Housing Quality in Northeastern Minnesota: Challenges, Proposals & Recommendations for Multifamily Housing Properties & Communities in Rural Areas

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Intro

Everyone should have a safe, stable home—a foundation for health, well-being, and opportunity. Yet, many rural residents living in remote areas face significant challenges in accessing healthy housing that meets their needs. These challenges – like in so many rural areas around the country -- are exacerbated by the changing climate. This region's vulnerability to increasingly frequent and severe extreme weather events, such as extreme cold, heavy snowfall, and intense storms, intensifies the existing problems of aging infrastructure and substandard housing. This report aims to explore issues unique to regions such as this on residents' health, mental health, and overall quality of life, and to identify community-driven solutions and recommendations to improve housing quality and resilience.

Geographic characteristics of our study area:

The geography for this project focused on a rural, remote area in the Upper Midwest characterized by:

- Extreme weather conditions (low temperatures, moisture, snow, and ice).
- Aging infrastructure and aging multifamily housing- common in rural areas but particularly pronounced in this region.
- A significant lack of new multifamily construction.

Findings from this study can apply to similar rural areas around the U.S.

Though the region spans several counties, populations are clustered in cities and towns along the Mesabi Iron Range. Minnesota's Mesabi Iron Range was first mined in 1890 and soon thereafter became an established mining district, producing major amounts of iron ore that are still to this day distributed nationally.

Background of MHP

MHP drives innovative housing solutions through original research, strengthens housing and community development nationwide with a focus on rural and Native communities, and advocates for equitable policies to ensure everyone has a place to call home.

In Native Nations and rural communities across the country, a significant gap persists between the housing available and the people who need it, alongside pressing community development challenges. By equipping local and Native governments with resources and guidance, MHP has empowered these communities to create lasting, locally driven solutions that meet their unique

housing needs. MHP gives leaders across the country the tools and knowledge they need to identify and address regional development needs through strategic collaboration.

Over the last 14 years, MHP has served 160 entities with their housing and community development needs, providing technical assistance to rural communities in 20 states, including 30 Native Nations. Our work has resulted in more than 1,100 units of new and preserved affordable housing, and more than 60 community and economic development projects in communities that need it most.

Key Facts: Data Analysis and Literature Insights

Barriers to safe, stable housing for residents in Northeastern Minnesota include geographic isolation, competition with metro areas for resources, and a lack of weatherized homes capable of withstanding extreme climates. Homes in this area are, on average, older than the housing stock in Minnesota, which poses additional challenges. Aging housing stock requires regular repairs which are difficult to address without adequate resources.

- Analysis of HUD's indicators of substandard rental housing* by census place revealed a spatial pattern of concentrated substandard housing in several cities and townships along the Iron Range of Northeastern Minnesota.
- Eleven census places were identified with a substantial share of substandard rental housing stock. Across the region, 1 in 5 census places had over 10% of their rental housing stock classified as meeting substandard housing conditions.

(*Indicators include incomplete kitchen or plumbing facilities, overcrowding, and cost burden.)

Renter Characteristics

Housing should enable people to thrive, but many renters in Northeastern Minnesota face significant cost burdens.

- Renter incomes in the region are significantly lower than the statewide average of $47,318, ranging from $30,016 in Itasca County to $32,961 in Saint Louis County.
- Northeastern Minnesota has the state's highest percentage of cost-burdened renters, with 52% (15,736 households) spending more than 30% of their income on housing. Itasca (60%) and Saint Louis (53%) counties rank among the top five statewide for renter cost burden.
- The region also has the highest percentage of severely cost-burdened renters, with 27% paying over half their income on housing. Itasca County leads the state at 35%.
- Cost burden disproportionately impacts certain demographic groups: with 60% of senior renters affected.
- Households of color, half of whom rent compared to 24% of white households, are thus disproportionately impacted by poor housing quality.

Building Characteristics

- Half of all multifamily buildings in the region were built before 1970, highlighting the need for investment in maintenance and modernization. In contrast, only 32% of multifamily properties were built before 1970 statewide.
- Of the 121 multifamily properties in CoStar's database for rural areas in the region, only 10 were constructed after 2000.
- 78% of multifamily properties are categorized as Class C, defined as functional but outdated buildings, often with below-average finishes, small windows, and limited or no on-site facilities or shared spaces. There are no Class A properties in the region (defined as buildings that represent current design trends and standards and include high quality finishes).
- Renovations are rare, with only eight properties reporting updates— just two occurring after 2000.
- Multifamily properties in the region average 31 units.

Key Takeaways & Challenges

1) **Structural housing issues require significant retrofit and repair**
    a. The study area includes a large portion of aging housing stock, which is more prone to deterioration and requires extensive, costly repairs–worsened by extreme weather.
    b. The combination of aging housing and severe weather often results in a long list of concerns, including:
        - Poor weatherization: drafty windows, inadequate insulation, and ventilation issues all contribute to health risks.
        - Outdated plumbing and electrical systems, lead-based paint.
    c. Multiple pressing concerns make prioritization of repairs difficult, and funding/ resources are often insufficient to address them all.

2) **Resource shortages, contractors, and staffing gaps**

    a. Many contractors are based in the Twin Cities Metro Area, where they are drawn to closer, more lucrative opportunities, making distance a barrier.
    b. Limited financial incentives for contractors exacerbate the challenges in completing necessary repairs to homes.

c. Substantial barriers to accessing MHFA state funding include a cumbersome process, perceived lack of competitiveness, and limited capacity and staff.
d. A shortage of safe, affordable rental options is widely reported.

3) Safety and sense of community in rental properties

a. Renters frequently cited the absence of common spaces that feel safe in rental properties for families, which negatively impacts mental health and community cohesion.
b. Many renters reported a belief that their landlords or property managers don't listen to them or care about their concerns, reducing their sense of control over their environment and harming their mental well-being.
c. Renter concerns include inadequate access to housing for elderly residents and folks with disabilities, including a lack of ramps for wheelchair access and desire for easier entrance showers.

What we found from:

Housing Advocates & Practitioners

Focus group discussions revealed key themes around housing quality challenges, opportunities, and solutions:

- Aging housing stock remains a central issue, coupled with a shortage of affordable housing.
- Limited resources for smaller rehabilitation projects hinder progress.
- Challenges include enforcing rental ordinances and adapting to changing inspection standards.
- Participants stressed the importance of better collaboration and resource allocation at regional and county levels.
- Addressing tenants' rights, landlord-tenant relationships, contractor availability, and property rehabilitation initiatives were identified as priorities.
- Concerns over upcoming changes in inspection standards were widely shared.

These discussions underscored the complexity of housing issues and the need for comprehensive, community-specific solutions. Emphasizing collaboration, increased funding, and streamlined processes emerged as critical to improving housing quality.

Property Managers & Owners

Discussions centered on challenges related to aging housing stock, ventilation issues, and growing community demands for housing. Additional topics included waiting lists for housing, high turnover rates, contractor shortages, funding limitations, and the impact of regulations like INSPIRE. The importance of private-public partnerships was also included.

Key actions and suggestions include:

- Addressing barriers to maintaining good housing quality.
- Improving access to resources and funding for property improvements.
- Prioritizing rehabilitation of existing properties over new developments.
- Preparing for the challenges posed by new regulations like INSPIRE and the impact on property management.
- Strengthening collaborations with private landlords, HRAs, and conducting additional focus groups to deepen understanding.

> "Our housing stock is some of the oldest in the state and has been for a long time. We have issues with all the major components in a home. We see it all the time. Mechanical, plumbing and electrical insulation. All of those things we have on 10 years of deferred maintenance so."
>
> "It's a balancing act that never balances. You always end up having to surrender something to get something else done."

Renters (Group 1)

Discussions during the first focus session highlighted the significant impact of housing quality on quality of life. Key concerns included affordability, accessibility, and the connection between housing conditions and mental and physical health. Examples included:

- Exposure to mold or air pollutants causing respiratory issues.
- Lack of privacy or unsafe living conditions contributing to stress and anxiety.
- Inadequate heating or cooling leading to physical discomfort and potential health issues.

Renters (Group 2)

Key themes included:

- A lack of control over their environment, which exacerbates stress and affects mental health.
- Accessibility issues for elderly and disabled individuals, including non-ADA compliant housing.

- Concerns about safety, particularly the absence of safe, secure outdoor and community spaces.

Big Picture Recommendations

- **Flexible Funding and Resource Expansion**
    a. Allot flexible funds and resources to maintain significant property needs and upkeep.
    b. Develop strategies, to include financial incentives, for attracting contractors and skilled labor to rural housing projects.
- **Improve Communication and Incentives**
    a. Strengthen landlord-tenant communication.
    b. Create incentives for landlords to better maintain their properties.
- **Clear Metrics and Accountability**
    a. Establish measurable goals, regularly evaluate initiatives, and adapt strategies based on data and feedback to ensure sustainable progress in rural housing conditions.