

HOUSING

The purpose of this chapter is to summarize housing issues within the City of Osakis and establish goals and recommendations to promote a healthy residential infrastructure and furthering a variety of life-cycle housing options. The issues have been identified through:

1. An analysis of City demographics;
2. An evaluation of historical building trends gathered from building permit information on file at the City offices;
3. An evaluation of existing housing conditions gathered through a windshield survey of the City;
4. A review of land use options for housing growth;
5. The comprehensive plan survey and community meeting; and
6. Housing Objectives, Policies and Recommendations.

Suitable housing is a basic need and a key to quality of life. A wide choice of housing styles and price ranges is a major community asset. This section of the Comprehensive Plan includes descriptive data about Osakis's housing stock plus a review of local, regional and national housing assistance programs/resources.

I. HOUSING ISSUES

A. Life Cycle Housing Variety

The housing stock within a community must be responsive to the needs of its residents. Housing needs are not static but change over time as people move through different stages of their lives. Housing needs tend to evolve from: (1) affordable basic units for young people just beginning to enter the workforce to (2) affordable single family units for first time home buyers and young families to (3) move up housing for people with growing families and/or incomes to (4) empty-nester dwellings for persons whose children have grown and left home (5) to low maintenance housing options for aging persons as their ability to maintain their property decreases; and finally to (6) assisted living environments to provide health and medical care to the elderly.

To address the life-cycle needs of residents, it is critical that a community provide a wide range of housing:

- **Types** (i.e. apartment/townhome/condominium rental, townhome/condo/single-family owner occupied, assisted living);
- **Sizes** (i.e. one, two, three bedroom rentals; starter homes; move-up homes; and,
- **Values:** (i.e. efficiency – luxury rental units; starter homes – executive homes).

The development of life-cycle housing works to sustain the community by preventing a polarization of residents in one age or income group. As one generation of residents moves through its life cycle it can move into the housing provided by the previous generation, just as the next generation will move into the housing being vacated.

B. Population Age Characteristics and Available Housing Choices

Population age characteristics and available housing options are essentially interrelated and can be analyzed in terms of correlative trends over time. National demographic trends affecting the housing market at this time are the general aging of the population (increased need for retirement housing/assisted living facilities) and the presence of grand-parents in caregiver roles for grandchildren (an increasingly popular alternative to day care) leading to a delay in the movement from larger move-up homes to empty-nester type housing options.

Osakis’s existing population as described in the Demographic Trends & Assumptions (Chapter 3) reports a median age of 48.8 years. The median age in Douglas and Todd counties are 38.5 years of age and 39.7 years respectively, and the State median age is 35.4 years.

The State Demographer’s Office projects future population by age group at county levels between 2000 and 2030. Projections suggest the fastest growing age groups in the combined Counties are anticipated to be those 65 to 74 years (52.09% increase); 74 to 84 years (49.06% increase) and 85+ years (45.58% increase). Within Osakis the same age groups can be anticipated to be the fastest growing. This will have an impact on the type of housing required in the future. It is also noted that within Douglas and Todd Counties combined the following age groups are anticipated to decline in population: 15 to 19 years (-2.88%).

Table 6-1 illustrates Census data that reflects nearly 48% of households occupying housing units within the community moved in between 1995 and 2000.

**Table 6-1
Osakis Householder by Year Moved In**

Year Household Moved In	Number of Owner-Occupied Units	Percent of Owner-Occupied Units	Number of Renter-Occupied Units	Percent of Renter-Occupied Units	Total Number of Occupied Units	Total Percent of Occupied Units
1999-March 2000	63	13.1	75	41.4	138	20.8
1995-1998	118	24.5	58	32.0	176	26.6
1990-1994	75	15.6	19	10.5	94	14.2
1980-1989	91	18.9	15	8.3	106	16.0
1970-1979	50	10.4	10	5.5	60	9.1
1969 or earlier	84	17.5	4	2.2	88	13.3
Total	481	100	181	100	662	100

Source: U.S. Census Bureau (2000 Statistics)

C. Housing Affordability – Defined

“Affordable Housing” is defined differently by various organizations. The United States Department of Housing and Urban Development generally defines housing as affordable if it costs less than thirty (30) percent of a household’s income. However, HUD’s Section 8 Income Guidelines are the basis for most affordable housing programs. Section 8 guidelines define low and moderate incomes on a sliding scale, depending on the number of persons in the family. For example, a four person household is considered ‘moderate income’ if their family income is 80 percent of the area’s median family income. The 2000 Census reports that the median percent of household income in 1999 that Osakis households spent on mortgages was 20.6%.

The U.S. Census Bureau classifies household and family income differently. Household income is defined as total money received in a calendar year by all household members 15 years old and over. Family income is the total income received in a calendar year by family members related by birth, marriage or adoption. Many households are not families, for example single people living alone or with non-related roommates are considered a non-family household. Median household income is often lower than median family income, however, most housing data references family income rather than household income.

‘Median’ income differs from ‘average’ income. ‘Median’ is created by dividing income distribution data into two groups, one having incomes greater than the median and the other having incomes

below the median. 'Average' income is calculated by adding all incomes together and dividing the total by the number of responses.

The following Tables will compare the City of Osakis and Douglas and Todd Counties' housing affordability data in terms of median household income (Table 6-2) and Osakis and Douglas and Todd Counties in terms of median family income (Table 6-3).

**Table 6-2
Affordable Housing – General Definition
30 Percent of Median Household Income**

Area	Median Household Income	"Affordable" Monthly Mortgage Payment*	"Affordable" Home Value at 6% interest/30 year term	"Affordable" Monthly Rent Payment
City of Osakis	\$29,833	\$746	\$124,250	\$746
Douglas County	\$37,703	\$943	\$157,000	\$943
Todd County	\$32,281	\$807	\$134,500	\$807
State of Minnesota	\$47,111	\$1,178	\$160,542	\$1,178

Source: U.S. Census (2000 Statistics) *Does not include down payment or taxes and insurance which may be reflected in monthly mortgage payment

**Table 6-3
Affordable Housing – Section 8 Definition**

Area	City of Osakis			Douglas County			Todd County		
	Annual Income	"Affordable" Home Value at 6% interest/30 year term	"Affordable" Monthly Rent Payment	Annual Income	"Affordable" Home Value at 6% interest/30 year term	"Affordable" Monthly Rent Payment	Annual Income	"Affordable" Home Value at 6% interest/30 year term	"Affordable" Monthly Rent Payment
Median Family Income	\$38,864	\$162,000	\$972	\$46,250	\$192,500	\$1,156	\$39,920	\$166,250	\$998
Low income - one person household	\$21,764	\$90,500	\$544	\$25,900	\$108,000	\$648	\$22,355	\$93,000	\$559
Low income - two person household	\$24,873	\$103,500	\$622	\$29,600	\$123,250	\$740	\$25,549	\$106,500	\$639
Low income - four person household	\$31,091	\$129,500	\$777	\$37,000	\$154,000	\$925	\$31,936	\$133,000	\$798
Very low income - one person household	\$13,602	\$56,500	\$340	\$16,188	\$67,500	\$405	\$11,178	\$46,500	\$279
Very low income - two person household	\$15,546	\$64,750	\$389	\$18,500	\$77,000	\$463	\$12,774	\$53,000	\$319
Very low income - four person household	\$19,432	\$81,000	\$486	\$23,125	\$96,250	\$578	\$15,968	\$66,500	\$399

Source: U.S. Census & Department of Housing and Urban Development for Income. MDG, Inc. calculations of affordable mortgage and rent rates, based on Section 8 definition of affordable. Affordable mortgage based on 6% interest and a 30-year term, with no money down.

Notes: Does not include down payment or taxes and insurance which may be reflected in monthly mortgage payment; "Moderate" income defined here as 80% of median family income for Counties; "Low" income defined here as 50% of median family income for the Counties.

D. Affordable Housing in Osakis

By condensing data in the previous section, it is possible to develop a range of affordability for owner-occupied and rental units in the City of Osakis. Table 6-4 depicts the range of affordability for housing Osakis residents can afford.

**Table 6-4
Range of Housing Affordability – Family of Four Persons**

Group	Owner – Occupied Home Value	Monthly Rental Cost
Affordable for Median Incomes	\$162,000	\$972
Affordable for Moderate Incomes (80% of Median)	\$129,500	\$777
Affordable for Low Incomes (50% of Median)	\$81,000	\$486

It is noted most housing affordability programs and data place emphasis on creating owner-occupied units at 80% of the median family income (moderate income) and, rental units at 50% of the median family income (low income). Since low-income persons are typically renters, the definition of 'low income' is tied to the number of persons in each unit. Therefore, the Comprehensive Plan as of the summer of 2005 will identify "affordable owner-occupied units" as those affordable for moderate income families (80% of median income). Existing and new homes that are 'affordable' will be those between \$81,000 and \$129,500. Affordable rental units are based on 50% of the median income and will be in the range of \$486 per month.

It is important to note the definition of 'affordable' in terms of a dollar amount will change as the cost of living increases and interest rates change. Therefore, the City should periodically review income/housing statistics and update the definition as warranted. Factors such as interest rates will impact housing affordability.

The U.S. Census Bureau reports the actual income distribution in the City in terms of both median household and median family incomes. Income distributions can be compared to affordability standards to determine how many households and families in the City of Osakis may require affordable housing. In Table 6-5, households that may require affordable housing (based on family income) are depicted in the shaded areas.

**Table 6-5
Osakis Family Income Affordability**

Annual Family Income	Number of Families in Category	% of Total	Maximum Sustainable Monthly Rent - Efficiency Apt.	Maximum Sustainable Monthly Rent - One Bedroom	Maximum Sustainable Monthly Rent - Two Bedroom	Maximum Sustainable Home Value
Less than \$10,000	87	13.26%	\$175	\$225	\$250	\$42,000
10,000 – 14,999	77	11.74%	\$263	\$338	\$375	\$52,250
15,000 – 24,999	121	18.45%	\$438	\$563	\$625	\$83,500
25,000 – 34,999	91	13.87%	\$613	\$788	\$875	\$125,000
35,000 – 49,999	127	19.36%	\$875	\$1,125	\$1,250	\$177,000
50,000 – 74,999	100	15.24%	\$1,313	\$1,688	\$1,875	\$260,250
75,000 – 99,999	39	5.95%	\$1,750	\$2,250	\$2,500	\$364,250
100,000 - 149,999	11	1.68%	\$2,625	\$3,375	\$3,750	\$520,500
150,000 - 199,999	3	0.46%	\$3,500	\$4,500	\$5,000	\$728,508
Total	656	100.00%				
Median family income for Osakis in 1999 = \$38,864						

Source: U.S. Census Bureau (2000 Statistics) and MDG Calculations of Approximate Maximum Sustainable Home Value based on 6% interest and 30 year term, at 30% of average family income range.

The U.S. Census data reveals 136 individuals in Osakis are living in poverty (9.1% of the City's population). Within Douglas County, 2,746 people are living in poverty (8.5% of the county population) and within Todd County 3,112 people are living in poverty (12.9% of the county population).

The 2000 Census indicates the median monthly mortgage payment, with select monthly homeowner costs, in the City of Osakis was \$623; the median gross rent per month was \$333. As indicated in Table 6-6, the median value of a home within the City was \$64,300. The median value of a home within the City is significantly lower than those in Douglas County but comparable to homes in Todd County.

**Table 6-6
Estimated Actual Housing Costs**

Area	All Occupied Hsg. Units*	Owner Occupied Median Value	Median Owner-Occupied Units With Mortgage	Median Owner-Occupied Units Without Mortgage	Median Gross Rent
City of Osakis	662	\$64,300	\$623	\$222	\$333
Douglas County	13,276	\$102,300	\$825	\$247	\$411
Todd County	9,342	\$64,400	\$669	\$219	\$346
State of Minnesota	1,117,489	\$122,400	--	--	--

Source: U.S. Census Bureau (2000 Statistics)

The median housing costs including rent and mortgage payments indicate a base of affordable units exist within the City, but fail to consider when owner-occupied units were purchased, average monthly rental payments and number of units available. The 2000 Census indicates 100 vacant housing units within the City; of those 89 were single-family detached structures (89% of structures), two were single family attached structures (2%), six were 2 to 4 unit structures (6%) and the remaining three (3%) units were in mobile homes at the time of Census enumeration. The majority of the vacant units were in buildings built in 1940 or earlier (37 vacant units) or those constructed between 1940 and 1949 (20 units vacant). Units most likely to be vacant contained two bedrooms (39% of all vacant units). The high vacancy appears to be related to the age and condition of the structures.

Many residents have expressed concerns about the rising costs of housing. Housing affordability will continue to be a growing concern. An increase in housing costs is a trend statewide with the metro areas seeing huge increases in the median housing price. Table 6-7 illustrates the increasing median sales price within Douglas and Todd counties, 16.5% and 24.7% increases respectively.

**Table 6-7
Median Sales Price of Existing Housing Units by County**

Area	January 2000 to September 2001	January 2002 to September 2003	Dollar Change	Percent Change
Douglas County	\$105,000	\$123,350	\$17,470	16.5
Todd County	\$60,000	\$74,800	\$14,800	24.7

Source: MN Department of Revenue

Note: Data from arms length sales, includes warranty deed and contract for deed sales.

According to data obtained from Douglas County, within the reporting period from October of 2004 to August of 2004, there were 29 residential sale transactions within the City. The median selling price was \$96,220 with \$24,300 reported as the low and \$276,550 reported as the highest sale price. The median sales price has increased considerably since 1999 at which time the median reported for the 12 month reporting period was \$50,900 with the highest value for \$125,000 and the lowest value sale at \$10,000. There were 35 residential sales occurring in the 1999 reporting period.

While the sale price continues to escalate, the sales data shows that 83% of the sales occurred in a price range that would be considered affordable for moderate incomes (80% of the median) and 65.5% would be considered affordable for persons in the low income range (50% of the median) see Table 6-4.

E. Owner-Occupied Housing Supply

Census 2000 indicates that of the 662 occupied housing units, 481 (72.6%) were owner-occupied units. The majority of owner-occupied housing units are single detached units (93.8%). The owner-occupied segment of Osakis's housing unit supply can be further described in terms of the value of the home (Table 6-8) and the monthly mortgage payment for those with mortgages (Table 6-9).

**Table 6-8
Osakis Owner-Occupied Housing Values**

<u>Value</u>	<u>Number of Units</u>	<u>Percent of Units</u>
Less than \$50,000	117	27.3%
\$50,000-\$99,999	230	53.6%
\$100,000-\$149,999	60	14.0%
\$150,000-\$199,999	22	5.1%
\$200,000-\$299,999	0	0.0%
\$300,000-\$499,999	0	0.0%
\$500,000-\$999,999	0	0.0%
\$1,000,000 or more	0	0.0%
Median Value	\$64,300	n/a

Source: U.S. Census Bureau (2000 statistics)

**Table 6-9
Osakis Households by Monthly Mortgage (if unit mortgaged)**

Monthly Mortgage	Number of Units	Percent of Units
Less than \$300	11	2.6%
\$300-\$499	39	9.1%
\$500-\$699	98	22.8%
\$700-\$999	47	11.0%
\$1,000-\$1,499	36	8.4%
\$1,500-\$1,999	6	1.4%
\$2,000 or more	2	0.5%
Total	239	100.0%

Source: U.S. Census Bureau (2000 Statistics)

F. Rental Unit Supply

Of the total number of occupied housing units (762) in Osakis enumerated in the 2000 Census, 181 (23.7%) were occupied by renters.

A summary of Osakis's multiple-family rental unit supply is listed in Table 6-10. Osakis has a number of various rental units, ranging from apartment complexes, to apartments above commercial stores to single family homes used for rental purposes. Table 6-10 includes apartment buildings with four or more units. According to a phone survey of apartment building managers/owners in August of 2005, rent rates vary, with subsidized and Section 8 units based on tenant income. Osakis's rental buildings include:

**Table 6-10
Osakis Apartment Units**

PROJECT	TYPE OF HOUSING General Occupancy/ Elderly	# of UNITS	BEDROOM MIX				RENT				NUMBER OF VACANCIES	YEAR BUILT
			STUDIO	1 BEDROOM	2 BEDROOM	3 BEDROOM or 2+ Den	EFFICIENCY	1 BEDRIIN	2 BEDROOM	3 BEDROOM or 2 BR+ DEN		
Osakis Community Manor Apartments	Senior 62+ HUD Section 8	24		16	8		Based upon income max. \$330				0	1978
Osakis Townhomes	General	12			9	3						1998
Terrace Heights Assisted Living Apartments	Elderly (assisted living)	20	8	10	2		\$1,856 - \$3,752 dependent on level of care and service				0	1995
West View Assisted Living Apartments	Elderly (assisted living)	25	16	4	5		\$2,226 - \$3,396 dependent on level of care and service				1	2003
Heritage Apartments	General	16		14	2							1984
Shelter Enterprises Apartments	General	17			2							1972
Lakeside Apartments	General											

Source: Telephone survey of rental property managers, August 2005 by MDG, Inc.
Blank information not available upon request.

According to the 2000 Census, most rental units within the City of Osakis were constructed between 1970 and 1979 (33.7% of all rental units), with 16% of the units constructed prior to 1939. Twenty new rental units have been constructed in the past ten years. The City does not have rental or housing maintenance codes in place. A visual survey of rental housing within the City reveal that older rental structures were well kept and in relatively good condition.

II. EXISTING HOUSING STOCK

A. Type of Housing

Osakis's housing stock is a diverse mix of owner-occupied and rental units with a variety of styles, conditions and values. The City's neighborhoods range from densely developed, urbanized streets near the downtown to the stately homes along Lake Street and suburban-style, low density housing within Osakis Properties subdivision. Homeownership is a strong tradition in Osakis and no large scale conversion of single-family homes into apartments appears to be occurring. This helps maintain strength and stability in the City's housing stock.

The existing housing supply in Osakis includes single-family, duplex, townhouse, mobile home and multiple-family units. According to the 2000 Census the make-up of the existing housing stock is as follows:

**TABLE 6-11
Types of Housing Osakis**

	Total	Owner		Renter	
	No.	No.	%	No.	%
Single-family detached	494	451	93.8%	43	23.8%
Single-family attached	14	11	2.3%	3	1.7%
Two-family units	24	7	1.5%	17	9.4%
Three or Four Units	19	2	0.4%	17	9.4%
5 or more units	88	1	0.2%	87	99.8%
Mobile Home	23	9	1.9%	14	7.7%
Total	662	481	100.0%	181	100.0%

Source: U.S. Census Bureau (2000 Statistics)

The average home in Osakis in 2000 could be characterized as follows:

- Single family unit with five rooms
- Worth \$64,300 with a monthly mortgage of \$623 (includes selected owner costs such as sewer, water, and taxes)
- Less than 30 percent of household income goes to monthly mortgage and owner costs
- Built prior to 1969 and heated by utility gas
- One vehicle available

B. Density

As of 2005, the City's zoning ordinance includes one residential zoning district. Within this district single family dwellings require a minimum lot area of 15,000 square feet and two family dwellings require a minimum of 24,000 square feet. The density of development per acre widely varies throughout the City.

Residential development within the City is driven by the availability of utilities. Currently, areas with utilities are almost completely developed. The type of housing which is most in demand – shoreland and family is in short supply within the City. Currently the City has approximately 320 acres of undeveloped land within existing City limits for future residential, commercial and industrial growth. Low-density residential development patterns consume large quantities of land, provide fewer homes, and increase infrastructure expenses for the City. The City should determine if current zoning ordinances will allow for higher density housing to meet the growing demand for housing in City limits. The City should also assess the demand for municipal water and sanitary sewer services in surrounding townships and encourage future development and expansion that meets the needs of the entire community.

C. Building Activity

Historical building permits from 1995 to 2004 were analyzed for new single-family construction permits and new apartment unit construction permits.

Table 6-12 illustrate new apartment construction within the past ten years. Within this timeframe, two projects were constructed, both in 1998.

**Table 6-12
Multiple Family Construction**

Year	Multiple Family Construction in Dollars	# New Units	Average Value Per Unit
1998	\$640,000	8 (townhomes)	\$80,000
1998	\$696,000	12	\$58,000

Source: City of Osakis Building Permits

Multiple-family housing construction has constituted 20% of the total new housing units constructed between 1995 and 2004.

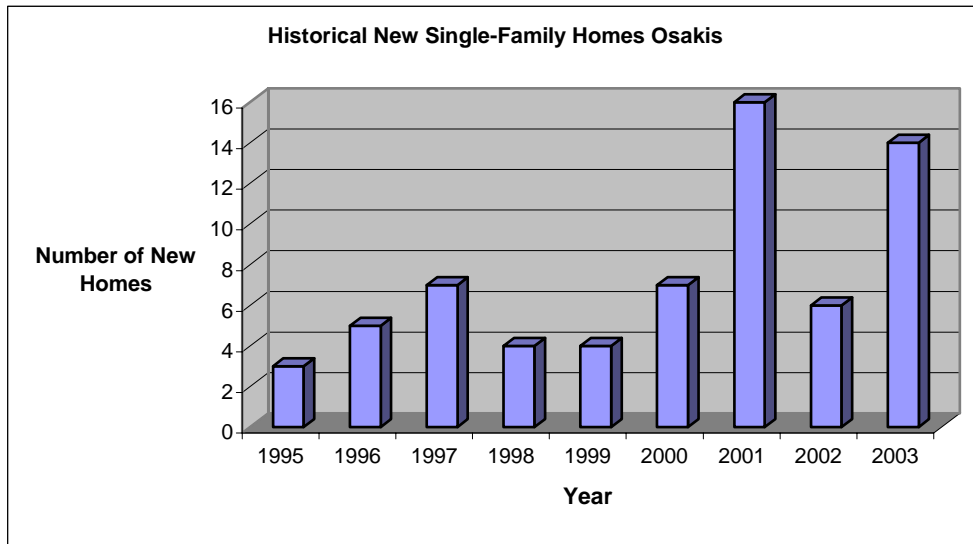
The following table and charts illustrate new single-family home construction trends.

**Table 6-12
Single-Family Housing Construction Summary**

Year	Number	Total Value	Average \$ Value Per Home
1995	3	\$215,000	\$71,667
1996	5	\$278,000	\$55,600
1997	7	\$812,610	\$116,087
1998	4	\$353,500	\$88,375
1999	4	\$434,600	\$108,650
2000	7	\$461,880	\$65,983
2001	16	\$1,336,878	\$83,555
2002	6	\$582,000	\$97,000
2003	14	\$1,336,500	\$95,464
2004	11	\$1,048,300	\$95,300

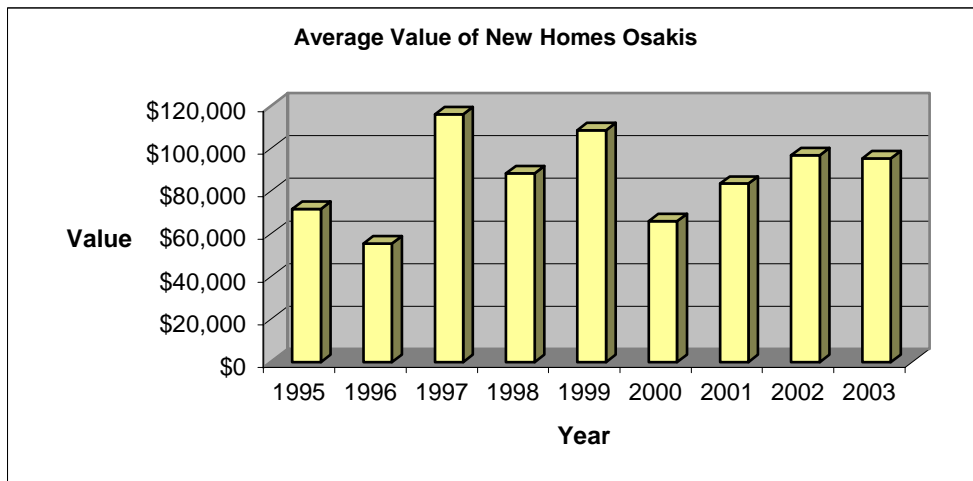
Source: City of Osakis Building Permit Records

Chart 6-1



The number of new single-family homes constructed in the mid to late 1990s was relatively constant with a significant spike in housing construction is noted in 2001 and 2003. This spike corresponds to recent increased growth in Douglas and Todd Counties and decreases in interest rates.

Chart 6-2



The average value of new single-family building permits decreased significantly in 2000 and has slowly increased over the past several years, remaining around \$96,000 for the past couple years.

D. Condition of Existing Housing Stock

The condition of the existing housing stock in Osakis has been documented to be in generally good condition. A windshield survey of various residential areas conducted in August, 2005 reveals that most single-family structures are very well maintained. However, some evidence of deterioration was cited, particularly in home sites in the original portion of the City. The most visible signs of housing investment in the City are Osakis's newer single-family homes.

While not necessarily a determining factor of condition, structure age is a good indicator as to the need to aggressively promote maintenance, rehabilitation and even redevelopment; for as a structure ages, maintenance needs increase. The advanced age of the housing stock in Osakis is a major challenge. Neglected maintenance, especially for older structures, can lead to deterioration that will have a blighting influence to adjacent properties and the entire neighborhood. However, older homes were often very soundly constructed and if well maintained can provide for a very attractive and desired housing demand. Based upon the 2000 Census data, over 41.2% of the owner-occupied housing within the City was built before 1939. This is considerably higher than the statewide average of 25%. The median age of homes within the City was 1949.

The 2000 Census gathered data regarding the structural and facility characteristics of housing within the City of Osakis. According to the Census:

- Two housing units lack complete plumbing facilities.¹
- No housing units lack complete kitchen facilities.
- Fourteen housing units report over 1.01 occupants per room.
- Eight housing units (6 rental, 2 owner-occupied) lack telephone service.
- 227 housing units (198 owner-occupied and 29 renter occupied units) were built prior to 1939.

In 1995 and 2001, the City was awarded a grant from the Small Cities Development Program (SCDP) administered by the MN Department of Employment and Economic Development (DEED). A portion of these grant dollars were to rehabilitate a total of 48 owner-occupied homes in a targeted areas of the City, and assist 12 income-qualified households to purchase new, single-family homes in the Osakis Properties subdivision.

As of the summer of 2005, no extremely blighted areas were found to exist as residential neighborhoods were attractive with a few exceptions noted. In and around the City's downtown core there exist some older and substandard housing. Based upon the age of the City's housing stock, on-going maintenance and rehabilitation efforts are required. Residents should continue to invest in existing neighborhoods and encourage people to maintain their homes and provide assistance to those who are not able to care for their homes properly.

E. Shoreland Development

Most lakeshore within the City has been developed within the exception of public property, which puts increasing pressure on unincorporated areas of the lake and some marginal lands that may feature wetlands and/or poor soils. As retirees begin to move to the area, the City has seen numerous seasonal lake cottages converted to permanent homes. This trend can cause a disparity in tax valuations and dramatically impact water quality and the appearance of the lakeshore. The City should explore this phenomena and determine if current shoreland zoning practices are adequate.

F. Housing Needs

According to the 2000 Census, the City of Osakis has a similar ratio of owner-occupied units to renter-occupied units as Douglas and Todd Counties with 73.2% owner-occupied and 26.8% renter-occupied (77.2% owner-occupied, 22.8% rental in Douglas County and 83.2% owner-occupied, 16.8% renter-occupied in Todd County) and the State of Minnesota (75% owner-occupied, 25% rental).

¹ The U.S. Census data on plumbing facilities were obtained from both occupied and vacant housing units. Complete plumbing facilities include: (1) hot and cold piped water; (2) a flush toilet; and (3) a bathtub or shower. All three facilities must be located in the housing unit for plumbing facilities to be considered complete.

Senior citizens within the community have indicated they desire to live their entire lives within the community, but are concerned they may not have the assistance they need to stay in their home and may not have the transitional housing available once they cannot maintain a large home. The number of senior citizens within Osakis is growing and will continue to grow as was depicted in Chapter 3 of this Plan. Existing senior living facilities may not be able to handle the greater demand for health services and assisted living.

Since the 1990's there continues to be a gap between the value of existing homes and the cost for constructing a new single family house. Housing rehabilitation will be necessary to keep the older housing stock an option for those residents at or below the median income level.

A Housing Study was completed by Community Partner Research Inc. in 2000 for Douglas County. City Officials indicate that an update will be completed in 2006. The City should incorporate this recent data and specific unit needs as it becomes available.

III. COMMUNITY INPUT

Main issues of concern raised by residents and community leaders include the condition of the existing housing stock, the lack of lifecycle housing option for all income and age groups and the concern that there is not enough land available for new residential development with services located within City boundaries.

A community survey performed in conjunction with the updating of this Plan asked what type of housing respondents felt was most needed in Osakis. Results from 70 survey respondents follow. Several respondents selected more than one category:

Number of responses	Type of Housing
29 42%	Affordable
21 30%	Market Rate
2 3%	Luxury

Number of responses	Type of Housing
33 47%	Single Family
19 27%	Senior Living
11 16%	Patio Homes
13 19%	Town Homes
10	Multiple Family
5	Condos
4	Duplexes

In addition to the type of units needed, respondents to the survey indicated they felt the overall condition of the existing housing stock within Osakis is in "good" condition (42%), 7% felt it is "excellent", 24% felt it is in "fair" condition, and 10% rated the housing condition as "poor".

V. HOUSING OBJECTIVES/POLICIES

Objective: Maintain a balanced housing supply with housing available for people at all income levels and unit types which meet the varying life-cycle needs of Osakis residents.

Policy/Recommendations:

1. Maintain zoning and subdivision regulations allowing for the construction of a variety of housing types and price ranges.

2. Create City ordinances that allow planned unit developments that provide a mixture of housing types.
3. Promote the development of multi-family housing units in areas that are physically suited to serve higher densities.
4. Encourage congregate housing facilities to satisfy the needs of less able seniors.
5. Create a “helping hands” volunteer network to provide assistance for seniors to stay in their homes through community-based service.
6. Identify funding sources that allow for affordable development of single- and multi-family units.
7. Examine the potential for collaborations such as Habitat for Humanity.

Objective: Assure that residential growth is orderly and that infrastructure keeps up with demand for new housing within City limits.

Policy/Recommendations:

1. Update the City’s Official Zoning Map to include a variety of Residential Class Zones in appropriate areas.
2. Review the City’s Zoning Ordinance and allowable densities to ensure the ordinances match the desired goals of the City (e.g. providing lots for move up and executive homes and preservation of open space).
3. Require developers to provide water, sanitary sewer, connecting streets and gutters in new developments by Ordinance.

Objective: Promote on-going maintenance of owner-occupied and rental housing units.

Policy/Recommendations:

1. Explore and utilize home-improvement grants and loans to keep homes well-maintained.

Objective: Establish a housing pattern that respects the natural environment while striving to meet local housing needs and the community’s share of the metropolitan area’s housing growth.

Policy/Recommendations:

1. Require the integration of open spaces within residential developments in order to maintain a living environment that is consistent with the City’s vision and guiding principals.
2. Protect the integrity of residential neighborhoods by requiring buffers between neighborhoods and high traffic roads or non-compatible land uses.

Objective: Maintain and improve the character of all aspects of the lake with respect to future residential lakeshore development.

Policy/Recommendations:

1. Support and maintain ongoing shoreland zoning and enforcement, including:
 - a. Requiring on-site stormwater retention and erosion control plans for all new lakeshore development/redevelopment to ensure that stormwater runoff and sedimentation does not enter the lake.
 - b. Ensuring that new development, landscaping or other alterations on lakeshore properties maintains and enhances native trees and vegetation along the shoreline to ensure natural beauty and aquatic habitat.
 - c. Requiring Best Management Practices on all new lakeshore developments to prevent erosion and sedimentation.
 - d. Limiting the amount of grading and filling in the shoreland area.
2. Review and update Shoreland Ordinances.

Objective: Improve access and linkages between housing, employment and retail centers in Osakis.

Policy/Recommendations:

1. Encourage developers to provide recreational trail connections and wildlife corridor in new residential subdivisions.

VI. RESOURCES

The programs listed below are currently in use or are available and may be used in the City as market factors allow, assisting the City in implementing the aforementioned recommendations.

A. Area Housing Organizations

West Central Communities Action, Inc.

WCMA is located within Elbow Lake. The mission of WCMA is "..., a resource agency, is dedicated to reducing the effects of poverty, helping people to achieve self-sufficiency, and improving the quality of rural life." The agency offers a number of assistance programs including providing information, technical assistance and promoting affordable housing. The WCMCA currently serves the counties of Clay, Grant, Douglas, Pope, Steven, Traverse and Wilkin.

Central Minnesota Housing Partnership

The Central Minnesota Housing Partnership (CMHP), located in St. Cloud, is a private non-profit Community Housing Development Organization (CHDO) with a 501(c)(3) designation. CMHP provides information, offers technical assistance, develops and implements affordable housing programs and rehabilitates and develops housing projects. The CMHP currently serves the counties of Aitkin, Benton, Carlton, Cass, Chisago, Crow Wing, Isanti, Kanabec, Mille Lacs, Morrison, Pine, Stearns, Sherburne, Todd, Wadena and Wright.

The CMHP lists the region's housing priorities as:

- Affordable family housing.
- Senior housing in communities where secondary service centers, shopping and medical facilities are nearby.
- Housing opportunities made available and marketed to minority and female-headed households and, individuals and families who are handicapped or disabled.

Douglas County HRA
Todd County HRA

B. Federal Resources

1. Section 8 Certificates and Vouchers: Rent assistance that recipients can take with them when they move, rather than being tied to specific housing. Tenants pay about thirty (30) percent of their income on rent.
2. HOME (the Home Investment Partnership Program): Grant program for state and local governments to acquire, rehabilitate or construct affordable housing for low-income renters or owners.
3. Community Development Block Grants (CDBG): Funds community development efforts, including housing. Local governments that receive funding have wide discretion in its use.
4. The Federal Housing Administration (FHA) and Department of Veterans Affairs (VA): Insures and guarantee loans, which increase housing market access for some families.
5. Rural Housing Service: The United States Department of Agriculture provides rent assistance, direct loans and loan guarantees in rural areas.
6. Low-Income Housing Tax Credits: Federal income tax credits for people or companies that invest in the construction or substantial rehabilitation of rental housing. Developers of rental housing sell the credits to investors. Proceeds from credit sales can cover some of a project's development and construction.
7. Tax Exempt Bonds: Sold by state and local governments. Buyers accept a lower interest payment because it is not taxable income. State and local housing agencies use the bond proceeds to finance mortgages with below market interest rates.
8. Income Tax Deductions for Mortgage Interest and Property Taxes: Provides additional assistance for homeowners.
9. Federal Home Loan Banks: Provides credit to more than 7,600 member financial institutions. Federal law requires the 12 District Home Loan Banks to establish affordable housing and community investment programs, under which the district banks provide low-cost funds for affordable housing and community investment programs.

C. State Resources

Home Mortgages:

1. Minnesota Mortgage Program: Provides mortgages with below-market interest rates to first-time homebuyers through the sale of mortgage revenue bonds.
2. Minnesota City Participation Program: MCPP is part of the Minnesota Mortgage Program, in which MHFA sets aside funds from the sale of mortgage revenue bonds for cities to meet locally identified housing needs.
3. Community Activity Set-Aside: Is a third part of the Minnesota Mortgage Program in which MHFA sets aside funds from the sale of mortgage revenue bonds for lenders, local governments or nonprofit housing providers to meet homeownership needs in their communities.
4. Minnesota Urban and Rural Homesteading: Awards grants to organizations and public agencies that acquire, rehabilitate, and sell single-family homes that are vacant, condemned or blighted to at-risk first-time homebuyers.

Home Improvement and Rehabilitation:

1. The Great Minnesota Fix-Up Fund: Provides home improvement loans with below-market interest rates for low and moderate-income homeowners.
2. Community Rehabilitation Fund: Provides grants to cities for acquisition, rehabilitation, demolition and new construction of single-family homes.

Rental Housing:

1. Low and Moderate Income Rental Program: Provides mortgages and rehabilitation funds for either acquisition and rehabilitation of or new construction of rental housing for low and moderate-income families.
2. Affordable Rental Investment Fund (ARIF): Provides low-interest first mortgages or deferred loans to help cover the costs of acquisition and rehabilitation or new construction of low-income rental housing.
3. ARIF Preservation: Provides deferred loans with no or little interest to federally-assisted rental housing at risk of being converted to market rate.
4. Low Income Housing Tax Credits (LIHTC): LIHTC are MHFA's share of the tax credits allocated to Minnesota.
5. HOME Rental Rehabilitation: Provides grants to rehabilitate privately-owned rental property in order to support affordable, decent, safe and energy efficient housing for lower-income families.
6. Housing Trust Fund: Provides deferred loans without interest for the development, construction, acquisition, preservation, or rehabilitation of low-income rental housing.
7. Rental Rehabilitation Loans: Provides property improvement loans to rental property owners.

D. Other Resources

Local Government Sources:

1. Local Bonds: May be used to assist with financing affordable housing and are available in two types. First, revenue bonds typically finance mortgages and are paid off with mortgage repayments. Second, general obligation bonds are paid off with local tax collections.
2. Tax Increment Financing: Housing or redevelopment districts may be established by local governments to assist eligible housing projects. Local governments capture the property tax revenue generated by the new development and use the captured taxes to help finance the eligible project. Occupants must meet income restrictions for housing TIF districts.
3. Local tax levies: May be used to directly finance affordable housing.
4. Local housing trust funds: Are local revenues dedicated exclusively to housing activities.

Non-Profit Sources:

1. Greater Minnesota Housing Fund: is a nonprofit agency that provides capital funding grants and loans to affordable housing projects in greater Minnesota. Contributions from the McKnight and Blandin Foundations finance the fund