

# Park Falls / Phillips Area

# HOUSING 2021 STUDY



WELCOME  
TO



Park Falls, WI

**Prepared by:**

This document was prepared by MSA Professional Services, Inc. with assistance from City Staff.

Project No.: 13731002



WELCOME  
TO



Park Falls, WI

# PURPOSE

This Housing Study presents an in-depth look at housing conditions, market, and needs in the Park Falls and Phillips area. Though national discourse portrays housing affordability as a universal crisis, we know that every community is unique, having distinct needs dependent upon local economic and social conditions. This study examines these conditions in Price County, and proposes how housing needs can best be met - especially in the context of a community with known job vacancies.

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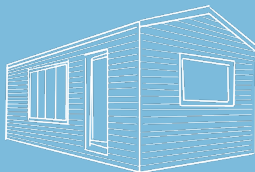
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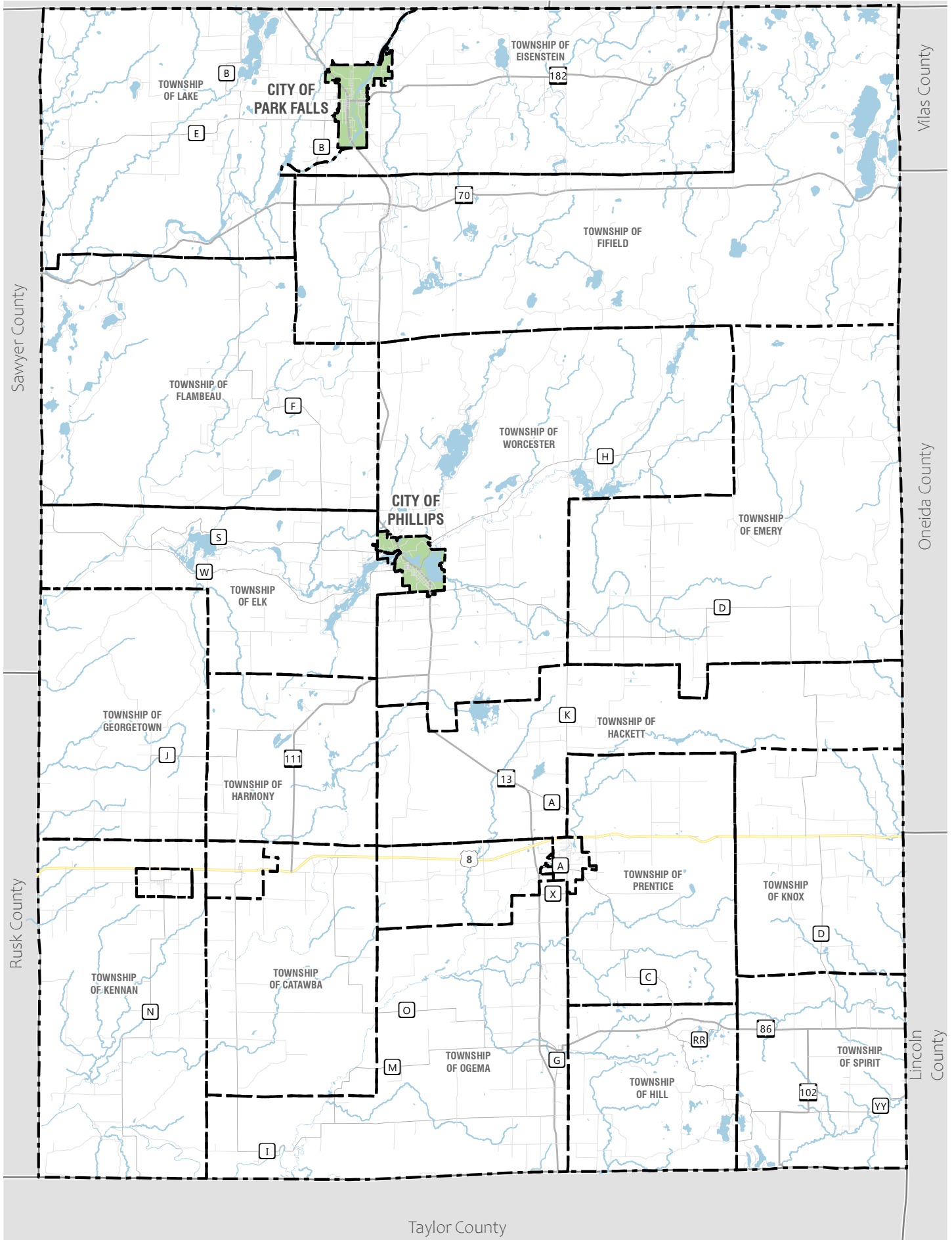




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ABOUT  
the Region

Housing Study Regional Context





# Study Process

This study uses a variety of methods and data to better understand the housing market. Objective, measurable data were collected from the City, the Multiple Listing Service (real estate listings and sales), real estate aggregators, Price County, the State of Wisconsin, the U.S. Census Bureau, and the U.S. Department of Housing and Urban Development. The City is at times compared to its regional peer communities and to a wider context (county) in a variety of ways, and also compared to itself in the form of time-series data that reveal trends. This study also incorporates a series of interviews with people familiar with the housing market, and a community survey of area residents.

## BACKGROUND

This study was commissioned by the Cities of Park Falls and Phillips as housing has been identified as a critical issue that needs to be addressed in order to provide opportunity for existing and future residents, and continue to grow the City's economic and residential base. City leaders have clearly identified these needs based on feedback from various stakeholders, as well as through employment trends and economic growth potential.

There are two main components to all municipal housing markets. The first component of this market is all of the housing located in the Park Falls/Phillips region; the second component is the housing in surrounding communities and counties, many of those homes occupied by people who work or shop in the area but who choose to live elsewhere. The housing physically located in each city is the easiest to measure and analyze, and is also the market portion that the Cities have the most control over. Housing outside of each municipality is more difficult to quantify and qualify, but it is nevertheless important to a holistic understanding of the market. This report attempts to document conditions and trends in the overall market, including insight in two key areas:

- how much demand exists for what types of housing in each City
- general strategies to support housing needs and development in the community

## INTERVIEWS

The planning team met with and interviewed a variety of residents with knowledge and insight into the local housing market, including those who know it best: users of the market themselves. These interviews included realtors, lenders, developers, landlords, employers, and employees. Feedback collected through interviews often naturally gravitated toward similar topics and knowledge, indicating a strong shared understanding of how the local housing market inherently functions. This feedback is used throughout the report.

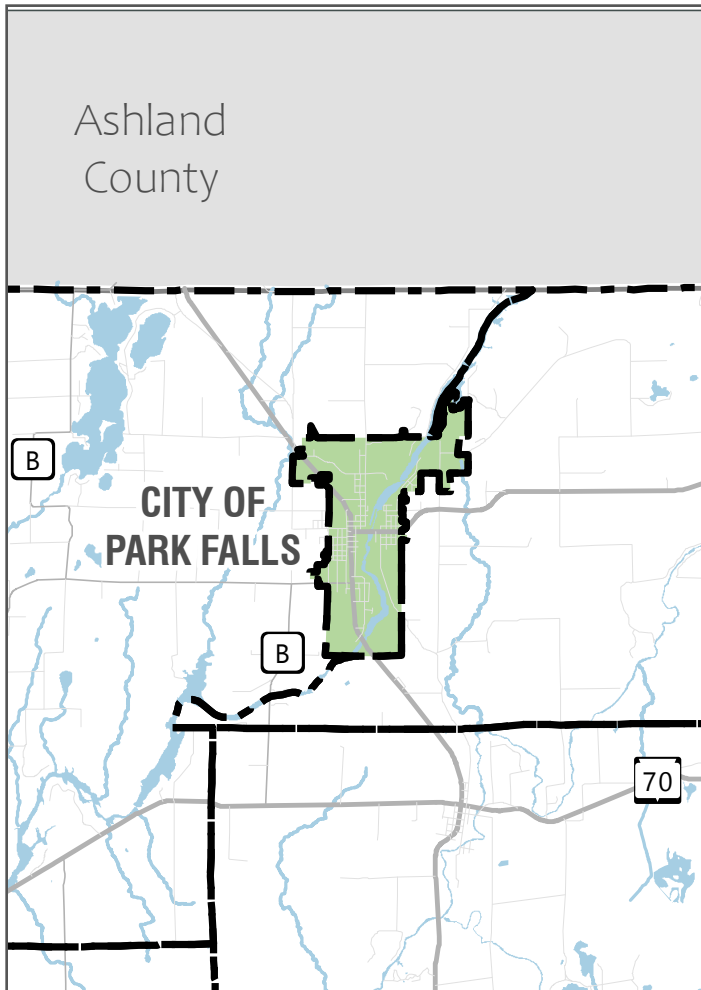
## COMMUNITY SURVEY

An online community survey was conducted in February and March of 2021. In total, the survey received 337 responses from individuals that either live, work, or recreate in the region. The survey was promoted through an extensive community network, as well as through City media and social media channels. Full responses to the survey are provided as Appendix A, and relevant findings are discussed throughout this report, including insights from cross-tabulations between various demographics.

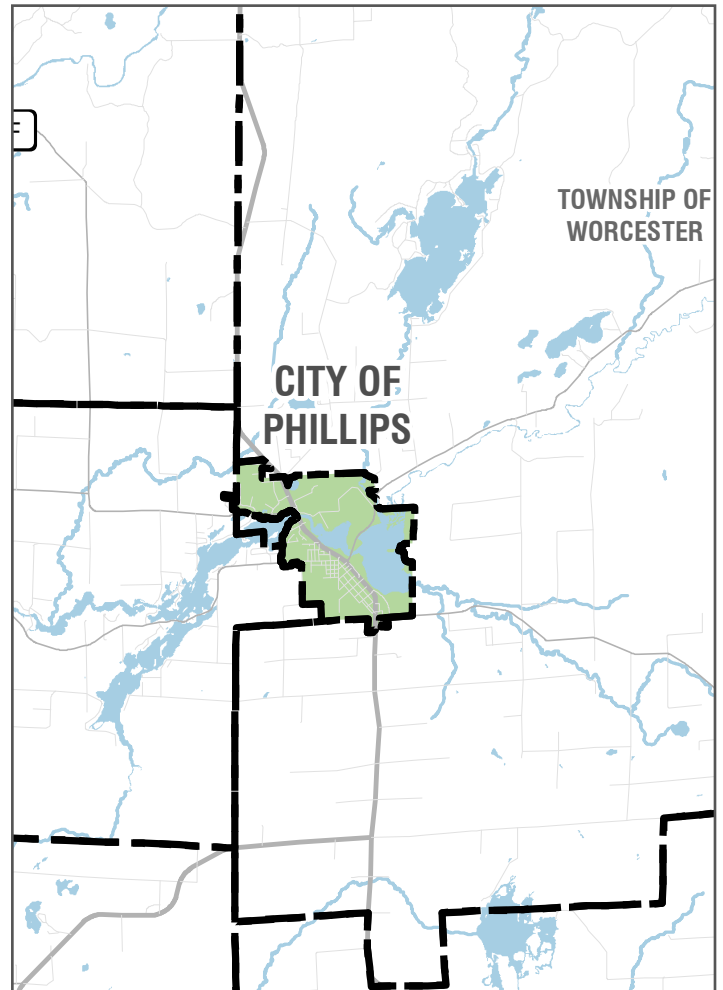
## DATA NOTES

All American Community Survey (ACS) data in this report utilizes 5-Year Estimates from the most recent US Census Bureau data release, which is the 2015-2019 data vintage. The U.S. Department of Housing & Urban Development (HUD) releases custom tabulations of ACS data annually, known as the HUD Comprehensive Housing Affordability Strategy (CHAS) dataset, that better portrays housing statistics and need. The CHAS dataset is also used throughout this report where appropriate, though due to the custom tabulations releases are slower than typical for normal US Census data products. CHAS data vintage utilized in this report is 2014-2018. CHAS data is used to provide additional insight in certain study components where newer data sources do not provide necessary level of detail.

# Community Basics



**PARK FALLS** is a community in Price County, WI, located along the North Fork of the Flambeau River near the Chequamegon-Nicolet National Forest. The City located along Highway 13, the major road serving the region. The city is located 56 miles from Ashland, 103 miles from Wausau, 123 miles from Duluth, 184 miles from Minneapolis, and 198 miles from Green Bay.



**PHILLIPS** is a community in Price County, MN, located along Elk and Long Lakes near the Chequamegon-Nicolet National Forest. The City is located along Highway 13, the major road serving the region. It is also the County Seat of Price County. The city is located 75 miles from Ashland, 85 miles from Wausau, 141 miles from Duluth, 188 miles from Green Bay, and 194 miles from Minneapolis.

# Population

**POPULATION CHANGE** has generally steadily declined across the region throughout the past decade. Park Falls saw a net decrease of 233 residents from 2010 to 2020 per a combination of American Community Survey and Department of Administration estimates. This represents a total percentage change of -8.6%. Over the same timeframe, the City of Phillips saw a net decrease of 43 residents, representing a population loss over the decade of 2.9% of the 2010 population.

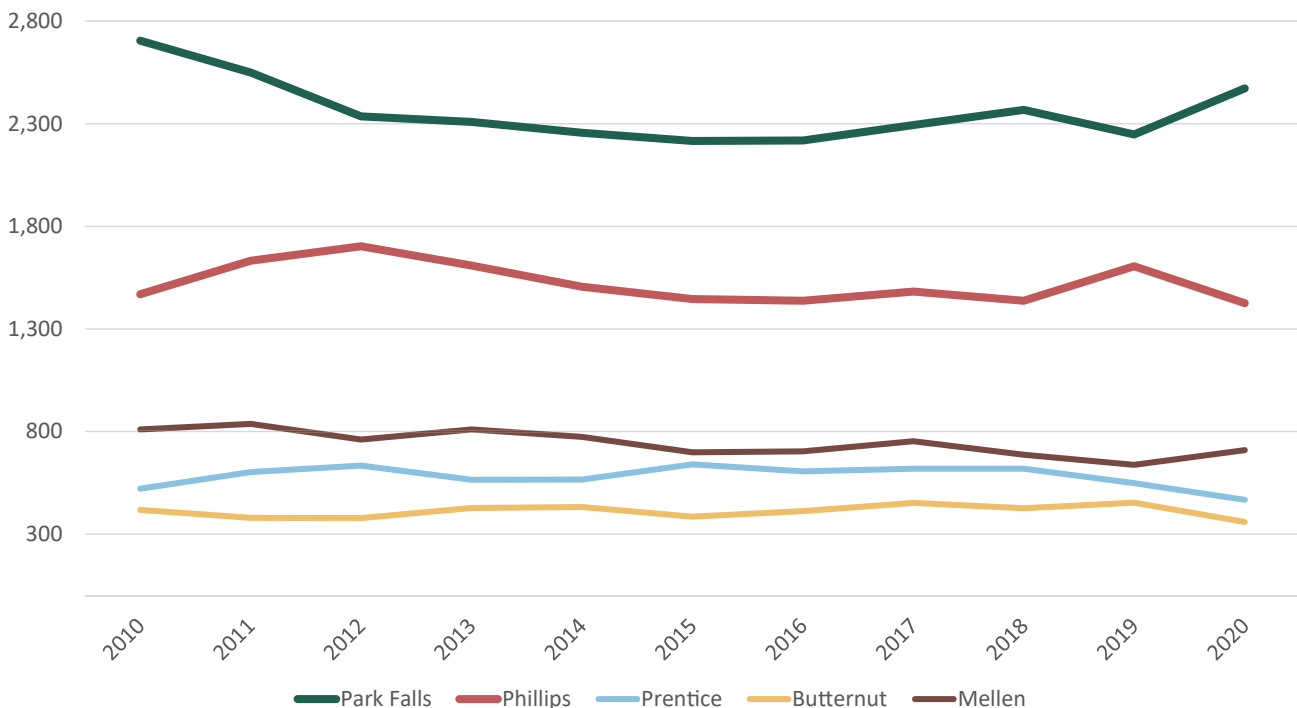
Though population has decreased in each municipality, population loss has occurred at a slower rate than other peer communities in the study - Prentice, Mellen, and Butternut. As discussed in later sections, this is partly due to an aging population that is choosing to stay in their homes, as well as the two cities being a center of employment for the region. Transition of homes from owner-occupancy to recreational homes is also something to be considered in smaller communities, and does not impact Park Falls and Phillips to the same extent. Many of those who choose to move to the region live in close proximity to the cities as it is also close to places of employment.

## POPULATION GROWTH RATES

Municipality	2010 - 2020 Population Change	Annual Percent Change
Phillips	-43	-0.29%
Park Falls	-233	-0.86%
Prentice	-53	-1.02%
Mellen	-100	-1.23%
Butternut	-59	-1.41%
<b>Price County</b>	<b>-282</b>	<b>-0.20%</b>

Source: American Community Survey 5-Year Estimates, DOA 2020 Estimate

## POPULATION TRENDS



Source: American Community Survey 5-Year Estimates

# Households

## HOUSEHOLD GROWTH RATES

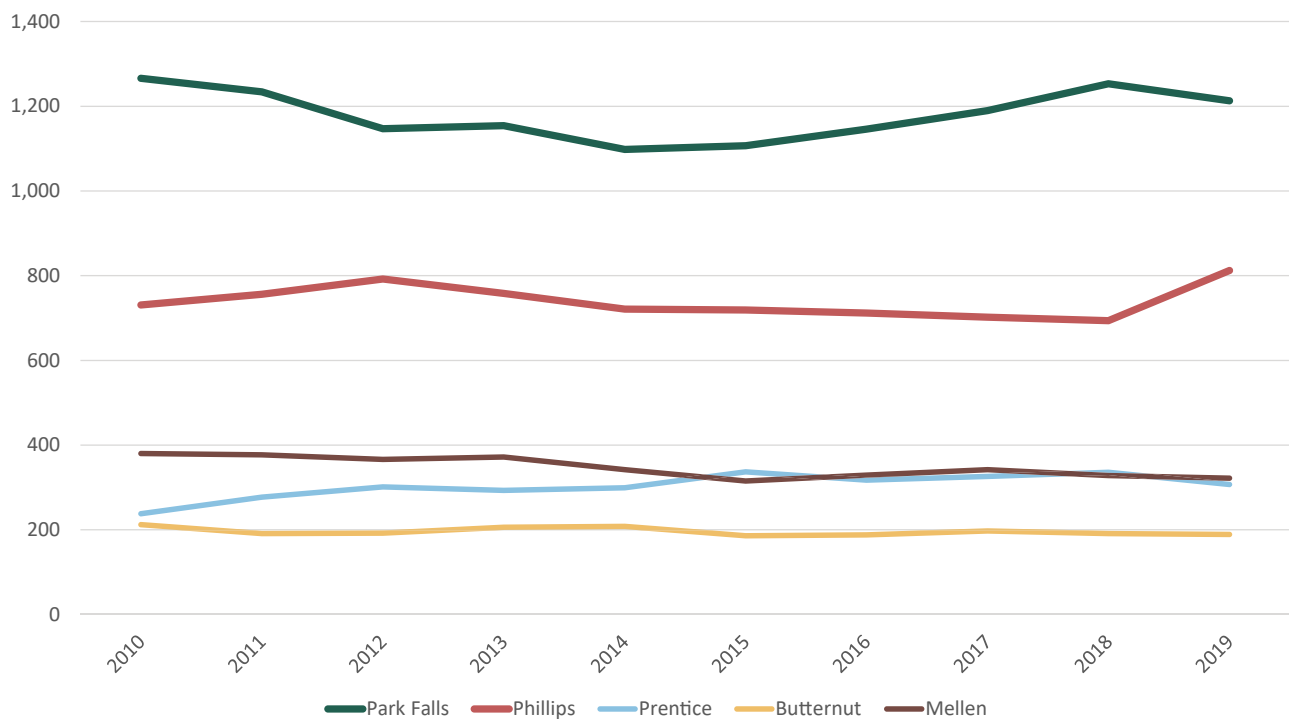
Municipality	2010 - 2019 Household Growth	Annual Percent Change
Prentice	69	3.22%
<b>Phillips</b>	<b>81</b>	<b>1.23%</b>
<b>Park Falls</b>	<b>-53</b>	<b>-0.47%</b>
Butternut	-23	-1.21%
Mellen	-58	-1.70%
<b>Price County</b>	<b>-137</b>	<b>-0.22%</b>

Source: American Community Survey 5-Year Estimates

**HOUSEHOLD CHANGE** within the Cities has remained relatively steady since 2010. While the population of both cities has decreased since 2010, the number of households has increased over the same timeframe in Phillips. The household loss in Park Falls is approximately half the annual rate of loss as population. This reflects changing demographics of the region, namely age, as households who are younger and older tend to have smaller household sizes than middle age ranges.

This is also consistent with larger population and household size trends in Wisconsin and the Upper Midwest, which is resulting in more households with less total occupants. In terms of housing consumption, these larger trends indicate need for different types of housing units - notably smaller units, as well as increase in total number of units even though population may be decreasing.

## HOUSEHOLD TRENDS



Source: American Community Survey 5-Year Estimates

# Age Cohorts

**AGE TRENDS** can help predict current and future needs of the community. As populations change, the needs for housing changes as well. While the majority of older adults still live in their own homes, the need for accommodations within the homes they occupy becomes a key consideration to ensure accessibility and continued habitability. And as younger households begin to form families, needs for children and additional space impact decisions on where to live and what housing is suitable to their needs.

Over the past decade, both cities have seen increases in the number of residents between the ages of 20 and 34 years old. While larger percentages may be older adults in some categories, residents age 20 to 34 are key to both attract and retain, as they are in and approaching years of new household formation and household size growth. Future growth of the cities will continue to depend on retention of this demographic.

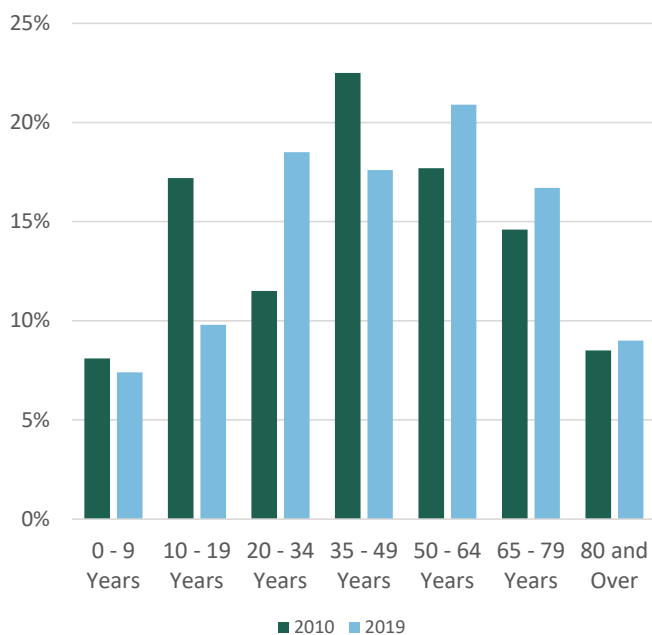
## POPULATION CHANGE 2010-2019

Age Cohort	Park Falls	Phillips
0 - 9 Years	-53	20
10 - 19 Years	-245	-11
20 - 34 Years	105	152
35 - 49 Years	-213	-88
50 - 64 Years	-9	140
65 - 79 Years	-20	64
80 and Over	-28	-57

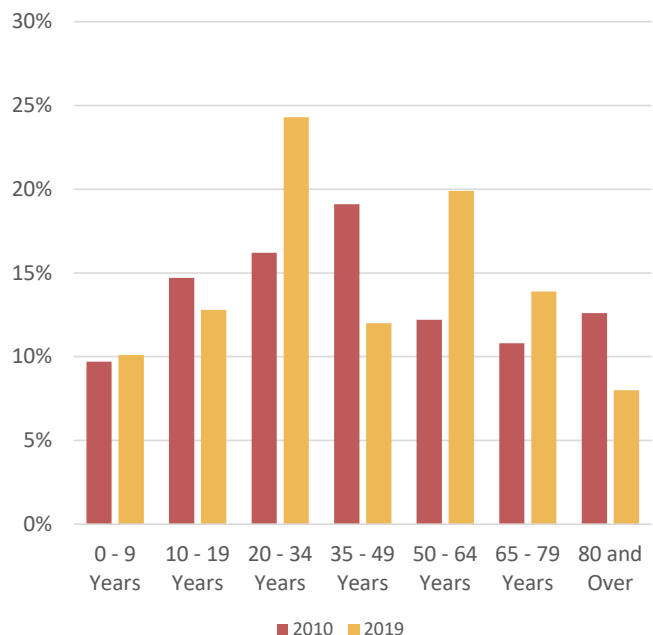
Source: American Community Survey 5-Year Estimates

## AGE TRENDS

Park Falls



Phillips



Source: American Community Survey 5-Year Estimates

# Population Projections

## STEADY POPULATION GROWTH SCENARIO - BASELINE

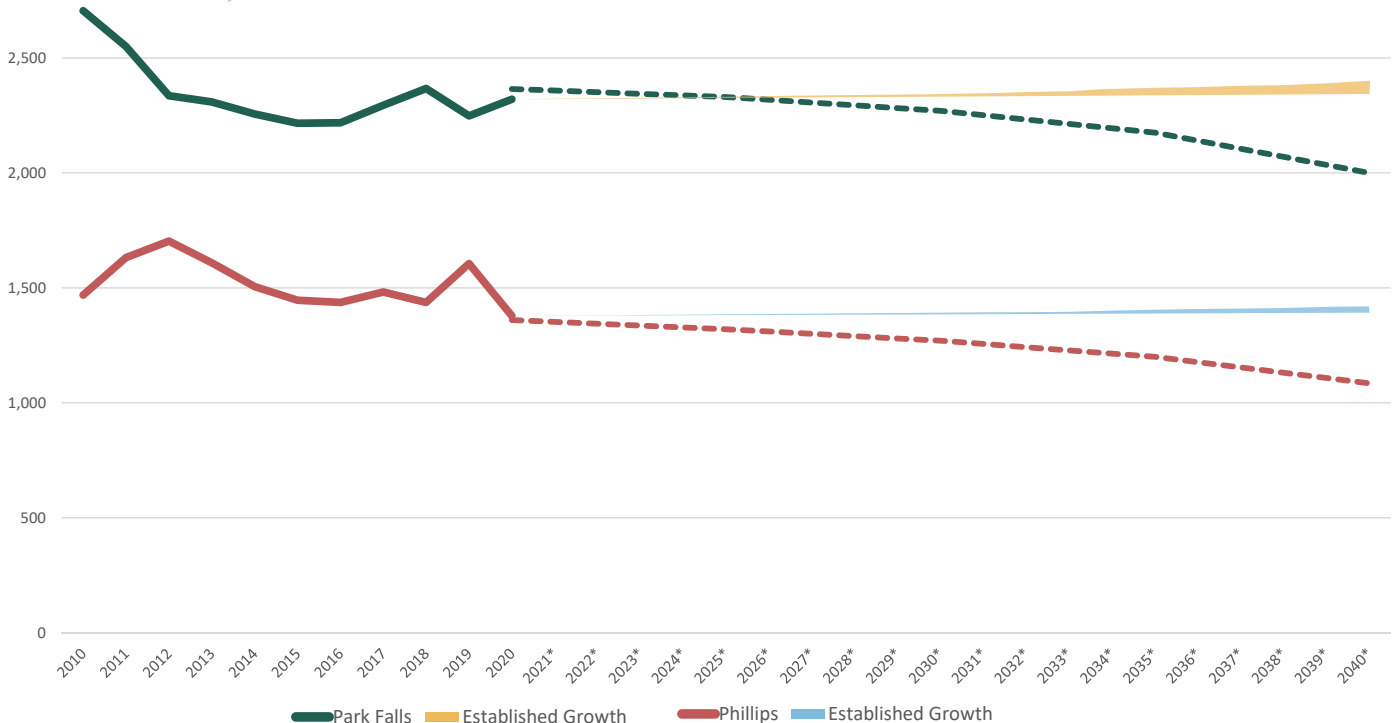
Growth Population Projections	2020	2025	2030	2035	2040
Park Falls	2,320	2,332	2,343	2,355	2,367
Phillips	1,378	1,385	1,392	1,399	1,406

**PROJECTING** Park Falls and Phillips' population growth into the future is somewhat uncertain - and most recent projections from the Wisconsin Department of Administration (DOA) do not account for job growth and employment needs/ vacancies of the communities. While population growth is partially dependent upon the availability and development of housing units, year-round residency for the County and region has been steadily decreasing year-to-year. Even with these decreases, population in Park Falls and Phillips have remained resilient in decreasing more slowly.

This is indicative of job growth and income levels that provide mobility (lower average incomes within the cities make residents less mobile).

While DOA projections indicate an anticipated decrease in population through 2040 (dashed line in graph), slight population growth is needed to fill not only current vacancies in the job market but vacancies known to be upcoming through business expansion. Growth will be needed to fill new jobs, which will require new housing and slight, consistent growth (steady growth scenario above).

## POPULATION PROJECTIONS



# Household Projections

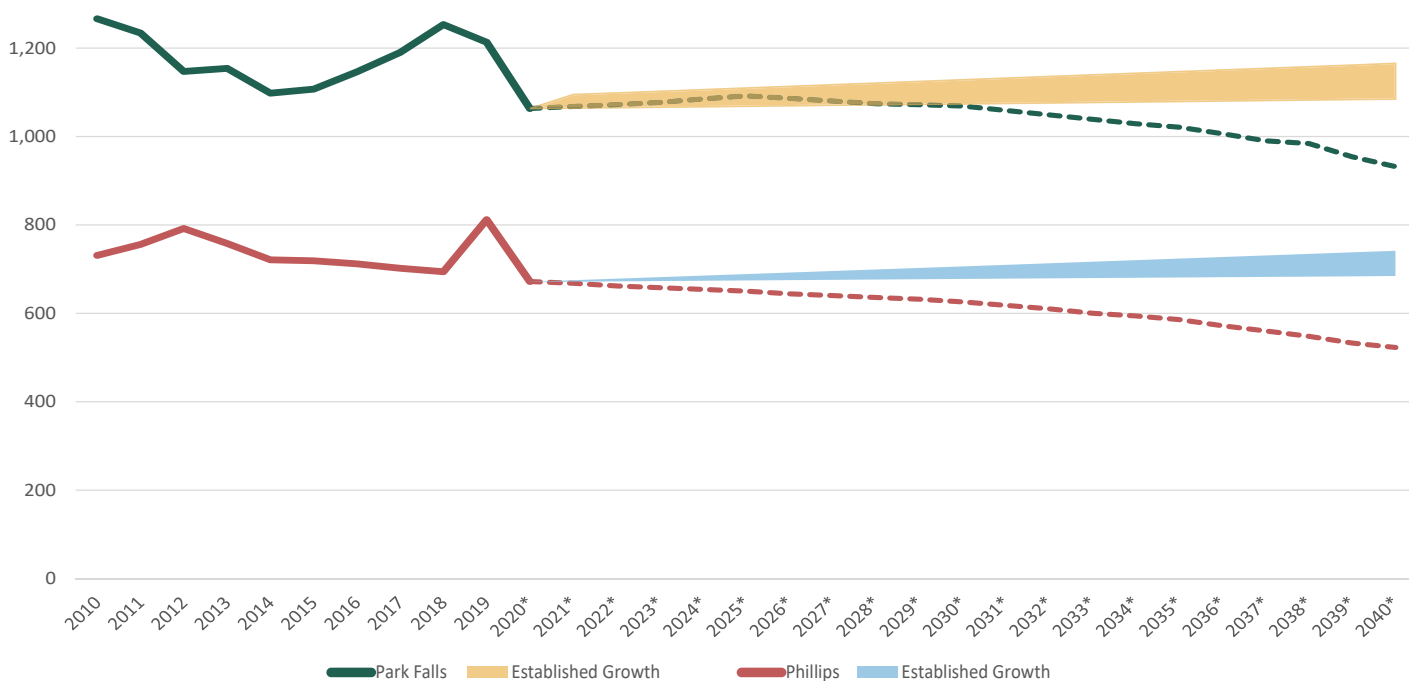
**PROJECTING** Park Falls and Phillips' future households is tied to both future population projections as well as anticipated persons per household as demographics change and age. Across the nation, reductions in household sizes are expected to continue through at least 2040, and are projected to continue in Price County as well. While many households in the cities will continue to age, the strong growth of residents age 20 to 34 indicate that household size growth is a possibility for both communities as time progresses.

As the state DOA continues to project population decrease, they also show projected decline in households. However, accounting for growth known to be needed for employment, households may continue to rise in both cities through 2040. As households average 2 persons per household, the number of households (and therefore housing units) entering the community is less than the population growth, but more variable dependent upon household size trends and workers per household.

## STEADY HOUSEHOLD GROWTH SCENARIO - BASELINE

Growth Population Projections	2020	2025	2030	2035	2040
Park Falls	1,063	1,068	1,074	1,079	1,084
Phillips	671	674	678	681	685

## HOUSEHOLD PROJECTIONS



# Age Cohort Projections

**AS POPULATIONS AGE**, their housing needs begin to change. While a family of four might be best suited to a three- or four-bedroom home, once children move out of the home they have the effect of overconsuming in the market - using more housing than they need. Continuing to age, householders may prefer to downsize, making upkeep and care more accommodating to their preferred lifestyle. Similarly, younger households (both single-person and two-person) have needs for smaller units prior to family creation, often seeking smaller homes and apartments before needing larger homes once they begin to have children.

**Looking at projected population growth rates to 2040, the fastest growing populations are those age 80 and over - by a significant margin. There is a distinct need for housing tailored to this age group,** whether age-specific housing or policies that assist aging in place in their own homes.

**Though state DOA age projections show anticipated decline in younger population, if both Park Falls and Phillips show continued growth in the**

**20 to 34 year old age category, it is likely that there will also be continued growth in the 0 to 19 year old age category.** As these residents form family households, an increase in children projected out to 2040 may increase along with it.

Because persons and households of all ages exist within the same housing market, increased availability of senior housing may continue to help attract and open up affordable ownership options for younger households. When residents age, even if not requiring assistance, accessibility accommodations are often desired to increase quality of life. These accommodations can be as simple as ranch or rambler style housing with zero-step entry or as specific as home retrofits to install new kitchen and bath facilities.

The largest impact on the housing market will be from the highest age group through 2040, with populations over age 80 expected to double over the next two decades.

## AGE COHORT PROJECTION\*

### Park Falls

Age Cohort	2020 Estimate*	Projected Percent Increase	Possible 2040
0 - 9 Years	167	-15.1%	142
10 - 19 Years	221	-17.1%	183
20 - 34 Years	407	-20.8%	322
35 - 49 Years	395	-21.5%	310
50 - 64 Years	470	-42.3%	271
65 - 79 Years	378	-3.1%	366
80 and Over	202	93.8%	391

### Phillips

Age Cohort	2020 Estimate*	Projected Percent Increase	Possible 2040
0 - 9 Years	162	-15.1%	138
10 - 19 Years	206	-17.1%	171
20 - 34 Years	216	-20.8%	171
35 - 49 Years	192	-21.5%	151
50 - 64 Years	319	-42.3%	184
65 - 79 Years	224	-3.1%	217
80 and Over	128	93.8%	248

\*Tied to projections in Price County, not directly to 2019 estimates.  
Source: Wisconsin Department of Administration

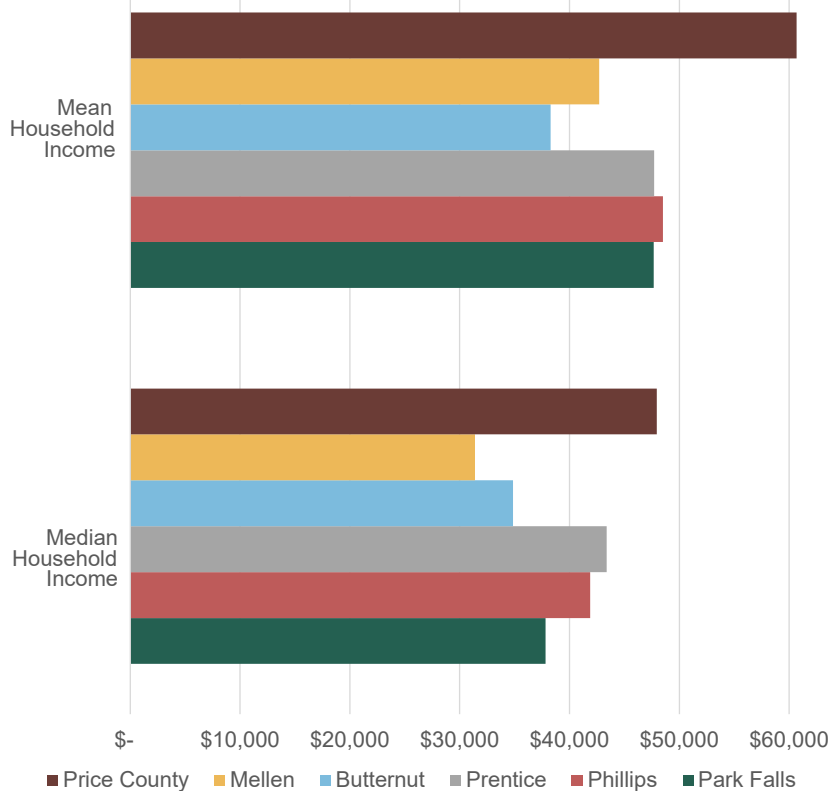


# Income Trends

**INCOME AND EARNINGS** are central to housing affordability. The more income that a household earns, more housing falls within their affordability threshold (in this report capped at 30% of total income toward housing cost). While incomes are mobile (households can move place to place), housing units are stationary. In practice, this means that households will often commute, choosing to live wherever they find the acceptable balance among convenience, quality, and affordability.

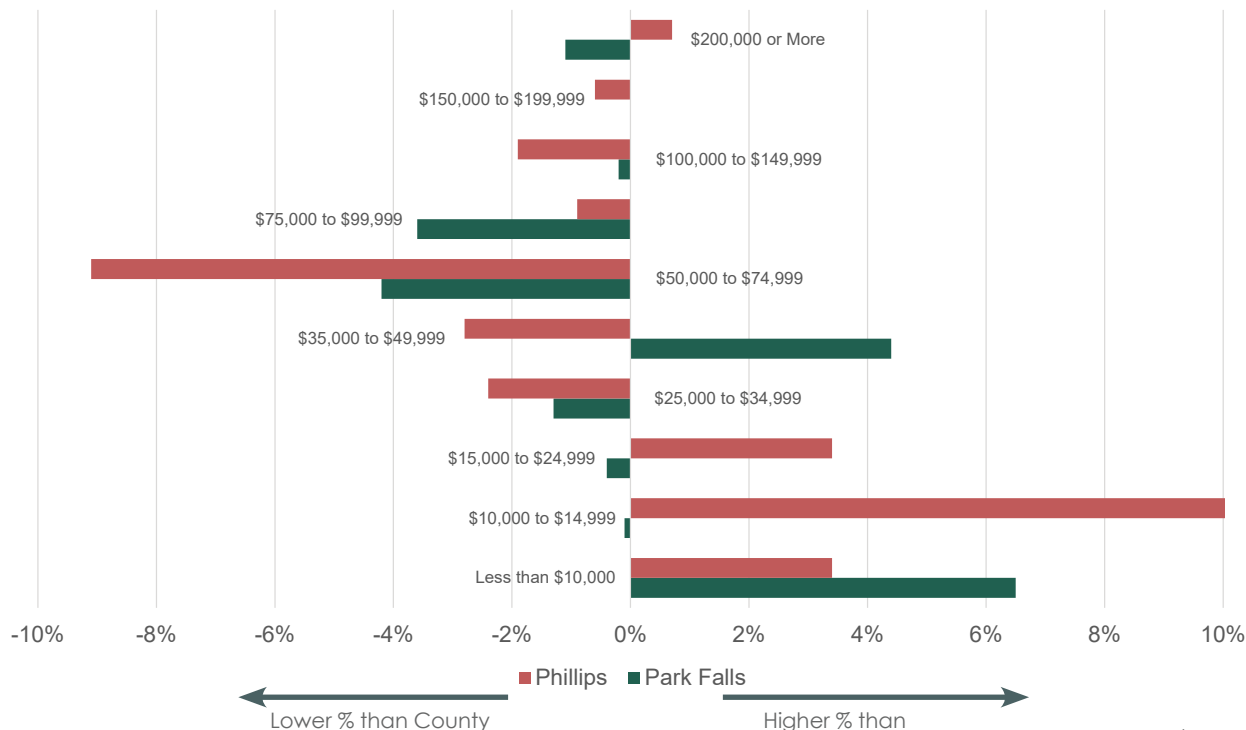
**Among regional peer communities, Phillips and Park Falls have among the highest mean incomes (similar to Prentice, but below the County). For median incomes - the 50th percentile - incomes are slightly lower.** This means that households who live in the Park Falls earn less on average than those who live in Phillips and Prentice, regardless of their place of employment. In variance from the County, larger percentages of both city's population fall into lower-income categories of less than \$10,000 annually. Part of this is likely due to younger householders (growth vs. loss for the County). There are significantly less households earning more than \$50,000 annually compared to the County as a whole.

## HOUSEHOLD INCOME (2019)



Source: American Community Survey 5-Year Estimates

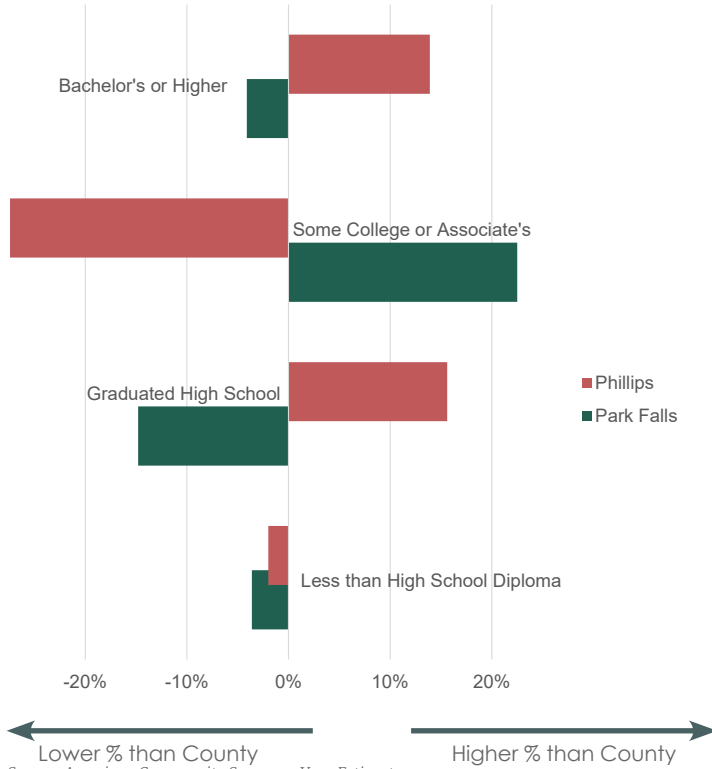
## CITY VARIANCE FROM COUNTY INCOME DISTRIBUTION



Source: American Community Survey 5-Year Estimates

# Employment Indicators

## CITY VARIANCE FROM COUNTY EDUCATIONAL ATTAINMENT



**INCOME** is dependent on many factors, including resident educational attainment and the overall health of the economy.

**Among residents of both cities, more residents have at least a high school diploma.** For residents 25 and over, the Phillips has a larger share of residents than both Park Falls and the County whose educational attainment is a Bachelors Degree or greater. Residents of Park Falls are more likely to have an Associate's degree or equivalent.

Even considering educational attainment and increased job volatility, unemployment for the County remained at healthy rates pre-COVID. For those in the labor force and seeking employment, there is opportunity for residents to secure employment, whether in the either of the cities or in other accessible communities. In the past year (March 2020 to March 2021), the unemployment rate has gone down - signifying a steady workforce and steady employment opportunities.

## PRICE COUNTY EMPLOYMENT INDICATORS



**91%**  
Graduated High School

**10%**  
No High School Diploma



**33%**  
Some College or Associate's Degree

**5.2%**  
Unemployment Rate (March '21)



**4%**  
Bachelor's Degree or Higher

**5.4%**  
Unemployment Rate (March '20)

# Local Employment

**INCOME** being dependent upon accessible employment opportunities, Park Falls and Phillips offer a variety of employers, many within the manufacturing sector in some form. These employers offer a range of positions with varying levels of compensation and experience.

Phillips and Park Falls are the main centers for employment within the County. This also means that both the cities are within a reasonable commute for County residents, and have potential to continue to capture the largest shares of any potential regional growth within a 20-minute drive time.

Major local employers (table on right) represent thousands of positions available in the County. Employment has considered to see investment in expansion, with recent grants supported by the Wisconsin Economic Development Corporation set to increase employment in the area. Even with general stability in households and available employment, there are at least 75 vacancies in the job market that are currently unfilled, and expansion of businesses will only increase this number. This helps to create a competitive job environment, and the cities have unparalleled access to natural resource amenities that will help in attraction and marketing of vacancies to potential residents.

PRICE COUNTY MAJOR EMPLOYERS,  
2021

Employer	Employees
BW Papersystems	500-999
Park Falls Elementary	100-249
Marshfield Medical	100-249
Park Manor	100-249
Aspirus Pleasant View	100-249
St Croix	100-249
US Park Falls Ranger District	100-249
Phillips Plating	100-249
Pick'n Save	100-249
Biewer Lumber	100-249
Chequamegon High	100-249
United Pride Dairy	50-99
Prentice Schools	50-99
Iap Industrial	50-99
Jehovah's Witness	50-99
Flambeau River Papers	50-99
Super One Foods	50-99
Park Falls Hardwoods	50-99
Prentice High	50-99
Park Falls Pulp & Paper	50-99

Source: Wisconsin Department of Workforce Development

# Occupational Affordability

**WAGE RANGES** of employee incomes (both between different occupations and within career paths) have a direct impact on the amount of money residents can afford to spend on housing in the cities of Park Falls and Phillips. Using the Jobcenter of Wisconsin employment data from Wisconomy and the State Department of Workforce Development to identify common occupations in the cities and associated incomes, general income ranges for positions can be translated into housing "affordability limits" for both rental and ownership markets.

Affordability limits represent the amount that could be paid monthly for all housing costs - including taxes, utilities, insurance, etc. - without paying more than 30% of total income toward housing.

**For many of Price County's most common occupation groups, affordability limits indicate modest monthly housing costs are most appropriate to ensure enough residual income for other necessary expenses.** Though the numbers below represent single-person households, tightening housing markets and increased cost of ownership still impact and limit many households that may wish to purchase within Park Falls and Phillips' ownership market. Many households would struggle to afford newly-constructed ownership housing, and incomes for the region indicate a larger need for rental housing as a beneficial investment toward growth in the employment base.

Major Price County Occupation Classes	Mid-Career Wage	Mid-Career Rent Limit	Mid-Career Ownership Limit	Number of Workers
Machinery - Manufacturing	\$62,482	\$1,550	\$210,000	584
Wood Product Manufacturing	\$36,708	\$915	\$123,500	420
Educational Services	\$35,755	\$890	\$120,000	342
Nursing & Residential Care Facilities	\$26,541	\$650	\$89,250	255
Food Service	\$10,143	\$250	\$34,000	234
Misc. Manufacturing	\$27,170	\$680	\$91,250	224
General Government Support	\$20,585	\$515	\$69,000	220
Ambulatory Health Care Services	\$55,410	\$1,385	\$168,250	216
Fabricated Metal Manufacturing	\$37,683	\$940	\$126,500	200

Source: 2020 Annual WI Department of Workforce Development wage and employment statistics. Mid-Career is considered to be the Average of reported wages.

# Commuting Trends

**LOCATION OF RESIDENCE** for those who work in the cities of Park Falls and Phillips varies, with **a large share living directly in both cities**. Notably, a significant share of residents who commute into Phillips and Park Falls for work live in Lake, Worcester, Elk, Fifield, and Eisenstein.

These places of residence for employees in both cities are consistent with general trends in commute times and access - most employees live within 20 minutes of their place of work. It is also generally consistent with one of the key topics and themes discussed in interviews as part of this study - namely, that as employees see their incomes increase, one of the draws to the region is the ability to live "closer to nature". In practice, this means many employees in the cities live in surrounding towns where they can afford to purchase homes with acreage and access to natural resource amenities without having to live directly in the cities themselves.

This choice of residence is one of the driving factors in income differences between residents of the cities and the greater County. And as employment growth continues to increase, housing development will likely need to remain proportional with the wage ranges of new positions created - lower cost units in the cities to accommodate the lower-wage industry and manufacturing growth, and higher-cost housing on the outskirts of both cities and in surrounding towns to accommodate higher-wage earners relocating to the area.

PARK FALLS & PHILLIPS EMPLOYEE  
TOP PLACES OF RESIDENCE, 2015

Place of Residence	Employees
Park Falls	881
Phillips	644
Lake	483
Worcester	463
Elk	349
Fifield	273
Eisenstein	208
Flambeau	142
Agenda	130
Chippewa	119
Emery	102
Prentice	101
Harmony	92
Jacobs	80
Ogema	70

Source: US Census Journey to Work Commuter Shares 2015  
Data most recent vintage.

# Regional Growth

## PRICE COUNTY PRODUCTION & GROWTH

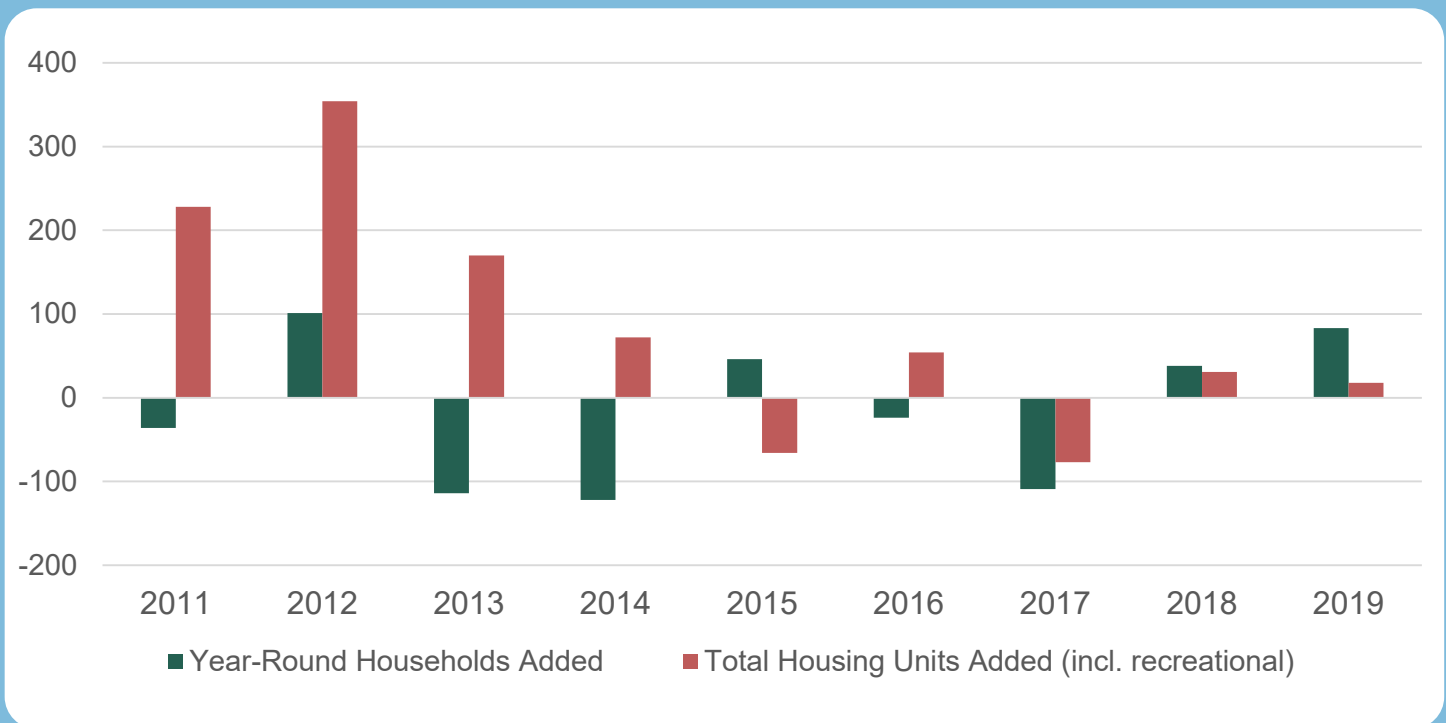
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Year-Round Households Added	-36	101	-114	-122	46	-24	-109	38	83
Housing Units Added	228	354	170	72	-66	54	-77	31	18
Annual Gap	+264	+253	+284	+194	-112	+78	32	-7	-65

Source: American Community Survey 5-Year Estimates

**A BALANCED HOUSING MARKET** requires new unit production to keep pace with new households moving into the market. This is discussed in more thorough detail within the following chapters, but at a most basic level, housing unit production must match increases in demand (in-migration and new household formation) in order to continue to provide a balanced housing market for all residents and would-be-residents of the cities. This includes unit production at a variety of price points that serve the income needs for households

currently working in the cities, as well as housing that matches income ranges of new employment growth in the local economy. **Though housing unit production has remained well ahead of household increases in recent years at a County level, the large majority of these units are recreational or vacation homes.** This is a common dynamic in the region, though in order to secure year-round residents to fill employment shortages, new housing that is appropriate to new households and fit known resident incomes need to be built in the cities.

## PRICE COUNTY GROWTH



Source: American Community Survey 5-Year Estimates

# Regional Growth

**PRODUCTION** of new units has occurred in the regional market over the past decade - with American Community Survey Estimates showing 784 new units county-wide since 2010. As new units have come online yet the cities experienced minimal households gains (slight loss in Park Falls and increase in Phillips), that means that the majority of these homes are in the second home market.

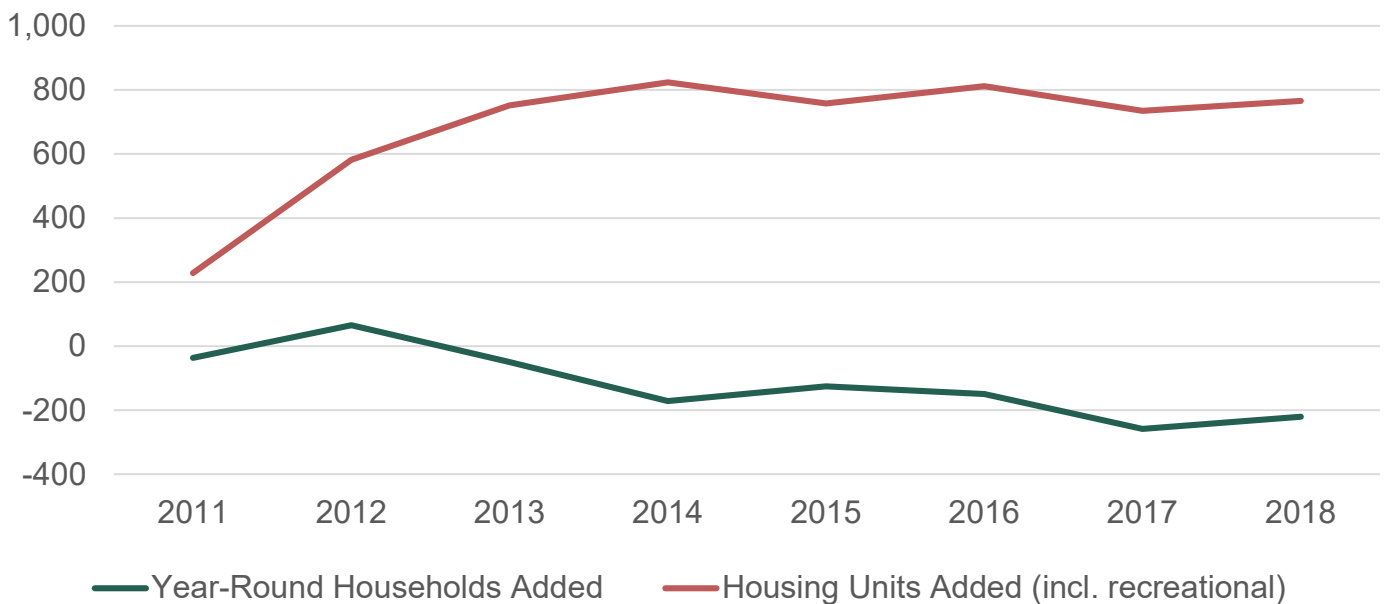
While this market is beneficial in bringing tourism dollars to the cities and region, it does show that there is a lack of housing that is built and available for residents at appropriate matching incomes. While some of the second-home market translates to residents who are in higher-income brackets and can afford the increased purchase price of new construction or a home with acreage, many resident incomes are not at a level that would support purchase within this market segment.

## PRICE COUNTY CUMULATIVE PRODUCTION & GROWTH

	2011	2012	2013	2014	2015	2016	2017	2018	2019
Year-Round Households Added	-36	65	-49	-171	-125	-149	-258	-220	-137
Housing Units Added	228	582	758	824	758	812	735	766	784
Cum. Gap	+264	+517	+807	+995	+883	+961	+993	+986	+921

Source: American Community Survey 5-Year Estimates

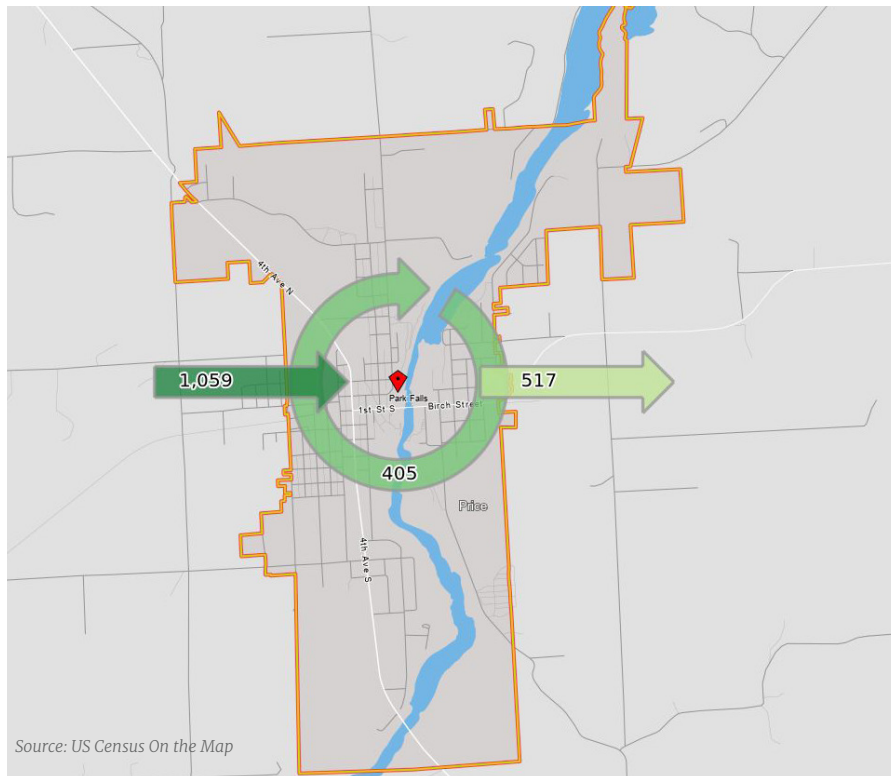
## PRICE COUNTY GROWTH



Source: American Community Survey 5-Year Estimates

EMPLOYEE HOUSING is found both inside and outside the cities, as mentioned previously. Per the U.S. Census, nearly 1,000 employees with jobs in Park Falls live outside of the City and commute in for work, and over 1,100 employees with jobs in Phillips commute in for work daily.

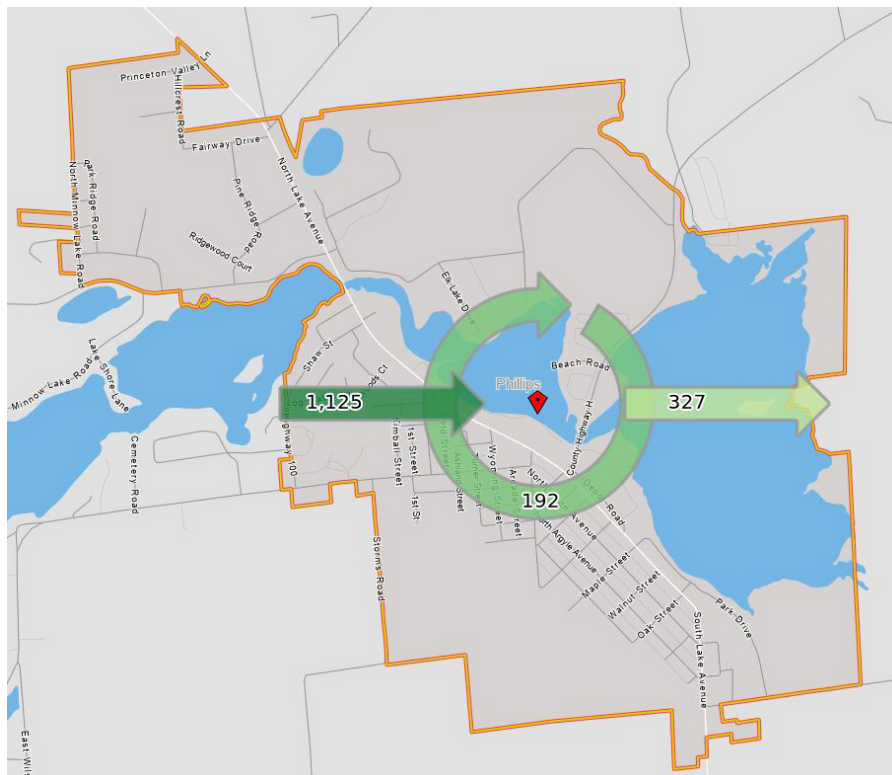
### INFLOW/OUTFLOW OF PRIMARY JOBS, PARK FALLS



The vast majority of employees with a place of work in Park Falls commute in for work. Most recent data indicates that 1,059 employees commute in, 405 employees both live and work in the City of Park Falls, and 517 residents commute outside of the City to a primary job elsewhere.

### INFLOW/OUTFLOW OF PRIMARY JOBS, PHILLIPS

The vast majority of employees with a primary workplace in Phillips also commute in for work, with 1,125 living outside of the City and commuting in daily, 192 residents both living and working in the City, and 327 residents commuting outside of the City for work on a daily basis.





# Local Housing “Affordability” Definitions

**AFFORDABLE HOUSING** is, most broadly, housing that serves the residents currently living in a community or wanting to move to a community. Affordable units especially serve residents with no income up through residents making 80% of the County Median Income (less than 100% AMI).

The following affordability limits are measured in annual income and are calculated by HUD using family incomes for Price County as a whole.

In Park Falls and Phillips, the area/county median income (as defined by the U.S. Department of Housing and Urban Development and applied by the Wisconsin Housing and Economic Development Authority) is **\$62,000** for a family of 4. This means that the 80% income limit (what qualifies as low-income) is **\$57,450** for a family of 4.

**FUNDING** for newly constructed affordable housing often comes through subsidy that offsets costs of construction and/or operation, primarily through federal tax credits awarded by WHEDA. This allows rents or purchase prices to be set at an amount that is considered to be manageable for lower-income households, while also ensuring they have residual income to afford childcare, transportation, healthcare, and all other amenities necessary for personal and family health and stability. Many housing subsidy programs set income limits to qualify households, typically a percentage of the area median income, adjusted by household size. Other forms of affordable housing can include:

- » Naturally Occurring Affordable Housing
- » Housing Operated by Non-Profits
- » Vouchers and Other Federal Programs
- » Housing supported through TIF

LOCAL HOUSEHOLD INCOME CATEGORIES, 2021

	Median Family Income		Persons in Household							
			1	2	3	4	5	6	7	8
Price County	\$62,000 (100% AMI)	Extremely Low Income (30% AMI)	\$15,100	\$17,420	\$21,960	\$26,500	\$31,040	\$35,580	\$40,120	\$44,660
		Very Low Income (50% AMI)	\$25,150	\$28,750	\$32,350	\$35,900	\$38,800	\$41,650	\$44,550	\$47,400
		Low Income (80% AMI)	\$40,250	\$46,000	\$51,750	\$57,450	\$62,050	\$66,650	\$71,250	\$75,850

Source: American Community Survey 5-Year Estimate Family Income Adjusted per HUD FY Income Limits

## EXAMPLE MONTHLY COSTS:

		Costs	
2 Adults 1 Child	Monthly Income		\$3,750
	Annual Income = \$45,000		
	Transportation		(\$1,217)
	Food		(\$585)
	Childcare		(\$600)
	Medical		(\$554)
30% housing limit = \$1,125	<b>Income left for Housing &amp; Other Expenses</b>		<b>\$794</b>

		Costs	
2 Adults 1 Child	Monthly Income		\$5,875
	Annual Income = \$70,500		
	Transportation		(\$1,217)
	Food		(\$585)
	Childcare		(\$600)
	Medical		(\$554)
30% housing limit = \$1,763	<b>Income left for Housing &amp; Other Expenses</b>		<b>\$2,919</b>

**HOUSING AFFORDABILITY** describes the relationship between housing cost and household income. Affordability is measured at the household level, in terms of the percentage of gross income that goes toward housing costs. The widely accepted standard for "affordable" is 30% of total household income going to housing. For renters, housing costs include contract rent, utilities, and renters insurance. Homeowner costs include principal, interest, taxes, insurance, and utilities.

This measure is relative, meaning that higher income households have the choice of many homes within their budget, while lower income households generally have fewer options that would be affordable within the housing market.

**RESIDUAL INCOME** describes the remaining income a household can pay toward other expenses or save after housing and other costs of living are accounted for. As most other costs are fixed, most households pay the same for them regardless of how much they earn (e.g. food, childcare, etc.).

For example, a Price County household of 2 adults and 1 child earning \$70,500 could comfortably pay \$1,763 in housing cost while still putting nearly \$1,500 monthly into savings. The same household earning \$45,000 annually (which equates to two full time jobs at \$11/hour) could afford a \$1,125 monthly housing cost, but after other fixed expenses would not have enough money to pay the full 30% toward housing.

# Local Housing Affordability

# Affordable and Workforce Housing

**WORKFORCE HOUSING** is housing that is affordable to the workforce in a community regardless of income. Because incomes within the workforce vary (pg. 14), a *range of housing options* is needed to fit different income needs. Workforce housing means ensuring a supply of affordable housing for employee households that earn minimum wage - *and* ensuring appropriately priced housing for moderate- to high-income earners in both the rental and ownership markets.

Income categories below are calculated based on HUD methodology, and can be used to determine appropriate monthly housing costs for different households in Park Falls and Phillips.

**HOUSING VARIETY** is a necessary component in a healthy housing market, as households have a variety of preferences and needs that impact where and how they can live. A healthy local economy requires a variety of housing to serve area employees including various structure types, sizes, locations, and price points.

**WORKFORCE AFFORDABILITY** is different among essential members of the workforce. Management employees, service workers, municipal workers (police, fire, etc.) all have housing need, while all generally desire cost-appropriate housing that allows enough residual income to support other necessary expenses.

## HOUSING AFFORDABILITY LIMITS, 2021

	Monthly Housing Cost Limit	Household Income	Persons in Household							
			1	2	3	4	5	6	7	8
Price County	\$1,550 (100% AMI)	Extremely Low Income (30% AMI)	\$378	\$436	\$549	\$663	\$776	\$890	\$1,003	\$1,117
		Very Low Income (50% AMI)	\$629	\$719	\$809	\$898	\$970	\$1,041	\$1,114	\$1,185
		Low Income (80% AMI)	\$1,006	\$1,150	\$1,294	\$1,436	\$1,551	\$1,666	\$1,781	\$1,896

Source: American Community Survey 5-Year Estimate Family Income Adjusted per HUD FY Income Limits





# 2

## RENTAL MARKET Demand & Supply



# AFFORDABILITY LIMITS IN THE RENTAL MARKET

INCOME OF RESIDENTS is central to housing affordability. Though the housing market extends outside of and combines both cities, and both cities have commuter-share from the larger region, incomes shown below illustrate the median for current residents who live in the County.

Using the US Department of Housing & Urban Development income limits for Price County gives income ranges and categories found below, which reflect incomes for households with the greatest housing needs adjusted for household size.

## PRICE COUNTY INCOME CATEGORIES

	Median Family Income		Persons in Household					
			1	2	3	4	5	6
Price County	\$62,000 (100% AMI)	Extremely Low Income (30% AMI)	\$15,100	\$17,420	\$21,960	\$26,500	\$31,040	\$35,580
		Very Low Income (50% AMI)	\$25,150	\$28,750	\$32,350	\$35,900	\$38,800	\$41,650
		Low Income (80% AMI)	\$40,250	\$46,000	\$51,750	\$57,450	\$62,050	\$66,650

Source: US Department of Housing & Urban Development

AFFORDABLE RENTAL LIMITS are calculated based on the incomes above and illustrate the general amount a household already living in the region could afford in the housing market without becoming housing cost burdened. These vary based on percentages of the Area Median Income (AMI) as well as family size. The median income household for the County (100% AMI) could afford about \$1,550 monthly in total housing costs (not solely contract rent), while maintaining the “affordability” of their housing.

## PRICE COUNTY RENTAL “AFFORDABILITY” LIMITS

	Rent Limit		Persons in Household					
			1	2	3	4	5	6
Price County	\$1,550 (100% AMI)	Extremely Low Income (30% AMI)	\$378	\$436	\$549	\$663	\$776	\$890
		Very Low Income (50% AMI)	\$629	\$719	\$809	\$898	\$970	\$1,041
		Low Income (80% AMI)	\$1,006	\$1,150	\$1,294	\$1,436	\$1,551	\$1,666

Source: US Department of Housing & Urban Development

# TENURE IN THE HOUSING MARKET

TENURE in the housing market refers to the structure of occupancy - ownership or rental. **Within both cities, ownership is historically the most common tenure type** - though recently Phillips became majority renter-occupied. Simply, traditionally more households own their primary place of residence than rent, though that is changing slowly over time.

This is consistent with general trends within the region - similar homeownership shares in peer communities and generally more affordable housing (rental options) at scale than other areas of the larger region where housing options are impacted by significantly increased acreage of the property. **Lower-income households nationwide are more likely to be renter households, and this is true in both cities as well, especially for the lowest income households earning 50% AMI or less in Park Falls, and 30% AMI or less in Phillips.**

As households (and their associated incomes) are mobile, housing in both cities represents larger shares of more lower-cost rental options that are affordable to lower-wage workers. High-income (>100% AMI) renters do live in each community, though a large majority of households transition to the ownership market once their incomes reach above what is considered to be low-income (above 80% AMI).

Overall within each City - the majority of renters are low-income, and would qualify for some form of federal subsidy. In Park Falls, 58% of resident households are low-income households, and low-income households make up 80% of all renter households. In Phillips, 56% of all households are low-income households, and low-income households make up 64% of all renter households.

There is a significant relative share of moderate- to high-income households in the City of Phillips that are renter households. Typically a greater share of these households would transition to the ownership market at similar incomes, though renting is common for many household types including limited-term (though year-round) residents.

## HOUSEHOLDS, INCOME & TENURE, PARK FALLS

Income	Renters	Owners	Total
0% - 30% AMI	159	79	238
31% - 50% AMI	150	75	225
51% - 80% AMI	65	155	220
81% - 100% AMI	40	74	114
>100% AMI	55	335	390
Total	469	718	1,187

Source: HUD Comprehensive Housing Affordability Strategy (2017)

## HOUSEHOLDS, INCOME & TENURE, PHILLIPS

Income	Renters	Owners	Total
0% - 30% AMI	90	68	158
31% - 50% AMI	39	35	74
51% - 80% AMI	90	75	165
81% - 100% AMI	44	34	78
>100% AMI	79	154	233
Total	342	366	708

Source: HUD Comprehensive Housing Affordability Strategy (2017)

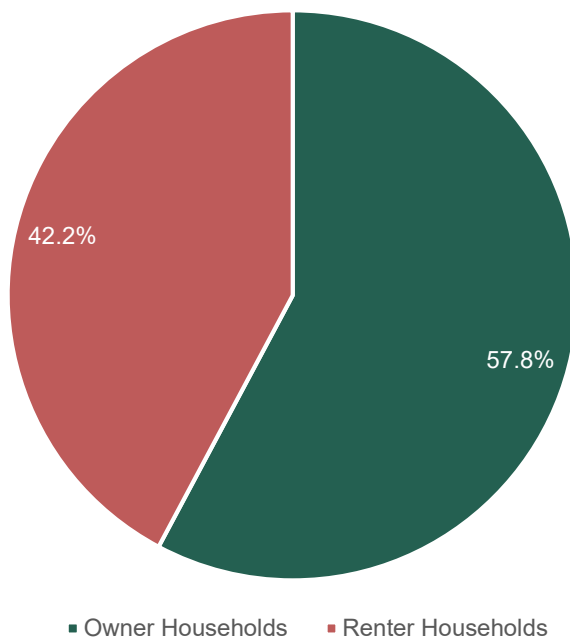


# TENURE IN THE HOUSING MARKET

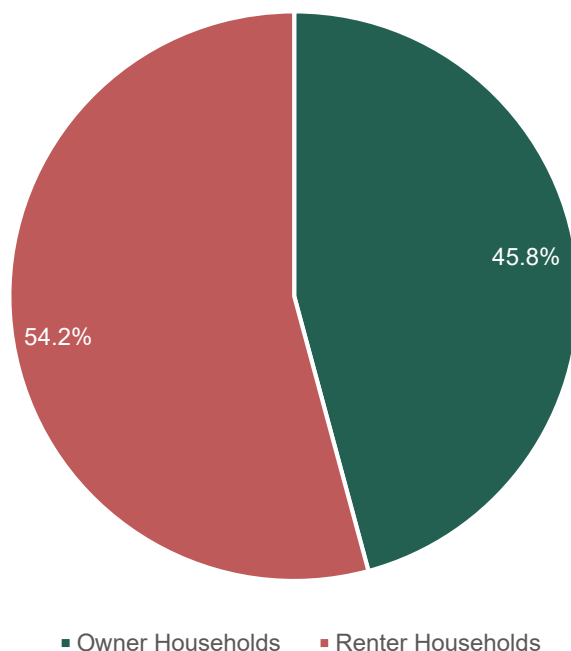
REGIONAL PEER COMMUNITIES, while part of the commuter shed and larger Price County housing market, display different trends in rates of homeownership. While incomes are not necessarily higher in these communities, there are significantly fewer rental options and lower-cost units. **Generally, if a household is lower-income and looking for an appropriately-priced rental unit, they are more likely to find those units in Park Falls or Phillips.**

**Park Falls has the 2nd highest rate of renter households of peer communities, and Phillips has the highest share of rental housing (as a percentage of their total housing market).** This reflects not income differences between these communities, but how the built environment has adjusted to market demand. Historically as the cities with the largest populations, they had a higher share of rental housing development. As other communities have a higher share of ownership options available, households who want to purchase homes have historically driven the market in between the cities (town market) - and are more likely to be households with higher incomes and more purchasing power.

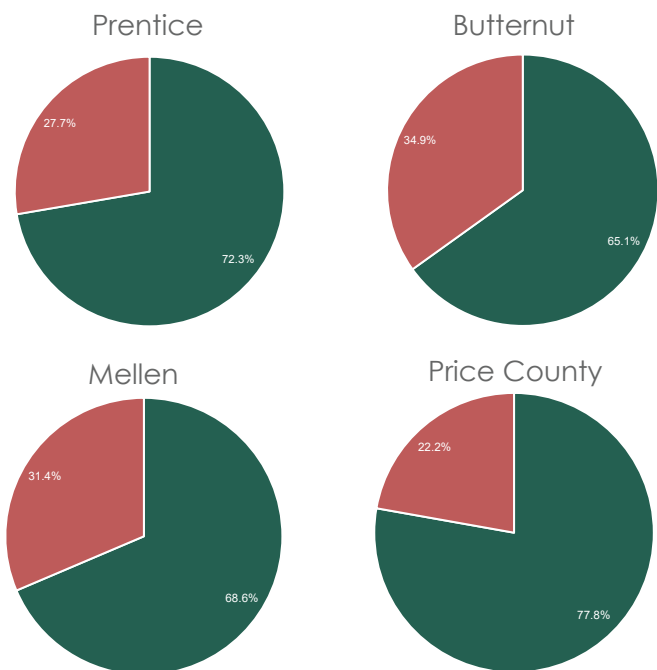
TENURE - PARK FALLS



TENURE - PHILLIPS



## REGIONAL TENURE COMPARISONS



Source: American Community Survey 5-Year Estimates (2019)

# RENTAL HOUSING STRESS

## RENTAL HOUSING STRESS

Municipality	% of Renter Households with Cost Burden	# of Cost Burdened Renter Households
Park Falls	63%	300
Prentice	49%	40
Mellen	46%	42
Price County	43%	544
Butternut	34%	22
Phillips	28%	117

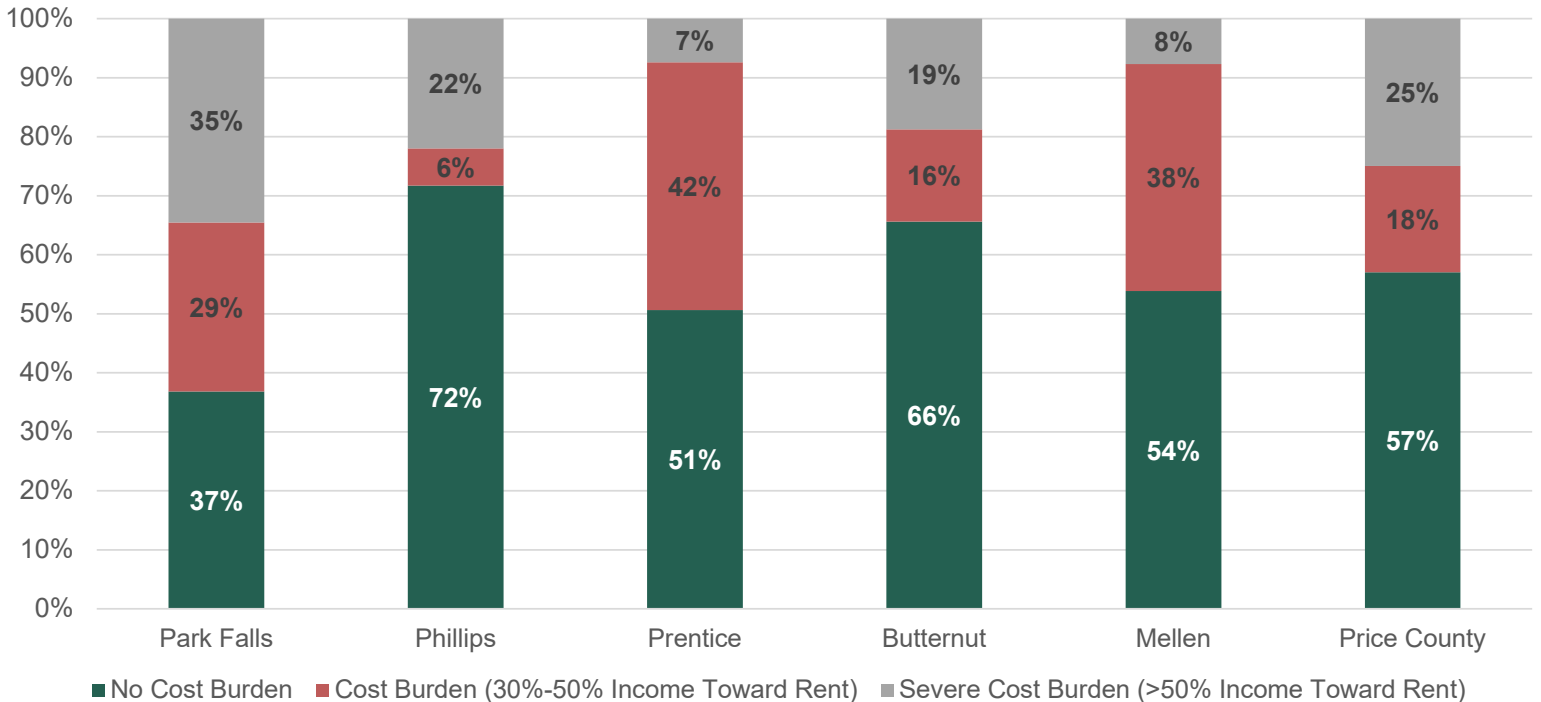
Source: American Community Survey 5-Year Estimates

HOUSING STRESS is measured by cost burden, which reflects the amount of income a household pays for total housing costs. Generally municipalities with larger stock of rental housing and less vacancies would show higher housing costs for consumers and increasing rates of cost burden. This does not hold true in Phillips, which has a larger share of higher-income renter households and less cost burden overall (the smallest portion of peer communities). Park Falls runs consistent with this trend - and though rental units cost less on average, more renters are in need of housing assistance due to cost burden.

There is also some evidence of higher-income households "renting down" within both markets (spending less than 30% income toward rent), which in this case lowers rates of cost burden overall.

As is typical due to income disparities between tenure types, **cost burden is much more prevalent in both communities for renter than owner households, indicative of generally higher owner income and tight lending standards.**

## RENTAL HOUSING STRESS



# RENTAL STRESS BY INCOME

**RENTAL STRESS in both Park Falls and Phillips exist entirely within low-income City households, specifically households that earn less than \$50,000 annually.** While there are renter households over 80% AMI within both cities, higher-income households have the option to spend a significantly lower percentage of their income toward the same unit of housing - meaning they often do not choose to cost burden themselves if remaining renters. Due to the structure of the rental market in within both cities, there are gaps in unit availability at appropriate price points to serve specific incomes in the market.

Overall, there is a general undersupply of low-cost units that serve households between 0% and 50% AMI (approx. \$300 - \$700 monthly rent). These units represent natural appreciation of units within the market - they do not have subsidies that allow them to alleviate cost burden for the lowest-income households, while also not filling demand for the highest-income users in the market.

**There are significant housing “gaps” at both the top and bottom of the rental housing market,** with an oversupply of market-rate units in the City of

Park Falls (units > 80% AMI) for households earning over 80% AMI, and a slight undersupply in the City of Phillips - though this undersupply is due to generally higher renter incomes than in other regional communities.

Although there is a high market gap, there is an upwards limit to income that can realistically be spent on housing. Many higher income households also value affordability (spending less than 30%), so this does not display true unit for unit demand for high cost housing. It does create some additional market tension, where some high income households rent significantly below what they could afford, living in units otherwise affordable to lower-income households.

RENTAL UNIT MISMATCH - PARK FALLS

Income Range	Renter Households	Rental Units Available	Over-/Under-Supply
0% - 30% AMI	159	30	-129
31% - 50% AMI	150	68	-82
51% - 80% AMI	65	220	+155
> 81% AMI	95	155	+60

Source: HUD Comprehensive Housing Affordability Strategy

RENTAL UNIT MISMATCH - PHILLIPS

Income Range	Renter Households	Rental Units Available	Over-/Under-Supply
0% - 30% AMI	90	27	-63
31% - 50% AMI	39	43	+4
51% - 80% AMI	90	225	+135
> 81% AMI	123	38	-85

Source: HUD Comprehensive Housing Affordability Strategy

# RENTAL HOUSING STRESS

## COST BURDENED RENTER HOUSEHOLDS

Municipality	# with Cost Burden (30%-50%)	# with Severe Burden (>50%)	% Severely Cost Burdened
Park Falls	136	164	54.7%
Phillips	26	91	77.8%
Prentice	34	6	15.0%
Butternut	10	12	54.5%
Mellen	35	7	16.7%
Price County	228	316	58.1%

Source: American Community Survey 5-Year Estimates

RATES OF RENTER COST BURDEN between both cities lay on both extremes of prevalent and infrequent, but in both cities **those renters who are cost burdened are much more likely to be severely cost burdened (spending more than 50% income toward rental costs)**. Of those experiencing cost burden in the Park Falls, 55% are severely cost burdened. For Phillips, this rate is 78%. While high, this rate is similar to other regional communities and in line with the County as a whole.

While rates of cost burden differ, both communities have - to some extent - higher income households "renting down" within the market.

This also indicates a lack of appropriately-priced units for the lowest income households already living in the community, and indicates opportunity to better serve low-income households through income-restricted and subsidized units that ensure affordability levels that match resident needs.

## LEVELS OF COST BURDEN (2019)



Source: American Community Survey Estimates (2019)

# RENTAL UNIT CONSUMPTION

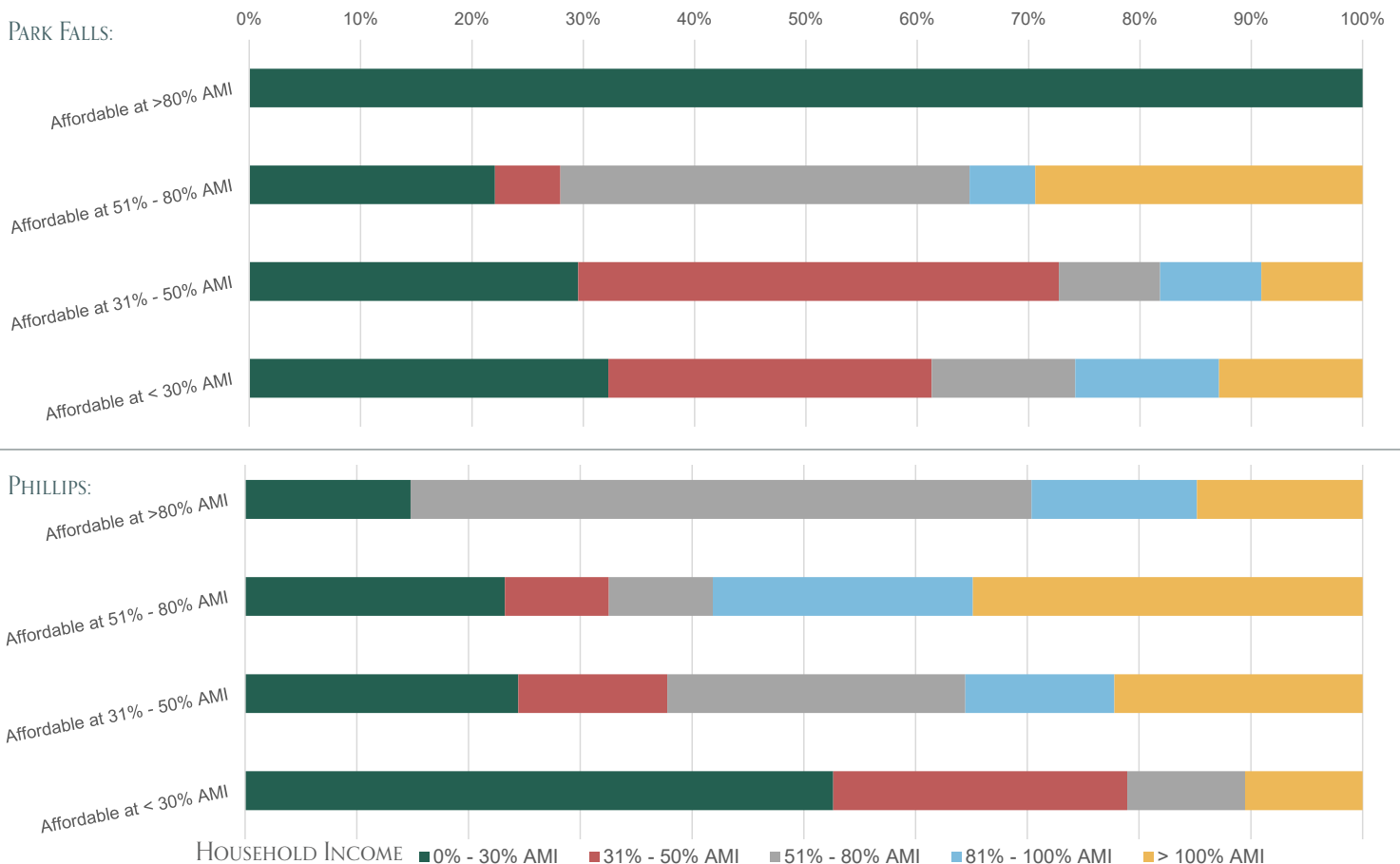
WHICH HOUSEHOLDS are over- or under-consuming housing (renting above or below an affordable limit) is tracked annually by both the US Census Bureau and the Department of Housing and Urban Development (HUD). While we know based on general oversupply and undersupply that the greatest need for new unit production is on the lower end of the market (where there is an existing gap), new construction at higher price points can also help assist with general pressure in the market.

In Park Falls at the time of data collection, low-income households (80% AMI or under) had been renting 100% of higher-end market rate units. This has likely changed, as rental residents have increased rates of turnover. This also reflects a small portion of the increased rates of severe cost burden in the City overall, though due to unit numbers does not account for a large portion.

In the City of Phillips, the units that renter households are occupying aligns more closely between income and unit cost, although there are still significant numbers of renter households who choose to “rent down” within the market. In smaller markets like Park Falls and Phillips, any downward pressure in the market can cause significant rental shocks for lower-income renters, and can cause market tightening and significantly increased competition for units.

While this means access to affordable housing options are readily available for moderate- and higher-income households (>50% AMI), it also means that extremely and very low-income households (which are less competitive in the rental market) must spend more to secure housing, and often housing that is significantly above their affordability limit.

## RENTAL UNIT CONSUMPTION (BY INCOME)



Source: HUD Comprehensive Housing Affordability Strategy

# RENTAL UNIT CONSUMPTION

WHILE UNIT CHOICE is important to the freedom and desirability of the local housing market that will attract and retain residents, more options at appropriate price points can help guide consumers into more appropriately priced units that ease burden at all levels.

Comments received in the Community Survey largely called out this need for housing across multiple price points - even when not directly asked. **Themes largely arose that clearly identified both affordable and workforce level housing options as needs within the community.** This included a significant response for increased housing support directed toward households at risk of homelessness - which per HUD guidance is considered severely cost burdened, extremely low-income renter households (approx. 145 of these households currently live in the Park Falls, and 70 in Phillips).

The survey also identified specific building types they would like to see within the market - and in addition to affordable and workforce options for renters, attached unit and townhome development are needs that often provide affordable ownership options. Housing rehabilitation was often cited as a need, specifically to assist low-income owners in ensuring that homes remain in suitable condition.

In looking to directly address rental costs for low-income households, one method commonly used is to build units that fill the undersupply gap. **In Phillips, this would be a goal to add 63 units of rental housing affordable to the lowest-income earners in the community (0% - 30% AMI households). In Park Falls there is a greater need (129 units at this income level), though imbalance in incomes will help with overall market imbalance. This would allow options for these households to eliminate or severely reduce their housing costs, decrease rates of rental cost burden, and open up units they were occupying to other households in the community or moving to the community at price-points appropriate to their own income.**

## RENTAL UNIT HOUSEHOLD OCCUPANCY - PARK FALLS

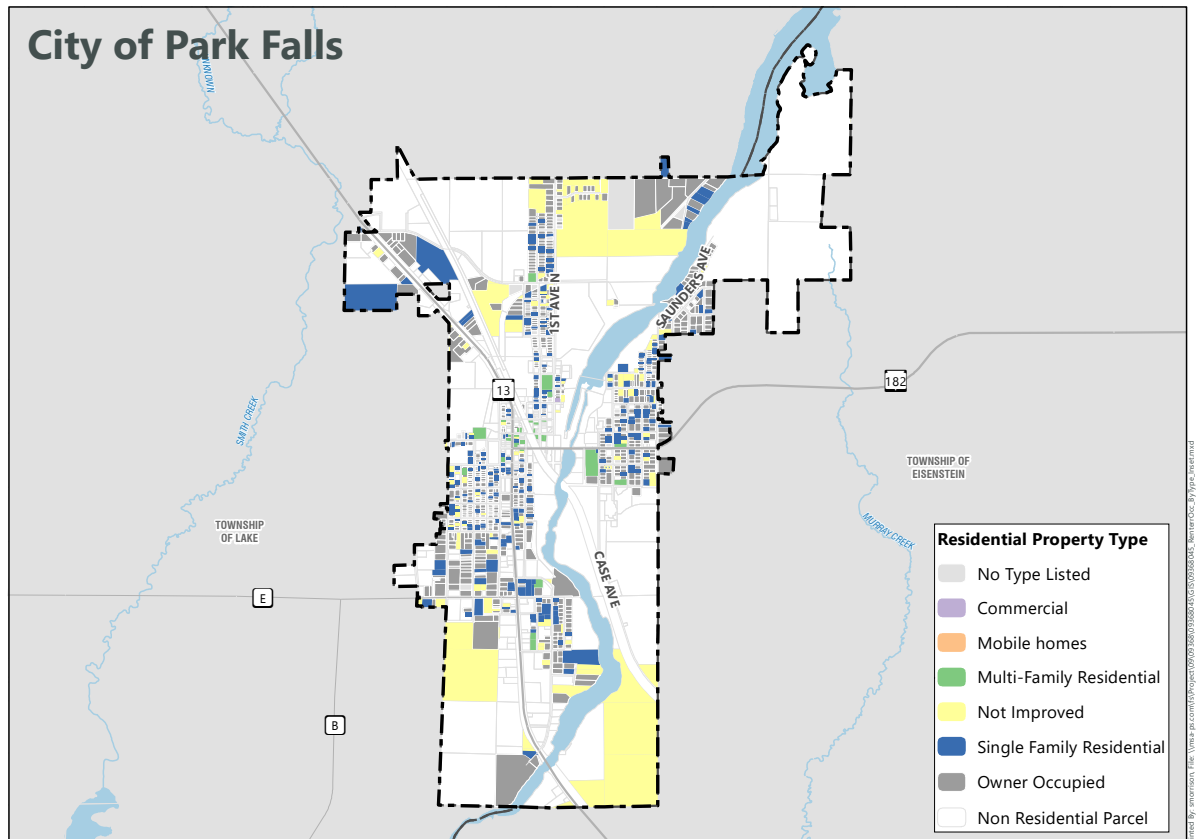
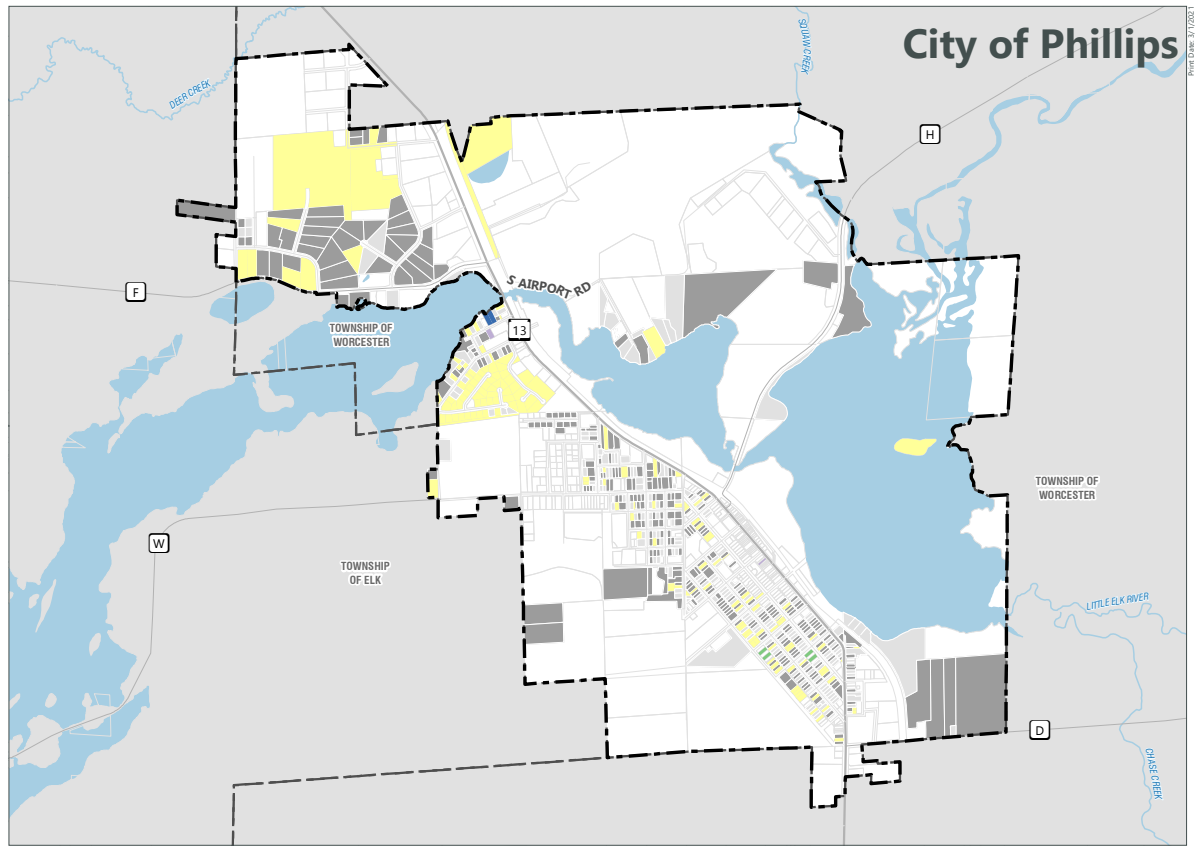
Rental Units	Households by Income				
	0% - 30%	31% - 50%	51% - 80%	81% - 100%	>100%
Affordable at 30%	50	45	20	20	20
Affordable 31% - 50%	65	95	20	20	20
Affordable 51% - 80%	15	4	25	4	20
Affordable at >80%	30	0	0	0	0

## RENTAL UNIT HOUSEHOLD OCCUPANCY - PHILLIPS

Rental Units	Households by Income				
	0% - 30%	31% - 50%	51% - 80%	81% - 100%	>100%
Affordable at 30%	20	10	4	0	4
Affordable 31% - 50%	55	30	60	30	50
Affordable 51% - 80%	10	4	4	10	15
Affordable at >80%	4	0	15	4	4

# RENTAL UNIT TYPES

MAPS:  
RENTAL UNITS  
BY TYPE



# RENTAL UNIT TYPES

UNIT TYPES are important to provide choice in the housing market that match characteristics and meet preferences of residents and potential residents of the region. **Of note, there are very few rental units per the U.S. Census that are in attached unit structures, especially in Park Falls.** This unit type will likely be a critical component of lower-cost, step up rental housing options in the community that can serve families earlier in their careers as this demographic continues to grow. While there are more attached units in Phillips (and higher incomes that serve a slightly higher market), these unit types are an important factor in the health of the housing market. Currently 0% of rental units in Park Falls and only 6% of rental units in Phillips are attached single-family units.

Overall, both communities have a *generally* good mix of housing unit structure types within the rental market that can serve a wide range of needs. Single-family detached homes often naturally shift from ownership to rental markets as time progresses, and with cost of new-construction, it is likely that most new rental housing unit development will occur in 5+ unit structures that can make development costs more efficient in serving lower-wage populations of the cities.

In Park Falls, 31% of current rental units in the City are single-unit detached homes. Although a significant portion of the rental housing stock, 33% of all rental units are in 2-4 unit structures. Commonly housing different household types, this balance across structure (and cost) segments indicates a healthy mix of preference and type options for varying household needs, though more rental housing that matches the workforce is needed to keep pace with growth of employment needs.

Phillips has a similar percentage of rental housing that is single-unit detached (32%), though is more balanced in structure type through the remainder of the market. Approximately 20% of Phillips' rental units are in 2-4 unit structures, 17% in 5-19 unit structures, and only 8% in 20+ unit structures. In maintaining community balance and workforce needs, this larger-style unit construction seems like a likely point to continue to serve the workforce of the community.

## RENTAL UNITS - TYPE, PARK FALLS

Unit Type	Number of Units	% of Total Rental Units
1-unit detached	160	31.3%
1-unit attached	0	0.0%
2-4 unit	169	33.0%
5-19 unit	80	15.6%
20+ unit	103	20.1%
Mobile Home	0	0.0%

Source: American Community Survey 5-Year Estimates

## RENTAL UNITS - TYPE, PHILLIPS

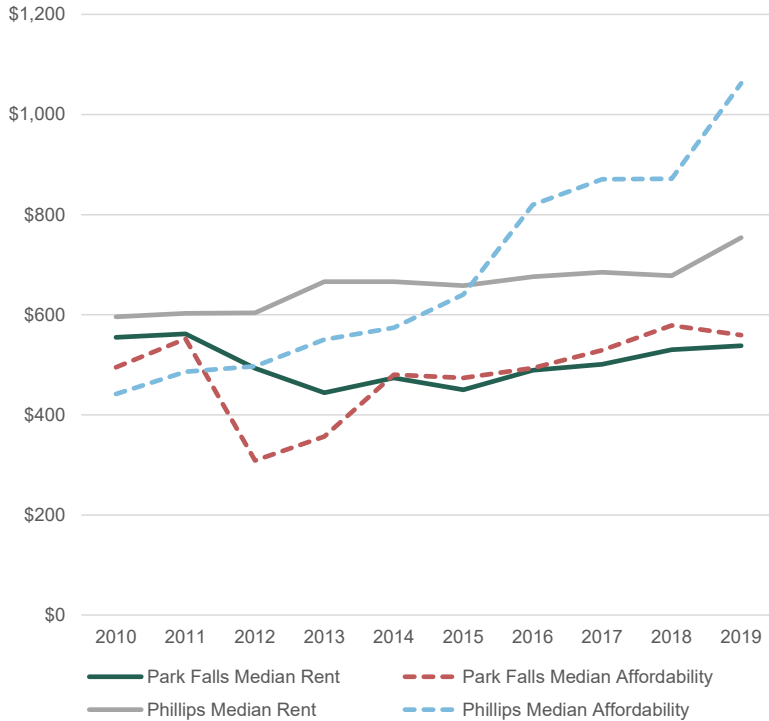
Unit Type	Number of Units	% of Total Rental Units
1-unit detached	140	31.8%
1-unit attached	28	6.4%
2-4 unit	86	19.5%
5-19 unit	74	16.8%
20+ unit	35	8.0%
Mobile Home	77	17.5%

Source: American Community Survey 5-Year Estimates



# AFFORDABILITY TRENDS

## RENTAL COST & INCOME



GENERAL MEASURES AND TRENDS in affordability are a contrast of current incomes compared to current costs. One measure is whether or not the median renter household can afford the median rental unit, which is a measure of choice. If yes, 50% or more of all rental units would be available to that household. If no, choice is restricted and market supply and demand are unbalanced. As renters in Phillips have higher incomes than their peers in Park Falls, rents are more generally affordable to renters in Phillips (even with higher rental costs overall).

In Park Falls, gross rental cost has fallen over the past decade, and is just now approaching levels they were at in the beginning of the decade. Even with stagnation in rental cost inflation, the affordability limit for the median renter household has historically tracked closely with the median rental cost - and has been relatively affordable since 2014.

Source: American Community Survey 5-Year Estimates

## UNIT RENTS



Source: American Community Survey 5-Year Estimates

# RENTAL HOUSING COST

RENTER HOUSEHOLDS in Park Falls and Phillips currently pay similar amounts for 1-bedroom rental units in the market. As the number of bedrooms needed increases, the median rent in Phillips increases much more quickly than in Park Falls. Within the market, however, there is significant variation in unit costs expected with variance in age of construction, location, and amenities.

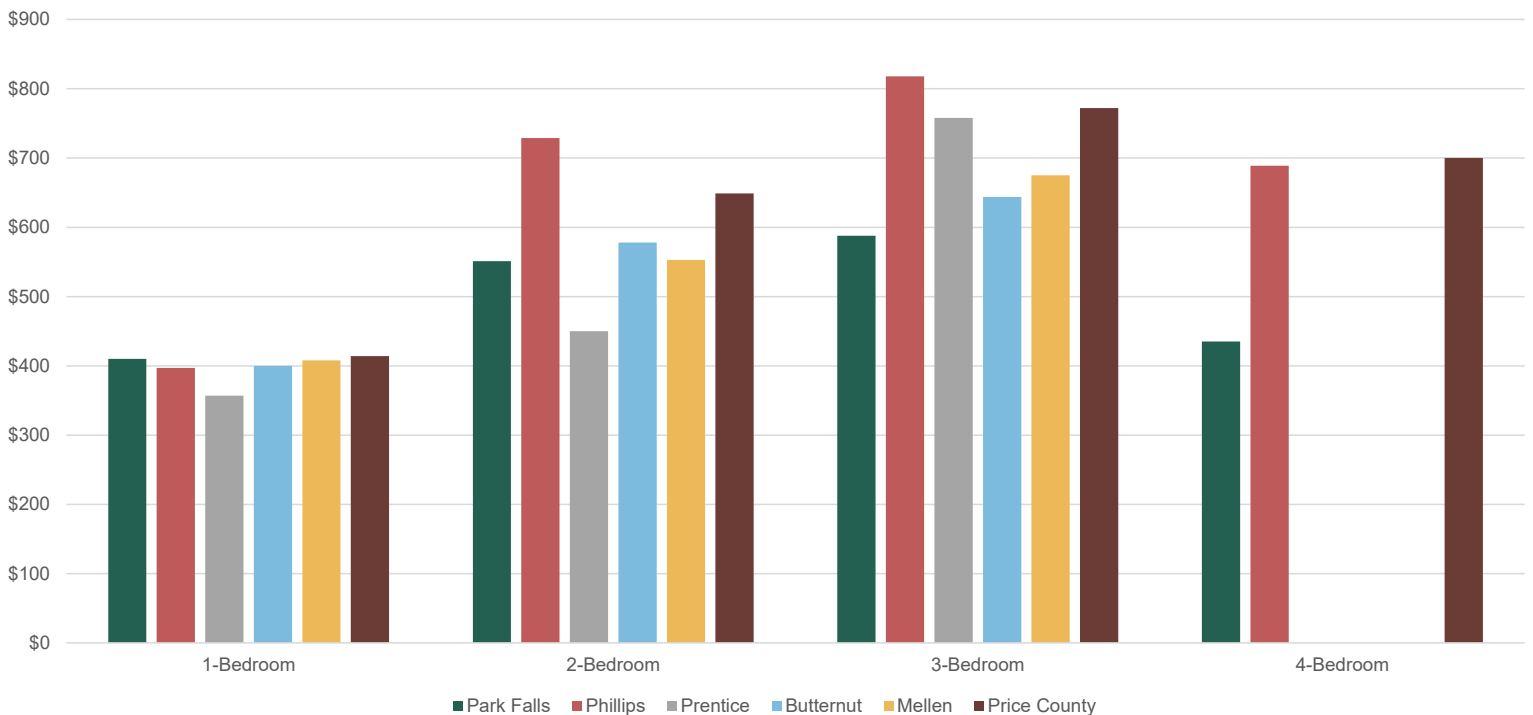
Among peer communities, Phillips has the highest rental costs in the region, while Park Falls has some of the lowest. This is not solely due to the presence of subsidized housing in the community, as Park Falls has more rental units than any other community in the County - so this average includes many other lower-cost units that exist naturally in the market. Matching affordability between employment and resident needs was identified in nearly every conversation in this process, and remains a top concern.

## MONTHLY MEDIAN GROSS RENT ESTIMATES

	Park Falls	Phillips	Price County
1 Bedroom	\$410	\$397	\$414
2 Bedroom	\$551	\$729	\$649
3 Bedroom	\$588	\$818	\$772
4 Bedroom	\$435	\$689	\$700
All Bedrooms	\$538	\$754	\$698

Source: American Community Survey 5-Year Estimates

## RENTAL UNIT COST



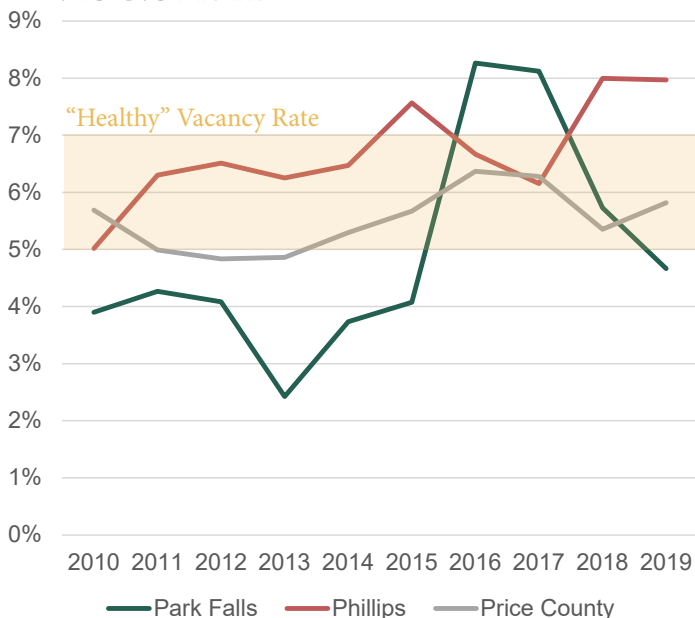
# VACANCY RATE

VACANCIES in the rental market are important to continued access and affordability - ensuring that employees and residents entering the market have suitable housing available. Healthy vacancy rates are considered to be between 5% and 7% of all units. This falls within the assumed vacancy for new development (5%), allows turnover and growth in population, keeps rental cost increases to appropriate amounts, and provides a general balance between landlord and tenant.

The U.S. Census Bureau provides numbers for rental vacancy in the region, utilizing moving averages over multiple survey years. Because these vacancy figures utilize a 5-year moving average, recent trends are often not as pronounced as they would be in 1-year snapshots were available. This means that the vacancy rate - in Park Falls in particular - is likely lower than data shows.

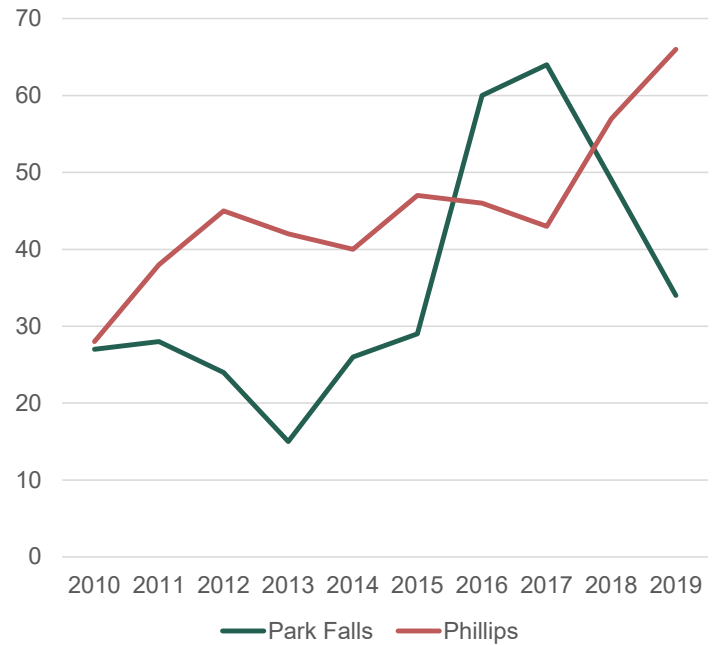
In general, low vacancy increases competition for units, and as a byproduct can force lower-income households to rent any unit available just to ensure they have access to housing - often at a price point higher than they can afford. It also makes it harder for residents at all income levels to find suitable housing, and increases the difficulty of attracting new residents and employees due to an overall lack of available units within the market and region.

## VACANCY RATE



Source: American Community Survey 5-Year Estimates

## RENTAL UNIT VACANCIES



Source: American Community Survey 5-Year Estimates

### INCREASING SUPPLY and increasing vacancy of rental units in the community would be healthy for the housing market - particularly in Park Falls.

Doing so would allow potential residents, employees, and commuters that prefer smaller markets the opportunity to move into the community. It would also allow healthy turnover of units within the market providing more choices of housing for current residents, and allow residents to self-select into housing of both an appropriate size and type.

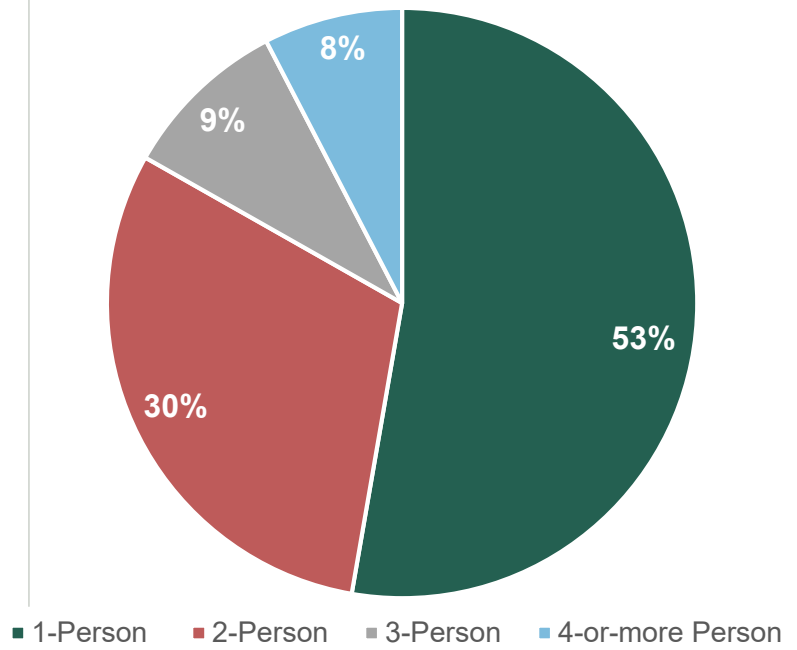
The significant decrease in rental vacancy from 2016 to 2019 within Park Falls and the County is indicative of increased demand, and property owners, managers, and employers interviewed for the study did not report significant vacancies. The City of Phillips has a currently elevated vacancy rate - but due to higher renter incomes could accommodate additional units due to the proximity and shared market with the City of Park Falls.

# RENTAL HOUSING SIZE

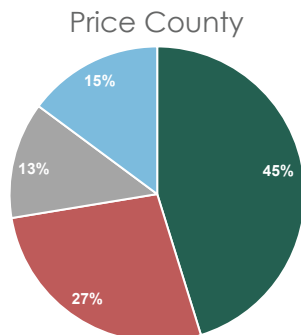
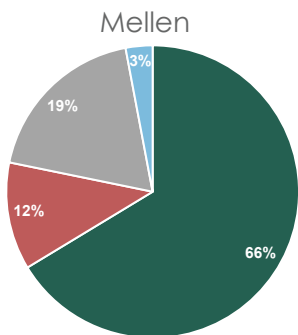
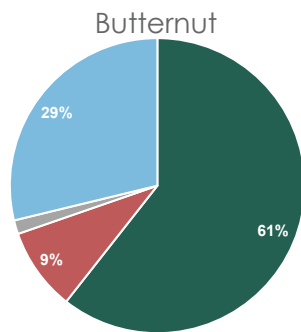
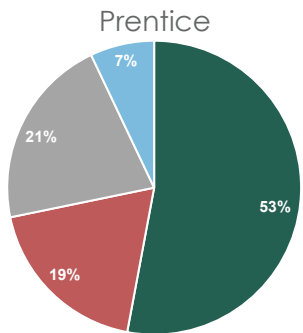
HOUSEHOLD SIZE is important to the housing market, as larger households require units with more bedrooms so as not to be overcrowded (more than 1 person per room), and smaller households do not need the space available in larger units. While renter households generally have smaller household sizes, growth trends have shown decreasing household sizes for all tenures over recent years. This is consistent with data from the Community Survey, in which only 37% of respondents indicated having children under the age of 19 in the home. **In the rental market, especially for low- and moderate-income family households, maintaining access to 3+ bedroom units will be important to grow population as 20- to 34-year olds have children - yet 1 and 2 bedroom units are most critical for the increasing number of aging adults.**

Overall, the current market for rental housing largely exists among smaller households. In Park Falls, 83% of all renter households are 1 or 2 people. Phillips is 63% 1- or 2-person households, with 25% of the renters households in the market being 4 or more in size. This is likely due to the units available in the market, which attracts larger households while still in easy proximity to other cities in the region.

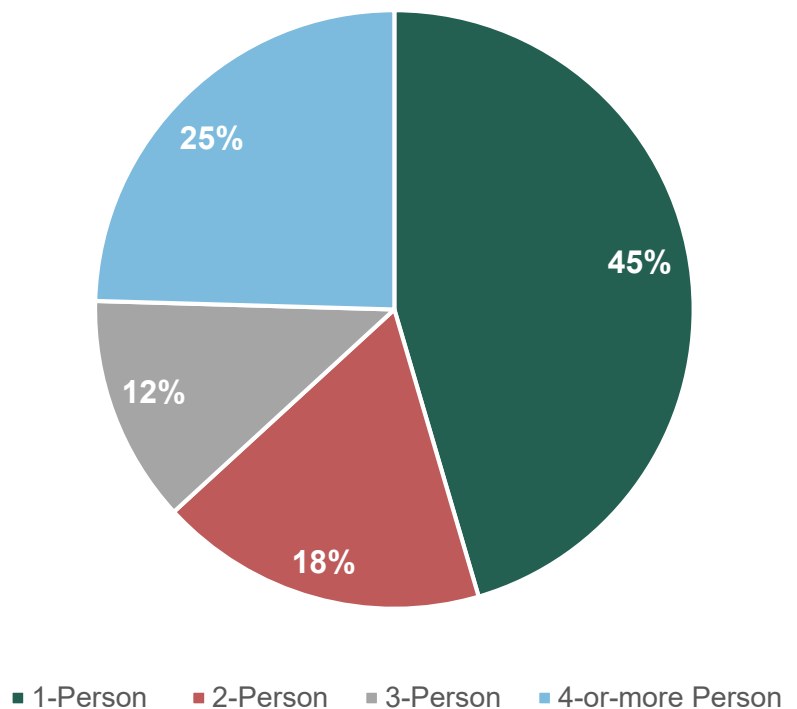
RENTER HOUSEHOLD SIZE - PARK FALLS



RENTER HOUSEHOLD SIZE



RENTER HOUSEHOLD SIZE - PHILLIPS



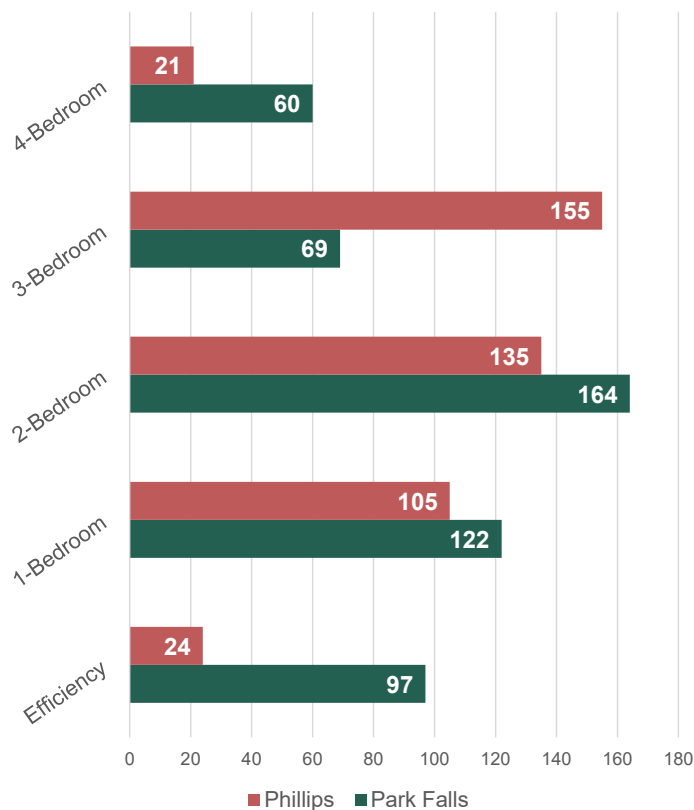
Source: American Community Survey 5-Year Estimates

# RENTAL HOUSING SIZE

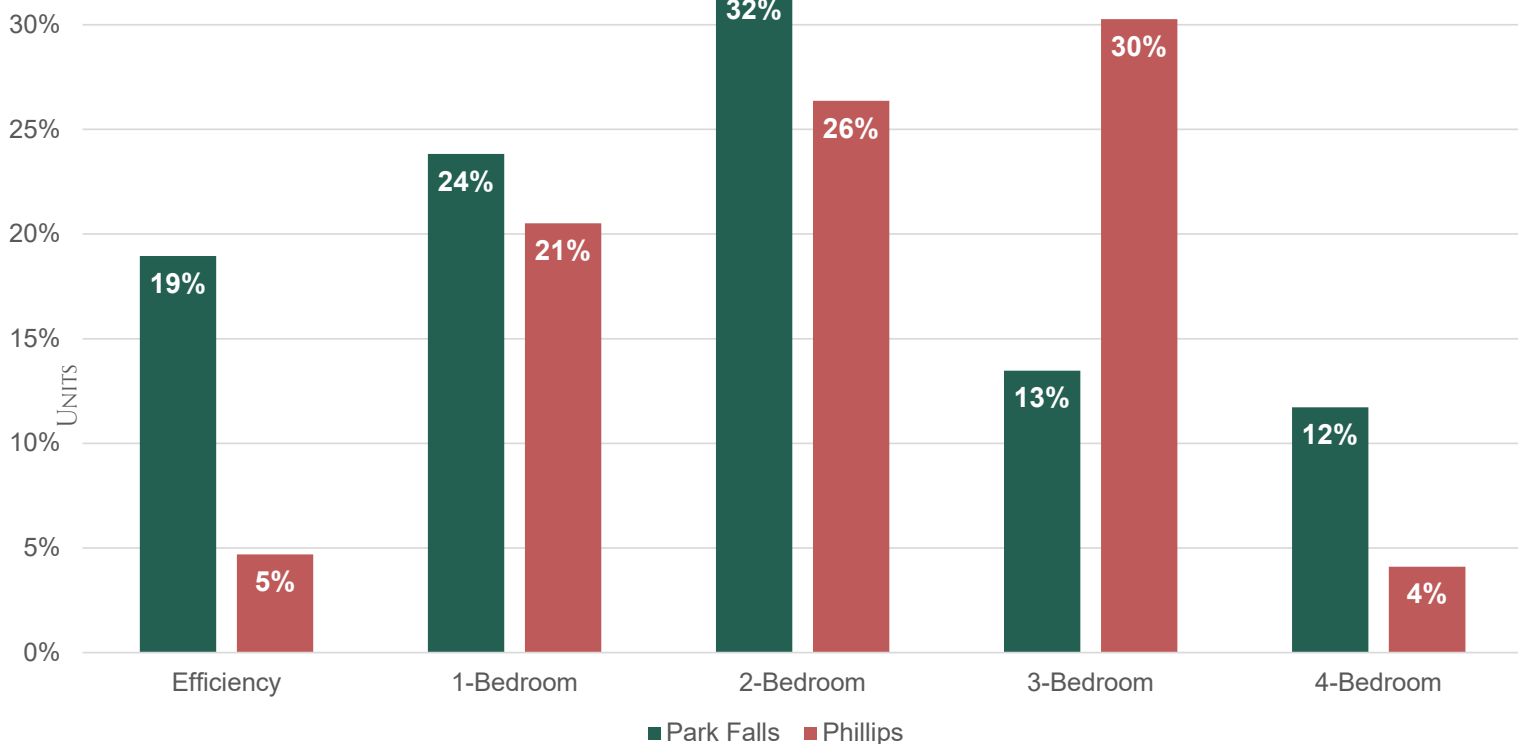
HOUSING UNIT SIZE works to not only match the requirements of households based on family size, but also preferences for additional space - for example, the expanding need for housing that includes room for office spaces and other work-from-home accommodations. Several survey responses as well as interview participants indicated a belief that Park Falls and Phillips have the potential to attract larger number of work-from-home or telecommuter residents in the future if adequate housing exists.

**One key amenity that was often mentioned in interviews is access to high-speed internet connections, which exist in the cities but less so in the surrounding towns.** As many rural areas struggle with access, this amenity could work to further attract not just telecommuting residents who prefer smaller town accommodations, but as a general amenity for new residents who are considering employment in the region. Even a small change in preference to work from home or more remote locations could have a significant impact on the rental housing market, as well as preferences for size of housing.

NUMBER OF BEDROOMS - RENTAL



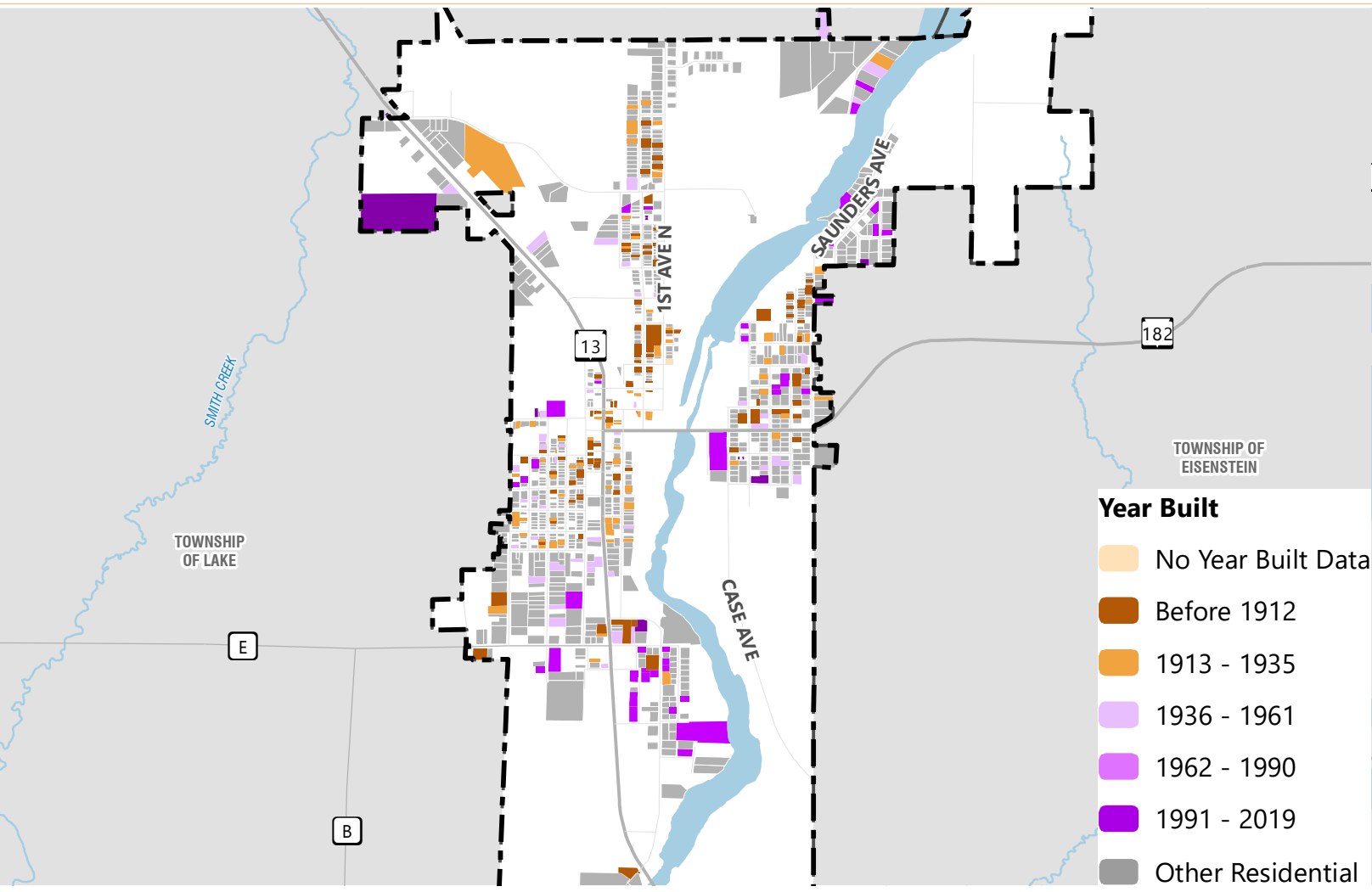
RENTAL UNITS BY Number of BEDROOMS



Source: American Community Survey 5-Year Estimates

# RENTAL AGE

MAP: PARK FALLS RENTAL UNIT AGE



PARK FALLS' rental market consists of a variety of housing types with varying ages of construction. Many of the oldest rental units in the City are single-unit structures, consistent with general past development patterns. There are also significant larger-unit rental structures built more recently.

Overall, the majority of all the rental units in the market were constructed prior to 1959 - and when compared with low rents are likely in need of significant updates and potentially repair. These are often, however, also the most affordable rental units that exist naturally (without subsidy) in the community. While construction decreased from the 1990s into the 2000s, recent conversion of historic structures into rental units and new development have helped add new units to the market.

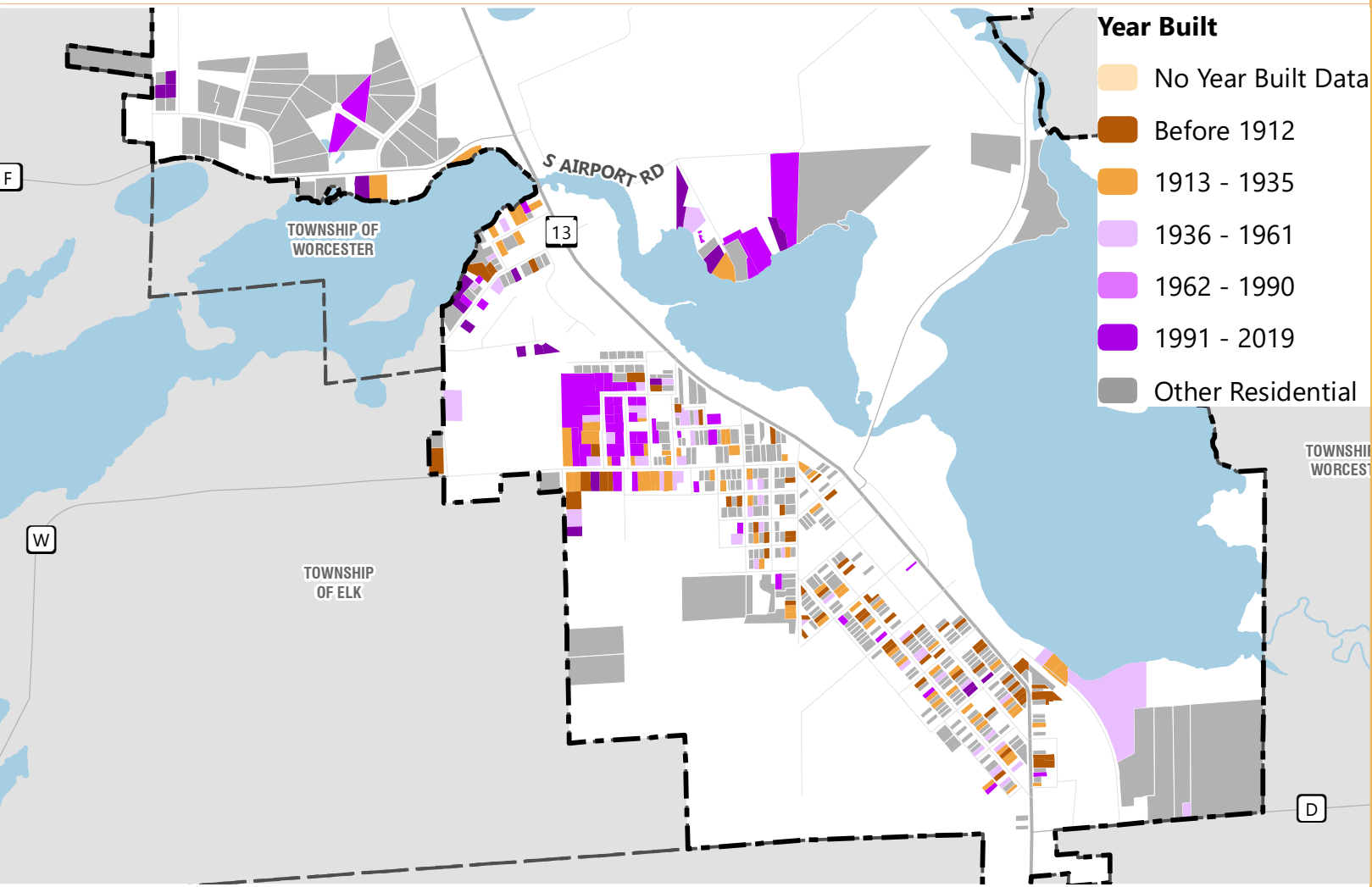
RENTAL UNITS - YEAR BUILT

Unit Type	Number of Units
1959 or Earlier	292
1960 to 1989	122
1990 to 1999	25
2000 to 2009	10
2010 or Later	63

Source: American Community Survey 5-Year Estimates

# RENTAL AGE

MAP: PHILLIPS MULTI-UNIT AGE



PHILLIPS' rental market also consists of a variety of housing types with varying ages of construction, though the majority are newer than the rental housing in Park Falls and may explain some of the increased overall cost of rental units.

Pace of development in Phillips for rental housing was largely consistent in both the 1990s and early 2000s, with 86 and 80 units built in each decade respectively.

Recent development (post-2009) has largely not kept the same pace within the market, and limited units have come online in the past decade. While there have been fewer units overall in the past decade constructed in Phillips, units are still newer *on average*, and can be an important consideration of where residents choose to live.

RENTAL UNITS - YEAR BUILT

Unit Type	Number of Units
1959 or Earlier	148
1960 to 1989	111
1990 to 1999	86
2000 to 2009	80
2010 or Later	15

Source: American Community Survey 5-Year Estimates

# EXAMPLE - CONSTRUCTION COST

## 2-BEDROOM RENTAL (NEW CONSTRUCTION)

Example 2-Bedroom Unit Construction & Land Cost = \$150,000			
Equity to Cost Ratio	20%	Loan to Cost Ratio	80%
Required Equity	\$30,000	Mortgage Loan	\$120,000
Annual Pre-tax Distribution Rate	10%	Mortgage Interest Rate	5%
Cash Payments for Equity	\$3,000	Debt Service	\$7,750
Net Operating Income		\$10,750	
Operating Expenses		\$2,500	
Real Estate Taxes		\$3,000	
Replacement Reserve		\$450	
Effective Gross Revenue		\$16,700	
Vacancy (5% required assumption)		\$835	
Gross Potential Income		\$17,535	
<b>Breakeven Annual Rent</b>		<b>\$17,535</b>	
<b>Breakeven Monthly Rent</b>		<b>\$1,460</b>	

Source: Construction and Land Cost Estimates

There is a Need for new rental construction in the combined housing market of both cities that serves both affordable and workforce market segments. Higher-income earning households can afford most if not all rents that currently exist within the market, but low-income households up to 50% AMI still struggle to balance rent with other fixed costs of living. While some high-cost rental units could be developed, they likely would take the form of single-family detached homes on larger lots. However, lower-income households largely cannot afford new construction - even in rental units.

Construction cost and the requisite rents to cover debt service, reserves, and operating expenses even under a conservative example necessitate rents that would be unaffordable for low-income residents. **Simply, construction costs are a direct barrier to continued business and job expansion.**

**To ensure expanded opportunities and units that meet the needs of all residents, subsidies are needed to offset construction costs to make more units affordable**, in combination with rehabilitation programs to ensure continued unit adequacy at affordable cost for existing aging units.



# EXAMPLE - AFFORDABILITY

	Monthly Housing Cost Limit		Persons in Household					
			1	2	3	4	5	6
Price County	\$1,550 (100% AMI)	Extremely Low Income (30% AMI)	\$378	\$436	\$549	\$663	\$776	\$890
		Very Low Income (50% AMI)	\$629	\$719	\$809	\$898	\$970	\$1,041
		Low Income (80% AMI)	\$1,006	\$1,150	\$1,294	\$1,436	\$1,551	\$1,666

Source: American Community Survey 5-Year Estimate Family Income Adjusted per HUD FY Income Limits

Households marked by red in the Housing Affordability Limit table above would not be able to afford the 2-bedroom new construction rental unit in the example.



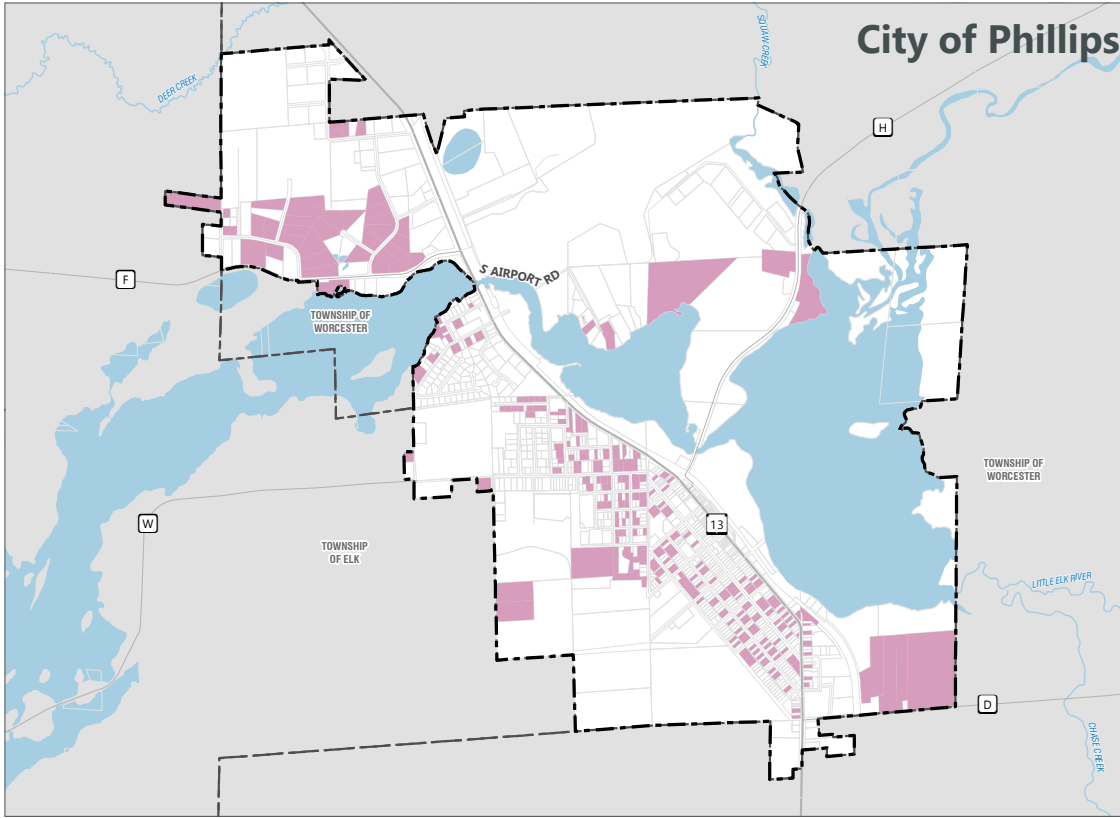


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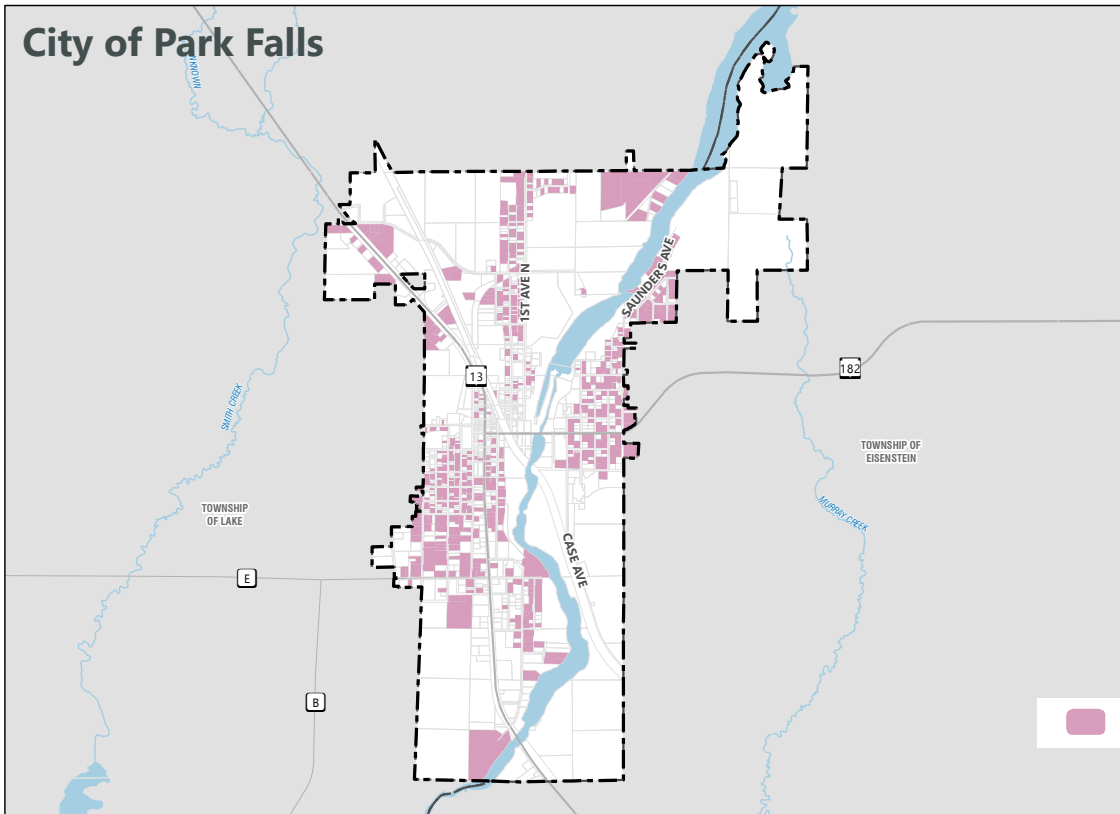
OWNERSHIP  
MARKET

Demand & Supply

# OWNERSHIP MARKET



MAPS:  
OWNERSHIP  
UNITS



# AFFORDABILITY LIMITS IN THE OWNERSHIP MARKET

INCOME OF RESIDENTS is central to housing affordability. For ownership opportunities, this largely refers to the “purchasing power” of a given household based on known incomes. Though the housing market extends outside of both Park Falls and Phillips, and the cities have a large commuter-share from the larger region, incomes shown below illustrate the median for current residents of the County.

The US Department of Housing & Urban Development income limits for Price County provides income ranges and categories found below, which reflect incomes for households with the greatest housing needs adjusted for household size.

## PRICE COUNTY INCOME CATEGORIES

	Median Family Income		Persons in Household					
			1	2	3	4	5	6
Price County	\$62,000 (100% AMI)	Extremely Low Income (30% AMI)	\$15,100	\$17,420	\$21,960	\$26,500	\$31,040	\$35,580
		Very Low Income (50% AMI)	\$25,150	\$28,750	\$32,350	\$35,900	\$38,800	\$41,650
		Low Income (80% AMI)	\$40,250	\$46,000	\$51,750	\$57,450	\$62,050	\$66,650

Source: American Community Survey 5-Year Estimate Family Income Adjusted per HUD FY Income Limits

PURCHASE LIMITS based on the incomes above illustrate the general amount a household could afford in the housing market without becoming housing cost burdened. The median income household in the County could afford a \$208,320 home purchase from annual income of \$62,000, assuming a low-downpayment mortgage loan product (FHA, USDA, or similar).

## PRICE COUNTY OWNERSHIP “AFFORDABILITY” LIMITS

	Purchase Limit		Persons in Household					
			1	2	3	4	5	6
Price County	\$208,320 (100% AMI)	Extremely Low Income (30% AMI)	\$50,803	\$58,598	\$73,786	\$89,107	\$104,294	\$119,616
		Very Low Income (50% AMI)	\$84,538	\$96,634	\$108,730	\$120,691	\$130,368	\$139,910
		Low Income (80% AMI)	\$135,206	\$154,560	\$173,914	\$192,998	\$208,454	\$223,910

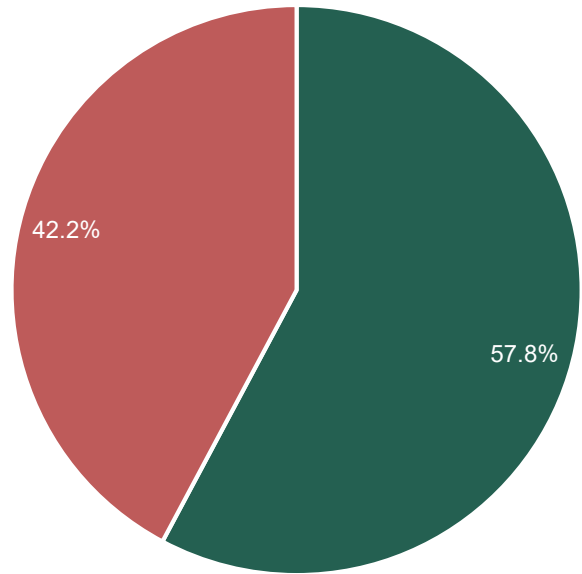
Source: American Community Survey 5-Year Estimate Family Income Adjusted per HUD FY Income Limits

# TENURE IN THE HOUSING MARKET

TENURE refers to the financial arrangements by which someone has a right to live in a housing unit, generally either owning or renting.

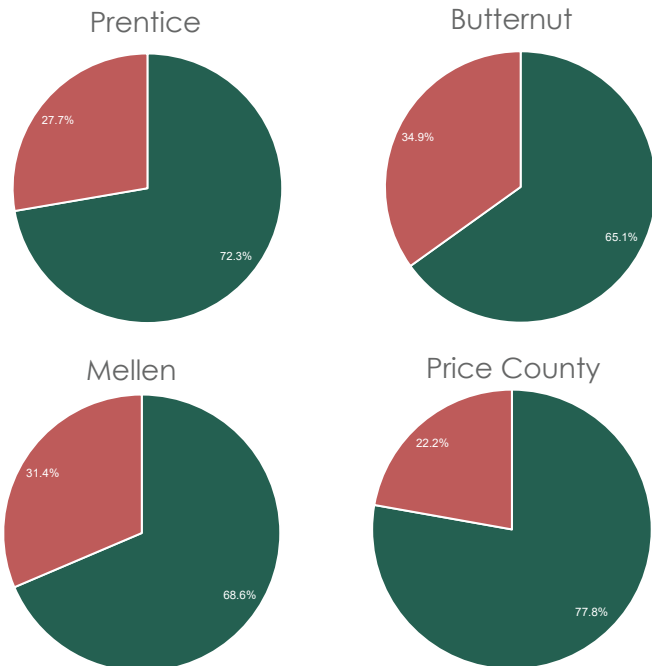
**The current percent of ownership households in both Park Falls and Phillips is less than in most regional peer communities, as well as for the County as a whole.** While this makes them slightly out of line for the region, as the largest cities in the County, they have historically seen the greatest investment in development of rental housing stock. They are also the location of major employers within the County, and require lower-cost options (often rental housing) to accommodate the workforce of the area.

TENURE - PARK FALLS

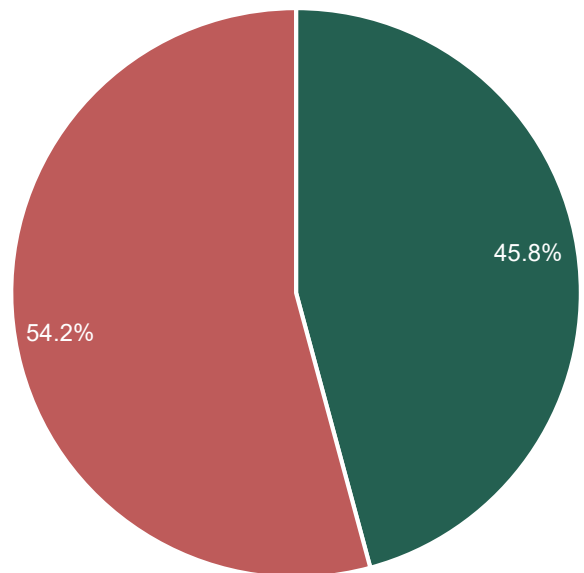


■ Owner Households ■ Renter Households

## REGIONAL TENURE COMPARISONS



TENURE - PHILLIPS



■ Owner Households ■ Renter Households

Source: American Community Survey 5-Year Estimates

# TENURE BY INCOME

**MANY OWNERS in both Park Falls and Phillips are households that earn above the median income for the County.** This is not an uncommon occurrence, as increased income opens up increased ownership opportunities and eases costs associated with homeownership (downpayment, taxes, etc.). However, ownership housing stock within both cities is also more affordable than owner housing stock in the larger region and towns, which means there are also many owner households who are below the County Median income - and significant shares of owners in each city that are low-income (partially due to older residents).

Lower-income households that own their housing may be attracted to the general lower cost of housing compared to other areas of the region - but as mentioned above they also often represent older homeowners who have entered retirement and seen significant loss in income, which brings new challenges. Although these owners may own their home free and clear, they may struggle with property tax payments, upkeep, and other factors of homeownership that require continual maintenance funds or physical requirements that aging populations sometimes struggle to meet.

Income and tenure trends in both municipalities indicate that households have historically had the ability to transition from rental to ownership housing at about 50% AMI - which equates to approximately \$36,000 annually for a family of 4.

## HOUSEHOLDS, INCOME & TENURE, PARK FALLS

Income	Renters	Owners	Total
0% - 30% AMI	159	79	238
31% - 50% AMI	150	75	225
51% - 80% AMI	65	155	220
81% - 100% AMI	40	74	114
>100% AMI	55	335	390
Total	469	718	1,187

Source: HUD Comprehensive Housing Affordability Strategy (2017)

## HOUSEHOLDS, INCOME & TENURE, PHILLIPS

Income	Renters	Owners	Total
0% - 30% AMI	90	68	158
31% - 50% AMI	39	35	74
51% - 80% AMI	90	75	165
81% - 100% AMI	44	34	78
>100% AMI	79	154	233
Total	342	366	708

Source: HUD Comprehensive Housing Affordability Strategy (2017)

# OWNER HOUSING STRESS

## COST BURDENED OWNER HOUSEHOLDS

Municipality	# with Cost Burden (> 30%)	No Cost Burden	% Cost Burdened
Park Falls	140	561	20.0%
Phillips	103	269	27.7%
Prentice	26	196	11.7%
Butternut	29	94	23.6%
Mellen	35	186	15.8%
Price County	1,134	4,072	21.8%

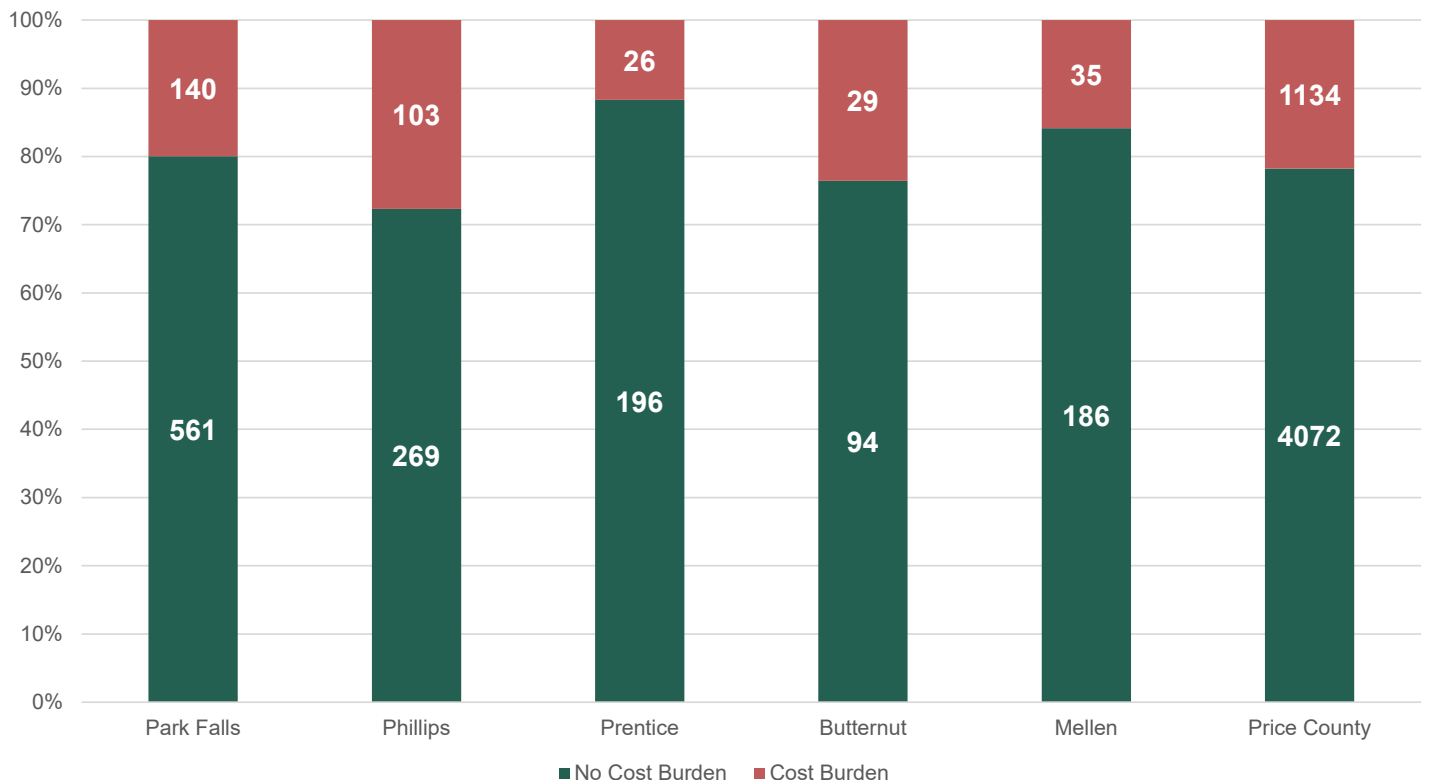
Source: American Community Survey 5-Year Estimates

HOUSING STRESS is measured by cost burden, which reflects the amount of income a household pays for total housing costs. **While the rental housing market in the region is marked by relatively high levels of cost burden (especially within Park Falls), the ownership housing market has significantly reduced levels of burden in comparison.**

Further - for those households in the ownership market who do experience cost burden, they are much less likely to experience severe cost burden (> 50% income toward housing costs). While housing is a necessity, so all households must participate in the market in some aspect, owner households largely have the financial resources available to choose to purchase their housing.

An effect of that choice is that in order to qualify for a home purchase, potential owner households must meet underwriting standards - an aspect of the market that drastically reduces the cost risk associated with owning, as borrowers are more likely to have higher incomes and increased access to credit. Most cost-burdened owner households enter cost burden either through income shock (leaving a job) or retirement.

## COST BURDENED HOUSEHOLDS (2019)



Source: American Community Survey Estimates (2019)

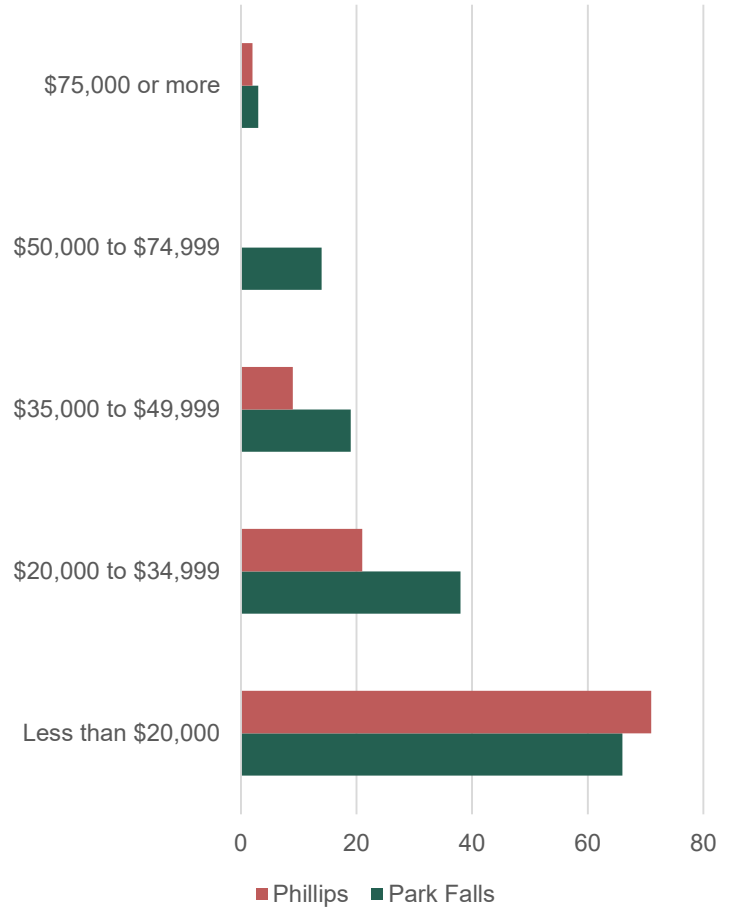


# OWNER STRESS BY INCOME

**OWNER HOUSING STRESS** in both Park Falls and Phillips exists almost entirely within low-income households. Important to consider is that for households above this amount - 80% AMI or greater, cost burden is less impactful than for low-income households if it exists as it does not reduce the amount of income available for other fixed costs of living. Even accounting for increased housing costs, costs associated with fixed-cost goods (childcare, healthcare, food, etc.) allow more flexibility within a monthly budget to allow some levels of cost burden while maintaining financial stability. For lower-income households, there is less room for increased costs or unexpected expenditure.

**In ownership unit mismatch, homes available in the market are generally oversupplied in the lower-cost market when considering incomes for the County as a whole.** This is consistent with known lower housing costs in the area (lower in the cities than other areas of the County) - but is also reflective of slightly lower incomes in the City that have historically driven housing production. Notably, these “gaps” need to be compared with general housing purchase power for incomes at each level. While many owners are over 100% of the County Median Income (AMI), the purchase limit while maintaining affordability for a household of 4 earning exactly the median would be \$208,320.

**COST BURDENED OWNER HOUSEHOLDS BY INCOME**



**OWNERSHIP UNIT MISMATCH, PARK FALLS**

Income Range	Owner Households	Ownership Units Available	Over-/Under-Supply
0% - 50% AMI	154	585	+431
51% - 80% AMI	155	83	-72
81% - 100% AMI	74	29	-45
> 100% AMI	335	19	-316

Unit numbers are reflective of vacancy within the market  
Source: HUD Comprehensive Housing Affordability Strategy

**OWNERSHIP UNIT MISMATCH, PHILLIPS**

Income Range	Owner Households	Ownership Units Available	Over-/Under-Supply
0% - 50% AMI	103	274	+171
51% - 80% AMI	75	75	0
81% - 100% AMI	34	22	-12
> 100% AMI	154	0	-154

# OWNER UNIT CONSUMPTION

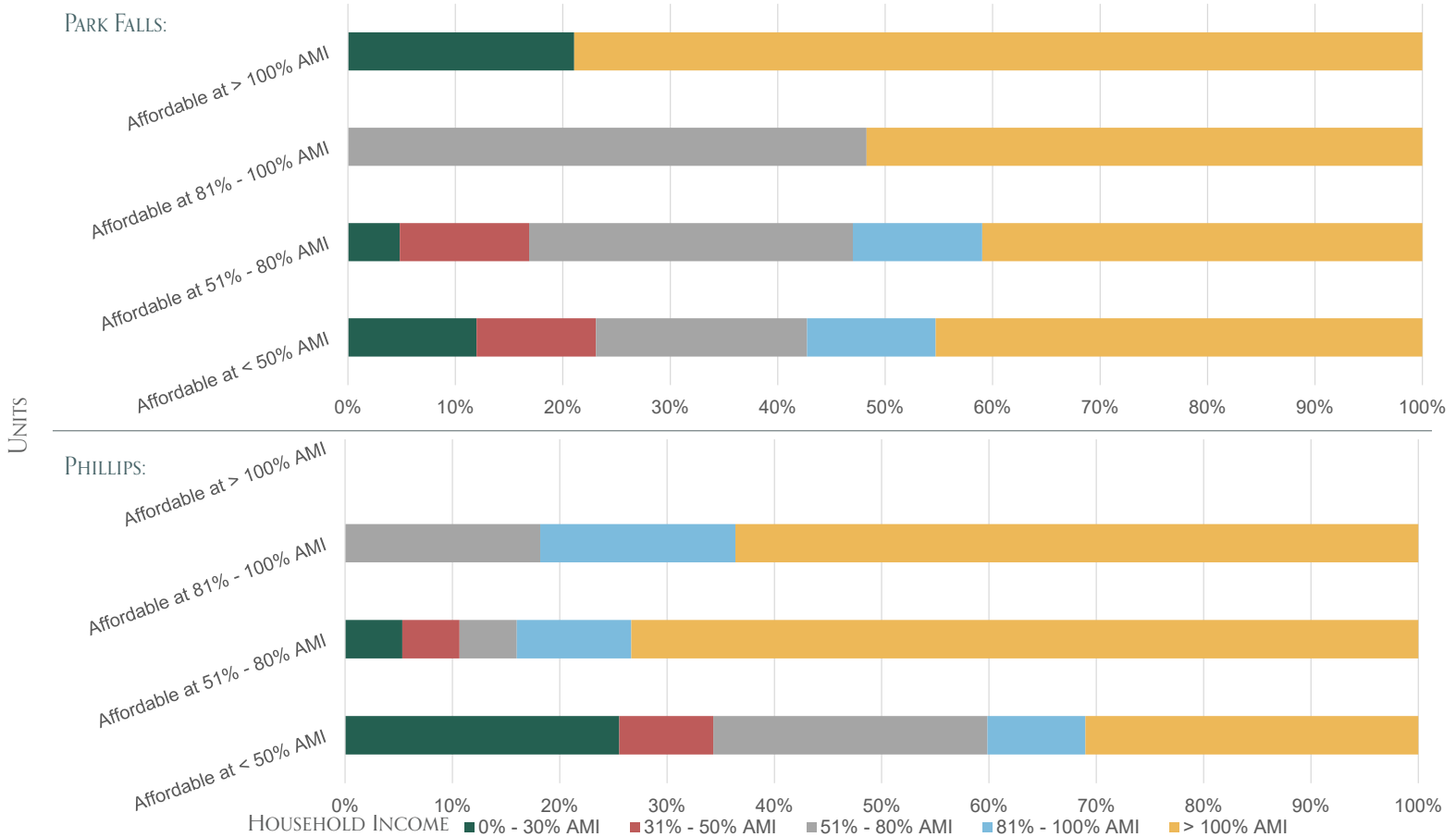
The U.S. Department of Housing & Urban Development tracks household incomes compared to the cost of the housing unit they live in. **Per HUD data, within both cities the largest share of ownership homes in the market should be affordable to households earning about 50% of the County's median income (about \$36,000 for a family of 4). Of these housing units, only about 25% are owned by households that fall into that income category in Park Falls, and about 35% in Phillips.** The remainder are owned by higher-income households, with nearly 45% being owned by households earning above the 100% of the in Park Falls.

**These homes are extremely affordable to higher-income households, and provide desirable affordable ownership options for high income earners. However, it does provide increased competition that can preclude lower-income earners from entering the owner housing market.**

Overall, the market at all levels is dominated by households earning over 80% AMI. These households are consuming units in the housing market that are very affordable to them - their relative incomes significantly lower housing cost burden, and income shares spent on housing costs are extremely low. While this is beneficial to these households, it can strain the market and ultimately increase sales prices in all housing ranges, from entry-level homes upward.

This is especially true as existing housing inventory is in low supply in the sales market. New housing construction precludes many households from building homes, and with less recent activity in the sales market (fewer homes being listed, increased competition for units, lowered months' supply), existing homes that were traditionally more affordable are quickly appreciating in response to these market demands.

OWNERSHIP UNIT CONSUMPTION (BY INCOME)



Source: HUD Comprehensive Housing Affordability Strategy

# OWNER UNIT CONSUMPTION - PARK FALLS

DISPARITY in ownership opportunity in Park Falls is apparent when looking at the distribution of homes, by occupant income, that have a lien on the property. The table below shows the household incomes of occupants of ownership housing both with and without a mortgage. Difference in mortgage status can generally be thought of as "purchased in the past 15-30 years" for homes with a mortgage and "purchased more than 15-30 years ago" for homes without a mortgage.

For units with a mortgage (generally representing more recent home purchases), 59% were purchased by households earning more than the

County median family income (\$62,000 for a family of 4). However, homeowners > 100% AMI own only 26% of homes without a mortgage. While some of this discrepancy is due to reduced income for retirees who have paid off their homes, it is also reflective of market value appreciation over a typical 30-year amortization period - those homes that have resold have sold for more.

Tightening lending standards and unit availability do have an impact on lower-income households within the market, but many are finding homes that they can purchase, especially households at middle-incomes that are greater than 50% of the County median income.

## OWNERSHIP UNIT HOUSEHOLD OCCUPANCY - PARK FALLS

	Ownership Units	Owner Household Income				
		0% - 30%	31% - 50%	51% - 80%	81% - 100%	>100%
Units With a Mortgage	Affordable at 50%	35	35	65	40	195
	Affordable at 51% - 80%	0	0	0	0	30
	Affordable at 81% - 100%	0	0	4	0	15
	Affordable at > 100%	0	0	0	0	15
Units Without a Mortgage	Affordable at 50%	35	30	50	30	70
	Affordable at 51% - 80%	4	10	25	10	4
	Affordable at 81% - 100%	0	0	10	0	0
	Affordable at > 100%	4	0	0	0	0

Source: HUD Comprehensive Housing Affordability Strategy  
This table represents 434 ownership units with a mortgage, and 282 with no mortgage or other lien on the property.

# OWNER UNIT CONSUMPTION - PHILLIPS

DISPARITY in ownership also exists within the Phillips ownership market. Again looking at the distribution of homes by occupant income that have a lien on the property, the table below shows the same data as the prior page - household incomes of occupants of ownership housing both with and without a mortgage in the City of Phillips. Mortgage status can generally be thought of as "purchased in the past 15-30 years" for homes with a mortgage and "purchased more than 15-30 years ago" for homes without a mortgage.

For units with a mortgage (representing more recent home purchases), 54% were purchased by households earning more than the County median family income (\$62,000 for a family of 4) - even though 68% of units are theoretically affordable to a family at 50% of the median income.

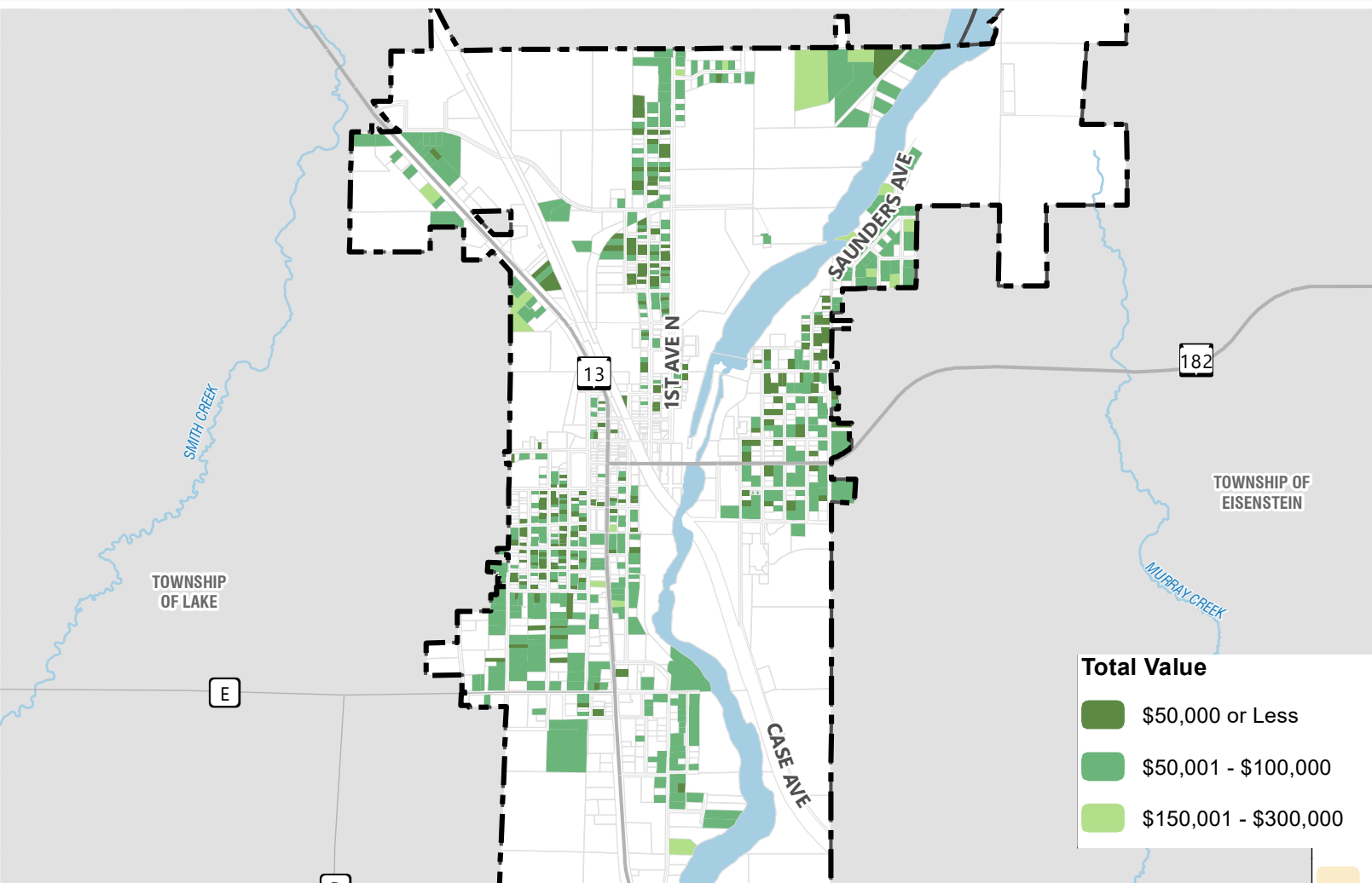
In Phillips homeowners > 100% AMI own only 31% of homes without a mortgage. While some of this discrepancy is again due to reduced income for retirees who have paid off their homes, it is also reflective of appreciating value within the market over a typical 30-year amortization period.

## OWNERSHIP UNIT HOUSEHOLD OCCUPANCY - PHILLIPS

	Ownership Units	Owner Household Income				
		0% - 30%	31% - 50%	51% - 80%	81% - 100%	>100%
Units With a Mortgage	Affordable at 50%	15	4	40	10	45
	Affordable at 51% - 80%	4	0	0	4	35
	Affordable at 81% - 100%	0	0	0	0	10
	Affordable at > 100%	0	0	0	0	0
Units Without a Mortgage	Affordable at 50%	55	20	30	15	40
	Affordable at 51% - 80%	0	4	4	4	20
	Affordable at 81% - 100%	0	0	4	4	4
	Affordable at > 100%	0	0	0	0	0

Source: HUD Comprehensive Housing Affordability Strategy  
This table represents 167 ownership units with a mortgage, and 204 with no mortgage or other lien on the property.

# SPATIAL AFFORDABILITY

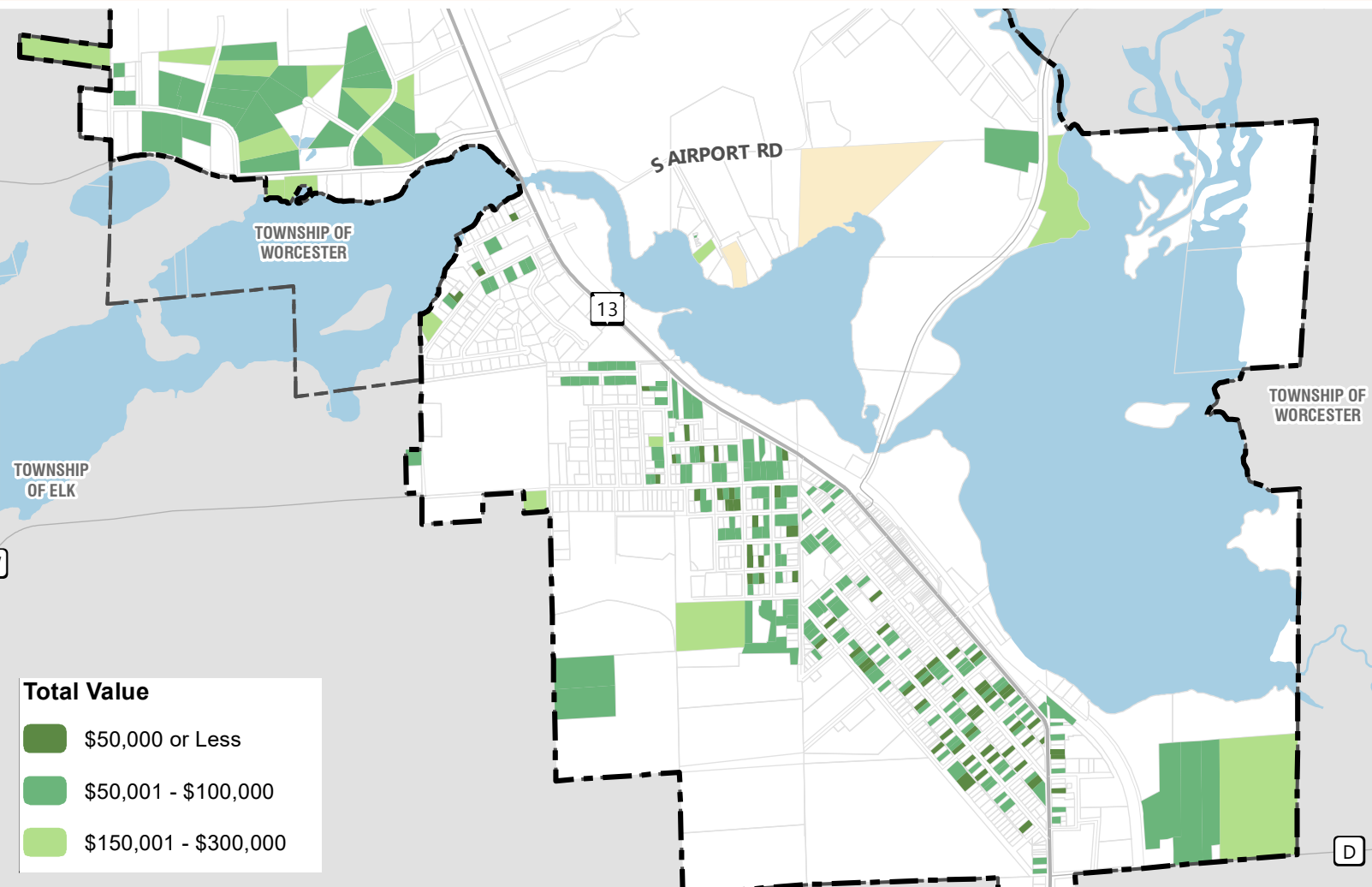


APPROXIMATE VALUE of homes in the City of Park Falls is mapped above, based on assessment records provided through the City and County. While this is not a perfect approximation of sales/cost value within the market, it does offer a baseline for estimation and comparison. This spatial availability of homes by assessed cost shows where opportunity for affordability exists in the City's housing market for residents at different income levels.

This map (also in Appendix A), illustrates the general affordability of smaller and older housing options within the community.

In general, affordable ownership options are located throughout the community in all residential areas - providing a variety of geographic choices for potential buyers within City limits. Maintaining this range of options across neighborhoods is key in ensuring new residents will be able to find housing in areas of their choosing, with different options available and suited to their household demographics.

# SPATIAL AFFORDABILITY



APPROXIMATE VALUE of homes in the City of Phillips is mapped above, based on assessment records provided through the City and County. While as before this is not a perfect approximation of sales/cost value within the market, it does offer a baseline for estimation and comparison. This spatial availability of homes by assessed cost shows where opportunity for affordability exists in the City's housing market for residents at different income levels.

This map (also in Appendix A), illustrates the general affordability of smaller and older housing options within the community.

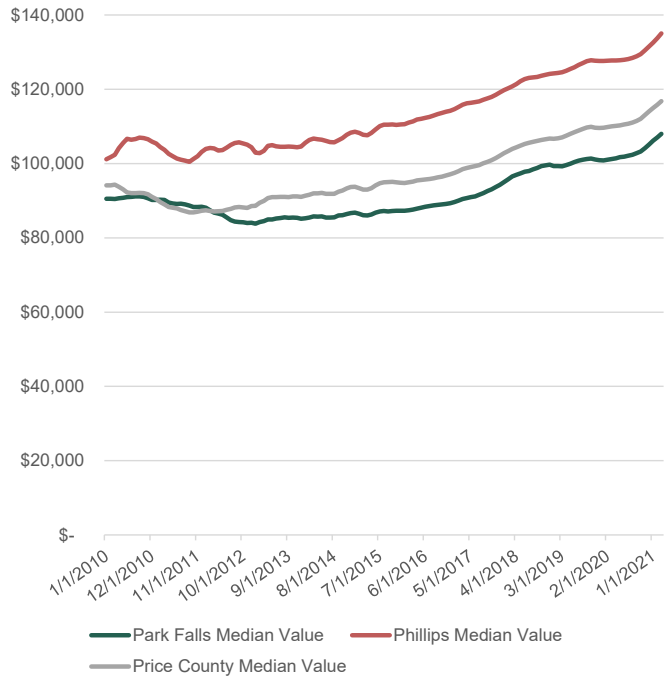
In general, affordable ownership options are located throughout the community in all residential areas - which provides a variety of geographic choices for potential buyers within City limits. Lots and homes with higher values do appear more often in areas associated with larger lot sizes, which is consistent with land costs that can move home costs up into higher brackets. Generally, maintaining this range of options across neighborhoods is key in ensuring new residents will be able to find housing in areas of their choosing, with different options available and suited to their household demographics.

# AFFORDABILITY TRENDS

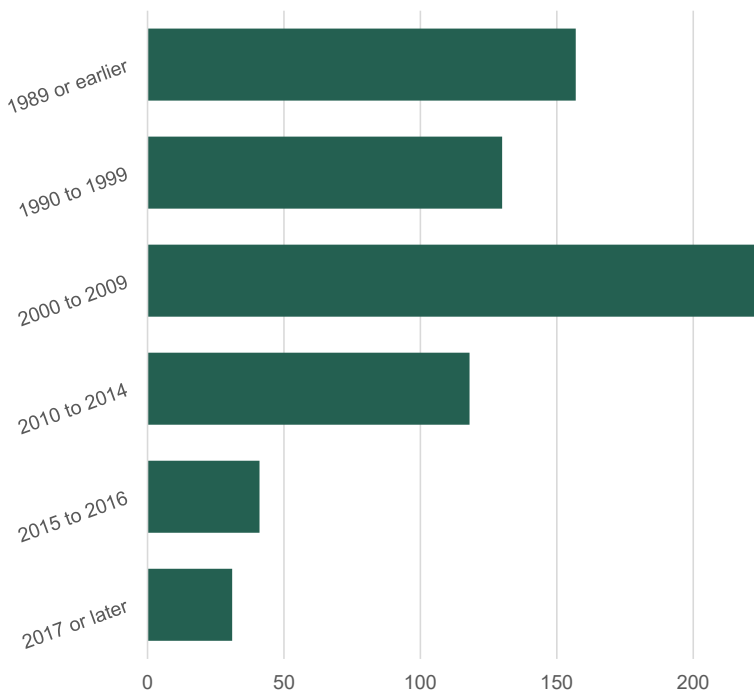
GENERAL MEASURES AND TRENDS in homeowner affordability have to do with market conditions in real estate markets and prospective buyer incomes at the time of purchase. Looking at housing in the Cities of Park Falls and Phillips as well as the County, home values historically peaked pre-Great Recession before seeing a decrease in value through the recession. The lowest home values occurred in the year 2012, with steady gradual increases in value since. All unit types have regained lost value associated with the recession, surpassing previous market highs by 2015 and continuing to rise since.

**Within both cities, the majority of owner households have remained in their home for extended periods of time, with many residing in their unit prior to 2009. These represent long-tenured homeowners who are residing in their homes longer than the 7-year national average.**

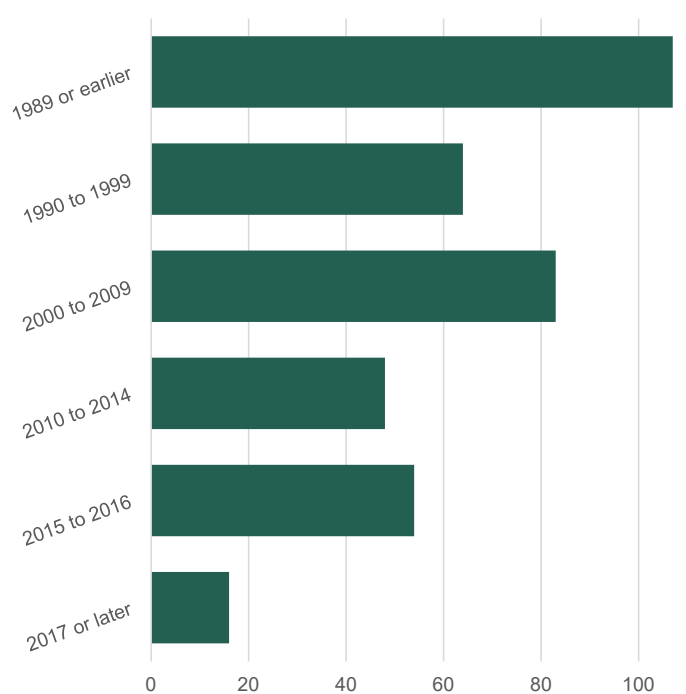
## SINGLE FAMILY HOME VALUES



## YEAR OWNER MOVED INTO UNIT, PARK FALLS



## YEAR OWNER MOVED INTO UNIT, PHILLIPS



Source: American Community Survey 5-Year Estimates

# AFFORDABILITY TRENDS

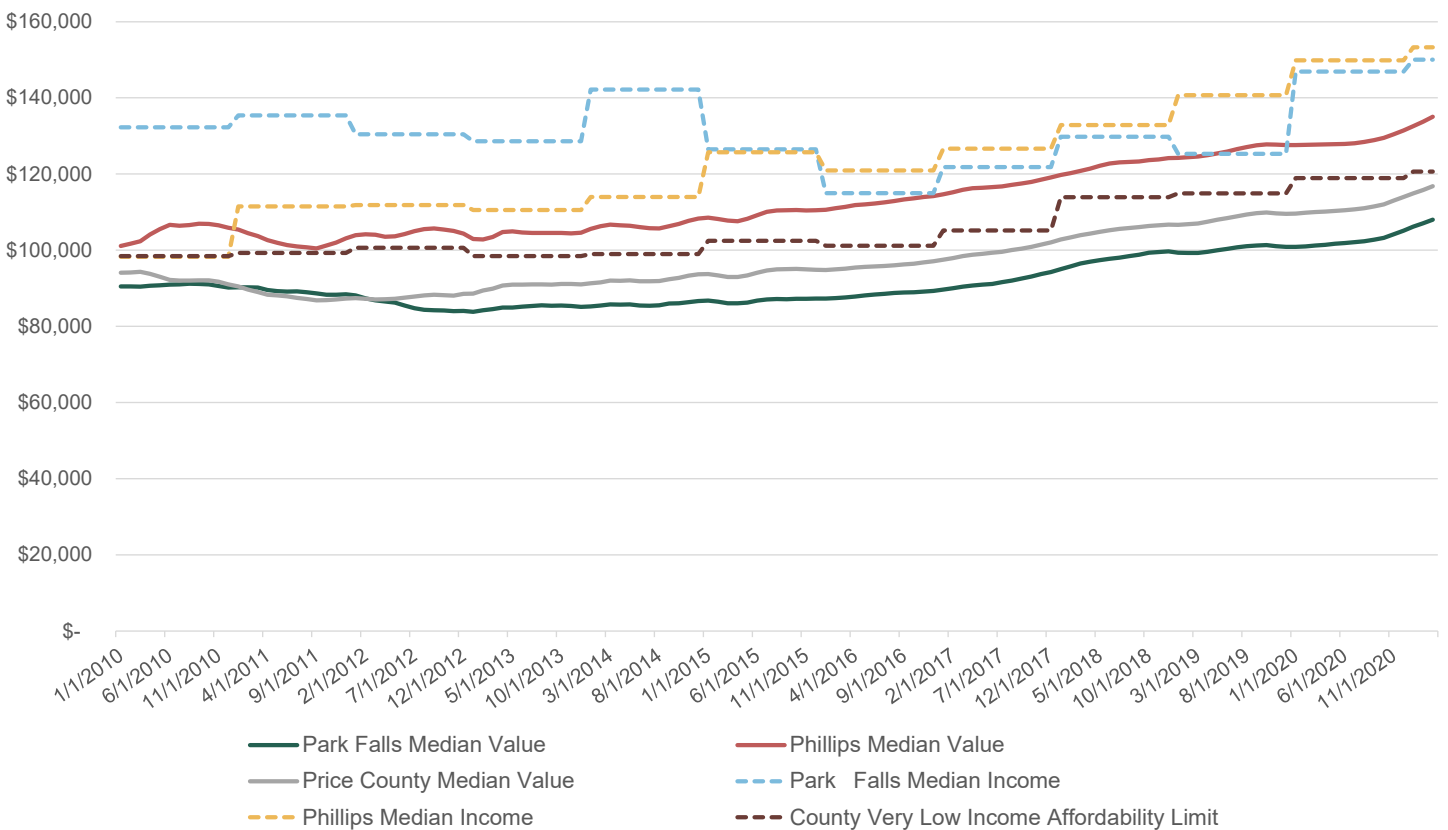
WHILE UNIT PRICE is an important factor in housing affordability, unit price must be compared with incomes and affordability levels to reflect a true measure of housing access. Both the cities of Park Falls and Phillips have experienced rising incomes for residents coming out of the recession - and for a time these incomes rose at a rate ahead of the real estate market - notably through 2015.

As noted previously, ownership options within the region are generally affordable to residents when compared to other areas of the region and State of Wisconsin. Historically, the median home in both Park Falls and Phillips was affordable to the median household in each respective City by income, and with recent estimated income growth this remains true. While income shocks (job loss, etc.) can still impact individual households, the market as a whole remains relatively affordable.

Across the larger region, the median single-unit home in the County has been historically affordable not just to the median household of the County, but also to households that qualify as very low-income (50% AMI). This means that while housing may be at times difficult to qualify for (requisite downpayment, credit worthiness, etc.), incomes match favorably with housing cost throughout the larger housing market.

Of note, the appreciation in market value of single-unit detached units has continued at a steady rate. This has accelerated in the past 12 months, a combination of reduced stock, historically low-interest rates, and households desiring more room. **The relative consistency in appreciation has added more than \$26,000 in value to the median home in the County since 2012 - creating an entry-point into the median ownership market requiring about \$7,500 more in annual income than at market bottom.**

SINGLE-UNIT AFFORDABILITY, MEDIAN VALUE



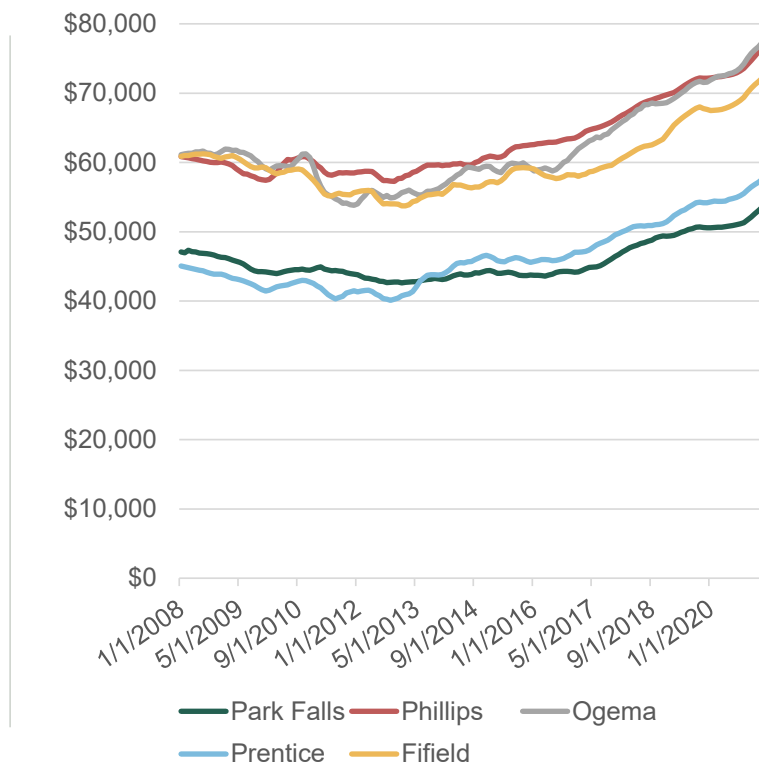


# AFFORDABILITY TRENDS

INCREASING SALES PRICES of houses in the cities and region directly impact monthly owner cost and affordability. While some homes are owned free and clear with monthly costs consisting solely of taxes and insurance, new borrowers are paying increasingly more for housing. Appreciation as well as the recent drastic cost increase of new construction places ownership entry costs into higher brackets year to year, and represent many of the higher monthly owner costs recorded.

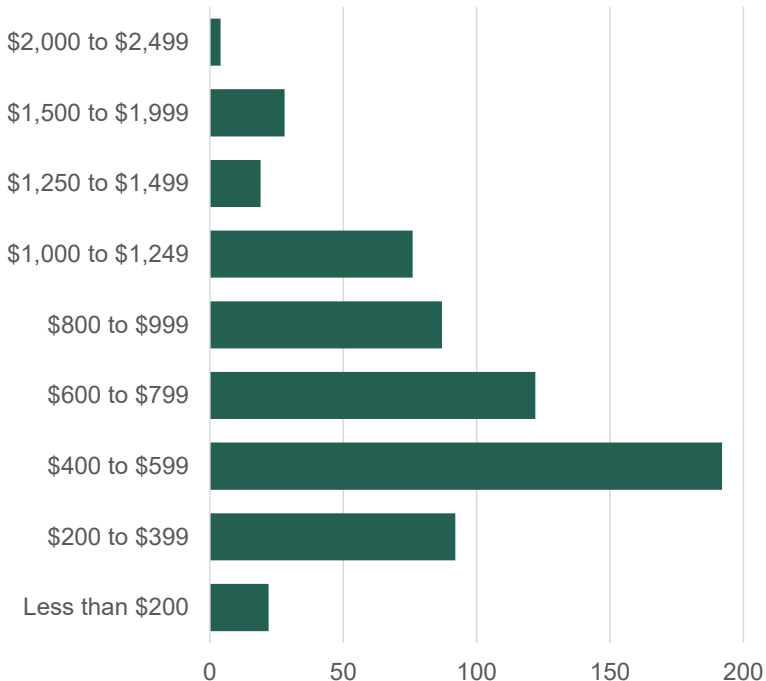
Even for starter homes, there has been a drastic increase as tracked through home values since market bottom. **Starter homes are more costly in the City of Phillips than other regional peer communities, and lowest in the City of Park Falls.** Starter home values in the City of Park Falls are most comparable to those of Prentice, while home values in Ogema have recently increased to a level similar to that in the City of Phillips.

STARTER HOME VALUE, 2007-2021



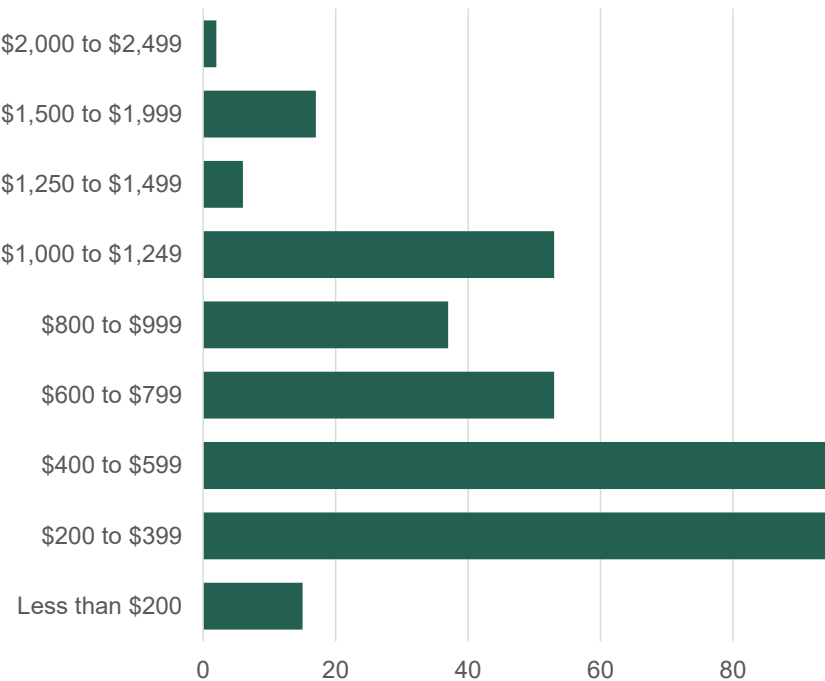
Source: ZHVI, "Starter Home" Represent the bottom 1/3 of all home values in each market.

MONTHLY OWNER COST, PARK FALLS



Source: American Community Survey 5-Year Estimates

MONTHLY OWNER COST, PHILLIPS

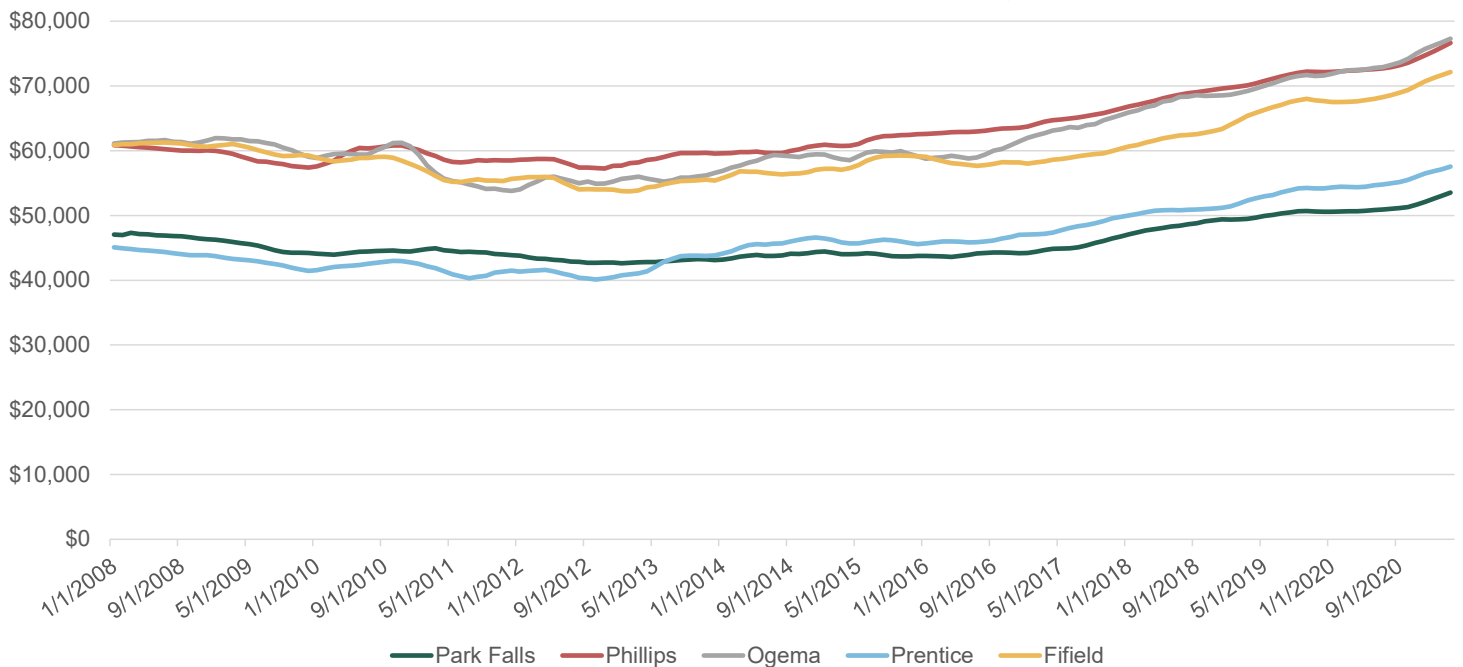


# ENTRY-LEVEL AFFORDABILITY

LOWER-INCOME HOUSEHOLDS that own their housing commonly occupy what is referred to as the "starter home" market. For purposes of this study, this is tracked as the "Bottom Tier Home Value" and is the median of the 5<sup>th</sup> to 35<sup>th</sup> percentile of all home values within each municipality. These homes followed the same general trend both going into and coming out of the recession - showing consistent steady increases in cost over the past decade. Amongst peer communities, Park Falls has the lowest-cost entry point into the ownership market, even considering appreciation.

The "starter home" market is still relatively affordable to lower-income households in each community. Using HUD median income data for the 50<sup>th</sup> percentile, 2021 incomes would have an affordability limit of \$120,624 - significantly more than the market entry-point for the starter home market. In general, the market (both in lower-income ownership and as a whole) is more active in Park Falls than in Phillips, with the majority of lower-income households having a mortgage lien on their property. This speaks to age of householders that are owners in Phillips, as well as increased costs throughout the market.

## STARTER HOME VALUES



Source: Zillow Data and Research (MLS Aggregator)

## OCCUPANT INCOMES OF HOUSES AFFORDABLE TO 50% AMI HOUSEHOLDS, PARK FALLS

Household Income	With Mortgage	Without Mortgage
0% - 50% AMI	70	65
51% - 80% AMI	65	30
81% - 100% AMI	40	50
> 100% AMI	195	30

Source: HUD Comprehensive Housing Affordability Strategy

## OCCUPANT INCOMES OF HOUSES AFFORDABLE TO 50% AMI HOUSEHOLDS, PHILLIPS

Household Income	With Mortgage	Without Mortgage
0% - 50% AMI	19	75
51% - 80% AMI	40	30
81% - 100% AMI	10	15
> 100% AMI	45	40

Source: HUD Comprehensive Housing Affordability Strategy

# HOUSE AVAILABILITY

**SINGLE-UNIT HOME AVAILABILITY** as tracked by the Multiple Listing Service is often inversely related to prices - as days on market decreases, prices increase under a market that is more "active". As the local housing market was coming out of the recession through 2014, median days on market gradually decreased by approximately 30 days (annual median). As that lessens, it is indicative of increased competition for/interest in available homes in what is often referred to as a "seller's market".

Since peaking in 2017 at 245 median days on market (DOM), the median DOM has dropped drastically to about 10 weeks on market during the prior year (2020). There is some variation within the data that reflect common market periods, but time on market has generally decreased to a point where there is less inventory and it is moving more quickly. Importantly, listings are selling at a higher percentage of asking than at any point in the past 5 years, and have been steadily increasing throughout the entire timeframe.

This increased cost (percent of asking) is another indicator that the market has become increasingly more competitive in recent years, shifting to a seller's market with increased cost of entry.

5-YEAR AVERAGE APPRECIATION RATE ON MEDIAN SF HOME:

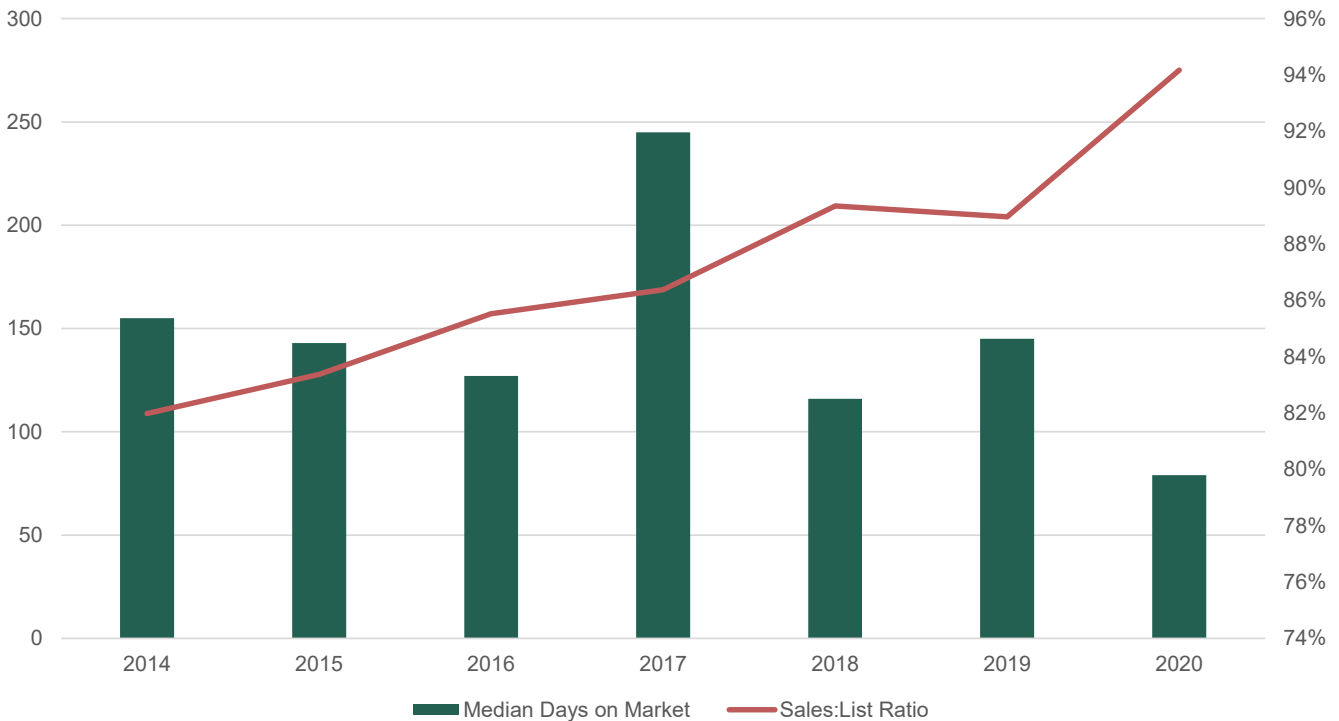
**13% ANNUALLY**

5-YEAR APPRECIATION ON MEDIAN SF HOME (BY SALES PRICE):

**\$60,050**

Source: Multiple Listing Service

## SINGLE FAMILY AVAILABILITY



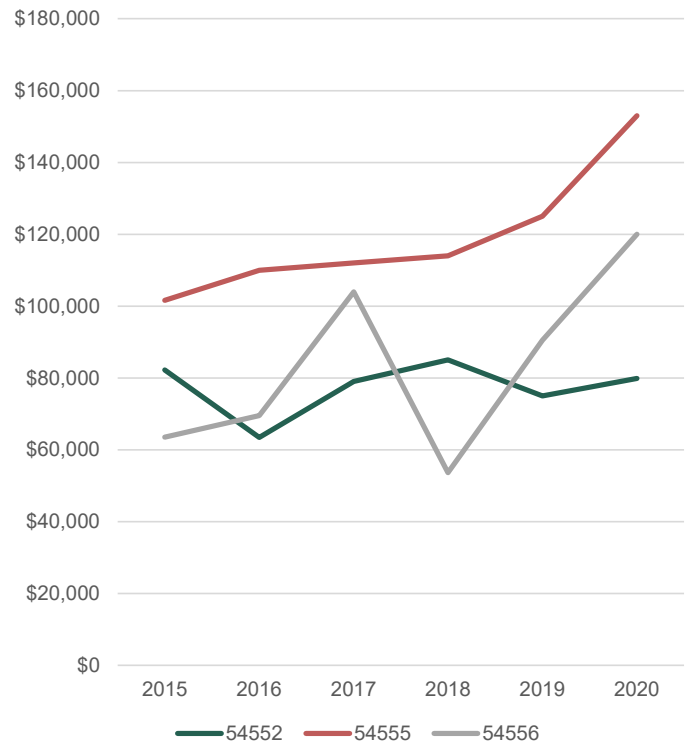
Source: Multiple Listing Service

# HOUSE AVAILABILITY

INVENTORY AND AVAILABILITY of single-family houses for sale slowly has decreased year over year since 2014. As measured by months' supply (absorption rate), a market is generally considered to be balanced when there are 4-6 months' of inventory in the market. As that lessens, it is indicative of increased competition for available homes in what is often again referred to as a "seller's market". As months' supply has steadily decreased, the median sales price showed steady corresponding increases - with fewer homes available on the market at any given time as a ratio to buyers creates steady demand. This market shift toward favoring sellers through increased competition and appreciation is directly reflected in sales:list ratios. Though months' supply has been moving toward what is considered a more balanced market over the past few years, there have been brief times of median price decrease, notably from 2017 to 2018 before increasing again.

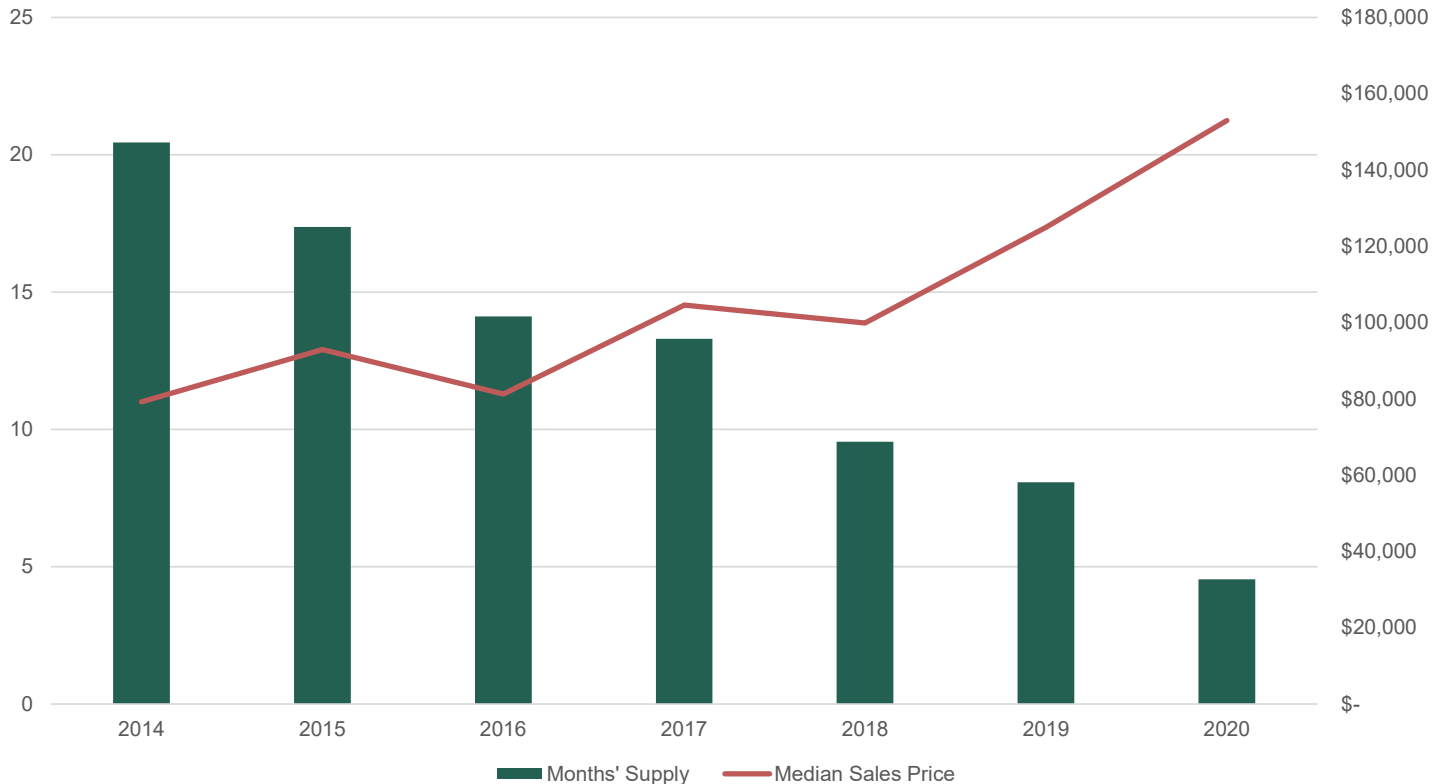
The months of supply metric indicates there is still demand for units in the market that will further shift buyer/seller indices toward a more balanced market. By zip code, the market with highest current asking prices is Phillips (54555), followed by Prentice (54556), and then Park Falls (54552).

## MEDIAN ASKING PRICE BY ZIP CODE



Source: Multiple Listing Service

## INVENTORY AND COST

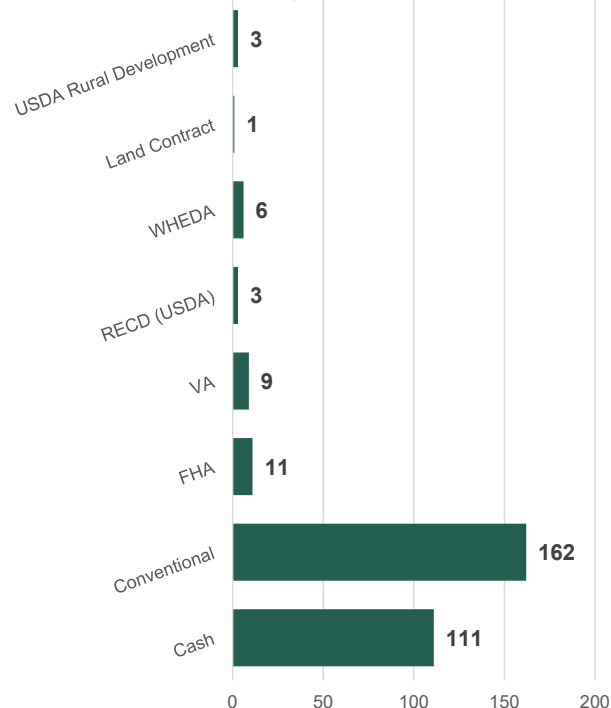


# HOUSE FINANCING

HOUSE FINANCING within the region displays trends about access to capital (cash purchases), as well as some insights into who is buying homes within the market. For example - cash purchases are largely indicative of higher-income buyers, especially within the second-home (recreational) market, and FHA, VA, USDA, and WHEDA loans are generally reserved for borrowers with special considerations or those with lower incomes and little to no downpayment.

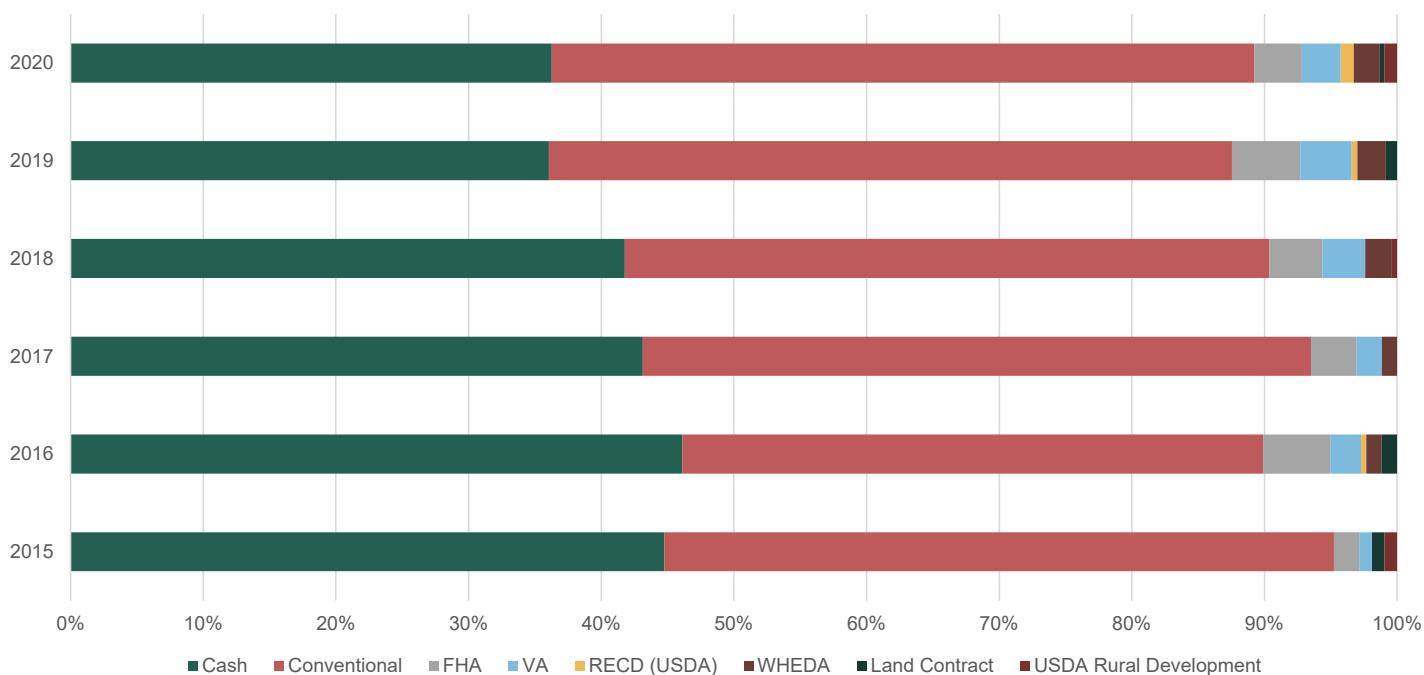
Since 2015, the number of cash purchases has decreased in market share as a total - likely partially in response to increasing prices coupled with the relative affordability of loans (record low interest rates). This has shifted more loans into the conventional market, though FHA, VA and WHEDA loans are increasing very slightly year-to-year as well (at a much lower market share of 1% - 5% of all sales in 2020). Over the same timeframe, land contracts have decreased, which largely indicates sellers have increasing influence within the market, and can rely on traditional financing sources for most if not all buyers.

FINANCING METHOD, REGION - 2020



Source: Multiple Listing Service

## METHOD OF PURCHASE (FINANCING)



Source: Multiple Listing Service  
6-month Moving Average

# AGE OF HOUSEHOLDER

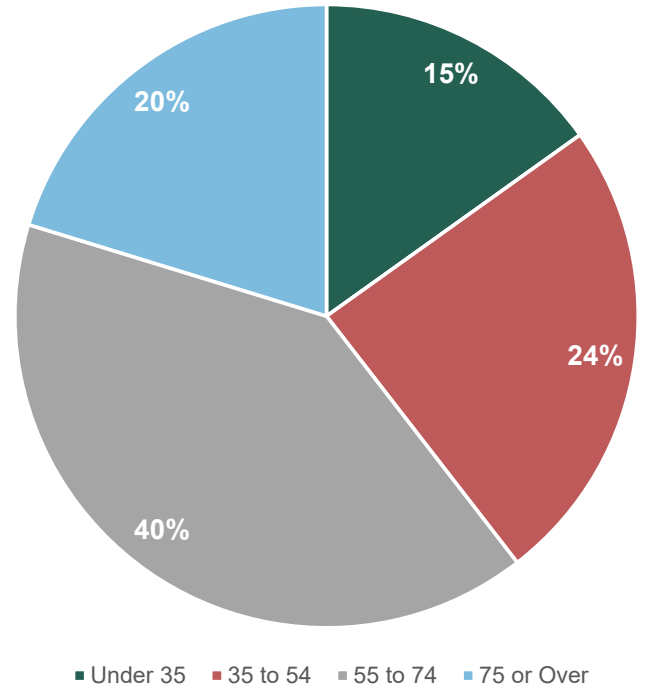
AGE OF HOUSEHOLDERS is one of the aspects that impacts mortgage status, as well as planning for future senior housing needs and turnover of units. While the average householder nationally remains in their home for 7 years, many members of the community purchase homes to age into them, not for capital investment, but to provide consistent shelter costs throughout their ownership. The cities of Park Falls and Phillips have large numbers of owner households with over the age of 55.

In both communities, 15% and 20% of all owner households (Phillips and Park Falls, respectively) are over the age of 74. While the vast majority of older households (over 95% of medicare enrollees) remain in their homes and are currently aging-in-place, these units will eventually enter the sales market as owners transition to a preference for more individualized care. This is a significant portion of each City's homeownership market that will potentially be turning over by 2040, increasing housing options and opportunities for younger households in the community and providing capital for older adults to seek specialized services in the community with age-accessible options.

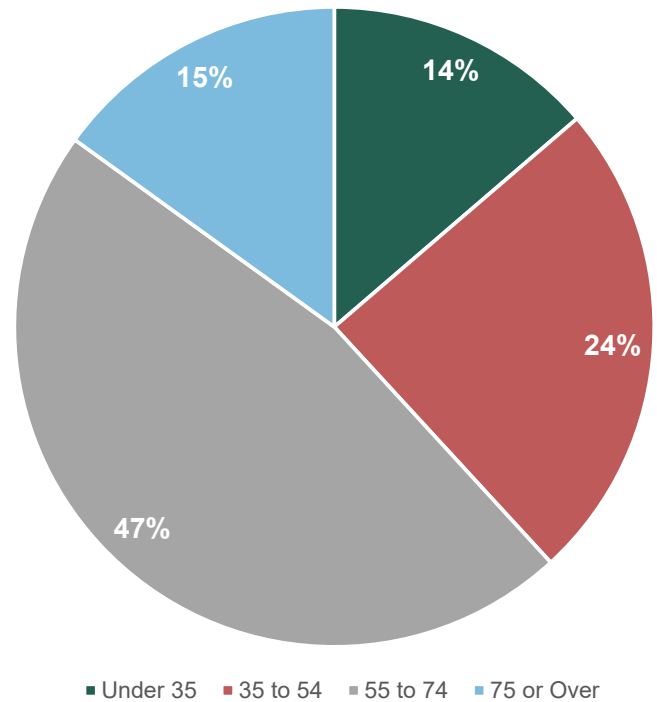
The remaining owner households 55 or older (40% of all owners in Park Falls, 47% in Phillips) may choose to age-in-place, while some will also require other housing options in the community with age-accessibility options. **The Community Survey indicated at different points desire for zero-entry, patio, and rambler style homes that serve aging populations, and capture well the construction styles and design features that serve aging households at various price points throughout the market.**

**The City should take into consideration plans to best serve these community members over the next 20-30 years as more residents continue to age into this range, with nearly 95% growth expected in the highest older adult age categories by 2040.**

OWNERSHIP MARKET BY AGE, PARK FALLS



OWNERSHIP MARKET BY AGE, PHILLIPS

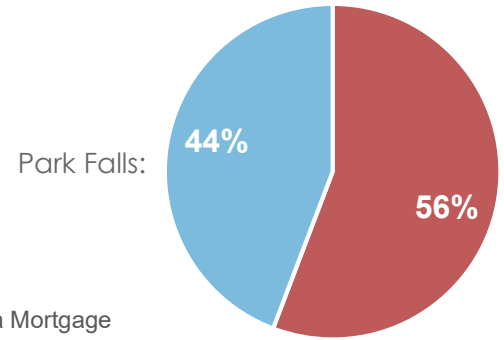


Source: American Community Survey 5-Year Estimates

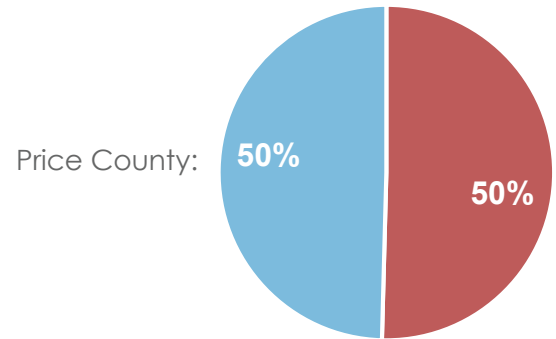
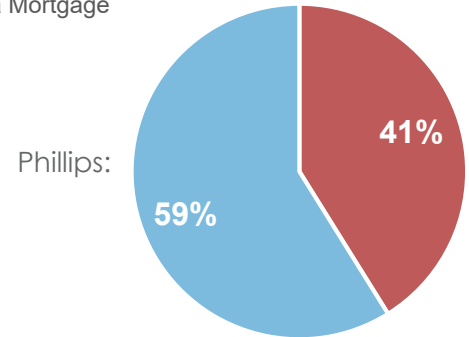
# MORTGAGE STATUS

MORTGAGE STATUS shifts the longer that owners stay in their homes and pay off the mortgage liens on their property. As previously noted, both cities have a significant share of owners that moved into their unit prior to the year 2000 - and have aged into their homes and paid off their mortgage debt. In the City of Phillips, over two-thirds of all owner-occupied homes in the community are owned free and clear, compared to 44% in Park Falls and 50% in the County as a whole.

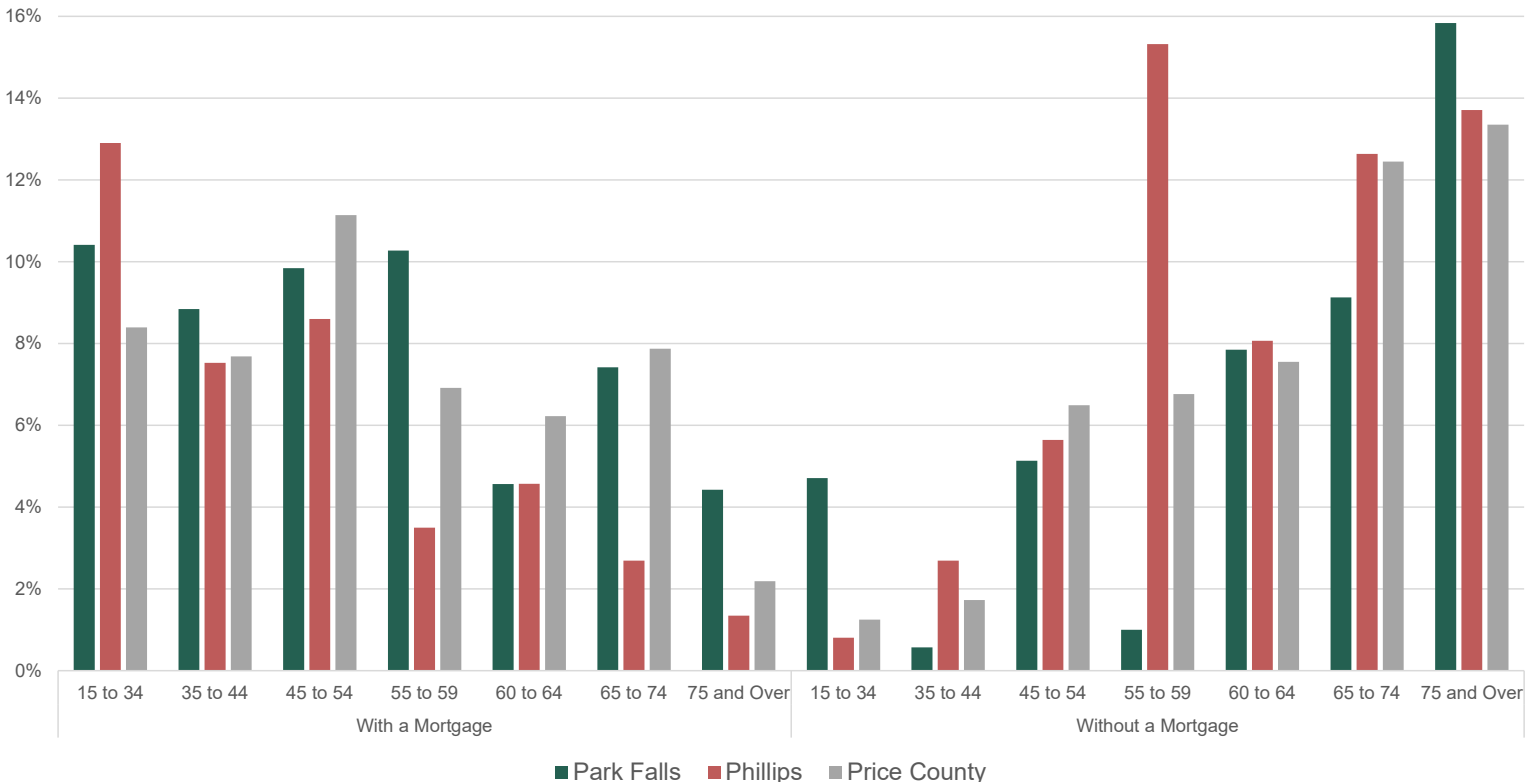
When looking at each market individually, you can see this shift in ownership by age (chart below). As homeowners age in their homes, the loan reaches maturity. For that reason, older householders are more likely to own their home outright compared to younger households. This is also beneficial as older householders who opt for more specialized care or more accessible housing have equity they can recapitalize into new housing or rent.



■ With a Mortgage  
■ Without a Mortgage

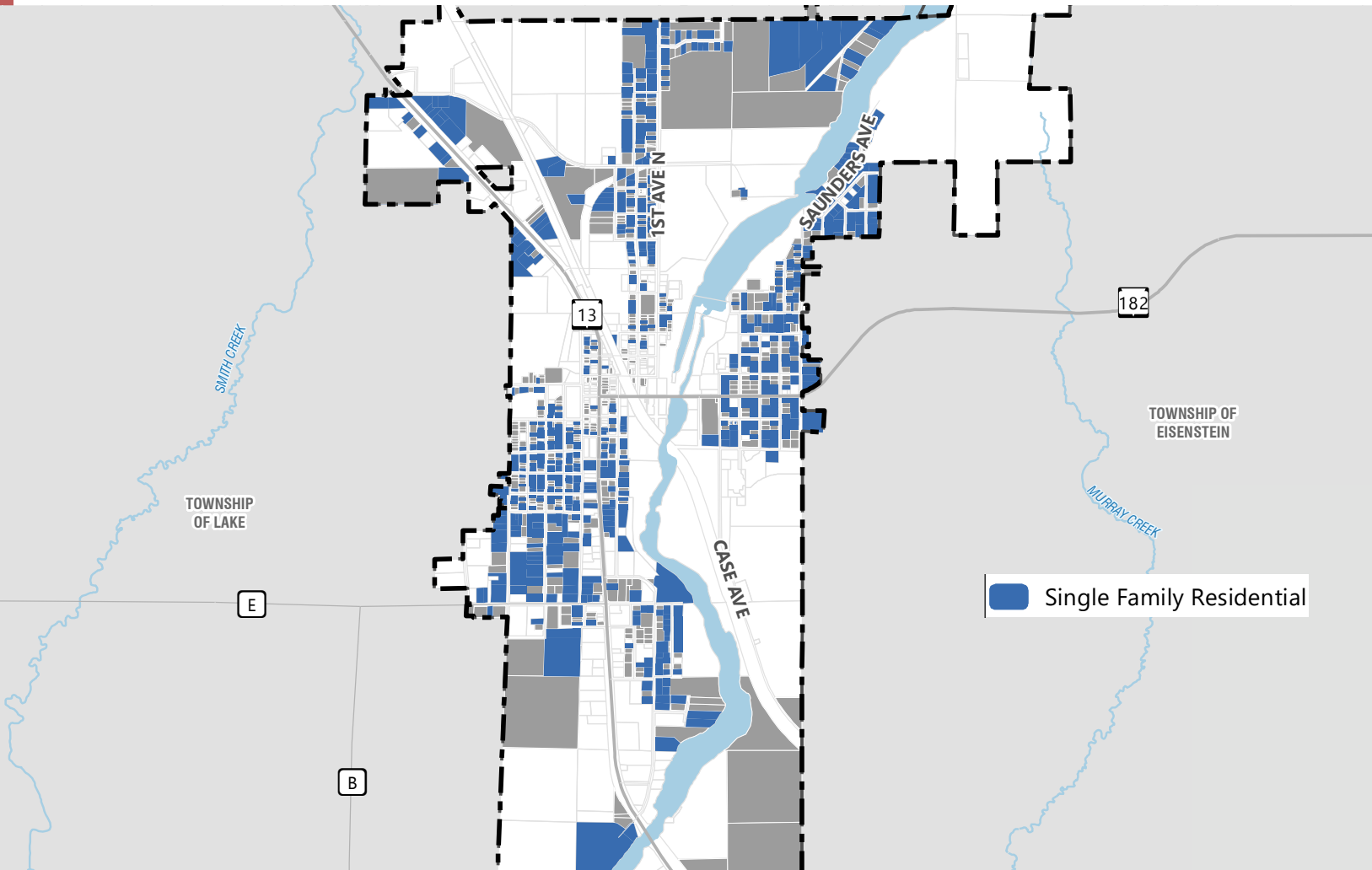


## MORTGAGE STATUS BY AGE (as a percentage of individual market)



Ownership Market

# OWNERSHIP UNIT TYPES



**OWNERSHIP UNIT TYPE DISTRIBUTION** across the City of Park Falls shows that the majority of owner households live in single-unit detached homes, though the city also has a very small number of ownership units in a 2-4 unit building, as well as 41 owner-occupied manufactured housing units. Altogether, single-unit detached housing makes up 94% of all ownership housing stock, manufactured housing 5% of owner housing stock, and the remainder 2-4 unit structures as less than 1%.

**While the Condo as an ownership structure type within the market has never been prevalent, there is preference shown within the community survey for increased affordable ownership housing as new construction. With options limited due to land, materials, and labor costs, it is likely that at least some attached-unit or zero-lot-line housing may be constructed to help fill this market segment.**

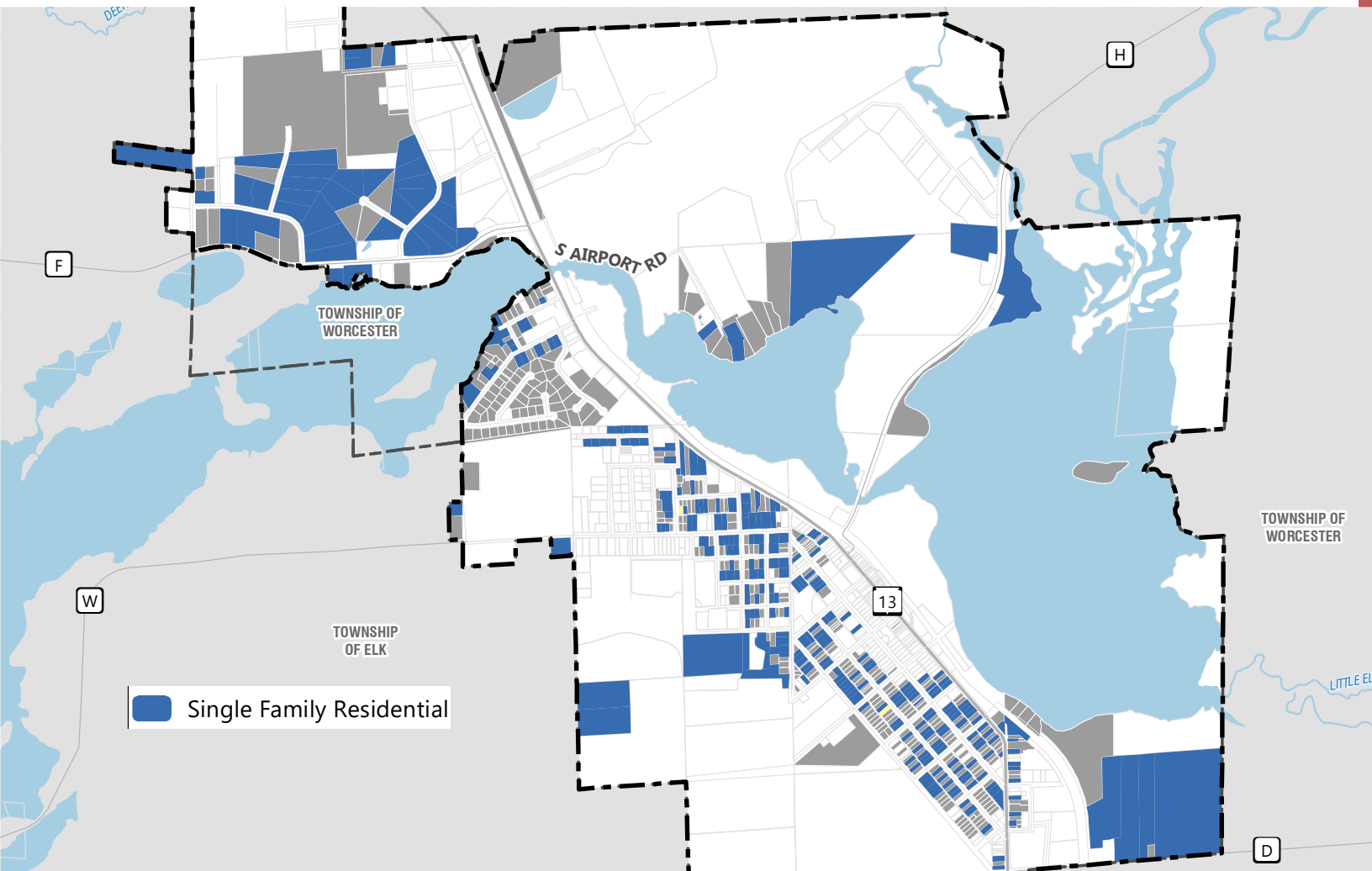
## OWNERSHIP UNITS - TYPE

Unit Type	Number of Units	% of Total Owner Occupied
1-unit detached	656	94%
1-unit attached	0	0%
2-4 unit	4	1%
5-19 unit	0	0%
20+ unit	0	0%
Mobile Home	41	5%

Source: American Community Survey 5-Year Estimates



# OWNERSHIP UNIT TYPES



OWNERSHIP UNIT TYPE DISTRIBUTION across the City of Phillips is similar to that of Park Falls - it shows that the majority of owner households live in single unit detached homes (88%), though the city has a significantly high proportion of units that are in 2-4 unit owner-occupied structures (9% of all owner-occupied housing). Phillips also has a few owner-occupied manufactured housing units, which make up 3% of the total ownership market.

OWNERSHIP UNITS - TYPE

Unit Type	Number of Units	% of Total Owner Occupied
1-unit detached	326	88%
1-unit attached	0	0%
2-4 unit	35	9%
5-19 unit	0	0%
20+ unit	0	0%
Mobile Home	11	3%

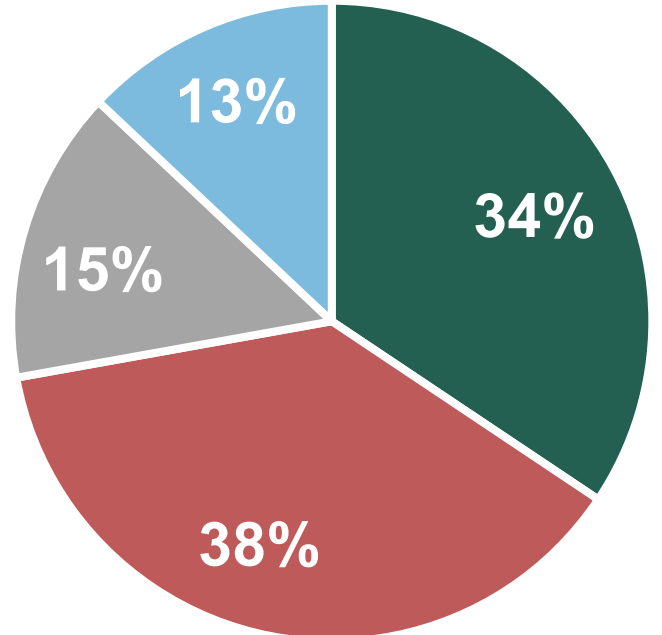
Source: American Community Survey 5-Year Estimates

# OWNERSHIP HOUSING SIZE

The MOST COMMON household size for owner households within both cities is 2-person households. These often represent both younger and older ownership markets - areas where young family households with no children will locate to be able to afford a “starter home” within their price range before having children, or where older adults are living without their children. Knowing that the market in Park Falls and Phillips is generally affordable when compared to the larger region, the large number of 1-person and 2-person households is typical under that context. These smaller household types make up 72% of all owner households in the Park Falls and 79% of all households in Phillips.

As these households continue to undergo expansion, or changes in life circumstance, they may look to move up into other housing options. This includes 3- and 4- bedroom units as family size grows, or perhaps a downsize in unit type to something smaller and more accessible for senior households (especially when requiring less maintenance and upkeep).

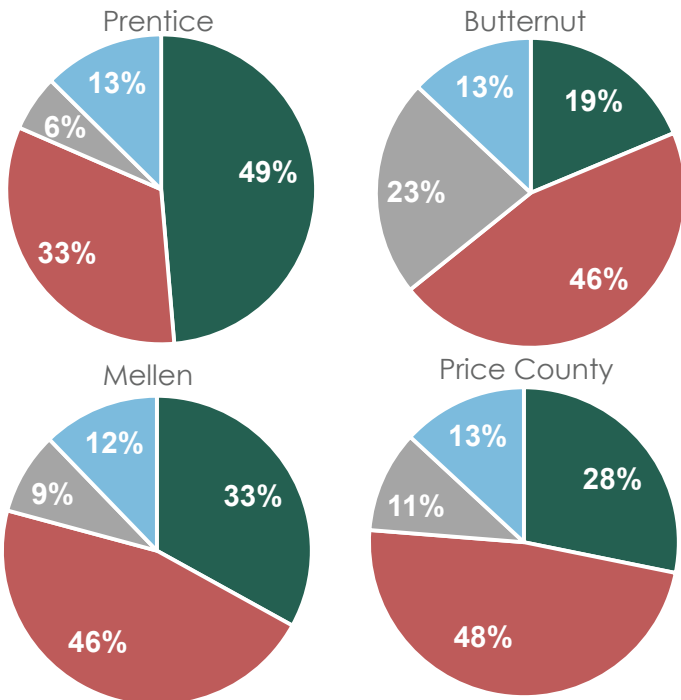
OWNER HOUSEHOLD SIZE  
PARK FALLS



■ 1-Person ■ 2-Person ■ 3-Person ■ 4+ Persons

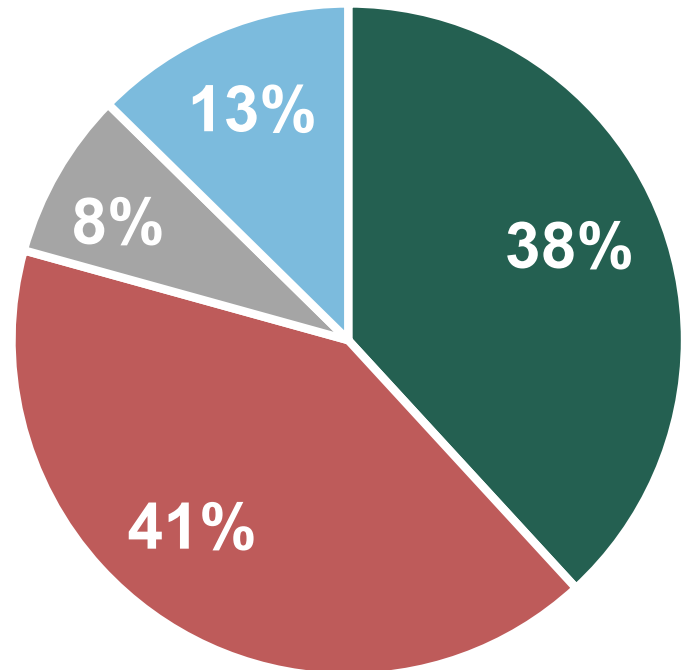
Source: American Community Survey 5-Year Estimates

OWNER HOUSEHOLD SIZE



Source: American Community Survey 5-Year Estimates

PHILLIPS



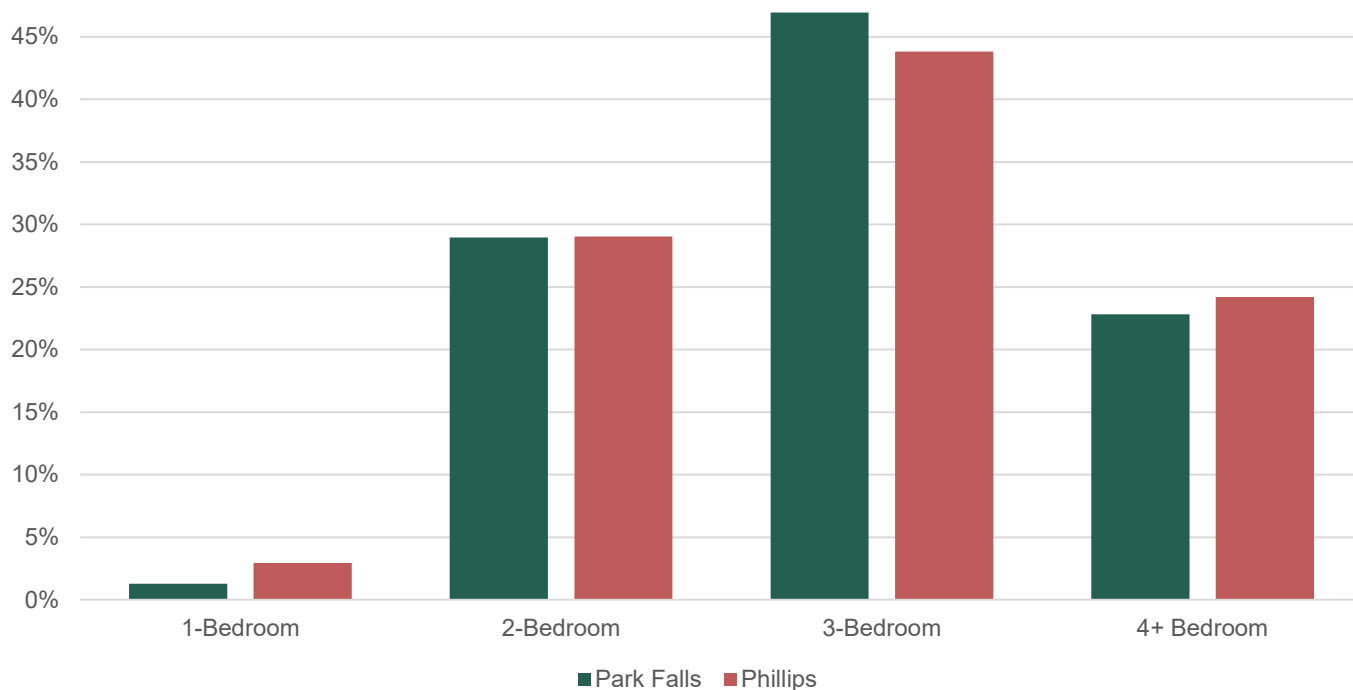
■ 1-Person ■ 2-Person ■ 3-Person ■ 4+ Persons

# OWNERSHIP HOUSING SIZE

THE MOST COMMON bedroom size for owner-occupied housing in both cities is in 3-bedroom units (47%, 44%), followed by 2-bedroom units (29%). Ownership housing often has a larger size (more bedrooms) than rental units, and is a component of the preference for families in commonly seeking out ownership housing units rather than rental. While smaller-unit ownership housing is generally more affordable both within existing and new-construction markets, balance between small and large bedroom units within a community helps to accommodate households who wish to remain long-term residents through changes in need and requirements.

Older (prior to 1959) homes likely make up a sizable portion of smaller ownership housing units listed as 1- and 2-bedroom units. While currently small in number, development of smaller-size single-unit structures can be an important component of the housing market, especially as young families and older adults may have an option to downsize.

## OWNER UNITS BY BEDROOM SIZE







4

OTHER  
MARKET SECTORS

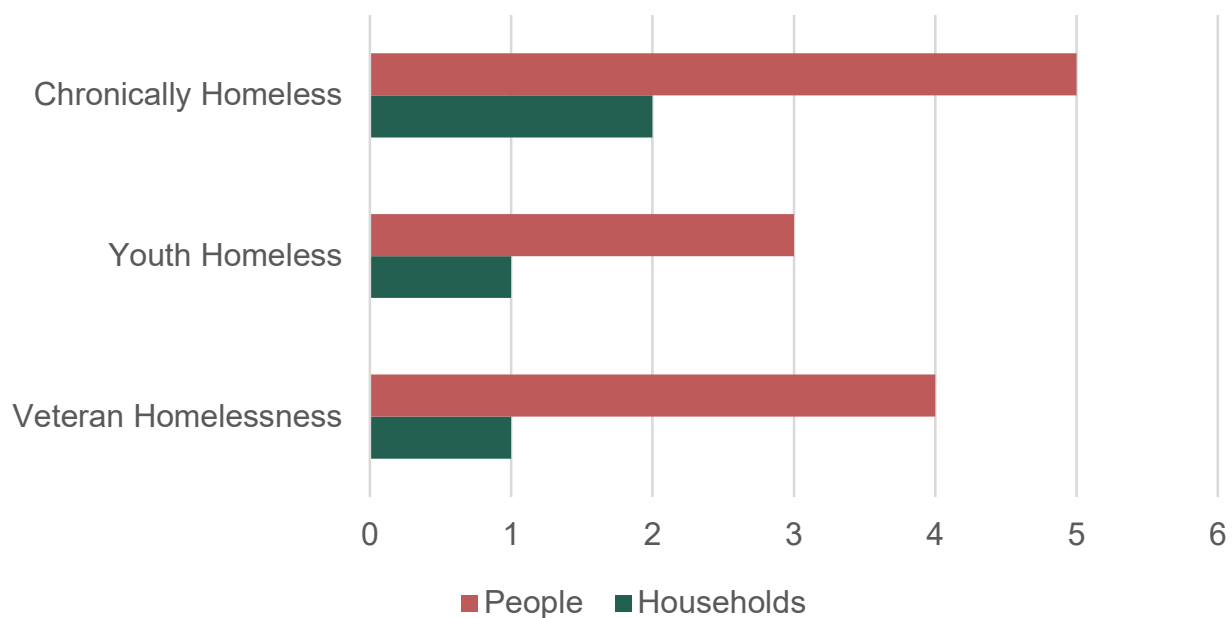
Demand & Supply

# HOMELESSNESS

HOMELESSNESS in Wisconsin's Balance of State (outside of major metro areas) is often not a central part of the housing conversation, as rates of homelessness are much lower than those within the other regions. However, the local Continuum of Care (Northwest WI CoC - Ashland, Bayfield, Douglas, Iron, & Price Counties) still tracks and reports homelessness within the community. A vital statistic is the annual PIT (Point-In-Time) count, which takes the total number of persons experiencing homelessness on a given night in the community. This data include those who are known to be experiencing homelessness, both sheltered and unsheltered. For instance, all homeless individuals and families in the Northwest CoC during the PIT in 2018 (most recently available data year) were in some form of shelter with the exception of one individual.

It is important to note that the PIT does not always capture all homeless households, especially in more rural areas. Common categories that count as homeless, though not "literal homelessness" include doubling up with friends or family, stays in hotels, and other types of "recovery" homes - although these households may not have a fixed, permanent nighttime residence.

## HOMELESSNESS - PRICE COUNTY 2018 PIT



Source: Northwest WI Continuum of Care

# AT-RISK OF HOMELESSNESS

**TRADITIONAL MEASURES** of homelessness are focused on assisting households and individuals in finding housing, stabilizing employment, and arranging long-term solutions. But there are different risk factors associated with homelessness, which include financial insecurity and housing cost burden. Per the U.S. Department of Housing and Urban Development, households who are extremely low-income (<30% AMI), severely cost burdened, renter households are those who are at the greatest risk of facing homelessness, and are classified "at-risk".

In appreciating and tight housing markets, extremely low-income households are likely to be the first "squeezed out", and income shocks are more impactful to a household remaining in housing. In most recent data (2017), there are 65 households in Park Falls and 55 households in Phillips that meet this definition of being at-risk of homelessness - those with the lowest incomes, whose housing costs make up the highest portion of their annual incomes.

The number of these at-risk households has shown different trends in each community, with Phillips decreasing over the decade and Park Falls increasing to the point where most recent estimates have the number of households in this category approximately equal. As recent income estimates, especially for renter households, have increased drastically in Phillips compared to Park Falls, these trends align with other known data.

If income averages in the County continues to show strong growth while local incomes remain consistent with addition of new jobs and employment opportunities in each city, it is possible that more local households fall into the definition of low-income categories used by WHEDA and HUD which set 30%, 50%, 60%, and 80% AMI income standards for the region. An increasing County wage and consistent local wage will mean more households will potentially qualify for housing programming or subsidy.

## AT-RISK HOUSEHOLDS



*Other Populations*

# AGING POPULATIONS

SENIOR HOUSEHOLDS are anticipated to have the largest percentage growth through 2040. Many are current homeowners, and some will require different accommodations, specialized housing, or programming to assist aging-in-place.

Senior housing generally refers to the combination of services and housing that allow seniors to continue to live comfortably. This ranges from continuing to live in their own home with virtually no services, townhomes and apartments that offer the ability to “downsize” living quarters, specialized housing units with limited services, and different types of assisted living facilities.

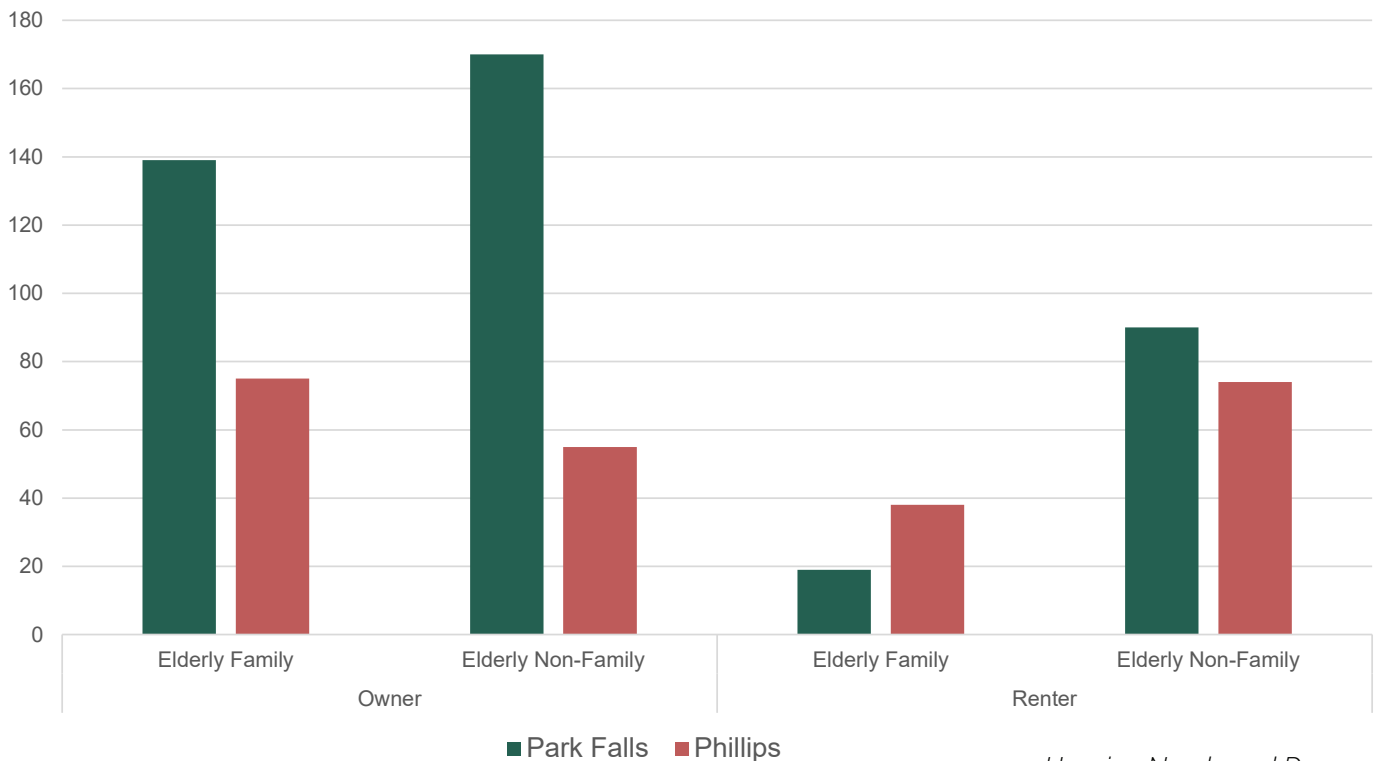
Generally, independent-living senior facilities attract residents age 65 and older, while more specialized facilities (assisted living, etc.) attract residents who are age 80 and over and need assistance with daily living activities.

The Community Basics section of this plan details expected population increases for senior populations in the City.

As varying levels of services are included with different types of housing for aging populations, typical affordability standards do not apply. Often senior households will pay up to 50% of their income for market rate senior housing and up to 90% of their income for specialized and assisted living, often funded in part through the sale of a home they owned. Many households age 62+ in the region are still homeowners, who have not yet sold homes to fund other housing or services, while those 85+ are more likely to be renters, specifically in the City of Phillips.

Over the next 20 years, approximately 330 residents across both cities will age into the 80+ age category, and may look to sell their housing for other living options.

## 62+ HOUSEHOLD TENURE





# AGING POPULATIONS

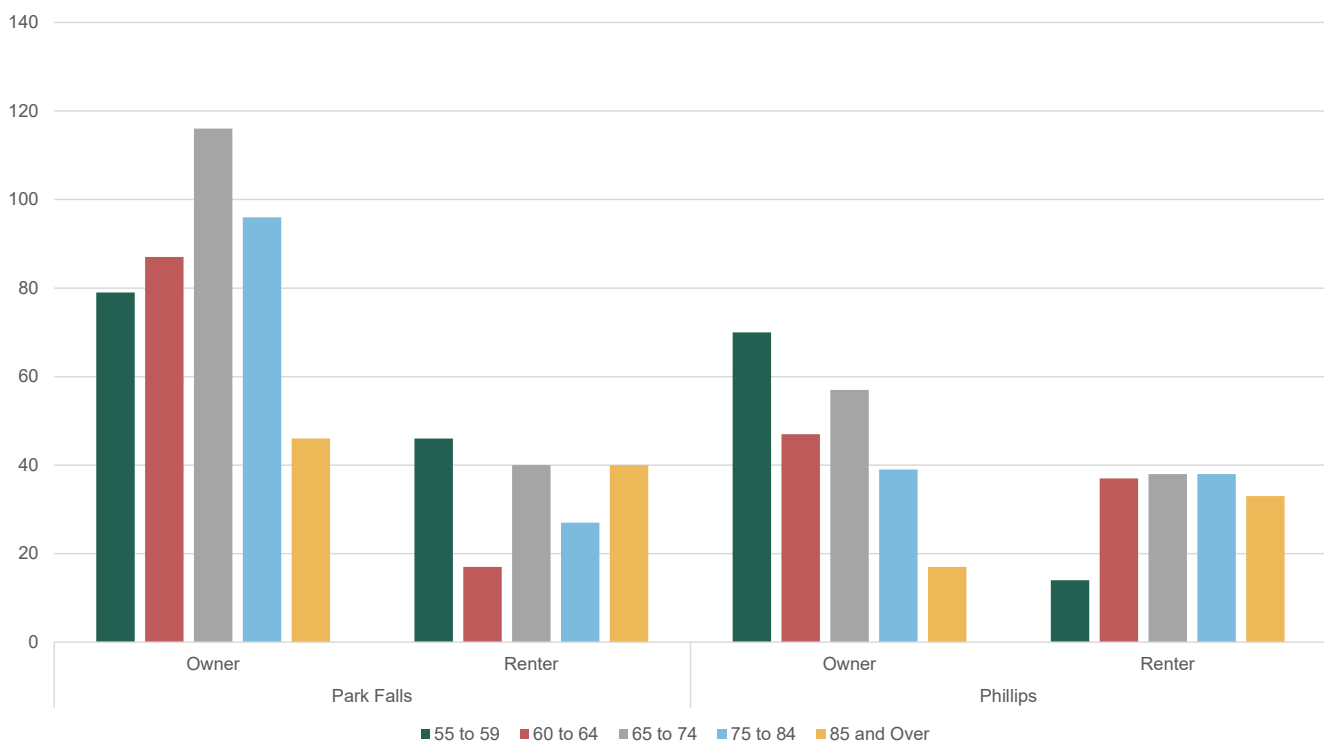
**MANY AGING HOUSEHOLDS** will be able to use funds from home sales for other housing options. While home value increases make it more difficult for lower-income households to enter the housing market, it also means that senior homeowners have access to extra capital through the appreciation of homes, and will have more funds available to ensure care as they continue to age.

Assuming that a senior household owns their home free and clear, and their home sells for the most recent county median value of \$116,500, they would be able to generate approximately \$2,300 in annual income from a 2% interest producing account (\$192 per month) to supplement housing costs without using any direct sale proceeds. If utilizing direct proceeds, senior households would have \$485 per month more to spend on housing from the sale of the median valued home in the County for a guaranteed period of 20 years.

Importantly, some of the households who might otherwise have sold their home during the past decade may have delayed plans for other housing options due to decreased housing values associated with the recession, choosing to continue to age-in-place. With recent appreciation of home values in the region, these households may be more interested in sale of their home over the coming years and could look to sell as home values continue to appreciate quickly in the tight for-sale market.

**In the next 10 years, this may not represent a drastic number of housing units that could be transitioning - likely between 60 and 80 units at a low estimate, or 6-8 annually between both cities. However long-term, especially as other 55+ age groups continue to age, this could represent up to 30 additional units per year opening to new owner households, which will help older adults liquidate their housing investment, as well as open up some new ownership opportunities for existing and future residents.**

## 55+ DETAILED HOUSEHOLD TENURE



Source: American Community Survey 5-Year Estimates

# DISABILITY

PERSONS WITH A DISABILITY do not inherently require access to specific housing types or accommodations, dependent upon the type and severity of the disability. More commonly, persons with a disability receive services and accommodations related to the disability as they continue to age and require more specialized forms of housing. This is due to the percentage of population, by age, that experience a disability being disproportionately higher in aging and senior households.

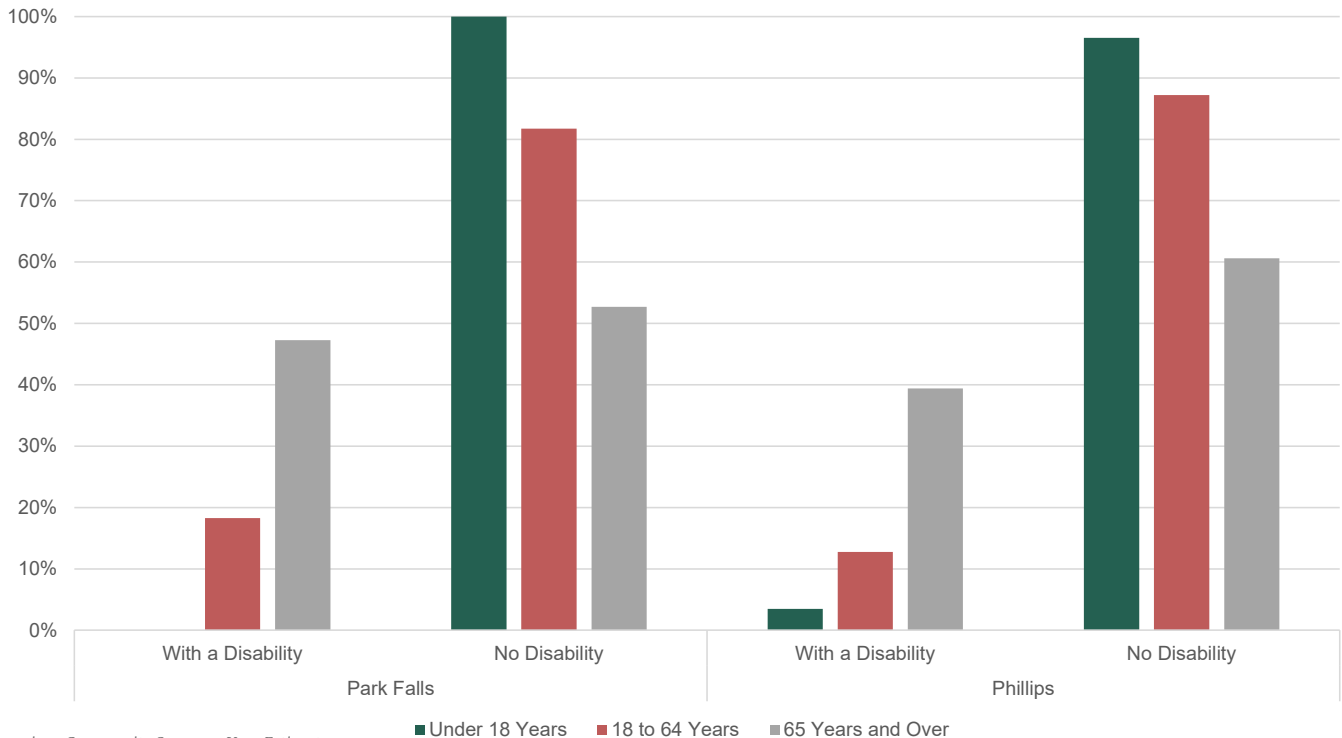
When housing units are constructed, they are not traditionally built using methods that easily accommodate aging populations and often require renovation such as wider doorways, lower countertops, and zero entry showers/baths. Though these accommodations are not required, they often do not negatively impact any renters or buyers who do not have a household member with a disability, and should be considered or encouraged in any new housing development within the region - especially housing likely to be occupied by senior households.

## AGE PROJECTIONS

Age Cohort	Projected Percent Increase	Park Falls Possible 2040	Phillips Possible 2040
0 - 9 Years	-15.1%	142	138
10 - 19 Years	-17.1%	183	171
20 - 34 Years	-20.8%	322	171
35 - 49 Years	-21.5%	310	151
50 - 64 Years	-42.3%	271	184
65 - 79 Years	-3.1%	366	217
80 and Over	93.8%	391	248

*\*Tied to projections in Price County, not directly to 2019 estimates.*

## PERCENTAGE OF AGE GROUP WITH A DISABILITY



Source: American Community Survey 5-Year Estimates

# ACCESSIBILITY

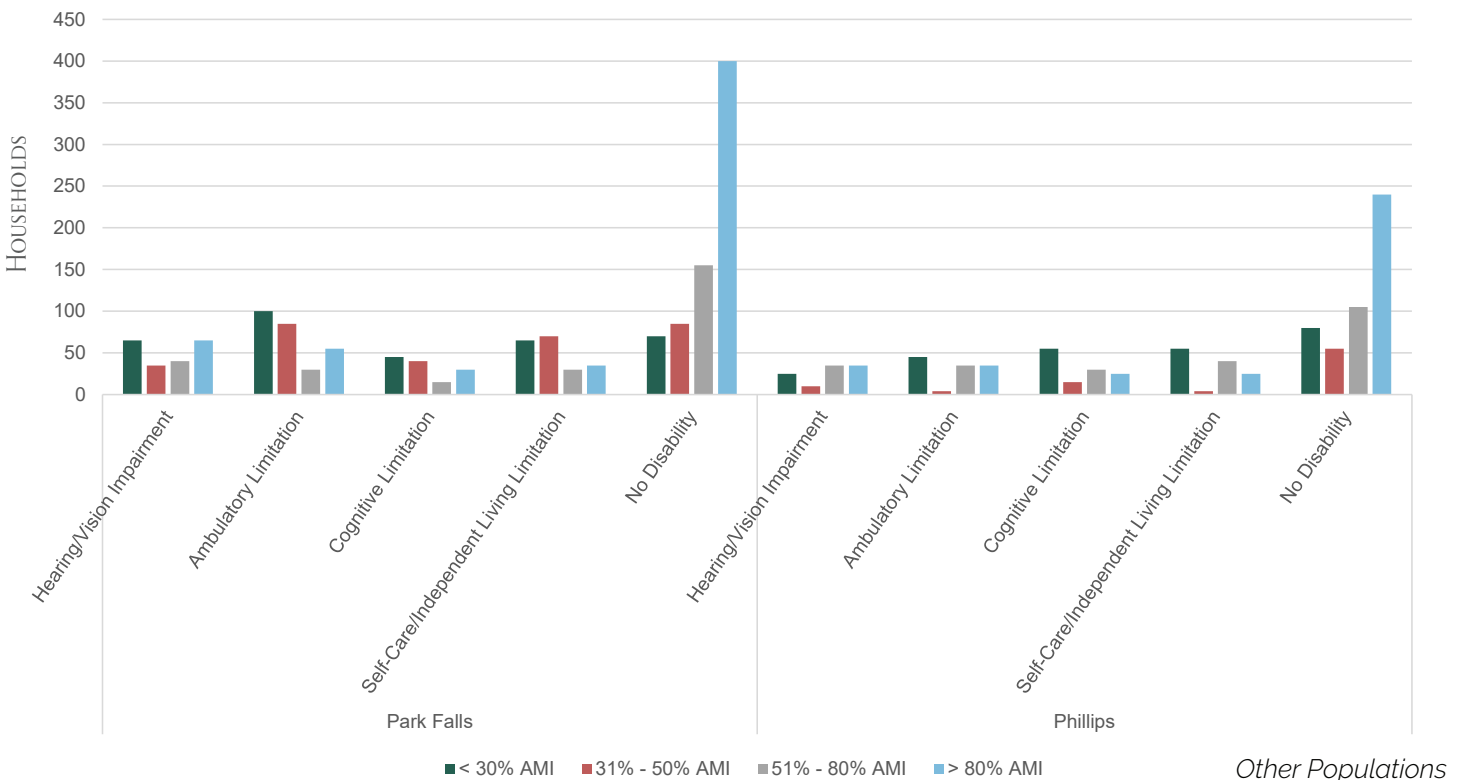
**NEW MARKET RATE AND WORKFORCE** units in the region, both ownership and rental, will likely see an increased demand for universal design features due to projected age increases for residents - both current and within the larger County (hospital accessibility is one key component of older adult residence decisions). Current trends show that while there are households containing a member with a disability in all income ranges, there is especially a need for accessibility features for lower-income households (0% - 80% AMI).

While lower-income households often have disabilities that go unreported or undiagnosed due to lack of adequate insurance or cost of medical care, there are residents at all ages in households of all incomes that require access to appropriate housing design to meet their needs. Many middle-income households may additionally fall into lower-income categories as income becomes more limited in retirement.

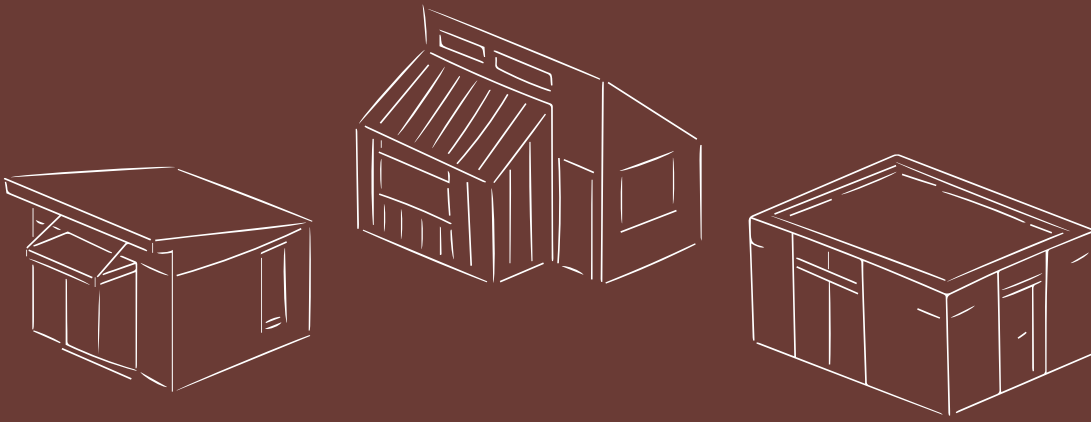
There is no database that exists on a local level for units currently accessible (due to the nature of private market retrofits at varying levels), though estimates nationally place accessible single family homes at just 1% of the total housing stock.

This is important as, even at advanced ages, many residents choose to continue to remain in their own housing. For those that do move at advanced ages, including in the ownership market, over 50% choose to actively seek out residential units with accessibility features such as no-step entries, level style door handles, accessible shelving and electrical, and single floor living. As the population of the region continues to age, and parents of residents move to be closer to their primary caretaker, ensuring continued supply of units with accessibility features should remain a priority.

## DISABILITY & INCOME







# 5

## LOCAL IMPACTS on Housing

# NEW CONSTRUCTION

**NEW CONSTRUCTION** in both cities has been significantly reduced post-recession, with only small shares of housing units developed post-2000. Aside from specialized care facilities (nursing home expansion in 2016 and Community Based Residential Facility in 2013 in Park Falls), no new units were added to either City from 2010 to 2016.

While there have been some demolitions and extensive remodels to homes in this timeframe, these are 1:1 unit replacements, and do not create new units that can serve to house residents and help solidify the employment base.

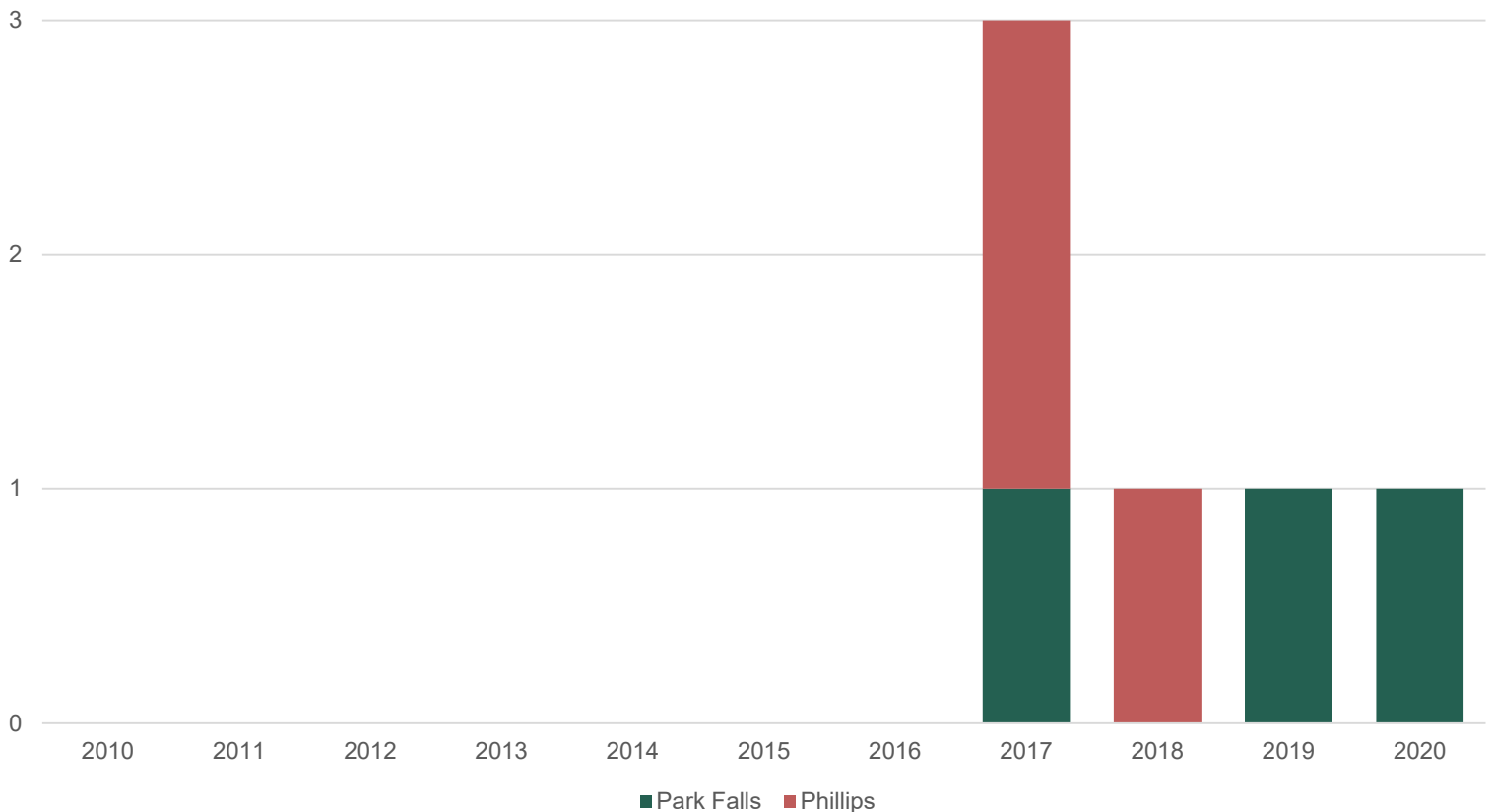
Over the past four years, both Phillips and Park Falls have added three new residential structures per building permit records. All of the housing units added in Park Falls have been single-family

detached homes, while all of the units added in Phillips have been classified as duplex units (duplex unit permits are by structure - meaning that Phillips has added 6 residential units in 3 structures).

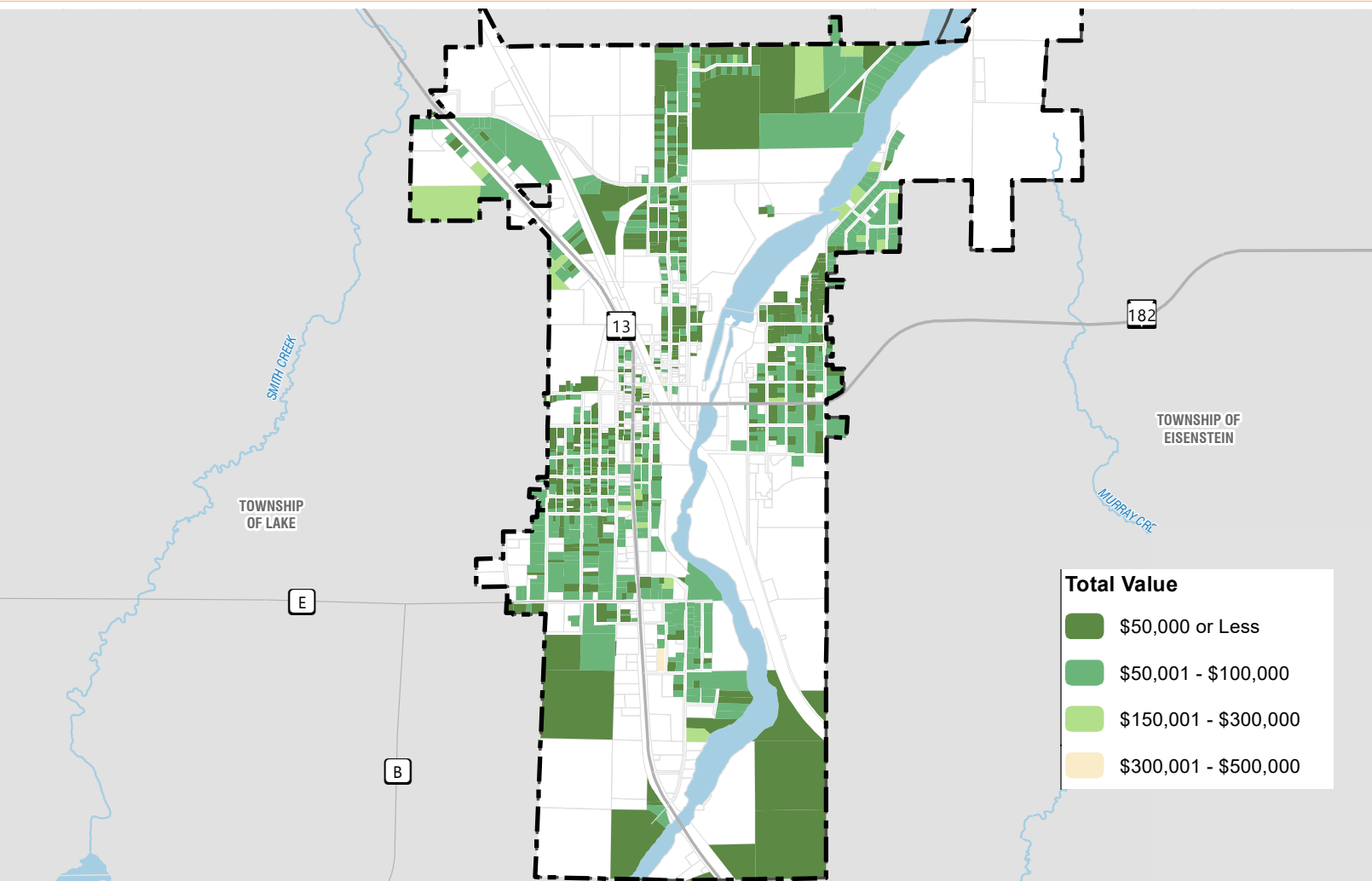
Moving forward, new construction on vacant lots is likely to continue, as well as smaller-scale demolition and rebuilds to increase quality of the housing stock - especially for single-family homes (whether attached or detached). Considering the amount of remodels of existing properties, it is likely that these will continue as well to rejuvenate the housing stock in both communities.

**In total, construction costs ranged from \$180,000 to \$256,000, and are largely indicative of regional costs for new construction without considering land cost.**

## NEW UNIT PERMITS



# VALUATION



The Valuation of land in the cities helps to portray local impact and accessibility of the housing market. Residential values have increased significantly in the past year consistent with overall market conditions, which makes ownership slightly less attainable for some residents.

As assessments and valuations roll into housing cost for resident homeowners, increasing valuations can lead to increasing unaffordability for residents who own their homes, especially those with limited, fixed, or decreasing incomes.

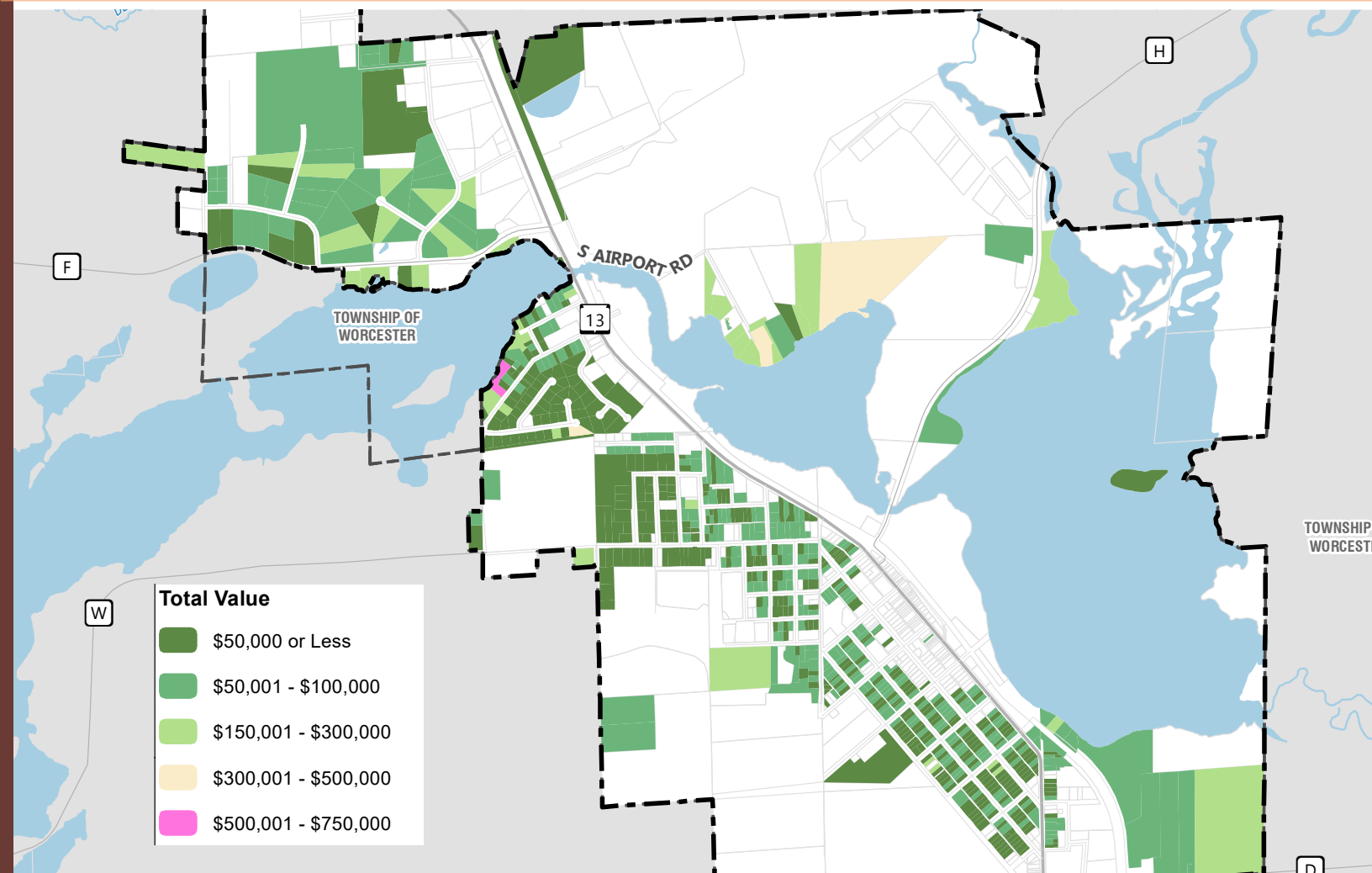
**As the regional median income has remained relatively steady (and slightly increasing) since 2010, this can create a slight tension in the housing market where owners invested at the top**

**of their affordability limits can see increases that make their current housing unaffordable, or make it harder to “move up” in the housing market.**

Appreciating housing is important to healthy markets, and provides a stable financial base for homeowners into the future. However as the capital is tied up into housing, increased value appreciation at rates higher than inflation and income increase can become burdensome over time.

Spatially within Park Falls, large lot development in the residential market generally sees higher property values than areas built out in the City center, though there are some home values throughout the city in the highest value tier per assessments.

# VALUATION



The CITY OF PHILLIPS displays similar spatial trends to that of Park Falls, with a range of home assessment values falling into different tiers throughout the city. Larger residential lots generally see the same increase in total residential value for the city. Overall throughout the city, many blocks and areas have a range of home values that provide opportunity for residents to find housing matching their cost needs in many locations.

Phillips does have some homes that fall into higher cost tiers than the City of Park Falls, in part due to location on waterfront parcels.



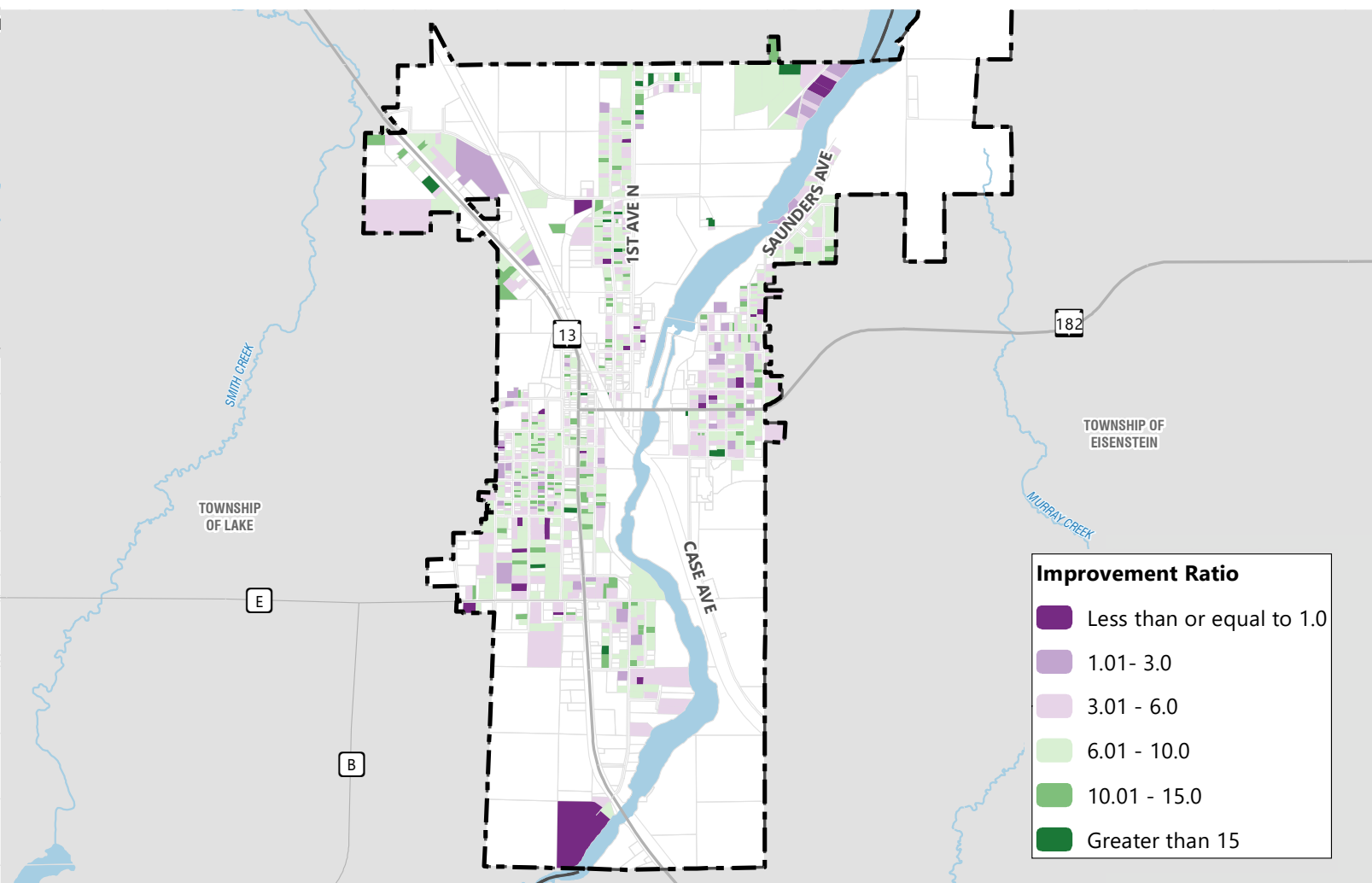
# IMPROVEMENT VALUE RATIO

PARCEL VALUATION is made up of two components - land value and improvement value. While both land and improvements (buildings) generally appreciate over time, development or use trends can drastically shift associated land values over the course of decades. In practice, this means that more desirable areas have increases in land value, while other areas grow at rates more consistent with overall inflation or stay at the same value.

This shifting land value impacts the housing market due to the overall usable life of residential buildings. Single-unit homes have a usable life of 100 years or more, while small- to mid-size multi-units buildings can have a usable life between 65 and 80 years if properly maintained.

Since construction and development is based heavily on financial incentive, parcels with low Improvement:Land value ratios are more prone to redevelopment, and will often see increased pressure for teardown/rebuilds even in the single-family market. Low Improvement:Land value ratios also indicate properties that are in need of rehabilitation and repair.

In Park Falls, many parcels throughout show positive (> 3) ratios, partially due to lower land costs (location) as well as high construction cost and good upkeep. Areas of the city that are most prepared for redevelopment and home rehabilitation are parcels with a value of 3 or less (two darkest shades of purple in the map below).

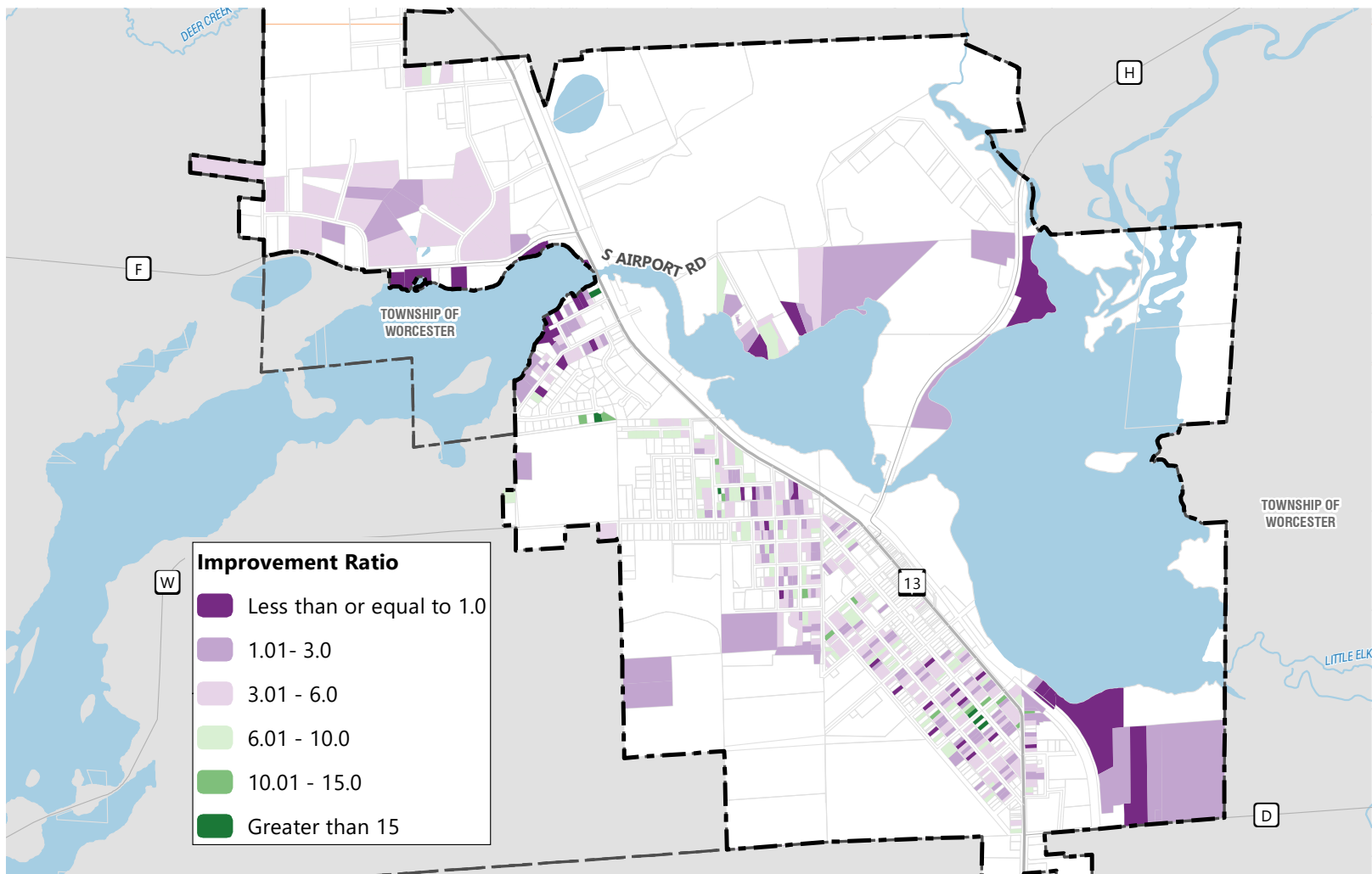


# IMPROVEMENT VALUE RATIO

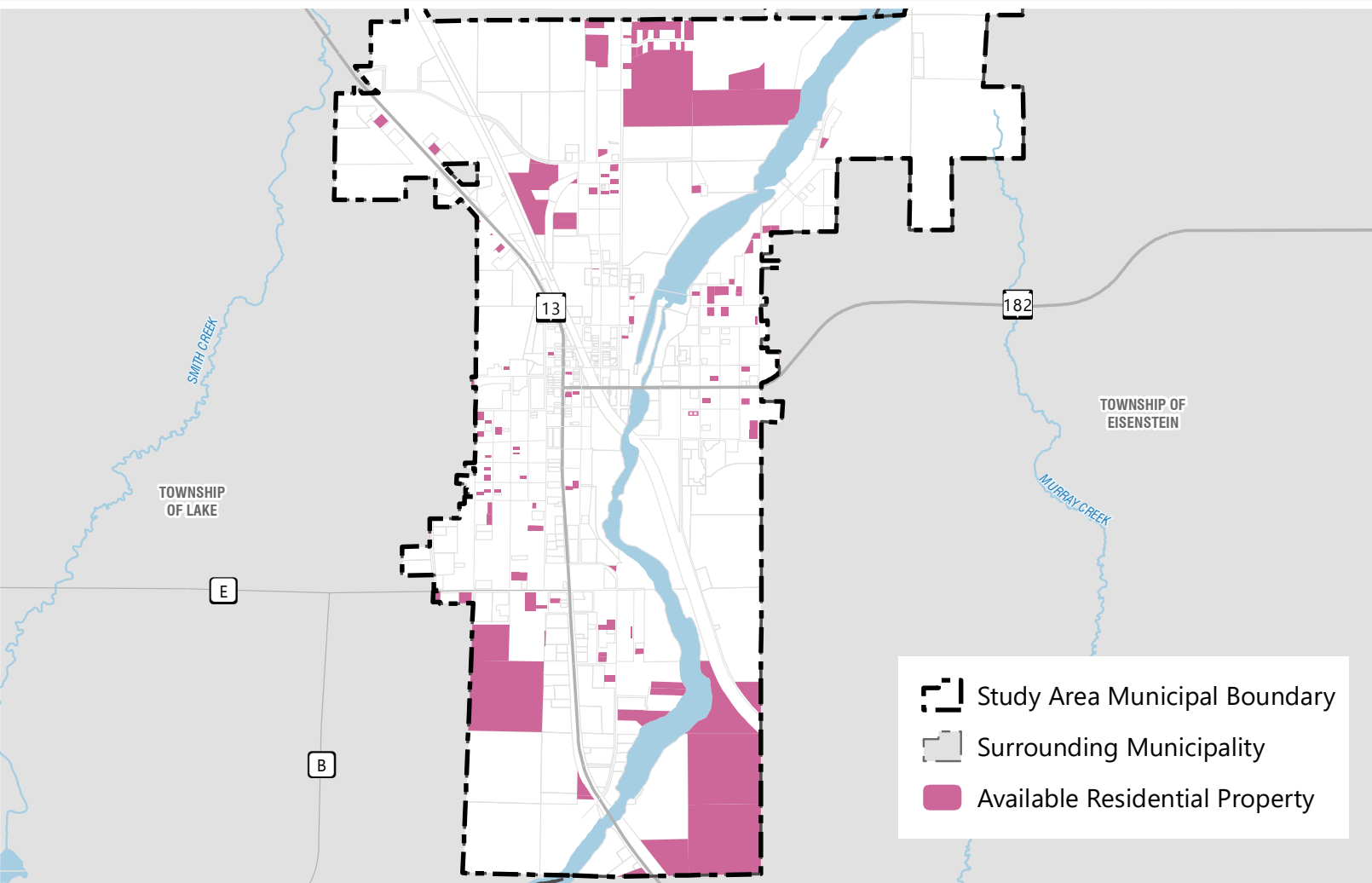
PARCEL VALUATION in the City of Phillips will show slightly reduced Improvement:Land ratio values, as slightly higher costs in the market and assessments (which are based on fair market value) have increased corresponding land costs.

Many parcels throughout the City fall into the 3-6 value range, which indicates a stable and healthy market (similar to Park Falls). Parcels that are likely candidates for redevelopment or in need of significant rehabilitation will generally have lower ratio values, which indicates lower improvement value compared to land value.

In both cities, one factor that lowers values is general age of housing stock. Because this ratio is dependent upon an assumed fair market values use comparable sales and properties, older homes will generally see slightly reduced improvement values stemming from market preference for larger homes, homes with more bedrooms, and other market forces.



# AVAILABLE LOTS

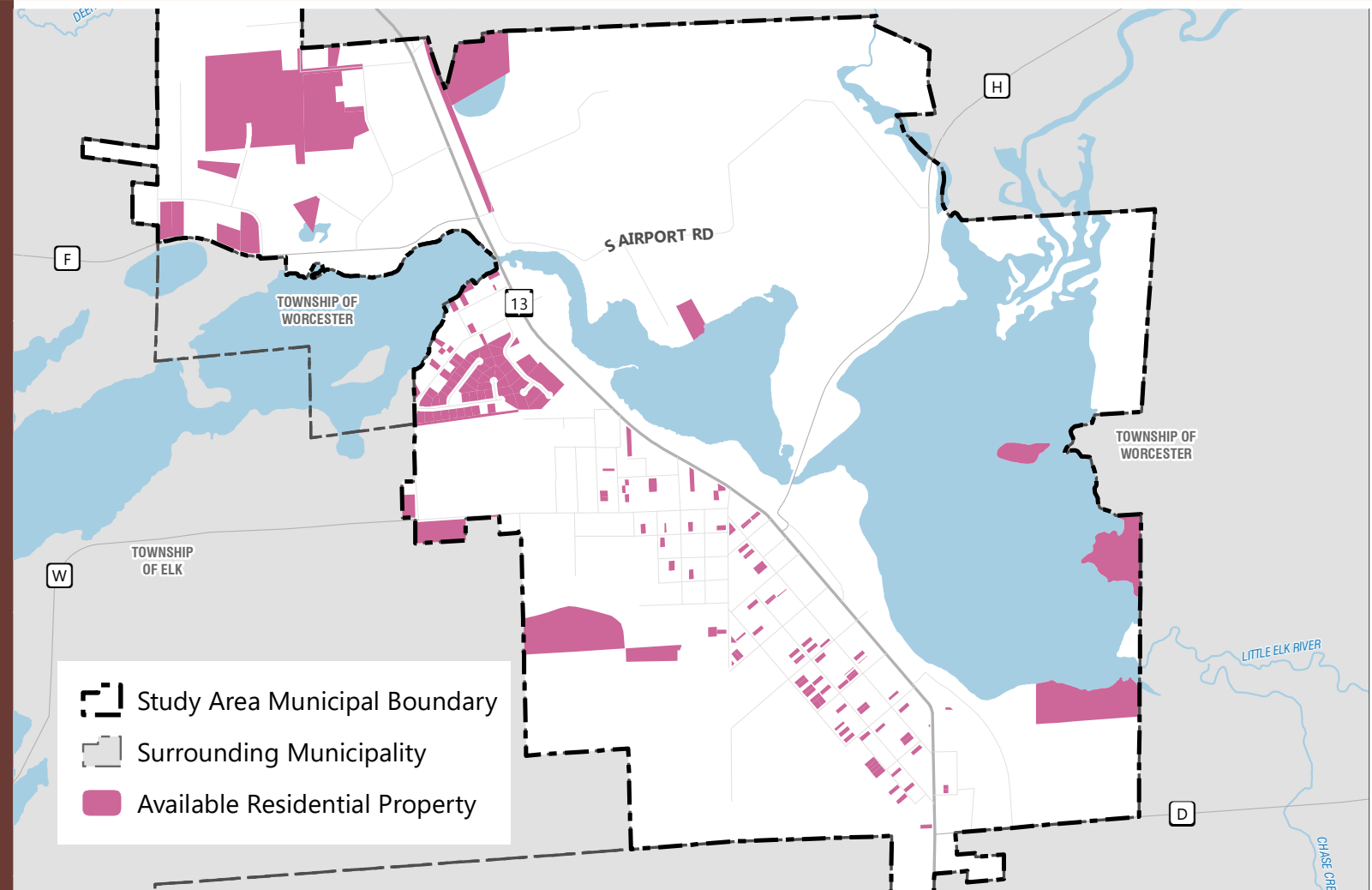


ASIDE FROM REDEVELOPMENT, there are parcels in each City that remain vacant and awaiting construction/development of some type. The map above shows parcels which have an assessed improvement value of \$0 and are zoned for residential development. Some of these are already platted and serviced, while others may require re-platting for future development.

Available parcels are located across the city, though the number available in each area varies. Notably in Park Falls, there are significant numbers of lots available for downtown infill development on vacant lots. This presents an opportunity for flexible infill development that could potentially serve lower-cost homeownership units (attached/townhouse units or similar).

This analysis is largely focused on showing which parcels are available for potential development, and is not intended to be all-encompassing. A full-size scalable version of this map is located in the appendix to better identify parcels with potential for development opportunity.

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Available parcels are located across the city, though the number available in each area varies. Just as in in Park Falls, there are significant numbers of lots available for downtown infill development on vacant lots in the City of Phillips. This presents an opportunity for flexible infill development that could potentially serve lower-cost homeownership units (attached/townhouse units or similar).

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# ZONING

**ZONING ORDINANCES** for each city have two dedicated residential districts - the R-1 (single family residential) and R-2 (multifamily residential) district.

In general, these zoning ordinances are important to the development of future residential development and existing lots as they are the guiding regulations of where and what residential development forms can take. While there are many similarities between the zoning regulations in the two cities, there are some differences - mainly regarding the minimum lot width and minimum lot area.

As construction costs become more expensive and land costs appreciate with inflation over time, finding ways to lessen the impact of total fees and costs to developers and homeowners should remain a key consideration.

For example, many new homeownership opportunities that can reduce construction costs utilize smaller lots, construction efficiencies (attached units/townhomes), and smaller overall home size. Both Park Falls and Phillips should remain flexible and creative in considering new potential development, and be willing to try new options if financially feasible. Considering the trend of decreasing household size, new development

that serves residents and the workforce could focus on smaller unit types that may be difficult to build under the zoning code, such as small units, attached condos, or other units that serve small families or older adults within each community and the region.

**As each City may update their Comprehensive Plans, future land uses and development patterns should be considered where the cities proactively anticipate small-unit, clustered, and attached unit development that may not meet current zoning standards.**

		Minimum Residential Lot Size	Minimum Lot Width	Single-Family	Two-Family	3-4 Unit	5+ Unit	Accessory Dwelling
Park Falls	R-1	8,500 sq. ft.	70 feet	P				
	R-2	8,500 sq. ft. - One Family 6,000 sq. ft. - Two Family 3,500 sq. ft. - Multifamily	80 feet	P	P	P	P	
Phillips	R-1	10,000 sq. ft. - One Family 8,000 sq. ft. - Two Family	100 feet	P	P			
	R-2	10,000 sq. ft. - One Family 6,000 sq. ft. - Two Family 3,000 sq. ft. - Multifamily	100 feet	P	P	P	P	

P = Permitted Use; C = Conditional Use  
Minimum residential lot sizes are listed per unit





# 6

## UNIT DEMAND

### Findings & Recommendations

# OWNER DEMAND - EMPLOYMENT

Growth projections by the Wisconsin Department of Administration for the Cities of Park Falls and Phillips indicate anticipated household decline. However, there are many known employment vacancies in the community (at least 75 currently), 40 more jobs being created over the next three years, a known tight rental market, a balanced but competitive ownership market, and a healthy County unemployment rate of 5.2%. These numbers indicate a strong need for employee/workforce housing opportunities in the region - and more specifically within 20 miles of each community.

There are two pages of demand analysis per housing tenure type (ownership and rental) - this is done to illustrate the need for immediate housing development based on known employment vacancies, as well as to illustrate the ongoing need that comes from reinvestment in a growing employment market that stabilizes household growth over the coming decade.

<b>New Construction Ownership Housing Demand to 2025 - Employment Vacancy</b>			
<b><i>Demand from Employment Growth Within the Cities</i></b>			
Employment Vacancies	115 additional households/jobs		
Demographic Ownership Rate based on Wages	40%		
Demand for New Construction	<b>46 ownership units</b>		
<b><i>Total Demand for New Construction Ownership Units = 46 units</i></b>			
Preference for SF-Detached	70%	Preference for SF-Attached	30%
#	32	#	14
Additional Need for Vacancy	2 units	Additional Need for Vacancy	1 units
<b>Total SF-Detached Need</b>	<b>34 units</b>	<b>Total SF-Attached Need</b>	<b>15 units</b>
<b>Total Unit Need for Known Unfilled and Expanded Jobs = 49 units</b>			



# OWNER DEMAND - CONTINUED GROWTH

This estimate of continued demand should be used as a goal - a measure of units that could be constructed in the market to provide additional housing choice - in location, type, and price point for buyers at any given point in time and take advantage of economic investment of new households moving to the community for expanded employment opportunities.

Development interest and consumer demand drive the housing market. Due to lending requirements and market analyses needed for large-scale developer investment, if there is developer interest, there is also likely demand.

<b>New Construction Ownership Housing Demand - Annual Continued Growth</b>			
<b><i>Demand from Household Growth Within the City</i></b>			
<b><i>Demand from New Resident Households</i></b>			
Phillips Healthy Household Growth		Park Falls Healthy Household Growth	
+3 (Annual Household Gain)		+3 (Annual Household Gain)	
2.0 Avg. Household Size		2.12 Avg. Household Size	
0 Replacement Need		1 Replacement Need	
<b>+3 (New Unit Need for Sustained Growth)</b>		<b>+1 (New Unit Need for Sustained Growth)</b>	
<b><i>Total Demand for New Construction Ownership Units Annually = 7 units</i></b>			
Preference for SF-Detached	70%	Preference for SF-Attached	30%
#	3	#	1
Additional Need for Vacancy	1 units	Additional Need for Vacancy	0 units
<b>Total SF-Detached Need</b>	<b>4 units</b>	<b>Total SF-Attached Need</b>	<b>1 units</b>
<b>Annual Unit Need for Continued Growth = 5 units</b>			



# OWNERSHIP RECOMMENDATIONS

For residents who already live in the cities, there are several key issues. Lower-income residents who previously would have been able to afford homeownership are now finding themselves being outpriced in an increasingly competitive market. There are parcels in each city with low home values and low improvement ratios. And the average days on market has been steadily decreasing for years, though still considered a “healthy” market.

## CONTINUE TO ENCOURAGE NEW DEVELOPMENT

While construction activity has been lagging the past decade, and population has steadily declined, there is a large need for housing to serve employment growth in the region. Residents and employers have indicated a need for more housing within the market. In order to meet the housing construction demand outlined above, it will likely require coordinated effort between municipalities and employers themselves. The cities should build partnerships between developers and employers, and consider options that move toward “employer-supported housing” (where employers serve as an equity investor in development) to serve needs of the community.

## DELIVER A MIX OF HOUSING OPTIONS

Considering incomes and preference to live in the cities vs. in towns, small-lot and shared-wall development is a need that will continue to provide slightly more cost effective options in new construction that build on already-serviced vacant lots within each city. Even in any potential new subdivisions, development should integrate a mix of housing types (attached/detached, small unit rental, etc.) within subdivision plans to allow more choices and options across the housing market. This can work to encourage more natural community character, and reinforce and strengthen the existing portions of each city that are built out.

## REVIEW AND REVISE ZONING REQUIREMENTS

Each city should seek developer feedback on its zoning ordinance to identify requirements that are impediments to the construction of affordable units that are viable in the market today. Standards to discuss include, for example, parking requirements and minimum lot dimensions. Concepts like average minimum lot size could be considered as a way to enable some smaller lots and varied housing units.

## CONTINUE TO ACTIVELY PROMOTE REPAIR ASSISTANCE FROM NWRPC, USDA, AND OTHER SOURCES

Price County has access to assistance in homebuyer downpayment, rehabilitation, and other housing-financing issues from a variety of sources (including City-run programs). These programs are designed to assist lower-income owners and prospective owners, and can be widely utilized in both Phillips and Park Falls. Lenders should also be aware of and assist homebuyers in accessing subsidized loan and downpayment products through WHEDA, USDA, and help guide owners through complicated processes to improve their homes.

## KEEP IN MIND AGING HOMEOWNERS

The large share of senior households projected through 2040 is a major component of the local housing market. Whether promoting accessibility programs to retrofit homes to age-in-place or developing zero-entry and ranch-style condo options, this demographic represents a large share of specialized housing need moving forward.

# RENTAL DEMAND - EMPLOYMENT

Within the rental market, projections are based on projected household growth, current rates of household tenure for demographics likely to be seeking rental housing, and then focused based on rates of affordability to current residents who rent within the housing market. This demand analysis indicates a slow shift from ownership to renter markets, consistent with changes in rates of tenure over the past decade. Gradual and thoughtful demand-driven outcomes will likely see a higher percentage of rental units created in an average year than the current overall percentage of renters in the community.

The low estimate for rental housing in the next 5 years assumes fewer new units than have been created in the past 5-year period, and should be treated as a baseline for unit development, not a target that should preclude development when the baseline has been met.

New Construction Rental Housing Demand to 2025 - Employment Vacancy					
<b>Demand from Household Growth Within the City</b>					
Employment Vacancies			115 additional households/jobs		
Demographic Rental Rate based on Wages			60%		
Demand from New Construction			<b>69 rental units</b>		
<b>Total Demand for New Construction Ownership Units = 69 units</b>					
Workforce Units	50%	Mid-Level Units	40%	Market Rate Units	10%
New Affordable Demand	35 units	New Mid-Level Demand	28 units	New Market Rate Demand	6 units
Additional Need for Vacancy	2 units	Additional Need for Vacancy	2 units	Additional Need for Vacancy	1 units
<b>Total Affordable Need</b>	<b>37 units</b>	<b>Total Mid-Level Need</b>	<b>30 units</b>	<b>Total High Market Need</b>	<b>7 units</b>
<b>Total Unit Need = 74 units</b>					

# RENTAL DEMAND - CONTINUED GROWTH

High estimates for rental demand assume continued, strong demand within the market - and matches approximately the same number of units that have been created over the past 5-year period. This suggests continued demand for development types that have been coming forward in the City, and planning for the trend to continue will allow the City to identify sites and areas through downtown and key corridors. The City can balance market demand for more rental housing with small town character through smart siting and design regulations.

This estimate of demand may come to be met if growth pressures increase further than current projections indicate, and developments should be considered based on their own merits and demonstrated need on an annual basis.

New Construction Rental Housing Demand to 2025 - Annual Continued Growth					
<b>Demand for New Resident Households</b>					
Phillips Healthy Household Growth		Park Falls Healthy Household Growth			
+4 (Annual Household Gain)		+4 (Annual Household Gain)			
2.0 Avg. Household Size		2.12 Avg. Household Size			
0 Replacement Need		0 Replacement Need			
<b>+4 (New Unit Need for Sustained Growth)</b>		<b>+4 (New Unit Need for Sustained Growth)</b>			
<b>Total Demand for New Construction Rental Units Annually = 8 units</b>					
Workforce Units	50%	Mid-Level Units	40%	Market Rate Units	10%
New Affordable Demand	4 units	New Mid-Level Demand	3 units	New Market Rate Demand	1 units
Additional Need for Vacancy	0 units	Additional Need for Vacancy	0 units	Additional Need for Vacancy	0 units
<b>Total Affordable Need</b>	<b>4 units</b>	<b>Total Mid-Level Need</b>	<b>3 units</b>	<b>Total High Market Need</b>	<b>1 unit</b>
<b>Total Annual Unit Need for Continued Growth = 8 units</b>					

What do  
we mean by  
Workforce,  
Mid-Level, and  
Market Rate  
Rents?

**AFFORDABILITY** - what a household can spend on housing cost - is relative to each individual household. Higher-income households can afford more within the market, meaning that there are more options that would be within their spending limit, whether they spend 10% or 30% of their income toward housing cost. Lower-income households have fewer choices in the market due to similar fixed-costs, but less units that generally rent at a level that would fall within a comfortable limit. In addition to having less units available, they sometimes directly compete with higher-income households who are "spending-down" in the market, occupying housing units that are especially affordable.

The Workforce Housing rental production demand targets for consistent growth are based on resident incomes by tenure - that is the percent of renter households who rent at each income level, before deciding to transition to the ownership market. Workforce Housing targets for these recommendations are units priced at an affordability level of 40% per WHEDA's income limits. This is used to maintain consistency with common funding categories, and are adjusted to match household and bedroom size.

		Number of Bedrooms						
		0	1	2	3	4	5	6
Workforce Housing	Ideal Monthly Rent	\$503	\$539	\$647	\$747	\$833	\$919	\$1,006
	Maximum Monthly Rent	\$628	\$673	\$808	\$933	\$1,041	\$1,149	\$1,257

Mid-Level housing indicates prices that would be affordable to a household earning between 40% and 60% of the median income in WHEDA's income limits. They are adjusted to match household/family size, and represent consistency with HUD guidelines.

		Number of Bedrooms						
		0	1	2	3	4	5	6
Mid-Level Housing	Ideal Monthly Rent	\$628	\$673	\$808	\$933	\$1,041	\$1,149	\$1,257
	Maximum Monthly Rent	\$754	\$808	\$970	\$1,120	\$1,249	\$1,379	\$1,509

Market Rate Housing is the last category for recommended cost of new units - and does not have an upper maximum. While households do rent within this category, there is a transition to homeownership that is consistent with increasing household income. Data and community input indicate that households tend to move to Park Falls and Phillips for affordability and accessibility, and the same holds true for some high-income earners, though many live in other areas of the County and own their own homes.

		Number of Bedrooms						
		0	1	2	3	4	5	6
Market Rate Housing	Ideal Monthly Rent	\$754	\$808	\$970	\$1,120	\$1,249	\$1,379	\$1,509
	Maximum Monthly Rent	-	-	-	-	-	-	-





# RENTAL RECOMMENDATIONS

Households in the rental market, as well as those who work in housing locally, have identified a need for new options in the region that serve employees of all income levels. Due to a large share of older rental housing stock, there are more affordable options than in other areas. However, incomes of many local residents are also below new construction housing cost. Employers are seeing that their growth and employment base needs a middle-ground in the rental market that serves a range of incomes.

## TAKE ADVANTAGE OF OPPORTUNITIES FOR TAX CREDIT & SUBSIDIZED DEVELOPMENT

Though referred to as “affordable housing”, tax credit developments offer new construction at rents that fit within the limits and demand of the communities. Local incomes are generally lower, especially those of employee-renters who would fit inside income categories for these units. These developments that offer opportunity to increase guaranteed unit quality through new construction or preservation, and could also be utilized for mixed-use developments that provide amenities in central areas. The cities can also directly encourage more affordable rental costs through programs such as Tax Increment Financing, and considered scattered-site workforce housing development through WHEDA's LIHTC program.

## FOCUS ON UNIVERSAL DESIGN AND ATTACHED UNITS IN CENTRAL AREAS

As households continue to age, and many wanting to age in the community, providing a range of options that have accessibility features and follow universal design will promote healthy neighborhoods and continued resident health. This is needed in all areas, as well as in key central areas that increase access to amenities for older adults. Many homeowners who downsize, as well as those with differing levels of ability, live in private market units and prefer walkable areas with access to amenities.

## ENCOURAGE REHABILITATION, REDEVELOPMENT, AND REINVESTMENT

Maintaining housing affordability across a range of incomes is vital for community health - and is one of the reasons that some households choose to live in the cities instead of towns. However, aging housing stock requires upkeep in order to maintain desirability. Many rehabilitation programs offer deferred-loan assistance to landlords of small properties (such as North West Wisconsin Regional Planning Commission's Home Repair Deferred Loan program). These incentivized loans often come with income restrictions.

## MAINTAIN A MIX OF UNIT SIZES IN NEW DEVELOPMENT

Household size is expected to decrease in coming years, both in ownership and rental markets. Even though smaller household size is projected, many rental units in the area are smaller in bedroom size (especially in Park Falls) than surrounding communities. Ensuring households have access to a variety of options that meet their need for family size will continue to be an important consideration. In practice, this means incorporating 3-bedroom units as a portion of any rental market development, whether in townhome, detached, or multi-unit construction. Encouraging larger unit construction balanced with small unit construction ensures all household types are served.

## ENCOURAGE MISSING MIDDLE HOUSING

Vacant lots in the community can be used to bring down the passthrough cost of new construction by focusing on the potential for attached-unit or duplex development. Structures with 2-19 units fill a gap that exists in the market, providing more options for residents, and reduced construction costs for development compared to single-unit detached structures. These smaller attached-unit structures can be a better fit with other existing development, as compared to buildings with a large number of units.

# AGING HOUSEHOLDS

Senior households live in homes in both the rental and ownership markets, but as they continue to age, many need more specialized care or prefer alternate options. Nationally, HUD reports that 93% of medicare-enrollees age 65 and older are already aging in place. This vast majority of the market is remaining in their current housing - staying in non-age restricted housing until life events necessitate a move. Once households do move, many senior housing complexes offer combinations of active living, independent living, assisted living, and memory care within the same campus. Within the market, there are several options to help older households find options that work for them:

## **Ensuring a Variety of Options in the Private Market**

Easing access to Accessory Dwelling Unit construction, whether internal or external to the existing primary residence, helps aging households remain in their home. Some older households design the unit with accessibility standards in mind and look to downsize into it themselves, while other households plan on it as a space for family or a caretaker who can assist them with daily tasks.

Ensuring there is access to or developing non-age restricted smaller apartments, duplexes, and townhomes in more central locations is another method of ensuring older household options in the market. This allows households to live in new construction that has a mix of access and privacy, while still having friends and other households close by. One more option is small lot size development, either in central areas or cottage court communities. These allow both rental and ownership options as households continue to age - as long as the housing is built with aging and universal design in mind (such as patio homes).

## **Active Adult Housing**

Active Adult Communities are specially-designed developments with accommodations for aging households in mind. They provide upkeep-free housing, easing maintenance burden. They also often provide a sense of community for others who prefer neighbors their own age, as opposed to smaller and accessible unit options in market rentals. And they can offer a variety of tenure choices, with many allowing residents to own or lease their housing.

## **Independent Living**

Independent Living is designed for households who can - and want to - accomplish the majority of daily tasks on their own, but need assistance from time to time. These facilities often are inclusive of food and medical care, as well as other potential on-site amenities such as cleaning, laundry, and general housekeeping. These housing units are operated most similarly to a rental unit - and as amenities go above and beyond typical housing cost, are not subject to the typical 30% affordability standard.

## **Assisted Living**

Assisted Living is designed to make it easy for residents who need assistance with everyday activities in accomplishing tasks that they would not be able to do in their own homes. This is often provided through scheduled, regular support that runs a spectrum from cooking and cleaning to in-unit medical visits, transportation, and medication management.

# SENIOR UNIT TYPE DEMAND

## Active Adult Housing

Demand for market rate, active living senior housing comes from those households that prefer this type of unit and can afford it, either because they have sufficient current income or because they have sufficient savings, most often in the form of home sale equity. All households in this demand category, both current and projected, have at least one household member above the age of 55. Many active adult housing communities are age-restricted and become available once a household member reaches the limit (typically 55), while other are not restricted - solely marketing themselves as active adult communities to ensure inclusivity.

It is important to note that indicated demand for this market type does not include units that already exist within the market, and should be adjusted accordingly. Demand is calculated for the County as a whole.

Market Rate Active Adult Demand		
	2020	2025
Number of Households with Qualifying Incomes	1,211	1,308
Potentially Qualifying Households with Home Sale Equity	365	395
Base Demand	1,456	1,572
Unit Type Preference	6.5%	6.5%
<b>Total unit demand</b>	<b>95 units</b>	<b>102 units</b>

## Subsidized Independent Living

Subsidized independent living refers to income-restricted independent living developments. This offers opportunity for income-limited and fixed-income households to have access to those services they require as they continue to age. Demand is calculated by measure of fixed- and income-restricted households without the potential for home sale equity. This is then adjusted to the average percentage of households who prefer or need to live in this style housing in 55+ age categories.

It is important to note that indicated demand for this market type does not include units that already exist within the market, and should be adjusted accordingly. Demand is calculated for the County as a whole.

Subsidized Independent Living Demand		
	2020	2025
Number of Households with Qualifying Incomes	974	1,052
Base Demand	974	1,052
Unit Type Preference	10.5%	10.5%
<b>Total unit demand</b>	<b>133 units</b>	<b>144 units</b>

# SENIOR UNIT TYPE DEMAND

## Market Rate Independent Living

Market Rate independent living refers to non-income-restricted independent living developments. This offers opportunity for higher-income senior households and those with potential home sale equity to have access to required services as they continue to age.

It is important to note that indicated demand for this market type does not include units that already exist within the market, and should be adjusted accordingly. Demand is calculated for the County as a whole.

Market Rate Independent Living Demand		
	2020	2025
Number of Households with Qualifying Incomes	1,211	1,308
Potentially Qualifying Households with Home Sale Equity	219	237
Base Demand	1,430	1,545
Unit Type Preference	10%	10%
<b>Total unit demand</b>	<b>143 units</b>	<b>156 units</b>

## Market Rate Assisted Living

Market Rate assisted living refers to assisted living development for households with a higher-income or access to potential home sale equity. Demand is calculated by measure of income-qualified households, as well as potentially qualifying household with access to home sale equity. This is then adjusted based on the local number of single-person senior households in the County, and filtered by the estimated percent of households who can continue in-home care as opposed to assisted living.

It is important to note that indicated demand for this market type does not include units that already exist within the market, and should be adjusted accordingly. Demand is calculated for the County as a whole.

Market Rate Assisted Living Demand		
	2020	2025
Total Households Needing Assistance	510	551
Percent of Households with Qualifying Incomes or Equity	41%	41%
Number of Income Qualified Households	204	220
Base Demand	411	444
Demand from Current Single Person Households	185	200
Demand from Current Two Person Households	226	244
Unit Type Preference/Need	40%	40%
<b>Total unit demand</b>	<b>165 units</b>	<b>178 units</b>



