



# Profile of Second Homeowners in Central and West Central Minnesota

RESULTS OF A HOUSEHOLD SURVEY OF SECOND HOMEOWNERS IN EIGHT COUNTIES IN CENTRAL AND WEST CENTRAL MINNESOTA

Authored by Ryan Pesch and Merritt Bussiere



Developed with input from local, county, and regional partners. Presented in partnership with the EDA Center at the University of Minnesota Crookston.



# Profile of Second Homeowners in Central and West Central Minnesota

## RESULTS OF A HOUSEHOLD SURVEY OF SECOND HOMEOWNERS IN EIGHT COUNTIES IN CENTRAL AND WEST CENTRAL MINNESOTA

**October 2014**

Authored by Ryan Pesch and Merritt Bussiere

**Editors:**

Elyse Paxton, Senior Editor, University of Minnesota Extension Center for Community Vitality  
Joyce Hoelting, Assistant Director, University of Minnesota Extension Center for Community Vitality  
Matt Kane, Program Leader, Community Economics, Community Vitality, University of Minnesota Extension

**Report Reviewers:**

Steve Taff, Extension Economist, Department of Applied Economics, University of Minnesota  
Guy Fischer, Economic Development/Parks and Recreation Coordinator, Becker County

**Sponsor:**

Economic Development Administration Center, University of Minnesota Crookston

**Project Collaborators:**

Youngeun Choi, PhD Candidate, Department of Housing Studies, University of Minnesota  
Hae Young Yun, PhD Candidate, Department of Housing Studies, University of Minnesota  
Ann Ziebarth, Professor, Department of Housing Studies, University of Minnesota

The authors would like to thank all local, county, and regional partners who informed the scope of this project, shared what they would like to learn from seasonal residents, and helped secure data from their respective counties:

Ross Wagner, Economic Development Coordinator, Aitkin County  
Tom Burke, Director, Aitkin County Health & Human Services  
Robert Yochum, Administrator, Cass County  
Gail Leverson, Executive Director, Cass County Economic Development Corporation  
Cheryl Lee Hills, Executive Director, Region 5 Development Commission (Includes Crow Wing & Cass counties)  
Sue Schafroth, Executive Director, Cass Lake Chamber of Commerce  
Tim Houle, Administrator, Crow Wing County  
Lisa Paxton, (Former) CEO, Brainerd Lakes Chamber  
Sheila Haverkamp, Executive Director, Brainerd Lakes Area Development Corporation  
David Collins, Executive Director, Hubbard County Regional Economic Development Corporation  
Peg Davies, Community Leader, Tourism Development Working Group, City of Akeley  
Greg Wagner, Economic Development Planner, West Central Initiative  
Guy Fischer, Economic Development/Parks and Recreation Coordinator, Becker County  
Harold Stanislawski, Executive Director, Fergus Falls Economic Improvement Commission

The authors would also like to thank the county assessors and county employees who provided property tax records for our analysis:

Otter Tail County GIS Department  
Pope County Assessor  
Douglas County Assessor  
Becker County Assessor  
Cass County Central Services  
Crow Wing County Auditor/Treasurer's Office  
Aitkin County Management Information Systems  
Hubbard County Assessor

© 2014 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to 612-625-8233.

♻️ Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material.



# Table of Contents

<b>SECOND HOMEOWNERS MATTER TO LOCAL ECONOMIES</b>	3
<b>KEY FINDINGS</b>	3
<b>BACKGROUND</b>	5
<b>METHODOLOGY</b>	6
<b>SURVEY FINDINGS</b>	7
Demographic Profile of Second Homeowners	7
Current Use of Second Home	9
Future Plans for Second Home	12
Economic Contributions of Second Homeowners	16
Community Engagement and Attachment	18
Communication Preferences	19
Views on Local Development & Future Issues	20
<b>REFERENCES</b>	25
<b>LIST OF FIGURES AND TABLES</b>	
Figure 1: Study Area	5
Figure 2: Age of respondents	7
Figure 3: Gender of respondents	7
Figure 4: Education level of respondents	8
Figure 5: Employment status of respondents	8
Figure 6: Household income of respondents	8
Figure 7: Tenure of ownership	9
Figure 8: Tenure by type	10
Figure 9: Number of people occupying home when in use	10
Table 1: Estimated number of seasonal residents by county	11
Figure 10: Average number of days occupied per month	11
Figure 11: Internet quality according to those who report teleworking	12
Figure 12: Reasons for purchase of second home	13
Figure 13: Intention of respondents to retire to second home property	13
Table 2: Change in population of study area	14
Figure 14: Timeframe for those intending to retire to second home property	16
Figure 15: Future intended use of those not currently planning to retire at second home	17
Table 3: Spending in second home county as reported by respondents	18
Figure 16: Response to property attachment question	18
Figure 17: Response to community attachment question	18
Figure 18: Community involvement at home and in second home community	19
Figure 19: Number of respondents by media use in their second home community	20
Figure 20: Other form of communication specified by number of respondents	20
Figure 21: Response to commercial development question by number of respondents	21
Figure 22: Response to residential development question by number of respondents	21
Figure 23: Ranking of public resources by number of respondents	22
Figure 24: Changes to improve life in second home county by number of respondents	23
Figure 25: Challenges for second home communities by number of respondents	24
Figure 26: Opportunities for second-home counties by number of respondents	25

## **SECOND HOMEOWNERS MATTER TO LOCAL ECONOMIES**

University of Minnesota Extension conducted this survey to profile second homeowners and estimate their impact in eight counties of Minnesota's Central and West Central lakes districts. Those responding to the survey tend to be well-educated (65 percent have a bachelors or graduate degree), predominantly in their 50s and 60s (65 percent of all respondents), and earn a household income above the state average (59 percent earn \$100,000 or more annually). A majority of respondents have owned their property for more than 10 years and plan on moving permanently to their second home.

The social and economic impacts of second homeowners on the communities near their second homes are significant. We estimate that households have median annual spending of \$3,252, for common categories of household spending, in the county where their second home is located. This estimate is based on survey responses and assumes the shares spent in the second home communities hold for year-round purchasing patterns. The largest components of spending reflect median expenditures in the categories of grocery/liquor (\$64 a month), dining and bars (\$40 a month), home maintenance (\$50 a month), entertainment/recreation (\$34 a month), and gas/auto service (\$50 a month). On average, respondents occupy their second homes 93 days of the year.

The survey also asked about second homeowners' level of community involvement and attachment. Respondents clearly feel very attached to their second homes, but less attached to the communities near their second homes. Moreover, people responding to the survey are quite active in the communities where their first homes are located (81 percent are engaged with a community organization there) and less so within their second-home communities, where only 17 percent are engaged with a community organization.

Second-home communities could benefit from the talents and leadership skills seasonal residents bring and should undertake strategies to welcome and integrate them, especially in preparation for their permanent transition to the community. Given that 56% of respondents intend to move permanently to their second home, 46,000 permanent households could migrate to the study area, primarily over the next ten years, if that high percentage of second homeowners sticks with their plans.

## **KEY FINDINGS FOR LOCAL BUSINESSES, GOVERNMENTS, AND NON-PROFITS**

The following profile of second homeowners is intended for use by local businesses, local and county government, and community development professionals.

### **For Local Businesses**

Many business operators in Minnesota's lakes district appreciate the importance of spending by second homeowners in the local business community. Our research

provides a spending profile of the typical seasonal, occasional, or recreational resident, as well as a pattern of their expenditures in the communities where their second home is located. Findings suggest that the typical seasonal resident is highly educated, middle-aged (in their 50s and 60s), and has a large household income, with a majority earning more than \$100,000 annually.

<b>Spending category</b>	<b>Median Annual Spending</b>
Groceries/Liquor	\$768
Restaurants/Bars	\$480
Gas/Auto Service	\$600
Home Maintenance	\$600
Entertainment/Recreation	\$408
Construction/Remodeling	\$396
Total for Selected Categories	\$3,252

In the above table, median annual spending – that is the mid-point value from all the dollar values reported – best describes spending by the typical second homeowner, as reported by survey respondents and based on the assumption that reported shares of spending within their second home communities reflects year-round expenditure patterns. The totals shown above are just for these selected spending categories and do not reflect all spending by seasonal residents. Survey participants report an average of four persons present when their second home is in use

In the eight counties we examined, 31 percent of all housing units are for seasonal, recreational, or occasional use. Local businesses would do well to target the needs and interests of this customer segment.

**For Local Governments**

Water quality is a public issue that holds significant importance for second homeowners. Study respondents reported water quality as a top reason for choosing their property, and, although they currently consider water quality high, they identify dealing with water and environmental quality issues as a challenge in the future for their second home community. Furthermore, respondents said that water quality and related natural resource improvements were a top priority to improve their second home community.

Our survey also asked seasonal residents to rank amenities and services choosing from Poor (a score of 1 point), Adequate (2), Good (3), and Excellent (4). Overall, respondents gave local amenities and services a passing grade (with an overall average score of 2.69 for all services), although none scored in the Excellent range. At 2.30 Internet service received the poorest ranking. Furthermore, of those who reported teleworking from home (about 25 percent of respondents), one quarter ranked their Internet service as poor, indicating that communities should prioritize the development of quality Internet service.

## For Non-profits and Community Development Professionals

It is clear that respondents feel very attached to their second homes but less attached to the communities near their second homes. Respondents are civically active in their first home communities: 64 percent have volunteered for a community organization, 47 percent held a leadership role, and 16 percent have served in a public office. Second-home communities could benefit from the talents and leadership of these seasonal residents.

Communities also have an incentive to better incorporate seasonal residents due to the business skills they may offer. More than half of second homeowners responding to the survey have business ownership or operation and management experience, and a fair number of these respondents were open to the idea of opening, moving, or starting another branch of their business in their second home community. More important, their transition from seasonal to permanent residence may have social, land use, and economic impacts on local communities. Taking action now to both welcome and integrate these individuals as members of the community will pay off for years to come. Communities in the study area can use the results in this report related to communication preferences and demographics to learn about and integrate seasonal residents into community life.

## BACKGROUND

Second homeowners are an integral part of the social and economic fabric of communities in the Central and West Central lakes districts of Minnesota. Seasonal, occasional, and recreational residents have traditionally provided a strong customer base for local businesses and organizations, and may become increasingly important to communities as these part-time residents transition to become permanent residents. These homeowners impact local communities through their spending and involvement.

Although many in Minnesota's lakes district would describe second homeowners as important to the region, little research exists to profile seasonal residents in Minnesota and their relationship to their second home communities. Our research attempts to address this need, as well as to identify basic information about seasonal residents, their use of second

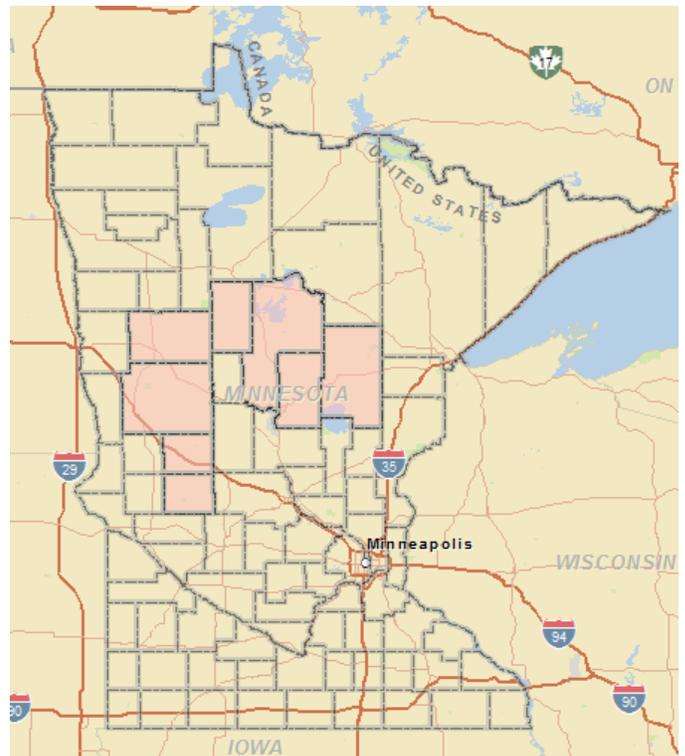


Figure 1: Study Area (shaded in pink)

homes, and their plans for the future.

The eight counties in the study area (see Figure 1) host a large number of second homes – 31 percent of all housing units across all eight counties are vacant, at least part of the year, due to seasonal, occasional, and recreational use. In the counties of Aitkin and Cass, this category of housing units exceeds 45 percent.

The Economic Development Administration (EDA) Center at University of Minnesota Crookston sponsored this study to meet their mission of engaging “university faculty, staff, and students with local, county, and regional economic development agencies in support of our rural economy.” Ryan Pesch and Merritt Busssiere of the University’s Community Economics team in Extension collaborated with Ann Ziebarth, Department of Housing Studies, together with PhD candidates Hae Young Yun and Youngeun Choi, to develop the survey instrument and then conducted secondary research using property tax records to identify second homeowners. The authors also consulted public officials, local community development advocates, and community and economic development professionals in the study area to guide their research.

## **METHODOLOGY**

Working with University collaborators, Community Economics educators based in Central and West Central Minnesota approached local, county, and regional partners for input about the content of the planned survey. This approach yielded ideas relevant to communities in the lakes district. Our research partners (listed at the beginning of the report) identified key issues to explore such as second homeowners’ motivations for property purchase, future plans for their properties, and local spending patterns. They also prompted investigation into telecommuting and the business development resources that second homeowners bring to their second home communities.

In autumn 2013, Extension mailed a four-page survey instrument to a randomly selected sample of 1,200 seasonal-recreational property owners in proportion to the number of seasonal properties per county. For example, Cass County second homeowners are 20% of the survey sample since Cass County accounts for 20% of all second homes in the study area. We acquired mailing addresses from property tax records for each county, targeting the mailing to seasonal properties with a building value greater than \$20,000 (when available from property tax records), and only included properties with a permanent mailing address outside the county in which the property is located. We provided a \$5 gift card as an incentive to each participant and used the Dillman survey method – an approach that reaches out to respondents before and after the actual survey – to contact and follow up with households by mail. Accordingly, all households received a pre-survey postcard, the survey itself, and a reminder postcard.

We received 573 responses for a 48 percent response rate.



## SURVEY FINDINGS

### Demographic Profile of Second Homeowners

Survey respondents are primarily in their 50s and 60s and well-educated, and three-quarters of them earn an income higher than Minnesota's median household income of \$59,126 (American Community Survey, 2008-2012, U.S. Census Bureau), even though nearly 40 percent are currently retired.

The large number of retirees may affect the age profile shown in the chart below. The overwhelming majority of survey participants are 50 years of age and older. The median age for the state of Minnesota was 37.4 years, according to the 2010 Census, compared with a median age of 60.5 years for the survey respondents.

Just over 60 percent of respondents are male; 39 percent are female.

In Minnesota, 32 percent of the residents are 25 years of age or older and have attained a bachelor's degree or higher, while nationally the percentage is 29 percent. In contrast, more than 60 percent of second homeowners replying to the survey reported obtaining a bachelor's degree or higher.

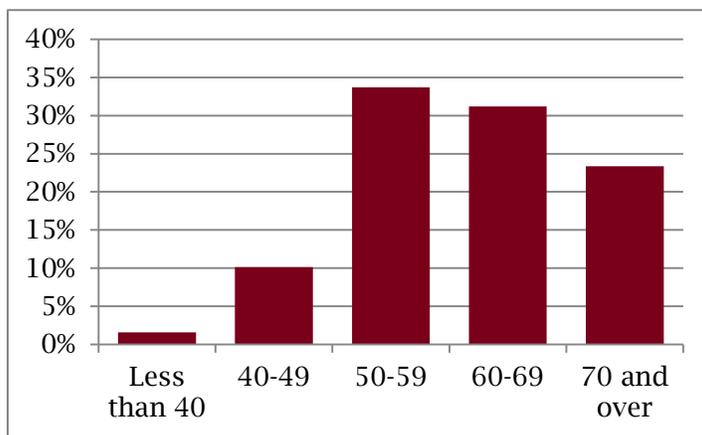


Figure 2: Age of respondents (n=561)

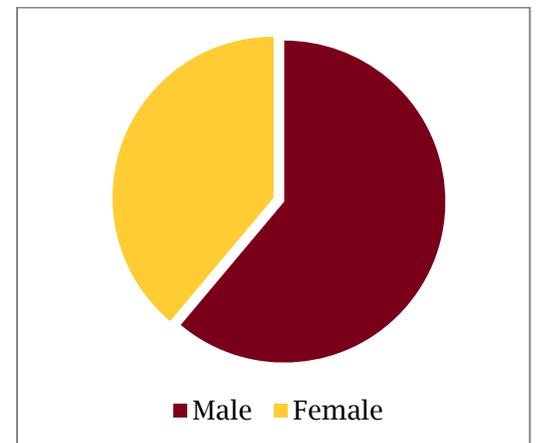
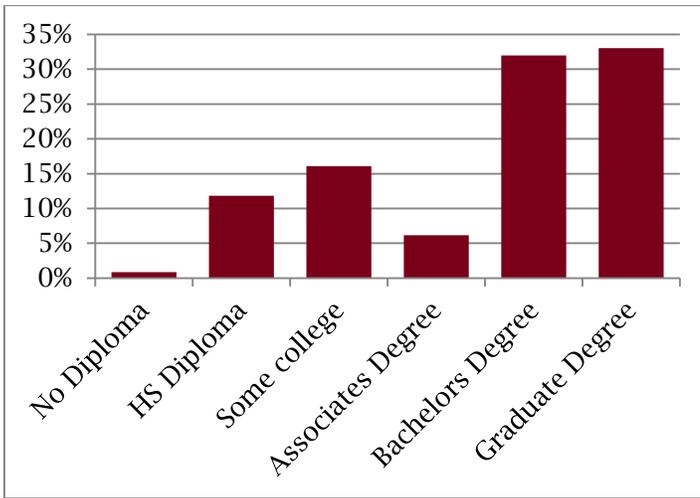
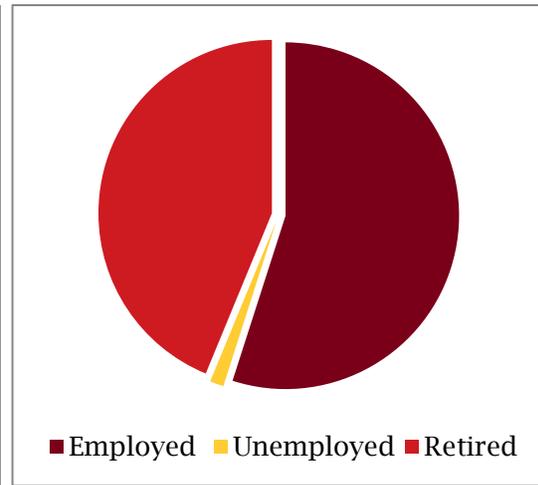


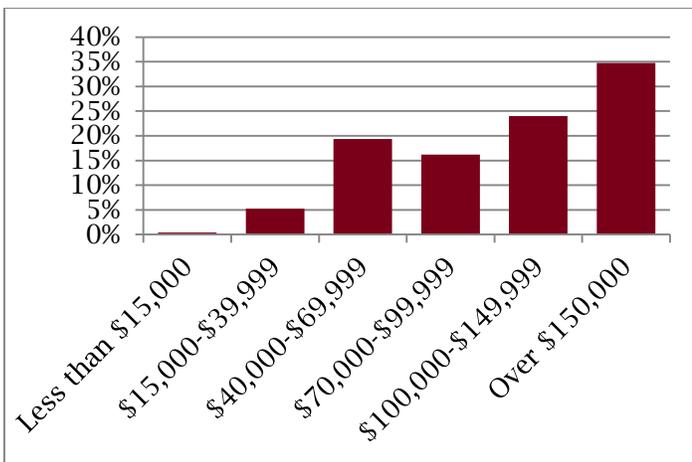
Figure 3: Gender of respondents (n=545)



**Figure 4: Education level of respondents (n=565)**



**Figure 5: Employment status of respondents (n=549)**



**Figure 6: Household income of respondents (n=512)**

Respondents also possess important business skills and experience, with 53 percent owning, operating, or playing a significant management role in a business. Additionally, as further evidence of their potential impact, 73 respondents (24 percent of those responding to this question) reported they would consider opening, moving, or starting another branch of their business in their second-home community.

### Current Use of Second Home

We found that respondents vary significantly in how long they have owned their properties. One-third of respondents (34 percent) have owned their second homes for more than 20 years. Almost one third (31 percent) have owned their property for 11 to 20 years, and the remainder have owned for 10 years or less.

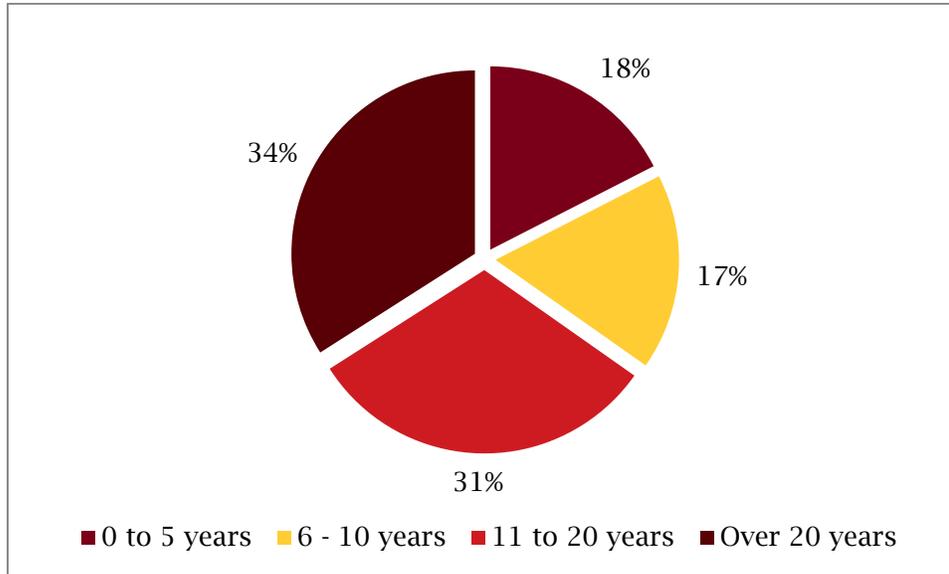


Figure 7: Tenure of Ownership (n=561)

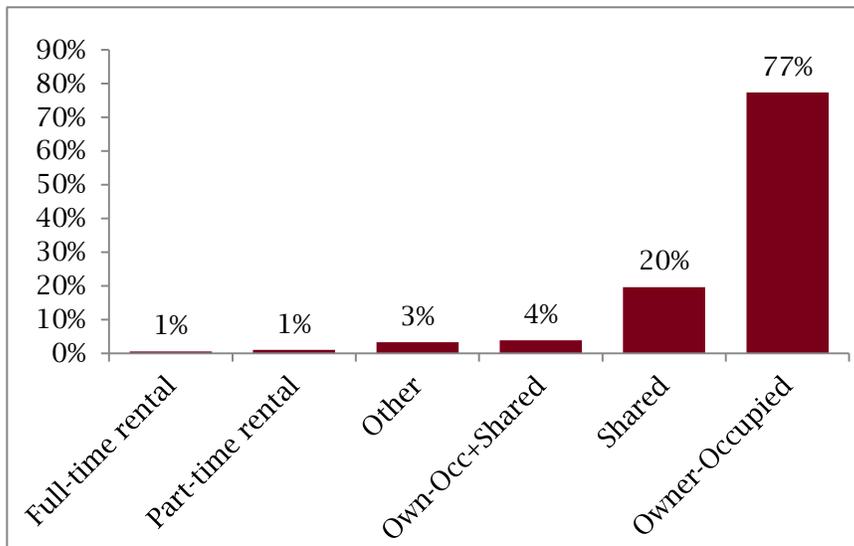


Figure 8: Tenure by type (n=570)

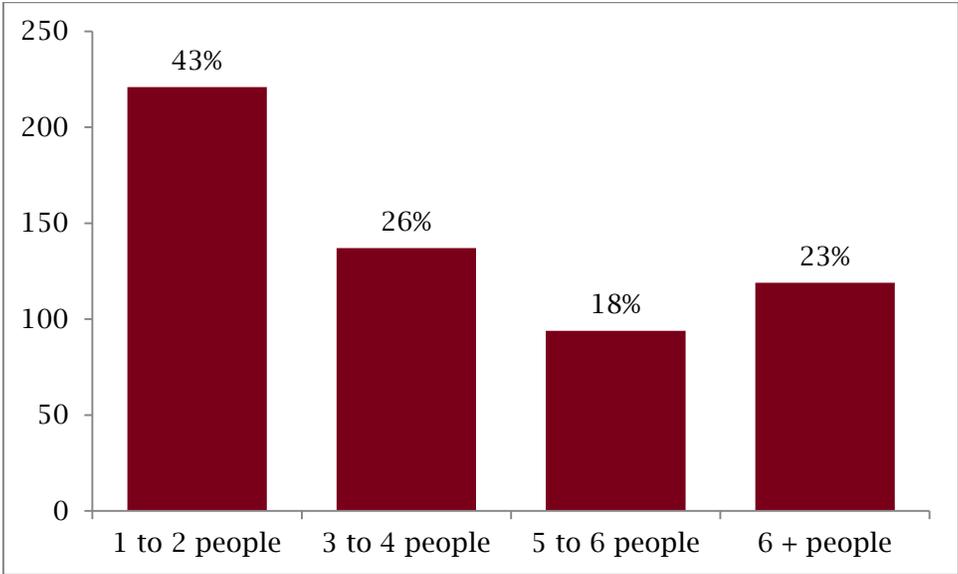
We asked participants to classify their property according to use. Clearly, owner-occupied is the most common use, with more than three-quarters responding as such.

Twenty percent have a shared arrangement in which the property is shared among multiple owners or families. This arrangement is

common for properties which have been passed

down from one generation to the next, with siblings and extended family owning and maintaining the property together. Those who reported sharing their seasonal residence did so with an average of 6.5 people.

Respondents report an average of four people occupying their properties when in use. Although the most common size category is one to two people, nearly a quarter of respondents report heavy use by six or more people.



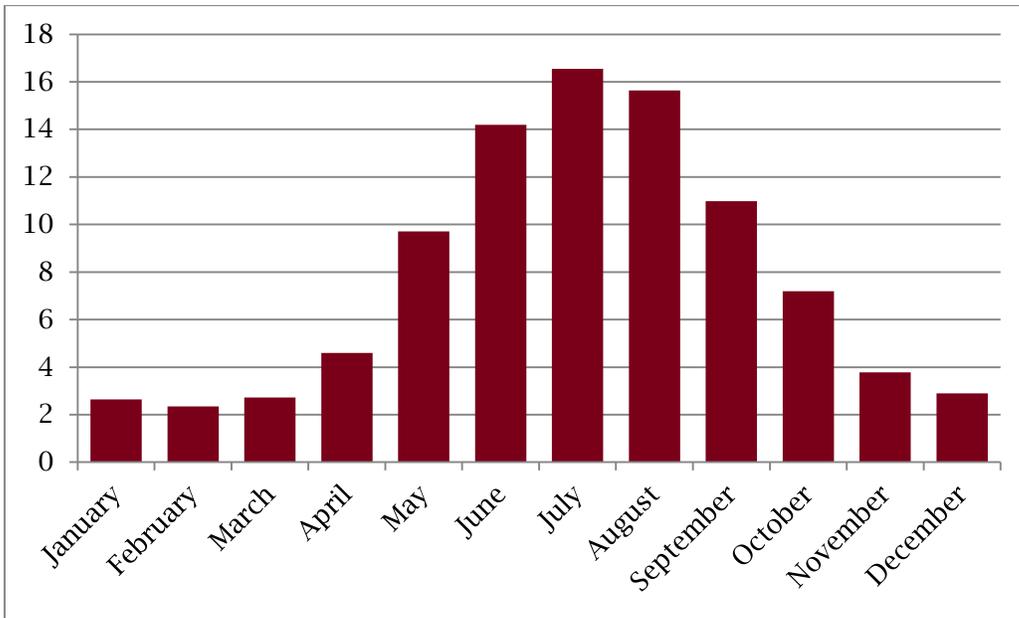
**Figure 9: Number of people occupying home when in use (n=517)**

Assuming an average of four occupants per seasonal home in the study area (based on the counts and percentage of seasonal housing units according to the US Census Bureau), we estimate the following seasonal population in each of the eight counties. The proportion of housing units classified as seasonal, occasional, and recreational homes range from 18 percent in Douglas County to 50 percent in Aitkin County.

County	Estimated Number of Seasonal Residents	Percentage of housing units in seasonal category
Aitkin	31,932	50%
Becker	18,328	24%
Cass	47,232	47%
Crow Wing	47,680	30%
Douglas	14,956	18%
Hubbard	20,584	35%
Otter Tail	38,540	27%
Pope	5,252	20%

**Table 1: Estimated number of seasonal residents by county (Source: 2010 US Census and calculations by University of Minnesota Extension)**

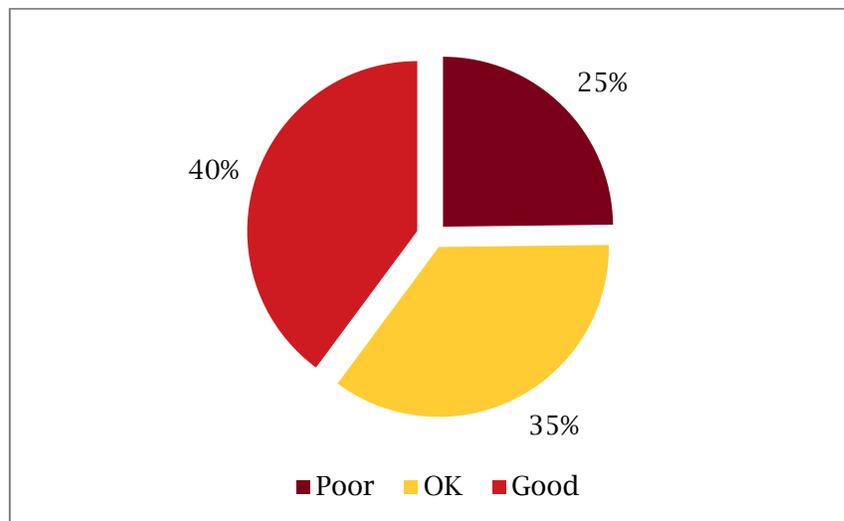
When asked when they occupied their second home, respondents reported the most use during the summer months of June, July, and August. Respondents report using their second home an average of 93 days each year.



**Figure 10: Average number of days occupied per month (n=552)**

A quarter of respondents report they engage in telework (working remotely via the Internet) from their second home. Considering that nearly half of respondents describe themselves as retired, this represents a fairly large portion of those still employed.

Of those who do telework, a quarter is dissatisfied with their Internet connection, and more than a third consider it “okay.” Adequate telecommunications infrastructure will support telework and existing business, but may also prove important to the second homeowners who report that they would consider relocating their business to or near their second home.



**Figure 11: Internet quality according to those who report teleworking from seasonal residence (n=134)**

When deciding to purchase their second-home property, respondents ranked the natural amenities of the area highest, including property by the lake, scenic beauty, and water quality. The value of the natural environment is clearly attracting second homeowners, demonstrating the importance of environmental quality to attracting and retaining seasonal residents.

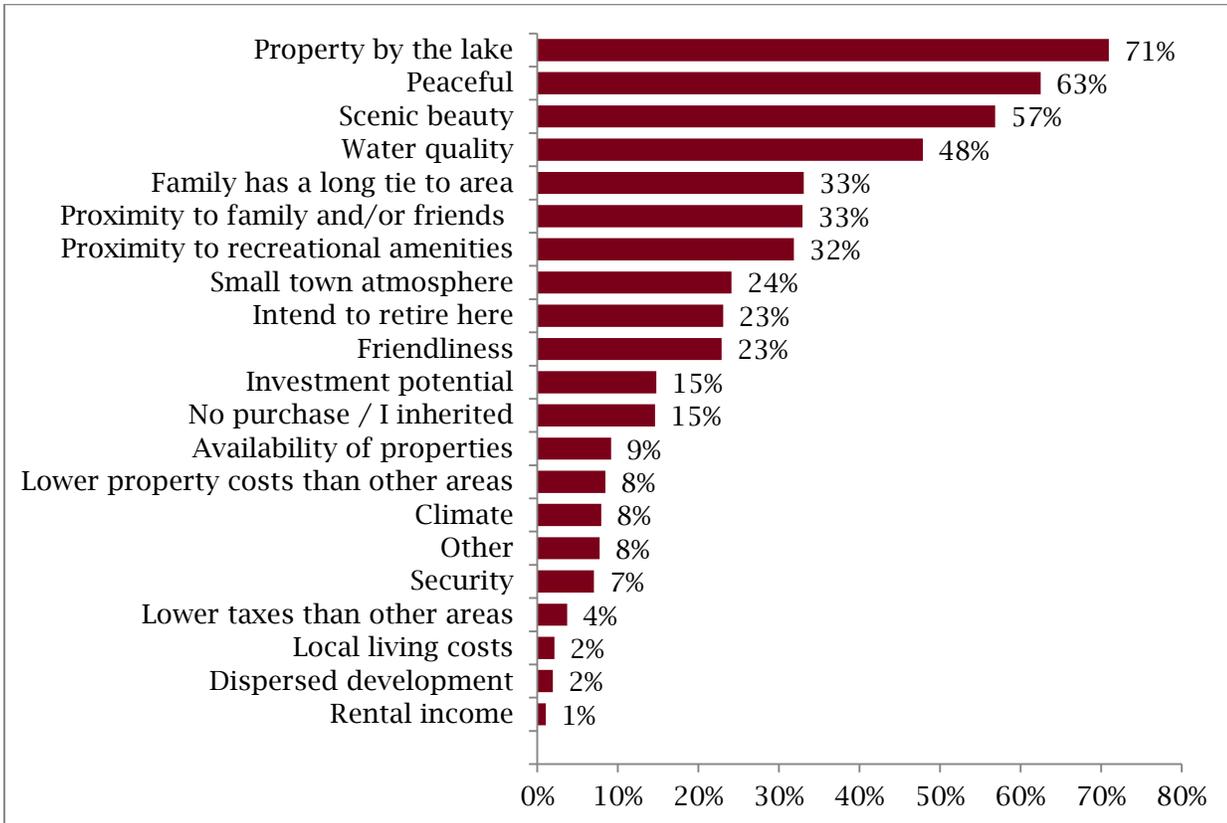
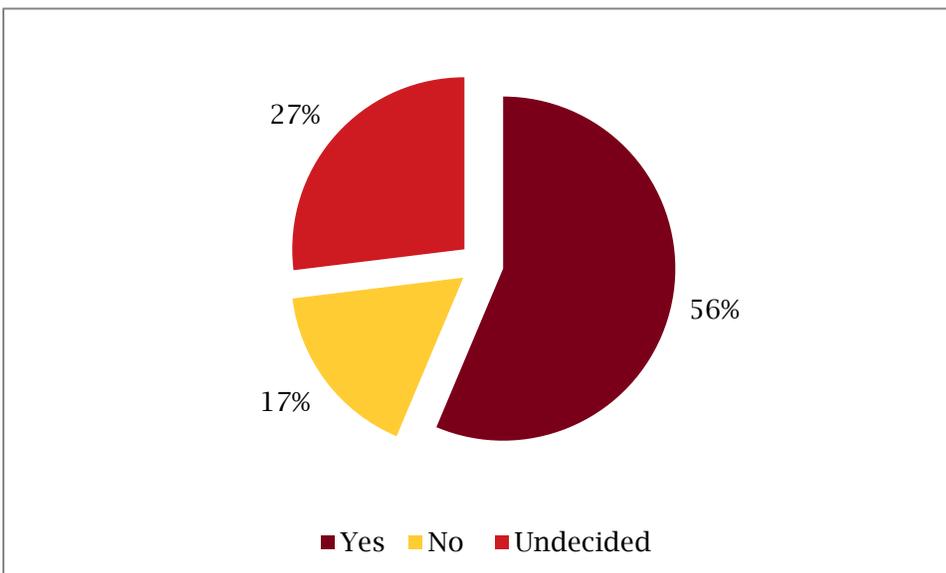


Figure 12: Reasons for purchase of second home (n=568)

### Future Plans for Second Home



The majority of seasonal residents (56 percent) plan to transition permanently to their second homes, while more than a quarter (27 percent) are undecided.

Figure 13: Intention of respondents to retire to second home property (n=569)

Considering that seasonal properties account for 31 percent of all housing units in the eight-county study area (2010 Census, U.S. Census Bureau), this intent on the part of survey participants could impact the population and character of these rural communities. This shift could bring up to 46,000 permanent households to the study area, primarily during the next 10 years, if second homeowners carry out their plans to relocate. All but two of the counties in the study area experienced substantial, double-digit population growth in the 1990s. The average increase for all eight counties during the 1990s was just under 17 percent (see Table 2 below).

Considerably less growth occurred in the first decade of the 21<sup>st</sup> century, although Crow Wing and Hubbard counties continued to grow rapidly. Responses to our survey suggest a continuation of population growth in the decades to come, potentially resulting in significant social, land use, environmental and economic impacts.

County	1990	2000	2010	Change 1990-2000	% Change 1990-2000	Change 2000-2010	% Change 2000-2010
Aitkin	12,425	15,301	16,202	2,876	23.1%	901	5.9%
Becker	27,881	30,000	32,504	2,119	7.6%	2,504	8.3%
Cass	21,791	27,150	28,567	5,359	24.6%	1,417	5.2%
Crow Wing	44,249	55,099	62,500	10,850	24.5%	7,401	13.4%
Douglas	28,674	32,821	36,009	4,147	14.5%	3,188	9.7%
Hubbard	14,939	18,376	20,428	3,437	23.0%	2,052	11.2%
Otter Tail	50,714	57,159	57,303	6,445	12.7%	144	0.3%
Pope	10,745	11,236	10,995	491	4.6%	-241	-2.1%
Minnesota	4,375,099	4,919,492	5,303,925	544,393	12.4%	384,433	7.8%

**Table 2: Change in population in study area**

Source: Decennial Census of 1990, 2000 & 2010, U.S. Census Bureau

We know from research completed during the past 25 years that in many “recreation,” “high natural amenity,” and “retirement counties” – similar in nature to those included in this Minnesota study – population has increased at much higher rates than in other rural counties. The population of recreation counties in the United States grew by 20 percent during the 1990s, almost 3 times as fast as all other non-metro counties. Most of this growth in high natural amenity counties can be attributed to people moving in; rather than to natural increases; that is, the number of births in a given county exceeding the number of deaths. (Johnson and Beale, 2002; Reeder and Brown, 2005)

Between 2000 and 2010, the pace of migration into rural U.S. counties- including recreational counties – slowed but population increases in high natural amenity counties still exceeded the increases in other non-metro counties (Johnson, 2012).

This trend is nothing new, however. As Johnson and Beale write in 2002, “Recreational areas have long attracted large numbers of visitors. Recent data show that they are also attracting many permanent residents. Once vacationers discover an area they like,

many make return visits, eventually buy a second home there, and finally migrate to establish their primary residence in the area.”

Aging Baby Boomers may make the next population surge in the lakes districts of Minnesota even stronger. In 2003, the labor force participation rate of Baby Boomers was 66 percent. Now that number is now closer to 63 percent. (AARP Website, 2013) We can reasonably assume that retirees are more able to relocate, and increasing numbers from the large Baby Boom cohort have entered their retirement years. It is worth noting that Minnesota’s State Demographic Center population projections do not support the prediction that substantial population growth will occur in all 8 counties in the study area. The Center, looking at migration and other factors, predicts that Aitkin County will lose population over the next 2 decades and that the increase in the number of persons in Pope County will be very small. (MN County Population Projections by Age & Gender, 2015-2045, MN State Demographic Center, March 2014)

Although researchers are not in full agreement about the trade-offs, some have identified positive and negative impacts associated with rapid population growth in recreation counties in the United States (Deller et al, 2001; Johnson & Beale, 2002; Johnson, 1999 and 2012; Page, 2001; Reeder and Brown, 2005; Onge et al, 2006; Hunter et al, 2005). Potential impacts include the following:

**Potential negative impacts of rapid population growth in recreation counties:**

- The creation of a generation of low-wage, service-sector jobs for local residents.
- An increase in the cost of living, especially housing costs. Long-term residents, in particular, may be affected by higher living costs and economic change.
- An increase in property taxes and how that affects low- and medium-income property owners.
- A range of environmental impacts affecting air, water, and soil, which is a key concern of in-migrating second homeowners. Population growth could also result in loss of open space and natural areas, as well as the fragmentation of wildlife habitat.
- An increase in crime.
- An increase in demand for schools, police and fire protection, healthcare facilities, and a range of other community services.
- An increase of traffic and related congestion, as well as the cost of maintaining roads and streets.

**Potential positive impacts of rapid population growth in recreation counties:**

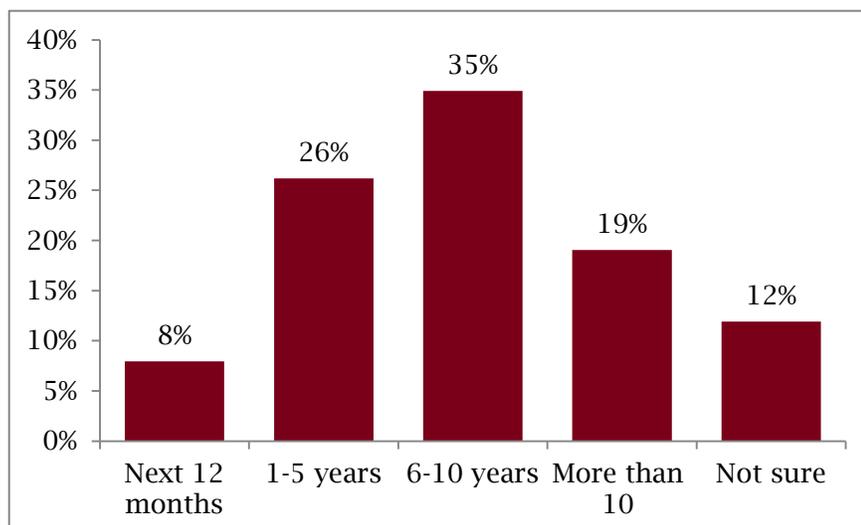
- Creation of entry-level jobs for low-skilled workers, the unemployed, or the underemployed. This result will also encourage current residents to stay and

new workers to migrate in. Additionally, new, younger workers who take these jobs may help promote economic transformation as goods and services diversify.

- Diversification of the community and workforce as a result of high-amenity counties.
- Possibility that long-term residents may benefit from higher income growth. This, in turn, may ameliorate higher costs of living. (Longtime residents in fast growing recreation areas achieve higher incomes than their counterparts in areas that are not growing.)
- Opportunity for higher property sales as a result of higher housing costs.
- Increase in demand for construction services as new residents enter the community. Construction suppliers, such as hardware stores and lumber yards, may also experience additional demand.
- Opportunity for retail and service jobs to grow. The development of tourism- and recreation-centered activities, and its subsequent effects on income and profits, may also help offset the decline in traditional industries such as agriculture, mining, timber, and manufacturing.

**Strategies and tools recreation counties and communities can use to accommodate newcomers (Johnson, 2012):**

- Manage residential, commercial, and industrial growth using more robust land use policies, plans, and regulations.
- Support analysis, planning, development, finance, design, and construction of adequate infrastructure systems to support the larger population.
- Implement sustainable ways to leverage and protect the natural amenities and recreation opportunities that led to in-migration in the first place.
- Explore opportunities to limit costs and maximize effectiveness through multi-jurisdictional initiatives.

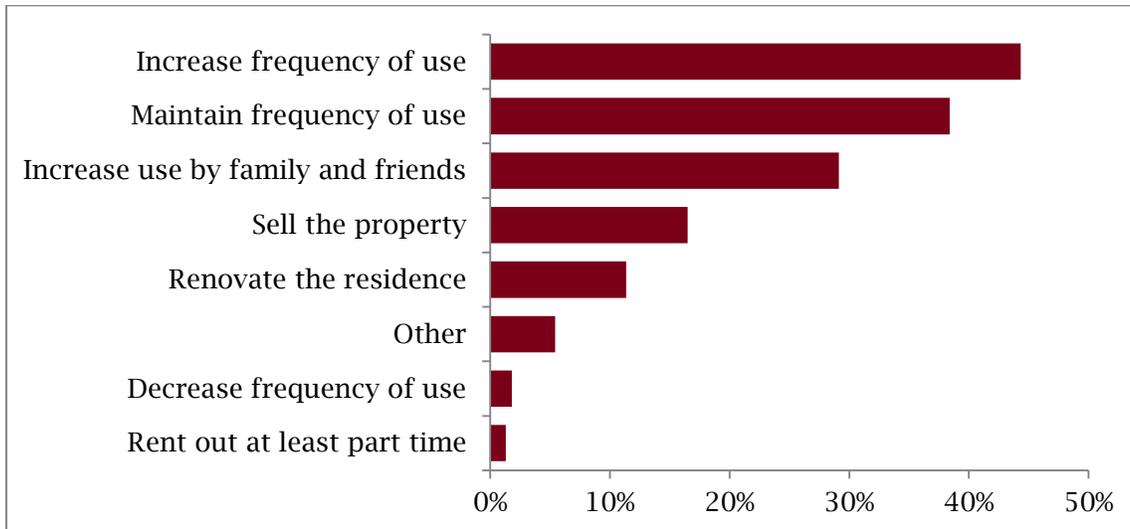


Most (69 percent) respondents who plan on moving to their second home intend to move in the next ten years. This timeframe corresponds to the age of respondents, many of whom are in their 50's and

**Figure 14: Timeframe for those intending to retire to second home property (n=126)**

60's and looking toward retirement.

Of those respondents not planning on moving permanently to their second home, many plan to maintain or increase their use of their second home. Nearly 20 percent plan to sell their property.



**Figure 5: Future intended use of those not currently planning to retire at second home (n=388)**

### **Economic Contributions of Seasonal Residents**

For local residents, many second homeowners are not only part-time neighbors, but also important clients and customers. Local spending by second homeowners can be a powerful economic driver, however some local residents question the extent to which that spending spills into local communities and whether many of the goods and services purchased by second homeowners are purchased in the communities where their primary homes are located. Considering these perceptions, an important part of our survey measured household spending of second homeowners and estimated the extent to which their spending happens in their second home county.

We asked survey participants to estimate their monthly expenses in a limited set of common spending categories, such as gas/auto service and pharmacy, as well as their annual spending on remodeling or construction. We then asked participants to estimate how much of their spending in each category occurred in the county where their second home is located. In all, 85 percent of survey participants responded to this section.

Seasonal residents are making significant contributions in the counties and communities in which their second homes are located, with an estimated \$3,252 in annual median spending in those very communities within selected purchasing

categories. The category of expenditures that captures the greatest share of total median spending is grocery and liquor. Respondents report that purchases in this food category amount to \$64 per month at their second homes. In contrast, few report any spending in their second home counties on pharmacy goods and services. Focusing on how second home householders spend dollars across these seven selected categories, five clearly stand out, with more than 80% of respondents reporting some spending on the following: groceries/liquor, gas/auto service, restaurants/bars, home maintenance, and entertainment/recreation. The median spending by category ranged from \$33 to \$64 per month, and a large percentage of respondents report making these purchases locally.

Spending Category	N	Median Monthly Household Spending in 2nd Home County	Average Monthly Household Spending in 2nd Home County	Annual Spending Based on Median	% of Households Reporting Any Spending in 2nd Home County
Grocery/Liquor	451	\$64	\$120	\$768	89%
Dining/Bars	442	\$40	\$74	\$480	85%
Gas/Auto Service	447	\$50	\$74	\$600	84%
Pharmacy	383	-	\$11	-	18%
Home Maintenance	420	\$50	\$95	\$600	81%
Entertainment/Recreation	429	\$34	\$75	\$408	81%
Construction/Remodeling	491	\$33	\$1,066	\$396	59%
Totals for Selected Categories		\$271	\$1,515	\$3,252	

**Table 3: Spending in county in selected categories where second home is located, as reported by respondents**

Total average monthly household spending is skewed by very large and expensive construction/remodeling projects reported by a few respondents. Median – or mid-point – spending estimates provide a more accurate picture of expenditures for all respondents. The authors assume that median monthly spending is most accurately magnified to median annual spending using 12 months as the multiplier.

## Community Engagement and Attachment

The degree to which seasonal residents feel attached or are engaged with their second-home communities may impact whether or not Minnesota's lakes district will connect with seasonal residents once they transition to permanent residents. Respondents report feeling strongly attached to their second home property, but considerable less attachment to the community near their second home.

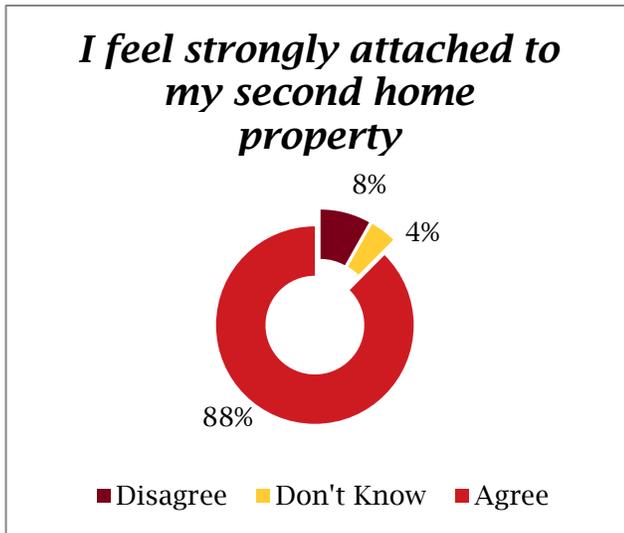


Figure 16: Response to property attachment question (n=563)

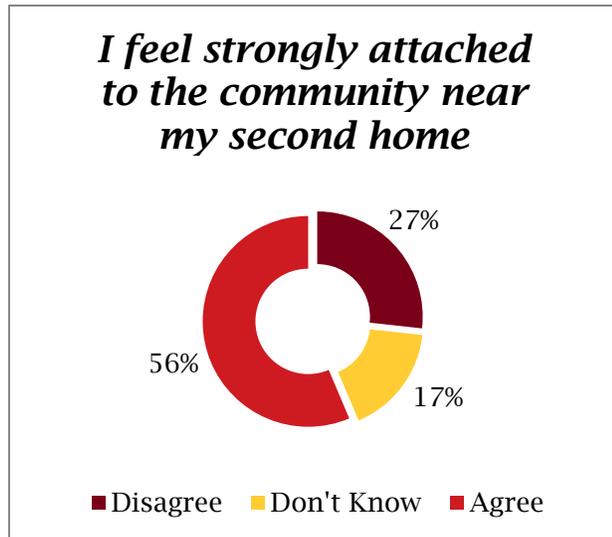


Figure 3: Response to community attachment question (n=558)

We asked participants about their involvement in their primary home community, as well as their second-home community. Additionally, we asked them about their potential for getting involved. We chose this three-part question to gauge whether respondents would consider involvement in their second-home community. Not only are respondents inactive in the community organizations in their second home communities, but only a minority report interest in getting involved. Less than 50 percent of those involved in community organizations in their home community would consider getting involved in their second-home community.

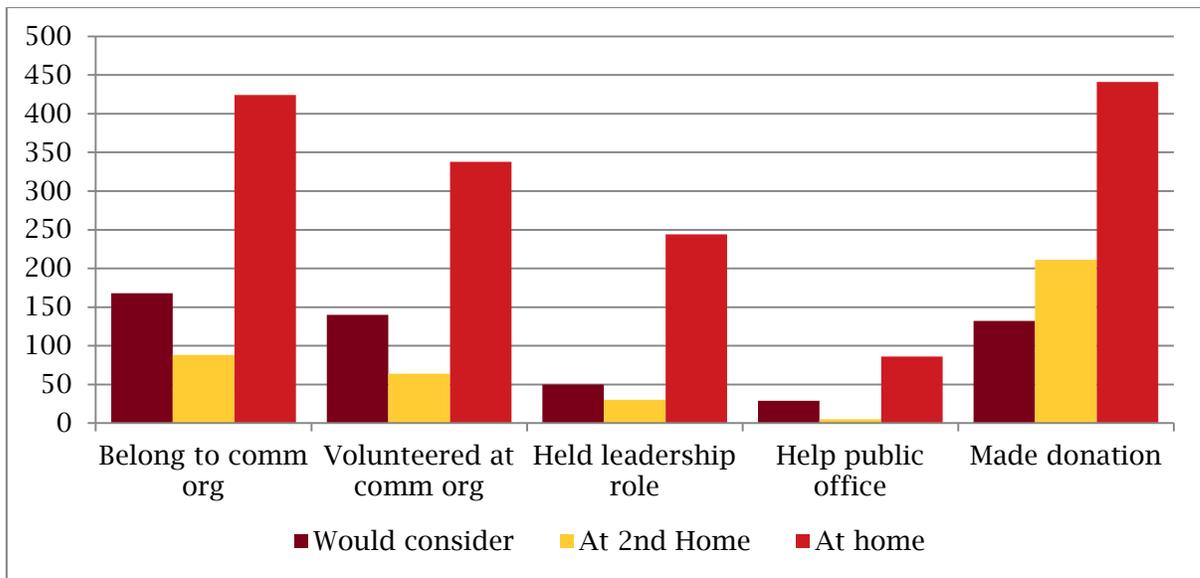


Figure 4: Community involvement at home and in second home community (n=522)

### Communication Preferences

Considering the importance of communication by the local community with the second-home community, we asked survey participants about how they typically learn and prefer to learn about events and issues. Word of mouth, newspaper, and radio are the ways seasonal residents typically hear of news and events in their second-home community. The Internet and newspaper are the two most preferred communication channels.

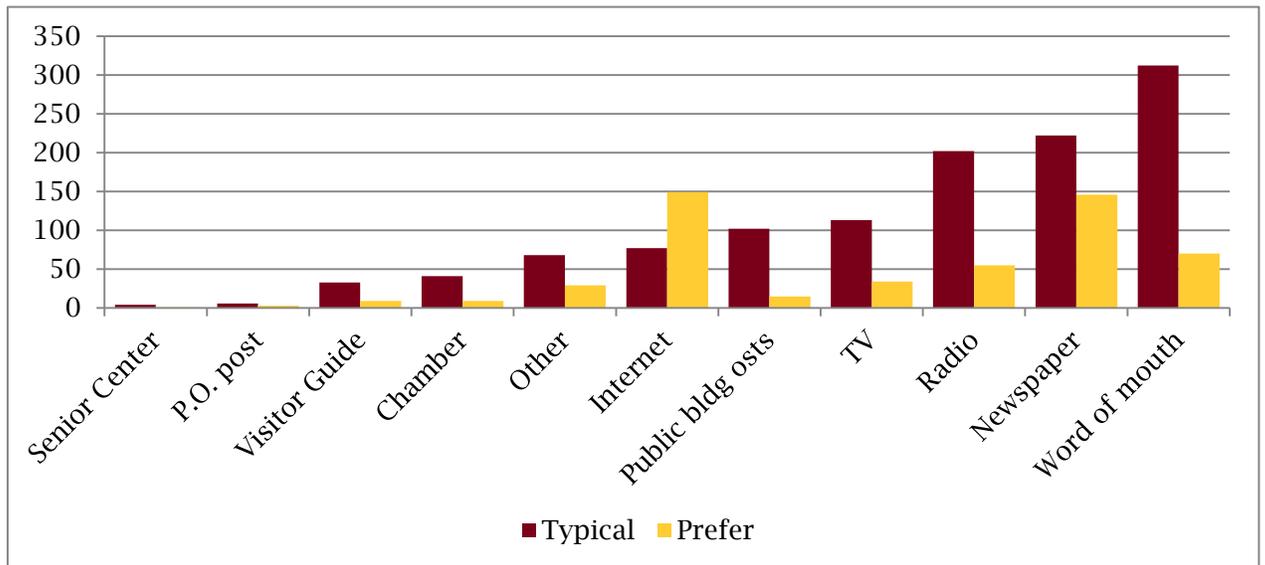


Figure 5: Number of respondents by media by way they typically and prefer to learn about events and issues in their second home community (n=559)

For the category “Other,” respondents most commonly specified a form of communication for their lake association, such as such as “Lake Association Newsletter” or “Lake Association Meeting,” which accounts for 33 of 86 open-ended responses. Two other common responses include “City and other Newsletter” and “Church,”

accounting for 11 and 7 responses respectively.

These findings underscore the important role of lake associations and the connection they make with second homeowners.

Other response categories are smaller, but were also included.

They encompassed shoppers, flyers, magazines, friends, neighbors, city and other newsletters, local businesses, and churches.

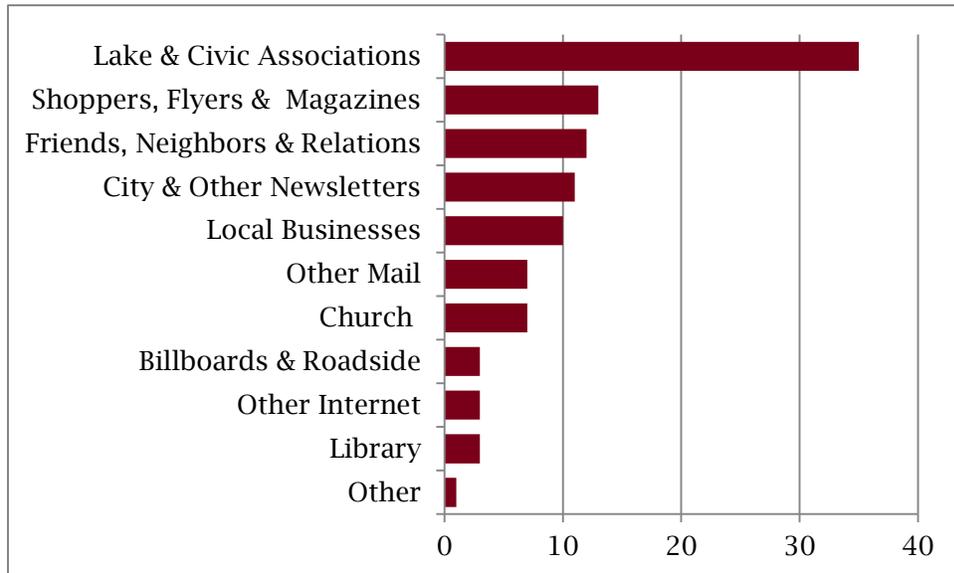


Figure 6: "Other" form of communication specified by number of respondents

### Views on Local Development & Future Issues

Extension asked second homeowners about development in general and their ideas for community improvement in particular. Respondents are split in their support for additional development. Half believe additional residential development threatens the quality of life in their second-home community, while just more than half want additional retail and commercial development in their second-home community.

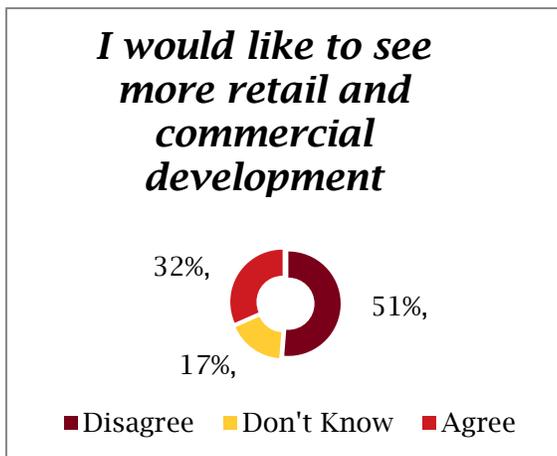


Figure 7: Response to commercial development question by number of respondents (n=554)

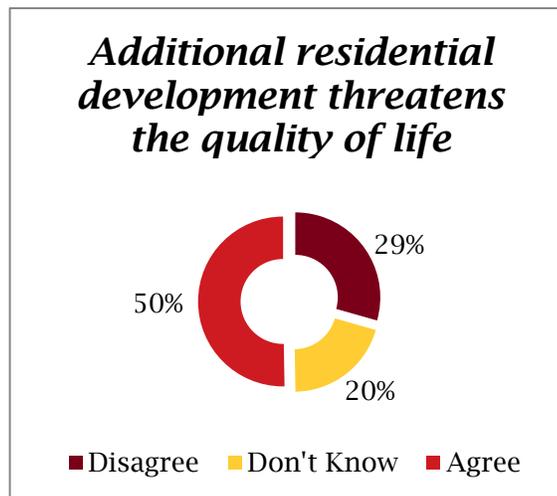
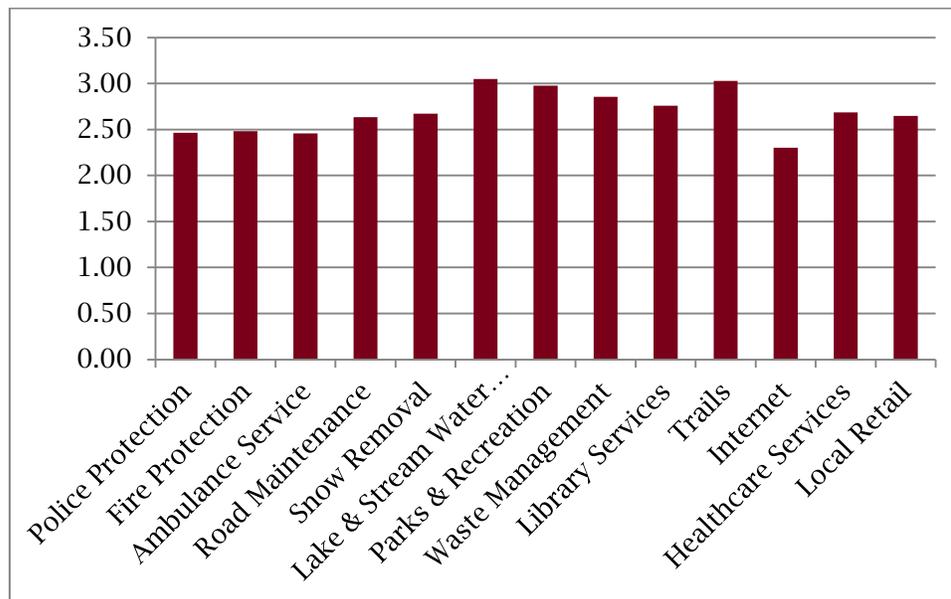


Figure 22: Response to residential question by number of respondents (n=551)

About one in five indicate no opinion, with the remainder in support of development in both forms.

One facet of local development is services and amenities. We asked survey participants about their level of satisfaction with a range of resources. The exercise assigned 1 point for a Poor ranking, 2 points for Adequate, 3 for Good, and 4 for Excellent. No amenity or service on average came close to Excellent. The overall average score for all amenities was 2.69. Lake and Stream Water Quality, Parks & Recreation, and Trails were close to a Good score. More respondents ranked Internet as Poor than any other community factor resulting in the lowest average ranking of 2.30.



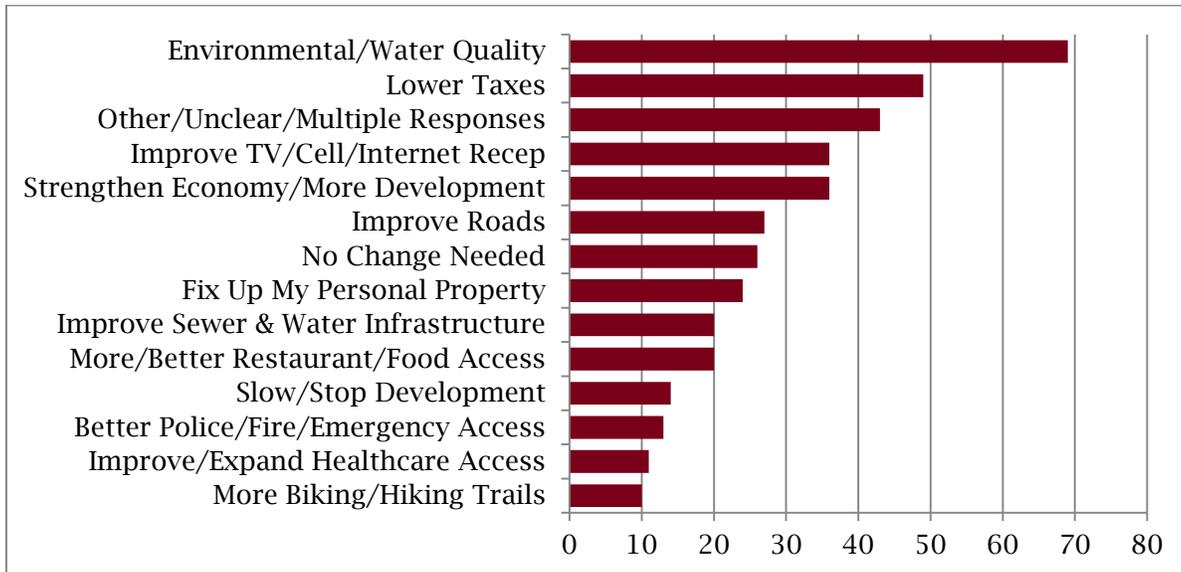
**Figure 23: Ranking of Amenities by Number of Respondents (N=Varies by Amenity)**  
**Note: The Count of Respondents Choosing N/A or Does not Apply is not Listed.**

***Views on Development: Improvement for the Future***

When asked an open-ended question about the single most important change needed to make life in their second-home county better over the next 20 years, respondents focused on natural resource issues. The chart below shows response categories containing 10 or more responses. The most cited changes related to environmental and water quality, with many comments focused on water pollution, invasive species, erosion, and better protection of lake water generally. Lower taxes came in second as a category, with most of the respondents who cited this issue simply stating “lower” or “reduce” property taxes.

Other respondents gave answers pertaining to infrastructure, with improvements recommended in television, Internet, and cell reception. Other categories of responses include useful enhancements related to roads, sewer, and water infrastructure.

Development concerns did emerge from the survey data. Second homeowners indicated a need for a stronger second-home county economy and stronger job growth. They also cited interest in additional retail and commercial growth. Another 14 respondents said the change needed to improve quality of life was to slow or stop development. Twenty-six respondents said they believe that no change is needed.



**Figure 24: Changes to improve life in county where second-home is located by number of respondents (n=437)**

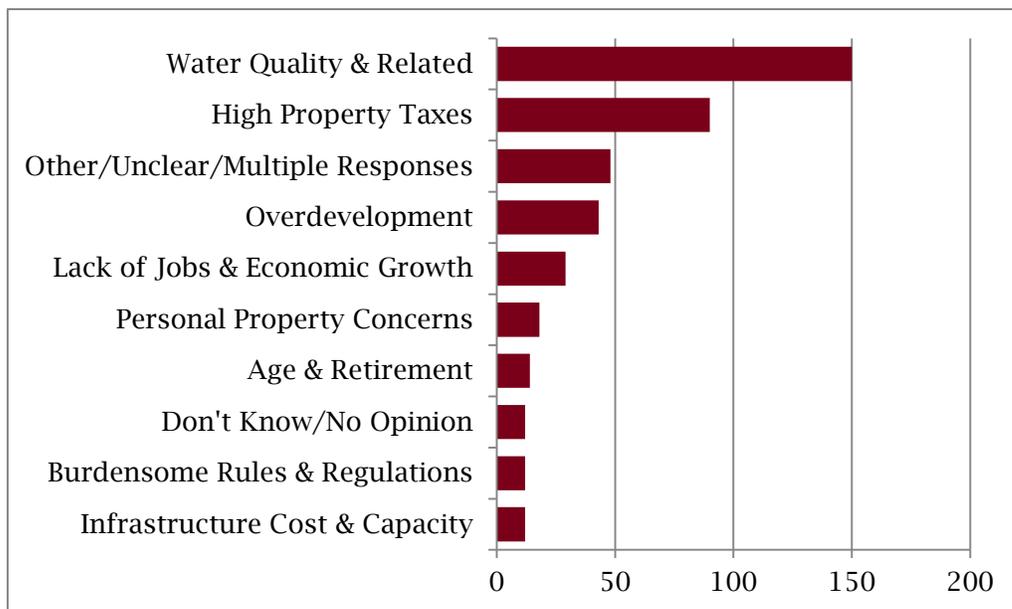
Desired changes that received fewer than 10 responses include wanting more input into second home government and community, concerns about zoning, and regulations (some wanted more, while others wanted less). A small group of respondents highlighted lake level issues, noise, traffic changes, and the potential need for improved energy access. The smallest group, consisting of just five respondents, said changes in Minnesota’s weather would improve their quality of life.

***Views on Development: Challenges for the Future***

When asked an open-ended question about the single greatest challenge facing their second-home county in the next 20 years, survey participants again most often cite natural resource issues, followed by a mix of tax, infrastructure, and development challenges.

Many respondents—just shy of a third of those responding to this question—indicated water and environmental quality as the biggest challenge facing their second-home community. Core water quality themes in the responses include lake water, invasive species, pollution, and the importance of maintaining water quality.

As with the first issue-based question on quality of life, high property taxes came in second with 90 survey respondents seeing this as the biggest challenge.



**Figure 8: Challenges for second home communities by number of respondents and organized by category (n=474)**

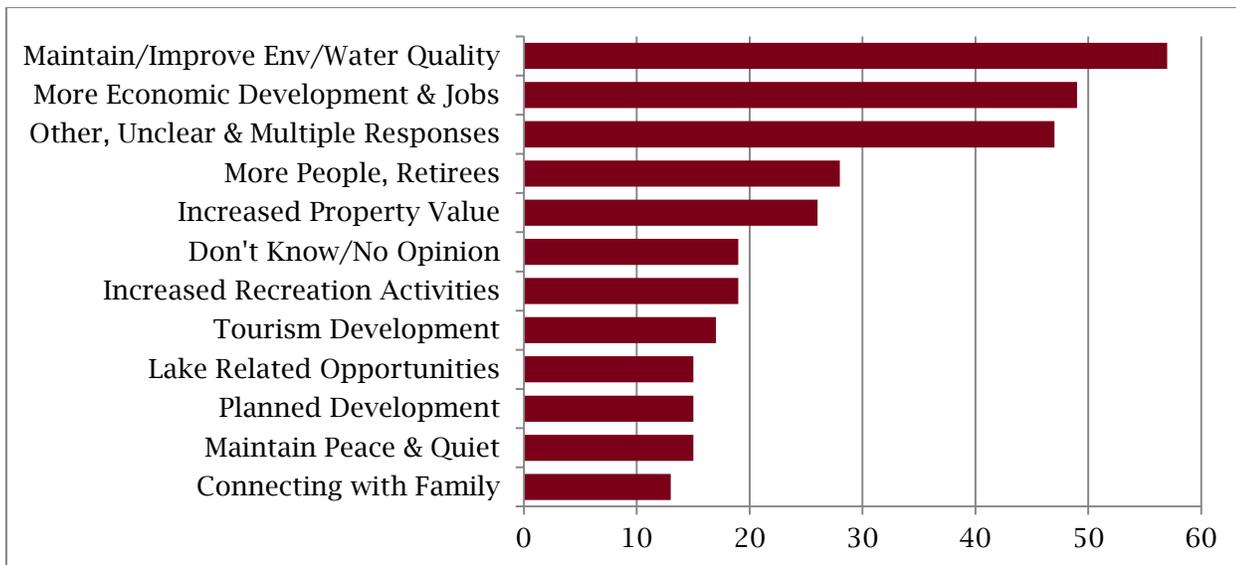
Significant numbers of those answering this question about challenges, however, were at odds: Forty-three respondents point to the challenge of over-development in their second home county, while

29 respondents view the lack of jobs and economic growth as a concern. Some respondents sought to bridge the gap here, wondering if jobs might be created without losing the peacefulness of second home community life.

Other identified challenges include getting personal properties repaired or remodeled and struggling with the aging process and retirement. Several respondents cited difficult government rules and regulations were the biggest long-term issue. Among other government-related challenges were concerns expressed about infrastructure funding, costs and adequacy, government spending and financial management, roads and traffic, and crime and public safety.

***Views on Development: Opportunities for the Future***

Paralleling the theme already established in the previous open-ended questions, when asked an unrestricted question about the single greatest opportunity for their second-home community during the next 20 years, respondents prioritized protecting natural resources, growing the local economy, and limiting or guiding growth. Less than two-thirds of survey respondents answered this question, however, participating at a rate less than both the improvements and challenges questions cited above. This may indicate less interest in the question or perhaps suggest that survey participants find the issue complex or the question confusing.



**Figure 26: Opportunities for second-home counties by number of respondents organized by category (n=367)**

Maintaining environmental and water quality is the number one preferred opportunity for second homeowners. Verbs most often used to illustrate their concern include the following: maintain, clean, improve, keep, preserve, and protect. Key nouns respondents used include water, lake, environment, wildlife, nature, green, resource, and shoreline.

As with other issue-based questions, many respondents balanced their number one concern with a call for more development. Job growth is seen as an important future development. (Specific business sectors included are retail, restaurant, tavern, and commercial.) One interesting response is that 28 second homeowners surveyed, the fourth largest group, identified themselves – future retirees, future permanent residents paying taxes, buying goods and services – as the greatest long-term opportunity for their second home county.

Unlike the question about second home county challenges, the open-ended question about opportunities produced a strong response rate. More than 12 groupings contained more than ten responses. They centered on categories such as recreation activities, tourism development, lake related opportunities, planned development, maintenance of peace and quiet, and connecting with family.

While the questions drew many responses about water quality and economic development, there was plenty of attention to the importance of family, “life on the lake,” and quality of life.

## REFERENCES

- American Association of Retired Persons. (2013). Where Are All Workers Going? *AARP Blog, Thinking Policy*. Retrieved from <http://blog.aarp.org/2014/03/06/where-are-all-the-workers-going/>
- Casselman, B. (2014). What Baby Boomers' Retirement Means for the U.S. Economy, Our Changing Economy. *FiveThirtyEight Economics*, May 7, 2014. Retrieved from <http://fivethirtyeight.com/features/what-baby-boomers-retirement-means-for-the-u-s-economy/>
- Deller, S., et al. (2001). The Role of Amenities and Quality of Life in Rural Economic Growth. *American Journal of Agricultural Economics*, 83(2), 352-365. Retrieved from <http://ajae.oxfordjournals.org/content/83/2/352.full.pdf+html>
- Hunter, et al. (2005). The Association between Natural Amenities, Rural Population Growth, and Long-Term Residents' Economic Well-Being. *Rural Sociology*, 70(4), 452-469. Retrieved from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3160717/>
- Johnson, K. (1999). The Rural Rebound. *Reports on America*. The Population Reference Bureau. Retrieved from <http://www.prb.org/Source/ACF26D6.pdf>
- Johnson, K. (2012). Issue Brief no 44. *Rural Demographic Change in the New Century*. Carsey Institute at University of New Hampshire, Durham, NH. Retrieved from <http://www.carseyinstitute.unh.edu/publications/IB-Johnson-Rural-Demographic-Trends.pdf>
- Johnson, K., & Beale, C. (2002). Nonmetro Recreation Counties: Their Identification and Growth. *Rural America* 17(4). Retrieved from <http://www.luc.edu/media/lucedu/sociology/pdfs/johnson/ra174b.pdf>
- Marcouiller, D., et al. (1996). *Recreational Homes and Regional Development: A Case Study from the Upper Great Lakes States*. Madison, WI: Cooperative Extension Publications, University of Wisconsin Extension. Retrieved from <http://learningstore.uwex.edu/assets/pdfs/G3651.pdf>
- Minnesota State Demographic Center. (2014). County and EDR population projections by age and gender, 2015-2045. *Population Data, County & EDR Data*. Retrieved from <http://mn.gov/admin/demography/data-by-topic/population-data/our-projections/>
- Onge, J. et al. (2007). Population Growth in High-Amenity Rural Areas: Does It Bring Socioeconomic Status Benefits for Long-Term Residents? *Social Science Quarterly*, 88(2), 366-38. Retrieved from <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3165046/>
- Page, S. et al. (2001). *Tourism: A Modern Synthesis*. London: Thomas Learning.
- Reeder, R., & Brown, D. (2005). Recreation, Tourism and Rural Well-Being. *Economic Research Report Number 7*. Economic Research Service, US Department of Agriculture. Retrieved from [http://www.ers.usda.gov/media/302182/err7\\_1\\_.pdf](http://www.ers.usda.gov/media/302182/err7_1_.pdf)
- Stedman, R. C. (2006). Understanding place attachment among second home owners. *American Behavioral Scientist*, 50(2), 187-205.
- Stewart., S., & Stynes, D. (1994). Toward a Dynamic Model of Complex Tourism Choices: The Seasonal Home Location Decision. *Journal of Travel and Tourism Marketing*, 3(3), 69-88.
- U.S. Census Bureau. 2008-2012. *Selected Economic Characteristics for Minnesota, 2008-2012 American Community Survey 5-Year Estimates*. Retrieved from <http://factfinder2.census.gov>
- U.S. Census Bureau. 2008-2012. *Selected Social Characteristics for the United States and Minnesota, 2008-2012 American Community Survey 5-Year Estimates*. Retrieved from <http://factfinder2.census.gov>
- U.S. Census Bureau. (1990). *Census Data for Minnesota*. Retrieved from <http://censtats.census.gov/pl94/pl94.shtml>
- U.S. Census Bureau. (2000). *DP-1, 2000 Census Profile of General Demographic Characteristics for Minnesota*. Retrieved from <http://factfinder2.census.gov>
- U.S. Census Bureau. (2010). *DP-1, 2010 Census Profile of General Population and Housing Characteristics for Minnesota*. Retrieved from <http://factfinder2.census.gov>



## APPENDIX 1: COPY OF SURVEY INSTRUMENT

Thanks for taking a few minutes out of your busy day to complete this confidential questionnaire. The ideas and information you provide will help the county where your second home is located better serve you and understand your issues. Please follow instructions carefully and answer all questions. There are no right or wrong answers.

**Please use the enclosed, stamped envelope to mail this questionnaire by Dec. 1**

### SERVICES & AMENITIES

**Please rate the quality, in general, of the following community services and amenities near your second home: (Check one response for each service listed)**

	POOR	ADEQUATE	NO OPINION or DOESN'T APPLY	GOOD	EXCELLENT
Police Protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fire Protection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ambulance Service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Road Maintenance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Snow Removal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake & Stream Water Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sanitary Sewers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Storm Sewers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Parks & Recreation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Waste Management	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Library Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trails	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Healthcare Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Local Retail	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### CURRENT USE

**How long have you owned this 2nd home property?** \_\_\_\_\_ years

**What is the current use of your second home property?** (Please check all that apply)

Owner use only    Full time rental    Part time rental    Shared use between family (How many people do you share with? \_\_\_\_\_)    Other (specify) : \_\_\_\_\_

**How many people typically occupy your second home when in use?** \_\_\_\_\_

**Please estimate the total number of days each month that your seasonal residence was occupied during the past year:**

January: _____ days	May: _____ days	September: _____ days
February: _____ days	June: _____ days	October: _____ days
March: _____ days	July: _____ days	November: _____ days
April: _____ days	August: _____ days	December: _____ days

**Do you telework (work remotely via internet) from your seasonal residence?**

No    Yes   If yes, how is your internet access at your 2<sup>nd</sup> home?  Poor    OK    Good

## LOCATION DECISION

**What are the main reasons you bought this property?** *(Please check all that apply)*

- |                                                                        |                                                              |                                        |
|------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------|
| <input type="checkbox"/> No purchase/I inherited                       | <input type="checkbox"/> Proximity to recreational amenities | <input type="checkbox"/> Friendliness  |
| <input type="checkbox"/> Lake & stream water quality                   | <input type="checkbox"/> Peaceful setting                    | <input type="checkbox"/> Security      |
| <input type="checkbox"/> Intend to retire here                         | <input type="checkbox"/> Local living costs                  | <input type="checkbox"/> Rental income |
| <input type="checkbox"/> Lower property purchase cost than other areas | <input type="checkbox"/> Availability of properties          |                                        |
| <input type="checkbox"/> Lower property taxes than other counties      | <input type="checkbox"/> Investment potential                |                                        |
| <input type="checkbox"/> Proximity to friends and/or family            | <input type="checkbox"/> Property by the lake                |                                        |
| <input type="checkbox"/> Dispersed development pattern                 | <input type="checkbox"/> Climate                             |                                        |
| <input type="checkbox"/> Small town atmosphere                         | <input type="checkbox"/> Scenic beauty                       |                                        |
| <input type="checkbox"/> Other (Specify): _____                        | <input type="checkbox"/> Family has a long tie to the area   |                                        |

## FUTURE PLANS

Some second-home residents will eventually establish their current seasonal home as their permanent, primary residence. Below, inform us about your plans.

**Do you plan to move permanently to your second home?** *(Check one response)*

- No     Yes     Undecided

**If 'Yes', when do you plan to make the move?**

- Next 12 months     1-5 years     6-10 years     More than 10 years     Not Sure

**If 'Yes' what barriers prevent you from moving sooner?** *(Check all that apply)*

- Family     Job     Money     Other (specify): \_\_\_\_\_

**If 'No' which of the following statements most accurately reflects your intended future use of your seasonal property?** *(Please check all that apply)*

- Increase frequency of use     Increase use by friends and family     Renovate the residence
- Maintain frequency of use     Decrease frequency of use     Sell the property
- Rent out the property at least part time     Other (specify): \_\_\_\_\_

## EXPERIENCE, SKILLS & KNOWLEDGE

**Have you been active in your primary home community in any of the following ways? Are you, or would you consider, being active in your 2<sup>nd</sup> home community?**

<i>(Check all that apply for both communities.)</i>	Active in my Primary Home Community	Already active in my 2 <sup>nd</sup> Home Community	Would consider being active in my 2 <sup>nd</sup> Home Community
a. Belonged to a community, church, school, civic, or any other type of group or organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Volunteered your time for any such organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Held a leadership role in any such organizations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Held public office or served on a government board or committee in your local community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Donated money to local community organizations, charities, or causes in your local	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



community			
-----------	--	--	--

**Have you owned, operated, or played a significant management role in a business?** (Check one response)  Yes  No

**If 'Yes', would you consider establishing a new business or relocating/opening a branch of an existing business in your 2<sup>nd</sup> home community?** (Check one response)  
 Yes  No

**YOUR IMPACT ON THE LOCAL ECONOMY**

**What is an estimate of your household's spending and how much is spent in the county where your second home resides?**

Basic Consumption Items	Your household's MONTHLY spending	The approximate percentage spent in the county where your second home resides
a. Groceries/liquor	\$ _____/month	____%
b. Restaurants/bars	\$ _____/month	____%
c. Gas/auto service	\$ _____/month	____%
d. Pharmacy	\$ _____/month	____%
g. Home maintenance (lawn, septic, repair)	\$ _____/month	____%
h. Entertainment / recreation (hunting, fishing, skiing, movies, etc)	\$ _____/month	____%

**What is an estimate of your spending on construction or remodeling on your second home in the past 12 months?**

	Your household's spending in the past 12 months	The approximate percentage spent in the county where your second home resides
i. Construction / remodeling	\$ _____/past 12 months	____%

**COMMUNITY CONNECTIONS & THE FUTURE** (Respond to the following statements)

In my 2 <sup>nd</sup> Home Community:	Strongly disagree	Disagree	Do not know	Agree	Strongly Agree
I would like to see more retail and commercial development.	<input type="checkbox"/>				
Additional residential development threatens the quality of life.	<input type="checkbox"/>				
Most of the people I know are my 2 <sup>nd</sup> home neighbors.	<input type="checkbox"/>				
I feel strongly attached to my 2 <sup>nd</sup> home property.	<input type="checkbox"/>				
I feel strongly attached to the community near my 2 <sup>nd</sup> home.	<input type="checkbox"/>				

**What do you feel is the single most important change or improvement needed to make life in your 2<sup>nd</sup> home county better?** (Describe one change or improvement) \_\_\_\_\_

**What do you believe is the greatest challenge facing your 2<sup>nd</sup> home county over the next 20 years?** (In 2-3 words describe one challenge only) \_\_\_\_\_



**What do you believe is the greatest opportunity facing your 2<sup>nd</sup> home county over the next 20 years?** (In 2-3 words describe one opportunity only) \_\_\_\_\_

**SURVEY RESPONDENT INFORMATION**

**How old are you?** \_\_\_\_ years

**Gender**    Male    Female

**Education** (Check one)

- Some college/no degree    Associate's degree  
 Professional/graduate degree

- Have not completed high school    High school diploma  
 Bachelor's degree

**Employment Status** (Check one)    Employed    Unemployed    Retired

**Household Income:** (Check one)

- less than \$14,999    \$15,000 - \$39,999    \$40,000 - \$69,999  
 \$70,000 - \$99,999    \$100,000 - \$149,999    Over \$150,000

**COMMUNICATING**

**How do you TYPICALLY LEARN about community events and issues in your 2<sup>nd</sup> home community?** (Please check all that apply) **How do you PREFER to learn?** (Please just check just one preferred source)

SOURCE	TYPICALLY	PREFER	SOURCE	TYPICALLY	PREFER
Local newspaper	<input type="checkbox"/>	<input type="checkbox"/>	Word of Mouth	<input type="checkbox"/>	<input type="checkbox"/>
Internet	<input type="checkbox"/>	<input type="checkbox"/>	Post Office Postings	<input type="checkbox"/>	<input type="checkbox"/>
Chamber of Commerce	<input type="checkbox"/>	<input type="checkbox"/>	Senior Center	<input type="checkbox"/>	<input type="checkbox"/>
Visitor Center	<input type="checkbox"/>	<input type="checkbox"/>	Other, specify below:	<input type="checkbox"/>	<input type="checkbox"/>
Public Building Posts	<input type="checkbox"/>	<input type="checkbox"/>	>	<input type="checkbox"/>	<input type="checkbox"/>
Radio	<input type="checkbox"/>	<input type="checkbox"/>	>	<input type="checkbox"/>	<input type="checkbox"/>
Local Television	<input type="checkbox"/>	<input type="checkbox"/>	>	<input type="checkbox"/>	<input type="checkbox"/>

© 2014 Regents of the University of Minnesota. All rights reserved. University of Minnesota Extension is an equal opportunity educator and employer. In accordance with the Americans with Disabilities Act, this material is available in alternative formats upon request. Direct requests to the 612-625-4820. ♻️ Printed on recycled and recyclable paper with at least 10 percent postconsumer waste material. 13-0001

