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TOP STORY

Making a dent in Iron Range affordable housing

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Scott Zahorik sees an opportunity to make a dent in the shortage of affordable housing across the region.

The Arrowhead Economic Opportunity Agency (AEOA) that Zahorik leads is taking action.

An AEOA initiative is building to rehabilitate homes that have gone tax-forfeited and put the homes back on the market.

“We’re hoping we can turn the corner on it, save the neighborhood and have affordable homes for people coming to town,” Zahorik, AEOA executive director said of the initiative. “We’re hoping this can be a path. It’s not a silver bullet, but we put a dent in it.”

Tax-forfeited homes are homes where homeowners have gone delinquent on payment of property taxes.

Tax-forfeited homes are sometimes in need of repair.

Some face demolition.

However, AEOA is moving forward to rejuvenate tax-forfeited homes that are salvageable.

“We will work with local contractors and do some work with our own crews,” Zahorik said. “We will re-do everything including the inside, outside, electrical, and mechanical. “We hope to turn the homes around for workforce housing.”

Four Iron Range tax-forfeited homes are currently on the list for AEOA rehabilitation.

“We have one in Aurora, two in Eveleth and one in Chisholm,” Zahorik said. “We’re hoping to hear any day now on the house in Aurora.”

AEOA is acquiring the homes from St. Louis County.

St. Louis County manages tax-forfeited homes within the county.

St. Louis County will transfer the home to the local municipality, which in turn will transfer the home to AEOA, Zahorik said.

With \$1 million from the Greater Minnesota Housing Fund and \$250,000 from the Minnesota Department of Iron Range Resources and Rehabilitation, AEOA will be able to rehabilitate five homes, Zahorik said.

AEOA will then sell each home for about \$200,000 and put the purchase money back into a “pool” to keep the fund going, Zahorik said.

Rehabilitating and selling the homes will put the homes back on the property tax rolls and provide affordable housing options, Zahorik said.

It generally takes five years for a property to go tax-forfeited, according to St. Louis County.

Over the past 10 years, about 65 structures per year have gone tax-forfeited within the county, according to the county.

That may include commercial structures, the county said.

Many of the structures are repurchased by the previous owner, some are demolished prior to forfeiture, many demolished after forfeiture, and some sold at auction or conveyed to municipal partners, according to the county,

In 2024, 43 structures in the county were listed as tax-forfeited; 51 in 2023; 56 in 2022; 50 in 2021; 62 in 2020; 51 in 2019; 79 in 2018; 110 in 2017; 67 in 2016; and 85 in 2015, according to the county.

A majority of the tax-forfeited structures are within Duluth.

On the core Iron Range, Hibbing had the highest average of tax-forfeit structures per year from 2015 to 2024 with 8.7 followed by 6.0 in Virginia; 4.9 in Chisholm; 4.0 in Eveleth; 3.9 in Aurora; 1.4 in Gilbert; 1.0 in Mountain Iron; and 0.4 in Buhl and Hoyt Lakes.

Northern Minnesota legislators are supporting the AEOA effort while also trying to make headway on statewide housing issues during the 2025 legislative session.

“For housing, there is a lot in the works,” Rep. Spencer Igo, R-Wabana Township, chair of the Minnesota House of Representatives Housing Finance & Policy Committee. “Minnesota needs to catch up on housing in terms of being competitive with our neighbors. Zoning and permitting reform, mandate repeals, and other ideas are all in the works. Essentially, we need to unleash our builders and developers to partner with our communities and our people to build the housing that Minnesota needs to create stable, diverse and affordable housing.”

“I fully support the Arrowhead Economic Opportunity Agency’s efforts to rehabilitate tax-forfeited homes, a crucial step in addressing the housing shortage on the Iron Range,” Sen. Grant Hauschild, DFL-Hermantown said. “Turning vacant properties into livable homes strengthens our neighborhoods and boosts the local economy. As state senator, I am committed to advocating for legislative support to ensure this work continues, helping meet the housing needs of our communities while revitalizing the region.”

A housing shortage is affecting all of Minnesota.

Minnesota has a housing gap of approximately 104,000 homes, according to a Jan. 2025 Minnesota Advisory Committee to the U.S. Commission on Civil Rights Policy Brief.

Much of the housing crunch is in the Twin cities with an estimated shortage of 50,000 homes, according to the brief.

But the Iron Range has its own set of unique housing challenges.

Aging housing stock, a lack of housing contractors, cities surrounded by mining operations that limits expansion opportunities, and small lots in parts of some communities, are among Iron Range home housing issues.

With success, AEOA plans to expand the rehabilitation program to other counties it serves, Zahorik said.

“We could ramp up to do 15 homes a year,” Zahorik said. “All the counties have the same problem with what to do with these homes.”

AEOA is based in Virginia and serves 12 northern Minnesota counties with a variety of programs for people facing social and economic challenges.