. As a result, percentages have been used.

The following table examines the percentage of income required by renter households for monthly housing costs. Information is provided for renter households within different age ranges.

<b>Table 19 Detroit Lakes Renter Household Cost Burden - 2022</b>				
Percent of Income for Housing	Age 24 and Younger	Age 25 to 64	Age 65 and Older	Total
Less than 20%	5.9%	24.8%	14.4%	19.2%
20% to 29.9%	28.4%	30.7%	27.7%	29.5%
30% to 34.9%	18.2%	9.4%	9.0%	10.5%
35% or more	34.3%	35.2%	36.6%	35.4%
Not Computed	13.1%	0%	12.3%	5.3%
Total	100%	100%	100%	100%

Source: American Community Survey

- ▶ Using a standard of 30% of income, most renter households in Detroit Lakes did not have a cost burden for rental housing in 2022. However, nearly 46% of all renters did need to apply 30% or more of their income to housing costs. Most of these households were applying 35% or more of their income to monthly rental costs.



- ▶ While all age ranges experienced a cost burden, the highest rate was reported from the youngest group, households under the age of 25. More than 52% of these households were paying 30% or more of their income for rental housing costs. In Detroit Lakes, this may partially reflect student households.
- ▶ For senior-headed households, age 65 and above, the percentage with a housing burden approached 46%. Many of these households may be living on a relatively fixed retirement income.
- ▶ Nearly 45% of renter households in the adult age groups between 25 and 64 years old reported a cost burden in 2022. Once again, most of these households had a severe cost burden with 35% or more of income required for gross monthly rent. In numeric terms, households in the 25 to 64 year old age group represented the largest share of renters in the community.
- ▶ The 2022 American Community Survey includes an estimate of the median percentage of income applied to rental housing costs. For all renter households in Detroit Lakes, the estimated median was 29.5% of income, just below the threshold of 30% of income that typically defines a cost burden.

## Estimated Housing Costs and Income - Owners

The 2022 American Community Survey also includes information on housing costs for home owners. The following table examines the percentage of income required by Detroit Lakes home owners for monthly housing costs. Information is provided for owner households with and without a mortgage.

The American Community Survey appears to have underestimated the number of owner-occupancy households. As a result, percentages have been used.

<b>Table 20 Detroit Lakes Owner Household Cost Burden - 2022</b>			
Percent of Income for Housing	Households with a Mortgage	Households without a Mortgage	Total
Less than 20%	45.5%	80.5%	59.1%
20% to 29.9%	29.2%	12.2%	22.6%
30% or more	25.2%	7.3%	18.3%
Not Computed	0%	0%	0%
Total	100%	100%	100%

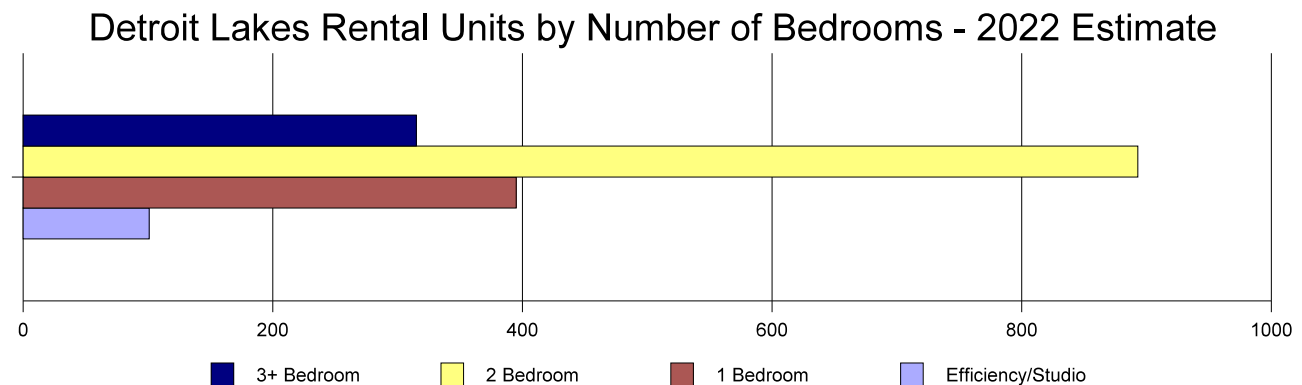
Source: American Community Survey

- ▶ 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.
- ▶ More than 18% of all home owners reported that they paid 30% or more of their income for housing in 2022. A large majority of these households had a mortgage on their home.
- ▶ For households without a mortgage, a lower annual income was often the cause of the cost burden. This may have included retirees that owned their home but lived on a fixed income.
- ▶ The American Community Survey provides an estimate of the median percentage of income paid by home owners in Detroit Lakes for housing. In 2022, the median required for home ownership for all owners in the City was only 17.6%. For home owners with a mortgage, the median required for home ownership was approximately 22%. Most of the existing home owners had secured affordable housing.

## American Community Survey Rental Inventory and Cost Data

The 2022 American Community Survey provides estimates on rental units in Detroit Lakes and the gross rents for these units.

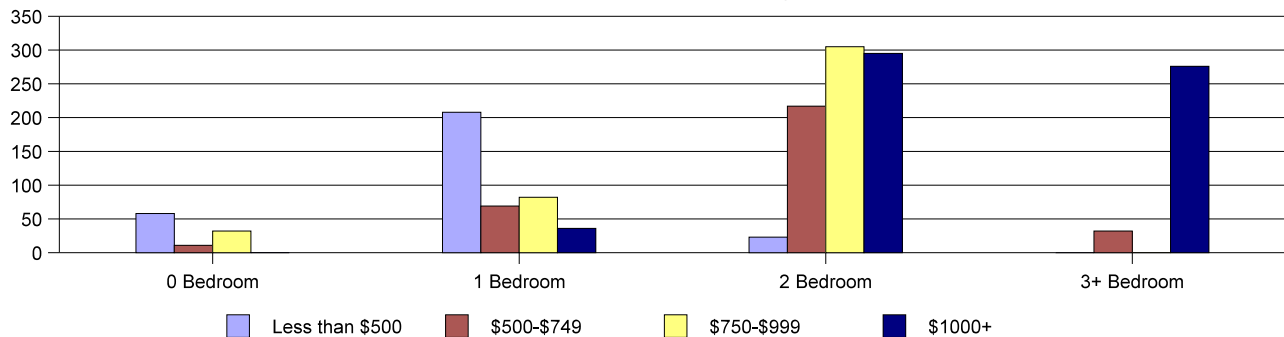
<b>Table 21 Detroit Lakes Rental Distribution by Bedrooms and Rent - 2022</b>						
Unit Size	Rent less than \$500	Rent \$500 to \$749	Rent \$750 to \$999	Rent \$1,000+	No cash rent	Total Units
Efficiency/Studio	58	11	32	0	0	101
1 Bedroom	208	69	82	36	0	395
2 Bedroom	23	217	305	295	53	893
3+ Bedroom	0	32	0	276	7	315
Total	289	329	419	607	60	1,704



Source: American Community Survey

- ▶ According to the American Community Survey, two-bedroom rental units represented more than 52% of all rental housing in the City, and one-bedroom units represented more than 23% of all units.
- ▶ Larger units, with three or more bedrooms accounted for approximately 18% of all rental housing.
- ▶ Efficiency/studio units represented less than 6% of the rental stock.

**Detroit Lakes Gross Rent Distribution by Bedroom Size - 2022**

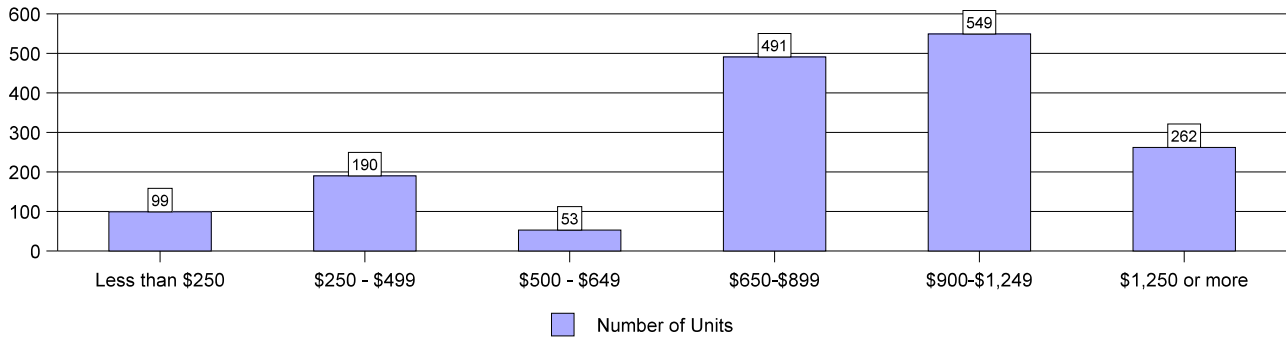


- ▶ The median gross rent for all units in Detroit Lakes in 2022 was \$894 per month.
- ▶ For 0-bedroom units, the estimated median gross rent was \$473. There were no studio/efficiency units renting for \$1,000 or more.
- ▶ The estimated median gross rent for one-bedroom units was only \$460 per month in 2022, which may represent a sampling error.
- ▶ For two-bedrooms, most of the units had a gross rent of \$750 or more. The median gross rent for two-bedrooms was \$913 per month.
- ▶ Prices increased rapidly for larger rental units, with three or more bedrooms. For these larger units, the majority of gross rents were more than \$1,000. The median gross rent was \$1,218 for three-bedroom rentals and \$1,234 for four-bedroom units. It is probable that many rental units with three or more bedrooms exist in single family structures, such as houses converted to rental use, and tenant-paid utilities would add to the monthly gross rent amount.

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

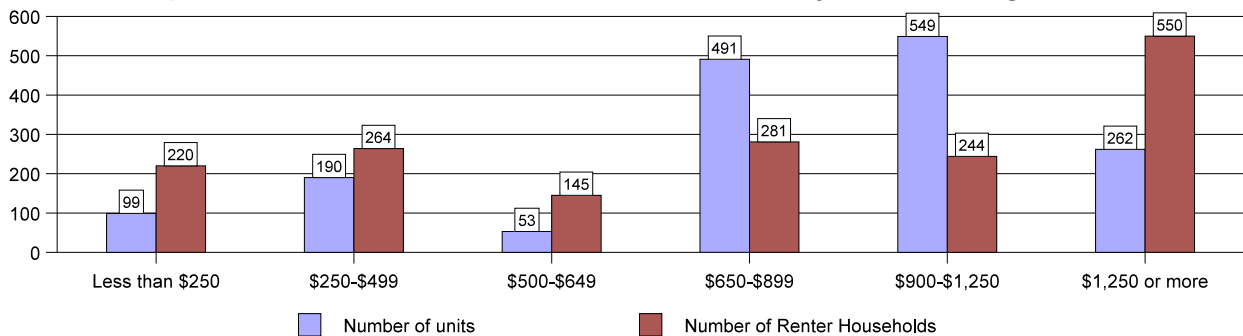
The rent distribution tables from 2022 do not differentiate between different segments of the market. Since all types of renter households should be surveyed, the rent distribution would include subsidized units, tax credit units, and probably some specialized senior housing. However, the vast majority of units in Detroit Lakes would represent conventional, market rate housing.

**Detroit Lakes Rental Unit Distribution by Rent Range - 2022**



Using the overall distribution of gross monthly rents and renter households by income, presented earlier in this document, 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 Detroit Lakes. This is then 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.

**Comparison of Income to Unit Distribution by Rent Range - 2022**



- ▶ Comparing supply and demand, based on the price needed versus unit distribution, shows some interesting patterns. First, there were many more low income households that need a unit priced less than \$500 than there were units available in 2022. There were nearly 200 more households with an annual income below \$20,000 as there were units that would be considered affordable for this income range.
- ▶ Presumably, some of the very low income renter households were being helped somewhat by rent assistance Vouchers or other public assistance programs.

- ▶ The mismatch between supply and demand continued into the next price/income range. The number of available units in the \$500 to \$649 price range was once again smaller than the number of households with an annual income between \$20,000 and \$26,000. Presumably some of these lower income households were “renting up” into this price range even though it required more than 30% of household income.
- ▶ The supply of units in the \$650 to \$899 price range was significantly larger than the number of renter households with an annual income between \$26,000 and \$36,000. The conventional rental market has been able to produce new units in this basic price range in recent decades, and rental housing constructed in the 1990s and 2000s may be priced below \$900 per month. Higher income households that rent a less expensive unit would potentially elect to occupy a unit in this more moderate range.
- ▶ In the rent ranges of \$900 to \$1,249 per month the total supply of units was larger than the number of renter households with moderate incomes between \$36,000 and \$49,999. Much of the rental inventory constructed in the 2010s would probably be within this price range.
- ▶ The total inventory of rental units priced at \$1,250 or more per month in 2022 was significantly smaller than the number of renter households with an annual income of \$50,000 or more. Overall, the American Community Survey estimates showed that more than 32% of all renter households in Detroit Lakes in 2022 had an annual income of \$50,000 or more, but only 16% of all rental units were priced at \$1.250 or more for gross rent.
- ▶ There have been no new rental projects constructed in the City since 2022. Although rents may have risen, there has been no expansion of higher rent units through new development.

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## Building Permit Trends

The following table identifies the units that have been issued a building permit since the year 2010. Previous Housing Studies had tracked housing unit permits back to the year 2000.

Year	Single Family	Multifamily Rental	Special Use	Total Units
2024*	11	0	0	11
2023	28	0	0	28
2022	23	0	0	23
2021	33	16	0	49
2020	35	0	0	35
2019	35	13**	0	48
2018	53	30	58***	141
2017	37	55	0	92
2016	35	0	0	35
2015	45	71	0	116
2014	46	33	0	79
2013	43	50	0	93
2012	33	0	0	33
2011	20	0	0	20
2010	30	50**	0	80
<b>Total</b>	<b>507</b>	<b>318</b>	<b>58</b>	<b>883</b>

Source: City of Detroit Lakes; U.S. Census Bureau

\* 2024 is through May 14

\*\*Includes units created through building conversion

\*\*\*Does not include 21 memory care sleeping rooms

- ▶ Detroit Lakes has been very successful in achieving a significant level of new housing unit construction over the past 15 years. Using only partial-year information for 2024, an estimated 883 total units have been created based on annual reporting.



- ▶ Excluding 2024, the City averaged approximately 62 housing units per year between 2010 and 2023.
- ▶ There were 496 single family units permitted between 2010 and 2023. This would include attached single family units, such as twin homes or town houses that were intended for owner-occupancy. Over the 14-year time period the City averaged more than 35 single family housing starts per year.
- ▶ In 2018, a permit was issued for Pelican Landing, a specialized senior project offering both assisted living and memory care housing. The assisted living is offered in 58 apartment-style units that are included in the table on the previous page. Memory care is provided in 21 sleeping rooms that were not included in the total housing construction count.
- ▶ Including the apartments in Pelican Landing, there were an estimated 376 rental units created in multifamily projects. Over the 14-year time period this was an average of nearly 27 units per year.

### **Single Family Construction**

- ▶ The highest year for single family construction was 2018, when permits were issued for 53 units. This was the only year that had 50 or more single family housing starts.
- ▶ Between 2010 and 2018, the City was averaging 38 single family permits per year.
- ▶ After 2018, the number of annual single family housing starts has been lower, and no year has reached 40 permits. The annual average over the 5-year time period from 2019 through 2023 was approximately 31 units per year.
- ▶ Through mid-May in 2024, 11 single family permits had been issued. This partial-year activity was lower than the comparable time period in 2023. In 2023, the yearly total was 28 single family housing starts.

## **Multifamily Construction**

As stated previously, construction of larger-scale multifamily rental projects in Detroit Lakes have represented a significant amount of new housing activity in recent years. The larger rental projects that have been developed since 2010 include:

- ▶ Mary Ann Apartments - 16 units in 2021
- ▶ Norby Flats - 13 units in building conversion in 2019
- ▶ Apex Townhomes - 30 moderate rent units in 2018
- ▶ Pelican Landing - 58 apartment-style assisted living units in 2018
- ▶ Stonebrook 3 - 55 units in 2017
- ▶ McKinley Plaza - 36 units in 2015
- ▶ Stonebrook 2 - 35 units in 2015
- ▶ Stonebrook 1 - 33 units in 2014
- ▶ Northview - 50 units in 2013
- ▶ Union Central - 30 units in building conversion in 2010
- ▶ Long Lake Apartments - 20 units in 2010

With the exception of Pelican Landing and Apex Townhomes, all of the other se projects created conventional, market rate rental housing. From 2010 through 2023, the City averaged approximately 20 to 21 market rate units per year.

Apex Townhomes created 30 moderate rent units through the use of federal low income housing tax credits. Four of these units offer supportive housing for long-term homelessness.

Pelican Landing created 58 apartment style units for seniors needing assisted living care. There are also 21 sleeping rooms offering memory care housing that have not been included in the unit totals discussed above.

The 2013 Housing Study had included a summary of multifamily rental housing projects dating back to the year 2000.

## Census Housing Data

The housing counts released from the 2020 Census included information on occupancy and vacancy of housing units. The following table compares information from 2010 and 2020 to track changes over the decade as reported by the Census.

<b>Table 23 Housing Units, Occupancy and Vacancy - 2010 to 2020</b>									
	Total Housing Units			Occupied Units			Vacant Units		
	2010	2020	Change	2010	2020	Change	2010	2020	Change
Greater DL	6,933	7,618	+685	5,379	5,997	+618	1,554	1,621	+67
Becker Co.	18,784	19,620	+836	13,224	14,371	+1,147	5,560	5,249	-311

Source: U.S. Census

- ▶ According to the Census totals in 2010 and 2020, the Greater Detroit Lakes area added 685 total housing units over the decade. There was an increase of 618 occupied units and a gain of 67 vacant units by 2020.
- ▶ Based on the annual building permit reporting provided earlier in this section, as many as 737 housing units were created in Detroit Lakes between 2010 and 2019. With the assumption that some older housing was removed from the usable inventory over the decade, the new construction total would appear to be reasonably consistent with the net increase of 685 units as reported by the 2020 Census.
- ▶ As reported by the Census, for all of Becker County there was a net increase of 836 housing units in the total inventory between 2010 and 2020. Most of the growth in the housing stock was due to the unit creation in the City of Detroit Lakes.
- ▶ Some details also exist on the units reported as vacant in the 2020 Census. The 1,621 housing units counted as vacant in Greater Detroit Lakes were distributed as follows:
  - ▶ 1,334 units were for seasonal/recreational use
  - ▶ 99 units were vacant/unoccupied rental housing
  - ▶ 74 units were for sale or sold but not occupied
  - ▶ 114 units were other vacant without further details
- ▶ In all of Becker County there were 5,249 units that were vacant/unoccupied according to the 2020 Census, with 4,365 of these units identified as seasonal/recreation use housing.

## **American Community Survey Housing Age Data**

The 2022 American Community Survey included an estimate of the year of construction for housing units.

### **Median Year of Construction - Owner-occupancy**

In Detroit Lakes, the median year of construction for owner-occupancy housing units was estimated to be 1973. Nearly 34% of the owner-occupied houses in the City were constructed before 1960.

### **Median Year of Construction - Renter-occupancy**

The City's rental stock is slightly newer, with an estimated median year of construction in 1978, with more than 54% of all rental housing units in the City constructed prior to 1980.

## **Existing Home Sales**

This section examines houses that have been sold within recent years in the City of Detroit Lakes. Information was obtained from the Minnesota Department of Revenue website, using information reported annually by the Becker County Assessor's Office.

Becker 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 also 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 transfers between related parties, or sales that were not conducted in the open market. Additional reasons for rejection would include sales of "bank-owned" properties, and foreclosures/short sales.

The sales reports available from the County did not differentiate between different styles of houses. All of the sales are for single family units, but they may include attached housing units, such as twin homes, town houses or condominiums. Sales that were identified as multi-unit properties, such as duplexes, were excluded from this analysis.

Information was available for each calendar year from 2017 through 2023. Only partial-year information was obtained for 2024, covering the first five months of the year.

**Table 24 Detroit Lakes Residential Sales Activity - 2010 to 2024\***

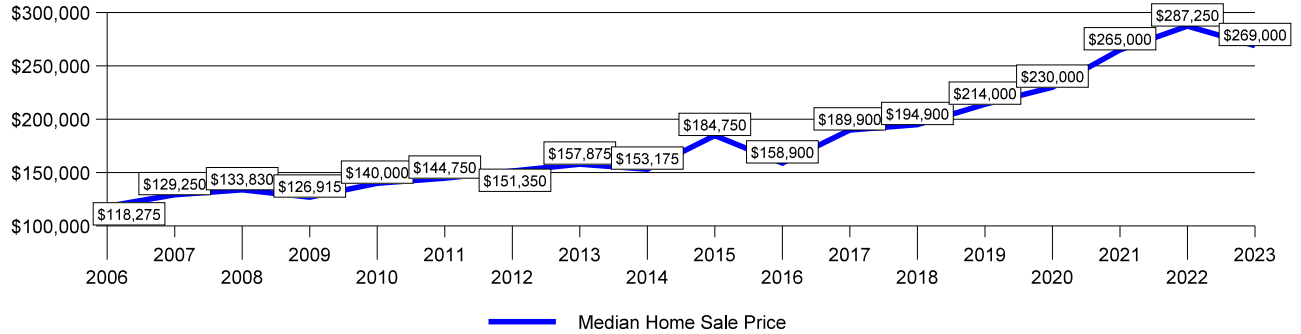
Sales Year	Number of Good Sales	Median Sale Price	Highest Sale	Lowest Sale
2024*	39	\$405,000	\$1,100,000	\$62,500
2023	153	\$269,000	\$2,500,000	\$40,500
2022	148	\$287,250	\$1,800,000	\$60,000
2021	186	\$265,000	\$1,300,000	\$34,300
2020	202	\$230,000	\$1,330,000	\$50,000
2019	157	\$214,900	\$1,375,000	\$28,000
2018	159	\$194,900	\$989,000	\$50,000
2017	179	\$189,900	\$1,025,000	\$45,000

Source: MN Dept. of Revenue; Becker County Assessor; Community Partners Research, Inc.

\* 2024 sales were through May 10

- ▶ The annual sales reported above represent a 12-month, calendar year time period. For 2024, the last posted sale date was May 10<sup>th</sup>.
- ▶ Excluding partial-year information for 2024, there has generally been a steady upward progression in the City's median home sale price. There was some reduction in the median between 2022 and 2023, but each of the years from 2021 through 2023, the annual median was \$265,000 or higher.
- ▶ If the 2023 median is compared back to 2019, the annual median sale price increased by more than 25% over a 5-year time period.
- ▶ The median sale price year-to-date in 2024 is above \$400,000, but this is based on a limited number of sales and will change once a full 12-months of activity is recorded.
- ▶ Detroit Lakes contains some high-values residential lake shore properties. Since 2019, at least one house has been sold each year for \$1,100,000 or more.
- ▶ While some lower-valued home sales are recorded each year, the lowest sale in 2023 was for \$40,000.

### Median Home Sale Prices in Detroit Lakes: 2006 to 2023



- ▶ Using sales information reported in previous housing studies, it is possible to track longer-term sales patterns in the City, using the annual median price back to the year 2006.

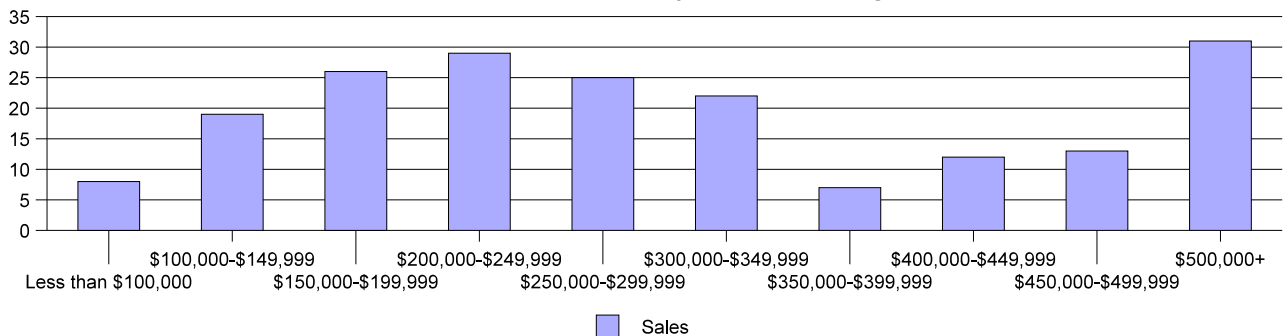
## Detroit Lakes Home Sales by Price Range

The following table looks at single family houses that have been sold in the City of Detroit Lakes between January 1, 2023, and May 10, 2024, the last recorded sale as of the date of the research for this Update.

Table 25 Detroit Lakes Home Sales by Price Range: 2023/24*		
Sale Price	Number of Sales	Percent of Sales
Less than \$99,999	8	4.2%
\$100,000 - \$149,999	19	9.9%
\$150,000 - \$199,999	26	13.5%
\$200,000 - \$249,999	29	15.1%
\$250,000 - \$299,999	25	13.0%
\$300,000 - \$349,999	22	11.5%
\$350,000 - \$399,999	7	3.6%
\$400,000 - \$449,999	12	6.3%
\$450,000 - \$499,999	13	6.8%
\$500,000+	31	16.1%
<b>Total</b>	<b>192</b>	<b>100%</b>

Source: MN Dept. of Revenue; Becker County Assessor; Community Partners Research, Inc.  
 \*2024 sales are through May 10

Detroit Lakes Home Sales by Price Range: 2023/24\*





- ▶ Over an approximate 17-month time period from January 1, 2023 to early May 2024, there were 192 residential sales recorded in Detroit Lakes.
- ▶ Although the City has had a large number of higher-valued home sales, more than 53% of the recent sales were priced between \$150,000 and \$349,999.
- ▶ Approximately 14% of recent home sales were priced below \$150,000.
- ▶ Nearly 33% of all sales were priced at \$350,000 or more.
- ▶ Since January 1, 2023, there have been five residential sales in Detroit Lakes for more than \$1,000,000.

## **Active Residential Subdivisions in Detroit Lakes**

### **City Reports**

A City report from November 2023 identified the following active subdivisions in the City with an available residential lot supply.

- ▶ Long Pine Estates (Long Lake) - 37 lots
- ▶ Lake Forest (South Shore) - 23 lots
- ▶ 839 South Shore - 18 lots
- ▶ Ridge View 1st (Long Lake) - 13 lots
- ▶ North Town Acres - 10 lots
- ▶ Bluff View Estates (South Shore) - 5 lots
- ▶ Shorewood Oaks (Shorewood Drive) - 3 lots

In total, there were 109 vacant lots identified within these development areas. However, it is not known if all of these lots are actively available for sale.

In addition to the newer subdivisions listed above, there are also miscellaneous vacant lots in the community which may represent small subdivisions, or remnant lots remaining in older residential area.

### **Residential Lots on the MLS**

The website Realtor.com identified approximately 57 residential parcels available for sale in the Detroit Lakes area in early June 2024. These lots appeared to be within the City limits and were not listed as “pending” or “contingent” sales.

The active listings varied greatly in price, from \$500,000 for a large lake shore lot to \$43,000 in a City-developed subdivision.

There were many additional lots in the Detroit Lakes area that were outside the city boundaries.

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## **Rental Housing Data**

### **Census Bureau Rental Inventory - 2020**

According to the 2020 U.S. Census, there were 1,866 occupied rental units in Detroit Lakes. There were an additional 80 units that were vacant or unoccupied, for a total inventory of 1,946 housing units. The rental tenure rate was 41.8%.

At the time of the 2010 Census there were 1,525 occupied rental units and at least 86 unoccupied rental units in Detroit Lakes, for a total estimated rental inventory of 1,611 units. The City's rental tenure rate, was 39.5%, based on renter-occupancy households in 2010.

Between 2010 and 2020, the City added 341 renter-occupancy households and 335 total rental units. The rental rate moved from 39.5% in 2010 to 41.8% in 2020. For comparison, the Statewide rental tenure rate in 2020 was 29.4%.

Although some renters do live outside the city limits in either Detroit Township or Lake View Township, most of the Greater Detroit Lakes rental inventory is within the City of Detroit Lakes.

### **Rental Registration Program Inventory**

The City of Detroit Lakes has a rental housing registration program. According to staff, this program is primarily focused on building registration, not individual unit registration. The City program does not include all types of units that could be viewed as rental housing, such as units that are in specialized care senior projects that are subject to State licensing requirements. As a result, no overall rental unit estimate is available from this source.

### **Recent Rental Construction - Rental Inventory Estimate**

In the section of this document that examines building permit trends, information was provided on rental housing development since the year 2010.

Between 2010 and 2019, annual reports indicate that approximately 360 rental units were constructed in the City. This total included a specialized senior project, Pelican Landing, that has 58 units with supportive services available. The building permit total would be generally consistent with the Census count which showed the City adding 335 rental units between 2010 and 2020. It is probable that some older rental units were removed from the usable inventory over the decade.

Since the 2020 Census was completed, annual reports would show that 16 additional rental units have been developed in the City.

Based on limited new construction additions since 2020, a reasonable estimate of the overall supply of rental housing in Detroit Lakes would contain between 1,950 and 1,975 total units in 2024.

A very high rate of occupancy exists in 2024, although some vacant or unavailable rental units would always exist at any point in time. But as many as 1,900 or more renter-occupancy households would probably be living in the City in 2024.

### **Pending Rental Projects**

No pending or proposed rental projects were identified in the research process in 2024.

## **Rental Housing Survey**

As part of this 2024 Housing Study Update, a telephone survey was conducted of multifamily projects in the City of Detroit Lakes. The survey was primarily conducted in May and June. Most of the specialized senior projects and income-based housing were contacted in May, while the conventional market rate projects were largely contacted in June.

Emphasis was placed on properties that have eight or more units, although a few smaller properties may also have been also included. For the purposes of planning additional projects in the future, multifamily properties represent the best comparison of market potential.

Multiple attempts were made to contact each building. Information was tallied separately for different types of rental housing, including:

- ▶ Market rate units
- ▶ Tax credit/moderate rent units
- ▶ Subsidized housing

A later section of this Update contains the information on the senior units that also provide services. Independent rental housing, including independent senior units are reported in this section.

There were 1,026 housing units of all types that were contacted in the survey. This total excludes sleeping rooms in some of the senior memory care projects. The units that were surveyed represent more than 52% of the City's estimated total of rental housing units in 2024.

The units that were successfully contacted include:

- ▶ 368 market rate units
- ▶ 113 tax credit units
- ▶ 258 subsidized units for senior/disabled occupancy
- ▶ 93 subsidized units for general occupancy
- ▶ 12 subsidized units for long-term homeless
- ▶ 182 apartment-style senior units with services available

The findings of the survey for independent living units are provided below. The findings of the survey for senior housing with services units and memory care housing are presented in the next section of this document.

## Market Rate Summary

Usable information was obtained on 368 market rate rental units in 17 rental projects. All of the units in the survey were multifamily buildings with eight or more units.

With one exception, all of the buildings were designated for general occupancy. Union Central was designated for senior occupancy, age 55 and older. One additional property, Richwood Heights Townhomes, represents a mixed-income project, with only four units designated as market rate rental housing. The remaining units in Richwood Heights have been analyzed in the tax credit section.

For some of the buildings that were contacted, only partial information was obtained. For example, some properties could not provide specifics on the bedroom distribution. As a result, for some of the calculations that follow, a smaller subset of market rate units may have been used.

## Unit Mix

One building with 24 units did not supply information on their unit mix. The following information shows the bedroom mix for 344 units that supplied information:

- ▶ 15 studio/efficiency (4.4% of all units)
- ▶ 85 one-bedroom (24.7%)
- ▶ 2 one-bedroom+den (0.6%)
- ▶ 194 two-bedroom (56.4%)
- ▶ 48 three-bedroom (14.0%)

Most of the units contacted by the survey had two bedrooms.

## Occupancy / Vacancy

Within the general occupancy market rate multifamily segment there were very few vacant units identified. Unoccupied units on the date of the survey were generally units that had recently turned over and had not yet been filled. The estimated vacancy rate in the market rate segment was approximately 1%.

Most of the building owners/managers that were contacted talked about strong demand, with frequent phone calls from prospective tenants.

## Rental Rates

Rental units may include the primary utility payments within the rent, or the tenant may be required to pay some utilities separately, in addition to the contract rent. In the following summary, Community Partners Research, Inc., has attempted to estimate the gross rents being charged, inclusive of the tenant-paid utilities.

In the first column, the lowest and highest gross rents have been identified, as reported in the telephone survey. Since the highest and lowest ends of the rent range may not be representative of most units, a second column has also been listed. The Prevailing Rents attempts to define the gross rents being charged by a majority of the units surveyed.

<u>Unit Type</u>	<u>Lowest/Highest Gross Rents</u>	<u>Prevailing Rents Majority of Units</u>
Studio/efficiency	\$400-\$1025	\$580-\$775
1-bedroom	\$615-\$1150	\$650-\$1050
2-bedroom	\$550-\$1750	\$725-\$1300
3-bedroom	\$775-\$1325	\$900-\$1270



## **Tax Credit Summary**

Since the late 1980s, the primary federal incentive program for the production of affordable rental housing has been low income housing tax credits, also referred to as Section 42 housing. In Minnesota, tax credits are awarded annually on a competitive basis.

### **Unit Inventory**

Since the tax credit program was initiated, there have been ten rental projects in Detroit Lakes that have received a tax credit award.

Two of these projects were awarded credits in the 1980s, in the early years of the program, when a 15-year compliance requirement was in place. Full compliance was met in these projects many years ago. However, both of the projects awarded tax credits in the 1980s also utilized USDA Rural Development subsidies and continue to operate as subsidized housing.

- ▶ **Marigold Apartments** was placed in service in 1988 and continues to operate as USDA Rural Development subsidized housing even though the tax credit contract compliance has been met
- ▶ **Silver Birch Apartments** was placed in service in 1989 and continues to operate as USDA Rural Development subsidized housing even though the tax credit contract compliance has been met

One additional subsidized project received a tax credit award for preservation and has been included in the subsidized analysis that follows later in this section.

- ▶ **Park Manor Estates and Townhomes** have a combined 97 units that are HUD subsidized - a tax credit award in 2013 was used for preservation and all units are subject to tax credit requirements but has project-based rent assistance available for tenants

Starting in the early 1990s, tax credit projects had an extended compliance requirement that began after the 15-year initial compliance period ended. One project subject to the extended compliance period has also fully met its requirements, and is no longer subject to the affordable housing regulations.

- ▶ **11<sup>th</sup> Avenue Apartments** with 15 units was placed in service in 1993 and ended its extended compliance in 2023, but this project is owned by MMCDC and continues to provide affordable market rate rental housing

One project did not complete its full extended compliance period, and is identified as “not in good standing”. This project was converted to market rate housing sometime after 2018.

- ▶ **Crestwood Apartments** with 14 units should have been in extended compliance until 2025 but is no longer in the tax credit program

The remaining tax credit projects in Detroit Lakes are either in their initial compliance period or in extended compliance, and have income, occupancy and rent restrictions.

- ▶ **Barbara Apartments** with 12 units was placed in service in 1995 and entered extended compliance in 2010 - full compliance should be completed by 2025
- ▶ **Union Square Townhomes** with 24 units was placed in service in 1998 and entered extended compliance in 2013 - full compliance should be completed by 2028
- ▶ **Graystone Annex** with 19 units was placed in service in 2002 and entered extended compliance in 2017 - full compliance should be reached in 2032
- ▶ **Richwood Heights Townhomes** with 28 tax credit and 4 market rate units was placed in service in 2003 and entered extended compliance in 2018 - full compliance should be reached in 2033
- ▶ **Apex Townhomes** with 30 units was placed in service in 2019 and should not reach extended compliance until 2034

Including the projects either in initial or extended compliance, Detroit Lakes has 113 rental units that operate under the basic tax credit rent and occupancy restrictions. This is generally unchanged from the 112 units in 2018. Although Apex Townhomes was added after 2018, the loss of units in 11<sup>th</sup> Avenue Apartments and Crestwood Apartments, largely negated the new units that were constructed.

It should be noted that both 11<sup>th</sup> Avenue Apartments and Crestwood may still have an affordable rent structure, but this is not regulated by the tax credit program, and income limits no longer apply to new tenants.

## **Unit Mix**

Within the five moderate rent projects assisted through the tax credit program, the bedroom mix is as follows for the 113 units in this segment:

- ▶ Studio - 10 units
- ▶ One-bedroom - 9 units
- ▶ Two-bedroom - 54 units
- ▶ Three-bedroom - 40 units

For many years the tax credit competition in Minnesota was based on serving larger households and families and 83% of the moderate rent tax credit inventory in Detroit Lakes has two or more bedrooms.

## **Occupancy/Vacancy**

At the time of the 2024 rental survey there was generally a high rate of occupancy in all of the moderate rent tax credit units. The exception was studio units, where some vacancies were reported. In units with one or more bedrooms, the vacancy rate was very low, with waiting lists used to fill any turnover units.

Due to the income certification requirements, there can be a short delay in processing a new tenant, but any open units at the time of the survey had an application in process, except for the studio apartments which can be harder to fill.

The high occupancy rate in 2024 is consistent with past surveys in this affordable housing segment.

## **Rental Rates**

The federal tax credit program places maximum rent limitations on assisted projects. The units are designated for households at or below the income limits set at 60% of median income. For 2024, prevailing rents being charged in Detroit Lakes and the maximum gross rents for units at 60% of median income are as follows:

<u>Bedroom Size</u>	<u>60% Rent Limit</u>	<u>Prevailing Rents</u>
Studio	\$1,059	\$565
One-bedroom	\$1,134	\$650
Two-bedroom	\$1,362	\$815-\$1,025
Three-bedroom	\$1,572	\$1,090-\$1,150

The prevailing gross unit rents being charged by tax credit projects in Detroit Lakes are well below the maximum allowable limits. In nearly all cases, it appears that actual gross rents are below the limits set at 45% of the federal median income level, and the gross rents for studio and one bedroom units were lower than the 40% limits.

The maximum rents allowable under the tax program at 60% of median income are generally at or above the prevailing rates for many market rate units in Detroit Lakes. It is probable that in order to stay competitive with older rental projects in the City, the tax credit developments charge rents that are well below the maximum federal limits. Tax credit projects also have income restrictions that apply, which reduces the potential tenant base, resulting in a lower rent structure to remain competitive.

It is also important to note that some of the tax credit projects are owned by MMCDC, a local nonprofit that addresses affordable housing issues in the region.

### **Proposed/Pending Changes**

The research for this Update did not identify any proposed changes within the moderate rent tax credit segment, other than the end of compliance issues stated above.

It is possible that a new development application for tax credits may be prepared and submitted in the future, but the last known application was in the 2017 funding cycle.

## **Subsidized Summary**

### **Inventory**

Detroit Lakes has ten subsidized projects providing rental opportunities for lower income households.

Five of the subsidized projects are either designated for senior and/or disabled tenant occupancy, or they provide a preference to senior/disabled applicants.

- ▶ **Lamplighter Manor** is a HUD project with 58 units (plus 7 market rate units)
- ▶ **Marigold Apartments** is a USDA Rural Development project with 24 units
- ▶ **Park Manor Estates** is a HUD project with 85 units
- ▶ **Pleasant View Apartments** is a HUD project with 60 units
- ▶ **Silver Birch Apartments** is a USDA Rural Development project with 31 units

Combined, there are 258 subsidized units oriented to senior/disabled tenant occupancy.

The remaining subsidized projects are designated as general occupancy housing.

- ▶ **Park Manor Townhomes** is a HUD project with 12 units
- ▶ **Pelican River Apartments I** is a USDA Rural Development project with 18 units
- ▶ **Pelican River Apartments II** is a USDA Rural Development project with 18 units
- ▶ **Detroit Lakes HRA Public Housing Scattered Sites** is a HUD project with 31 units
- ▶ **Becker County EDA Public Housing Scattered Sites** is a HUD project with 14 units in and around Detroit Lakes

Combined, there are 93 units available for general occupancy. The Becker County EDA's Scattered Site Public Housing units had originally existed outside of Detroit Lakes, but over time, some units have been annexed into the City. There are additional units that are still outside the city limits, but they are in townships that are immediately adjacent to Detroit Lakes. For the purposes of this analysis, these scattered site units have been included in the City totals.

There is one additional project, West River Townhomes, that could be included in the subsidized housing inventory. However, this project is specifically oriented to addressing the needs of homeless households, and is not available outside of a referral process. As a result, West River Townhomes is not included in the analysis that follows.

If senior/disabled and general occupancy subsidized housing is combined there are 351 total units. The subsidized inventory is unchanged from 2018.

### **Unit Mix - Senior/Disabled**

Studio - 23 units (8.9% of total)  
One-Bedroom - 233 units (90.3%)  
Two-Bedroom - 2 units (0.8%)

The subsidized rental projects in Detroit Lakes that primarily serve senior and/or disabled tenants range in size from 24 units to 85 units. More than 99% of the apartments are either efficiency units or one-bedrooms.

### **Unit Mix - General Occupancy**

One-Bedroom - 12 units (12.9% of total)  
Two-Bedroom - 36 units (38.7%)  
Three-Bedroom - 24 units (25.8%)  
Four-Bedroom - 20 units (21.5%)  
Six-Bedroom - 1 unit (1.1%)

The general occupancy units offer one-bedroom to four-bedroom housing options, with most units having two or more bedrooms.

### **Occupancy/Vacancy - Senior/Disabled**

At the time of the 2024 there was generally a high rate of occupancy in all of the subsidized units oriented to senior/disabled tenant occupancy. The exception was studio units, where eight vacancies were reported. In units with one or more bedrooms, the vacancy rate was very low, with waiting lists used to fill any turnover units. The high occupancy rate in 2024 is consistent with past surveys in this affordable housing segment.

Due to the income certification requirements, there can be a delay in processing a new tenant, but any open units at the time of the survey had an application in process, except for the studio apartments which can be harder to fill.

### **Occupancy/Vacancy - General Occupancy**

The occupancy rates in the general occupancy subsidized segment was very high. No actual vacant units were reported. There were some unoccupied units at the time of the survey but each had an application in process to fill the unit. Due to the income certification requirements, there can be a delay in processing a new tenant. All of the general occupancy projects maintained waiting lists.

The high occupancy rate in 2024 is consistent with past surveys in this affordable housing segment.

It is important to note that some of the managers that were contacted commented on the tenant screening practices. There are a number of households that apply for subsidized housing, but some are rejected for past problems, including criminal backgrounds or poor rental histories.

### **Rental Rates - Senior/Disabled**

Most of the City's subsidized senior/disabled units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income.

There are 15 units do not have project-based rent assistance, and a basic rent amount is charged, even if this is above 30% of income for the tenant. Basic rents for a one-bedroom apartment range from \$445 to \$580.

### **Rental Rates - General Occupancy**

Most of the City's subsidized general occupancy units have access to project-based rent assistance. These units can charge rent based on 30% of the tenant's household income.

There are 15 units do not have project-based rent assistance, and a basic rent amount is charged, even if this is above 30% of income for the tenant. Basic rents for a one-bedroom apartment can be as high as \$770, and \$845 for a two-bedroom. All of the general occupancy units with three or more bedrooms have project-based rent assistance.

## **Subsidized Housing Gains/Losses**

Federal subsidy sources for low income rental housing have been very limited for the past few decades. Most subsidized projects were constructed in the 1960, 1970s or early 1980s. In some communities, federally subsidized projects have completed their contractual requirements, and have converted to market rate housing.

There have been no losses to the subsidized inventory in Detroit Lakes since the 2018 Housing Study was completed.

Many years ago, there had been one additional subsidized project in the City. Mountain View Estates, a HUD-subsidized project with 53 units, had been converted to market rate housing, but this was earlier than 2013. Tenant-based rent assistance Vouchers were made available to help mitigate the loss of the project-based subsidy.

The Minnesota Housing Finance Agency maintains a list of properties that may be leaving the subsidy program within the next few years, and no Detroit Lakes projects were included when this list was last updated in 2023.



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

In addition to the subsidized projects detailed on the previous pages, Detroit Lakes renter households have access to tenant-based assistance through the HUD Housing Choice Voucher Program (Section 8 Existing Program).

Housing Choice 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 amounts.

The Voucher Program in the City is administered by the Detroit Lakes HRA. The Becker County EDA administers the Voucher Program in the remainder of Becker County, including townships that are outside of the city limits of Detroit Lakes.

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. It is also possible that some of the Voucher households may be using their rent assistance in one of the tax credit or subsidized projects, if that project does not have project-based rent assistance available for all tenants.

In 2024, the Detroit Lakes Voucher Program had budget authority for approximately 170 total households, although actual utilization was at 124 households in May. The underutilization was largely attributed to the difficulty in finding suitable units that were vacant.

In the remainder of the County, the Becker County EDA Program had budget authority for approximately 77 total households, but only 62 were in use due to the shortage of vacant rental units that were program-eligible.

Waiting lists exist for both Voucher Programs. The length of the lists and low turnover rates were causing long wait times. The Detroit Lakes HRA Program had 172 names on their waiting list, including 158 with a local residency preference, defined as already living in Becker County.

<b>Table 26 Detroit Lakes 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>					
Central Avenue Apartments (Formerly Martin Estates) 804 E Central	6 - 1 bedroom <u>6 - 2 bedroom</u> 12 total units	N/A +heat, electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Three-level walkup apartment building constructed in 1969. Rent includes water, sewer and garbage, with tenants paying electricity and electric heat. Amenities include stove, refrigerator, wall AC and community laundry.
Crestwood Apartments 229 11 <sup>th</sup> Ave N	1 - 1 bedroom 9 - 2 bedroom <u>4 - 3 bedroom</u> 14 total units	\$575 \$650 \$700 +electric	No vacant units	Mix of tenants	Two-level tax credit apartment building originally developed with tax credits and placed in service in 1995, but project is no longer in the tax credit program. Project had started extended compliance in 2010 and should have been under regulations until 2025 but sometime between 2018 and 2022 was converted to market rate housing. Rent includes heat but tenant pays electric. Amenities include garage parking in rent, controlled access entry, dishwasher, AC and patio/balcony. No vacant units on date of survey. Mix of tenants reported including some with Vouchers. Rents have increased by \$75 to \$150 from 2018 survey.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
11 <sup>th</sup> Avenue Apartments 209 11 <sup>th</sup> Ave	1 - 1 bedroom 8 - 2 bedroom <u>6 - 3 bedroom</u> 15 total units	\$660 \$750 \$825 +electric	No vacant units, waiting list	Mix of tenants	Three-level apartment building that received tax credits for new construction and placed in service in 1993 - entered extended compliance phase in 2008 and completed all tax credit requirements in 2023. Project is owned by MMCDC and will continue to provide affordable housing. Rent includes heat, water, sewer and garbage with tenant paying electric. Amenities include stove, refrigerator, dishwasher, AC, patio/balcony and garage parking in rent. Building amenities include coin laundry, controlled access entry. One-bedrooms have 647 sq ft, 2-bedrooms have 854-881 sq ft and 3-bedrooms have 1060 sq ft; all units have 1 bathroom. Some tenants have Vouchers. No vacant units on date of survey and a waiting list exists. Rents have increased by \$105-\$150 from 2018 survey.
Graystone Hotel 107 Graystone Plaza	8 - studio 6 - 1 bedroom <u>8 - 2 bedroom</u> 22 total units	\$580 \$615-\$660 \$745	1 vacant unit 1 - studio waiting list	Mix of tenants income-restricted below 80% of median	Renovated historic downtown hotel that was converted to apartments starting in 1998 and completed in 2000. Building has commercial tenants on ground level with apartments above. Deferred loan assistance requires that tenants be below 80% of State median income - but limit is high enough that project operates similar to market rate housing. Project is owned by MMCDC and provides affordable housing. Adjoining Annex offers tax credit units at 60% of median. Rent includes utilities. Building has an elevator, coin laundry, off-street parking and central AC. Some tenants have Vouchers. One open studio unit on date of survey - studios can be harder to market but waiting list for larger units. Rents have increased by \$110-\$130 from 2018 survey.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
<p>Jackson Apartments 1210 Jackson Ave</p>	<p>1 - 1 bedroom <u>17 - 2 bedroom</u> 18 total units</p>	<p>N/A +heat, electric</p>	<p>N/A</p>	<p>N/A</p>	<p>Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Three-level apartment building constructed in 1977, no elevator. Tenants pay heat and electric in addition to rent. Amenities include stove, refrigerator, dishwasher, wall AC, coin laundry and 9 garages for extra fee. Two-bedrooms have approx. 690 sq ft and 1 bathroom. Central location attracts people with limited transportation, and past tenants were working-age.</p>
<p>Lakeview Apartments 1333 Madison</p>	<p>1 - 1 bedroom <u>17 - 2 bedroom</u> 18 total units</p>	<p>\$575 \$675 +electric</p>	<p>No vacant units</p>	<p>Mix of tenants</p>	<p>Three-level walkup apartment building constructed in 1971. Rent includes heat and hot water with tenant paying electric. Upper 2 floors have AC and dishwasher. Nine garages available for \$45. All units have 1 bathroom. Some tenants have Vouchers. No vacant units on date of survey and good demand. Rents have increased by \$100-\$115 from 2018 survey.</p>
<p>Lakes Apartments 525 Washington Ave</p>	<p>3 - studio 12 - 1 bedroom <u>1 - 2 bedroom</u> 16 total units</p>	<p>\$400 \$450 \$550</p>	<p>One vacant unit due to turnover</p>	<p>Mix of tenants</p>	<p>Units are in three older buildings north of the downtown area, some with mixed commercial and residential use, probably constructed between the 1920s and 1940s. Rent includes utilities. Most tenants are long-term and approx. half are working age and half are on fixed income. One vacant unit on date of survey due to turnover but strong demand for affordable housing. Rents have increased by \$75 to \$150 from 2018 survey.</p>

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Long Lake Apartments 1710 Brainerd Blvd	8 - 1 bedroom <u>12 - 2 bedroom</u> 20 total units	\$750 \$860 +heat, electric	No vacant units	Mix of tenants	Two-level walkup apartment building constructed in 2010. Tenants pay heat and electric in addition to rent. Amenities include stove, refrigerator, dishwasher, microwave, disposal, controlled access entry and in-unit laundry hookup. Rent includes 1 or 2 car garage. No sq ft available but 2-bedrooms have 2 bathrooms. No vacant units on date of survey. General mix of tenants reported. Site may have room for another building. Rents have increased by \$135 from 2018 survey.
Madison Avenue Apartments (formerly Vogue) 1327 Madison Ave	1 - 1 bedroom <u>11 - 2 bedroom</u> 12 total units	N/A +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Three-level walkup apartment building constructed in 1969. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, security entrance, and garage available for extra fee.
Mary Ann Apartments 1473 Legion Rd	1 bedroom <u>2 bedroom</u> 16 total units	N/A	N/A	N/A	Unable to contact on 2024 - information presented is from secondary sources. Two-level walkup apartment buildings permitted in 2021. Rent includes heat with tenant paying electric. Amenities include dishwasher, in-unit laundry, balcony/patio and 2-car garage. One-bedrooms have 797 sq ft and 1 bathroom.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
McKinley Plaza 201 Holmes St E	1 - 1 bedroom 2 - 1 bdrm+den 18 - 2 bedroom A 6 - 2 bedroom B 3 - 2 bedroom C 6 - 2 bedroom D 36 total units	\$885 \$950 \$1180 \$1255 \$1200 \$1225 +utilities	2 vacant units 2 - 2 bdrm	Mix of tenants	Four-level mixed-use apartment/commercial project constructed in the downtown area that opened for occupancy in 2016. Rent includes garbage with tenant paying heat, electric, water and sewer. Unit amenities include stove, refrigerator, dishwasher, microwave, in-unit laundry, wall AC and hardwood floors. Building amenities include elevators and covered parking for extra fee. One-bedroom units have 920 sq ft and 1 bathroom, 4 floor plans for 2-bedrooms with 959 sq ft, 1064 sq ft, 1021 sq ft or 1141 sq ft; all with 2 bathrooms. Fourth floor units have vaulted ceilings and higher rent. Manager reported a mix of tenants. Some unit rents have increased by \$50 but A and B units have increased by \$165-\$210 from 2018 survey, but tenants also now pay all utilities except garbage.
Meadows Edge Apartments 320 Elm St W 252 Elm St W	8 - 1 bedroom 30 - 2 bedroom 10 - 3 bedroom 48 total units	\$930-\$970 \$1060-\$1160 \$1230-\$1270	No vacant units	Mix of tenants	Two 2-story walkup apartment buildings constructed in 2004. Rent includes utilities. Amenities include stove, refrigerator, dishwasher, microwave, AC, fireplace, and patio/balcony. Some heated garage parking available at higher end of rent range listed. One-bedrooms have 632-767 sq ft and 1 bathroom, 2-bedrooms have 914 to 1230 sq ft and 1 or 2 bathrooms, and 3-bedrooms range from 1176 to 1350 sq ft and 2 bathrooms. No vacant units on date of survey and good demand. Rents have increased by \$265 to \$370 from 2018 survey.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Mountain View Estates Central St E & Barbara Ave	30 - 1 bedroom 11 - 2 bedroom <u>11 - 3 bedroom</u> 53 total units	N/A +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Multiple 3-level buildings originally built as HUD-subsidized housing later converted to market rate. Manager was unsure of age but described them as pre-1970s. No information on year of opt-out from HUD program. Manager was unsure of bedroom mix but HUD records are listed - later unit conversion may have changed mix. Rent includes heat but tenant pays electric.
Norby Apartments 843 Washington	4 - studio 5 - 1 bedroom <u>4 - 2 bedroom</u> 13 total units	\$700-\$950 \$850-\$1050 \$1150-\$1600 +utilities	No vacant units	Mix of tenants	Renovation of historic building into housing in 2019. Rent includes garbage with tenant paying utilities including electric heat. Unique floor plans with some units larger than others. Amenities include dishwasher and in-unit laundry. Manager reported mix of tenants. No vacant units on date of survey and good demand. No comparable rent information from 2018.
Northview Apartments 178 Meadow Ln	3 - super effic. 2 - efficiency 6 - 1 bedroom 33 - 2 bedroom <u>6 - 3 bedroom</u> 50 total units	N/A +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Three-story apartment building with elevators constructed in 2013. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, dishwasher, AC, in-unit laundry, balcony, and underground heated parking. Super-efficiency units have 262 sq ft, 1-bedrooms have 728 sq ft and 1 bathroom, two-bedrooms have 1004 sq ft and 2 bathrooms, and 3-bedrooms have 1082 sq ft and 2 bathrooms.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Oak Grove Apartments 1020-1022 Oak Grove Ave	<u>8 - 2 bedroom</u> 8 total units	N/A	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Two 4-plexes constructed in the early 1970s.
Pelican Heights Apartments 602 Riverwood Rd	1 bedroom 2 bedroom <u>3 bedroom</u> 24 total units	\$885 \$985-\$1010 \$1135 +electric	No vacant units	Mix of tenants including some students	Three-level apartment building constructed in 2008. Rent includes heat but tenant pays electric. Amenities include stove, refrigerator, dishwasher, disposal, AC, patio/balcony, controlled access, coin laundry on each floor, and garage available for \$55/month. One-bedroom units have 635 sq ft and 1 bathroom, 2-bedrooms have 929 to 1080 sq ft and 1 or 2 bathrooms, and 3-bedrooms have 1416 sq ft and 2 bathrooms. Manager reported full occupancy. Mix of tenants including some students due to location. All unit rents have increased by \$235 from 2018 survey.
Prairie Wind Apartments 1107 W River Rd Stone Creek	12 - 2 bedroom <u>12 - 3 bedroom</u> 24 total units	\$930 \$1050 +electric	No vacant units	Mix of tenants	Two 2-level walkup apartment buildings constructed in 2009 and 2010. Rent includes heat, water, sewer and garbage with tenant paying electric. Amenities include stove, refrigerator, dishwasher, patio/balcony, wall AC and in-unit laundry. Two-bedrooms have 750 sq ft and 1 bathroom, 3-bedrooms have 1050 sq ft and 2 bathrooms. Manager reported full occupancy and good demand. Rents have increased by \$110-\$130 from 2018 survey.



**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
<p>Richwood Heights Townhomes 200-278 Heights Ridge Ln</p>	<p>1 - 2 bedroom 1 - 2 b/basement <u>2 - 3 bedroom</u> 4 market rate units plus 28 tax credit units</p>	<p>\$755 \$1190 \$1200 +heat, electric</p>	<p>No vacant units</p>	<p>Mixed income with tax credit and market rate units</p>	<p>Mixed-income town house project constructed in 2002 with 4 market rate units and 28 tax credit/MARIF units listed separately. Rent includes water, sewer and garbage, with tenant paying other utilities. Amenities include stove, refrigerator, dishwasher, AC, attached garage, in-unit laundry hookup and playground area. Two-bedrooms have 1150 sq ft and 3-bedrooms have 1384 sq ft; all units have 1.5 bathrooms. One 2-bedroom has a basement. No vacant market units on date of survey and some tenants may have Vouchers. Market rate rents have increased by \$245-\$380 from 2018 survey</p>
<p>Richwood Apartments 719 Richwood Rd</p>	<p>1 - efficiency 7 - 1 bedroom 2 - 2 bedroom <u>1 - 3 bedroom</u> 11 total units</p>	<p>N/A utilities vary by unit</p>	<p>N/A</p>	<p>N/A</p>	<p>Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Former off-lake resort cabins and other buildings that were later converted to rental housing. Utilities vary by unit, with some units have most utilities in addition to rent.</p>
<p>Riverplace Apartments 1215 Long Ave</p>	<p>7 - 1 bedroom 11 - 2 bedroom <u>6 - 3 bedroom</u> 24 total units</p>	<p>\$650 \$765 \$900 +heat, electric</p>	<p>No vacant units</p>	<p>Mix of tenants</p>	<p>Three-level apartment building constructed in 1989; no elevator. Tenants pay heat, hot water and electric in addition to rent. Rent includes garage, and 2 and 3-bedroom units have in-unit laundry hookup. Other amenities include central AC, dishwasher and 2 bathrooms in 5 of the 2-bedrooms and all of the 3-bedroom units. No vacant units on date of survey and good demand. Rents have increased by \$190-\$225 from 2018 survey.</p>

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Riverwood Apartments 502 Riverwood 1109 Riverwood	12 - 1 bedroom <u>14 - 2 bedroom</u> 26 total units	\$835 \$945 +electric	No vacant units	Mix of tenants	Two 2-level walkup buildings with 8 and 18 units, constructed in 2008. Rent includes heat but tenant pays electric. Amenities include stove, refrigerator, dishwasher, wall AC, in-unit laundry hookup for most units and garage included in the rent. One-bedrooms have 775 sq ft and 1 bathroom, and 2-bedrooms have 1040 sq ft and 1 or 2 bathrooms. No vacant units on date of survey and strong demand. Rents have increased by \$110-\$140 from 2018 survey.
Stonebrook Apartments I 304 Pelican River Rd	7 - 1 bedroom 17 - 2 bedroom <u>9 - 3 bedroom</u> 33 total units	N/A \$1300 N/A +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and website. Three-story walkup apartment building constructed in 2015. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, dishwasher, microwave, disposal, AC, in-unit laundry, patio/balcony, and detached garage parking. One-bedroom sq ft not available but units have 1 bathroom, two-bedrooms have 1004 sq ft and 1 or 2 bathrooms, and 3-bedrooms have 1225 sq ft and 2 bathrooms.
Stonebrook Apartments II 238 Stone Creek Dr	2 - efficiency 14 - 1 bedroom <u>19 - 2 bedroom</u> 35 total units	N/A N/A \$1250 +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and website. Three-story walkup apartment building constructed in 2016. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, dishwasher, microwave, disposal, AC, in-unit laundry, patio/balcony, and detached garage parking. No sq ft available for efficiencies or 1-bedrooms/1 bathrooms, but two-bedrooms have 1004 sq ft and 1 or 2 bathrooms.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Stonebrook Apartments III	efficiency 1 bedroom 2 bedroom <u>3 bedroom</u> 55 total units	N/A	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and website. Four-story apartment building with elevators constructed in 2017. Rent includes heat, water, sewer and garbage, with tenant paying electric. Amenities include stove, refrigerator, dishwasher, microwave, disposal, AC, in-unit laundry, patio/balcony, and detached garage parking. Approx. half of units are efficiency or 1-bedrooms, with some luxury 3-bedrooms that have 1500 sq ft. The building has a community room, walking trails and playground that are also be available to phases I and II.
Sunridge Apartments 212 11 <sup>th</sup> Ave	1 - 1 bedroom 5 - 2 bedroom <u>8 - 3 bedroom</u> 14 total units	\$625 \$745-\$820 \$845 +electric	No vacant units	Mix of tenants	Two-level walkup apartment building constructed in 2003. Rent includes heat, water, sewer and garbage with tenant paying electric. Unit amenities include stove, refrigerator, dishwasher, disposal, AC, in-unit laundry or hookup and balcony/patio. One-bedroom has 636 sq ft and 1 bathroom, 2-bedrooms have 882 sq ft and 1 bathroom but of the 2-bedrooms are 1060 sq ft with 2 bathrooms and are at higher rent listed; 3-bedrooms have 1081 sq ft and 1.5 bathrooms. Manager reported general mix of tenants including seniors but no students. Full occupancy and generally good demand but new rental options have impacted demand. One-bedroom rents have increased by \$210, 2 and 3-bedrooms by \$335 from 2018.
Sunrise Apartments 810 E Central	6 - 1 bedroom <u>6 - 2 bedroom</u> 12 total units	N/A +heat, electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Three-level walkup apartment building constructed in 1978. Rent includes water, sewer and garbage, with tenants paying electricity and electric heat. Amenities include stove, refrigerator, wall AC and community laundry.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Market Rate</b>					
Union Central 307 Lake Ave	22 - 1 bedroom <u>8 - 2 bedroom</u> 30 total units	\$1015-\$1075 \$1465 +\$110 per extra person	No vacant units, waiting list	Senior- designated age 55+	Former school that was converted to housing in 2010. Units are designated for senior (age 55+) tenant occupancy. Rent includes all utilities and basic cable. Second person in household is extra \$110/month. Project amenities include some transportation, activities, beauty salon and community rooms. Garage parking available for \$100/month and 1 pet for \$35/month. Daily noon meal is available from Meals on Wheels. Home health care services can be purchased directly by tenant and a few do acquire services. Some 1-bedrooms have patio and are at higher end of rent range listed. Two-bedroom units have 967 sq ft and patio. Full occupancy on date of survey and waiting list exists. Most unit rents have increased by \$150-\$175 from 2018 survey.
Vantage Pointe 207-211 Laura Ave	<u>20 - 2 bedroom</u> 20 total units	\$695 +utilities	No vacant units	Mix of tenants including students	Two 2-level apartment buildings located across from the College constructed in 2001/2002. Originally built for student rentals, but insufficient demand and the project has largely shifted to general occupancy housing with some students. In the past some furnished units were available for per person rental, but now units are unfurnished for monthly unit rent. No vacant units on date of survey. Rents are up by \$45 from 2018 survey.
1137 Washington Ave	3 - 1 bedroom <u>8 - 2 bedroom</u> 11 total units	N/A +electric	N/A	N/A	Unable to contact on 2024 - information presented is from prior surveys and secondary sources. Two-level apartment building constructed in the 1960s. Rent includes heat and water, with tenant paying electric.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit/Income-Restricted</b>					
<p>Apex Townhomes 1401-1440 Apex Ct</p>	<p>14 - 2 bedroom <u>16 - 3 bedroom</u> 30 total units including 4 units for LTH</p>	<p>\$823-\$861 \$941 +heat, electric</p>	<p>Any open units in process of being filled from waiting list</p>	<p>All units serve households at or below 60% of median with 4 units for LTH</p>	<p>Tax credit new construction project that was placed in service in 2019. Units are 1 or 2-level town houses with attached garage. All units serve households at or below 60% of median with 4 units are supportive housing for long-term homeless. LTH units have project-based Vouchers. Rent includes water, sewer and garbage, with tenant paying heat and electric. Unit amenities include dishwasher, central AC and in-unit laundry hookup. Any open units due to turnover are filled from long waiting list. Up to 30%-50% of tenants may typically have Vouchers. No comparable rent information from 2018.</p>
<p>Barbara Avenue Apartments 215 Barbara Ave</p>	<p><u>12 - 2 bedroom</u> 12 total units</p>	<p>\$695 +heat, electric</p>	<p>No vacant units, waiting list</p>	<p>All new tenants at or below 60% of median</p>	<p>Three-level apartment building that was originally constructed in the 1970s and awarded tax credits in 1995 for renovation - entered extended compliance phase in 2010 and will reach end of compliance in 2025. Project is owned by MMDC and will continue to provide affordable housing. Tenant pays heat and electric in addition to rent. Amenities include stove, refrigerator, AC, and garage parking in rent. Building amenities include coin laundry, controlled access entry. Two-bedrooms have 728-771 sq ft and 1 bathroom. Some tenants have Vouchers. No vacant units on date of survey and a waiting list exists. Rents have increased by \$135 from 2018 survey.</p>

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Tax Credit/Income-Restricted</b>					
Graystone Annex 101 Graystone Plaza	10 - studio <u>9 - 1 bedroom</u> 19 total units	\$565 \$650	3 vacant units, 3 - studio waiting list	All units serve households at or below 60% of median	Annex to the Graystone Hotel that was awarded tax credits and placed in service in 2002 for renovation and conversion of older downtown rental housing - approx. 30 older units were reconfigured into 19 units. Entered extended compliance in 2017. All units in Annex serve households at or below 60% of median income, while adjoining Hotel units are at 80%. Rent includes utilities. Floor plans vary but studio units have 321-377 sq ft and 1-bedrooms have 349-578 sq ft; all units have 1 bathroom. Some tenants have Vouchers. Three open studio units at time of survey - studios are harder to market but waiting list exists for larger units. Rents have increased by \$110-\$120 from 2018 survey.
Richwood Heights Townhomes 200 Heights Ridge Ln	16 - 2 bedroom <u>12 - 3 bedroom</u> 28 total tax credit or MARIF plus 4 market rate	\$270-\$905 \$297-\$1000 +heat, electric	One open unit in process of being filled from waiting list	Mixed income with 28 at 60% 4 MARIF and 4 market rate units	Mixed income project placed in service in 2003 - entered extended compliance in 2018. 4 units are MARIF and tax credit units serve households at or below 60% of median income. 4 units are market rate and listed separately. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include stove, refrigerator, dishwasher, AC, attached garage, in-unit laundry hookup and playground area. Two-bedrooms have 1150 sq ft and 3-bedrooms have 1384 sq ft; all units have 1.5 bathrooms. One open unit on date of survey was in process of being filled from long waiting list. Lower rents listed are minimum rents for MARIF units. Up to 30%-50% of tenants may typically have Vouchers. Two-bedroom rents have increased by \$260 and 3-bedrooms by \$344 from 2018 survey.

<b>Table 26 Detroit Lakes 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>Tax Credit/Income-Restricted</b>					
Union Square Townhomes 405 Andrews Ave	12 - 2 bedroom <u>12 - 3 bedroom</u> 24 total units	\$905 \$985 +heat, electric	Two open units in process of being filled from waiting list	All units serve households at or below 60% of median	Tax credit town house project constructed in 1998 - entered extended compliance phase in 2013. All units serve households at or below 60% of median income. Rent includes water, sewer and garbage, with tenants paying other utilities. Amenities include stove, refrigerator, dishwasher, attached garage, in-unit laundry hookup, AC, and playground area. Two-bedroom units have 1145 sq ft, and 3-bedrooms have 1384 sq ft; all units have 1.5 bathrooms. One open unit on date of survey was in process of being filled from long waiting list. Up to 30%-50% of tenants may typically have Vouchers. Rents have increased by \$260-\$285 from 2018 survey.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - Senior/Disabled Occupancy</b>					
<p>Lamplighter Manor 1425 Madison Ave</p>	<p>23 - studio <u>42 - 1 bedroom</u> 65 total units with 58 subsidized and 7 market rate</p>	<p>\$661 \$778 30% of income</p>	<p>9 vacant units 9 - studio, waiting list for 1-bedrooms</p>	<p>Mixed-income for senior/disabled occupancy</p>	<p>HUD Section 221(d)(3) subsidized project for senior/disabled occupancy that was constructed in the late 1970s. Project-based rent assistance available for 58 units that allows rent based on 30% of income, with 7 market rate units at rents listed. Part of the Ecumen Detroit Lakes senior community that also include independent living, assisted living, memory care and nursing home options. This project had once had home care services available but is now independent living. Nine studio open units at time of survey including 8 subsidized - studio units are harder to fill but waiting list for 1-bedrooms. Market rate rents have increased by \$112-\$131 from 2018 survey.</p>
<p>Marigold Apartments 110 E Union</p>	<p><u>24 - 1 bedroom</u> 24 total units</p>	<p>\$580-\$665 30% of income</p>	<p>2 vacant units in process of being filled</p>	<p>Senior and disabled occupancy</p>	<p>USDA Rural Development subsidized and tax credit apartment project constructed in 1988 - tax credit requirements have expired. Two-level building with elevator designated for senior and/or disabled tenant occupancy. Project-based rent assistance available for 16 units allowing rent based on 30% of income; remaining tenants pay no less than basic or more than market rents listed. Amenities include coin laundry, community room, and security system. Two open units on date of survey were in the process of being filled from waiting list. Basic and market rents have increased by \$125 from 2018 survey.</p>



**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - Senior/Disabled Occupancy</b>					
Park Manor Estates 1035 Roosevelt Ave	84 - 1 bedroom <u>1 - 2 bedroom</u> 85 total units	30% of income	No vacant units, waiting list	Senior and disabled occupancy	HUD-subsidized 4-level apartment building with elevator constructed in 1979 and designated for senior and/or disabled tenant occupancy. Tax credit renovation award in 2013. All tenants have access to rent assistance that allows rent based on 30% of income. No vacant units on date of survey and a 10-name waiting list. Most tenants are seniors but also some younger disabled tenants in occupancy. Contracted care service provider is available.
Pleasant View Apartments 1111 Washington Ave	59 - 1 bedroom <u>1 - 2 bedroom</u> 60 total units	\$645 N/A 30% of income	1 open unit in process of being filled from long waiting list	Preference for senior/ disabled occupancy	HUD Public Housing project that was built in 1974. All tenants have rent based on 30% of income, up to maximum rent listed. Occupancy preference given to elderly (age 62+), disabled applicants and Becker County residents - nearly all tenants are senior or disabled. Approx. 70% of current tenants are seniors but continued shift to more younger disabled applicants. One open unit at time of survey was in process of being filled from waiting list - but list is shorter than in 2018.
Silver Birch Apartments 303 Washington Ave	30 - 1 bedroom <u>1 - 2 bdrm acces.</u> 31 total units	\$445-\$600 \$550-\$710 \$480-\$630 30% of income	2 vacant units in process of being filled	Senior and/or disabled occupancy	USDA Rural Development subsidized and tax credit apartment project constructed in 1988 - tax credit requirements have expired. Three-level building with elevator designated for senior and/or disabled tenant occupancy. Rent assistance available for 24 units allowing rent based on 30% of income; remaining tenants pay no less than basic or more than market rents listed. Amenities include coin laundry, community room and security system. One-bedrooms have 585 sq ft and 1 bathroom; 2-bedroom is accessible unit. Two open units on date of survey were in the process of being filled from waiting list. Basic rents has increased by \$105 and market rent by \$110 from 2018 survey.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - General Occupancy</b>					
Park Manor Townhomes Roosevelt Ave	<u>12 - 2 bedroom</u> 12 total units	30% of income	No vacant units, waiting list	General occupancy	HUD-subsidized town houses for general occupancy with tax credit renovation award in 2013. All units have access to rent assistance that allows rent based on 30% of income. No vacant units on date of survey and a 15-name wait list. Most tenants are single parents/children.
Pelican River Apartments I & II 1260 & 1265 Loring Ave	12 - 1 bedroom <u>24 - 2 bedroom</u> 36 total units	\$770-\$970 \$845-\$1040 30% of income	No vacant units, waiting list	General occupancy	USDA Rural Development two-level apartment buildings with 18 units each constructed in 1984. 21 units have access to project-based rent assistance that allows rent based on 30% of income; remaining tenants pay 30% of income but not less than basic or more than market rents listed. Amenities include playground area. One-bedroom units have 576 sq ft and 2-bedrooms have 760 sq ft; all units have 1 bathroom. No vacant units on date of survey and a waiting list exists. Many applicants cannot pass tenant screening. Both basic and market rents have increased by \$145 from 2018 survey.
Public Housing Scattered Sites Detroit Lakes HRA	16 - 3 bedroom <u>15 - 4 bedroom</u> 31 total units	30% of income	Any open units in process of being filled from long waiting list	General occupancy	HUD Public Housing scattered site units in 11 single family houses and 10 duplex structures constructed in the 1980s. All tenants have rent based on 30% of income. Any open units due to turnover are in process of being filled from waiting list that has 20 or more names for both 3 and 4-bedrooms. Waiting list for 4-bedrooms is significantly larger than in 2018 survey.
Public Housing Scattered Sites Becker County EDA	8 - 3 bedroom 5 - 4 bedroom <u>1 - 6 bedroom</u> 14 total units	30% of income	No vacant units, waiting list	General occupancy	HUD Public Housing scattered site units in single family houses/duplex structures. 14 units of the County total of 25 units are in the Detroit Lakes area - most of these are outside of the city limits but in the immediate area, but some have been annexed into the City over time. All tenants pay rent based on 30% of income. No vacant units on date of survey and waiting list had 25 names.

**Table 26 Detroit Lakes Multifamily Rental Housing Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Subsidized - Homeless</b>					
West River Townhomes 341-365 11 <sup>th</sup> Ave	4 - 2 bedroom 8 - 3 bedroom 12 total units	\$695 \$825 30% of income	No vacant units, referral system	Long-term homeless	MHFA-assisted town house-style rental units constructed in 2009 serving long-term homeless populations. Owned by the Becker County HRA, managed by MMCDC and case management services from Mahube-Otwa CAP. Project-based Vouchers allow all residents to pay rent based on 30% of income up to maximum rents listed. Case manager fills units through referral. All units occupied at time of survey.
<b>Rent Assistance</b>					
Detroit Lakes Housing Choice Vouchers	124 households in Detroit Lakes	30% of income	N/A	N/A	HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit in the City. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. The Detroit Lakes HRA program has authority for up to 170 households but finding suitable units that are vacant results in lower use with 124 assisted households in May 2024. Waiting list exists with preference given to local residents.
Becker County Housing Choice Vouchers	62 households in Becker County jurisdictions outside of Detroit Lakes	30% of income	N/A	N/A	Becker County HUD Housing Choice Vouchers provide tenant-based rent assistance that can be used in any suitable rental unit. Jurisdiction does not include the City of Detroit Lakes. Tenant rent contribution is based on 30% of income, with the assistance program paying additional subsidy. The Becker County program has authority for up to 77 households but finding suitable units that are vacant results in lower use with 62 assisted households in May 2024. Waiting list exists.

Source: Community Partners Research

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## **Senior Housing with Services**

### **Overview**

Detroit Lakes has a number of specialized projects that provide housing with supportive services, primarily for an elderly population. In some cases, these housing options target one specific segment of the senior market. In other cases, multiple segments are being served, including some senior communities providing a range of care options.

To analyze the supply of units in Detroit Lakes, the analysts examined licensing records maintained by the Minnesota Department of Health. Three primary types of State licensing are included in this section of the Housing Study Update:

- ▶ Assisted Living Facility
- ▶ Assisted Living Facility with Dementia Care
- ▶ Skilled Nursing Facility

At the time of a 2018 Housing Study for Detroit Lakes, the State also identified “Housing with Services” providers on the Department of Health website. However, this type of specialized housing is no longer listed by the State.

Although “housing with services” providers are no longer licensed, in the discussion that follows the analysts have attempted to identify housing projects in the City that include some light services. For example, some senior projects may identify themselves as “independent living” but make certain offerings available, such as a daily meal, weekly assistance with housekeeping or laundry and/or emergency call systems. In opinion of Community Partners Research, Inc., the availability of the extra features differentiates this from truly independent senior options.

## **Subsidized Senior Housing with Access to Services**

### **Unit Inventory**

Detroit Lakes has a number of federally subsidized rental housing options that are oriented to senior and/or disabled tenant occupancy. With the availability of private contracting for home health care services, any tenant has the potential to acquire some level of services. However, one project specifically facilitates access to supportive services, as described below.

- ▶ ***Park Manor Estates*** is an 85-unit HUD-subsidized project for senior/disabled tenant occupancy. A services provider that is affiliated with the ownership of the apartment building makes services available on a private contract. In addition to the HUD subsidies, this project is also subject to federal tax credit restrictions and all tenants would therefore be at or below 60% of median household income.

### **Changes from 2018**

At the time of the 2018 Housing Study, another subsidized project, Lamplighter Manor had also been included within this housing segment. However, in 2014 this project no longer offers a home care services option.

### **Occupancy/Vacancy**

Park Manor Estates reported full occupancy on the date of the survey and a 10-name waiting list. This project can serve both seniors and younger disabled tenants and not all current tenants are age 62 or older.

### **Rental Rates**

Project-based rent assistance is available for all units in Park Manor Estates, allowing tenants to pay rent based on 30% of income.

### **Proposed/Pending Projects**

The research in 2024 did not identify any future changes within this housing segment.

## **Senior Housing with Light Services**

As used in this Update, senior housing with light services defines a housing project where the basic monthly rent amount is either inclusive of certain service offerings, such as a daily meal, or these types of light services are readily available, even if purchased separately. In most cases, other services may include an emergency call system, weekly laundry or assistance with housekeeping.

### **Unit Inventory**

The subsidized housing providers that can facilitate service delivery have been identified on the previous page. The market rate providers of housing with services are described below.

- ▶ **Lincoln Park** with 30 units is part of the Essentia Health St. Mary's senior community and the basic monthly rent package includes an emergency call system and light housekeeping, with additional services and meals available for a la carte purchase
- ▶ **The Madison** is a 36-unit project that is part of the Ecumen Detroit Lakes community and includes a daily continental breakfast in the monthly rent, with the option to purchase additional meals
- ▶ **Winchester on Washington** with 28 units is part of the Essentia Health St. Mary's senior community and the basic monthly rent package includes an emergency call system and light housekeeping, with additional services and meals available for a la carte purchase

Combined these three projects offer 94 apartment units that can serve seniors needing light services with their housing.

### **Changes from 2018**

At the time of the 2018 Housing Study, another project, Union Central, had also been included within this housing segment. While this project does have a noon meal option available through Meals on Wheels, this is purchased separately from the housing, and any additional care services would be contracted privately from a home health care agency. While Union Central still represents a housing option for more independent seniors, it has not been included within the senior housing with light services analysis in 2024.

## **Occupancy/Vacancy**

At the time of the 2024 rental survey, there was a high rate of occupancy within this market segment. Although a few open units were reported, these were attributed to recent turnover. The estimated vacancy rate was less than 3%.

It is important to note that specialized senior housing options can experience above-average rates of turnover, due to the older population group that is often being served. Most of the projects did report the existence of a waiting list, but some older seniors are not prepared to move when offered a vacant unit.

The low vacancy rate within this housing segment is consistent with the findings in the 2018 Housing Study.

## **Rental Rates**

Rental rates in the market rate properties can vary and are dependent on the type of unit and services that are included. In most cases, the lowest price option would be approximately \$1,314 or more per month for a one-bedroom apartment, plus additional services as needed. Two-bedroom rents would start at \$1,622 per month.

## **Proposed/Pending Projects**

No planned changes within this market segment were identified in the research for this 2024 Update.



## **Assisted Living**

Assisted living providers are able to offer a higher level of care for their senior residents. Facilities may offer a bundled package of services, while others may sell the services “a la carte”. In all cases, assisted living will provide meals, 24-hour on-site staffing and the availability of skilled nursing care.

### **Unit Inventory**

The research for this Update identified three providers of senior assisted living in Detroit Lakes. Assisted living options that are oriented to memory care are reported later in this section.

- ▶ **Golden Manor** is a 10-room facility
- ▶ **Lincoln Park Assisted Living** has 30 apartment-style units and is part of the Essentia Health St. Mary’s community
- ▶ **Pelican Landing Senior Living** has 58 apartment-style units

Another provider, Diamond Willow has two facilities with 20 total rooms available for assisted living use. Although some residents may be receiving traditional assisted living care, this provider has been included in the memory care analysis that follows later in this section.

Excluding Diamond Willow, there are 98 rooms/units that serve the assisted living housing segment. Actual resident occupancy may be higher if couples live in a unit.

### **Changes from 2018**

The assisted living segment has had a number of changes since the 2018 Housing Study was completed. Most notably, Pelican Landing Senior Living was constructed and added 58 assisted living units to the inventory.

In 2018, there were some “flexible” units operating. For example, The Madison, part of the Ecumen community, had some residents that were acquiring more intensive assisted living types of care. At that time, The Madison was listed as a “housing with services” provider. But that State designation no longer exists in 2024 and The Madison generally provides largely independent senior housing, with optional meals available for purchase.

## **Occupancy/Vacancy**

In general, there was a high rate of occupancy reported in 2024. There were a few open rooms/units, but this was largely attributed to recent turnover and not demand.

Both Lincoln Park and Pelican Landing reported waiting lists for occupancy.

## **Rental Rates**

Rental rates for assisted living can vary widely depending on the actual level of services provided in the basic room and care package. In most projects, the monthly fee also includes a basic array of services, typically all meals and utilities, an emergency call system, 24-hour staffing, access to skilled nursing staff, and weekly laundry and housekeeping services. Additional, specialized services may then be purchased as needed, as either a service package or on an 'a la carte' basis.

## **County Assistance**

Golden Manor will accept residents with County assistance. Lincoln Park will accept County assistance for up to eight residents. Diamond Willow, which also may serve part of the assisted living demand, will also accept County assistance programs.

Pelican Landing Senior Living is private-pay at the time of entry and new residents must have sufficient assets. However, if assets are later depleted, the resident may transition to County assistance.

The acceptance of County assistance is limited in the largest assisted living providers. The limitations are generally due to the low reimbursement rate for services.

## Memory Care Housing

Memory care housing represents a very specialized segment of the senior market. People with health issues due to dementia, Alzheimer’s Disease, or other causes may often be housed in assisted living centers, nursing homes, or less service-intensive forms of senior housing in the earlier phases of memory loss. However, as the problems progress, it is often necessary to provide housing in special facilities that provide a secure environment and care targeted to memory care residents.

### Unit Inventory

The research for this Update identified four primary providers of memory care housing in Detroit Lakes.

- ▶ **The Cottage** has 22 suites and is part of the Ecumen Detroit Lakes community
- ▶ **Diamond Willow** has 20 rooms available for enhanced care including memory care needs, although not all residents may need specialized memory care housing
- ▶ **Golden Manor** has 10 rooms for memory care
- ▶ **Pelican Landing Woodland** has 21 suites

Combined, these providers have 73 rooms/suites available for specialized memory care use. Actual resident capacity could be slightly greater if some shared occupancy rooms exist. This total includes all of the rooms at Diamond Willow, which are not exclusive to memory care use.

### Changes from 2018

There have been two significant changes within this housing segment since 2018. Pelican Landing opened for occupancy in 2019 with a specialized memory care wing which added capacity for 21 people. However, Emmanuel Nursing Home, which is part of the Ecumen Detroit Lakes campus, closed its 33-bed dedicated memory care wing. As a result, there was a net reduction in the overall capacity within this specialized segment.

## **Occupancy/Vacancy**

At the time of the rental survey, there were open memory care beds in three of the four facilities. However, these were largely attributed to recent turnover, and not to actual demand.

The Cottage and Pelican Landing Woodland both reported that they maintain waiting lists for occupancy. However, waiting lists may sometimes be of limited use for this type of housing. A person needing a secure, memory care can often not wait an extended period of time for a unit to become available, and may choose another option before reaching the top of the waiting list.

## **Rental Rates**

Due to the specialized needs of residents in memory care units, this type of housing is at the higher end of the range for housing with services. Rate information was not collected.

## **County Assistance**

Diamond Willow and Golden Manor will accept residents with County assistance. The Cottage and Pelican Landing Woodland are both private-pay at the time of entry and new residents must have sufficient assets. However, if assets are later depleted, the resident may transition to County assistance.

The acceptance of County assistance may be limited, with some providers potentially placing restrictions on the number of recipients in residence at any point in time. The limitations are generally due to the low reimbursement rate for services, although the reimbursements for memory care housing may be better than for traditional assisted living.

## **Skilled Nursing Homes**

Skilled nursing homes have historically represented the most service-intensive form of senior housing. This segment of the market has been in transition, however, as other forms of senior housing, such as assisted living, have grown in availability and become the preferred option for most seniors.

Telephone interviews with administrators of nursing homes in Minnesota have highlighted the fact that residents are staying for shorter periods of time, and many nursing homes have designated a growing share of their beds for short-term transitional care/rehabilitation stays.

### **Unit Inventory**

There are two State-licensed skilled nursing homes in Detroit Lakes in 2024.

- ▶ ***Emmanuel Nursing Home*** is licensed for 62 beds but only 53 to 56 are typically in use in 2024 due to staffing limitations
- ▶ ***Essentia Health Oak Crossings*** is licensed for 94 beds but only 73 beds are in use with one wing temporarily closed since Covid

Combined, these two facilities have approximately 126 to 129 skilled nursing beds available in 2024, but as many as 156 beds are actually licensed in 2024 and may be available in the future.

Both facilities use a portion of their beds for long-term residents and for shorter-term transitional care stays. Based on the information available, approximately 89 to 91 beds are typically used for long-term care (LTC), with 37 to 38 for transitional care use (TCU).

### **Changes from 2018**

At the time of the 2018 Housing Study, there were 102 licensed beds in Emmanuel Nursing Home but this included a 33-bed wing for memory care, which was closed in 2023. Excluding the memory care wing, the licensed capacity at this facility was reduced from 69 beds in 2018 to 62 beds in 2024.

Essentia Oak Crossing had 96 licensed beds at the time of the 2018 Housing Study compared to 94 beds in 2024.

## **Occupancy/Vacancy**

Although we did not complete a formal “snapshot” occupancy survey, both nursing homes have historically had high annual bed utilization rates.

In 2024, there was a reduced rate in Emmanuel Nursing Home but this was due to staffing limitations and not actual demand for beds. With fewer beds available, utilization was high.

Essentia Oak Crossings reported a very high rate of bed utilization, but with one wing of the facility temporarily closed, this facility is also not at full licensed capacity.

## **Rental Rates**

No information was collected on daily rates. Rates are generally impacted by State reimbursement policy.

<b>Table 27 Detroit Lakes Senior Housing with Services 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 Senior Housing with Access to Services</b>					
Park Manor Estates 1035 Roosevelt Ave	84 - 1 bedroom <u>1 - 2 bedroom</u> 85 total units	30% of income	No vacant units, waiting list	Senior and disabled occupancy	HUD-subsidized 4-level apartment building with elevator that is designated for senior and/or disabled tenant occupancy and was constructed in 1979. Tax credit renovation award in 2013. All tenants have access to rent assistance that allows rent based on 30% of income. No vacant units on date of survey and a 10-name waiting list. Most tenants are seniors but also some younger disabled tenants in occupancy. Contracted care service provider is available.

**Table 27 Detroit Lakes Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Senior Housing With Light Services</b>					
Lincoln Park Senior Apartments 207 Park St	19 - 1 bedroom <u>11 - 2 bedroom</u> 30 total units	\$1457+ \$2067+ +additional services purchased as needed	1 vacant unit, waiting list	Senior housing with light services available	Senior housing apartment-style units constructed in late 1990s and part of Essentia Health community that also includes assisted living, nursing home, hospital and clinic. Basic package includes rent, utilities, emergency call system, light housekeeping and activities. Additional services and meals available for a la carte purchase. Units have dishwashers and in-unit laundry. One open unit on date of survey due to turnover but showings were under way and project generally has waiting list. Rents listed reflect lowest entry point without optional services.
The Madison 1405 Madison Ave	1 bedroom <u>2 bedroom</u> 36 total units	\$1450-\$1600 \$2200 +meals package	Some open units, waiting list	Senior housing with meals available	Independent senior housing that was constructed in 2005. Part of the Ecumen Detroit Lakes senior housing community that also includes subsidized housing, assisted living, memory care and nursing home options. Rent includes utilities and continental breakfast - meals package available for purchase. Some open units due to turnover but waiting list exists, especially for 2-bedroom units. Rents are generally unchanged from 2018 survey, but smaller 1-bedroom rents are lower than 2018.
Winchester on Washington 1051 Washington Ave	18 - 1 bedroom <u>10 - 2 bedroom</u> 28 total units	\$1314+ \$1622+ +additional services as needed	No vacant units, waiting list	Senior housing with light services available	Senior housing in apartment-style units constructed in 1996. Part of Essentia Health community that also includes assisted living, skilled nursing home, hospital and clinic. Basic package includes rent, utilities, emergency call system, light housekeeping and activities. Additional services and meals available for a la carte purchase. No open units on date of survey and project generally has waiting list. Rents listed reflect lowest entry point without optional services.



**Table 27 Detroit Lakes Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Segment Served	Comments
<b>Assisted Living</b>					
Golden Manor of Detroit Lakes 1165 Garnet Blvd	11 rooms with licensed capacity for 11 people	\$2930 +services +meal plan	2 vacant rooms	Assisted living	Senior facility constructed in the late 1980s offering assisted living and memory care options. Assisted living has private room with private bathroom with licensed capacity for 11 residents. Services are purchased as needed. Most residents have County Elderly Waiver or CADI assistance for lower income people. 2 rooms vacant at time of survey due to turnover - rooms are often filled through referrals from hospital and other care services.
Lincoln Park Assisted Living 208 Oak St	1 bedroom <u>2 bedroom</u> 30 total units with license for 34 residents	\$3553+ \$4319+ +additional services as needed	No vacant units, waiting list	Assisted Living	Assisted living in apartment-style units constructed in 2001. Part of Essentia Health complex that also includes light services housing, skilled nursing home, hospital and clinic. Basic assisted living package includes 24-hour staffing, utilities, weekly housekeeping and laundry, and activities, with meals and additional home health care purchased as needed. No open units on date of survey and a waiting list exists. Project will accept up to 8 residents receiving County assistance. Rents listed are lowest entry point without optional services.
Pelican Landing Senior Living 1325 Pelican Ln	1 bedroom <u>2 bedroom</u> 58 total units	N/A	1 open unit in process of being filled, waiting list	Assisted Living	Senior facility that opened in 2019 and also offers memory care listed separately. Between assisted living and memory care the facility is licensed for up to 91 residents. Assisted living units are full apartments with kitchen and in-unit laundry. Initially this facility offered apartments for independent living that has since been phased out but 13 units are still occupied by independent tenants. One open unit at time of survey due to turnover but occupancy rate is typically very high and a waiting list exists. Private-pay only at time of initial occupancy but after 2 years a resident can transition to County assistance programs if assets are depleted.

**Table 27 Detroit Lakes Senior Housing with Services Inventory**

Name	Number of Units /Bedroom Mix	Rent	Vacancy/ Wait List	Tenant Mix	Comments
<b>Memory Care</b>					
The Cottage 1435 Madison Ave	<u>22 suites</u> 22 total units with licensed capacity for 25 residents	N/A	High utilization, waiting list	Memory Care	Memory care housing constructed in 2008 that is part of the Ecumen Detroit Lakes senior housing community that includes independent living, subsidized housing, assisted living and nursing home options. Suites have private bathroom - since Covid all rooms are private occupancy unless couple. Only 1 or 2 open suites at time of survey due to turnover but high rate of utilization with a waiting list. Facility is private-pay at entry, but longer-tern residents with depleted assets may use County assistance.
Diamond Willow of Detroit Lakes Burlington Suites Soo Line Suites 1558-1564 Randolph Rd	20 rooms with licensed capacity for 30 people	\$9300	2 unoccupied beds	Memory Care	Assisted living project providing advanced care options constructed in 2007 with 2 adjoining facilities and licensed for 30 residents. Private or shared sleeping room with bathroom. Fee includes all services. Facility generally serves seniors with advanced care needs or memory loss issues that cannot be housed outside of nursing homes. Two beds vacant on the date of survey due to turnover with typical occupancy between 26-30 residents. Covid had some impact on occupancy and waiting list. Facility does accept Elderly Waiver.
Golden Manor Memory Care 1159 Garnet Blvd	11 rooms with licensed capacity for 11 people	\$3200 +services +meal plan	4 vacant rooms	Memory Care	Senior facility constructed in the late 1980s offering memory care and assisted living options. Memory care building is secured facility with licensed capacity for 11 residents in sleeping rooms with private bathrooms. Service package is purchased based on care needs. Most residents have County Elderly Waiver or CADi assistance for lower income people. 4 rooms vacant at time of survey due to turnover - rooms are often filled through referrals from hospital and other care services.

**Table 27 Detroit Lakes Senior Housing with Services Inventory**

<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>Memory Care</b>					
Pelican Landing Woodland 1325 Pelican Ln	<u>21 - suites</u> 21 total units	N/A	4 to 5 open rooms due to turnover, waiting list	Memory Care	Senior housing facility that opened in 2019 and also offers traditional assisted living listed separately. Between assisted living and memory care the facility is licensed for up to 91 residents. Memory care units are sleeping rooms with private bathroom. Four or 5 units were open at time of survey due to recent turnover but occupancy rate is typically very high and a waiting list exists. Private-pay only at time of initial occupancy but after 2 years a resident can transition to County assistance programs if assets are depleted.
<b>Skilled Nursing Homes</b>					
Emmanuel Nursing Home 1415 Madison Ave	35 LTC beds <u>27 TCU beds</u> 62 licensed beds	N/A	Annual occupancy 85%-88% due to staffing limitations	Skilled nursing home	Ecumen Detroit Lakes nursing home that is part of a senior community that also includes independent living, subsidized housing, assisted living, and memory care options. Nursing home was remodeled/rebuilt after since 2013 and has reduced the bed count over time with more private rooms. In 2023 the memory care wing was closed and residents relocated to other Ecumen options. In 2024 there are 27 transitional care beds down from 30 in 2018 and 35 long-term care beds down from 39 beds in 2018. But actual occupancy is lower at 85% to 88% due to staffing limitations not demand.
Essentia Health Oak Crossing 1040 Lincoln Ave	licensed for 94 beds in 2024 but only 73 in use with 13 for TCU	N/A	High annual occupancy rate	Skilled nursing home	Skilled nursing home that is part of the Essentia Health St. Mary's community that includes a hospital, clinic, independent senior housing and assisted living. One 23-bed wing has been closed since Covid but is planned to reopen in future. Approx. 60 beds are available for longer-term residents, with 13 beds dedicated to transitional care. Annual occupancy rate is very high.

Source: Community Partners Research

## **Market Share for Specialized Senior Housing**

### **Overview**

Consistent with past analyses completed by Community Partners Research, Inc., comparisons have been made between the supply of specialized units and the older senior demographic profile for the Greater Detroit Lakes area. It is recognized by the analysts that specialized senior housing in Detroit Lakes has the potential to attract residents from a large geographical area. The City represents a primary location for seniors in the region, including Becker County and from the neighboring Counties. The analysis based on the senior population in the Greater Detroit Lakes area allows for a consistent comparison over time.

### **Senior Demographics**

Housing with services projects can attract seniors of any age, but typically have the greatest utilization by older seniors. To better analyze the market share for the various forms of housing in Detroit Lakes, Community Partners Research has compared the supply of various types of units to demographic data for older seniors, age 75 and above.

### **Senior Population in 2020**

In April 2020, there were 3,267 senior citizens (age 65+) living in Greater Detroit Lakes, compared to 2,488 seniors in 2010. There had been an increase of 779 senior citizens, age 65 and older, over the decade for an increase of 31.3%.

While there was a very large increase of senior citizens living in Greater Detroit Lakes between 2010 and 2020, most of this growth occurred at the younger end of the senior age range.

There were 1,533 older seniors, age 75 and above, in 2020, compared to 1,362 older seniors in 2010. In the older senior age groups the Greater Detroit Lakes area added 171 people over the decade, for an increase of 12.6%.

### **Projected Senior Population Growth**

The primary demographic projection source used for this Update, Esri, Inc., has a conservative forecast of the growth potential for Greater Detroit Lakes. However, their projections are probably low by only 1.5% for population.

While slightly conservative, Esri's age-based projections do yield some insights into anticipated changes by 2028.

- ▶ Esri's forecast expects the population of younger seniors in the 65 to 74 year old age range to increase by 7.6%, or by approximately 132 people between 2020 and 2028.
- ▶ For older senior citizens, age 75 and above, Esri's projections show an expected increase of 349 people, or 22.8%, between 2020 and 2028.

### **Senior-Headed Households**

The 2020 Census included information on households by age of householder. In 2020, there were 1,094 younger senior households in Greater Detroit Lakes with a head of household between 65 and 74 years old. There were 996 older senior households, and 75 and above.

When compared back to 2010, there had been an overall increase of 448 senior-headed households, for an increase of 27.3%.

Between 2010 and 2020, Greater Detroit Lakes added 392 younger senior households in the 65 to 74 year old range, but had an increase of only 56 households age 75 and older.

While there was a large increase of senior citizens between 2010 and 2020, most of this growth occurred at the younger end of the senior age range.

### **Projected Senior Household Growth**

Age-based projections from Esri have been reviewed to anticipate changes by 2028. In the opinion of the analysts, Esri's overall projections are very conservative, and they have been adjusted upward by approximately 3.6% to better reflect the expected household total in 2028.

- ▶ The adjusted forecast expects the number of younger seniors in the 65 to 74 year old age range to increase by less than 6.3%, or by approximately 70 households between 2020 and 2028.
- ▶ For older senior citizens, age 75 and above, Esri's projections show an expected increase of nearly 260 households, or 26%, between 2020 and 2028.

## **Market Share and Capture Rates**

Using the 2020 Census and age-based projections to 2028, it is possible to compare the market share that is being captured by the various types of senior housing with services.

### **Skilled Nursing Homes**

There are two skilled nursing homes operating in Detroit Lakes in 2024, unchanged from the 2018 inventory. However, there has been a small decrease in the number of licensed beds, and a larger decrease in the number of beds in active use in 2024.

Based on licensing, there are 156 skilled nursing beds in the City. However, only 126 to 129 are typically in active use in 2024. One facility has had a wing closed since Covid, and the other has staffing limitations that has decreased the number of beds in use. It is important to note, however, that the unused beds in 2024 are still licensed, and could return to active use in the future.

Within the overall bed count is a further distribution of utilization between long-term and short-term occupancy. The use of nursing home beds for long-term care in general has continued to decrease over time. Instead, more beds are often reserved for short-term transitional care stays. As a result, even before any licensing reductions, the number of beds for “permanent” nursing home residents has grown smaller in recent years.

Using the information collected in 2024, approximately 89 to 91 beds are used for long-term care (LTC) and 37 to 38 for transitional care use (TCU).

Based on the estimated long-term care beds, a capture of less than 6% of all senior citizens age 75 and older in Greater Detroit Lakes in 2020 would have been required to achieve full occupancy.

By 2028, the projected growth of the older senior population would lower the nursing home bed percentage even further. However, with the potential that as many as 30 additional beds could return to active use in the future, the bed supply may be increased by 2028.

Although calculations have been performed on maintaining the market share for nursing homes, there has generally been a moratorium on adding beds, and any new nursing home facilities are typically limited to replacing existing beds. As a result, no additional capture by nursing homes would be expected in Greater Detroit Lakes in the future.

## **Memory Care**

In 2024, as many as 73 rooms/units exist in Detroit Lakes for people needing specialized memory care housing. Despite the fact that a new memory care facility was opened in 2021, the actual capacity is lower than in 2019, as a 33-bed memory care wing in Emmanuel Nursing Home was closed after 2018, resulting in an overall net reduction of capacity in this specialized care segment.

It is important to state that despite the changes since 2018, it is probable that some rooms/beds in assisted living and nursing homes are being used by people with memory loss issues, even though they are not dedicated exclusively to that use. However, this arrangement may not be suitable for all people, including those that have behavioral issues that are better served in a specialized memory care project.

Based on 2020 demographic data for Greater Detroit Lakes, the market share captured by specialized memory care beds is approximately 5.1% of the older senior citizen population not currently living in a nursing home.

Using the expected growth of older senior citizens through 2028, more beds would need to be added if the same capture rate is to be maintained. As many as 18 to 20 beds would be needed if the older senior population increases as expected. However, additional expansion may also occur to help replace the net loss in the inventory that has occurred since 2018.

## **Assisted Living**

The supply of units licensed for assisted living has increased since 2018, primarily due to the construction of the new Pelican Landing facility. However, there were probably some reductions in older facilities, especially in some that were providing higher levels of care in housing with services projects in the past.

In 2024, there are at least 98 units/rooms that serve the traditional assisted living segment in Detroit Lakes. Actual resident capacity could be higher if some units are occupied by couples, but in most cases, single occupancy is assumed. The 2024 rental survey found a high rate of occupancy in assisted living, and waiting lists were often reported.

Excluding the seniors living in more service-intensive types of housing such as nursing homes or memory care facilities, the assisted living unit supply in 2024 represents a market capture rate of approximately 7.2% of the older senior population living in Greater Detroit Lakes in 2020.

Going forward to 2028, the available age-based projections do show an increase in the area's population of older seniors, age 75 and above. To maintain a similar capture rate in 2028, approximately 25 or more additional assisted living units would be needed.

### **Senior Housing with Light Services**

The supply of units within this market segment has probably been reduced since 2018. At that time there were projects in Detroit Lakes that were listed as "housing with services" providers by the MN Department of Health. However, that designation no longer exists, and some providers appear to have shifted to serving more independent senior households.

The estimated inventory of light services housing in Detroit Lakes contains approximately 94 units in 2024, down from as many as 130 in 2018.

In the 2024 rental survey, high rates of occupancy were reported in all of the light services projects, with waiting lists typical.

When compared to the senior population, full utilization of the available units would require a capture rate of approximately 7.4% of the County's older senior population not residing in more service-intensive forms of senior housing. This is estimated to be lower than the required capture rate achieved in 2018, as there has been some growth among older seniors, and the supply of units has decreased over time.

However, going forward to 2028, the available age-based projections do show an increase in the County's population of older seniors, age 75 and above. To maintain a similar capture rate in 2028, at least 26 or more additional light services housing units may be needed.



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## **Employment and Local 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 severely limited. Employment opportunities are provided by a broad range of private and public business sectors. Jobs are available in manufacturing, commercial services, agriculture, and other industries. 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.

Major employers in the City include:

- ▶ Essentia Health/St. Mary's Hospital
- ▶ Independent School District #22
- ▶ Lakeshirts Screen Printing
- ▶ BTD Manufacturing
- ▶ WalMart
- ▶ Becker County
- ▶ State of Minnesota
- ▶ Ecumen
- ▶ S.J. Electro Systems
- ▶ Menards
- ▶ Snappy Air Distribution
- ▶ Dynamic Homes

Source: Comprehensive Annual Financial Report for the City of Detroit Lakes, 2022

### **Labor Force, Work Force and Unemployment**

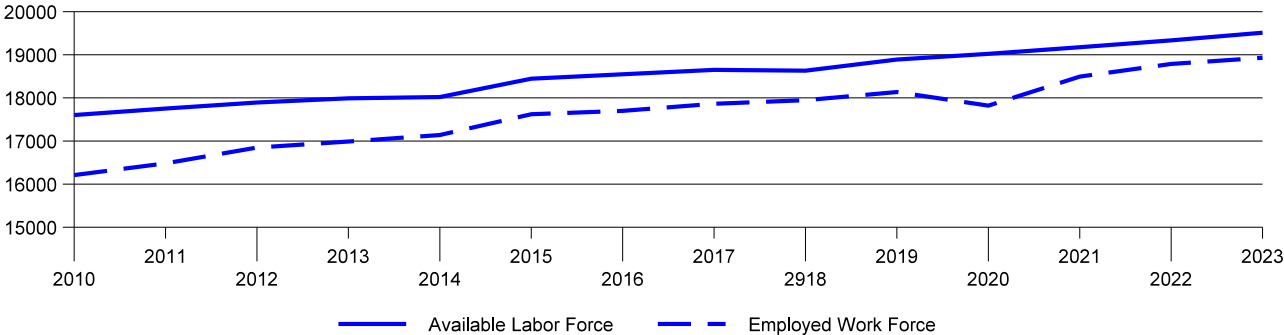
The Minnesota Department of Employment and Economic Development provides labor force and employment information at the County level. Due to the size of the community, similar information is not available specifically for Detroit Lakes. The following table looks at information for Becker County since 2010.

<b>Table 28 Becker County Labor Statistics: 2010 to 2023</b>						
Year	Labor Force	Employed	Unemployed	Unemployment Rate - County	Unemployment Rate - MN	Unemployment Rate - US
2010	17,602	16,210	1,392	7.9%	7.4%	9.6%
2011	17,753	16,481	1,272	7.2%	6.5%	8.9%
2012	17,894	16,848	1,046	5.8%	5.6%	8.1%
2013	17,989	16,988	1,001	5.6%	5.0%	7.4%
2014	18,019	17,140	879	4.9%	4.3%	6.2%
2015	18,445	17,621	824	4.5%	3.8%	5.3%
2016	18,547	17,699	848	4.6%	3.9%	4.9%
2017	18,650	17,864	786	4.2%	3.5%	4.4%
2018	18,631	17,947	684	3.7%	3.0%	3.9%
2019	18,889	18,136	753	4.0%	3.3%	3.7%
2020	19,022	17,820	1,202	6.3%	6.3%	8.1%
2021	19,176	18,495	681	3.6%	3.8%	5.3%
2022	19,334	18,789	545	2.8%	2.7%	3.6%
2023	19,513	18,931	582	3.0%	3.0%	3.6%

Source: MN Department of Employment and Economic Development

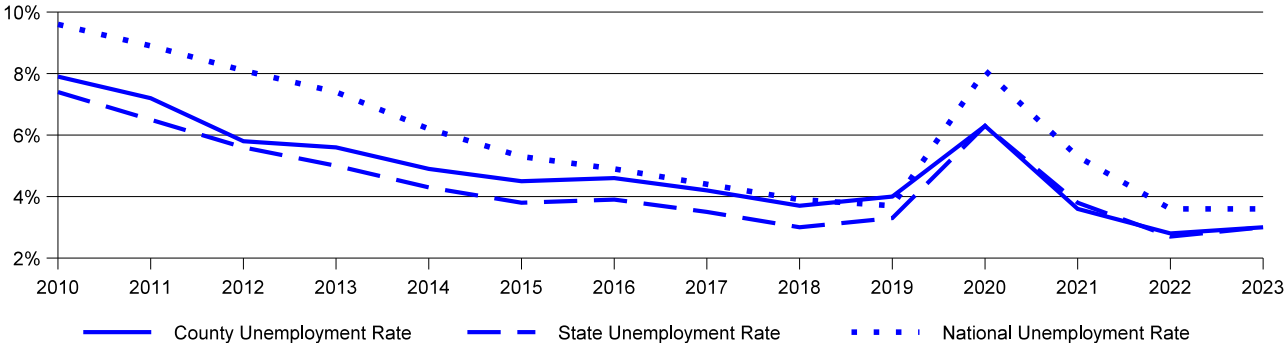
- ▶ There has been a long-term pattern of growth in the size of the County’s available resident labor force. If 2023 is compared back to 2010, the labor force increased by more than 1,900 people, or 10.9%.
- ▶ The County’s employed resident work force has generally shown similar patterns. Between 2010 and 2023, Becker County added more than 2,700 employed residents, for an increase of 16.8%.

### Becker County Labor Force and Employed Work Force



- ▶ While there have been some year-to-year variations, the general pattern has been for a lower unemployment rate over time. The County’s highest unemployment rate over the time period reviewed was in 2010, at 7.9%. The lowest unemployment rate was at 2.8% in 2022.

### Becker County Annual Unemployment Rate: 2010 to 2023



- ▶ Although the unemployment rate did increase slightly in 2023, to 3.0%, it was still the second lowest rate recorded over the past 14 years.
- ▶ The global pandemic did cause a “spike” in the County’s unemployment level in 2020, but by 2021 the County had returned to pre-pandemic levels.
- ▶ Since 2020, the County’s unemployment rate has generally remained similar to the Statewide rate, and below the national unemployment rate.

## Employment and Wages by Industry

The following table shows the annual employment and average wages by major employment sector for 2023. It is important to note that the major employment sectors listed do not represent all employment in the City. Some groups, including self-employment, are not listed.

The table only provides information for the City of Detroit Lakes. 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 29 Detroit Lakes Average Annual Wages by Industry - 2023</b>		
Industry	Employment	Average Weekly Wage
Total All Industry	9,552	\$985
Natural Resources, Mining	124	\$1,182
Construction	410	\$1,282
Manufacturing	1,892	\$1,082
Trade, Transportation, Utilities	1,766	\$810
Information	76	\$930
Financial Activities	257	\$1,303
Professional and Business Services	408	\$1,316
Education and Health Services	2,519	\$1,130
Leisure and Hospitality	1,239	\$418
Other Services	285	\$651
Public Administration	574	\$1,356

Source: MN Department of Employment and Economic Development

- ▶ The average weekly wage in Detroit Lakes for all industry in 2023 was \$985. At full-time employment this would equal an annual wage of approximately \$51,200.
- ▶ The highest paying wage sectors were Public Administration, Professional and Business Services, and Financial Activities, each with an average weekly wage above \$1,300. The lowest paying wage sector was Leisure and Hospitality, with an average weekly wage of \$418.

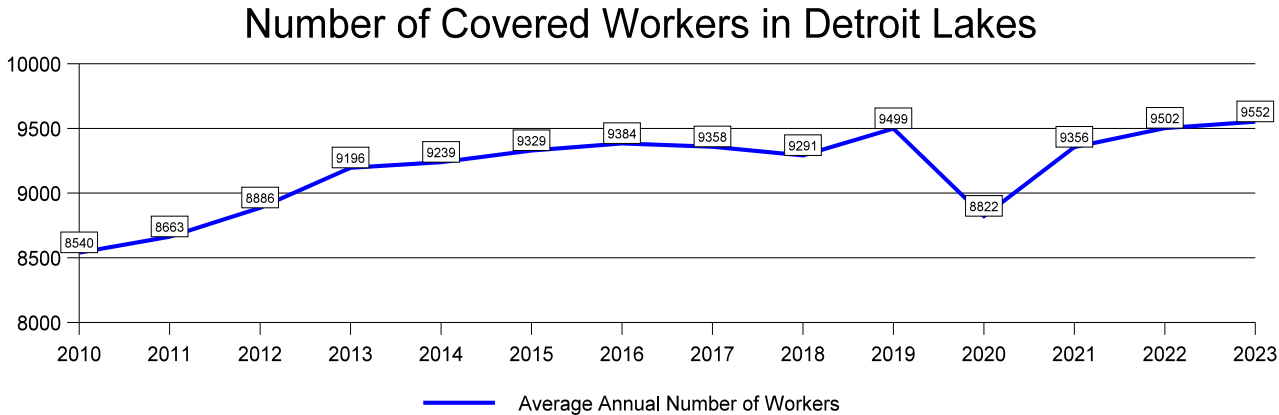
### Annual Covered Employment

Since the Quarterly Census of Covered Workers (QCEW) tracks employees covered by unemployment insurance by location, it is possible to examine longer-term patterns in the employment level. The following table displays the total number of workers reported in Detroit Lakes back to the year 2010.

<b>Table 30 Detroit Lakes Average Annual Employment</b>			
Year	Total Covered Employment	Year	Total Covered Employment
2010	8,540	2017	9,358
2011	8,663	2018	9,291
2012	8,886	2019	9,499
2013	9,196	2020	8,822
2014	9,239	2021	9,356
2015	9,329	2022	9,502
2016	9,384	2023	9,552

Source: QCEW - MN Dept. of Employment and Economic Development

- ▶ When viewed over a longer-term there has generally been employment growth in Detroit Lakes, as tracked by reporting for unemployment compensation. If total employment in 2023 is compared to the year 2010, there had been an increase of more than 1,000 jobs in the City, or growth of 11.9% over this longer period.



- ▶ The Covid pandemic did cause a drop in employment in 2020, but by 2022 the City had exceeded pre-pandemic employment levels.

## Commuting Patterns of Area Workers

Information is available on area workers that commute for employment through the 2022 American Community Survey. The first table examines the travel time to work for Detroit Lakes residents, while the second table examines the travel time for people that are employed within the City.

<b>Table 31 Commuting Times for Detroit Lakes Residents - 2022</b>		
Travel Time	Number	Percent
Less than 10 minutes	1,897	45.3%
10 to 19 minutes	1,377	32.9%
20 to 29 minutes	329	7.9%
30 minutes +	587	14.0%
Total	4,190	100%

Source: American Community Survey

- ▶ The large majority of Detroit Lakes residents were commuting less than 20 minutes to work in 2022. Presumably, most residents were working within the City limits, or in the immediately surrounding area. Overall, more than 78% of residents commuted 19 minutes or less to work.

For people working in Detroit Lakes, the following travel times were identified.

<b>Table 32 Commuting Times for Detroit Lakes Employees - 2022</b>		
Travel Time	Number	Percent
Less than 10 minutes	2,170	23.7%
10 to 19 minutes	3,360	36.6%
20 to 29 minutes	1,736	18.9%
30 minutes +	1,909	20.8%
Total	9,175	100%

Source: American Community Survey

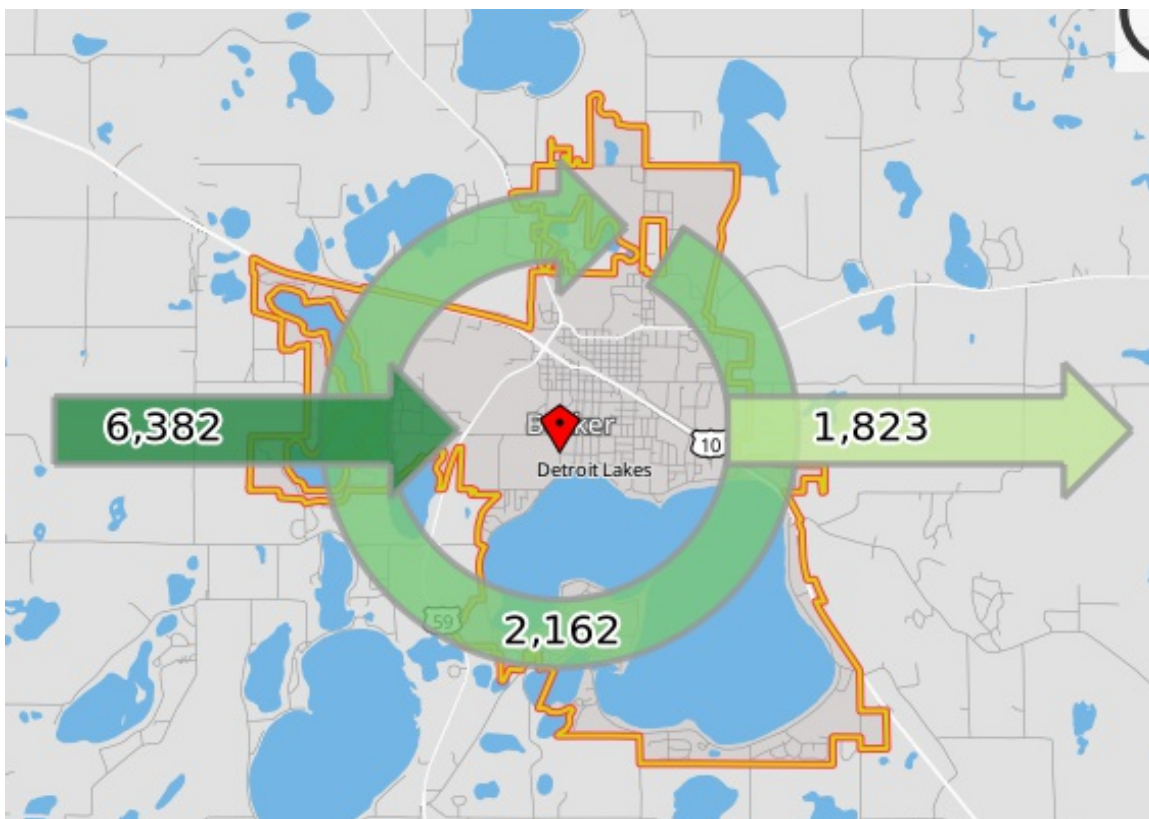
- ▶ A majority of the people working in Detroit Lakes lived either within the City or within the surrounding area, as more than 60% had a travel time of 19 minutes or less. However, more than 1,900 people, or nearly 21% of people employed in the City, did travel 30 minutes or more in 2022.

## Census On the Map

The Census Bureau also produces commuter reports through its Center for Economic Studies division. This information is based on reports for the year 2021, but provides a further breakdown of worker movement patterns.

According to the report for Detroit Lakes, there were 8,544 people that were employed within the city limits in 2021. Of this total, there were 2,162 people that both lived and worked within the City. The remaining 6,382 people employed in Detroit Lakes lived outside the City and commuted in for their primary employment. The identified locations supplying the most workers to the City were Detroit Township, Lake View Township, Burlington Township, Erie Township, Frazee, Lake Eunice Township and Perham.

Although most Detroit Lakes residents also worked within the City, an estimated 1,823 people left Detroit Lakes for their primary job. Among the destinations for commuting residents were Fargo/Moorhead, Perham and Detroit Township.





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# Findings and Recommendations

## Overview

A summary of the key findings and recommendations resulting from the 2024 research is presented below. Many of the development recommendations are based on the growth potential that exists for the Greater Detroit Lakes area, and the resulting housing demand that could be created. A more detailed explanation of each specific issue is then provided in the section that follows.

<b>Findings and Recommendations</b>	
<b>Rental Housing Recommendations</b>	
1.	Market Rate Rental: Promote Production of 90 to 100 Units Over Projection Period
2.	Moderate Rent/Tax Credit Housing: Promote the Development of 25 to 35 Units over the Projection Period
3.	Subsidized Rental Housing: Develop as Resources Allow with a Goal to Add 25 to 30 Units
4.	Senior-Designated Housing is Appropriate for Future Development
5.	Updated Findings on Student Housing Issues
6.	Multifamily Land Availability - Assuring Future Sites to Support Construction Needs
<b>Senior Housing with Services Recommendations</b>	
7.	Light Services Senior Housing: Promote an Expansion of 25 to 30 Units by 2028
8.	Assisted Living: Promote an Expansion of 25 or More Units by 2028
9.	Memory Care Housing: Promote an Expansion of 18 to 20 Rooms/Beds by 2028

<b>Findings and Recommendations</b>	
<b>Home Ownership Recommendations</b>	
10.	Moderate to Higher Priced New Construction: Demand for 26 to 29 Units Annually
11.	Affordable/Entry-Level New Construction: Annual Demand for 8 to 11 Homes
12.	Very Affordable New Construction: Promote 2 to 3 Homes Per Year
13.	Promote Entry-level Home Ownership with the Existing Housing Stock
14.	Attached Single Family Housing Should Gain Market Share
15.	Promote Additional Subdivision/Lot Development
<b>Rehabilitation/Preservation Issues</b>	
16.	Promote Owner-occupancy Housing Rehabilitation
17.	Promote Rental Housing Rehabilitation

Prior to the specific recommendations, a summary of some of the key growth-related findings and projections has been presented.

## Household Growth Summary

The Demographic Data section of this report has presented information on the estimates and historic trends for the City and the surrounding area, referred to as Greater Detroit Lakes. In general terms, the Detroit Lakes area and all of Becker County have continued to grow for at least the past three decades.

In Detroit Lakes, there is a direct link between housing unit availability and household growth. In recent years the City has had very little unused housing capacity. For household growth to occur, a commensurate level of housing production has generally needed to occur.

For the three combined jurisdictions that form Greater Detroit Lakes, the 2020 Census tracked average growth of approximately 62 households per year over the prior decade. Between 2010 and 2019, average annual housing unit creation in Detroit Lakes averaged approximately 74 units per year. While difficult to document, some older housing was probably removed from the usable inventory over the decade.

The most reliable post-Census estimate, from the Minnesota State Demographer's Office, shows the Greater Detroit Lakes area adding only 77 total households between 2020 and 2023. Between 2020 and 2022, an estimated 3-year total of 107 new housing units was created in the City of Detroit Lakes. These new units should have been available for occupancy in 2023. This unit production was greater than the Demographer's estimate of household growth over the same basic time period, indicating that the 2023 household estimate may have been slightly low.

However, it is important to note that there has been no single year since 2018 when annual housing unit production has reached or exceeded 50 total units per year. In the opinion of the analysts, this has suppressed the area's growth potential. Between 2010 and 2018 the City's annual housing production exceeded 50 units per year in most years.

Most of the construction slowdown over the past five years has been due to below-average multifamily rental housing production. Between 2010 and 2018, the City of Detroit Lakes was averaging nearly 38 new rental units per year based on building permit reporting. From 2019 through 2023, this annual average dropped to fewer than six units per year.

Single family housing production has varied from year-to-year, but has tended to remain within a more consistent range than rental unit construction.

## **Household Growth Projection Summary**

This Update has once again examined projection information from various data sources. However, available projections from other sources are viewed as overly conservative, and not consistent with the historic trends or future growth potential for the Greater Detroit Lakes area.

As a result, the analysts have generated household growth projections based on historic growth rates and housing development patterns. A realistic forecast is that the Greater Detroit Lakes area will add an average of approximately 55 to 60 households in a typical year over the next five years, with the large majority of these households within the City of Detroit Lakes.

It is important to state that the projections used for this Update may prove to be very conservative. Growth at the projected rate would be lower than the annual level achieved between 2010 and 2020 of approximately 62 households per year in Greater Detroit Lakes.

One of the reasons for the slightly lowered forecast is the difficulty of producing affordable housing. Future household growth will only be possible if a commensurate level of housing unit construction occurs. The area does not have an excess supply of unoccupied housing in 2024. If additional housing is not created, the projected household growth cannot be achieved.

Development costs are significantly higher than in the past, for land, infrastructure and construction. As a result, housing unit starts have been somewhat suppressed and the City of Detroit Lakes has not had 50 or more units permitted in any single year since 2019.

The projection used for this Update that an average of 55 to 60 households will be added each year assumes that some recovery will occur, and annual unit production will once again exceed 50 units per year in the future.

## **Growth Projections by Age Summary**

The Projection Data section of this Update has once again presented information on anticipated changes by age group over the next five years. This information can be informative in determining the housing changes that will be expected due to age patterns of the area’s households.

The base projections were created by Esri, a data provider that is widely used by agencies involved in housing development and finance. However, in the opinion of Community Partners Research, Inc., Esri’s projections to the year 2028 have significantly underestimated the growth potential for the Greater Detroit Lakes area. As a result, the following age-based projections have been modified by the analysts to better reflect the probable current and future household levels.

<u>Age Range</u>	<u>Projected Change in Households 2020 to 2028</u>
24 and younger	+102
25 to 34	+3
35 to 44	-36
45 to 54	+148
55 to 64	-167
65 to 74	+69
75 and older	+259

The age progression patterns that should be evident through 2028 are generally consistent with the movement of the “baby boom” generation through the aging cycle. By 2028, nearly all of the baby boomers will be age 65 or older, and these projections expect an increase of nearly 330 senior-headed households in the Greater Detroit Lakes Area.

Behind the baby boom was a smaller age cohort, and the trailing age group will not fully replace the advancing generation. As a result, a decrease of nearly 150 households is expected in the 55 to 64 year old range.

The Detroit Lakes area should see a net increase in younger adult households through 2028, but overall growth in the age ranges 54 and younger is generally more moderate than in the senior citizen ranges. In total, these projections expect a net increase of approximately 220 households age 54 and younger by 2028. However, due to the large projected decrease in the number of households age 55 to 64 years old, the overall impact would be a more limited net increase in the number of non-senior households below the age of 65.

## **Summary of Housing Unit Demand and Tenure Projections**

As the largest City in Becker County, Detroit Lakes has developed a diverse range of housing options for area residents. This is most evident in rental housing, as the City contains most of the rental options countywide. The City has also been very successful in achieving new home construction and has had 20 or more single family housing starts per year since at least 2010.

Age-based household projections, along with historical housing tenure patterns, can be used to form a forecast of anticipated demand for owner and renter-occupancy housing. These forecasts can also be compared to actual construction trends.

Based on this information, it is probable that near-term demand within the Market Area will yield an approximate 50%/50% split in owner-occupancy versus rental housing demand through 2028. The 2018 Housing Study had expected owner-occupancy demand to achieve approximately 55% of future demand.

The annual building permit reports from 2019 through 2023 in Detroit Lakes show a unit distribution that was much more heavily oriented to owner-occupancy housing. Over the past five years, approximately 83% of the newly built units in the City were oriented to home owners, and only 16% to renters. However, this was largely due to a significant reduction in multifamily rental development when compared to prior years.

Based on a household growth forecast of 55 to 60 households per year over the 5-year time period yields total demand for approximately 275 to 300 housing units. A 50%/50% tenure distribution would yield growth-generated demand for approximately 140 to 150 owner-occupancy units and a similar total number of rental units over the next five years for the Greater Detroit Lakes area.

All of the multifamily rental production is likely to occur within the City of Detroit Lakes. Some of the owner-occupancy demand may be present outside of the city limits, but most of the single family new construction would also be expected in the City.

In addition to growth-generated demand, calculations for total future housing needs can also be based on factors such as replacement of lost units, and pent-up, or existing demand for housing that is not being served.

## **Demand from Unit Replacement**

Specific documentation is not available on annual housing unit losses. A variety of factors can contribute to unit loss, including demolition, obsolescence, natural disasters, or redevelopment activities. Although research in the Detroit Lakes area has not identified any significant unit losses after 2010, it is probable that some older units are removed from the usable inventory over time. With strong housing demand and rising property values, there are financial incentives for owners to maintain and improve existing housing units.

Without any evidence of larger-scale unit replacement needs, only a limited allowance is made for this demand-generator. Over the 5-year projection period an annual allowance of approximately 5 to 10 owner-occupancy units and 10 rental units has been used.

If larger unit losses do occur in the future, especially in the rental segment, one-for-one replacement would be recommended. It is important to recognize, however, that unit replacement has been viewed in terms of overall supply and demand. It is unlikely that any older housing that is lost can then be replaced by equally affordable new construction.

## **Pent-Up Demand**

Another demand generator can be based on the need to add units within specific market segments that are under served. For example, there continues to be an under supply of very affordable, subsidized housing, but resources to expand the inventory have not been available in recent decades. Low income households that are attempting to move into the community may not be able to find suitable housing, and may be forced to live elsewhere.

Pent-up demand varies by market segment. Discussion of unmet demand will be incorporated into the specific unit recommendations that follow. In general, pent-up demand has been applied to the rental housing segments based on low vacancy rates.



## **Rental Housing Recommendations**

**Overview:** Detroit Lakes is the rental housing center for a larger region. The City has a diverse supply of options serving a wide range of sub-markets.

In 2000, the City's rental tenure rate was 35.6%. By 2010, it had increased to 39.5% of all households that were renting their unit. According to the 2020 Census, the City's rental tenure rate had increased to 41.8%.

However, very little recent expansion has occurred within the City's rental inventory. After the 2020 Census was conducted, annual building permit reports show that only 16 additional rental units have been developed, and no pending projects were identified year-to-date in 2024.

While no definitive rental inventory exists, the best information would point to between 1,950 and 1,975 total rental housing units in Detroit Lakes in 2024. This would include specialized housing options such as senior assisted living and memory care. Some additional rentals are present in Detroit and Lake View Townships, but nearly all of the multifamily options are within the city limits. In 2020, more than 93% of all rental units in Greater Detroit Lakes were in the City.

The rental telephone survey completed in 2024 found very low vacancy rates in most market segments. In the conventional market rate inventory, the estimated vacancy rate was approximately 1% or lower.

The more affordable rental segments also maintain high occupancy patterns. Excluding some studio apartments, the estimated vacancy rate in moderate rent tax credit housing was also very low. Very few vacancies were present in the rental projects that can offer "deep subsidy" housing, and waiting lists tend to exist for any form of income-restricted housing, as pent-up demand remains evident.

Going forward, demand projections based on growth, unit replacement and pent-up demand indicate that 190 to 220 rental units will be needed over the 5-year projection period. Ideally, this recommended production would be distributed across various rental market segments.

In the specific recommendations that follow, the recommended units have been distributed into different subsets of the local rental market as follows:

▶ Conventional Market Rate	90 to 100 units
▶ Tax Credit/Moderate Rent	25 to 35 units
▶ Subsidized Housing (goal not need-driven)	25 to 30 units
▶ Senior Housing with Services (apartment-style)	<u>50 to 55 units</u>
▶ TOTAL	190 to 220 units

Some very specialized housing, such as memory care rooms, has also been recommended in addition to the units listed above, although these may be better defined as sleeping rooms rather than traditional apartment-style units.

The recommendations that follow assume that the largest share of this unit creation will be in the form of conventional market rate housing. An even higher level of production could be justified in the income-restricted segment if resources would allow for the development of very affordable rental housing, but this is unlikely.

The following recommendations address specific segments of the Detroit Lakes rental market. Recommendations are intended to address demand over a five-year time period.

**1. Market Rate Rental Housing: Demand for 90 to 100 Units in the Five-year Projection Period**

**Findings:** Market rate rental housing has been a strength of multifamily construction activity in Detroit Lakes in the past, although only limited production has occurred over the past six years.

Between 2013 and 2017 there were five larger-scale rental development projects in Detroit Lakes, creating 209 high quality market rate units. These projects included Northview Apartments, McKinley Plaza and three phases of Stonebrook Apartments.

The rental survey in 2024 had difficulty collecting occupancy information directly from some of these newer projects, but secondary sources would indicate that vacancy rates are very low in any market rate project in Detroit Lakes. Websites for Northview and Stonebrook showed no currently available units.

Since the last phase of Stonebrook was permitted in 2017, the only two conventional market rate projects that have advanced are Norby Flats and Mary Ann Apartments. Norby Flats created 13 apartment units in a historic building conversion. Mary Ann Apartments constructed 16 units.

Although unit production has been lower in the past few years, the longer-term construction averages are higher. Dating back to the year 2010, an annual average of approximately 20 conventional market rate units has been developed annually in Detroit Lakes. Occupancy rates, as tracked by telephone surveys in 2013, 2018 and 2024 have consistently found a low rate of vacancy within the conventional market segment.

Although more recent projects tend to have significantly higher rents than older projects, occupancy rates are high. This has also placed upward price pressure on all units, including older rental housing.

It is important to note that the rental range that applies to the newer projects is also a reflection of features, amenities, square footage and other factors. Some projects may target the more moderate segment of market rate renters, while others are serving the “luxury” segment. However, the square footage of the unit becomes a primary factor in the rents being charged.

If gross rents are viewed as a rent per square foot, and include an estimate for tenant-paid utilities, the newer projects would generally be within the following ranges:

<u>Unit Type</u>	<u>Gross Rent Per Sq. Ft.</u>
Studio	\$1.75 to \$2.25/sq ft
1-bedroom	\$1.35 to \$1.90/sq ft
2-bedroom	\$1.10 to \$1.80/sq ft
3-bedroom	\$1.20 to \$1.50/sq ft

**Recommendation:** As the Greater Detroit Lakes area continues to grow, there will be an ongoing need to add more rental housing units. While it would be desirable to add units in a wide range of prices, realistically, most of the new units will need to be conventional market rate housing.

To achieve the total recommended goal of at least 190 to 220 total rental units in Detroit Lakes over the 5-year projection period, it is probable that 45% to 50% will need to be developed within the market rate segment. For the 5-year production period, a target of at least 90 to 100 market rate rental units is recommended.

With current construction costs, it is probable that new units will have a rent structure that is within the rent per square foot range presented above. However, if a more moderate price range can be achieved, it would be better matched to income levels for many area renter households. In 2022, the estimated median household income for renters in Detroit Lakes was approximately \$32,900.

Although the recommendation for future market rate housing has been presented as 5-year total, it is unlikely that consistent annual production will occur. Instead, the recommended multifamily units will probably be produced in two or three separate projects.

It is also important to note that recommendations that follow address the need for up to 65 additional units of moderate rent or very affordable housing, which may prove very difficult to actually produce. If efforts to create more affordable options are not successful, construction within the market rate segment may need to be expanded, especially in the more moderate rent ranges.

Different styles of market rate rental housing could be constructed to address demand. But to help diversify the type of rental housing, we would encourage some town house or cottage-style rental units in the future. Most of the market rate construction that has occurred in Detroit Lakes in the recent past has been in the form of apartment-style rental units in multi-level buildings. Other communities have achieved success in rental housing that is more similar to single family living, with private entrances and attached garage parking. This style of housing should prove to be very successful in Detroit Lakes.

Over the next five years, there will be continued growth among empty-nester and senior-headed households. Households looking to transition from single family home ownership into rental housing would be attracted to a one-level unit that offers some of the amenities of single family living.

## **2. Moderate Rent Tax Credit Housing: Promote the Development of 25 to 35 Units over the Projection Period**

**Findings:** The low income housing tax credit program has been the primary federal financial incentive for the production of more affordable rental housing. A typical tax credit project will offer a moderate rent structure and will serve households at or below 60% of the median income level. Even more affordable units may also be included, serving households at or below 50% or 40% of median income, but that is dependent on other financial resources that may be available.

There are 10 rental projects in Detroit Lakes that have received federal low income housing tax credits since the program was created in the late 1980s. However, some of these have ended their compliance requirements, while others also received additional federal assistance and are better defined as subsidized housing.

As a result, in 2024 there are five rental projects that remain in this specific market segment, providing moderate rent housing primarily to households at or below 60% of the median income level.

- ▶ ***Barbara Apartments*** with 12 units
- ▶ ***Union Square Townhomes*** with 24 units
- ▶ ***Graystone Annex*** with 19 units
- ▶ ***Richwood Heights Townhomes*** with 28 tax credit units
- ▶ ***Apex Townhomes*** with 30 units including four with supportive services

The five moderate rent projects have a combined 113 units that operate under the basic tax credit rent and occupancy restrictions. The size of the inventory is generally unchanged from 112 units in 2018. Apex Townhomes was added after 2018, but there were also two projects that were lost from the tax credit segment, 11<sup>th</sup> Avenue Apartments and Crestwood Apartments. As a result, the possible gain from Apex Townhomes was negated by the removal of older units from the tax credit inventory.

The 113 moderate rent/tax credit units in these five projects represent less than 6% of all rental options in Detroit Lakes in 2024.

At the time of the 2024 rental survey there was generally a high rate of occupancy in all of the moderate rent tax credit units. The exception was studio units, where some vacancies were reported. In units with one or more bedrooms, the vacancy rate was very low, with waiting lists used to fill any turnover units.

Due to the income certification requirements, there can be a short delay in processing a new tenant, but any open units at the time of the survey had an application in process, except for the studio apartments which can be harder to fill.

The actual rents for tax credit housing in Detroit Lakes are below the maximum allowable federal limits. While the regulations allow rents up to 60% of median income level, the prevailing gross rents in Detroit Lakes are generally below the limits set at 45% of the federal median income level, and the gross rents for studio and one bedroom units were lower than the 40% limits.

**Recommendation:** It is important to state that project-specific studies are required as part of the tax credit application process, and the recommendation that follows is based on a general market review.

Over the next five years it is recommended that the City promote the development of 25 to 35 additional moderate rent/tax credit units, to serve households at or below 60% of the median income level. Given the size of typical project awards, this would generally represent one or possibly two new developments.

Based on the total rental housing development recommendations made in this 2024 Update, the proposed moderate rent/tax credit recommendation would represent a relatively small share of the overall unit total for Detroit Lakes over the next five years. Even more moderate rent units could be supported in the community, but the award of tax credits is very competitive and attempting to secure up to 35 additional units is viewed as a realistic goal.

If additional affordable development resources become available, additional development projects should be pursued. But in the past 20 years only two tax credit awards have been made in Detroit Lakes, with one for preservation of an existing subsidized project and the other for the new construction of Apex Townhomes.

### **3. Subsidized Rental Housing: Develop as Resources Allow with a Goal to Add 25 to 30 Units**

**Findings:** The term subsidized housing, as used in this Update, refers to rental units that have been constructed to serve low and very low income people. In nearly all cases, subsidized housing has access to federal resources that provide a “deep subsidy” for lower rent units. Most subsidized housing has project-based rent assistance, or a similar subsidy available, that allows rent to be based on 30% of the household’s monthly income.

Much of the subsidized housing in Minnesota was constructed from the 1960s to the 1980s. All of the subsidized projects in Detroit Lakes were constructed before 1990. Since that time, funding for new projects has generally been rare in the federal budget. Due to the age of projects, it is more likely for communities to lose subsidized housing to contract fulfillment rather than add it through new construction.

No subsidized project in Detroit Lakes has been lost in more than 10 years. In 2023 there were no subsidized projects that are identified as “at risk” of leaving the subsidy program.

Detroit Lakes continues to have ten subsidized projects. Five are either designated for senior and/or disabled tenant occupancy, or they provide a preference to senior/disabled applicants. Combined, there are 258 subsidized units oriented to senior/disabled tenant occupancy.

The remaining five subsidized projects are designated as general occupancy housing. Combined, there are 93 units available for general occupancy.

Including both senior/disabled and general occupancy units, the subsidized inventory in Detroit Lakes contains 351 units and represents approximately 18% of all rental units in the City in 2024.

The rental survey found strong demand for subsidized housing, especially for units with project-based rent assistance. The estimated vacancy rate in the subsidized segment was less than 2%. Most projects reported that waiting lists for occupancy exist, indicating pent-up demand for very affordable housing.

In addition to the subsidized housing projects, Detroit Lakes had approximately 124 households being assisted with tenant-based rent assistance in 2024, primarily through HUD's Housing Choice Voucher Program. A Voucher is a portable form of rent assistance that is issued to income-eligible households for use in private market housing. The Voucher program in Detroit Lakes has a long waiting list in 2024, with most household meeting a local residency preference.

With Voucher assistance, a household pays approximately 30% of their income for their rent, with the program subsidy paying any additional rent amounts. Vouchers move with the tenant, so the actual number of households receiving assistance in the City can vary over time.

Assuming that no overlap exists between the project-based and tenant-based subsidized options, approximately 475 Detroit Lakes households would typically have access to a subsidized housing option. This represents more than 24% of all renter households living in the community.

Despite the subsidized options that exist, housing cost burden information from the American Community Survey showed that nearly 46% of all renter households in Detroit Lakes were paying 30% or more of their income for housing.

The existence of a rental housing cost burden was shared among households in all age ranges, although a higher percentage of senior-headed households reported paying 35% or more of their income for housing costs. In numeric terms, however, most of the cost-burdened renter households were age 64 and younger. Some of these may have been students, but most renter households were between 25 and 64 years old.



The mismatch between affordable units and lower income households was most evident in the lowest price ranges, as the number of renter households with an annual income below \$20,000 was much larger than the inventory of units priced at \$500 or less.

**Recommendation:** Additional subsidized rental unit creation is recommended over the next five years. However, with almost no funding at the federal level, it has been very difficult to add to the supply of very low rent housing. The last new construction project in the City was completed in the late 1980s.

Despite ongoing growth in Greater Detroit Lakes over the past three decades, including the addition of many new renter households, the supply of subsidized housing has not grown, although there may have been some increase in the number of tenant-based Vouchers over time.

We would continue to encourage the City, and its development partners, to look for opportunities to secure subsidized housing resources, with a goal to add 25 to 30 units by 2028. This could be in the form of project-based subsidized housing, or tenant-based rent assistance Vouchers.

If resources for a new subsidized project can be secured, we would recommend constructing new units. The most practical way to add units may be through mixed-income projects, where rent skewing could help to create some very affordable units along with moderate rent and higher rent options.

It is important to acknowledge that this is a goal, rather than an estimate of need. Based on waiting lists, income and cost burden data, a larger number of units could be successfully absorbed. But with very few resources available to develop “deep subsidy” housing, any expansion of supply is encouraged.

Preservation of the existing subsidized housing projects continues to be another important strategy. If units are at risk in the future, it may be appropriate for public or nonprofit agencies to become involved. Area nonprofits, such as MMCDC, may be a resource in helping to preserve subsidized housing that may be at risk in the future.

#### **4. Senior-Designated Rental Housing Would be Appropriate for a Share of Future Development**

**Findings:** This 2024 Update has continued to track the advancing “baby boom” generation as it moves through the aging cycle. By 2028, households age 65 and older will represent the largest net growth of any age cohorts, with households age 75 and older experiencing especially strong growth within the Greater Detroit Lakes area.

The projections used for this Update expect that nearly 38% of all households in Greater Detroit Lakes will have a householder age 65 or older by 2028, and more than 54% of all households will be age 55 or older. Senior-designated housing typically serves people age 55 and older.

The 2024 research identified only one independent living rental project in Detroit Lakes that is senior-designated for tenants age 55 and older. Union Central was created in 2010 when a former school building was converted into 30 units of market rate rental housing.

There are some additional senior projects in the City that can offer light services or some level of supportive care, but no other fully independent rental options. There are a number of other rental projects that are attractive for seniors, but not specifically senior-designated for occupancy.

**Recommendation:** The independent senior housing market has been attracting the attention of developers in other communities. Going forward, it would be appropriate to designate 30% or more of the conventional rental development into projects that are age-designated. In addition, a later section of this document specifically addresses recommendations for senior housing with services, including more independent housing that offers light services or senior assisted living.

With the projected growth of senior-headed households in the Greater Detroit Lakes area, this demographic segment will represent an increased share of the demand for housing opportunities for the next several years. New projects that are not designated specifically for senior occupancy should still incorporate designs and features that would be age-appropriate for older tenants.

## **5. Updated Findings on Student Housing Issues**

**Findings:** Detroit Lakes has a student population, primarily attending Minnesota State Community and Technical College (M State). In the fall of 2017, there were 450 students enrolled that would have taken all or some of their classes on the Detroit Lakes campus. At that time, M State staff had indicated that enrollment had been relatively stable.

In 2023/24 academic year, there were 223 students that attended classes in Detroit Lakes. In most colleges and universities, on-campus enrollment has not been growing. Increasingly, colleges have turned to on-line learning or remote campus options. The Covid pandemic accelerated this shift, especially to on-line learning options.

M State representatives stated that there are some changes underway in Detroit Lakes, including a revamping of course offerings. Estimated on-campus enrollment for the start of the fall 2024 term was slightly lower than at the start of the fall term in 2023.

The annual American Community Survey contains an estimate for the number of Detroit Lakes residents that are enrolled in college or graduate school. Although this represents an estimate with a margin of error, this source shows a continued decrease in enrollment for City residents. In 2019, prior to the start of the global pandemic, there were an estimated 449 people that were enrolled, compared to 297 people in 2022. Not all of the City residents that are enrolled in post-secondary programs would be attending M State.

Past details obtained from M State showed that a majority of students were in a “traditional student” age group, age 24 or younger. The College also tended to have a local draw, with some students commuting from elsewhere in Becker or nearby communities.

In the early 2000s, a 20-unit apartment project known as Vantage Pointe was constructed near the campus and specifically intended for students. Public agencies played a role in facilitating the construction of this project. The goal was to offer two-bedroom units that would be rented on a per-person basis.

Due to insufficient student demand, Vantage Pointe has been operating as general occupancy housing for many years. In 2018, Vantage Pointe still had some furnished units that were available on a per-person fee that included utilities. However, in 2024, the per person leasing option is no longer offered, although some units are still being rented by students.

Staff also indicated that in the past, the College had arrangements with some of the nearby apartment complexes to provide housing preferences for students. However, as overall demand for housing has increased and vacancy rates are low, these arrangements are no longer in place.

**Recommendation:** While student households do contribute to housing demand in Detroit Lakes, it is the opinion of the analysts that this demand can be served by an expansion of general occupancy market rate units, as previously recommended in this Update. In Detroit Lakes, demand from students has been lowered over time, as online learning or remote campus options decrease the need for students to attend the primary campus.

If a lack of housing becomes an issue that causes M State to lose students in the future, a College-supported housing project could be considered. Student housing has been successfully developed in Alexandria, which could serve as a model. While the Alexandria project is not owned by the College, it is closely coordinated through the Alexandria Technical & Community College Foundation, which participated in the development.

## **6. Multifamily Land Availability: Assure Future Sites to Support Construction Needs**

**Findings:** The 2018 Housing Study had commented on the limited supply of vacant land for future rental housing development. Some vacant parcels in the community may have existed at that time, but often required a zoning change or a conditional use permit to allow for higher-density housing.

Since 2019, only two rental development projects have proceeded, and one of these involved the conversion of an existing structure into rental housing. The other project, Mary Ann Apartments, created 16 units on a vacant land parcel.

One of the projects that was in the pre-development phase at the time of the 2018 Housing Study was Apex Townhomes, a moderate rent tax credit project on the eastern edge of the City. At the time, it appeared that this site had adequate land for a future phase of construction, but during the first phase it was learned that wetland and soil suitability would probably limit any future construction.

In July 2024, two re-zoning requests were approved by the City that may allow for multifamily rental projects to proceed, which will add to the options available to potential developers.

**Recommendation:** Discussions with city staff in 2024 indicate that land availability for multifamily construction projects remains as an issue for Detroit Lakes, although recent zoning changes for two sites may allow for some rental construction to advance. However, longer-term, additional parcels will need to be available and suitable for multifamily projects.

The City continues to be aware of land availability as a potential barrier to future housing development. The City has an experienced planning staff that remains focused on the need for ongoing land capacity.

The recommendations contained in this Update have proposed a significant level of rental housing development, much of which would probably occur in larger multifamily structures. Some future rental development may also be accomplished in town house or cottage-style units. If pursued, this may change the land requirements and possible locations. Decisions on zoning matters may ultimately decide how much land is dedicated to higher-density uses.

## **Senior Housing with Services Recommendations**

**Overview:** Senior housing with services can cover a wide range of housing types. Skilled nursing homes, assisted living and memory care housing are generally the most service-intensive options. These forms of housing provide 24-hour staffing and extensive assistance with daily living needs of residents.

Housing with light services, sometimes referred to as congregate senior housing, generally offers a lower level of services, such as a daily meal and weekly light housekeeping. However, some light services senior projects may also have additional items that can be purchased as needed, such as additional meals, and with contracted home health care, residents of light services housing can obtain some assistance with daily living.

Over time, licensing changes have been occurring with the MN Department of Health. Assisted living facilities or assisted living with dementia care projects are licensed with the State of Minnesota. Lighter services projects, once listed as “housing with services” by the State, are no longer specifically licensed, although providers continue to serve this segment of the senior market in 2024.

There have been changes in the specialized senior segment since 2018. One larger project, Pelican Landing, added both assisted living and memory care units to the community through new construction. However, some existing projects also changed after 2018, including the closure of a dedicated memory care wing in Emmanuel Nursing Home, and some voluntary reduction of skilled nursing home beds, due in part to staffing issues. As a result, the addition of Pelican Landing did not always result in a commensurate increase in specialized options in the City.

A separate section of this Update specifically addresses the existing inventory of specialized senior housing. It also compares the distribution of units by type to the target populations of senior citizens in Greater Detroit Lakes.

The following recommendations attempt to define the primary forms of senior housing with services and provide a general summary of the findings in 2024.

## **7. Light Services Senior Housing: Promote an Expansion of 25 to 30 Units by 2028**

**Findings:** The research in 2024 identified the following housing providers in Detroit Lakes serving the light services housing segment:

- ▶ **Lincoln Park** with 30 units is part of the Essentia Health St. Mary's senior community and the basic monthly rent package includes an emergency call system and light housekeeping, with additional services and meals available for a la carte purchase
- ▶ **The Madison** is a 36-unit project that is part of the Ecumen Detroit Lakes community and includes a daily continental breakfast in the monthly rent, with the option to purchase additional meals
- ▶ **Winchester on Washington** with 28 units is part of the Essentia Health St. Mary's senior community and the basic monthly rent package includes an emergency call system and light housekeeping, with additional services and meals available for a la carte purchase

Combined these three projects offer 94 apartment units that can serve seniors needing light services with their housing.

At the time of the 2024 rental survey, there was a high rate of occupancy within this market segment. Although a few open units were reported, these were attributed to recent turnover. The estimated vacancy rate was less than 3%. The low vacancy rate within this housing segment is consistent with the findings in the 2018 Housing Study.

It is important to note that specialized senior housing options can experience above-average rates of turnover, due to the older population group that is often being served. Most of the projects did report the existence of a waiting list, but some older seniors are not prepared to move when offered a vacant unit.

**Recommendation:** The demographic analysis for Greater Detroit Lakes expects growth in the population of senior citizens over the next five years. Specific details on current and projected demographic patterns have been presented in the Senior Housing with Services section of this Update.

In general, ongoing growth is projected within all of the senior age ranges, but most of the increase through 2028 will occur within the age group that is 75 years old and older.

By the year 2028, nearly all of the large baby boom generation will be age 65 or older. This will generate both near-term and longer-term demand for senior housing.

Using the estimated capture rate currently being achieved within the lighter services housing segment in Greater Detroit Lakes, an expansion of 25 to 30 units may be needed by the year 2028.

It is important to note that the supply and demand summary provided in this Update is based largely on projected growth and not on competitive positioning between projects. Senior housing with services can be a very competitive business, and it is possible that more units may be proposed as providers attempt to capture a large share of the local market. However, if supply significantly exceeds demand, this would probably reduce the occupancy rates in less competitive projects.

## **8. Assisted Living: Promote an Expansion of 25 or More Units by the Year 2028**

**Findings:** The research for this Update identified three providers of senior assisted living in Detroit Lakes. Assisted living options that are oriented to memory care needs are discussed in a later recommendation.

- ▶ **Golden Manor** is a 10-room facility
- ▶ **Lincoln Park Assisted Living** has 30 apartment-style units and is part of the Essentia Health St. Mary's community
- ▶ **Pelican Landing Senior Living** has 58 apartment-style units

Another provider, Diamond Willow has two facilities with 20 total rooms available for assisted living use. Although some residents may be receiving traditional assisted living care, the analysts have included this provider in the memory care housing segment.

Excluding Diamond Willow, there are 98 rooms/units that serve the assisted living housing demand. Actual resident occupancy may be higher if couples live in a unit.



In general, there was a high rate of occupancy reported in 2024. There were a few open rooms/units, but this was largely attributed to recent turnover and not demand. Both Lincoln Park and Pelican Landing reported waiting lists for occupancy.

**Recommendation:** The population of older senior citizens in Greater Detroit Lakes has continued to grow over time. The projections used for this Update expect especially strong household growth in the older senior groups, age 75 and older through the year 2028.

Based on established capture rates, at least 25 additional assisted living units would be recommended by 2028 in Detroit Lakes to keep pace with projected growth of older senior citizens.

Like other forms of specialized senior housing, changes within the existing supply will also need to be monitored. In some communities, assisted living units have been changed to memory care use, or more service-intensive options. Future changes could also impact the need for more traditional assisted living units.

Options for lower income seniors should also be monitored. Due to low reimbursement rates, the number of residents receiving County assistance is generally capped in Detroit Lakes, and some facilities are private-pay only at the time of initial admission. A larger expansion of assisted living units could be supported if they addressed demand from lower income seniors using assistance programs.

As with other specialized care recommendations, the supply and demand summary provided in this Update is largely based on projected growth, and not on competitive positioning between projects.

## **9. Memory Care Housing: Promote an Expansion of 18 to 20 Rooms/Beds by the Year 2028**

**Findings:** Memory care housing represents a very specialized segment of the senior market. People in the earlier phases of memory loss due to dementia, Alzheimer’s Disease, or other causes may often be housed in assisted living facilities, nursing homes, or less service-intensive forms of senior housing. However, as the disease progresses, it is often necessary to provide housing in special facilities that provide a secure environment and care targeted to residents with memory loss.

The research for this Update identified four primary providers of memory care housing in Detroit Lakes:

- ▶ ***The Cottage*** has 22 suites and is part of the Ecumen Detroit Lakes community
- ▶ ***Diamond Willow*** has 20 rooms available for enhanced care including memory care needs, although not all residents may need specialized memory care housing
- ▶ ***Golden Manor*** has 10 rooms for memory care
- ▶ ***Pelican Landing Woodland*** has 21 suites

Combined, these providers have 73 rooms/suites available for specialized memory care use. Actual resident capacity could be slightly greater if some shared occupancy rooms exist. This total includes all of the rooms at Diamond Willow, which are not exclusive to memory care use.

Although Pelican Landing opened for occupancy in 2019 with a specialized memory care wing, the capacity within this housing segment did not actually expand. Emmanuel Nursing Home, which is part of the Ecumen Detroit Lakes campus, closed its 33-bed memory care wing. As a result, there was a net reduction in the overall capacity within this specialized segment when compared to 2018.

At the time of the rental survey in 2024, there were open memory care beds in three of the four facilities. However, these were largely attributed to recent turnover, and not to actual demand.

The Cottage and Pelican Landing Woodland both reported that they maintain waiting lists for occupancy. However, waiting lists may sometimes be of limited use for this type of housing. A person needing a secure, memory care option often cannot wait an extended period of time for a unit to become available, and may need to choose another option before reaching the top of the waiting list.

**Recommendation:** As stated in the previous recommendations made for specialized senior housing, the population of older senior citizens in Greater Detroit Lakes has continued to grow over time. The projections used for this Update expect especially strong household growth in the older senior groups, age 75 and older through the year 2028.

To maintain a similar capture rate and to address some unmet demand, at least 18 to 20 rooms/beds should be needed by the year 2028.

Although memory care housing can be expensive to build and operate, it has been possible for relatively small additions to be created. It may be practical for an existing housing provider to add to or expand their existing memory care options. Since memory care is staff-intensive, smaller expansions of rooms/beds may also allow for adequate staffing to be obtained.

Once again, changes within the existing supply will also need to be monitored. In some communities, assisted living has been changed to memory care use. Future changes in use could also impact the need for additional units.

Some care options do exist for lower income seniors receiving County assistance. Due to the high levels of care required for memory loss, the reimbursement rates are often better matched to the costs of care. However, some providers are private-pay only, and others may cap the number of residents receiving assistance.

Consistent with the other specialized care recommendations, the supply and demand summary provided in this Update is largely based on anticipated growth, and not on competitive positioning between projects.

## Home Ownership Recommendations

**Overview:** Detroit Lakes has experienced ongoing construction of single family units in recent decades. Dating back to 2010, the City has averaged more than 35 single family housing starts per year. More recently, this annual average is somewhat lower, but over a 5-year period through 2023 the City has averaged nearly 31 single family units per year.

After the housing market difficulties that extended into the early 2010s, the City had a relatively large supply of vacant residential lots. The slowdown in lot sales beginning in the late 2000s had caused some subdivisions to go into default or tax forfeiture. Distressed lots were being marketed at discounted prices. This may have contributed to a higher level of recent home building, as the City averaged nearly 45 single family units per year between 2013 and 2015.

Any excess lot inventory that may have once existed has been utilized over time. New subdivisions have been developed in the past 10 years, but typically at market rate prices, compared to the distressed lot inventory that had once been available.

Going forward over the next five years, this Update has used a projection that household growth will yield adequate demand for 27 to 30 single family units per year intended for owner-occupancy. With some upward adjustment for other factors including unit replacement and pent-up demand, a projection of 37 to 42 units per year represents a realistic expectation of single family demand.

This projected level of demand is greater than the actual production over the past five years. A combination of higher costs for land, infrastructure, building materials and labor has directly impacted home prices. To actually achieve the projected level over the next five years may be partially dependent on moderating development costs in the future.

Lower levels of home building have contributed to upward price pressure for existing homes. Sales activity in Detroit Lakes shows a median annual sale price of \$265,000 or more between 2021 and 2023. Partial-year information for 2024 points to an even higher median price in the current year. If prices continue to rise for existing homes, the gap between new construction costs closes, making new houses more marketable.

Consistent with past studies for Detroit Lakes, this Update has focused on housing demand that will be created by permanent residents. Based on past history, there will also be construction for seasonal-use residents and the tourism industry. While this will generate economic benefits to construction companies and material suppliers, it will have less impact on subdivisions that are not on area lakes, and potentially will involve the removal of an existing structure.

Different segments of the home ownership market will be addressed in the specific recommendations that follow.

### **10. Moderate to Higher Priced New Construction: Demand for 26 to 29 Units Annually**

**Findings:** Most of the home building that has been occurring in Detroit Lakes would generally be defined within the moderate to higher price ranges, with a total purchase price of \$375,000 or more. While this has been partially due to higher construction costs, it is also consistent with the demographic patterns for the area. Greater Detroit Lakes has a large number of senior and near-senior households, age 55 and above. As the large “baby boom” generation has advanced through the aging cycle, these households have created demand for trade-up and age-appropriate housing options.

This Update has continued to track the household growth in the age groups 55 and older. The ownership tenure preference for households age 55 and older remains very high. According to the 2020 Census, the home ownership rate for Greater Detroit Lakes households age 55 and older was above 71%.

Detroit Lakes continues to have a local development community that is well-suited to serve these segments of the market. Higher quality subdivisions exist and lots are sometimes sold directly with a customized house.

**Recommendation:** The projections used for this 2024 Update expect annual demand for between 37 and 42 single family units per year over the next five years. Approximately 70% of this demand should be within the moderate to higher price ranges, generally defined as \$375,000 or more. This should result in annual demand for approximately 26 to 29 units in an average year.

This demand will primarily be for detached single family houses, but attached units, such as twin homes, will also be included in this calculation. Housing units that are attractive to middle-aged and older adult households will continue to represent the largest share of home ownership demand in the Detroit Lakes area over the five-year projection period. Additional construction of higher-valued homes may also occur to serve the seasonal/recreation markets.

Although the City has had continued success over time, the higher development costs present in 2024 could suppress near-term construction to lower levels. This projection of demand also assumes that future subdivision development will occur. The available vacant lot supply should be sufficient for the next one to two years, but for construction to continue in 2026 and beyond, additional lots will be needed.

Demand for housing in this price range can be met by the private development community and would not typically require any level of public involvement or assistance. However, additional subdivision development will be necessary to sustain production at this level, and adequate land, infrastructure availability and zoning approvals will be needed.

### **11. Affordable/Entry-Level New Construction: Annual Demand for 8 to 11 Homes**

**Findings:** Addressing the more affordable/entry-level of the new construction market is very difficult for most communities. With current prices for new construction materials and labor, producing a newly-built home for less than \$375,000 has been difficult. Even organizations and agencies specifically targeting affordable new construction have found it hard to produce new units that can be purchased by entry-level buyers.

While the demographic analysis shows an ongoing shift of the population into the older age ranges, the Greater Detroit Lakes area also continues to add younger adult households in certain age groups. This should generate some demand in the more affordable market segments.

In Detroit Lakes, a local nonprofit developer, Midwest Minnesota Community Development Corporation (MMCDC) has historically been active in addressing more affordable ownership opportunities. In the past, MMCDC developed a subdivision, known as Long Bridge Heights, which was used for more affordable house construction. However, in 2024, Long Bridge Heights is almost fully developed, and the agency does not have an active subdivision in the City.

In 2024, there are some moderately-priced lots available in different subdivisions in the City. Based on the Multiple Listing Service (MLS), there are lots for sale in newer subdivisions starting at \$43,000. These may allow for the construction of more affordable-priced homes.

MMCDC does continue to work with various home ownership assistance programs, including USDA Rural Development. Down payment assistance and home buyer education programs may also be available.

**Recommendations:** Creating affordable ownership options through new construction will remain difficult. Going forward, we continue to believe that demand will exist in the entry-level segment. But actually achieving the same level of annual production will be more difficult than in the past, when construction and land prices were more moderate.

The projections used for this Update expect approximately 25% of the demand for new construction to be in a more affordable price range, with a goal of between 8 and 11 units annually.

This market potential could easily grow to 30% of total demand if an attractive home design with a below-market price point can be achieved. Private developers may be able to produce some more affordable homes, although cost saving measures may be needed, along with possible development or financing subsidies. This will somewhat limit the area's ability to generate entry-level housing. There may be opportunities for attached single family construction, which could result in cost savings.

The Greater Detroit Lakes area will need to continue attracting younger families and working age residents to maintain an adequate work force for area employers. This recommendation could be part of a strategy of proactive efforts to attract and retain younger households.

## **12. Very Affordable New Construction: Promote 2 to 3 Homes Per Year**

**Findings:** In some communities, organizations like Habitat for Humanity or Community Land Trust (CLT) projects have achieved some success with affordable ownership. These types of projects help create home ownership opportunities for households that could not be served by private market housing options.

Prices for existing homes in Detroit Lakes are generally higher than in comparably-sized communities in Greater Minnesota. While most marginal home buyers will tend to be served by more affordable existing homes, some demand could also be met through new construction.

The demographic projections used for this Update do expect some growth in the number of younger adult households in Greater Detroit Lakes. However, projected losses within some of the adjoining age groups may result in limited overall change in the total number of non-senior households, age 64 and younger over the next five years.

**Recommendation:** Low and moderate income home buyers in the Detroit Lakes area could benefit from the efforts of organizations such as Habitat for Humanity in creating very affordable ownership options. Buyers of these types of homes would generally not have another option for a newly built home. Some communities have also used innovative ideas, such as a Community Land Trust to add to the choices for marginal home buyers.

In Detroit Lakes, these types of efforts for new construction would probably need to utilize sites created through redevelopment efforts. With high lost prices, cost savings will need to be achieved and infill parcels may be needed.

Going forward, a goal of producing 2 to 3 very affordable home ownership options per year would be encouraged. Based on the annual overall production of up to 42 ownership units per year, this would represent approximately 5% to 7% of the annual volume.

### **13. Promote Entry-level Home Ownership with the Existing Housing Stock**

**Findings:** The research completed in 2024 points to rising existing home values in the City. For each of the three calendar years from 2021 through 2023, the median annual sale price in Detroit Lakes was \$265,000 or higher. Partial-year sales indicate that an even higher median is possible in 2024. Even though existing home prices are rising, there is still a considerable gap between the cost for an older house and the cost of new construction.

It is important to note that sales in Detroit Lakes can be impacted by lake shore versus off-lake sales. It is therefore possible that the rapid rise in the City's recent median home sale price is linked to an above-average volume of lake homes being sold.



**Recommendation:** Going forward, most of the demand for affordable home ownership will be met by the older, more affordable single family housing stock. With rising prices for new construction, a significant price gap will tend to exist between the purchase price for the typical existing home in Detroit Lakes and the costs required to build a new house. Promotion of these more affordable housing options can help the City to improve its rate of home ownership, while also attracting younger, entry-level buyers to the community.

Unlike many communities in Greater Minnesota, the age-based projections for Detroit Lakes do show some expected growth within the younger adult age ranges over the next five years. In many other parts of the State there has been an ongoing reduction of younger adult households, as the large baby boom generation moves through the aging cycle. Detroit Lakes, as an attractive place to live and work, has continued to bring in younger households. Affordable ownership options can help the City to retain these households.

Much of the existing housing stock is older. Maintaining the quality of this housing can help to make it attractive to future buyers. Local ownership incentive programs could also be offered as resources allow.

#### **14. Attached Single Family Housing Should Gain Market Share**

**Findings:** The demographic profile of the Greater Detroit Lakes area is conducive to the development of low maintenance or no maintenance ownership housing options. The area has a growing number of senior citizen and near-senior households. This generally reflects both the aging of longtime residents as the baby boom generation progresses through the aging cycle and new households moving into the community.

With limited reporting details available, it has been difficult to track the actual level of attached housing construction. However, it appears that attached single family housing has probably represented 20% or less of all single family construction in Detroit Lakes in recent years. Most of the new construction is believed to be in traditional detached single family structures.

The age-based projections show strong overall household growth by 2028, primarily within the 65 and older age ranges. The 2028 projections indicate that approximately 54% of all households living in Greater Detroit Lakes will be age 55 or older. These age groups have historically had very high rates of owner-occupancy and represent a primary target market for attached single family housing that offers no maintenance or low maintenance living.

To a lesser extent some attached units could also be purchased by seasonal residents, depending on the actual project location.

**Recommendation:** The demand calculations used for this Update expect that approximately 25% to 30% of the future demand for owner-occupancy housing construction can be met through attached single family housing, such as twin homes, town houses or association managed units. With overall ownership demand at 37 to 42 units per year, attached single family construction should reach 9 to 13 units per year. We would expect demand for attached housing products to continue to grow throughout the projection period.

Attached housing provides desirable alternatives for empty nesters and seniors to move out of their single family homes. These existing homes then become available for younger families. It is important for the community to offer a range of life-cycle housing options.

Depending on the project location, we would expect most of the attached unit construction to occur in a more moderate price range below \$450,000. A very desirable site near the lake areas or with other attractive amenities will have greater price potential. Unit designs should be conducive to senior occupants, with one-level living and other age-appropriate features.

It is important to note that demand for less traditional styles of housing in Detroit Lakes will be dependent on the product being offered. In some communities there has been recent success in association-managed patio home construction. The projection that up to 30% of the future construction can be in forms other than traditional single family detached houses assumes that an attractive product is being offered that appeals to the primary target market.

This is another segment of the home ownership market that should not require any direct public involvement. The private development community will generally respond, given adequate demand from consumers. There may be a limited public role in assuring that adequate planning/zoning approvals are made to assure lots and subdivisions that include attached housing.

## **15. Promote Additional Subdivision/Lot Development**

**Findings:** The vacant lot supply in Detroit Lakes is somewhat limited 2024. An analysis completed by City staff in 2023 identified an estimated 109 vacant lots in the City’s primary subdivisions. However, this analysis did not know if all of these lots were actively available for sale.

A review of listings on the Multiple Listing Service (MLS) showed approximately 57 parcels that appeared to be available in the City limits in June 2024. In some cases, builders or developers have lots for their exclusive use that may not be actively posted on the MLS.

Many of the available lots in the City are in subdivisions that were developed a few years ago. For example, Long Pine Estates which has the largest identified inventory of lots, started its first phase of development in 2017. No new subdivisions are underway or proposed in 2024.

**Recommendation:** Going forward, this Update has projected that demand could be present for up to 42 owner-occupancy housing units per year, provided that building sites are available. Based on the current identified lot supply, the City has an adequate inventory for construction in the next one to three years, but will need additional lot development to occur within the next two to three years. For some home styles, an even smaller supply of lots may currently be available.

In the past, the private development community in Detroit Lakes has been active in residential lot creation. However, the experience of other communities in the State has found that the development costs in 2024 are prohibitively high. In Detroit Lakes, this may require creative approaches or outside assistance to provide for adequate lots in the future.

The supply and demand for residential lots should be closely monitored, as this will be a limiting issue to future new construction activity.

## **Rehabilitation and Preservation Issues**

**Overview:** Detroit Lakes has a significant asset in its existing housing stock. Older units, both now and into the future, will represent the majority of the most affordable housing opportunities. 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 inventory.

Efforts and investment in housing rehabilitation activities will continue to be important for offering affordable housing options and in preventing the deterioration of neighborhoods. As this existing stock ages, more maintenance and repair are required.

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

### **16. Promote Owner-occupied Housing Rehabilitation**

**Findings:** The older housing stock represents the most affordable home ownership option in the community. According to the American Community Survey, the median year of construction for owner-occupied houses in Detroit Lakes is 1973, with approximately 34% of all units constructed before 1960.

While age does not always indicate a need for rehabilitation, older housing does require more maintenance to remain in good condition. If investments in maintenance and improvement are deferred, older housing can quickly slip into disrepair.

In general, the housing stock in the City's older neighborhoods is believed to be in good condition. Rising home values give owners an incentive to maintain and improve their properties.

**Recommendation:** Detroit Lakes has been successful in the past in securing funding and delivering programs for owner-occupied housing rehabilitation. We would encourage the City to continue efforts to maintain and improve the quality of the existing single family housing stock. This could include future applications for SCDP funding for a neighborhood program as well as "spot" rehabilitation programs.

A primary funding source for concentrated neighborhood rehabilitation programs continues to be the Small Cities Development Program (SCDP), administered by the MN Department of Employment and Economic Development (DEED).

## **17. Promote Rental Housing Rehabilitation**

**Findings:** As a regional center and the largest city in Becker County, Detroit Lakes has an above-average volume of rental housing units. According to the 2020 Census, the City's rental tenure rate has moved above 41% of all households. Efforts to maintain and improve this stock of housing are important affordable housing strategies.

According to the 2022 American Community Survey, the estimated median year of construction for rental units is 1978. Approximately 54% of all rental units in the City were constructed before 1980.

Although many rental units are older, property owners may have financial incentives to keep them in sound condition. A strong rental market, with high occupancy rates can motivate owners to maintain their units. The City also has a rental housing registration program that can help to monitor the quality of the rental stock.

**Recommendation:** The rehabilitation of older units can be one of the most cost-effective ways to maintain a supply of decent, safe and sanitary affordable housing. In addition to the SCDP-funded activities, other resources may be available for rental rehab, including programs through the Minnesota Housing Finance Agency (MHFA).

It should be noted that rental rehabilitation, especially smaller rental structures including single family rental homes, can be administratively difficult. Application requirements and rent and income limits can be onerous for small landlords. However, addressing this portion of the housing stock will be important to improving overall neighborhood appearance and will impact the living conditions of renter households.