Recreational Homes, Gateway Communities, and Rural Change
A multi-state NCRCRD small grant project

Webinar outline:
- Introduction to the topic
- Community development issues
- Land use and fiscal issues
- Demographic and social themes
- Outreach and applied research materials and future efforts
“Gateway Community” Planning

• Literature focuses on several broadly defined issue sets of interest to rural development planning
  – Development
    • attitudes, values, and perceptions (“been heres” versus “come heres”)
    • ownership characteristics and motivations
    • spatial patterns of development
    • impacts (economic, social, fiscal, housing market)
    • migration and cycles of ownership
    • planning and public policy
  – Land use change
    • functional landscape change
    • unplanned expansion, exurbanization, and counterurbanization
    • impacts of absentee owners on land use change
  – Natural resource management
    • environmental impacts of second home development
    • role of natural amenities in regional transitions in resource use
    • natural amenity led migration

Recreational homes and planning in gateway communities: A Literature Review
Figure 1. 2010 Number of Housing Units by County Classified as “Seasonal, Recreational, Occasional Use” (SROU) by the U.S. Census Bureau (2011).
Recreational housing and community economic development: A triple bottom-line approach.

Figure 2. 2010 Percent of Total Housing Units by County that are Classified as “Seasonal, Recreational, Occasional Use” (SROU) by the U.S. Census Bureau (2011).
Table 3. Top 25 US Counties Ranked by Percent of Housing Units Classified as "Seasonal, Recreational, and Occasional Use" (SROU) - 2010 (U.S. Census Bureau 2011).

<table>
<thead>
<tr>
<th>Rank</th>
<th>County (Rural-urban Continuum Code)</th>
<th>Total Housing Units</th>
<th>SROU Housing Units</th>
<th>Percent of Total - SROU</th>
<th>Percent Change 2000 - 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hamilton County, New York (8)</td>
<td>7965</td>
<td>6181</td>
<td>71.1</td>
<td>5.69</td>
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<td>2</td>
<td>Hinsdale County, Colorado (9)</td>
<td>1304</td>
<td>985</td>
<td>71</td>
<td>9.73</td>
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<tr>
<td>3</td>
<td>Forest County, Pennsylvania (9)</td>
<td>8701</td>
<td>5962</td>
<td>68.1</td>
<td>-7.29</td>
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<tr>
<td>4</td>
<td>Mineral County, Colorado (9)</td>
<td>1119</td>
<td>793</td>
<td>66</td>
<td>5.95</td>
</tr>
<tr>
<td>5</td>
<td>Alpine County, California (8)</td>
<td>1514</td>
<td>1131</td>
<td>64.3</td>
<td>3.2</td>
</tr>
<tr>
<td>6</td>
<td>Rich County, Utah (8)</td>
<td>2408</td>
<td>1785</td>
<td>65</td>
<td>3.45</td>
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<tr>
<td>7</td>
<td>Lake County, Michigan (8)</td>
<td>13498</td>
<td>8774</td>
<td>58.6</td>
<td>-2.41</td>
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<tr>
<td>8</td>
<td>Daggett County, Utah (8)</td>
<td>1084</td>
<td>665</td>
<td>58.3</td>
<td>-5.54</td>
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<tr>
<td>9</td>
<td>Nantucket County, Massachusetts (7)</td>
<td>9210</td>
<td>6722</td>
<td>57.9</td>
<td>1.77</td>
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<td>10</td>
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<td>11</td>
<td>Lake and Peninsula Borough, Alaska (9)</td>
<td>1557</td>
<td>822</td>
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<td>-3.55</td>
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<td>12</td>
<td>Valley County, Idaho (8)</td>
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<td>51.4</td>
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<td>13</td>
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<td>2591</td>
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<td>7.99</td>
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<td>14</td>
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<td>14836</td>
<td>9253</td>
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<td>-0.09</td>
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<td>15</td>
<td>Forest County, Wisconsin (9)</td>
<td>8322</td>
<td>4726</td>
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<tr>
<td>16</td>
<td>Cook County, Minnesota (9)</td>
<td>4708</td>
<td>3061</td>
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<td>4.5</td>
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<td>17</td>
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<td>18</td>
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<tr>
<td>21</td>
<td>Burnett County, Wisconsin (8)</td>
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<td>6.18</td>
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<td>22</td>
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<td>-3.69</td>
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<tr>
<td>23</td>
<td>Sawyer County, Wisconsin (9)</td>
<td>13722</td>
<td>8082</td>
<td>50.6</td>
<td>2.08</td>
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<tr>
<td>24</td>
<td>Aitkin County, Minnesota (8)</td>
<td>14168</td>
<td>7983</td>
<td>49.8</td>
<td>2.73</td>
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<tr>
<td>25</td>
<td>Cape May County, New Jersey (3)</td>
<td>91047</td>
<td>48814</td>
<td>49.7</td>
<td>2.34</td>
</tr>
</tbody>
</table>

Total

<table>
<thead>
<tr>
<th></th>
<th>Top 25</th>
<th>Lake States</th>
</tr>
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<tbody>
<tr>
<td>Total Housing Units</td>
<td>294,594</td>
<td>104,653</td>
</tr>
<tr>
<td>SROU Housing Units</td>
<td>179,640</td>
<td>63,825</td>
</tr>
<tr>
<td>Percent of Total - SROU</td>
<td>56.7</td>
<td>21.5</td>
</tr>
</tbody>
</table>

1. The Rural-urban Continuum Code (also known as the Beale Code) is a USDA ERS county-level classification system that captures the urban-rural continuum. Specifically, codes reflect population and metropolitan area adjacency criteria; Metropolitan Counties are coded as 1-3 and Nonmetropolitan counties are coded 4-9. In this Table, code 7 is defined as a county with urban population of 2,500-19,999 and not adjacent to a metro area, code 8 is defined as a county that is completely rural (less than 2,500 urban population) and adjacent to a metro area, and code 9 is defined as completely rural (less than 2,500 urban population) and not adjacent to a metro area.
Seasonal, Recreational, Occasional Use Housing Units
2010, Total three states = 586,588 (12.5% of total US)
Lakeshore plus
Riverfront mileage
(Total of roughly 60,000 miles)
Seasonal, Recreational, Occasional Use Housing Density 2010, in number of SROU units per sq. mi.

- 0.00 - 2.66
- 2.67 - 8.85
- 8.86 - 21.31
- 21.32 - 43.41
- 43.42 - 101.05
- 101.06 - 224.99
Developmental issues brought about by recreational homes and their homeowners

- Economic development
  - Private sector stimulus (retail, service, real estate, construction, and related sectors)
  - Public service demands and local property tax revenues
  - Distributional elements provide concern
    - Residential segregation, value appreciation, and local displacement
    - Job creation and income inequality

- Social change and community development
  - Demographic change
  - Social exclusion

- Environmental and land use issues
  - Direct impact on sensitive ecosystems (recreational congestion, invasives, etc.)
  - Environmental justice and access to public goods

- Role of amenities in affecting rural change
  - Recreational sites
  - Underlying natural resource base
Recreational homes and migration to remote amenity-rich areas.
Figure 2. In-migration rate from 1995-2000 in northern Wisconsin region used as a case study.
Case study sites

- Individual parcel level data
- Property owner characteristics
- Fiscal and taxation impacts
- Exist as further research
Big Sandy Lake Case
Shamrock Township
Aitkin County, MN
844 parcels
25% increase in SROU 2000-2010

Zip Code Origin of Big Sandy Lake Landowners
- 1
- 2 - 5
- 6 - 10
- 11 - 20
- Greater than 20 (Local)
Armour Lake/Horsehead Lake Case
Town of Presque Isle
Vilas County, WI
602 parcels
22% increase in SROU 2000-2010

Origin of Individuals in Presque Isle Case Study
- 1
- 1 - 3
- 3 - 8
- 8 - 15
- 170 (Local)
Paradise Lake Case
Carp Township
Emmet County, Michigan

475 parcels
12% increase in SROU 2000-2010

Zip Code Origin of Paradise Lake Landowners

- 1
- 2 - 5
- 6 - 10
- 11 - 20
- Greater than 20 (Local)
Recreational Area Land Use and Property Tax Policies

In the Great Lakes Region
Destination Regions

• Northern Counties Michigan, Minnesota, Wisconsin
  – Strong natural resource base
  – Amenity-rich for those seeking nature/solitude/outdoor recreation

• Before Making a Recreational Property Purchase, Consider:
  – Land use policies
  – Property tax policies
Land Use Policies

• Shoreland Zoning and Environmental Regulations
  – Purpose: Protect health, safety and welfare of the human population and protect lakes and rivers from pollution.
  – Types of Regulations
    • Sewer or septic requirements
    • Shoreland setbacks
    • Limitations on fertilizer use
    • Minimum lot sizes
    • Restrictions on vegetation removal
Regulations

• Are appropriate regulations in place to protect water quality (and your property value/quality of life) over time?

• Is the property under consideration a part of a lake association? If so, what fees are required?
  – Weed removal, educational activities, etc.

• Michigan, Minnesota, Wisconsin
  – Michigan: Zoning determined at local level (rules differ substantially across communities)
  – Minnesota: Statewide standards (differ depending on lake type—natural environment., recreation development, general development)
  – Wisconsin: Determined at county level with minimum statewide standards
Property Tax Policies

• Property Tax Policies Are an Important Financial Consideration
  – Payments differ from state and state and community to community.
    • Millage rate
    • Definition tax base
    • Property tax limitation
  – What services to you receive in return for your taxes?
Millage, Tax Base, Limitations

- **Michigan**
  - Millage higher for non-homestead properties
  - Tax base is defined as taxable value, which equals \( \frac{1}{2} \) of market value at time of purchase, but can only grow by the rate of inflation for as long as you own your property
  - Revenue/expenditure growth limit

- **Minnesota**
  - Millage higher for non-homestead properties
  - Tax base based on market value, but equal 1% of market value for first $500,000 of value and 1.5% for value over $500,000
  - Revenue/expenditure growth limit

- **Wisconsin**
  - Millage is same for homestead and non-homestead properties
  - Tax base is market value
  - Revenue/expenditure growth limit
Tax Burden

Property taxes as a percentage of property value

<table>
<thead>
<tr>
<th>State</th>
<th>Percentage of property value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td>1.62%</td>
</tr>
<tr>
<td>Minnesota</td>
<td>1.05%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>1.76%</td>
</tr>
</tbody>
</table>

Source: www.tax-rates.org/michigan/property-tax

• Overall, Minnesota has lowest overall taxes
  – Be careful with Michigan (tax payment of previous owner is not a good indicator of your taxes)
Policy/Regulatory Environment is Important

• Protect Quality of Life
• Protect Natural Environment
• Financial Implications

THANK YOU!
Figure 2. 2010 Percent of Total Housing Units by County that are Classified as “Seasonal, Recreational, Occasional Use” (SROU) by the U.S. Census Bureau (2011).
Who are the Residents?

Seasonal residents don’t count in Census data

American Community Survey is changing that (somewhat)

But...the presence of seasonal homes changes permanent resident population structures
Recreational Housing Counties
Net Migration Rates by Age (1950-2010)

Aitkin County, MN
Net Migration Rate Estimates by Age (1950-2010)

Emmet County, MI
Net Migration Rate Estimates by Age (1950-2010)

Rec Housing and Other Nonmetro Counties
Net Migration Rates by Age (1980-2010)

Average Population Size

Recreational Housing Counties

All Nonmetro Counties

Sources: US Census 2000 & 2010, Summary File 1
% Non-Hispanic White

Recreational Housing Counties

2000 86.0
2010 84.0

All Nonmetro Counties

2000 82.0
2010 78.0

Sources: US Census 2000 & 2010, Summary File 1
Median Age

Recreational Housing Counties

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>32.0</td>
</tr>
<tr>
<td>2010</td>
<td>34.0</td>
</tr>
</tbody>
</table>

All Nonmetro Counties

<table>
<thead>
<tr>
<th>Year</th>
<th>Median Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>38.0</td>
</tr>
<tr>
<td>2010</td>
<td>40.0</td>
</tr>
</tbody>
</table>

Sources: US Census 2000 & 2010, Summary File 1
4-Year College Degree (2000)

Recreational Housing Counties: 16.0%
All Nonmetro Counties: 13.8%

Source: US Census 2000, Summary File 3
Poverty & Employment (2000)

- Poor and Near Poor: 48.8%
- Employed in Tourism: 6.2%
- Employed only Seasonally: 15.3%
- Unemployed: 3.4%

Source: US Census 2000, Summary File 3
Recreational Housing Counties

All Nonmetro Counties

Median Housing Value (2000)

$83,266

$68,855

Source: US Census 2000, Summary File 3
What are the differences between seasonal and permanent residents?
Crow Wing County is Minnesota’s fastest growing nonmetro county, increasing in population by 41% between 1990 and 2008.

Median HH Income doubled 1999-2008 from $23K to $46K
Brainerd’s jobless rate jumps to 19%. County rate though significantly lower at 11.4%.

– Brainerd Dispatch, March 10, 2010
Crow Wing County: Uneven Development

Residential Segregation by Income & Age

It's hard to realize there's poverty here when you're surrounded by million dollar homes. You're in Baxter or on the lakes where everything's shiny and you never go to downtown Brainerd where everything's falling apart.
Seasonal/Recreational Homes =

- Changing Demographics through Migration
  - Aging
  - Education
  - Income

- Increasing Housing Values
- Uneven Development
Project outputs and future work

- Recreational homes and migration to remote amenity-rich areas. *Journal of Regional Analysis and Policy* 42(1): 47-60.
- Factsheets that are soon to be finalized (by UWEX Pubs):
  - Recreation homes, amenities and destination regions
  - Land Use and Property Taxes for Recreational Housing in the Great Lakes region.
  - Demographics of recreation housing
  - Others forthcoming
- Continued collaboration
Recreational Homes, Gateway Communities, and Rural Development
A multi-state NCRCRD small grant project

Questions and Comments?