



Housing Market Analysis and Demand Estimates for Minneota, Minnesota

Prepared for:

Area Development of Minneota

Prepared by:

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Introduction

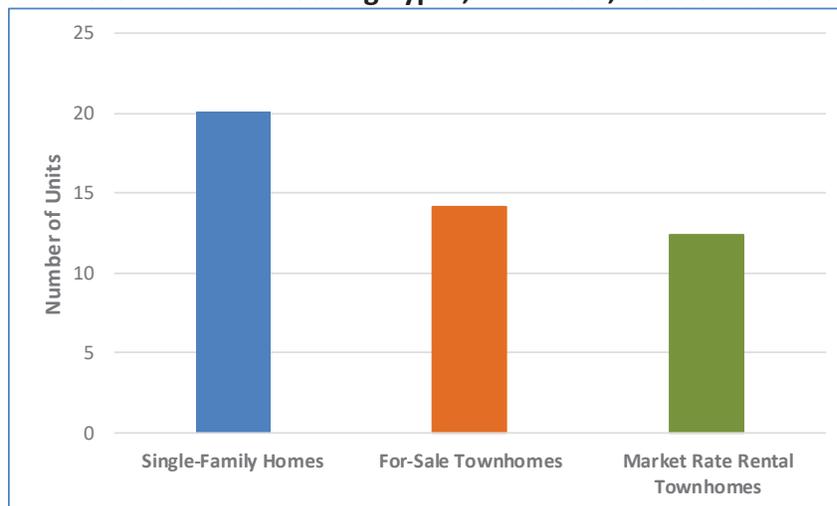
Area Development of Minneota engaged Viewpoint Consulting Group, Inc. to conduct an assessment of housing needs for the City of Minneota, Minnesota. Detailed calculations of housing demand from 2016 to 2030 can be found in the *Demand Analysis and Conclusions* section of the report. Recommendations are also provided on the amount and types of housing that should be developed to accommodate the housing needs during this period. The following are key highlights from the housing needs assessment.

Key Findings

1. Minneota had a population of 1,392 during the 2010 Census. This was down 3.9% from 2000 (-57 people). This decline was consistent with many smaller communities in southwest Minnesota during the last decade.
2. Minneota's population is projected to grow modestly, reaching 1,400 in 2020 and 1,410 in 2030. Household growth, which more closely approximates demand for housing than population growth, is estimated at +13 households this decade and +10 households next decade. This is after a decline of nine households in Minneota last decade (2000 – 2010).
3. Among the major employers in Minneota are UFP Minneota, Minneota Manor Health Care Center, and Minneota Public Schools. Together they employ over 250 people. Along with people who commute to jobs in Marshall, they are key creators of housing demand in Minneota.
4. An increasing proportion of Minneota's population through 2030 will be seniors, due to the aging of the baby boom generation. This population shift will create demand for new single-level homes (either single-family homes or townhomes) over the coming decade.
5. The median income in Minneota was \$53,885 in 2016, or similar to Greater Minnesota's median household income of \$54,535. While overall incomes in Minneota are modest, they should be sufficient to support some new construction homes, both owned homes and market rate rental.
6. There is demand for approximately 45 to 50 new housing units in Minneota from 2016 to 2030. Of that demand, about 35 units will be for owner-occupied housing (single-family homes and townhomes) and about 12 units will be for rental housing

7. Recommended housing types by number of units to meet projected demand in Minnesota from 2016 to 2030 is outlined below:
 - Single-family owner-occupied
 - o Move-up = 18 - 22 units
 - For-sale Townhomes = 13 - 15 units
 - Rental Townhomes = 11 - 13 units

Recommended Housing Types, Minnesota, 2016 to 2030



8. Minnesota has a very limited supply of available lots to accommodate new homes now that the Ousman Addition is almost built out. To meet demand for homes, approximately 10 lots should come on-line immediately with additional lots coming on-line early next decade. These new lots should provide adequate consumer choice without excessively prolonging developer carrying costs. The lots should be priced at approximately \$25,000 to \$35,000 to accommodate move-up homes (valued at about \$195,000 and up).
9. The primary target market for owner-occupied townhomes in Minnesota is empty-nesters and young seniors who want to own their residence but do not want the responsibility of maintenance. Creating lots that could accommodate approximately 14 single-level twinhome units is recommended, with most homes priced between \$185,000 and \$215,000.
10. A market rate townhome development is recommended with approximately 12 units. The target markets for these units are local seniors looking to downsize from their single-family homes and professionals and other higher-income households moving to Minnesota for employment who wish to rent while they decide whether or not to purchase a home. The units should be single-level with attached garages. Monthly rents should be approximately \$850 for two-bedroom units and \$950 for three-bedroom units.

11. No additional senior housing with services is projected to be needed in Minneota for the next several years. By the end of next decade, there will be a need for more units in the community, but likely not enough to support a new stand-alone building. There would be potential for an expansion to the Minneota Manor Health Care Center to increase the capacity of assisted living or add memory care housing. An expansion would benefit from the shared the costs of administration and services and also from being affiliated with a recognized local health care provider.

12. Besides adding new housing products, the City of Minneota can further address the community's housing needs by continuing to pursue and promote various housing programs. These include the following:
 - Housing rehab programs for low-and-moderate income households
 - HUD Section 8 Housing Choice Voucher program
 - Dilapidated Housing Demolition Program