CHAPTER 14

HOUSING AFFORDABILITY AND POPULATION CHANGE IN THE UPPER MIDWESTERN NORTH WOODS

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INTRODUCTION

The rate of change in rural society in the United States and other developed countries has increased in recent decades as new communications and transportation technologies, migration processes, and economic restructuring have contributed to the “urbanization” of rural communities. Migration from urban areas into the countryside (counterurbanization) and increasing residential and commercial development within rural areas (exurbanization) have served as important avenues through which rural neighborhoods have experienced profound change (Robinson, 1990); yet, little is known about the economic, cultural, and political impacts of these changes (Nelson, 2001). Rising housing values and the deterioration of housing affordability for low to moderate income residents in rural host communities constitutes just one possible unintended consequence of such counterurbanization/exurbanization. This chapter examines the effects of counterurbanization and exurbanization on housing affordability in a predominantly rural, natural amenity-rich region of the United States—the North Woods of Minnesota, Wisconsin, and Michigan.

Historically, rural areas in the United States have been heavily dependent on extractive and manufacturing industries that have declined as sources of stable employment and reasonable earnings during the last several decades due to changes in technology, declining demand, and international competition (Galston & Baehler, 1995). In response to this decline, leisure and recreation services have grown in economic importance in many rural areas. North Americans increasingly relate to nature primarily as a “place of leisure,” and rural landscapes have become more valuable as recreation resources than as sources for raw material production inputs; rural space itself has become a commodity (Whitson, 2001). Consequently, many rural communities have shifted economic development
efforts away from traditional industries and toward service and amenity-based activities (Fawson et al., 1998; Frederick, 1993; Glasgow, 1990). Amenity-based development offers a niche for rural communities in a changing global economy in which they benefit from, and contribute to, idyllic visions of nature and rural space (Whitson, 2001). Tourism and recreation-promotion are increasingly used as community development strategies to rejuvenate local economies in rural areas throughout the United States. In attractive rural areas, new developments entice tourists, seasonal residents, in-migrants, and/or retirees to the area, and in this way, the rural experience, rather than raw materials, becomes the export mechanism (Rothman, 1998).

In the rural North Woods of Minnesota, Wisconsin, and Michigan, natural-amenity-based tourism, especially seasonal home development around lakes, has long been a source of local development. Many rural communities have initiated amenity-based economic development strategies in order to attract tourists, migrants, and businesses from more urban areas, yet little is known about the economic, cultural, and political impacts of this type of development (Nelson, 2001). In addition to the recognized benefits, such as population, employment, and earnings growth (Deller et al., 2001), tourism- and recreation-based development can also impose substantial costs (Marcouiller & Green, 2000; Power, 1996). One such cost may be that long-time residents are priced out of housing markets as housing demand increases. Power notes that “vacation homes and other tourism developments tend to drive up property values and the cost of living, driving out existing residents” (1996, p. 216). As Whitson explains, “the influx of outside money and population . . . is precisely what creates economic growth. . . . The result is that new developments are often priced beyond what people working in the local economy, or at least the old local economy, can afford” (2001, p. 150). In describing the social and economic changes generated by counterurbanization in amenity-rich areas, the popular press evokes images of “Aspenization” ruining previously rural communities (see Gates & Pryor, 1993; Janofsky, 1999). This study examines the relevance of these claims in a predominantly rural, natural-amenity-rich region, the North Woods of the U.S. Midwest.

Lack of quality, affordable housing is a critical issue facing many rural communities in the United States (Ziebarth et al., 1997). Housing is an important aspect of a local community’s social structure, with numerous sociological implications. In addition to fulfilling basic human needs for shelter, it influences multiple aspects of individuals’ lives, including employment opportunities, social status, education, health, family composition, and psychological well-being (Mutchler & Krivo, 1989). On a broader scale, housing conditions have been linked to the economic development and social well-being of neighborhoods, communities, and, by extension, the nation as a whole (Green & Malpezzi, 2000; Ziebarth, 2000). Affordability has become the central housing problem facing the United States as overcrowding has declined and substandard housing has been upgraded or replaced (Bogdon & Can, 1997; Bratt, 2002; Dolbeare, 1999). The percent of income