

A Comprehensive Housing Needs Analysis for Fillmore County, Minnesota



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July 12, 2019

Mr. Marty Walsh
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Dear Mr. Walsh:

Attached is the analysis titled, "A Comprehensive Housing Needs Analysis for Fillmore County, Minnesota." The Needs Analysis examines current housing market conditions and determines the market potential for developing different types of owned and rented housing to 2030 in the County.

The scope of this study includes: an analysis of the demographic and economic characteristics of the communities and submarkets comprising the County; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions in the County; a senior housing supply and demand analysis; and an assessment of housing affordability in Fillmore County. Recommendations on the number and types of housing products that should be considered in each submarket are also supplied.

Please contact us if you have questions or require additional information.

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

A handwritten signature in black ink that reads "Joe Hollman". The signature is written in a cursive style with a large, stylized 'J' and 'H'.

Joe Hollman
Senior Analyst

Attachment

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Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the Fillmore County Economic Development Authority to prepare a Comprehensive Housing Needs Analysis for the County. The Housing Needs Analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the County.

For the purposes of this housing needs analysis, Fillmore County was divided into six submarkets, each comprised of county subdivisions within the County (the Northwest Submarket also includes the portion of Chatfield in Olmsted County). These submarkets approximate school district boundaries in the County. Housing demand will be generated by household growth and turnover of existing households within these submarkets. Additional demand for housing will come from households moving into the County from outside the area.

The scope of this study includes: an analysis of the demographic and economic characteristics of the communities and submarkets in Fillmore County; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions; a senior housing supply and demand analysis; and an assessment of housing affordability in Fillmore County. Detailed recommendations are provided for the housing types identified as being needed in each Fillmore County submarket to 2030.

Demographic Analysis

- Between 2000 and 2010, the population declined by -256 people (-1.2%) while the number of households expanded 3.9% (317 households). We estimate that the County population expanded 1.2% between 2010 and 2019 to 21,111, while the number of households increased 1.3% to 8,660.
- Due, in large part, to projected job growth in the Rochester MSA, we anticipate that the rate of population growth will accelerate over the next several years, climbing 5.6% (1,174 people) to 22,285 by 2030.
- We anticipate that growth will be strongest in the communities located along the major transportation corridors in the County (i.e. State Highways 52 and 63), particularly in the northern and western-most submarkets that are closest to Rochester.
- In 2019, the largest adult cohort by age in Fillmore County is 55 to 64 (14.9% of the population) followed by the 45 to 54 age group (12.2% of the population).
- The most rapid growth is expected to occur among older adults in the Market Area. As the baby boom population ages, the 65 and older age cohorts are expected to experience increases in the next several years, particularly the 65 to 74 age group. The County is also expected to experience growth in the 35 to 44 age group between 2019 and 2024 as the peak of the “echo boom” moves into this cohort.

EXECUTIVE SUMMARY

- In 2019, the median household income is estimated to be \$56,393 in Fillmore County; -17% lower than \$67,863 in Minnesota. Household incomes are highest in the Northwest and Northeast Submarkets and lowest in the Southeast.
- Typically, as income increases, so does the rate of homeownership. This can be seen in Fillmore County, where the homeownership rate increases from 43% of households with incomes below \$15,000 to 95% of households with incomes above \$100,000.
- In Fillmore County, 80% of all households owned in 2017, giving it a home ownership rate that was higher than Minnesota (71% of households owned). The total number of owner households residing in Fillmore County grew by an estimated 0.7% between 2010 and 2017, while the number of renter-occupied households expanded 1.3%.
- Among the Fillmore County submarkets, the strongest owner household growth occurred in the Southwest Submarket and the South Central Submarket. The Northwest Submarket experienced the strongest renter household growth, followed closely by the Northeast.
- Married couple without children households were the most common household type in Fillmore County in 2017 (37.3% of all households), followed by single-person households (27.0%).
- As of 2019, “White Alone” comprised the largest proportion of the County population, at 97%. Approximately 80% of “White Alone” households in Fillmore County own their housing while the remaining 20% rent. The home ownership rate drops to 46% for all other races in the County.

Employment Analysis

- In 2018, Fillmore County had a labor force of 11,533 with 11,168 employed residents, which equates to a 3.2% unemployment rate. By comparison, 2018 unemployment rates were at 2.6% in the Rochester MSA and 2.9% in Minnesota.
- The County’s labor force contracted at an average annual rate of -0.4% from 2000 through 2010. However, the labor force has expanded at a rate of 0.3% per year since 2010, from 11,246 in 2010 to 11,533 in 2018. Resident employment declined at a -0.9% annual rate from 2000 through 2010 but has since expanded at an average annual rate of 0.9%.
- Fillmore County is an exporter of workers as a significantly higher number of residents leave the County for work than nonresidents commute into the County for work. Approximately 2,111 workers come into Fillmore County for employment (inflow) daily, while 5,638 resident workers commute out of the County (outflow). An estimated 3,432 people both live and work in the County (interior flow). All six submarkets export more workers than they import.

EXECUTIVE SUMMARY

- With over 2,100 workers commuting into Fillmore County for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing for a portion of these workers. Inflow is strongest in the South Central and Northwest Submarkets.
- Modest job growth is expected in the County, climbing an anticipated 1.4% between 2018 and 2024 and 1.9% between 2024 and 2030. The pace of job growth is expected to be restrained as the region will experience potential labor force shortages and a surge in retirements. Within Fillmore County, job growth will likely be focused along the major transportation corridors where there are concentrations of existing businesses, convenient highway access, and a growing population.
- Education and Health Services is the largest employment sector in the County providing 1,518 jobs (24.6% of total jobs) followed by Trade, Transportation, and Utilities with 1,352 jobs (22.0%).
- Average weekly wages in Fillmore County (\$639) are -41% lower than Minnesota (\$1,075) and -36% lower than Southeast Minnesota (\$1,001).
- A household earning the average weekly wage in the County would be able to afford an apartment renting for approximately \$831 per month to not exceed 30% of its monthly income on housing costs, higher than the median contract rent for renter-occupied housing units in the County (\$482).
- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in the County would be able to afford to purchase a home priced at approximately \$128,000 or lower to not be cost-burdened (paying more than 30% of their income for housing).

Housing Characteristics

- Over 35% of the County's housing units were built prior to 1940, compared to 17% of all homes in Minnesota. Among the Fillmore County submarkets, North Central has the highest concentration of homes built prior to 1940 followed by the Southwest at 40%.
- Aside from the number of homes built prior to 1940, the 2000s was the most active decade in the County in terms of residential building activity. Nearly 17% of Fillmore County's housing stock was built from 2000 to 2009.
- Residential construction activity dropped off in the County when the "housing bubble" burst in 2006. An average of 151 new housing units were permitted annually in the County from 2000 through 2005. Permitting activity declined to an annual average of 68 units from 2006 through 2010 and 53 units from 2011 to 2015. Residential building activity dropped to a low of 42 units in 2016, before jumping to 82 units in 2017.

EXECUTIVE SUMMARY

- Approximately 92% of all residential units permitted in Fillmore County between 2000 and 2017 were single-family. The remaining 8% were multifamily units. By comparison, 27% of the housing units permitted in Minnesota between 2000 and 2017 were multifamily units.
- Housing construction has been most active in Chatfield since 2000, followed by Rushford, Rushford Village, Harmony, and Spring Valley.
- The estimated median owner-occupied home value is \$178,000 in Fillmore County, roughly -22% lower than the median of \$227,055 in Minnesota and -25% lower than the Rochester MSA (\$238,554). The median contract rent in Fillmore County was \$482 during the 2013-2017 ACS, approximately -41% lower than the median of \$816 in Minnesota and -34% lower than the Rochester MSA (\$728).

For-Sale Housing Market Analysis

- The 2018 median resale price for single-family homes in Fillmore County is \$139,500, -33% lower than the Rochester-Austin CSA median sales price of \$207,000. The multifamily median sale price in the County (\$139,950) is -18% lower than the CSA median of \$171,700.
- Multifamily housing represents a small share of Fillmore County's for-sale housing market, comprising 3% of all closed resales from 2010 through the first quarter of 2019. The remaining 97% were detached single-family home resales. By comparison, roughly 13% of all closed resale transactions in the Rochester-Austin CSA were multifamily sales.
- Since 2017, Fillmore County has averaged 17 home sales per month. Based on the current supply of available for-sale housing in the County, there is a 4.2-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is generally considered to be a six-month supply of homes on the market. As such, it appears that the current inventory of available for-sale housing in Fillmore County is slightly undersupplied.
- There are an estimated 823 vacant residential parcels in the Cities of Fillmore County, however the majority of these parcels are not being actively-marketed for sale and may or may not be available for future development. There are 17 residential lots listed for sale in Fillmore County. As such, it appears that the supply of platted lots available for sale in the County is not sufficient to meet future demand.

Rental Housing Market Analysis

- Maxfield Research compiled detailed information for rental housing properties with eight or more units in Fillmore County, including two affordable Low Income Housing Tax Credit (LIHTC) projects, five Section 515 (United States Department of Agriculture Rural Development) properties targeting family households, and 18 general occupancy market rate apartment properties. These properties represent 94 affordable rental housing units and 207 market rate units.

EXECUTIVE SUMMARY

- The inventory of rental properties in Fillmore County was 4.0% vacant as of June 2019, including a 6.4% vacancy rate among the affordable/subsidized properties and a 2.9% vacancy rate in the market rate properties. The equilibrium vacancy rate for rental housing is considered to be 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters.
- The average rental rate across all market rate general occupancy properties is \$607 per month, slightly lower than the base market rate rent in the affordable properties (\$655 per month). On a per square-foot basis, market rate rental properties in Fillmore County rent for \$0.85 per square foot on average.

Senior Housing Market Analysis

- Maxfield Research identified 21 senior housing properties in Fillmore County. Combined, these projects contain a total of 378 senior housing units. Nine of the senior housing facilities, with 191 units, are market rate, and there are 12 affordable senior housing projects, totaling 187 units. Of the 378 units, 59% provide service-enhanced senior housing, for a total of 223 units (79 independent living with services available, 138 assisted living units, and six memory care units).
- At the time of our survey, 34 senior housing units were vacant, representing a 9.0% vacancy rate. There were 27 vacant service-enhanced units (12% vacancy rate). Seven were independent living vacancies (8.9% vacancy), 20 were assisted living units (14.5% vacancy) and the memory care units were fully-occupied. The affordable units, which target persons age 62 and older or persons with a disability, are 4.5% vacant (seven vacancies).
- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care senior housing, while 95% occupancy is considered equilibrium in independent living and active adult. As such, the current supply of independent living and assisted living units appears to be slightly oversupplied, while the active adult and memory care markets appear to be undersupplied.

Housing Affordability

- Approximately 20% of all owner households in Fillmore County are considered to be cost burdened (paying 30% or more of their gross income for housing), while 36% of the existing renter households in the County are considered cost burdened. By comparison, 20% of owner households and 44% of renter households are cost burdened in Minnesota.
- An estimated 81% of owner households could afford to buy a moderately-priced entry-level single-family home (\$125,500) in the County. The proportion of income-qualified households declines as the sale price increases, and roughly 62% of owner households could afford to purchase a move-up single-family home priced at \$200,000. The proportion able to afford an executive home priced at \$300,000 declines to 40% of existing owner households.

EXECUTIVE SUMMARY

- An estimated 57% of existing renter households can afford to rent a one-bedroom unit in Fillmore County at the average rent of \$563 per month, but the percentage drops to 38% of renters who could afford a one-bedroom apartment in new construction with an estimated rent of \$900 per month.

Housing Demand Analysis

Demand is somewhat fluid between submarkets and communities in Fillmore County, and satisfying the anticipated demand will be highly dependent on the availability of suitable housing options in the various communities in the County.

A migration of households out of the Rochester area will likely stimulate housing demand in Fillmore County over the next several years. Possible factors driving this trend include a housing shortage in Rochester, affordability, school district and/or lifestyle preferences. Additionally, housing demand in the County will be impacted by development activity in nearby areas, notably in communities surrounding Rochester in Olmsted County as well as Winona and La Crosse.

- Based on our calculations, we find demand to support 883 general occupancy housing units between 2019 and 2030, including 600 for-sale units and 283 rental units.

----- General Occupancy Housing Demand (units) by Submarket 2019 - 2030 -----						
Product Type	Northwest	North Central	Northeast	Southwest	South Central	Southeast
For-Sale Single-Family	95	29	62	103	98	42
Multifamily	41	12	27	44	38	18
Market Rate Rental	42	11	28	34	33	13
Shallow-Subsidy Rental	14	6	9	12	15	5
Deep-Subsidy Rental	14	3	9	15	12	8
Total:	206	61	135	208	196	86

- In addition, we find demand for multiple senior housing product types. As of 2024, demand in Fillmore County for senior housing is projected as follows:

----- Senior Housing Demand (units) by Submarket 2024 -----						
Product Type	Northwest	North Central	Northeast	Southwest	South Central	Southeast
Active Adult Rental	31	19	31	52	37	20
Active Adult Owner	13	8	13	22	16	8
Independent Living	16	18	31	30	25	20
Assisted Living	10	14	18	24	0	5
Memory Care	16	9	18	26	13	13
Shallow-Subsidy Rental	39	13	40	65	56	30
Deep-Subsidy Rental	12	12	26	25	28	21
Total:	137	93	177	244	175	117

Recommendations and Conclusions

- Based on the finding of our analysis, the following charts provide a summary of the recommended development concepts by product type for Fillmore County to 2030.
- These proposed development concepts are intended to act as a development guide to meet the housing needs of existing and future households in the County. These recommendations represent a hypothetical development and do not reflect total calculated demand for each submarket.
- Detailed findings are described in the *Conclusions & Recommendations* section of this report.

SUGGESTED OWNER-OCCUPIED HOUSING DEVELOPMENT FILLMORE COUNTY June 2019			
	Purchase Price ¹	No. of Units	Development Timing
Single-family Subdivision			
Move-up	\$175,000 - \$250,000	12 - 16	2019+
Executive	\$300,000+	4 - 6	2019+
Total		16 - 22	
Townhomes/Twinhomes			
Move-up	\$175,000+	12 - 14	2019+
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation. Most entry-level demand will be accommodated through the resale of existing homes			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			
Source: Maxfield Research & Consulting, LLC			

RECOMMENDED RENTAL HOUSING DEVELOPMENT FILLMORE COUNTY June 2019			
	Monthly Rent Range ¹	No. of Units	Development Timing
Market Rate Rental Housing			
Apartment-style	\$850/1BR - \$1,000/2BR	24 - 30	2019+
or - Townhomes	\$1,100/2BR - \$1,300/3BR	16 - 20	2019+
Affordable Rental Housing			
Apartment- or Townhome-style	Moderate Income ²	12 - 14	2019+
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation. ² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			

SENIOR RENTAL HOUSING DEVELOPMENT EXAMPLE FILLMORE COUNTY June 2019			
	Monthly Rent Range ¹	No. of Units	Development Timing
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ²	\$850/1BR - \$1,100/2BR	20 - 24	2019+
Active Adult Shallow-Sub. Rental ²	Moderate Income	25 - 30	2019+
<u>Service-Enhanced Senior Housing</u>			
Catered Living ³	\$1,600 - \$4,000	30 - 34	2024+
Memory Care ⁴	\$4,500 - \$5,500	10 - 12	2024+
Total		85 - 100	
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation. ² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community ³ Catered living is a hybrid concept of independent and assisted living service levels. ⁴ Memory care housing could be a component of an assisted-living or service-intensive building.			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			

Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the Fillmore County Economic Development Authority to prepare a Comprehensive Housing Needs Analysis for the County. The Housing Needs Analysis provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the County.

The scope of this study includes: an analysis of the demographic and economic characteristics of the communities and submarkets in Fillmore County; a review of existing housing stock characteristics; an analysis of the for-sale housing market; an evaluation of rental market conditions; a senior housing supply and demand analysis; and an assessment of housing affordability in Fillmore County.

Detailed recommendations are provided for the housing types identified as being needed in Fillmore County submarket to 2030. An assessment of challenges and opportunities associated with housing development in the County is also provided.

Introduction

Demographic characteristics and trends are important factors when evaluating housing needs in any given market. This section of the report begins by delineating various submarkets for housing products in Fillmore County and examines the demographic and economic characteristics of the Market Area. A review of these characteristics provides insight into the demand for various types and styles of owned and rented housing in the County.

Fillmore County Submarket Definitions

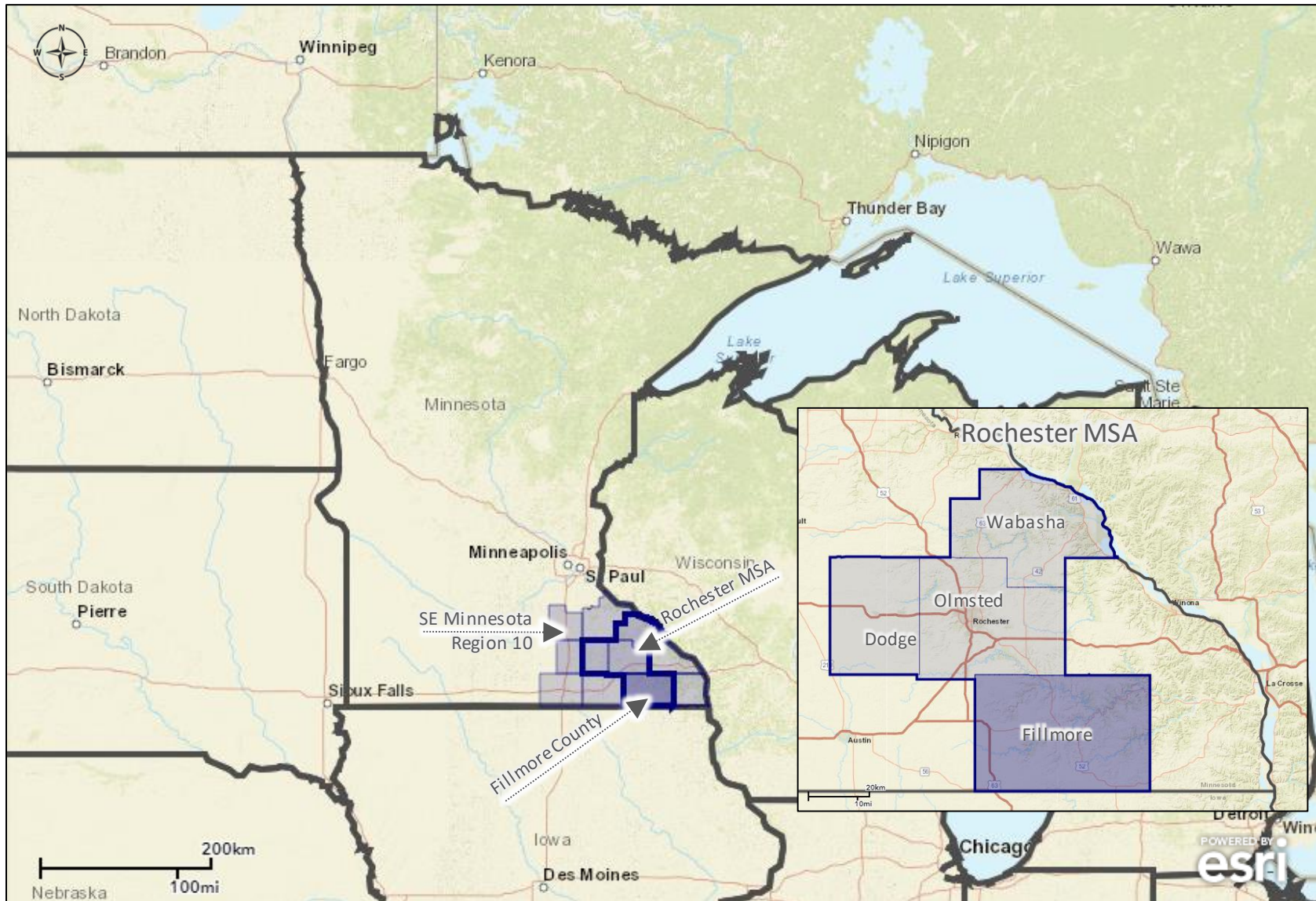
Based on conversations with local officials and a review of geographic and man-made boundaries, commuting patterns, and community orientation, Fillmore County was divided into six submarkets for the purposes of this housing needs analysis. Each submarket is comprised of county subdivisions (cities and townships) within Fillmore County, although the Northwest Submarket also includes the portion of Chatfield in Olmsted County. These submarkets approximate school district boundaries in the County.

Fillmore County Housing Submarket Definitions		
Northwest Submarket	North Central Submarket	Northeast Submarket
Chatfield city (Fillmore Co.)	Lanesboro city	Peterson city
Chatfield city (Olmsted Co.)	Whalan city	Rushford city
Chatfield township	Carrolton township	Rushford Village city
Jordan township	Holt township	Arendahl township
Sumner township	Pilot Mound township	Norway township
Southwest Submarket	South Central Submarket	Southeast Submarket
Ostrander city	Fountain city	Canton city
Spring Valley city	Harmony city	Mabel city
Wykoff city	Preston city	Amherst township
Beaver township	Bristol township	Canton township
Bloomfield township	Carimona township	Newburg township
Fillmore township	Fountain township	Preble township
Forestville township	Harmony township	
Spring Valley township	Preston township	
York township		

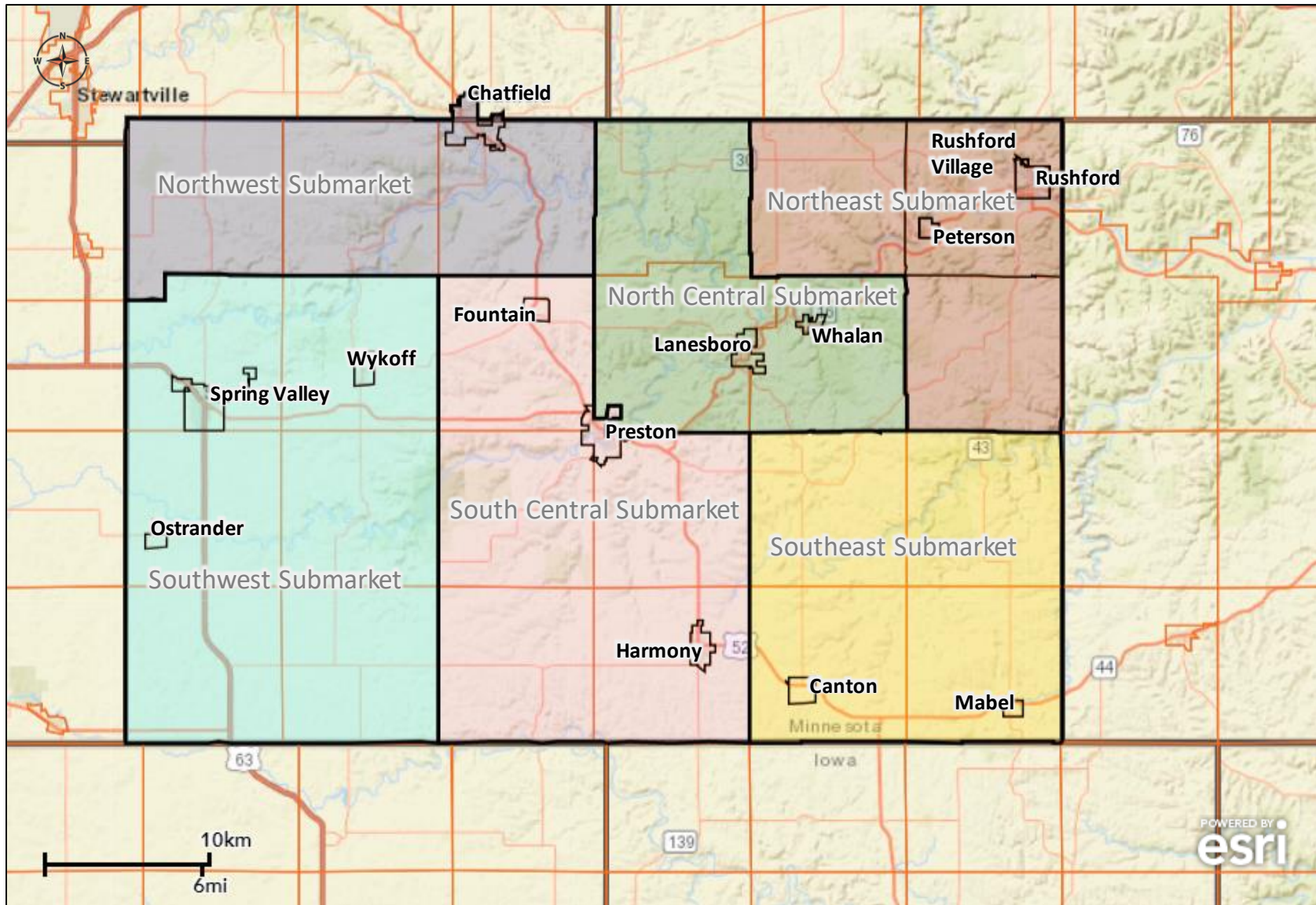
Housing demand in the County will be generated by household growth and turnover of existing households within these submarkets. Additional demand for housing will come from households moving into the County from outside the area.

Comparisons are made to Minnesota, the 11-County Southeast Minnesota Region 10, and the Rochester Metropolitan Statistical Area (MSA), which is comprised of Olmsted County, Dodge County, Fillmore County, and Wabasha County. The maps on the following pages illustrate the location of Fillmore County in the region as well as the submarket boundaries.

Regional Location



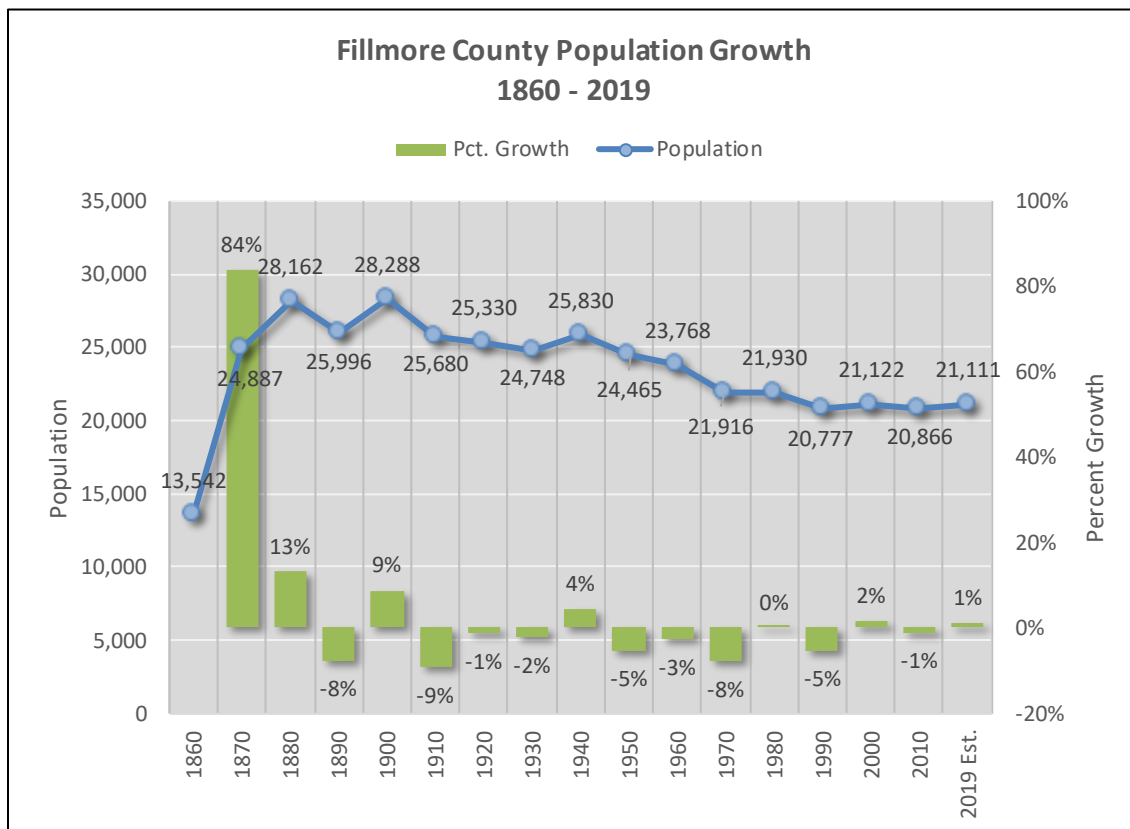
Fillmore County Submarkets



Population and Household Growth Trends

The following graph depicts changes to the population in Fillmore County from 1860 to 2019. Data from 1860 to 2010 is sourced from the United States Census Bureau Decennial Census. The estimate for 2019 is provided by Maxfield Research & Consulting, LLC based on estimates provided by the Minnesota State Demographic Center.

- Fillmore County was established in 1853, and its population quickly rose from 13,542 in 1860 to 24,887 in 1870.
- The County population has gradually contracted after peaking at 28,288 in 1900, with most decades experienced declining population.
- Population growth occurred in the 1930s (4% growth), 1970s (0.1%), and 1990s (2%). All other decades since 1990 have experienced population declines.
- We estimate that the Fillmore County population increased 1.2% from 20,866 in 2010 to 21,111 in 2019.



Demographic Analysis Tables 1 and 2 on the following pages present population (Table 1) and household (Table 2) growth trends in the Market Area from 1990 to 2030. The 1990, 2000 and 2010 figures are from the U.S. Census while estimates for 2019 are based on estimates provided by the Minnesota State Demographic Center and adjusted by Maxfield Research to reflect current year data.

The 2024 forecast for Fillmore County is based on a projection provided by ESRI (a nationally recognized demographics firm). Maxfield Research applied the projected annual rate of growth to the 2019 estimate to arrive at the 2024 forecast for the County. We then projected population and household growth for the submarkets and cities based on a review of changes to the proportion of the County's growth that has occurred recently in each geography.

Projections for 2030 are based on baseline population forecasts from the October 2018 report titled "Southeast Minnesota Regional Economic Study" prepared for the Southeast Minnesota League of Municipalities (SEMLM) and Community and Economic Development Associates (CEDA). Maxfield Research applied the projected annual rate of growth (2020 to 2030) for the four counties comprising the Rochester Metropolitan Statistical Area (MSA) to the 2024 MSA forecast to arrive at the 2030 projection for the MSA. We arrived at the 2030 population projection for Fillmore County based on changes in the proportion of MSA population located in the County from 2000 to 2024. We then projected population growth for the submarkets and cities based on a review of recent changes to the proportion of the County's growth that has occurred in each geography. Household projections are based on household size trends.

- Growth in the various Fillmore County communities will be determined, in large part, by increased or decreased hiring by area employers. Additionally, population and household growth in Fillmore County will be highly dependent on the availability of suitable housing options in the County.
- As of 2010, Fillmore County contained 20,866 people and 8,545 households. Between 2000 and 2010, the population declined by -256 people (-1.2%) while the number of households expanded 3.9% (317 households).
- The loss of population against the gain in households suggests a trend toward shrinking household sizes in the County, as the average household size decreased from 2.57 in 2000 to 2.44 in 2010. The trend toward declining household sizes indicates an aging household base and also reflects a general shift in demographic factors that favor smaller households, such as a declining proportion of married couple households with children.
- Based on population and household estimates provided by the Minnesota State Demographic Center, we estimate that the County population expanded 1.2% between 2010 and 2019 to 21,111, while the number of households increased 1.3% to 8,660.

DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 1 POPULATION GROWTH TRENDS AND PROJECTIONS FILLMORE COUNTY MARKET AREA 1990 - 2030														
							Change							
	Census			Estimate	Forecast		2000-2010		2010-2019		2019-2024		2024-2030	
	1990	2000	2010	2019	2024	2030	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Fillmore County*	20,777	21,122	20,866	21,111	21,727	22,285	-256	-1.2%	245	1.2%	616	2.9%	558	2.6%
Northwest	3,471	3,731	4,120	4,241	4,402	4,553	389	10.4%	121	2.9%	161	3.8%	151	3.4%
Chatfield^	2,226	2,394	2,779	2,887	3,037	3,187	385	16.1%	108	3.9%	150	5.2%	150	4.9%
Townships	1,245	1,337	1,341	1,354	1,365	1,366	4	0.3%	13	1.0%	11	0.8%	1	0.1%
North Central	1,891	1,844	1,740	1,783	1,847	1,905	-104	-5.6%	43	2.5%	64	3.6%	59	3.2%
Lanesboro	858	788	754	772	813	852	-34	-4.3%	18	2.4%	41	5.3%	39	4.8%
Whalan	94	64	63	65	66	68	-1	-1.6%	2	3.2%	1	2.3%	1	1.7%
Townships	939	992	923	946	968	986	-69	-7.0%	23	2.5%	22	2.3%	18	1.9%
Northeast	3,106	3,347	3,417	3,483	3,598	3,704	70	2.1%	66	1.9%	115	3.3%	106	2.9%
Peterson	259	269	199	197	200	204	-70	-26.0%	-2	-1.0%	3	1.7%	3	1.6%
Rushford	1,485	1,696	1,731	1,785	1,871	1,963	35	2.1%	54	3.1%	86	4.8%	92	4.9%
Rushford Village	705	714	807	839	882	924	93	13.0%	32	4.0%	43	5.1%	43	4.8%
Townships	657	668	680	662	645	613	12	1.8%	-18	-2.6%	-17	-2.5%	-32	-5.0%
Southwest	5,660	5,717	5,471	5,474	5,601	5,750	-246	-4.3%	3	0.1%	127	2.3%	148	2.6%
Ostrander	276	212	254	250	254	258	42	19.8%	-4	-1.6%	4	1.5%	4	1.7%
Spring Valley	2,461	2,518	2,479	2,515	2,605	2,731	-39	-1.5%	36	1.5%	90	3.6%	126	4.9%
Wykoff	493	460	444	449	457	466	-16	-3.5%	5	1.1%	8	1.7%	9	2.0%
Townships	2,430	2,527	2,294	2,260	2,286	2,295	-233	-9.2%	-34	-1.5%	26	1.2%	8	0.4%
South Central	4,766	4,706	4,508	4,536	4,656	4,762	-198	-4.2%	28	0.6%	120	2.6%	106	2.3%
Fountain	327	343	410	419	433	447	67	19.5%	9	2.2%	14	3.5%	13	3.0%
Harmony	1,081	1,080	1,020	1,034	1,065	1,100	-60	-5.6%	14	1.4%	31	3.0%	35	3.3%
Preston	1,530	1,426	1,325	1,338	1,376	1,410	-101	-7.1%	13	1.0%	38	2.8%	34	2.5%
Townships	1,828	1,857	1,753	1,745	1,781	1,806	-104	-5.6%	-8	-0.5%	36	2.1%	24	1.4%
Southeast	2,860	2,914	2,816	2,827	2,898	2,919	-98	-3.4%	11	0.4%	71	2.5%	21	0.7%
Canton	362	343	346	351	362	367	3	0.9%	5	1.5%	11	3.1%	5	1.3%
Mabel	745	766	780	776	792	794	14	1.8%	-4	-0.5%	16	2.0%	2	0.2%
Townships	1,753	1,805	1,690	1,700	1,745	1,759	-115	-6.4%	10	0.6%	45	2.6%	14	0.8%
Rochester MSA	162,722	184,740	206,877	223,270	235,659	249,361	22,137	12.0%	16,393	7.9%	12,389	5.5%	13,702	5.8%
Minnesota	4,375,665	4,919,492	5,303,925	5,705,976	5,946,298	6,128,724	384,433	7.8%	402,051	7.6%	240,322	4.2%	182,426	3.1%
*Fillmore County total excludes portion of Chatfield in Olmsted County														
^Chatfield total includes portion of the City in Olmsted County														
Sources: US Census Bureau; MN State Demographic Center; ESRI; SEMLM; CEDA; Maxfield Research & Consulting, LLC														

DEMOGRAPHIC ANALYSIS

**DEMOGRAPHIC ANALYSIS TABLE 2
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
FILLMORE COUNTY
1990 - 2030**

							Change							
	Census			Estimate	Forecast		2000-2010		2010-2019		2019-2024		2024-2030	
	1990	2000	2010	2019	2024	2030	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Fillmore County*	7,822	8,228	8,545	8,660	8,915	9,147	317	3.9%	115	1.3%	255	2.9%	232	2.6%
Northwest	1,273	1,426	1,588	1,640	1,704	1,764	162	11.4%	52	3.3%	64	3.9%	60	3.5%
Chatfield^	846	975	1,092	1,139	1,200	1,260	117	12.0%	47	4.3%	61	5.3%	60	5.0%
Townships	427	451	496	501	504	504	45	10.0%	5	1.0%	3	0.7%	-1	-0.1%
North Central	745	783	773	792	820	846	-10	-1.3%	19	2.5%	28	3.5%	26	3.2%
Lanesboro	385	380	373	383	402	421	-7	-1.8%	10	2.7%	19	4.9%	19	4.8%
Whalan	42	31	32	33	34	34	1	3.2%	1	3.1%	1	2.3%	1	1.7%
Townships	318	372	368	376	384	390	-4	-1.1%	8	2.2%	8	2.2%	6	1.6%
Northeast	1,168	1,314	1,350	1,372	1,414	1,455	36	2.7%	22	1.6%	42	3.1%	40	2.9%
Peterson	101	67	97	96	98	99	30	44.8%	-1	-1.0%	2	1.7%	2	1.6%
Rushford	628	671	706	724	757	793	35	5.2%	18	2.5%	33	4.5%	36	4.8%
Rushford Village	219	306	305	317	333	349	-1	-0.3%	12	3.9%	16	5.1%	16	4.8%
Townships	220	270	242	235	227	213	-28	-10.4%	-7	-2.9%	-8	-3.5%	-13	-5.9%
Southwest	2,176	2,264	2,319	2,331	2,390	2,456	55	2.4%	12	0.5%	59	2.5%	66	2.8%
Ostrander	99	108	111	108	109	110	3	2.8%	-3	-2.7%	1	0.8%	1	1.3%
Spring Valley	1,001	1,055	1,074	1,090	1,129	1,184	19	1.8%	16	1.5%	39	3.6%	55	4.9%
Wykoff	198	203	198	201	205	209	-5	-2.5%	3	1.5%	4	1.9%	4	2.2%
Townships	878	898	936	932	947	953	38	4.2%	-4	-0.4%	15	1.6%	6	0.6%
South Central	1,776	1,811	1,886	1,908	1,962	2,010	75	4.1%	22	1.2%	54	2.9%	47	2.4%
Fountain	126	138	171	177	184	190	33	23.9%	6	3.5%	7	4.0%	6	3.4%
Harmony	461	480	479	487	502	519	-1	-0.2%	8	1.7%	15	3.1%	17	3.3%
Preston	584	577	603	614	634	651	26	4.5%	11	1.8%	20	3.2%	17	2.7%
Townships	605	616	633	630	643	650	17	2.8%	-3	-0.5%	13	2.0%	7	1.1%
Southeast	1,037	1,063	1,094	1,099	1,126	1,134	31	2.9%	5	0.5%	27	2.5%	8	0.7%
Canton	160	150	162	164	169	171	12	8.0%	2	1.2%	5	2.9%	2	1.3%
Mabel	316	341	359	357	364	365	18	5.3%	-2	-0.6%	7	2.0%	1	0.2%
Townships	561	572	573	578	594	599	1	0.2%	5	0.9%	16	2.7%	5	0.8%
Rochester MSA	60,704	70,732	81,907	89,834	94,671	100,425	11,175	15.8%	7,927	9.7%	4,837	5.4%	5,754	6.1%
Minnesota	1,647,974	1,895,133	2,087,227	2,234,112	2,324,134	2,443,951	192,094	10.1%	146,885	7.0%	90,022	4.0%	119,817	5.2%

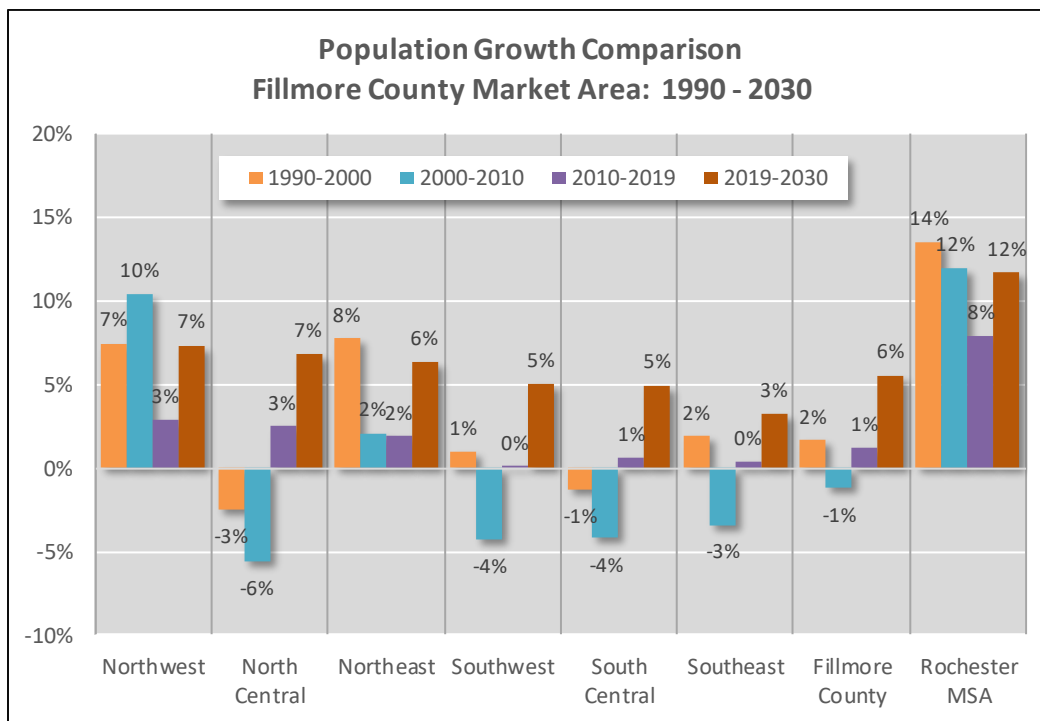
*Fillmore County total excludes portion of Chatfield in Olmsted County

^Chatfield total includes portion of the City in Olmsted County

Sources: US Census Bureau; MN State Demographic Center; ESRI; SEMLM; CEDA; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- From 2010 to 2019, estimated population growth was strongest in Chatfield, adding 108 people (3.9%). Additionally, Rushford added 54 people (3.1%) and Spring Valley added an estimated 36 people (1.5%) and Rushford Village added 32 people (4.0%). Communities in the South Central and Southeast Submarkets experienced more modest growth.
- Due, in large part, to projected job growth in the MSA, we anticipate that the rate of population growth will accelerate over the next several years, climbing 5.6% (1,174 people) to 22,285 by 2030.
- We anticipate that population and household growth will be strongest in the communities located along the major transportation corridors in the County (i.e. State Highways 52 and 63), particularly in the northern and western-most submarkets that are closest to Rochester. Communities that are slightly more isolated and located further from Rochester in the South Central and Southeastern Submarkets are expected to experience slower growth.
- Led by growth in Chatfield, the Northwest Submarket is projected to experience the fastest growth between 2019 and 2030, adding 312 people (7.4%) and 124 households (10.6%).

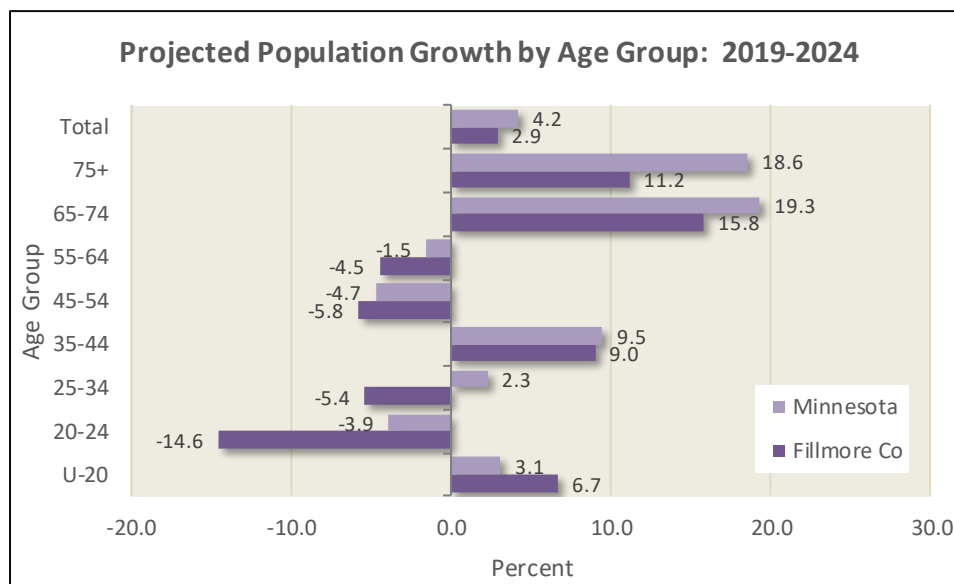


- The rate of growth in Fillmore County is expected to trail growth in the MSA, which is projected to experience 12% population and household growth between 2019 and 2030. Much of the projected growth in the MSA will be concentrated in Rochester and nearby communities in Olmsted County.

Age Distribution

The age distribution of a community’s population helps in assessing the type of housing needed. For example, younger and older people are more attracted to higher-density housing located near urban services and entertainment while middle-aged people (particularly those with children) traditionally prefer lower-density single-family homes. Demographic Analysis Table 3 presents the age distribution of the Market Area population from 2000 to 2024. Information from 2000 and 2010 is sourced from the U.S. Census. The 2019 estimates and projections for 2024 were provided by the Minnesota State Demographic Center and ESRI, with adjustments made by Maxfield Research to reflect current year data.

- In 2019, the largest adult cohort by age in Fillmore County is 55 to 64, totaling an estimated 3,144 people (14.9% of the population), followed by the 45 to 54 age group with an estimated 2,567 people (12.2%). By comparison, the 25 to 34 cohort is the largest age group in Minnesota representing 13.5% of the population, followed closely by the 55 to 64 cohort.
- The most rapid growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 408 people (15%) in the 55 to 64 population in the County between 2010 and 2019.
- As this group ages, the 65 and older age cohorts are expected to experience increases in the next several years, particularly the 65 to 74 age group which is projected to grow 16% in the County, adding 375 people while the 75 and older age group expands 11% (238 people).



- Fillmore County is also expected to experience growth in the 35 to 44 age group, expanding 9%, adding 211 people between 2019 and 2024, as the peak of the “echo boom” moves into this cohort.

DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 3 AGE DISTRIBUTION FILLMORE COUNTY MARKET AREA 2000 - 2024								
Age	Census		Estimate	Projection	Change			
					2010-2019		2019-2024	
	2000	2010	2019	2024	No.	Pct.	No.	Pct.
Fillmore County	Median Age:		43.5	43.7				
Under-20	6,038	5,518	5,233	5,582	-285	-5.2	349	6.7
20 to 24	953	899	973	832	74	8.3	-142	-14.6
25 to 34	2,146	2,266	2,350	2,224	84	3.7	-126	-5.4
35 to 44	3,149	2,306	2,346	2,557	40	1.7	211	9.0
45 to 54	2,742	3,141	2,567	2,418	-574	-18.3	-149	-5.8
55 to 64	2,000	2,736	3,144	3,002	408	14.9	-141	-4.5
65 to 74	1,849	1,840	2,371	2,747	531	28.9	375	15.8
75+	2,245	2,160	2,127	2,365	-33	-1.5	238	11.2
Total	21,122	20,866	21,111	21,727	245	1.2	616	2.9
Northwest Submarket	Median Age:		39.4	39.8				
Under-20	1,091	1,228	1,214	1,279	137	12.6	65	5.3
20 to 24	159	151	192	184	-8	-5.0	-7	-3.8
25 to 34	478	507	473	490	29	6.1	17	3.7
35 to 44	584	561	562	565	-23	-3.9	4	0.6
45 to 54	461	582	543	544	121	26.2	1	0.1
55 to 64	320	438	536	520	118	36.9	-16	-3.0
65 to 74	280	310	373	436	30	10.7	64	17.1
75+	358	343	349	384	-15	-4.2	34	9.8
Subtotal	3,731	4,120	4,241	4,402	389	10.4	161	3.8
North Central Submarket	Median Age:		49.3	50.6				
Under-20	472	365	331	347	-107	-22.7	16	5.0
20 to 24	73	68	81	73	-5	-6.8	-8	-10.4
25 to 34	182	155	180	182	-27	-14.8	2	1.0
35 to 44	290	181	182	210	-109	-37.6	28	15.4
45 to 54	290	303	213	206	13	4.5	-7	-3.5
55 to 64	219	303	289	288	84	38.4	-1	-0.2
65 to 74	163	196	259	304	33	20.2	44	17.1
75+	155	169	179	238	14	9.0	59	32.9
Subtotal	1,844	1,740	1,783	1,847	-104	-5.6	64	3.6
Northeast Submarket	Median Age:		44.2	44.5				
Under-20	898	907	853	936	-54	-6.0	83	9.8
20 to 24	157	147	155	128	8	5.2	-26	-17.0
25 to 34	338	372	380	334	8	2.2	-46	-12.1
35 to 44	481	363	383	423	20	5.6	39	10.3
45 to 54	455	513	421	398	-92	-18.0	-23	-5.5
55 to 64	286	453	520	504	67	14.7	-16	-3.0
65 to 74	314	303	407	466	104	34.4	59	14.4
75+	418	359	365	409	6	1.6	44	12.1
Subtotal	3,347	3,417	3,483	3,598	66	1.9	115	3.3
Sources: U.S. Census Bureau; ESRI; MN State Demographic Center; Maxfield Research & Consulting, LLC								

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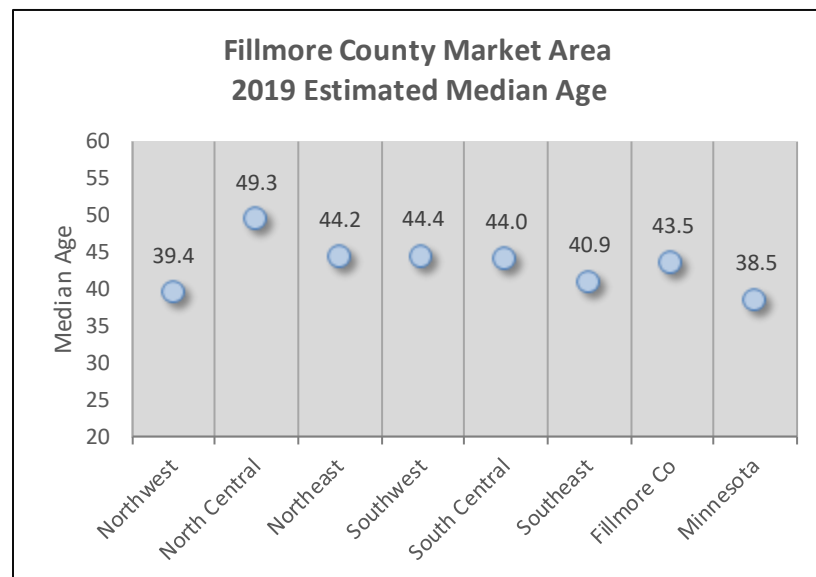
DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 3 continued								
AGE DISTRIBUTION								
FILLMORE COUNTY MARKET AREA								
2000 - 2024								
Age	Census		Estimate	Projection	Change			
	2000	2010	2019	2024	2010-2019		2019-2024	
					No.	Pct.	No.	Pct.
Southwest Submarket		Median Age:	44.4	44.8				
Under-20	1,619	1,371	1,298	1,350	-73	-5.4	53	4.1
20 to 24	289	244	248	215	4	1.8	-34	-13.5
25 to 34	625	590	619	611	29	4.9	-8	-1.3
35 to 44	873	642	609	638	-33	-5.1	28	4.6
45 to 54	733	852	701	652	-151	-17.7	-49	-7.0
55 to 64	551	737	857	809	120	16.2	-47	-5.5
65 to 74	454	457	596	716	139	30.3	120	20.2
75+	573	578	547	610	-31	-5.4	64	11.6
Subtotal	5,717	5,471	5,474	5,601	3	0.1	127	2.3
South Central Submarket		Median Age:	44.0	44.0				
Under-20	1,371	1,180	1,122	1,210	-191	-13.9	88	7.8
20 to 24	195	186	201	166	-9	-4.6	-35	-17.6
25 to 34	452	475	504	455	23	5.1	-49	-9.7
35 to 44	698	482	488	554	-216	-30.9	66	13.4
45 to 54	576	654	544	505	78	13.5	-38	-7.1
55 to 64	441	584	672	648	143	32.4	-24	-3.6
65 to 74	464	445	526	604	-19	-4.1	78	14.8
75+	509	502	479	515	-7	-1.4	35	7.4
Subtotal	4,706	4,508	4,536	4,656	-198	-4.2	120	2.6
Southeast Submarket		Median Age:	40.9	41.4				
Under-20	960	852	765	809	-108	-11.3	44	5.7
20 to 24	130	152	144	112	22	16.9	-31	-21.9
25 to 34	242	312	340	305	70	28.9	-36	-10.5
35 to 44	408	243	281	340	-165	-40.4	59	21.0
45 to 54	347	412	311	274	65	18.7	-37	-12.0
55 to 64	260	351	413	385	91	35.0	-28	-6.8
65 to 74	269	213	316	361	-56	-20.8	45	14.3
75+	298	281	285	311	-17	-5.7	26	9.3
Subtotal	2,914	2,816	2,827	2,898	-98	-3.4	71	2.5
Minnesota		Median Age:	38.5	39.2				
Under-20	1,434,845	1,431,211	1,441,156	1,486,109	9,945	0.7	44,954	3.1
20 to 24	322,483	355,651	380,511	365,681	24,860	7.0	-14,830	-3.9
25 to 34	673,138	715,586	768,926	786,410	53,340	7.5	17,484	2.3
35 to 44	824,182	681,094	713,344	780,929	32,250	4.7	67,585	9.5
45 to 54	665,696	807,898	732,183	697,830	-75,715	-9.4	-34,353	-4.7
55 to 64	404,869	629,364	768,273	756,384	138,909	22.1	-11,889	-1.5
65 to 74	295,825	354,427	522,076	622,992	167,649	47.3	100,916	19.3
75+	298,441	328,694	379,509	449,964	50,815	15.5	70,455	18.6
Total	4,919,479	5,303,925	5,705,976	5,946,298	402,051	7.6	240,322	4.2
Sources: U.S. Census Bureau; ESRI; MN State Demographic Center; Maxfield Research & Consulting, LLC								

DEMOGRAPHIC ANALYSIS

- The County is expected to experience a decline in the middle age cohorts between 2019 and 2024, as the 45 to 54 age group is projected to contract -5.8% (-149 people) and the 55 to 64 age group is expected to decline -4.5% (-141 people).
- The loss projected for the middle age cohorts is a result of the comparatively small number of people who will move into this age group between 2019 and 2024, a phenomenon known as the “baby bust.” The “baby bust” is often referred to the generation of children born between 1965 and 1980, an era when the United States birthrate dropped sharply.
- Contraction is forecast for the younger adult age groups in the County between 2019 and 2024, as the 20 to 24 cohort is projected to decline -14.6% (-142 people) and the 25 to 34 age group is expected to decrease -5.4% (-126). Minnesota is projected to experience modest growth (2.3%) in the 25 to 34 age group and -3.9% contraction in the 20 to 24 cohort.

- As depicted in the adjacent chart, with a median age of 43.5 Fillmore County’s population is notably older than Minnesota’s population (38.5).

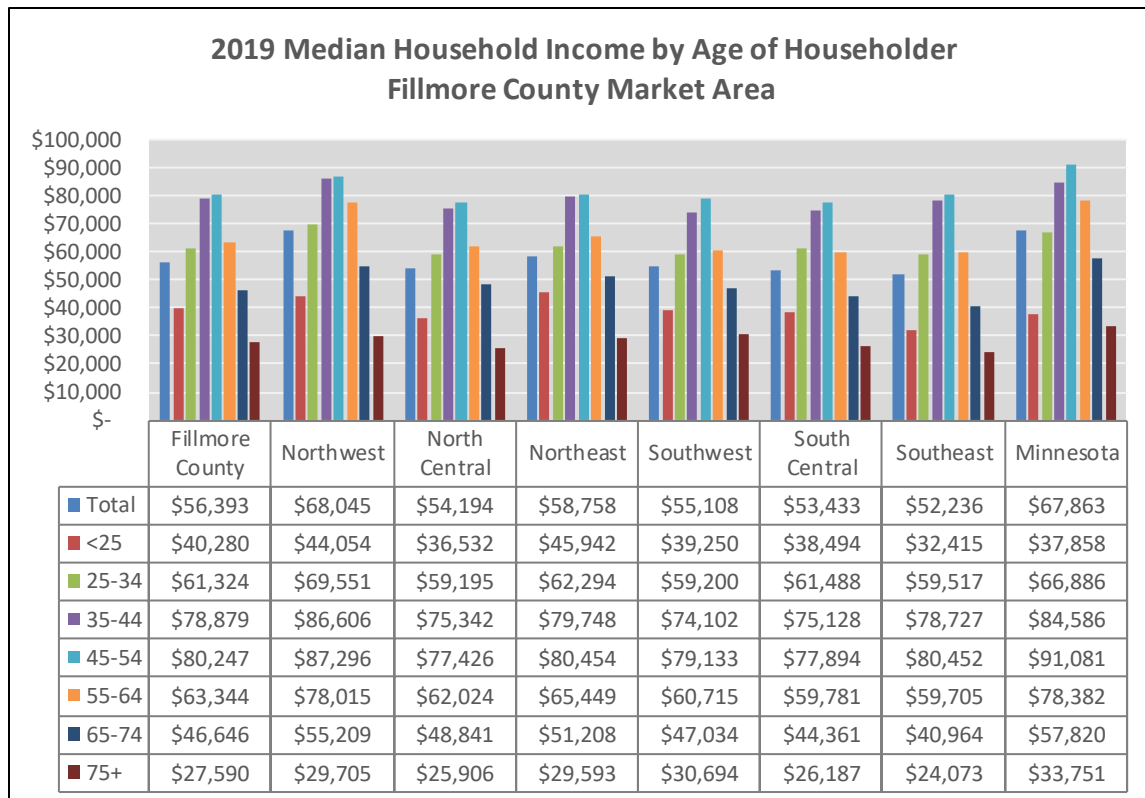


- Based on age distribution projections for the County, there appears to be growing demand for housing catering to the senior population as well as move-up ownership housing. Demand for other housing products will likely be generated by turnover as opposed to household growth. Typical housing products sought by households in various age groups include:
 - Rental housing targeting the young adult (25 to 34) age group;
 - Maintenance-free, single-level housing (ownership or rental) targeting the empty nester population (55 to 74 age group);
 - Entry-level ownership housing for first-time home buyers (age 25 to 34);
 - Move-up ownership housing for family households (age 35 to 54); and,
 - Age-restricted active adult or service-enhanced (i.e. assisted living) housing for seniors.

Household Income

Household income data helps ascertain the demand for different types of owned and rented housing based on the size of the market at specific cost levels. In general, housing costs of up to 30% of income are considered affordable by the Department of Housing and Urban Development (HUD). Demographic Analysis Tables 4 through 10 present data on household income by age of householder for Fillmore County as well as for the six separate submarkets in 2019 and 2024. The information is estimated by ESRI and adjusted by Maxfield Research to reflect current year data.

- In 2019, the median household income is estimated to be \$56,393 in Fillmore County; -17% lower than \$67,863 in Minnesota.
- By 2024, the median household income is projected to jump nearly 21% to \$68,094 in Fillmore County, compared to 15% growth in Minnesota. The average annual increase of 4.1% in the County will greatly exceed the historical annual inflation rate of 1.7% over the past ten years.
- As households age through the lifecycle, their household incomes tend to peak in their mid-40s to mid-50s. This trend is evident in the Market Area as the age 45 to 54 cohort has the highest estimated income at \$80,247 in Fillmore County and \$91,081 in Minnesota.



DEMOGRAPHIC ANALYSIS

- HUD defines affordable housing cost as less than 30% of a household's adjusted gross income. Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, individual properties may have income restrictions set anywhere from 30% to 80% of AMI. For example, a 30% rent limit generally applies to public housing or project-based Section 8 housing, while most tax credit properties are restricted to households earning 50% to 60% AMI.
- Rental housing often targets younger renter households. The median household income in Fillmore County is \$40,280 for the under-25 age group and \$61,324 for the 25 to 34 age group. Households earning the median income for these age groups could afford monthly housing costs estimated at \$1,007 and \$1,533, respectively. Households in the 35 to 44 age group that may delay buying a home could afford a \$1,972 monthly rent, based on the median household income of \$78,879.
- Based on the median contract rent of \$482 for renter-occupied housing units in the County, a household would need to have an annual income of \$19,280 or greater to not exceed 30% of its monthly income on rental housing costs. In 2019, an estimated 7,346 households in the County (85% of the total) are estimated to have incomes of at least \$19,280.
- New rental housing will likely have to be priced higher than the existing stock of rental housing. If a new apartment unit was priced at \$850 per month, a household would need to have an annual income of roughly \$34,000 or greater to not exceed 30% of its monthly income on rental housing costs. In 2019, an estimated 6,016 County households (70% of the total) are estimated to have incomes of at least \$34,000.
- The median sale price for a home in Fillmore County was \$140,000 in 2018. Assuming that a potential home buyer has good credit and makes a 10% down payment, a household would need to have a minimum annual income of roughly \$36,364 to be income-qualified for a home purchased at the median price in the County. In 2019, an estimated 67% of County households (5,814) have incomes of \$36,364 or higher.
- The data indicates that the existing housing stock, particularly rental housing, in Fillmore County is relatively affordable proportionate to household incomes in the County.
- There appears to be growing demand for housing from age 65 and older households. While the younger age cohorts are not expected to experience significant growth over the next five years, housing demand could be generated by existing households seeking alternatives to their current housing situation (i.e. young family households looking to move to a larger home, renters seeking to purchase a home, empty-nesters that want to downsize).
- A migration of households out of the Rochester area could also stimulate housing demand in Fillmore County. Several factors could drive this trend, including a housing shortage in Rochester, affordability, school district and/or lifestyle preferences.

DEMOGRAPHIC ANALYSIS

Fillmore County

- Fillmore County is expected to experience household contraction in most age groups between 2019 and 2024, although the senior cohorts are expected to expand. The 65 to 74 age group is projected to increase over 15%, adding 219 households, while the 75 and older age group increases 12% (165 households).
- The 35 to 44 age group is also projected to experience household growth in the County, climbing 8.5% (107 households).

DEMOGRAPHIC ANALYSIS TABLE 4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER FILLMORE COUNTY 2019 & 2024								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	934	27	70	65	71	201	212	287
\$15,000 to \$24,999	883	32	86	63	55	154	151	343
\$25,000 to \$34,999	918	43	114	98	90	155	174	244
\$35,000 to \$49,999	1,233	64	169	142	163	216	253	226
\$50,000 to \$74,999	1,572	46	284	249	283	342	241	127
\$75,000 to \$99,999	1,159	22	179	233	259	246	141	79
\$100,000 to \$199,999	1,683	21	219	370	405	407	202	60
\$200,000 or more	278	2	34	46	66	67	54	9
Total	8,660	256	1,156	1,265	1,392	1,790	1,428	1,374
Median Income	\$56,393	\$40,280	\$61,324	\$78,879	\$80,247	\$63,344	\$46,646	\$27,590
2024								
Less than \$15,000	728	26	51	57	40	122	166	265
\$15,000 to \$24,999	711	28	59	37	29	101	128	329
\$25,000 to \$34,999	807	32	87	75	60	112	177	263
\$35,000 to \$49,999	1,128	57	138	115	121	172	262	263
\$50,000 to \$74,999	1,554	48	258	243	237	314	286	169
\$75,000 to \$99,999	1,202	25	177	243	229	240	176	111
\$100,000 to \$199,999	2,343	28	278	525	504	544	344	120
\$200,000 or more	443	3	50	76	91	97	108	19
Total	8,915	248	1,097	1,372	1,310	1,701	1,647	1,539
Median Income	\$68,094	\$44,282	\$71,352	\$92,566	\$95,198	\$81,859	\$58,864	\$31,885
Change 2019 - 2024								
Less than \$15,000	-206	-1	-20	-8	-31	-79	-46	-22
\$15,000 to \$24,999	-172	-4	-27	-25	-25	-53	-23	-15
\$25,000 to \$34,999	-112	-11	-27	-23	-30	-43	3	20
\$35,000 to \$49,999	-105	-7	-31	-26	-42	-44	9	37
\$50,000 to \$74,999	-18	2	-25	-7	-46	-28	45	42
\$75,000 to \$99,999	43	4	-2	11	-30	-7	35	32
\$100,000 to \$199,999	660	8	59	155	99	137	142	61
\$200,000 or more	165	1	16	30	25	29	54	10
Total	255	-8	-59	107	-81	-88	219	165
Median Income	\$11,701	\$4,002	\$10,028	\$13,687	\$14,951	\$18,516	\$12,218	\$4,295
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

Northwest Submarket

- At \$68,045, median household incomes are highest in the Northwest Submarket, roughly 21% higher than the Fillmore County median.
- Modest household growth is projected among the under-25 (8.7%), the 25 to 34 (3.8%), and 35 to 44 (2.1%) age groups. The 65 to 74 and 75 and older cohorts are expected to experience relatively strong growth, expanding 15.9% and 9.4%, respectively.

DEMOGRAPHIC ANALYSIS TABLE 5 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHWEST SUBMARKET 2019 & 2024								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	140	8	12	12	10	26	28	45
\$15,000 to \$24,999	115	6	13	9	9	23	17	39
\$25,000 to \$34,999	171	9	20	21	18	29	29	47
\$35,000 to \$49,999	166	7	26	22	23	26	31	32
\$50,000 to \$74,999	316	13	56	59	56	58	47	27
\$75,000 to \$99,999	272	6	47	67	63	47	33	8
\$100,000 to \$199,999	414	5	50	107	101	97	36	17
\$200,000 or more	46	0	5	9	12	15	5	1
Total	1,640	53	228	305	291	320	226	216
Median Income	\$68,045	\$44,054	\$69,551	\$86,606	\$87,296	\$78,015	\$55,209	\$29,705
2024								
Less than \$15,000	115	7	11	10	8	17	23	41
\$15,000 to \$24,999	100	6	11	6	7	18	15	38
\$25,000 to \$34,999	150	9	17	16	13	20	27	49
\$35,000 to \$49,999	151	7	23	18	17	18	32	37
\$50,000 to \$74,999	301	14	53	51	47	50	55	32
\$75,000 to \$99,999	280	7	51	63	60	46	44	10
\$100,000 to \$199,999	541	9	64	136	125	122	58	27
\$200,000 or more	66	0	9	13	15	19	9	2
Total	1,704	58	237	311	291	308	262	237
Median Income	\$80,229	\$52,478	\$78,670	\$99,180	\$99,760	\$95,328	\$65,528	\$33,115
Change 2019 - 2024								
Less than \$15,000	-24	-1	-1	-2	-2	-9	-5	-4
\$15,000 to \$24,999	-15	-0	-2	-3	-2	-5	-2	-1
\$25,000 to \$34,999	-21	-0	-3	-5	-5	-9	-1	2
\$35,000 to \$49,999	-16	-0	-3	-4	-6	-8	1	5
\$50,000 to \$74,999	-14	1	-3	-8	-9	-8	8	6
\$75,000 to \$99,999	8	1	4	-4	-3	-1	11	2
\$100,000 to \$199,999	127	4	13	29	24	25	21	11
\$200,000 or more	19	0	4	4	3	4	4	1
Total	64	5	9	6	-1	-11	36	20
Median Income	\$12,184	\$8,424	\$9,119	\$12,574	\$12,464	\$17,314	\$10,319	\$3,411
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

DEMOGRAPHIC ANALYSIS

North Central Submarket

- The North Central Submarket is projected to experience 3.5% household growth between 2019 and 2024, with the largest growth occurring in the 75 and older age group (26.2%). The 35 to 44 (11.2% growth) and 65 to 74 (9.6% growth) are also projected to expand, while contraction is expected among all other age groups.
- The median household income is projected to increase 14.1% over the next five years, with the most significant growth occurring among the upper-income brackets.

DEMOGRAPHIC ANALYSIS TABLE 6								
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER								
NORTH CENTRAL SUBMARKET								
2019 & 2024								
		Age of Householder						
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	110	2	7	6	7	20	31	37
\$15,000 to \$24,999	68	1	6	2	2	13	12	32
\$25,000 to \$34,999	73	5	7	7	6	10	17	20
\$35,000 to \$49,999	119	5	13	12	13	22	28	25
\$50,000 to \$74,999	165	2	25	20	32	40	33	13
\$75,000 to \$99,999	111	2	14	18	27	27	17	6
\$100,000 to \$199,999	118	0	11	22	28	33	21	3
\$200,000 or more	27	0	4	4	6	5	6	1
Total	792	17	89	93	120	170	165	138
Median Income	\$54,194	\$36,532	\$59,195	\$75,342	\$77,426	\$62,024	\$48,841	\$25,906
2024								
Less than \$15,000	88	2	5	5	3	12	22	39
\$15,000 to \$24,999	58	1	4	1	0	6	9	36
\$25,000 to \$34,999	65	3	4	4	4	8	15	26
\$35,000 to \$49,999	109	4	11	8	11	17	27	32
\$50,000 to \$74,999	165	3	23	21	23	37	38	20
\$75,000 to \$99,999	116	2	14	20	22	27	22	8
\$100,000 to \$199,999	171	0	15	34	34	44	35	9
\$200,000 or more	47	0	6	9	11	5	13	3
Total	820	16	82	103	107	157	181	174
Median Income	\$61,847	\$39,793	\$67,538	\$91,043	\$89,950	\$76,978	\$61,698	\$29,647
Change 2019 - 2024								
Less than \$15,000	-22	0	-2	-1	-4	-9	-8	2
\$15,000 to \$24,999	-10	0	-2	-1	-2	-7	-3	4
\$25,000 to \$34,999	-8	-2	-3	-3	-2	-2	-3	6
\$35,000 to \$49,999	-10	-1	-3	-4	-3	-6	-0	6
\$50,000 to \$74,999	0	1	-2	1	-8	-3	5	7
\$75,000 to \$99,999	5	0	-1	2	-4	1	5	2
\$100,000 to \$199,999	52	0	4	11	6	12	13	6
\$200,000 or more	21	0	2	5	4	0	7	2
Total	28	-2	-7	10	-13	-13	16	36
Median Income	\$7,652	\$3,261	\$8,343	\$15,700	\$12,523	\$14,954	\$12,857	\$3,741
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

Northeast Submarket

- The Northeast Submarket is projected to experience household growth in the 75 and older (14.1%), 65 to 74 (13.8%), and 35 to 44 (12.5%) age groups, while contraction is expected among all other age groups between 2019 and 2024.
- The median household income is projected to increase 18.3% over the next five years in the Submarket, with the growth occurring among the upper-income brackets. Contraction is expected among all income brackets below \$100,000.

DEMOGRAPHIC ANALYSIS TABLE 7 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHEAST SUBMARKET 2019 & 2024								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	120	2	7	7	8	26	33	39
\$15,000 to \$24,999	134	2	13	9	8	24	26	53
\$25,000 to \$34,999	135	6	15	13	12	23	23	42
\$35,000 to \$49,999	185	11	25	18	23	34	40	34
\$50,000 to \$74,999	305	8	49	44	54	68	57	25
\$75,000 to \$99,999	194	4	30	37	42	42	21	17
\$100,000 to \$199,999	264	3	29	58	63	69	33	10
\$200,000 or more	35	0	2	6	8	8	11	1
Total	1,372	35	170	192	217	295	244	221
Median Income	\$58,758	\$45,942	\$62,294	\$79,748	\$80,454	\$65,449	\$51,208	\$29,593
2024								
Less than \$15,000	96	2	4	9	5	16	26	35
\$15,000 to \$24,999	105	2	6	6	4	16	23	49
\$25,000 to \$34,999	110	3	8	10	5	16	24	46
\$35,000 to \$49,999	174	9	20	18	19	25	43	41
\$50,000 to \$74,999	286	8	39	41	42	62	63	32
\$75,000 to \$99,999	192	5	27	37	33	40	26	25
\$100,000 to \$199,999	386	5	40	84	85	99	54	20
\$200,000 or more	65	0	5	12	12	11	20	4
Total	1,414	32	147	216	204	285	277	252
Median Income	\$69,516	\$53,787	\$75,934	\$93,296	\$99,508	\$82,919	\$58,686	\$34,972
Change 2019 - 2024								
Less than \$15,000	-24	-0	-3	2	-3	-10	-7	-3
\$15,000 to \$24,999	-28	-0	-7	-3	-4	-8	-3	-4
\$25,000 to \$34,999	-25	-3	-8	-4	-7	-7	1	3
\$35,000 to \$49,999	-11	-2	-5	-0	-4	-9	2	7
\$50,000 to \$74,999	-19	-0	-10	-3	-12	-7	6	7
\$75,000 to \$99,999	-2	1	-3	0	-9	-2	4	7
\$100,000 to \$199,999	122	2	11	26	22	29	21	10
\$200,000 or more	30	0	3	7	5	4	9	3
Total	42	-2	-22	24	-12	-10	34	31
Median Income	\$10,758	\$7,845	\$13,640	\$13,547	\$19,054	\$17,470	\$7,478	\$5,379
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

Southwest Submarket

- The Southwest Submarket is projected to experience household growth in the 75 and older (11.2%), 65 to 74 (17.4%), and 35 to 44 (5.9%) age groups, while contraction is expected among all other age groups between 2019 and 2024.
- The median household income is projected to increase 20.0% over the next five years in the Submarket, with the growth occurring among the upper-income brackets. All age cohorts are projected to experience growth in households with incomes of \$100,000 or higher.

DEMOGRAPHIC ANALYSIS TABLE 8 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER SOUTHWEST SUBMARKET 2019 & 2024								
	Total	Age of Householder						
		<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	225	9	18	19	19	54	47	60
\$15,000 to \$24,999	252	12	26	19	18	46	45	87
\$25,000 to \$34,999	230	11	30	27	25	41	39	57
\$35,000 to \$49,999	386	21	55	46	55	68	69	72
\$50,000 to \$74,999	411	13	79	67	74	87	57	34
\$75,000 to \$99,999	277	5	40	55	62	59	30	25
\$100,000 to \$199,999	464	6	66	94	116	106	60	16
\$200,000 or more	86	1	9	15	19	22	15	5
Total	2,331	77	323	341	389	483	363	356
Median Income	\$55,108	\$39,250	\$59,200	\$74,102	\$79,133	\$60,715	\$47,034	\$30,694
2024								
Less than \$15,000	179	8	15	17	10	35	39	56
\$15,000 to \$24,999	203	10	19	11	11	29	39	84
\$25,000 to \$34,999	196	8	23	20	18	28	41	57
\$35,000 to \$49,999	365	21	50	39	40	60	73	82
\$50,000 to \$74,999	406	15	74	64	61	78	69	45
\$75,000 to \$99,999	276	5	40	56	54	56	35	31
\$100,000 to \$199,999	632	7	84	131	138	140	99	32
\$200,000 or more	133	2	14	23	25	31	30	8
Total	2,390	75	318	361	356	458	426	395
Median Income	\$66,133	\$42,495	\$66,963	\$90,309	\$95,463	\$78,457	\$58,431	\$36,272
Change 2019 - 2024								
Less than \$15,000	-46	-1	-3	-2	-10	-19	-8	-4
\$15,000 to \$24,999	-50	-2	-7	-9	-7	-17	-6	-3
\$25,000 to \$34,999	-34	-3	-7	-7	-8	-13	2	1
\$35,000 to \$49,999	-21	-0	-5	-7	-15	-8	4	10
\$50,000 to \$74,999	-5	2	-5	-3	-13	-9	12	11
\$75,000 to \$99,999	-1	-0	-0	1	-9	-4	5	6
\$100,000 to \$199,999	168	1	17	38	22	34	39	17
\$200,000 or more	48	1	5	9	6	9	16	3
Total	59	-2	-4	20	-32	-26	63	40
Median Income	\$11,025	\$3,245	\$7,763	\$16,207	\$16,329	\$17,742	\$11,397	\$5,579
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

South Central Submarket

- The median household income is projected to increase 22.2% over the next five years in the South Central Submarket, with growth occurring among the upper-income (\$100,000 and higher) as well as the middle-income (\$50,000 to \$99,999) brackets.
- Household growth is projected among the 35 to 44 (11.8%), the 65 to 74 (14.8%), and the 75 and older (8.7%) age groups.

DEMOGRAPHIC ANALYSIS TABLE 9 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER SOUTH CENTRAL SUBMARKET 2019 & 2024								
		Age of Householder						
	Total	<25	25-34	35-44	45-54	55-64	65 -74	75+
2019								
Less than \$15,000	211	4	17	15	16	43	46	71
\$15,000 to \$24,999	206	7	16	15	12	35	37	85
\$25,000 to \$34,999	229	10	26	22	22	43	47	60
\$35,000 to \$49,999	291	14	38	37	37	49	61	54
\$50,000 to \$74,999	335	8	58	55	62	74	49	29
\$75,000 to \$99,999	240	1	38	48	57	51	33	11
\$100,000 to \$199,999	329	3	44	75	78	79	41	10
\$200,000 or more	66	1	10	12	16	16	12	0
Total	1,908	47	247	278	299	390	327	319
Median Income	\$53,433	\$38,494	\$61,488	\$75,128	\$77,894	\$59,781	\$44,361	\$26,187
2024								
Less than \$15,000	157	5	10	11	10	26	33	63
\$15,000 to \$24,999	167	6	11	10	8	22	31	79
\$25,000 to \$34,999	204	4	18	20	16	32	49	66
\$35,000 to \$49,999	246	10	27	28	26	37	59	59
\$50,000 to \$74,999	341	9	51	57	55	71	59	40
\$75,000 to \$99,999	253	4	34	54	50	50	42	19
\$100,000 to \$199,999	485	5	58	112	102	110	77	22
\$200,000 or more	109	1	15	20	23	26	26	0
Total	1,962	43	224	311	288	373	376	347
Median Income	\$65,277	\$45,880	\$74,648	\$90,438	\$91,328	\$79,392	\$58,266	\$29,657
Change 2019 - 2024								
Less than \$15,000	-54	1	-7	-4	-6	-18	-13	-8
\$15,000 to \$24,999	-40	-1	-5	-5	-4	-14	-6	-5
\$25,000 to \$34,999	-25	-6	-8	-2	-6	-11	2	6
\$35,000 to \$49,999	-45	-4	-11	-9	-12	-12	-2	5
\$50,000 to \$74,999	6	1	-7	2	-7	-3	10	11
\$75,000 to \$99,999	13	3	-4	6	-7	-1	9	8
\$100,000 to \$199,999	155	2	14	37	24	31	35	12
\$200,000 or more	43	-0	5	8	7	10	14	0
Total	54	-4	-23	33	-10	-17	48	28
Median Income	\$11,844	\$7,386	\$13,160	\$15,310	\$13,434	\$19,612	\$13,905	\$3,470
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

DEMOGRAPHIC ANALYSIS

Southeast Submarket

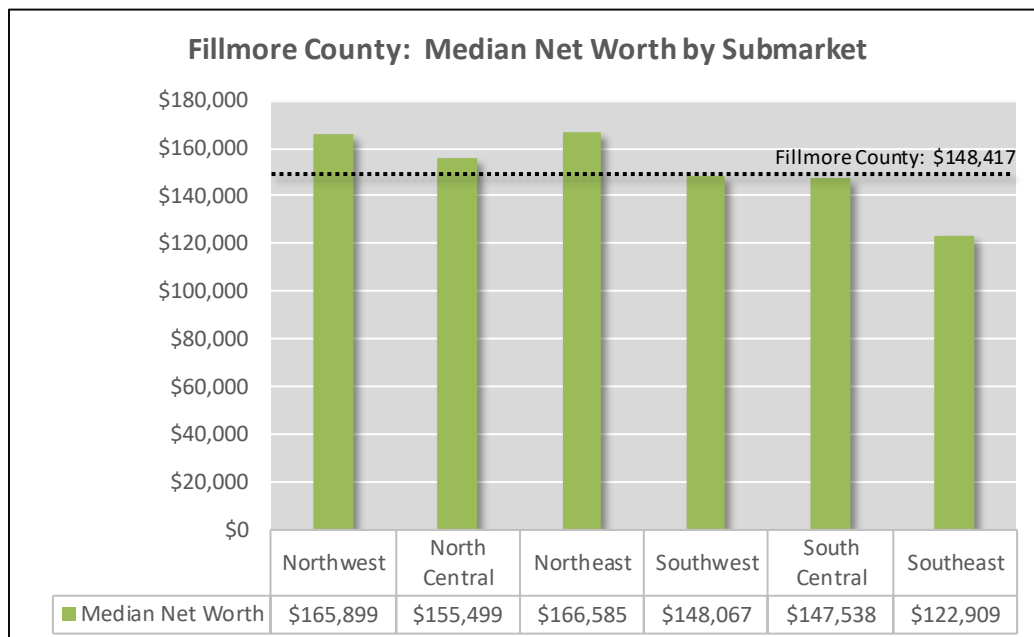
- Among the six submarkets, median household incomes are lowest in the Southeast Submarket at \$52,236. However, incomes are projected to increase 28.8% to \$67,296 by 2024.
- Growth is projected among the middle- and upper-income brackets (\$50,000 and higher). Household growth is projected among the 35 to 44 (21.1%), 65 to 74 (15.8%), and 65 and older (11.7%) age groups.

DEMOGRAPHIC ANALYSIS TABLE 10 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER SOUTHEAST SUBMARKET 2019 & 2024								
	Age of Householder							
	Total	<25	25-34	35-44	45-54	55-64	65-74	75+
2019								
Less than \$15,000	152	4	12	11	13	38	35	41
\$15,000 to \$24,999	136	7	16	9	7	22	18	57
\$25,000 to \$34,999	130	7	22	12	12	18	28	32
\$35,000 to \$49,999	140	7	21	13	21	25	34	19
\$50,000 to \$74,999	163	4	40	24	27	37	20	12
\$75,000 to \$99,999	129	1	23	22	27	30	14	13
\$100,000 to \$199,999	213	2	35	42	49	50	27	8
\$200,000 or more	35	0	6	3	9	8	9	1
Total	1,099	31	175	135	164	228	184	182
Median Income	\$52,236	\$32,415	\$59,517	\$78,727	\$80,452	\$59,705	\$40,964	\$24,073
2024								
Less than \$15,000	113	4	8	9	7	21	28	37
\$15,000 to \$24,999	101	5	10	5	3	13	14	52
\$25,000 to \$34,999	110	5	15	10	8	11	29	33
\$35,000 to \$49,999	130	6	16	10	15	20	36	27
\$50,000 to \$74,999	174	4	36	29	24	36	29	16
\$75,000 to \$99,999	144	4	23	26	24	32	18	18
\$100,000 to \$199,999	297	2	38	70	58	65	45	18
\$200,000 or more	56	0	8	7	13	11	14	3
Total	1,126	29	154	164	152	210	213	204
Median Income	\$67,296	\$38,031	\$69,716	\$98,287	\$98,595	\$82,576	\$52,538	\$29,467
Change 2019 - 2024								
Less than \$15,000	-40	-0	-4	-2	-6	-17	-7	-4
\$15,000 to \$24,999	-35	-2	-7	-4	-4	-9	-4	-5
\$25,000 to \$34,999	-20	-2	-7	-2	-4	-7	1	1
\$35,000 to \$49,999	-10	-1	-5	-3	-6	-5	3	7
\$50,000 to \$74,999	11	-0	-3	5	-3	-0	8	5
\$75,000 to \$99,999	15	3	-0	4	-3	2	5	6
\$100,000 to \$199,999	83	-0	4	27	9	15	18	10
\$200,000 or more	22	0	2	4	5	4	6	2
Total	27	-2	-21	29	-12	-17	29	21
Median Income	\$15,060	\$5,616	\$10,199	\$19,560	\$18,143	\$22,872	\$11,574	\$5,393
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Net Worth

Demographic Analysis Table 11 shows the estimated net worth by age of household in Fillmore County and the respective submarkets compared to Minnesota in 2019. Household net worth data was estimated by ESRI based on the Federal Reserve Board “Survey of Consumer Finances”.

- In 2019, the median net worth for households in Fillmore County is estimated to be \$148,417 compared to \$164,402 in Minnesota.
- In the County, median net worth was highest for households in the age 65 to 74 cohort at \$228,503, followed by the 55 to 64 age group at \$213,490.
- The net worth distribution of households in Fillmore County shows concentrations of net worth at the low and high ends of the spectrum. The largest concentration (36%) of households has an estimated net worth of \$250,000 or more, while 19% of households have a net worth of less than \$15,000.
- By comparison 41% of households in Minnesota have a net worth of \$250,000 or more, while 20% have an estimated net worth of less than \$15,000.
- The following graph depicts the median net worth of households in Fillmore County by submarket. As shown, the median net worth is highest for households in the northern submarkets and notably lower in the southern submarkets, particularly the Southeast.



DEMOGRAPHIC ANALYSIS

**DEMOGRAPHIC ANALYSIS TABLE 11
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER
FILLMORE COUNTY MARKET AREA
2019**

			Age of Householder						
			<25	25-34	35-44	45-54	55-64	65 -74	75+
Total	% of Total								
FILLMORE COUNTY									
Less than \$15,000	1,604	18.5%	136	333	250	202	275	197	210
\$15,000 to \$34,999	588	6.8%	56	133	94	79	80	80	66
\$35,000 to \$49,999	326	3.8%	17	68	59	38	68	43	32
\$50,000 to \$99,999	1,040	12.0%	27	277	205	117	126	110	177
\$100,000 to \$149,999	792	9.1%	14	146	145	130	165	94	99
\$150,000 to \$249,999	1,209	14.0%	5	100	205	239	250	226	184
\$250,000 or more	3,102	35.8%	2	99	306	586	824	679	606
Total	8,660	100%	256	1,156	1,265	1,392	1,790	1,428	1,374
Median Net Worth	\$148,417		\$14,137	\$54,401	\$106,239	\$193,284	\$213,490	\$228,503	\$196,469
NORTHWEST SUBMARKET									
Less than \$15,000	1,388	16.0%	142	276	185	165	214	185	221
\$15,000 to \$34,999	497	5.7%	47	126	72	61	66	62	63
\$35,000 to \$49,999	309	3.6%	24	65	52	38	49	43	38
\$50,000 to \$99,999	1,007	11.6%	28	281	205	132	110	80	170
\$100,000 to \$149,999	776	9.0%	9	181	137	118	176	86	69
\$150,000 to \$249,999	1,190	13.7%	5	111	234	216	209	240	176
\$250,000 or more	3,492	40.3%	0	116	379	663	966	732	637
Total	1,640	100%	53	226	308	291	320	228	214
Median Net Worth	\$165,899		\$13,500	\$62,985	\$140,559	\$229,018	\$250,001	\$250,001	\$213,220
NORTH CENTRAL SUBMARKET									
Less than \$15,000	1,859	21.5%	199	399	281	189	293	229	269
\$15,000 to \$34,999	638	7.4%	43	165	112	83	73	79	83
\$35,000 to \$49,999	276	3.2%	0	55	28	35	73	53	31
\$50,000 to \$99,999	931	10.8%	14	261	169	59	147	106	176
\$100,000 to \$149,999	722	8.3%	0	138	169	118	136	79	83
\$150,000 to \$249,999	1,138	13.1%	0	69	225	283	230	176	155
\$250,000 or more	3,096	35.7%	0	69	281	625	837	705	579
Total	792	100%	18	86	92	120	174	165	135
Median Net Worth	\$155,499		\$9,643	\$38,142	\$109,523	\$215,894	\$217,382	\$242,991	\$172,702
NORTHEAST SUBMARKET									
Less than \$15,000	209	15.3%	23	40	31	24	35	33	24
\$15,000 to \$34,999	88	6.4%	8	21	13	11	11	13	10
\$35,000 to \$49,999	43	3.1%	2	8	8	5	10	8	4
\$50,000 to \$99,999	165	12.1%	2	46	32	18	21	21	26
\$100,000 to \$149,999	130	9.5%	1	27	24	18	27	17	16
\$150,000 to \$249,999	200	14.6%	1	17	38	42	39	31	32
\$250,000 or more	533	38.8%	0	10	50	96	148	120	110
Total	1,372	100%	36	168	195	214	292	242	221
Median Net Worth	\$166,585		\$11,875	\$60,285	\$126,039	\$213,300	\$250,001	\$243,405	\$247,813

Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.

Sources: ESRI; Maxfield Research & Consulting, LLC

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DEMOGRAPHIC ANALYSIS

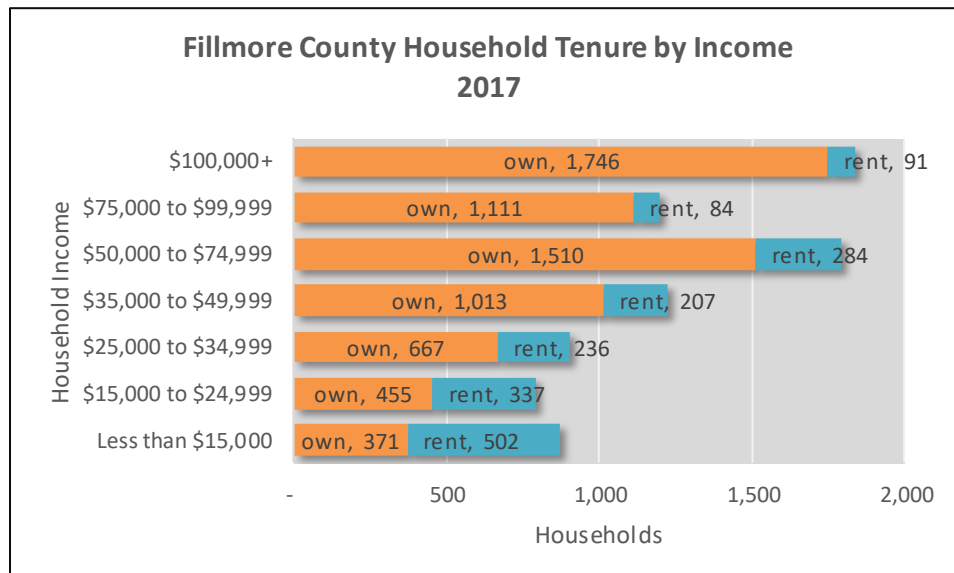
DEMOGRAPHIC ANALYSIS TABLE 11 continued									
ESTIMATED NET WORTH BY AGE OF HOUSEHOLDER									
FILLMORE COUNTY MARKET AREA									
2019									
			Age of Householder						
			<25	25-34	35-44	45-54	55-64	65 -74	75+
Total	% of Total								
SOUTHWEST SUBMARKET									
Less than \$15,000	418	17.9%	35	95	71	60	73	42	43
\$15,000 to \$34,999	161	6.9%	19	36	27	21	24	20	15
\$35,000 to \$49,999	86	3.7%	7	19	16	11	20	8	7
\$50,000 to \$99,999	292	12.5%	10	81	58	34	36	29	43
\$100,000 to \$149,999	218	9.3%	6	35	41	39	43	27	25
\$150,000 to \$249,999	318	13.7%	1	27	51	67	72	54	47
\$250,000 or more	841	36.1%	2	27	78	157	219	179	178
Total	2,331	100%	79	321	342	388	485	360	359
Median Net Worth	\$148,067		\$17,651	\$53,624	\$99,321	\$183,849	\$207,147	\$248,678	\$247,028
SOUTH CENTRAL SUBMARKET									
Less than \$15,000	442	19.0%	44	98	69	56	71	43	61
\$15,000 to \$34,999	166	7.1%	20	35	28	20	23	20	20
\$35,000 to \$49,999	87	3.7%	2	18	17	9	21	11	10
\$50,000 to \$99,999	276	11.8%	9	75	55	34	31	24	47
\$100,000 to \$149,999	223	9.5%	3	40	41	38	49	23	28
\$150,000 to \$249,999	333	14.3%	2	26	51	68	74	66	47
\$250,000 or more	807	34.6%	0	31	80	162	215	173	146
Total	1,908	100%	50	245	276	298	387	321	319
Median Net Worth	\$147,538		\$13,661	\$53,898	\$101,586	\$192,149	\$203,623	\$234,495	\$171,552
SOUTHEAST SUBMARKET									
Less than \$15,000	508	21.8%	35	91	88	73	104	60	57
\$15,000 to \$34,999	179	7.7%	21	33	29	29	25	23	19
\$35,000 to \$49,999	105	4.5%	7	24	17	9	25	15	8
\$50,000 to \$99,999	278	11.9%	12	75	51	29	37	26	48
\$100,000 to \$149,999	199	8.5%	2	37	34	32	43	21	31
\$150,000 to \$249,999	323	13.8%	2	30	49	61	59	68	53
\$250,000 or more	741	31.8%	0	31	73	154	192	147	143
Total	1,099	100%	33	177	134	164	228	183	181
Median Net Worth	\$122,909		\$17,372	\$54,666	\$80,341	\$176,196	\$161,006	\$190,374	\$173,793
MINNESOTA									
Less than \$15,000	451,073	20.2%	64,020	126,229	76,164	61,633	54,977	35,757	32,293
\$15,000 to \$34,999	143,166	6.4%	12,508	42,005	27,703	21,097	16,282	13,864	9,707
\$35,000 to \$49,999	75,225	3.4%	4,741	17,922	15,719	10,830	13,181	7,970	4,861
\$50,000 to \$99,999	225,943	10.1%	7,764	63,618	51,214	29,204	25,621	22,235	26,287
\$100,000 to \$149,999	170,320	7.6%	2,606	36,784	36,352	28,081	30,059	19,489	16,948
\$150,000 to \$249,999	258,720	11.6%	1,647	31,812	50,467	55,237	50,515	39,951	29,090
\$250,000 or more	909,657	40.7%	1,269	36,918	119,005	197,160	249,699	174,871	130,735
Total	2,234,112	100%	94,555	355,288	376,623	403,243	440,336	314,138	249,921
Median Net Worth	\$164,402		\$11,077	\$42,020	\$120,386	\$238,694	\$250,001	\$250,001	\$250,001
Data Note: Net Worth is total household wealth minus debt, secured and unsecured. Net worth includes home equity, equity in pension plans, net equity in vehicles, IRAs and Keogh accounts, business equity, interest-earning assets and mutual fund shares, stocks, etc. Examples of secured debt include home mortgages and vehicle loans; examples of unsecured debt include credit card debt, certain bank loans, and other outstanding bills. Forecasts of net worth are based on the Survey of Consumer Finances, Federal Reserve Board. Detail may not sum to totals due to rounding.									
Sources: ESRI; Maxfield Research & Consulting, LLC									

Household Tenure by Income

Demographic Analysis Table 12 shows estimated household tenure by income in the Market Area in 2017. Data is based on an estimate from the 2013-2017 American Community Survey, the most recent data available. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household's income.

The higher the income, the lower the percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households, spend more than 30% of their income on housing, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income to housing.

- Typically, as income increases, so does the rate of homeownership. This can be seen in Fillmore County, where the homeownership rate increases from 43% of households with incomes below \$15,000 to 95% of households with incomes above \$100,000.



- A portion of renter households that are referred to as lifestyle renters (those who are financially able to own but choose to rent) often have household incomes of \$50,000 or higher and rent newer apartments, although lifestyle renters could also have lower incomes and be living in older apartments.
- An estimated 26% of renter households in the County had incomes of \$50,000 or more compared to 35% of households in Minnesota. This data suggests that the proportion of lifestyle renters residing in Fillmore County is somewhat low relative to the State, likely due, in part, to a limited supply of luxury rental housing units in the County.
- An estimated 502 renter households have incomes less than \$15,000, which represents roughly 29% of all renter households in the County compared to 20% in Minnesota.

DEMOGRAPHIC ANALYSIS

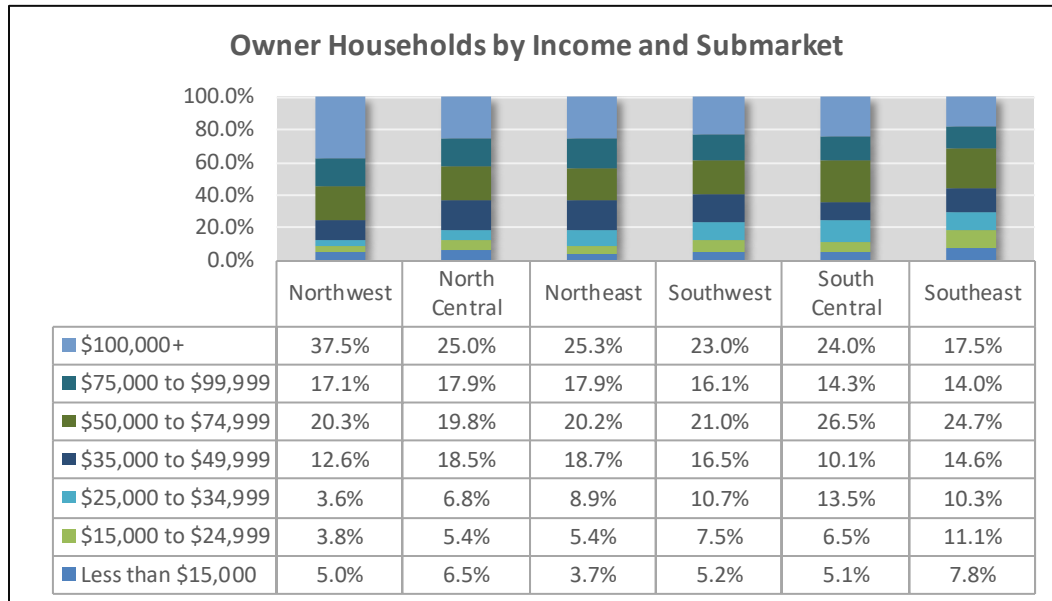
DEMOGRAPHIC ANALYSIS TABLE 12
TENURE BY HOUSEHOLD INCOME
FILLMORE COUNTY MARKET AREA
2017

			----- Fillmore County Submarkets -----													
	Fillmore County		Northwest		North Central		Northeast		Southwest		South Central		Southeast		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Owner Households																
Less than \$15,000	371	42.5	63	35.2	40	65.6	40	33.6	98	43.0	78	42.4	68	55.3	65,468	34.8
\$15,000 to \$24,999	455	57.4	48	53.9	33	38.4	59	43.7	143	67.1	98	67.6	97	63.0	84,350	47.0
\$25,000 to \$34,999	667	73.9	46	43.0	42	62.7	97	86.6	203	81.2	205	66.8	90	87.4	101,192	56.0
\$35,000 to \$49,999	1,013	83.0	160	84.7	114	97.4	204	79.1	313	88.9	153	69.2	127	83.0	169,302	63.4
\$50,000 to \$74,999	1,510	84.2	257	70.6	122	91.7	221	80.4	398	80.9	403	91.0	215	93.1	292,099	73.4
\$75,000 to \$99,999	1,111	93.0	217	93.5	110	93.2	195	89.9	306	93.6	217	93.1	122	93.1	247,390	82.1
\$100,000+	1,746	95.0	475	94.8	154	97.5	276	96.8	436	97.5	364	92.4	153	93.3	582,240	91.2
Subtotal:	6,873	79.8	1,266	76.2	615	83.1	1,092	77.9	1,897	82.2	1,518	78.8	872	82.3	1,542,041	71.6
Renter Households																
Less than \$15,000	502	57.5	116	64.8	21	34.4	79	66.4	130	57.0	106	57.6	55	44.7	122,738	65.2
\$15,000 to \$24,999	337	42.6	41	46.1	53	61.6	76	56.3	70	32.9	47	32.4	57	37.0	95,113	53.0
\$25,000 to \$34,999	236	26.1	61	57.0	25	37.3	15	13.4	47	18.8	102	33.2	13	12.6	79,632	44.0
\$35,000 to \$49,999	207	17.0	29	15.3	3	2.6	54	20.9	39	11.1	68	30.8	26	17.0	97,899	36.6
\$50,000 to \$74,999	284	15.8	107	29.4	11	8.3	54	19.6	94	19.1	40	9.0	16	6.9	105,675	26.6
\$75,000 to \$99,999	84	7.0	15	6.5	8	6.8	22	10.1	21	6.4	16	6.9	9	6.9	53,880	17.9
\$100,000+	91	5.0	26	5.2	4	2.5	9	3.2	11	2.5	30	7.6	11	6.7	56,224	8.8
Subtotal:	1,741	20.2	395	23.8	125	16.9	309	22.1	412	17.8	409	21.2	187	17.7	611,161	28.4
Total Households	8,614	100	1,661	100	740	100	1,401	100	2,309	100	1,927	100	1,059	100	2,153,202	100

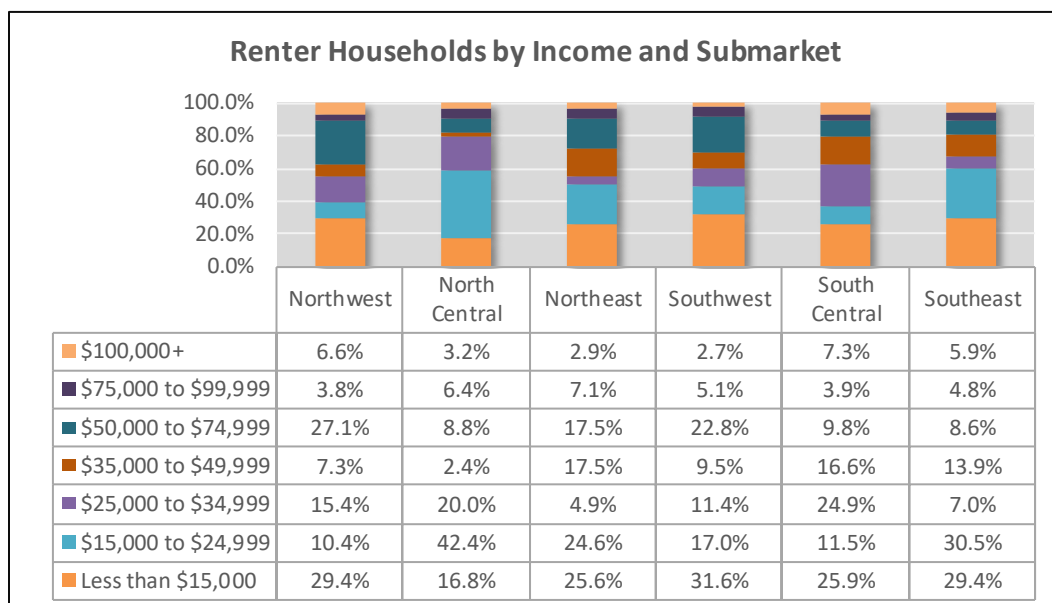
Sources: U.S. Census Bureau; American Community Survey; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- The following graphs depict the proportion of owner and renter households by income range for each housing submarket in Fillmore County.
- The Northwest Submarket has the highest proportion of owner households with incomes of \$100,000 or more (37.5% of all owner households), while the Southeast Submarket has the lowest proportion (17.5%).



- Most submarkets have relatively high proportions of renter households with incomes below \$15,000, ranging from 17% of all renter households in the North Central Submarket to 32% of all renter households in the Southwest. The Northwest Submarket has the highest proportion of lifestyle renters, at 38%, followed by the Southwest at 31%.

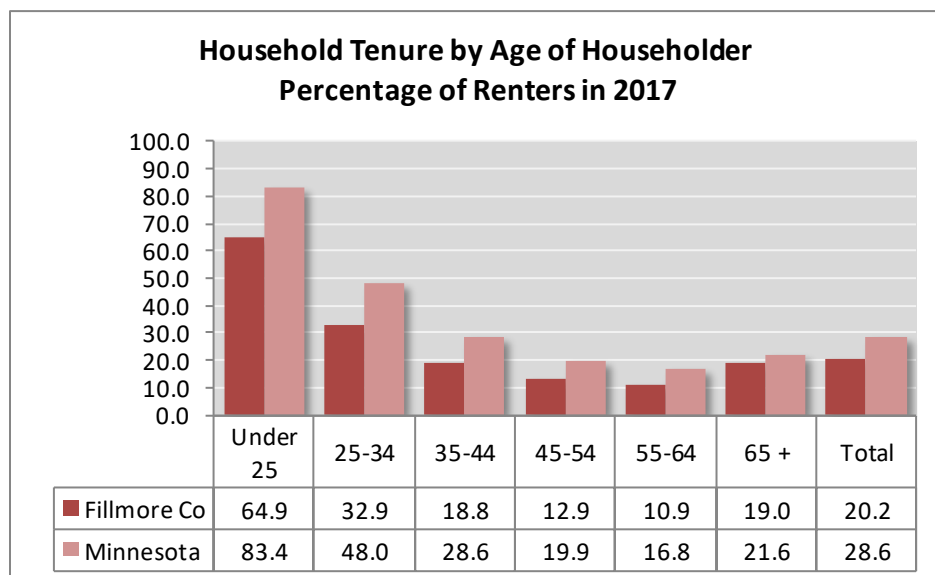


Household Tenure by Age

Demographic Analysis Table 13 shows household tenure by age of householder for the Fillmore County Market Area in 2010 and 2017. Data for 2010 is obtained from the Decennial Census, while the 2017 data is an estimate from the 2013-2017 American Community Survey. The table shows the number and percent of renter- and owner-occupied housing units in the Market Area. All data excludes unoccupied units and group quarters such as dormitories and nursing homes.

Household tenure information is important in understanding households' preferences to rent or own their housing. In addition to preferences, factors that contribute to these proportions include mortgage interest rates, household age, and lifestyle considerations, among others.

- In Fillmore County, 20.2% of all households rented in 2017, giving it a rental rate that was lower than Minnesota (28.6% of households rented).
- Within the prime ownership years (35 to 64), 86% of households in Fillmore county owned in 2017, considerably higher than the 79% home ownership rate in Minnesota.
- Typically, the youngest and oldest households rent their housing in greater proportions than middle-age households. This pattern is apparent among the younger Market Area households as 41% of the population under the age of 35 rents in Fillmore County compared to 55% of Minnesota householders under the age of 35.



- Roughly 65% of households under age 25 rented in Fillmore County in 2017, substantially lower than the State (83%). An estimated 33% of County households age 25 to 34 rented in 2017.

DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 13
TENURE BY AGE OF HOUSEHOLDER
FILLMORE COUNTY MARKET AREA
2010 & 2017

Age		----- Fillmore County Submarkets -----															
		Fillmore County				Northwest Submarket				North Central Submarket				Northeast Submarket			
		2010		2017		2010		2017		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	97	34.8	136	35.1	17	33.3	30	30.9	3	16.7	3	15.8	8	19.5	14	27.5
	Rent	182	65.2	251	64.9	34	66.7	67	69.1	15	83.3	16	84.2	33	80.5	37	72.5
	Total	279	100.0	387	100.0	51	100.0	97	100.0	18	100.0	19	100.0	41	100.0	51	100.0
25-34	Own	797	70.6	776	67.1	178	72.1	172	74.1	36	52.9	33	66.0	131	75.3	98	53.8
	Rent	332	29.4	380	32.9	69	27.9	60	25.9	32	47.1	17	34.0	43	24.7	84	46.2
	Total	1,129	100.0	1,156	100.0	247	100.0	232	100.0	68	100.0	50	100.0	174	100.0	182	100.0
35-44	Own	1,004	79.4	1,027	81.2	257	82.6	258	76.3	68	75.6	85	81.7	160	83.3	179	81.0
	Rent	261	20.6	238	18.8	54	17.4	80	23.7	22	24.4	19	18.3	32	16.7	42	19.0
	Total	1,265	100.0	1,265	100.0	311	100.0	338	100.0	90	100.0	104	100.0	192	100.0	221	100.0
45-54	Own	1,504	86.4	1,357	87.1	270	85.4	310	90.1	156	90.2	131	89.7	238	87.5	229	85.1
	Rent	236	13.6	201	12.9	46	14.6	34	9.9	17	9.8	15	10.3	34	12.5	40	14.9
	Total	1,740	100.0	1,558	100.0	316	100.0	344	100.0	173	100.0	146	100.0	272	100.0	269	100.0
55-64	Own	1,405	88.4	1,505	89.1	233	88.3	188	78.3	159	88.8	147	88.0	227	88.7	210	93.3
	Rent	184	11.6	184	10.9	31	11.7	52	21.7	20	11.2	20	12.0	29	11.3	15	6.7
	Total	1,589	100.0	1,689	100.0	264	100.0	240	100.0	179	100.0	167	100.0	256	100.0	225	100.0
65 +	Own	2,019	79.4	2,072	81.0	304	76.2	308	75.1	194	79.2	216	85.0	336	81.0	362	79.9
	Rent	524	20.6	487	19.0	95	23.8	102	24.9	51	20.8	38	15.0	79	19.0	91	20.1
	Total	2,543	100.0	2,559	100.0	399	100.0	410	100.0	245	100.0	254	100.0	415	100.0	453	100.0
TOTAL	Own	6,826	79.9	6,873	79.8	1,259	79.3	1,266	76.2	616	79.7	615	83.1	1,100	81.5	1,092	77.9
	Rent	1,719	20.1	1,741	20.2	329	20.7	395	23.8	157	20.3	125	16.9	250	18.5	309	22.1
	Total	8,545	100.0	8,614	100.0	1,588	100.0	1,661	100.0	773	100.0	740	100.0	1,350	100.0	1,401	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC

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DEMOGRAPHIC ANALYSIS

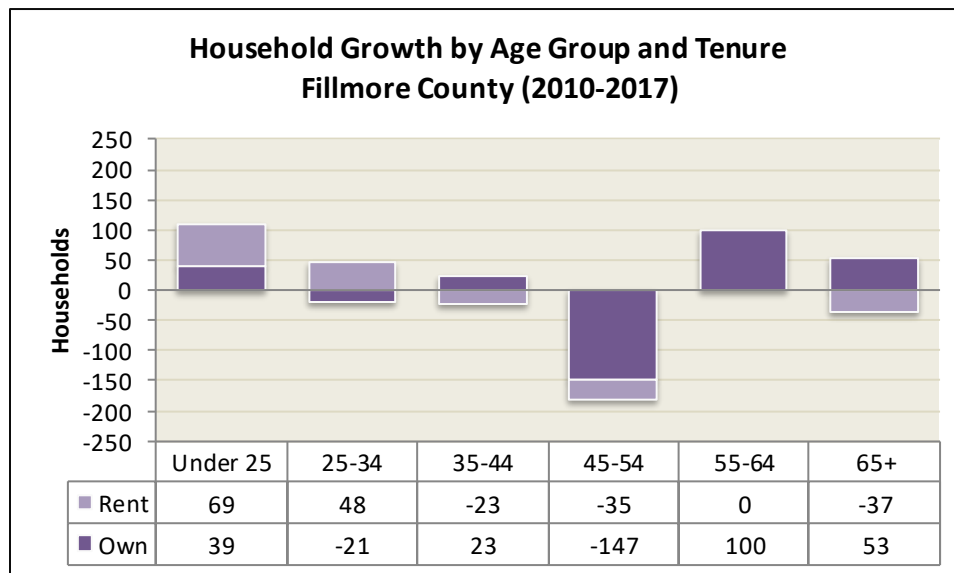
DEMOGRAPHIC ANALYSIS TABLE 13 continued
TENURE BY AGE OF HOUSEHOLDER
FILLMORE COUNTY MARKET AREA
2010 & 2017

Age		----- Fillmore County Submarkets -----												Minnesota			
		Southwest Submarket				South Central Submarket				Southeast Submarket							
		2010		2017		2010		2017		2010		2017					
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.				
Under 25	Own	36	41.9	60	41.7	18	30.0	22	37.3	23	60.5	10	21.7	19,639	19.8	15,361	16.6
	Rent	50	58.1	84	58.3	42	70.0	37	62.7	15	39.5	36	78.3	79,588	80.2	77,105	83.4
	Total	86	100.0	144	100.0	60	100.0	59	100.0	38	100.0	46	100.0	99,227	100.0	92,466	100.0
25-34	Own	218	71.0	189	74.1	158	68.1	206	63.4	127	74.7	128	73.6	192,401	56.1	183,113	52.0
	Rent	89	29.0	66	25.9	74	31.9	119	36.6	43	25.3	46	26.4	150,477	43.9	168,719	48.0
	Total	307	100.0	255	100.0	232	100.0	325	100.0	170	100.0	174	100.0	342,878	100.0	351,832	100.0
35-44	Own	290	79.0	292	80.9	215	77.3	179	85.2	95	78.5	103	87.3	276,241	75.0	258,018	71.4
	Rent	77	21.0	69	19.1	63	22.7	31	14.8	26	21.5	15	12.7	91,851	25.0	103,500	28.6
	Total	367	100.0	361	100.0	278	100.0	210	100.0	121	100.0	118	100.0	368,092	100.0	361,518	100.0
45-54	Own	404	84.9	356	89.4	313	86.2	258	82.7	208	88.1	192	90.1	374,959	81.7	340,949	80.1
	Rent	72	15.1	42	10.6	50	13.8	54	17.3	28	11.9	21	9.9	83,878	18.3	84,761	19.9
	Total	476	100.0	398	100.0	363	100.0	312	100.0	236	100.0	213	100.0	458,837	100.0	425,710	100.0
55-64	Own	374	88.6	460	90.2	300	88.2	359	89.3	184	87.6	190	90.5	317,264	84.7	344,276	83.2
	Rent	48	11.4	50	9.8	40	11.8	43	10.7	26	12.4	20	9.5	57,304	15.3	69,645	16.8
	Total	422	100.0	510	100.0	340	100.0	402	100.0	210	100.0	210	100.0	374,568	100.0	413,921	100.0
65 +	Own	536	81.1	540	84.2	483	78.8	494	79.8	261	81.8	249	83.6	343,355	77.4	383,894	78.4
	Rent	125	18.9	101	15.8	130	21.2	125	20.2	58	18.2	49	16.4	100,270	22.6	105,969	21.6
	Total	661	100.0	641	100.0	613	100.0	619	100.0	319	100.0	298	100.0	443,625	100.0	489,863	100.0
TOTAL	Own	1,858	80.1	1,897	82.2	1,487	78.8	1,518	78.8	898	82.1	872	82.3	1,523,859	73.0	1,525,611	71.4
	Rent	461	19.9	412	17.8	399	21.2	409	21.2	196	17.9	187	17.7	563,368	27.0	609,699	28.6
	Total	2,319	100.0	2,309	100.0	1,886	100.0	1,927	100.0	1,094	100.0	1,059	100.0	2,087,227	100.0	2,135,310	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- The total number of renter households residing in Fillmore County grew by an estimated 22 households between 2010 and 2017, an increase of 1.3%, while the number of owner-occupied households expanded 0.7% adding 47 households.
- As depicted in the following chart, the largest overall increases occurred in the under 25 age group in Fillmore County between 2010 and 2017, as 69 renter households were added (38% increase) while the number of owner households expanded 40% (39 households). The 55 to 64 age group added 100 owner households (7% growth) while the number of renter households held steady.



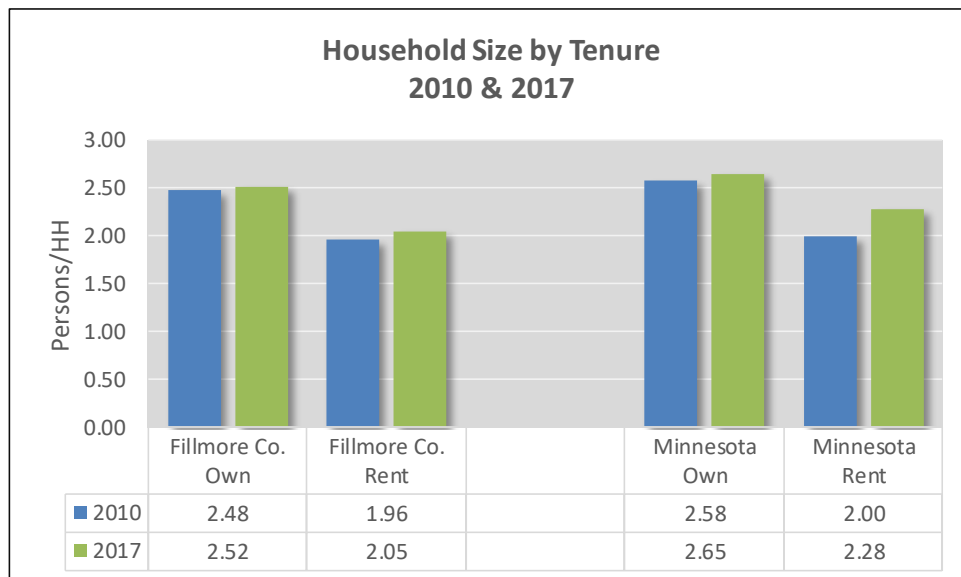
- Renter household growth occurred in the under 25 (38% growth) and 25 to 34 (15% growth) age groups. Owner household growth occurred in the oldest cohorts, as the 55 to 64 age group experienced 7% growth in owner households and the number of owner households in the 65 and older age group expanded 3%.
- Among the Fillmore County submarkets, the strongest owner household growth occurred in the Southwest Submarket with the addition of 39 owner households (2.1% growth) and the South Central Submarket which added 31 owner households (2.1% growth).
- The Northwest Submarket experienced the strongest renter household growth, adding 66 renter households for a 20.1% gain, followed closed by the Northeast Submarket which added 59 renter households (23.6% increase).

Tenure by Household Size

Demographic Analysis Table 14 shows household tenure by size of household in the Market Area during 2010 and 2017 from the U.S. Census and American Community Survey. The tables show the number and percent of renter- and owner-occupied housing units. All data excludes unoccupied units and group quarters such as nursing homes.

Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and less likely to be married with children, as well as older adults and seniors who choose to downsize from their single-family homes.

- In 2010, the average renter household in Fillmore County contained 1.96 persons, while the average owner household included 2.48 persons. By 2017, average owner household sizes increased slightly to 2.52 persons while average renter household sizes increased to 2.05.
- As depicted in the following chart, average household sizes in Fillmore County are slightly smaller than in Minnesota, as the average owner household size in the State is 2.65 and the average renter household size is 2.28.



- Fillmore County experienced a decline in one-person households while larger households in the County increased, particularly larger renter households.
- In 2017, 27% of households in Fillmore County were single-person households while 39% were comprised of two persons. Roughly 12% were three-person households, another 12% of the households consisted of four persons and 5% were five-person households. Six- and seven-person households represented 3% and 1% of all households in the County.

DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 14
TENURE BY HOUSEHOLD SIZE
FILLMORE COUNTY MARKET AREA
2010 & 2017

HH Size		----- Fillmore County Submarkets -----															
		Fillmore County				Northwest				North Central				Northeast			
		2010		2017		2010		2017		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	1,528	63.3	1,450	62.4	219	59.0	228	52.8	147	64.5	116	60.4	214	64.5	205	65.5
	Rent	886	36.7	873	37.6	152	41.0	204	47.2	81	35.5	76	39.6	118	35.5	108	34.5
	Total	2,414	100	2,323	100	371	100	432	100	228	100	192	100	332	100	313	100
2-Person	Own	2,890	87.5	3,012	88.7	501	84.8	536	87.2	289	88.1	300	92.3	457	87.2	436	82.0
	Rent	412	12.5	383	11.3	90	15.2	79	12.8	39	11.9	25	7.7	67	12.8	96	18.0
	Total	3,302	100	3,395	100	591	100	615	100	328	100	325	100	524	100	532	100
3-Person	Own	951	84.0	858	79.9	192	83.1	137	68.8	85	85.0	90	97.8	165	85.1	168	80.0
	Rent	181	16.0	216	20.1	39	16.9	62	31.2	15	15.0	2	2.2	29	14.9	42	20.0
	Total	1,132	100	1,074	100	231	100	199	100	100	100	92	100	194	100	210	100
4-Person	Own	830	85.5	866	85.2	222	90.6	203	86.4	57	85.1	67	77.9	148	87.1	148	78.3
	Rent	141	14.5	150	14.8	23	9.4	32	13.6	10	14.9	19	22.1	22	12.9	41	21.7
	Total	971	100	1,016	100	245	100	235	100	67	100	86	100	170	100	189	100
5-Person	Own	396	87.4	390	88.0	94	88.7	76	84.4	24	75.0	35	97.2	81	88.0	101	84.2
	Rent	57	12.6	53	12.0	12	11.3	14	15.6	8	25.0	1	2.8	11	12.0	19	15.8
	Total	453	100	443	100	106	100	90	100	32	100	36	100	92	100	120	100
6-Person	Own	127	81.9	216	85.0	19	65.5	71	100.0	10	76.9	5	71.4	24	88.9	26	89.7
	Rent	28	18.1	38	15.0	10	34.5	0	0.0	3	23.1	2	28.6	3	11.1	3	10.3
	Total	155	100	254	100	29	100	71	100	13	100	7	100	27	100	29	100
7-Person	Own	104	88.1	81	0.0	12	80.0	15	78.9	4	80.0	2	100.0	11	100.0	8	100.0
	Rent	14	11.9	28	0.0	3	20.0	4	21.1	1	20.0	0	0.0	0	0.0	0	0.0
	Total	118	100	109	0	15	100	19	100	5	100	2	100	11	100	8	100
TOTAL	Own	6,826	79.9	6,873	79.8	1,259	79.3	1,266	76.2	616	79.7	615	83.1	1,100	81.5	1,092	77.9
	Rent	1,719	20.1	1,741	20.2	329	20.7	395	23.8	157	20.3	125	16.9	250	18.5	309	22.1
	Total	8,545	100	8,614	100	1,588	100	1,661	100	773	100	740	100	1,350	100	1,401	100
Avg. HH Size	Own	2.48		2.52		2.66		2.71		2.30		2.40		2.58		2.65	
	Rent	1.96		2.05		2.07		1.96		1.97		1.80		2.00		2.28	

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC

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DEMOGRAPHIC ANALYSIS

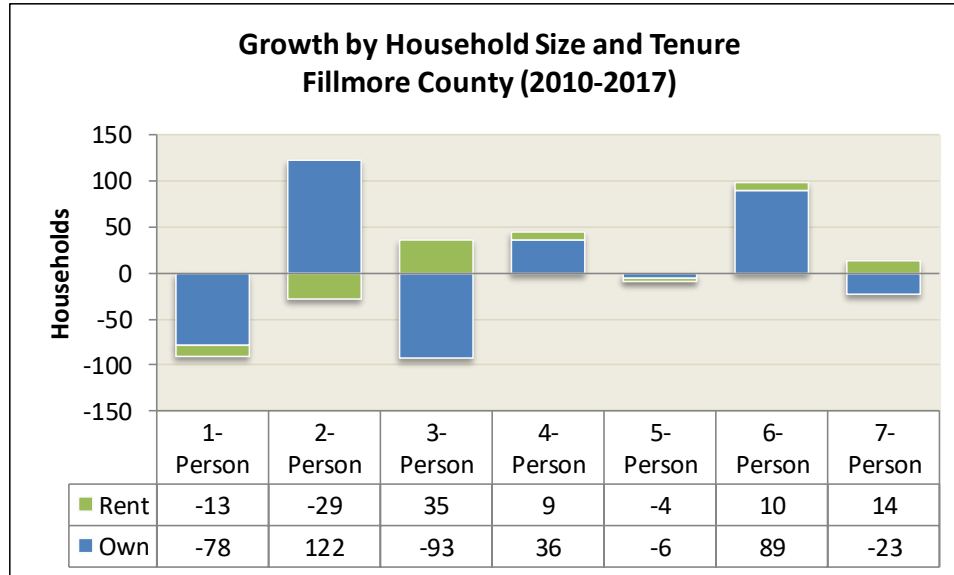
DEMOGRAPHIC ANALYSIS TABLE 14 continued
TENURE BY HOUSEHOLD SIZE
FILLMORE COUNTY MARKET AREA
2010 & 2017

		----- Fillmore County Submarkets -----															
		Southwest				South Central				Southeast				Minnesota			
		2010		2017		2010		2017		2010		2017		2010		2017	
HH Size		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
1-Person	Own	429	63.7	469	69.1	373	64.1	310	59.7	227	68.6	198	68.5	329,955	56.5	338,999	55.6
	Rent	244	36.3	210	30.9	209	35.9	209	40.3	104	31.4	91	31.5	254,053	43.5	270,358	44.4
	Total	673	100	679	100	582	100	519	100	331	100	289	100	584,008	100	609,357	100
2-Person	Own	789	89.0	784	89.6	639	86.8	729	90.6	358	88.4	384	87.1	581,481	80.3	605,977	79.0
	Rent	98	11.0	91	10.4	97	13.2	76	9.4	47	11.6	57	12.9	142,905	19.7	161,099	21.0
	Total	887	100	875	100	736	100	805	100	405	100	441	100	724,386	100	767,076	100
3-Person	Own	284	85.5	258	80.4	174	80.9	160	80.4	110	85.3	84	73.0	236,596	76.9	229,099	75.0
	Rent	48	14.5	63	19.6	41	19.1	39	19.6	19	14.7	31	27.0	71,198	23.1	76,188	25.0
	Total	332	100	321	100	215	100	199	100	129	100	115	100	307,794	100	305,287	100
4-Person	Own	224	83.9	267	87.0	164	84.5	163	89.1	90	84.1	93	94.9	224,564	81.8	221,079	79.9
	Rent	43	16.1	40	13.0	30	15.5	20	10.9	17	15.9	5	5.1	50,057	18.2	55,711	20.1
	Total	267	100	307	100	194	100	183	100	107	100	98	100	274,621	100	276,790	100
5-Person	Own	89	87.3	78	95.1	84	85.7	76	83.5	53	94.6	45	100.0	98,018	79.7	96,221	78.0
	Rent	13	12.7	4	4.9	14	14.3	15	16.5	3	5.4	0	0.0	24,984	20.3	27,208	22.0
	Total	102	100	82	100	98	100	91	100	56	100	45	100	123,002	100	123,429	100
6-Person	Own	29	74.4	35	100.0	22	81.5	33	52.4	27	93.1	53	94.6	33,229	75.1	32,230	72.3
	Rent	10	25.6	0	0.0	5	18.5	30	47.6	2	6.9	3	5.4	11,029	24.9	12,330	27.7
	Total	39	100	35	100	27	100	63	100	29	100	56	100	44,258	100	44,560	100
7-Person	Own	14	73.7	6	0.0	31	91.2	47	70.1	33	89.2	15	100.0	20,016	68.6	18,436	69.0
	Rent	5	26.3	4	0.0	3	8.8	20	29.9	4	10.8	0	0.0	9,142	31.4	8,267	31.0
	Total	19	100	10	0	34	100	67	100	37	100	15	100	29,158	100	26,703	100
TOTAL	Own	1,858	80.1	1,897	82.2	1,487	78.8	1,518	78.8	898	82.1	872	82.3	1,523,859	73.0	1,542,041	71.6
	Rent	461	19.9	412	17.8	399	21.2	409	21.2	196	17.9	187	17.7	563,368	27.0	611,161	28.4
	Total	2,319	100	2,309	100	1,886	100	1,927	100	1,094	100	1,059	100	2,087,227	100	2,153,202	100
Avg. HH Size	Own	2.41		2.38		2.42		2.51		2.55		2.57		2.58		2.55	
	Rent	1.99		1.92		1.92		2.33		1.93		1.80		2.15		2.15	

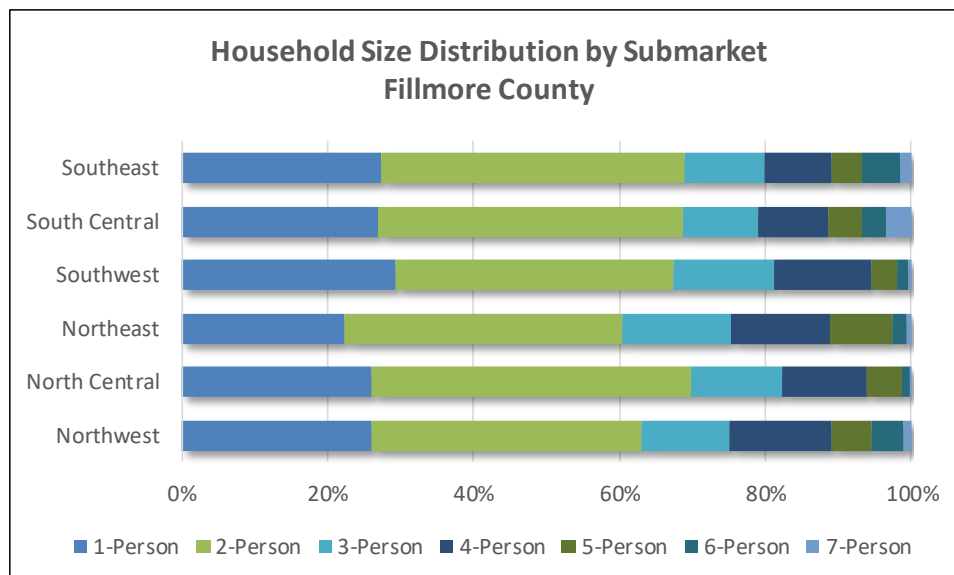
Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- Between 2010 and 2017, the largest increase occurred in the number of six-person households in the County, climbing 64% with the addition of 99 households. Two-person households increased 3% (93 households). These gains were partially offset by a -4% decline in one-person households (-91 households).



- Smaller households comprised the greatest proportion of renter households in the County in 2017 as 50% of the renter households were single-person households and 22% were two-person households. A similar pattern occurred in Minnesota, as the proportion of one-person households was 44% and two-person households comprised 26% of renter households.
- As depicted in the following chart, two-person households were the most common household size across each submarket, followed by one-person households.

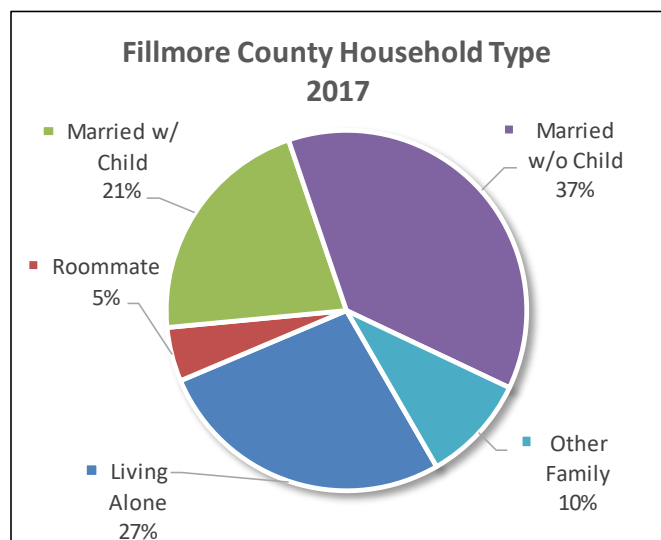


Household Type

Demographic Analysis Table 15 shows household type trends in Fillmore County and its submarkets compared to Minnesota in 2010 and 2017. Data for 2010 is obtained from the Decennial Census, while the 2017 data is an estimate from the 2013-2017 American Community Survey. Shifting household types can stimulate demand for a variety of housing products.

Married couple families typically generate demand for single-family detached ownership housing, while married couples without children often desire multifamily housing for convenience reasons. Married couple families without children are generally made up of younger couples that have not had children (and may not have children) and older couples with adult children that have moved out of the home. Other family households, defined as a male or female householder with no spouse present (typically single-parent households), often require affordable housing. Changes in non-family households (households living alone and households composed of unrelated roommates) will drive demand for rental housing.

- In 2017, family households comprised 68.2% of all households in Fillmore County compared to 64.6% in Minnesota. Family households experienced modest growth between 2010 and 2017 in the County, increasing 1.9% (109 households), while the presence of family households increased 3.1% in the State.
- Fillmore County experienced a 4.5% increase in the number of married couples with children after adding 79 households between 2010 and 2017, while the number of married couples without children expanded 4.8% (148 households). Other family households contracted -12.5% (-118 households).
- Between 2010 and 2017, non-family households contracted -1.4% (-40 households) in the County, compared to 3.4% growth in Minnesota. The number of single-person households decreased -3.8% (-91 households) in the County between 2010 and 2017, while the number of roommate households expanded 13.9% (51 households).
- Married couples without children were the most common household type in Fillmore County in 2017 (37.3%), followed by single-person households (27.0%).
- Married couples without children were also the most common household type in Minnesota (30.4%) in 2017, followed closely by single-person households (28.3%).



DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 15

HOUSEHOLD TYPE

FILLMORE COUNTY MARKET AREA

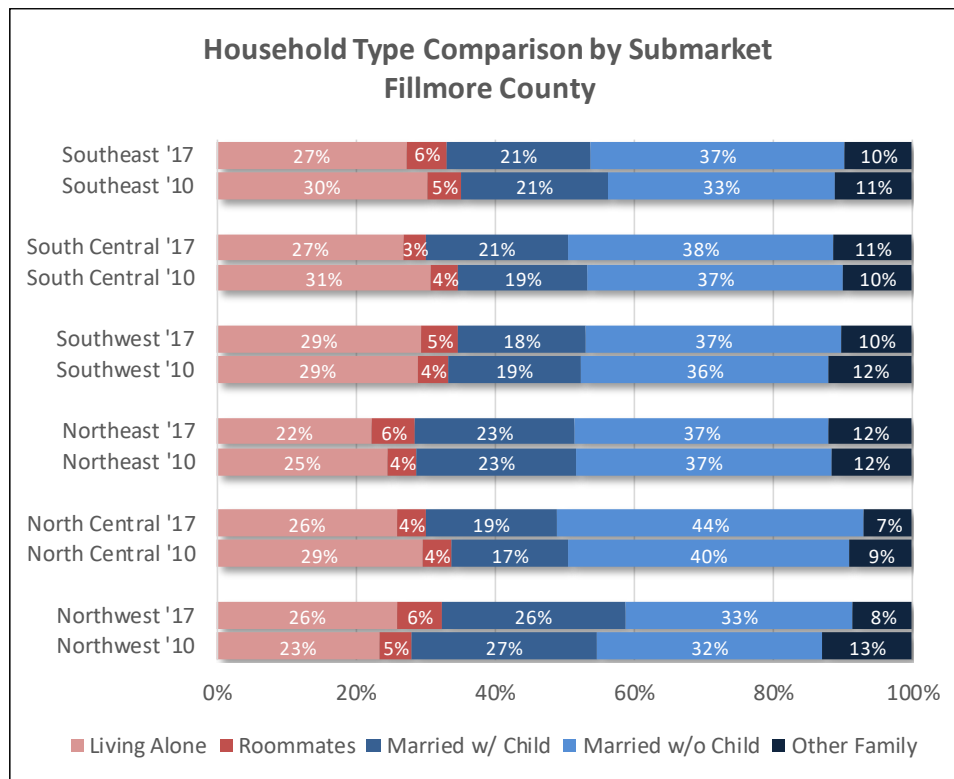
2010 & 2017

	----- Fillmore County Submarkets -----															
	Fillmore County		Northwest		North Central		Northeast		Southwest		South Central		Southeast		Minnesota	
	2010	2017	2010	2017	2010	2017	2010	2017	2010	2017	2010	2017	2010	2017	2010	2017
Total Households	8,545	8,614	1,588	1,661	773	740	1,350	1,401	2,319	2,309	1,886	1,927	1,094	1,059	2,087,227	2,153,202
Non-Family Households	2,782	2,742	445	536	261	222	388	399	770	800	655	578	385	350	738,212	763,021
Living Alone	2,414	2,323	371	432	228	192	332	313	673	679	582	519	331	289	584,008	609,357
Other (Roommates)	368	419	74	104	33	30	56	86	97	121	73	59	54	61	154,204	153,664
Family Households	5,763	5,872	1,143	1,125	512	518	962	1,002	1,549	1,509	1,231	1,349	709	709	1,349,015	1,390,181
Married w/ Children	1,755	1,834	423	440	130	140	310	322	445	427	352	396	230	219	443,212	444,036
Married w/o Children	3,061	3,209	515	544	312	327	495	513	826	847	692	735	358	388	617,297	654,966
Other Family	947	829	205	141	70	51	157	167	278	235	187	218	121	102	288,506	291,179
Change (2010-2017)																
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Total Households	69	0.8%	73	4.6%	-33	-4.3%	51	3.8%	-10	-0.4%	41	2.2%	-35	-3.2%	65,975	3.2%
Non-Family Households	-40	-1.4%	91	20.4%	-39	-14.9%	11	2.8%	30	3.9%	-77	-11.8%	-35	-9.1%	24,809	3.4%
Living Alone	-91	-3.8%	61	16.4%	-36	-15.8%	-19	-5.7%	6	0.9%	-63	-10.8%	-42	-12.7%	25,349	4.3%
Other (Roommates)	51	13.9%	30	40.5%	-3	-9.1%	30	53.6%	24	24.7%	-14	-19.2%	7	13.0%	-540	-0.4%
Family Households	109	1.9%	-18	-1.6%	6	1.2%	40	4.2%	-40	-2.6%	118	9.6%	0	0.0%	41,166	3.1%
Married w/ Children	79	4.5%	17	4.0%	10	7.7%	12	3.9%	-18	-4.0%	44	12.5%	-11	-4.8%	824	0.2%
Married w/o Children	148	4.8%	29	5.6%	15	4.8%	18	3.6%	21	2.5%	43	6.2%	30	8.4%	37,669	6.1%
Other Family	-118	-12.5%	-64	-31.2%	-19	-27.1%	10	6.4%	-43	-15.5%	31	16.6%	-19	-15.7%	2673	0.9%

Sources: U.S. Census; ESRI; Maxfield Research & Consulting, LLC

DEMOGRAPHIC ANALYSIS

- The following chart depicts changes in household type distribution from 2010 to 2017 by submarket in Fillmore County.



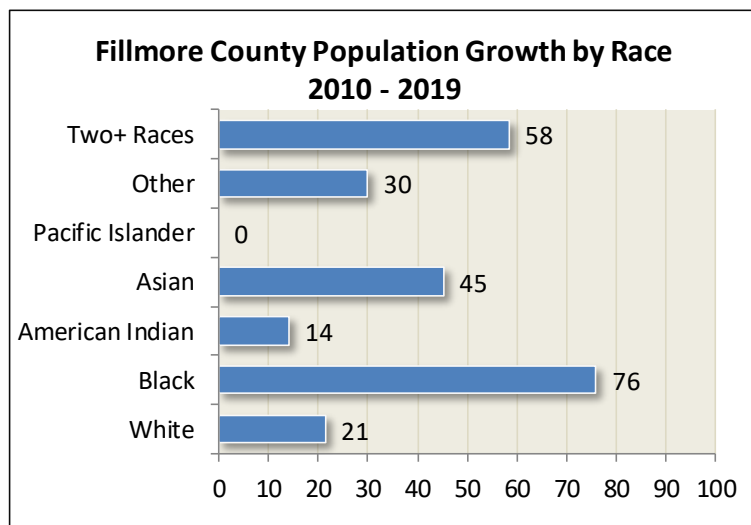
- As shown, the North Central, Northeast, South Central, and Southeast Submarkets experienced increases in the proportion of family households between 2010 and 2017, while the proportion of non-family households expanded in the Northwest and Southwest Submarkets.
- The North Central and Southeast Submarkets experienced notable growth in the proportion of married couples without children and declining proportions of single-person households.
- The Northwest, Northeast, Southwest, and Southeast Submarkets all experienced modest growth in the proportion of roommate households.
- Married couples without children are the most common household type in all six submarkets, particularly the North Central (44% of all households).
- Married couples with children are the second most common household type in the Northwest and Northeast Submarkets, while single-person households are the second most common in the North Central, Southwest, South Central, and Southeast Submarket.

Race and Ethnicity

Demographic Analysis Table 16 on the following pages displays the breakdown of the Market Area population by race and ethnicity. This data is useful in that it illustrates shifts in the demographic characteristics of the Market Area population from 2010 to 2019. Data for 2010 is obtained from the Decennial Census, while the 2019 estimate is sourced from ESRI.

Federal standards mandate that race and ethnicity are separate and distinct identities and Census results are based on self-identification. A person may be categorized as one of two ethnic categories; “Hispanic or Latino” origin or “Not Hispanic or Latino.” In addition, a person can self-identify as having one or more racial identity, including; “White,” “Black or African American,” “American Indian or Alaska Native,” “Asian,” and “Native Hawaiian or Other Pacific Islander.” Respondents could also identify as being “Some Other Race.”

- As of 2019, White people comprised the largest proportion of the Fillmore County population, at an estimated 97.2% compared to 82.2% in Minnesota. In the County, people identified as Two or More Races or Some Other Race were the second and third most populous groups with 231 people (1.1%) and 84 people (0.4%), respectively.
- Based on 2013-2017 American Community Survey estimates, approximately 80% of White households in Fillmore County own while the remaining 20% rent. The home ownership rate drops to 46% for all other races in the County.
- Based on ESRI’s estimates, nearly all races experienced population growth between 2010 and 2019 in Fillmore County, notably the Black population which added 76 people (155%).
- A similar trend occurred across Minnesota, as population growth occurred among all races.
- The number of people self-identifying as being of Hispanic or Latino origin expanded in the County between 2010 and 2019, adding 145 people (70% growth).



DEMOGRAPHIC ANALYSIS TABLE 16							
POPULATION DISTRIBUTION BY RACE & ETHNICITY							
FILLMORE COUNTY MARKET AREA							
		2010		2019		Change ('10 - '19)	
		No.	Pct.	No.	Pct.	No.	Pct.
Fillmore County	Population by Race	20,866	100.0%	21,111	100.0%	245	1.2%
	White Alone	20,497	98.2%	20,518	97.2%	21	0.1%
	Black Alone	49	0.2%	125	0.6%	76	155.0%
	American Indian Alone	22	0.1%	36	0.2%	14	64.2%
	Asian Alone	71	0.3%	116	0.6%	45	63.6%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	54	0.3%	84	0.4%	30	55.5%
	Two or More Races	173	0.8%	231	1.1%	58	33.7%
	Population by Ethnicity	20,866	100.0%	21,111	100.0%	245	1.2%
	Hispanic or Latino	207	1.0%	352	1.7%	145	70.3%
Not Hispanic or Latino	20,659	99.0%	20,759	98.3%	100	0.5%	
Northwest Submarket	Population by Race	4,120	100.0%	4,241	100.0%	121	2.9%
	White Alone	4,034	97.9%	4,121	97.2%	87	2.1%
	Black Alone	2	0.0%	7	0.2%	5	242.3%
	American Indian Alone	9	0.2%	14	0.3%	5	52.1%
	Asian Alone	10	0.2%	14	0.3%	4	36.9%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	17	0.4%	29	0.7%	12	72.6%
	Two or More Races	48	1.2%	57	1.3%	9	18.2%
	Population by Ethnicity	4,120	100.0%	4,241	100.0%	121	2.9%
	Hispanic or Latino	73	1.8%	107	2.5%	34	46.0%
Not Hispanic or Latino	4,047	98.2%	4,134	97.5%	87	2.2%	
North Central Submarket	Population by Race	1,740	100.0%	1,783	100.0%	43	2.5%
	White Alone	1,710	98.3%	1,718	96.3%	8	0.5%
	Black Alone	3	0.2%	18	1.0%	15	512.0%
	American Indian Alone	1	0.1%	4	0.2%	3	308.0%
	Asian Alone	6	0.3%	8	0.5%	2	36.0%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	2	0.1%	5	0.3%	3	155.0%
	Two or More Races	18	1.0%	30	1.7%	12	64.3%
	Population by Ethnicity	1,740	100.0%	1,783	100.0%	43	2.5%
	Hispanic or Latino	20	1.1%	39	2.2%	19	93.8%
Not Hispanic or Latino	1,720	98.9%	1,744	97.8%	24	1.4%	
Northeast Submarket	Population by Race	3,417	100.0%	3,483	100.0%	66	1.9%
	White Alone	3,377	98.8%	3,409	97.9%	32	0.9%
	Black Alone	4	0.1%	13	0.4%	9	236.3%
	American Indian Alone	2	0.1%	3	0.1%	1	44.1%
	Asian Alone	8	0.2%	16	0.5%	8	104.2%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	4	0.1%	7	0.2%	3	68.1%
	Two or More Races	22	0.6%	35	1.0%	13	57.2%
	Population by Ethnicity	3,417	100.0%	3,483	100.0%	66	1.9%
	Hispanic or Latino	38	1.1%	67	1.9%	29	77.0%
Not Hispanic or Latino	3,379	98.9%	3,416	98.1%	37	1.1%	
Sources: US Census Bureau; ESRI; Maxfield Research & Consulting, LLC							

DEMOGRAPHIC ANALYSIS

DEMOGRAPHIC ANALYSIS TABLE 16 continued POPULATION DISTRIBUTION BY RACE & ETHNICITY FILLMORE COUNTY MARKET AREA							
		2010		2019		Change ('10 - '19)	
		No.	Pct.	No.	Pct.	No.	Pct.
Southwest Submarket	Population by Race	5,471	100.0%	5,474	100.0%	3	0.1%
	White Alone	5,360	98.0%	5,288	96.6%	-72	-1.3%
	Black Alone	25	0.5%	62	1.1%	37	146.3%
	American Indian Alone	7	0.1%	10	0.2%	3	39.6%
	Asian Alone	20	0.4%	34	0.6%	14	71.0%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	9	0.2%	16	0.3%	7	73.7%
	Two or More Races	50	0.9%	65	1.2%	15	29.0%
	Population by Ethnicity	5,471	100.0%	5,474	100.0%	3	0.1%
	Hispanic or Latino	44	0.8%	65	1.2%	21	46.6%
	Not Hispanic or Latino	5,427	99.2%	5,409	98.8%	-18	-0.3%
South Central Submarket	Population by Race	4,508	100.0%	4,536	100.0%	28	0.6%
	White Alone	4,437	98.4%	4,433	97.7%	-4	-0.1%
	Black Alone	6	0.1%	14	0.3%	8	127.0%
	American Indian Alone	5	0.1%	7	0.2%	2	36.2%
	Asian Alone	9	0.2%	13	0.3%	4	40.5%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	20	0.4%	24	0.5%	4	21.6%
	Two or More Races	31	0.7%	46	1.0%	15	47.5%
	Population by Ethnicity	4,508	100.0%	4,536	100.0%	28	0.6%
	Hispanic or Latino	46	1.0%	80	1.8%	34	73.4%
	Not Hispanic or Latino	4,462	99.0%	4,456	98.2%	-6	-0.1%
Southeast Submarket	Population by Race	2,816	100.0%	2,827	100.0%	11	0.4%
	White Alone	2,753	97.8%	2,741	97.0%	-12	-0.4%
	Black Alone	9	0.3%	12	0.4%	3	28.3%
	American Indian Alone	1	0.0%	2	0.1%	1	92.4%
	Asian Alone	24	0.9%	39	1.4%	15	64.4%
	Pacific Islander Alone	0	0.0%	0	0.0%	0	--
	Some Other Race Alone	9	0.3%	13	0.5%	4	49.7%
	Two or More Races	20	0.7%	19	0.7%	-1	-3.8%
	Population by Ethnicity	2,816	100.0%	2,827	100.0%	11	0.4%
	Hispanic or Latino	16	0.6%	29	1.0%	13	80.4%
	Not Hispanic or Latino	2,800	99.4%	2,798	99.0%	-2	-0.1%
Minnesota	Population by Race	5,303,925	100.0%	5,705,976	100.0%	402,051	7.6%
	White Alone	4,524,062	85.3%	4,688,361	82.2%	164,299	3.6%
	Black Alone	274,412	5.2%	366,330	6.4%	91,918	33.5%
	American Indian Alone	60,916	1.1%	68,639	1.2%	7,723	12.7%
	Asian Alone	214,234	4.0%	290,489	5.1%	76,255	35.6%
	Pacific Islander Alone	2,156	0.0%	3,083	0.1%	927	43.0%
	Some Other Race Alone	103,000	1.9%	126,534	2.2%	23,534	22.8%
	Two or More Races	125,145	2.4%	162,540	2.8%	37,395	29.9%
	Population by Ethnicity	5,303,925	100.0%	5,705,976	100.0%	402,051	7.6%
	Hispanic or Latino	250,258	4.7%	311,755	5.5%	61,497	24.6%
	Not Hispanic or Latino	5,053,667	95.3%	5,394,221	94.5%	340,554	6.7%
Sources: US Census Bureau; ESRI; Maxfield Research & Consulting, LLC							

Introduction

Employment characteristics are an important component in assessing housing needs in any given market area. These trends are important to consider since employment growth generally fuels household growth. Typically, households prefer to live near work for convenience, which is a primary factor in choosing a housing location. Many households commute greater distances to work provided their housing is affordable enough to offset the additional transportation costs. Often, in less densely-populated areas, people will choose to live further from their place of work because they prefer a rural lifestyle (i.e. they want to live on a wooded lot or be on a body of water) or suitable housing may not be available in their employer's community.

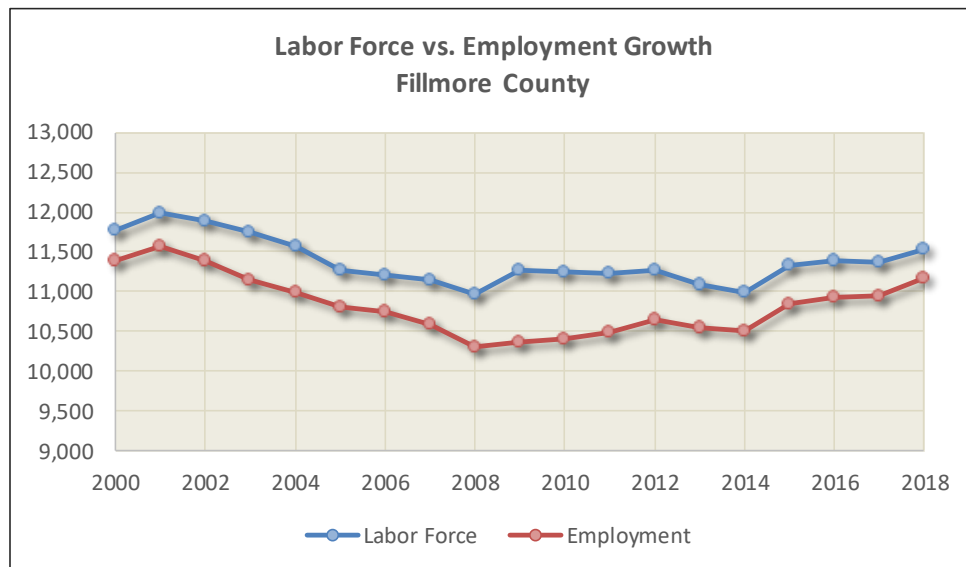
Resident Employment

Employment Trends Table 1 shows information on the resident labor force and employment in Fillmore County compared to the Rochester MSA and State of Minnesota. The data is sourced from the Minnesota Department of Employment and Economic Development. Resident employment data reveals the workforce and number of employed people living in the area. It is important to note that not all of these individuals necessarily work in the area.

EMPLOYMENT TRENDS TABLE 1 LABOR FORCE AND RESIDENT EMPLOYMENT TRENDS FILLMORE COUNTY MARKET AREA 2000 - 2018									
Year	Fillmore County			Rochester MSA			Minnesota		
	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate	Labor Force	Employed Residents	UE Rate
2018	11,533	11,168	3.2%	121,708	118,576	2.6%	3,070,223	2,980,884	2.9%
2017	11,371	10,956	3.6%	119,972	116,329	3.0%	3,057,014	2,952,960	3.4%
2016	11,398	10,934	4.1%	119,171	115,298	3.2%	3,033,406	2,916,353	3.9%
2015	11,319	10,854	4.1%	117,846	114,054	3.2%	2,997,748	2,887,132	3.7%
2014	10,982	10,498	4.4%	116,595	112,313	3.7%	2,972,800	2,848,787	4.2%
2013	11,094	10,538	5.0%	117,511	112,544	4.2%	2,958,595	2,811,761	5.0%
2012	11,274	10,650	5.5%	117,113	111,651	4.7%	2,946,355	2,781,140	5.6%
2011	11,224	10,479	6.6%	115,727	109,293	5.6%	2,946,278	2,755,263	6.5%
2010	11,246	10,402	7.5%	115,856	108,537	6.3%	2,938,795	2,721,194	7.4%
2009	11,270	10,359	8.1%	116,205	108,563	6.6%	2,941,976	2,713,426	7.8%
2008	10,970	10,302	6.1%	114,063	108,660	4.7%	2,925,088	2,766,342	5.4%
2007	11,157	10,590	5.1%	114,351	109,745	4.0%	2,906,389	2,773,704	4.6%
2006	11,207	10,746	4.1%	113,349	109,289	3.6%	2,887,831	2,772,114	4.0%
2005	11,274	10,798	4.2%	113,328	109,201	3.6%	2,879,759	2,762,732	4.1%
2004	11,564	10,983	5.0%	113,190	108,442	4.2%	2,880,427	2,745,614	4.7%
2003	11,740	11,154	5.0%	111,814	106,885	4.4%	2,874,663	2,734,287	4.9%
2002	11,889	11,389	4.2%	111,102	106,779	3.9%	2,859,601	2,731,080	4.5%
2001	11,992	11,560	3.6%	109,121	105,812	3.0%	2,845,202	2,737,960	3.8%
2000	11,760	11,386	3.2%	107,077	104,071	2.8%	2,812,947	2,724,117	3.2%
Sources: Minnesota DEED; Maxfield Research & Consulting, LLC									

EMPLOYMENT TRENDS

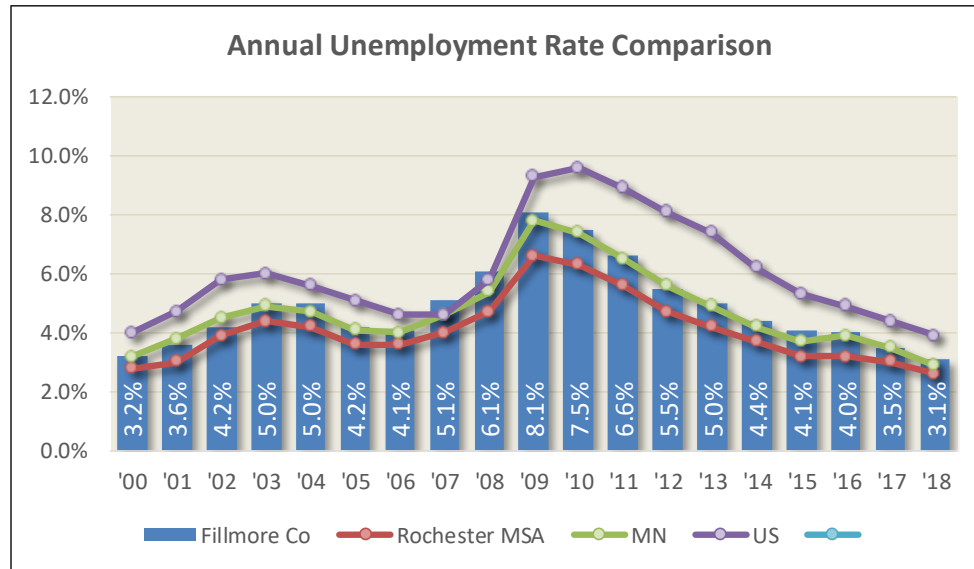
- In 2018, Fillmore County had a labor force of 11,533 with 11,168 employed residents, which equates to a 3.2% unemployment rate. By comparison, 2018 unemployment rates were at 2.6% in the Rochester MSA and 2.9% in Minnesota.
- Fillmore County's labor force contracted -1.9% between 2000 and 2018 (-227), while resident employment also declined -1.9% (-218). By comparison, the MSA experienced a 13.9% increase in resident employment against labor force growth of 13.7% between 2000 and 2018.
- The County's labor force contracted at an average annual rate of -0.4% from 2000 through 2010. However, the labor force has expanded at a rate of 0.3% per year since 2010, from 11,246 in 2010 to 11,533 in 2018.
- Resident employment in the County declined at a -0.9% annual rate from 2000 through 2010 but has since expanded at an average annual rate of 0.9%.



- Since 2010, the labor force in the Rochester MSA expanded 0.6% annually, while resident employment increased at a 1.1% average annual rate. Due to the increased hiring, the MSA's unemployment rate dropped from 6.3% in 2010 to 2.6% in 2018.
- Minnesota's labor force has increased steadily since 2010, peaking at 3.07 million in 2018. Resident employment in the State also peaked in 2018, climbing to 2.98 million.
- Because resident employment growth has outpaced labor force growth, unemployment rates have been steadily declining in the Market Area since 2010.

EMPLOYMENT TRENDS

- The following chart illustrates how unemployment in the Market Area has mirrored national trends but has remained well below the national rate throughout much of the past decade. The Fillmore County unemployment rate has tracked closely with unemployment trends in the State of Minnesota but has consistently been slightly higher than the Rochester MSA.



Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, particularly for younger and lower income households since transportation costs often account for a greater proportion of their budgets.

For this analysis, we reviewed commuting patterns for each submarket in Fillmore County. Employment Trends Table 2 on the following pages provides a summary of the inflow and outflow characteristics of the workers in each submarket. Outflow reflects the number of workers living in the area but employed outside the submarket, while inflow measures the number of workers that are employed in the submarket but live outside the area. Interior flow reflects the number of workers that live and work in that submarket.

- Overall, Fillmore County is an exporter of workers as a significantly higher number of residents leave the County for work than nonresidents commute into the County for work. Approximately 2,111 workers come into Fillmore County for employment (inflow) daily, while 5,638 resident workers commute out of the County (outflow). An estimated 3,432 people both live and work in the County (interior flow).
- Of the workers leaving the County, nearly 28% (2,523) commute to Rochester for employment. Other key commute destinations outside the County include Winona at 4% (382) and La Crosse at 2% (145).

EMPLOYMENT TRENDS

**EMPLOYMENT TRENDS TABLE 2
COMMUTING INFLOW/OUTFLOW CHARACTERISTICS
FILLMORE COUNTY SUBMARKETS
2015**

	Outflow		Inflow		Interior Flow	
Northwest Submarket	1,739	100.0%	983	100.0%	230	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	337	19.4%	235	23.9%	64	27.8%
Workers Aged 30 to 54	999	57.4%	510	51.9%	99	43.0%
Workers Aged 55 or older	403	23.2%	238	24.2%	67	29.1%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	278	16.0%	221	22.5%	69	30.0%
Workers Earning \$1,251 to \$3,333 per month	557	32.0%	405	41.2%	83	36.1%
Workers Earning More than \$3,333 per month	904	52.0%	357	36.3%	78	33.9%
<u>By Industry</u>						
"Goods Producing"	341	19.6%	326	33.2%	62	27.0%
"Trade, Transportation, and Utilities"	318	18.3%	135	13.7%	42	18.3%
"All Other Services"*	1,080	62.1%	522	53.1%	126	54.8%
North Central Submarket	639	100.0%	557	100.0%	72	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	132	20.7%	119	21.4%	9	12.5%
Workers Aged 30 to 54	340	53.2%	254	45.6%	33	45.8%
Workers Aged 55 or older	167	26.1%	184	33.0%	30	41.7%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	146	22.8%	159	28.5%	23	31.9%
Workers Earning \$1,251 to \$3,333 per month	244	38.2%	160	28.7%	31	43.1%
Workers Earning More than \$3,333 per month	249	39.0%	238	42.7%	18	25.0%
<u>By Industry</u>						
"Goods Producing"	150	23.5%	72	12.9%	9	12.5%
"Trade, Transportation, and Utilities"	127	19.9%	108	19.4%	13	18.1%
"All Other Services"*	362	56.7%	377	67.7%	50	69.4%
Northeast Submarket	1,292	100.0%	622	100.0%	342	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	277	21.4%	123	19.8%	108	31.6%
Workers Aged 30 to 54	690	53.4%	311	50.0%	127	37.1%
Workers Aged 55 or older	325	25.2%	188	30.2%	107	31.3%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	245	19.0%	169	27.2%	151	44.2%
Workers Earning \$1,251 to \$3,333 per month	476	36.8%	259	41.6%	130	38.0%
Workers Earning More than \$3,333 per month	571	44.2%	194	31.2%	61	17.8%
<u>By Industry</u>						
"Goods Producing"	338	26.2%	70	11.3%	49	14.3%
"Trade, Transportation, and Utilities"	192	14.9%	208	33.4%	116	33.9%
"All Other Services"*	762	59.0%	344	55.3%	177	51.8%

*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC

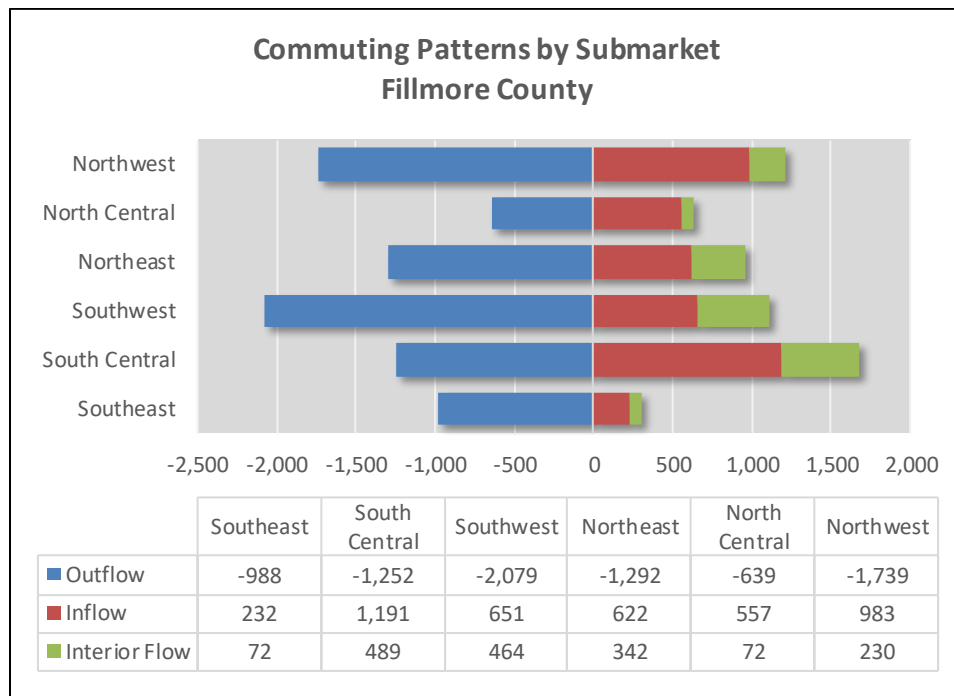
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EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 2 continued COMMUTING INFLOW/OUTFLOW CHARACTERISTICS FILLMORE COUNTY SUBMARKETS 2015						
	Outflow		Inflow		Interior Flow	
Southwest Submarket	2,079	100.0%	651	100.0%	464	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	422	20.3%	160	24.6%	139	30.0%
Workers Aged 30 to 54	1,174	56.5%	324	49.8%	206	44.4%
Workers Aged 55 or older	483	23.2%	167	25.7%	119	25.6%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	379	18.2%	161	24.7%	162	34.9%
Workers Earning \$1,251 to \$3,333 per month	777	37.4%	212	32.6%	176	37.9%
Workers Earning More than \$3,333 per month	923	44.4%	278	42.7%	126	27.2%
<u>By Industry</u>						
"Goods Producing"	437	21.0%	104	16.0%	63	13.6%
"Trade, Transportation, and Utilities"	401	19.3%	232	35.6%	152	32.8%
"All Other Services"*	1,241	59.7%	315	48.4%	249	53.7%
South Central Submarket	1,252	100.0%	1,191	100.0%	489	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	259	20.7%	233	19.6%	87	17.8%
Workers Aged 30 to 54	662	52.9%	570	47.9%	214	43.8%
Workers Aged 55 or older	331	26.4%	388	32.6%	188	38.4%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	187	14.9%	265	22.3%	126	25.8%
Workers Earning \$1,251 to \$3,333 per month	486	38.8%	433	36.4%	176	36.0%
Workers Earning More than \$3,333 per month	579	46.2%	493	41.4%	187	38.2%
<u>By Industry</u>						
"Goods Producing"	291	23.2%	292	24.5%	82	16.8%
"Trade, Transportation, and Utilities"	242	19.3%	240	20.2%	118	24.1%
"All Other Services"*	719	57.4%	659	55.3%	289	59.1%
Southeast Submarket	988	100.0%	232	100.0%	72	100.0%
<u>By Age</u>						
Workers Aged 29 or younger	215	21.8%	51	22.0%	21	29.2%
Workers Aged 30 to 54	477	48.3%	119	51.3%	20	27.8%
Workers Aged 55 or older	296	30.0%	62	26.7%	31	43.1%
<u>By Monthly Wage</u>						
Workers Earning \$1,250 per month or less	226	22.9%	52	22.4%	25	34.7%
Workers Earning \$1,251 to \$3,333 per month	376	38.1%	102	44.0%	37	51.4%
Workers Earning More than \$3,333 per month	386	39.1%	78	33.6%	10	13.9%
<u>By Industry</u>						
"Goods Producing"	213	21.6%	103	44.4%	14	19.4%
"Trade, Transportation, and Utilities"	184	18.6%	23	9.9%	8	11.1%
"All Other Services"*	591	59.8%	106	45.7%	50	69.4%
*includes the following sectors: Information, Financial Activities, Professional & Business Services, Education & Health Services, Leisure & Hospitality, Other Services, and Public Administration						
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC						

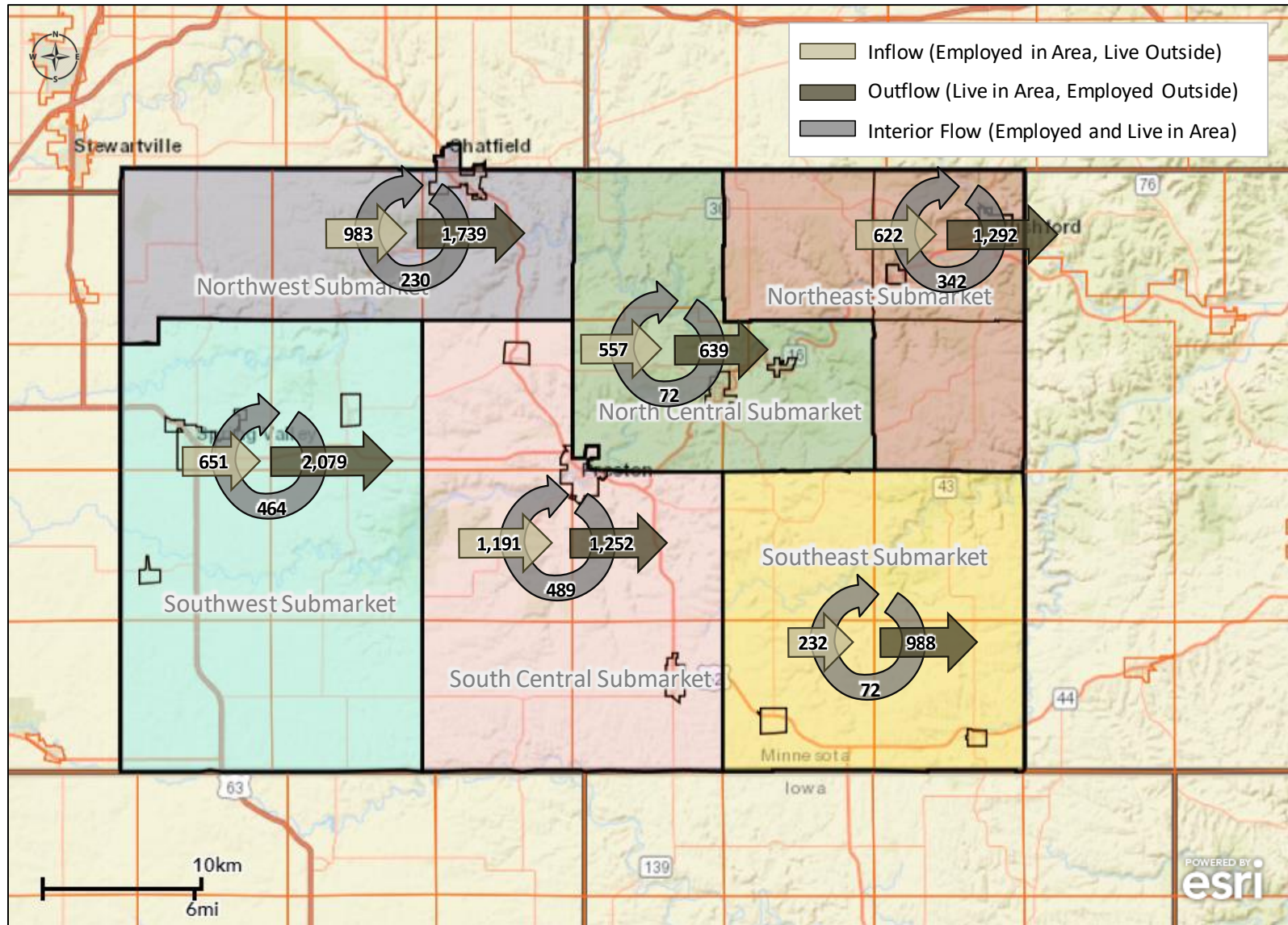
EMPLOYMENT TRENDS

- As depicted in the following graph, all six submarkets export more workers (outflow) than they import (inflow).



- The Southwest and Northwest Submarkets export the largest number of workers with outflow of 2,079 and 1,739 workers, respectively.
- With inflow of 1,191 and 983 workers, respectively, the South Central and Northwest Submarkets import the largest number of workers in the County.
- Roughly 38% of the jobs in the County are filled by workers commuting into the area. The highest proportion of workers coming into the County are aged 30 to 54 and earn more than \$3,333 per month (\$40,000 per year). The “All Other Services” sector brings in most of the employees (51%).
- With over 2,100 workers commuting into Fillmore County for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers. The following summarizes inflow by submarket.
 - Northwest: 81% of jobs in the submarket filled by inflow (983 workers)
 - North Central: 89% of jobs filled by inflow (557 workers)
 - Northeast: 65% of jobs filled by inflow (622 workers)
 - Southwest: 58% of jobs filled by inflow (651 workers)
 - South Central: 71% of jobs filled by inflow (1,191 workers)
 - Southeast: 76% of jobs filled by inflow (232 workers)

Fillmore County Commuting Patterns by Submarket



EMPLOYMENT TRENDS

Employment Trends Table 3 on the following pages highlights the commuting patterns, including distance and destination, of workers in each submarket based on data from the U.S. Census Bureau Local Employment Dynamics data for 2015, the most recent data available. Home Destination summarizes where workers live who are employed in the submarket, while Work Destination represents where workers are employed who live in the submarket.

The following figure highlights key findings:

	Key Home Destinations	Key Work Destinations
Northwest Submarket	Chatfield (11.5%) Rochester (11.0%) Eyota (6.3%) *99 workers (8%) commute from >50 miles	Rochester (46.1%) Chatfield (11.2%) Preston (3.5%)
North Central Submarket	Rushford (12.9%) Mabel (6.5%) Lanesboro (5.9%) *53 workers (8%) commute from >50 miles	Rochester (17.9%) Lanesboro (8.6%) Rushford (8.2%)
Northeast Submarket	Rushford (17.9%) Rushford Village (9.9%) Winona (5.8%) *113 workers (12%) commute from >50 miles	Rushford (18.2%) Winona (15.5%) Rochester (11.4%)
Southwest Submarket	Spring Valley (26.5%) Rochester (5.2%) Chatfield (4.3%) *94 workers (8%) commute from >50 miles	Rochester (36.9%) Spring Valley (14.0%) Preston (5.2%)
South Central Submarket	Preston (9.8%) Harmony (7.9%) Chatfield (4.2%) *122 workers (7%) commute from >50 miles	Rochester (27.3%) Preston (15.5%) Harmony (8.5%)
Southeast Submarket	Lanesboro (12.2%) Mabel (10.5%) Preston (4.3%) *25 workers (8%) commute from >50 miles	Rochester (17.6%) Preston (9.4%) Harmony (9.2%)

- Workers commuting into an area from more than 50 miles away represent a potential target market for housing in that submarket.
- Rochester represents the key commute destination for workers residing in each of the six submarkets.

EMPLOYMENT TRENDS

**EMPLOYMENT TRENDS TABLE 3
COMMUTING PATTERNS
FILLMORE COUNTY BY SUBMARKET
2015**

HOME DESTINATION (where workers live who are employed in the selection area)

Northwest Submarket			North Central Submarket			Northeast Submarket		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>
Chatfield, MN	140	11.5%	Rushford, MN	81	12.9%	Rushford, MN	173	17.9%
Rochester, MN	134	11.0%	Mabel, MN	41	6.5%	Rushford Village,	95	9.9%
Eyota, MN	77	6.3%	Lanesboro, MN	37	5.9%	Winona, MN	56	5.8%
St. Charles, MN	39	3.2%	Preston, MN	30	4.8%	Houston, MN	28	2.9%
Spring Valley, MN	36	3.0%	Rushford Village,	30	4.8%	Rochester, MN	28	2.9%
Fountain, MN	35	2.9%	Rochester, MN	17	2.7%	Peterson, MN	23	2.4%
Wykoff, MN	32	2.6%	Spring Grove, MN	14	2.2%	Lanesboro, MN	22	2.3%
Preston, MN	28	2.3%	Winona, MN	14	2.2%	Caledonia, MN	21	2.2%
Dover, MN	25	2.1%	Spring Valley, MN	12	1.9%	Mabel, MN	21	2.2%
Stewartville, MN	20	1.6%	St. Charles, MN	10	1.6%	Spring Grove, MN	15	1.6%
All Other Locations	647	53.3%	All Other Locations	343	54.5%	All Other Locations	482	50.0%
Distance Traveled			Distance Traveled			Distance Traveled		
Total Jobs	1,213	100.0%	Total Jobs	629	100.0%	Total Jobs	964	100.0%
< 10 miles	428	35.3%	< 10 miles	157	25.0%	< 10 miles	390	40.5%
10 to 24 miles	603	49.7%	10 to 24 miles	325	51.7%	10 to 24 miles	368	38.2%
25 to 50 miles	83	6.8%	25 to 50 miles	94	14.9%	25 to 50 miles	93	9.6%
> 50 miles	99	8.2%	> 50 miles	53	8.4%	> 50 miles	113	11.7%
Southwest Submarket			South Central Submarket			Southeast Submarket		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>
Spring Valley, MN	296	26.5%	Preston, MN	165	9.8%	Lanesboro, MN	37	12.2%
Rochester, MN	58	5.2%	Harmony, MN	132	7.9%	Mabel, MN	32	10.5%
Chatfield, MN	48	4.3%	Chatfield, MN	71	4.2%	Preston, MN	13	4.3%
Ostrander, MN	33	3.0%	Spring Valley, MN	56	3.3%	Rushford, MN	11	3.6%
Stewartville, MN	26	2.3%	Rochester, MN	51	3.0%	Rushford Village,	9	3.0%
Preston, MN	21	1.9%	Canton, MN	42	2.5%	Harmony, MN	6	2.0%
Grand Meadow, MN	16	1.4%	Lanesboro, MN	31	1.8%	Rochester, MN	5	1.6%
St. Charles, MN	12	1.1%	Mabel, MN	27	1.6%	Caledonia, MN	4	1.3%
Fountain, MN	11	1.0%	Cresco, IA	19	1.1%	Chatfield, MN	4	1.3%
Harmony, MN	11	1.0%	Wykoff, MN	19	1.1%	Owatonna, MN	3	1.0%
All Other Locations	583	52.3%	All Other Locations	1,067	63.5%	All Other Locations	180	59.2%
Distance Traveled			Distance Traveled			Distance Traveled		
Total Jobs	1,115	100.0%	Total Jobs	1,680	100.0%	Total Jobs	304	100.0%
< 10 miles	535	48.0%	< 10 miles	743	44.2%	< 10 miles	94	30.9%
10 to 24 miles	342	30.7%	10 to 24 miles	635	37.8%	10 to 24 miles	148	48.7%
25 to 50 miles	144	12.9%	25 to 50 miles	180	10.7%	25 to 50 miles	37	12.2%
> 50 miles	94	8.4%	> 50 miles	122	7.3%	> 50 miles	25	8.2%

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EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 3 continued
COMMUTING PATTERNS
FILLMORE COUNTY BY SUBMARKET
2015

WORK DESTINATION (where workers are employed who live in the selection area)

Northwest Submarket			North Central Submarket			Northeast Submarket		
<u>Place of</u>	<u>Count</u>	<u>Share</u>	<u>Place of</u>	<u>Count</u>	<u>Share</u>	<u>Place of</u>	<u>Count</u>	<u>Share</u>
Rochester, MN	907	46.1%	Rochester, MN	127	17.9%	Rushford, MN	297	18.2%
Chatfield, MN	220	11.2%	Lanesboro, MN	61	8.6%	Winona, MN	253	15.5%
Preston, MN	68	3.5%	Rushford, MN	58	8.2%	Rochester, MN	186	11.4%
Spring Valley, MN	47	2.4%	Preston, MN	47	6.6%	La Crosse, WI	77	4.7%
Stewartville, MN	38	1.9%	Winona, MN	47	6.6%	Lanesboro, MN	45	2.8%
Fountain, MN	29	1.5%	Mabel, MN	32	4.5%	Lewiston, MN	41	2.5%
Eyota, MN	28	1.4%	Chatfield, MN	21	3.0%	Preston, MN	37	2.3%
St. Charles, MN	28	1.4%	Decorah, IA	17	2.4%	Goodview, MN	28	1.7%
Wykoff, MN	24	1.2%	La Crosse, WI	17	2.4%	Chatfield, MN	25	1.5%
Minneapolis, MN	21	1.1%	Harmony, MN	16	2.3%	Mabel, MN	21	1.3%
All Other Locations	559	28.4%	All Other Locations	268	37.7%	All Other Locations	624	38.2%
Distance Traveled			Distance Traveled			Distance Traveled		
Total Jobs	1,969	100.0%	Total Jobs	711	100.0%	Total Jobs	1,634	100.0%
< 10 miles	360	18.3%	< 10 miles	146	20.5%	< 10 miles	380	23.3%
10 to 24 miles	1,242	63.1%	10 to 24 miles	247	34.7%	10 to 24 miles	741	45.3%
25 to 50 miles	109	5.5%	25 to 50 miles	229	32.2%	25 to 50 miles	345	21.1%
> 50 miles	258	13.1%	> 50 miles	89	12.5%	> 50 miles	168	10.3%

Southwest Submarket			South Central Submarket			Southeast Submarket		
<u>Place of</u>	<u>Count</u>	<u>Share</u>	<u>Place of</u>	<u>Count</u>	<u>Share</u>	<u>Place of</u>	<u>Count</u>	<u>Share</u>
Rochester, MN	939	36.9%	Rochester, MN	476	27.3%	Rochester, MN	187	17.6%
Spring Valley, MN	357	14.0%	Preston, MN	270	15.5%	Preston, MN	100	9.4%
Preston, MN	133	5.2%	Harmony, MN	148	8.5%	Harmony, MN	97	9.2%
Chatfield, MN	131	5.2%	Chatfield, MN	111	6.4%	Lanesboro, MN	74	7.0%
Stewartville, MN	68	2.7%	Spring Valley, MN	50	2.9%	Mabel, MN	60	5.7%
Harmony, MN	55	2.2%	Lanesboro, MN	42	2.4%	Decorah, IA	41	3.9%
St. Charles, MN	32	1.3%	Fountain, MN	28	1.6%	Rushford, MN	37	3.5%
Ostrander, MN	26	1.0%	Cresco, IA	24	1.4%	Spring Grove, MN	37	3.5%
Wykoff, MN	20	0.8%	Stewartville, MN	21	1.2%	Winona, MN	31	2.9%
Cresco, IA	18	0.7%	Winona, MN	18	1.0%	Caledonia, MN	18	1.7%
All Other Locations	764	30.0%	All Other Locations	553	31.8%	All Other Locations	378	35.7%
Distance Traveled			Distance Traveled			Distance Traveled		
Total Jobs	2,543	100.0%	Total Jobs	1,741	100.0%	Total Jobs	1,060	100.0%
< 10 miles	568	22.3%	< 10 miles	584	33.5%	< 10 miles	226	21.3%
10 to 24 miles	1,146	45.1%	10 to 24 miles	355	20.4%	10 to 24 miles	363	34.2%
25 to 50 miles	509	20.0%	25 to 50 miles	581	33.4%	25 to 50 miles	326	30.8%
> 50 miles	320	12.6%	> 50 miles	221	12.7%	> 50 miles	145	13.7%

Sources: US Census Bureau Local Employment Dynamics; Maxfield Research & Consulting, LLC

Employment Growth Trends

Employment Trends Table 4 on the following page shows employment growth trends and projections from 2000 to 2030 based on the most recent information available from the Minnesota Department of Employment and Economic Development (DEED). Data for 2000, 2005, and 2010 represents the annual average employment for that year, while 2018 data is from the third quarter, the most recent data available.

Information is sourced from the Quarterly Census of Employment and Wages (QCEW). All establishments covered under the Unemployment Insurance Program are required to report wage and employment statistics quarterly to the DEED. Federal government establishments are also covered by the QCEW program. The Unemployment Insurance Program covers roughly 97% of Minnesota employment. Workers and jobs excluded from these statistics include the self-employed, family farm workers, and those who work only on a commission basis.

Employment projections for 2024 and 2030 are based on 2016-2026 industry projections published for Southeast Minnesota, the most recent forecast available from DEED. Maxfield Research applied the projected annual rate of growth to the 2018 employment data to arrive at the employment forecast for Southeast Minnesota. Employment projections for Fillmore County were based on a review of changes to the proportion of the Region's growth that occurred in the County between 2010 and 2018. We then projected population growth for the submarkets and cities based on a review of recent changes to the proportion of the County's growth that has occurred in each geography.

- In 2000, there were 6,783 jobs in Fillmore County and 225,387 jobs in Southeast Minnesota. Due, in part, to the economic recession, County employment contracted -11.9% (-805 jobs) by 2010. By comparison, employment in Southeast Minnesota declined -0.1% while employment in the State of Minnesota contracted -1.7%.
- Data from the Quarterly Census of Employment and Wages indicates that employment in the County expanded 3.0% (181 jobs) between 2010 and 2018, while Southeast Minnesota experienced 9.3% job growth.
- Among the Fillmore County submarkets, North Central experienced the greatest growth, adding 102 jobs (22%) between 2010 and 2018. The Northwest (4.0%), Southwest (5.1%), and South Central (1.9%) Submarkets also experienced job growth. Contraction occurred in the Northeast (-5.3%) and Southeast (-7.1%) Submarkets.
- As of the third quarter of 2018, employment concentrations are largest in Rushford (951 jobs), Chatfield (861 jobs), Spring Valley (788 jobs), and Preston (738 jobs).

EMPLOYMENT TRENDS

**EMPLOYMENT TRENDS TABLE 4
EMPLOYMENT GROWTH TRENDS AND PROJECTIONS
FILLMORE COUNTY MARKET AREA
2000 - 2030**

							Change							
	Annual			3rd Qtr	Forecast		2000-2010		2010-2018		2018-2024		2024-2030	
	2000	2005	2010	2018	2024	2030	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Fillmore County*	6,783	6,511	5,978	6,159	6,247	6,367	-805	-11.9%	181	3.0%	88	1.4%	120	1.9%
Northwest	1,132	1,166	1,111	1,155	1,187	1,216	-21	-1.9%	44	4.0%	32	2.8%	29	2.5%
Chatfield^	896	996	884	861	904	949	-12	-1.3%	-23	-2.6%	43	5.0%	44	4.9%
Townships	236	170	227	294	283	268	-9	-3.8%	67	29.5%	-11	-3.9%	-15	-5.3%
North Central	497	516	464	566	581	592	-33	-6.6%	102	22.0%	15	2.6%	11	1.9%
Lanesboro	410	419	438	446	501	515	28	6.8%	8	1.8%	55	12.3%	14	2.9%
Whalan	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Townships	87	97	26	120	80	77	-61	-70.1%	94	361.5%	-40	-33.2%	-3	-4.0%
Northeast	1,572	1,418	1,286	1,218	1,249	1,273	-286	-18.2%	-68	-5.3%	31	2.6%	24	1.9%
Peterson	79	154	115	120	131	134	36	45.6%	5	4.3%	11	9.0%	3	2.3%
Rushford	1,399	1,193	1,032	951	956	993	-367	-26.2%	-81	-7.8%	5	0.5%	37	3.9%
Rushford Village	92	70	139	125	117	127	47	51.1%	-14	-10.1%	-8	-6.3%	10	8.7%
Townships	2	1	0	22	45	19	-2	-100.0%	22	--	23	106.0%	-26	-57.8%
Southwest	1,329	1,293	1,117	1,174	1,198	1,223	-212	-16.0%	57	5.1%	24	2.1%	24	2.0%
Ostrander	86	84	82	78	78	73	-4	-4.7%	-4	-4.9%	0	0.6%	-5	-6.6%
Spring Valley	975	1,011	898	788	839	880	-77	-7.9%	-110	-12.2%	51	6.4%	42	5.0%
Wykoff	141	129	102	73	82	79	-39	-27.7%	-29	-28.4%	9	12.2%	-2	-3.0%
Townships	127	69	35	235	199	189	-92	-72.4%	200	571.4%	-36	-15.1%	-10	-5.0%
South Central	2,041	2,113	1,925	1,961	1,989	2,025	-116	-5.7%	36	1.9%	28	1.4%	36	1.8%
Fountain	208	205	178	165	176	178	-30	-14.4%	-13	-7.3%	11	6.7%	2	1.2%
Harmony	600	655	554	527	565	575	-46	-7.7%	-27	-4.9%	38	7.2%	10	1.8%
Preston	1,033	1,025	855	738	760	773	-178	-17.2%	-117	-13.7%	22	3.0%	13	1.8%
Townships	200	228	338	531	488	498	138	69.0%	193	57.1%	-43	-8.1%	10	2.0%
Southeast	373	306	322	299	300	301	-51	-13.7%	-23	-7.1%	1	0.3%	1	0.3%
Canton	27	40	38	16	16	17	11	40.7%	-22	-57.9%	0	2.6%	0	0.8%
Mabel	310	265	252	215	227	227	-58	-18.7%	-37	-14.7%	12	5.4%	1	0.3%
Townships	36	1	32	68	57	57	-4	-11.1%	36	112.5%	-11	-16.3%	0	0.4%
Southeast MN	225,387	229,647	225,090	245,961	252,828	259,887	-297	-0.1%	20,871	9.3%	6,867	2.8%	7,059	2.8%
Minnesota	2,608,844	2,637,323	2,563,391	2,894,506	2,998,495	3,106,220	-45,453	-1.7%	331,115	12.9%	103,989	3.6%	107,725	3.6%

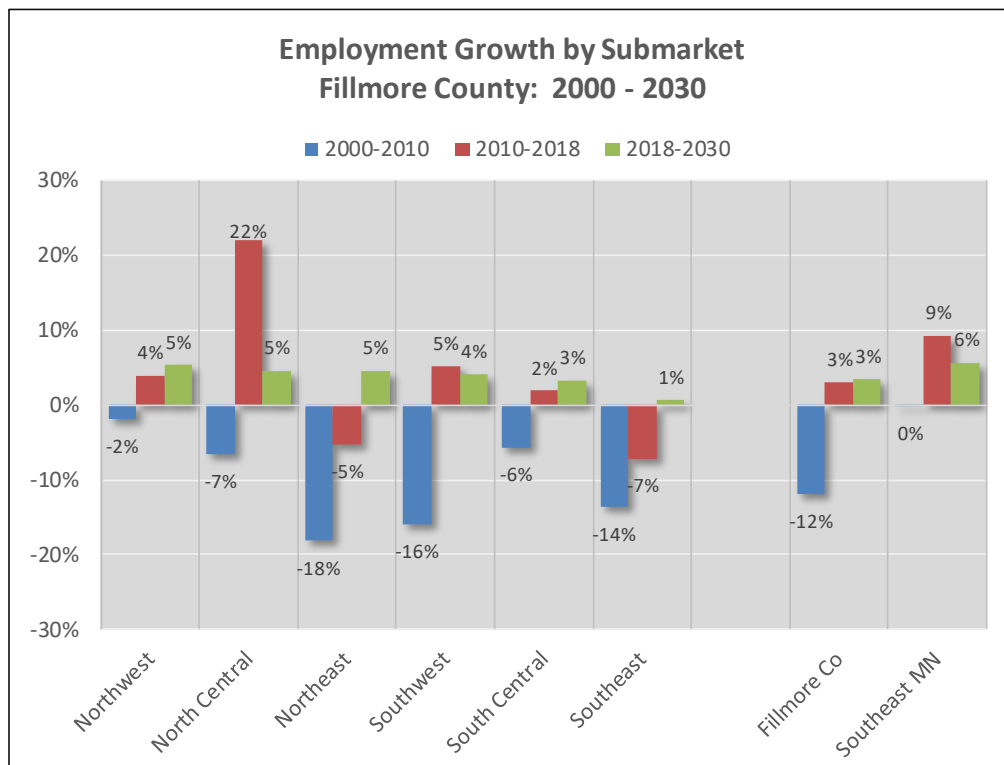
*Fillmore County total excludes portion of Chatfield in Olmsted County

^Chatfield total includes portion of the City in Olmsted County

Sources: MN Department of Employment and Economic Development; Maxfield Research & Consulting, LLC

EMPLOYMENT TRENDS

- Modest job growth is expected in the Market Area between 2018 and 2024, as Southeast Minnesota is projected to experience a 2.8% gain, adding 6,867 jobs.
- The proportion of Southeast Minnesota's jobs located in Fillmore County declined from 3.01% in 2000 to 2.66% in 2010 and 2.50% in 2018. We expect this trend to continue, declining to 2.47% by 2024. Based on this projection, we anticipate that employment in Fillmore County will expand 1.4%, adding 88 jobs between 2018 and 2024.
- Southeast Minnesota employment is projected to expand another 2.8% between 2024 and 2030, including 1.9% growth in Fillmore County (120 jobs).
- The pace of job growth is expected to be restrained as the region will experience potential labor force shortages and a surge in retirements.
- Within Fillmore County, job growth will likely be focused along the major transportation corridors where there are concentrations of existing businesses, convenient highway access, and a growing population.



- Led by growth in Chatfield, the Northwest Submarket is projected to experience the fastest job growth between 2018 and 2030, expanding 5.3% (61 jobs).

EMPLOYMENT TRENDS

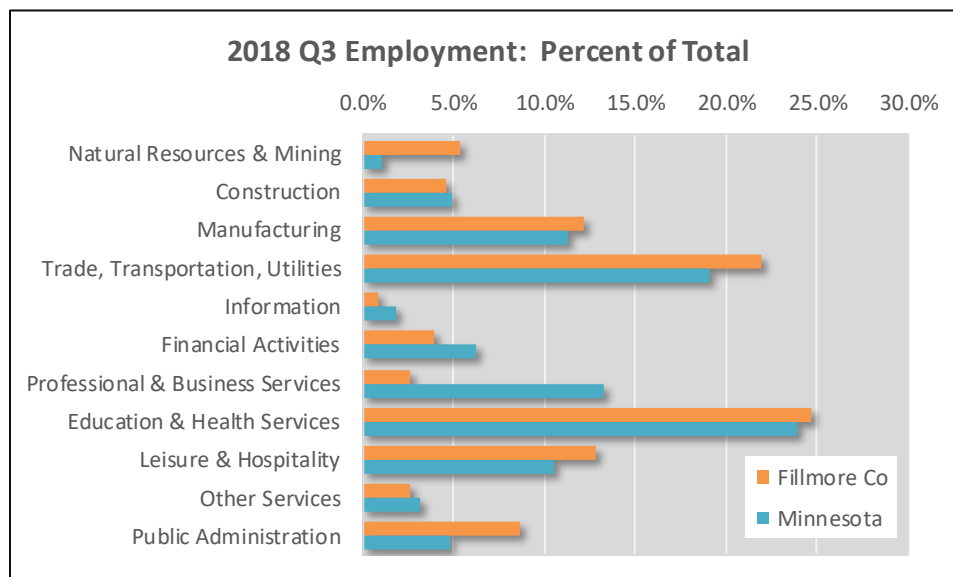
- The potential addition, or loss, of a major employer(s) would likely have a notable impact on these job growth projections in the County, particularly to the submarket projections.
- For example, the City of Preston is pursuing financing and approval for a 54-bed skilled nursing facility for Veterans which could bring approximately 100 new jobs to the South Central Submarket.
- We anticipate that the addition of the Veteran's Home (or any new large employer) would have a positive economic impact in the County. In addition to the jobs created by a new employer, there would also be temporary construction jobs as well as longer-term indirect and induced values created.
- Indirect values would include benefits to other companies needed to support the new business (i.e. the new business would require supplies, utilities, services, etc. from other business establishments). Induced benefits are the result of the additional household spending generated by the increased labor force needed to fill the new jobs.
- Additionally, we expect that the Veteran's Home (or the addition of any other major employer) would stimulate household growth and housing demand in the County.
- However, many of the new jobs would likely be taken by current workers that would not need to relocate (i.e. unemployed residents, nonresidents commuting into the area, current outflow commuters, existing residents entering the workforce).
- Household growth would only be generated when someone takes a job and relocates to the area. We would anticipate that a new employer creating 100 jobs would generate growth of approximately 25 to 30 households in the County. Our rationale is outlined below.
 - Based on commuting pattern data, it appears that the probability of living and working in Fillmore County is 50%.
 - The increase in workers residing in Fillmore County would be 50 new resident workers (100 new jobs times 50%). The remaining jobs would be filled by workers commuting into the County.
 - The estimated labor force per household ratio in Fillmore County is 1.9 (per American Community Survey data).
 - Applying this ratio to the potential new resident workers (50 divided by 1.9 workers per household) results in 26 new households in the County.
- A portion of these households would likely satisfy their housing needs by filling existing vacancies (for-sale or rental housing units). Depending on the wage structure of the new jobs, a smaller proportion would desire or be able to afford new construction housing units.

Industry Employment and Wage Data

Employment Trends Table 5 on the following pages displays information on the employment and wage situation in Fillmore County and its submarkets compared to Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from DEED and represents third quarter data for 2017 compared to 2018, the most recent data available.

All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics to DEED quarterly. Certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

- Fillmore County experienced flat job growth between the third quarters of 2017 and 2018. Education and Health Services and Trade, Transportation, and Utilities experienced notable gains, adding 37 jobs (2.5%) and 15 jobs (1.1%), respectively. These gains were offset by contraction in several industry sectors, notably Public Administration (-30 jobs) and Manufacturing (-26 jobs).
- Education and Health Services is the largest employment sector in the County providing 1,518 jobs (24.6% of total jobs) followed by Trade, Transportation, and Utilities with 1,352 jobs (22.0%). Education and Health Services is also the largest employment sector in Minnesota (23.9% of total employment).



- The number of business establishments in Fillmore County expanded 6.3% over the year, adding 41 businesses, with the largest growth occurring in the Education and Health Services industry sector.

EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 5										
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES										
FILLMORE COUNTY MARKET AREA										
Industry	2017 Q3			2018 Q3			Change 2017 - 2018			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment # %		Wage # %	
FILLMORE COUNTY										
Total, All Industries	646	6,210	\$626	687	6,159	\$639	-51	-0.8%	\$13	2.1%
Natural Resources & Mining	44	325	\$712	47	328	\$697	3	0.9%	(\$15)	-2.1%
Construction	74	296	\$961	79	283	\$833	-13	-4.4%	(\$128)	-13.3%
Manufacturing	44	772	\$859	45	746	\$871	-26	-3.4%	\$12	1.4%
Trade, Transportation, Utilities	143	1,337	\$687	146	1,352	\$709	15	1.1%	\$22	3.2%
Information	16	64	\$679	15	49	\$595	-15	-23.4%	(\$84)	-12.4%
Financial Activities	47	256	\$859	46	240	\$994	-16	-6.3%	\$135	15.7%
Professional & Business Services	48	155	\$564	49	162	\$593	7	4.5%	\$29	5.1%
Education & Health Services	62	1,481	\$553	86	1,518	\$571	37	2.5%	\$18	3.3%
Leisure & Hospitality	81	807	\$253	84	789	\$263	-18	-2.2%	\$10	4.0%
Other Services	52	152	\$378	55	158	\$371	6	3.9%	(\$7)	-1.9%
Public Administration	35	561	\$638	35	531	\$687	-30	-5.3%	\$49	7.7%
NORTHWEST SUBMARKET										
Total, All Industries	103	1,122	\$648	108	1,155	\$647	33	2.9%	(\$1)	-0.2%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	6	121	\$874	6	121	\$889	0	0.0%	\$15	1.7%
Trade, Transportation, Utilities	21	191	\$575	22	211	\$588	20	10.5%	\$13	2.3%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	5	15	\$902	--	--	--	--	--	--	--
Professional & Business Services	10	47	\$821	10	55	\$804	8	17.0%	(\$17)	-2.1%
Education & Health Services	--	--	--	--	--	--	--	--	--	--
Leisure & Hospitality	11	76	\$155	11	74	\$202	-2	-2.6%	\$47	30.3%
Other Services	13	34	\$564	14	34	\$573	0	0.0%	\$9	1.6%
Public Administration	1	89	\$291	1	82	\$218	-7	-7.9%	(\$73)	-25.1%
NORTH CENTRAL SUBMARKET										
Total, All Industries	71	573	\$480	72	566	\$458	-7	-1.2%	(\$22)	-4.7%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	3	9	\$720	3	10	\$787	1	11.1%	\$67	9.3%
Manufacturing	--	--	--	--	--	--	--	--	--	--
Trade, Transportation, Utilities	14	100	\$387	13	100	\$357	0	0.0%	(\$30)	-7.8%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	6	19	\$1,138	6	19	\$1,239	0	0.0%	\$101	8.9%
Professional & Business Services	--	--	--	4	14	\$195	--	--	--	--
Education & Health Services	--	--	--	--	--	--	--	--	--	--
Leisure & Hospitality	19	177	\$256	20	178	\$234	1	0.6%	(\$22)	-8.6%
Other Services	3	15	\$175	--	--	--	--	--	--	--
Public Administration	3	21	\$626	3	23	\$578	2	9.5%	(\$48)	-7.7%
NORTHEAST SUBMARKET										
Total, All Industries	96	1,284	\$610	94	1,218	\$635	-66	-5.1%	\$25	4.2%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	5	29	\$592	--	--	--	--	--	--	--
Trade, Transportation, Utilities	15	259	\$660	15	262	\$707	3	1.2%	\$47	7.1%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	8	49	\$706	8	50	\$713	1	2.0%	\$7	1.0%
Professional & Business Services	--	--	--	--	--	--	--	--	--	--
Education & Health Services	8	465	\$554	10	457	\$583	-8	-1.7%	\$29	5.2%
Leisure & Hospitality	7	78	\$215	8	87	\$207	9	11.5%	(\$8)	-3.7%
Other Services	10	27	\$456	11	30	\$474	3	11.1%	\$18	3.9%
Public Administration	6	54	\$447	6	48	\$512	-6	-11.1%	\$65	14.6%
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research & Consulting, LLC										

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research & Consulting, LLC

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EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 5 continued										
QUARTERLY CENSUS OF EMPLOYMENT AND WAGES										
FILLMORE COUNTY MARKET AREA										
Industry	2017 Q3			2018 Q3			Change 2017 - 2018			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment		Wage	
							#	%	#	%
SOUTHWEST SUBMARKET										
Total, All Industries	155	1,205	\$591	169	1,174	\$610	-31	-2.6%	\$19	3.1%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	--	--	--	--	--	--	--	--	--	--
Manufacturing	6	109	\$918	7	78	\$889	-31	-28.4%	(\$29)	-3.2%
Trade, Transportation, Utilities	27	294	\$639	33	312	\$699	18	6.1%	\$59	9.3%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	12	53	\$911	13	52	\$1,340	-1	-1.9%	\$429	47.1%
Professional & Business Services	6	21	\$355	5	21	\$331	0	0.0%	(\$24)	-6.8%
Education & Health Services	10	170	\$438	16	195	\$453	25	14.7%	\$15	3.4%
Leisure & Hospitality	10	108	\$232	10	95	\$237	-13	-12.0%	\$5	2.2%
Other Services	--	--	--	--	--	--	--	--	--	--
Public Administration	7	70	\$376	7	65	\$432	-5	-7.1%	\$56	14.9%
SOUTH CENTRAL SUBMARKET										
Total, All Industries	201	2,008	\$691	203	1,961	\$708	-47	-2.3%	\$17	2.4%
Natural Resources & Mining	3	10	\$520	3	8	\$660	-2	-20.0%	\$140	26.9%
Construction	7	15	\$723	7	16	\$744	1	6.7%	\$21	2.9%
Manufacturing	6	81	\$1,015	5	80	\$1,093	-1	-1.2%	\$78	7.7%
Trade, Transportation, Utilities	44	330	\$645	43	341	\$654	11	3.3%	\$9	1.4%
Information	3	28	\$677	--	--	--	--	--	--	--
Financial Activities	8	79	\$910	7	74	\$975	-5	-6.3%	\$65	7.2%
Professional & Business Services	10	24	\$345	10	23	\$373	-1	-4.2%	\$28	8.1%
Education & Health Services	20	365	\$541	21	382	\$570	17	4.7%	\$29	5.3%
Leisure & Hospitality	19	192	\$214	20	161	\$215	-31	-16.1%	\$0	0.1%
Other Services	12	41	\$291	6	23	\$362	-18	-43.9%	\$71	24.3%
Public Administration	14	285	\$910	14	277	\$986	-8	-2.8%	\$76	8.4%
SOUTHEAST SUBMARKET										
Total, All Industries	44	299	\$566	49	299	\$581	0	0.0%	\$15	2.7%
Natural Resources & Mining	--	--	--	--	--	--	--	--	--	--
Construction	3	12	\$750	--	--	--	--	--	--	--
Manufacturing	--	--	--	--	--	--	--	--	--	--
Trade, Transportation, Utilities	2	6	\$789	2	4	\$860	-2	-33.3%	\$71	9.0%
Information	--	--	--	--	--	--	--	--	--	--
Financial Activities	--	--	--	--	--	--	--	--	--	--
Professional & Business Services	--	--	--	--	--	--	--	--	--	--
Education & Health Services	--	--	--	--	--	--	--	--	--	--
Leisure & Hospitality	--	--	--	--	--	--	--	--	--	--
Other Services	5	15	\$422	5	22	\$286	7	46.7%	(\$136)	-32.2%
Public Administration	4	39	\$232	4	33	\$231	-6	-15.4%	(\$2)	-0.7%
MINNESOTA										
Total, All Industries	168,504	2,866,970	\$1,031	176,640	2,896,295	\$1,075	29,325	1.0%	\$44	4.3%
Natural Resources & Mining	3,016	29,199	\$890	3,077	29,487	\$919	288	1.0%	\$29	3.3%
Construction	16,029	139,354	\$1,238	16,843	143,100	\$1,280	3,746	2.7%	\$42	3.4%
Manufacturing	8,272	322,558	\$1,236	8,495	326,100	\$1,269	3,542	1.1%	\$33	2.7%
Trade, Transportation, Utilities	37,383	551,995	\$899	38,360	551,733	\$932	-262	0.0%	\$33	3.7%
Information	3,778	54,063	\$1,324	4,096	53,005	\$1,403	-1,058	-2.0%	\$79	6.0%
Financial Activities	15,510	178,781	\$1,487	15,992	180,989	\$1,564	2,208	1.2%	\$77	5.2%
Professional & Business Services	30,278	379,123	\$1,421	32,325	384,400	\$1,487	5,277	1.4%	\$66	4.6%
Education & Health Services	19,641	683,118	\$959	21,339	693,325	\$1,005	10,207	1.5%	\$46	4.8%
Leisure & Hospitality	14,911	300,451	\$423	15,439	303,097	\$440	2,646	0.9%	\$17	4.0%
Other Services	16,322	90,841	\$621	17,292	91,328	\$657	487	0.5%	\$36	5.8%
Public Administration	3,364	137,484	\$1,072	3,382	139,727	\$1,107	2,243	1.6%	\$35	3.3%

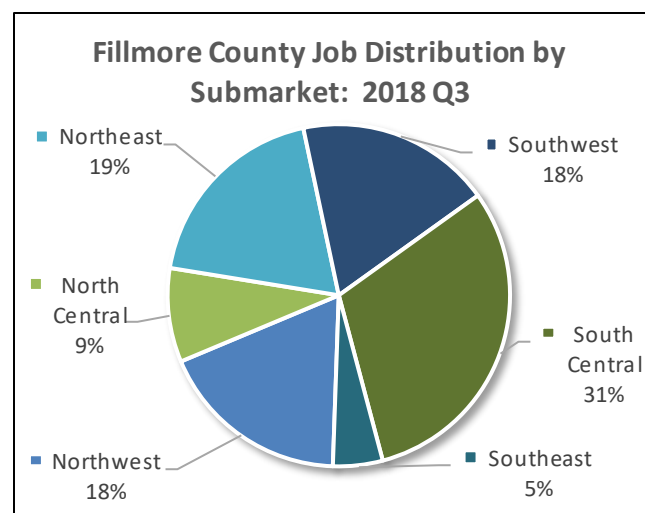
Sources: Minnesota Department of Employment and Economic Development; Maxfield Research & Consulting, LLC

EMPLOYMENT TRENDS

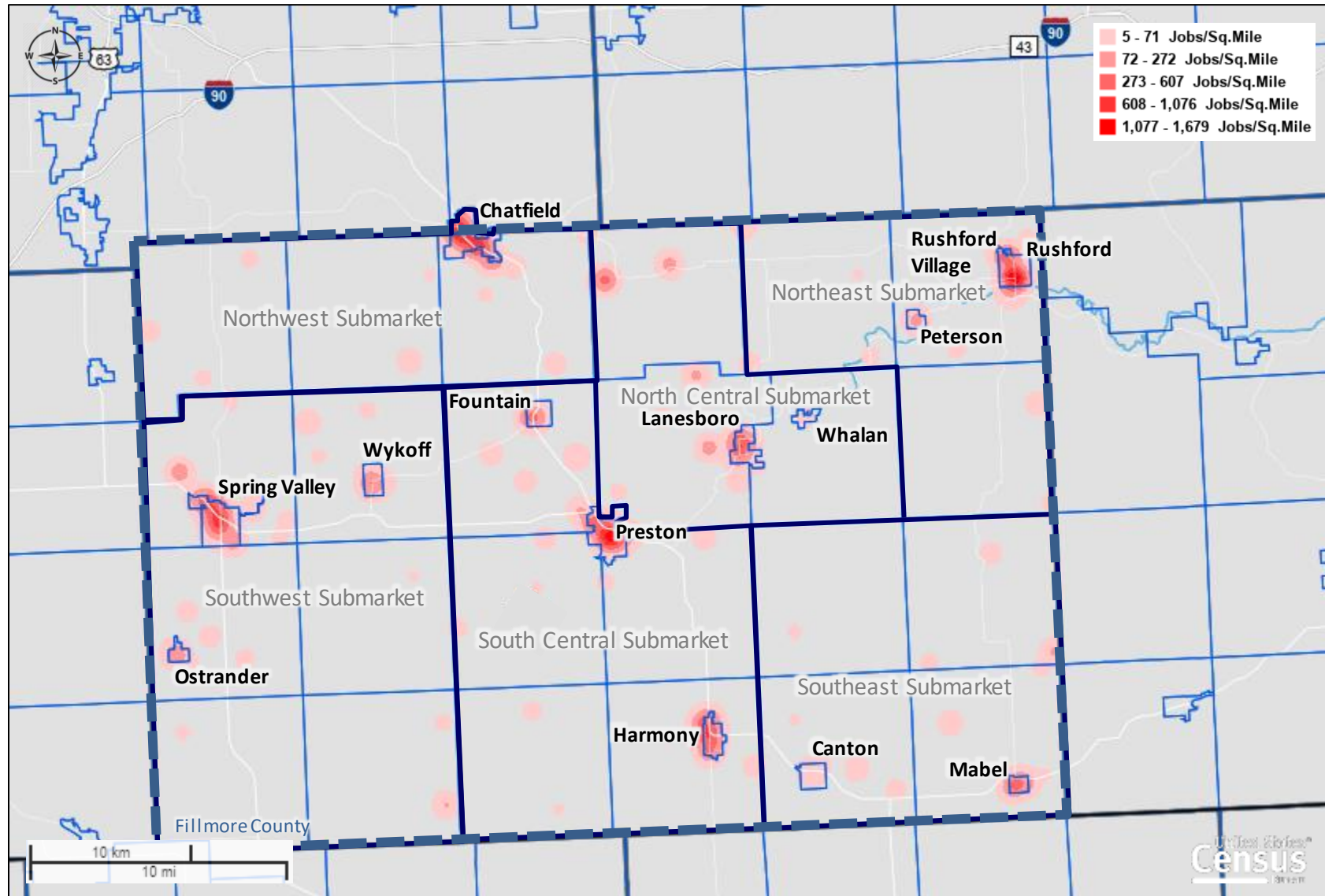
- Average weekly wages in Fillmore County (\$639) are -41% lower than Minnesota (\$1,075) and -36% lower than Southeast Minnesota (\$1,001). Highest average wages in Fillmore County are found in the Financial Activities (\$994), Manufacturing (\$871), and Construction (\$833) sectors.
- A household earning the average weekly wage in the County (\$639) would be able to afford an apartment renting for approximately \$831 per month to not exceed 30% of its monthly income on housing costs, higher than the median contract rent for renter-occupied housing units in the County (\$482).
- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in Fillmore County would be able to afford to purchase a home priced at approximately \$128,000 or lower to not be cost-burdened (paying more than 30% of their income for housing).

	Average Weekly Wage	Affordable Monthly Rent	Affordable Home Sale Price
Fillmore County	\$639	\$831	\$128,000
Northwest Submarket	\$647	\$841	\$129,500
North Central Submarket	\$458	\$595	\$91,500
Northeast Submarket	\$635	\$826	\$127,000
Southwest Submarket	\$610	\$793	\$120,000
South Central Submarket	\$708	\$920	\$142,000
Southeast Submarket	\$581	\$755	\$116,500
Minnesota	\$1,075	\$1,398	\$215,000

- The preceding figure highlights average wages by submarket in Fillmore County along with the maximum affordable rents and maximum affordable home sale prices (based on 30% of income) for each submarket.
- As depicted in the map on the following page and in the adjacent graph, the South Central Submarket contains the highest concentration of jobs in Fillmore County, followed by the Northeast.
- The Southeast Submarket has the lowest employment concentration in the County.
- Cities with the highest job totals include Rushford (951), Chatfield (861), Spring Valley (788), and Preston (738).



Employment Concentrations in Fillmore County



Major Employers

Employment Trends Table 6 on the following pages provides a summary of the major employers in Fillmore County by Submarket and City. The data in this list was provided by the Minnesota Department of Employment and Economic Development. The source of their information is the national Infogroup database. Infogroup is a national data, analytics, and marketing services provider.

- The largest employers (employers with 100 employees or more) in Fillmore County are as follows:
 - Strongwell Corporation, Tuohy Furniture Corporation, Chosen Valley Care Center, and Chosen Valley Public Schools in Chatfield;
 - Farmers Cooperative Elevator and Rushford-Peterson Public Schools in Rushford;
 - Fillmore Central Public Schools and Fillmore County in Preston.
- These eight largest employers represent six different industry sectors, including three in Educational Services, along with Manufacturing, Wholesale Trade, Health Care and Social Assistance, Retail Trade, and Public Administration.
- A total of 139 major employers (ten employees or more) were identified in Fillmore County.
- The South Central and Southwest Submarkets have the highest concentrations of major employers, with 44 and 33, respectively. There are 24 major employers in the Northwest Submarket and 19 in the Northeast. The North Central Submarket has 13 major employers and there are six located in the Southeast Submarket.
- The highest concentrations of major employers are found in the larger cities in Fillmore County, notably Spring Valley with 30, followed by Preston (24), Chatfield (24), Rushford (17), and Harmony (17).
- Many of the major industry sectors are represented among these major employers, with the largest concentrations in Retail Trade (19%), Health Care and Social Assistance (17%), Arts, Entertainment and Recreation (13%), and Wholesale Trade (7%).

EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 6 MAJOR EMPLOYERS FILLMORE COUNTY BY SUBMARKET			
Company	City	Industry	Employees
Northwest Submarket			
Darling International Inc	Chatfield	Manufacturing	10-99
Sunshine Foods	Chatfield	Manufacturing	10-99
Jennie-O Turkey Store	Chatfield	Manufacturing	10-99
Strongwell Chatfield Div	Chatfield	Wholesale Trade	100-499
Tuohy Furniture Corp.	Chatfield	Manufacturing	100-499
St. Joseph Equipment	Chatfield	Wholesale Trade	10-99
Hammell Equipment Inc	Chatfield	Wholesale Trade	10-99
Kwik Trip	Chatfield	Retail Trade	10-99
Chatfield Trucking Inc	Chatfield	Transportation and Warehousing	10-99
Bernard Bus Coach Inc	Chatfield	Transportation and Warehousing	10-99
Funk Trucking	Chatfield	Transportation and Warehousing	10-99
Root River State Bank	Chatfield	Finance and Insurance	10-99
F&M Community Bank	Chatfield	Finance and Insurance	10-99
G-Cubed	Chatfield	Professional, Scientific and Technical	10-99
Johnson Bancshares Inc	Chatfield	Management of Companies and Enterprises	10-99
Chosen Valley Public Schools	Chatfield	Educational Services	100-499
Yennie Martial Arts	Chatfield	Educational Services	10-99
Chosen Valley Assisted Living	Chatfield	Health Care and Social Assistance	10-99
Chatfield Clinic	Chatfield	Health Care and Social Assistance	10-99
Chatfield Ambulance Service	Chatfield	Health Care and Social Assistance	10-99
Learn & Play Daycare	Chatfield	Health Care and Social Assistance	10-99
Chosen Valley Care Center	Chatfield	Health Care and Social Assistance	100-499
Jac's Bar & Grill	Chatfield	Arts, Entertainment and Recreation	10-99
Subway	Chatfield	Arts, Entertainment and Recreation	10-99
North Central Submarket			
Lanesboro Public Utility Commission	Lanesboro	Utilities	10-99
Lanesboro Sales Commission Inc	Lanesboro	Wholesale Trade	10-99
S&A Petroleum Inc	Lanesboro	Wholesale Trade	10-99
Walter Bradley	Lanesboro	Finance and Insurance	10-99
Preston Specialties	Lanesboro	Administrative & Support & Waste Management	10-99
Lanesboro Public Schools	Lanesboro	Educational Services	10-99
Eagle Bluff Environmental	Lanesboro	Educational Services	10-99
Pedal Pushers Café	Lanesboro	Arts, Entertainment and Recreation	10-99
Stones Mill Suites	Lanesboro	Arts, Entertainment and Recreation	10-99
High Court Pub	Lanesboro	Arts, Entertainment and Recreation	10-99
Riverside on the Root	Lanesboro	Arts, Entertainment and Recreation	10-99
Gil Bs Pizza & Sandwich Shoppe	Lanesboro	Arts, Entertainment and Recreation	10-99
WW (Weight Watchers)	Lanesboro	Other Services	10-99
Northeast Submarket			
Tri-County Electric Co-Op	Rushford	Utilities	10-99
MI Energy Cooperative	Rushford	Utilities	10-99
Norman's Electric Svc Inc	Rushford	Construction	10-99
Featherstone Fruits	Rushford	Retail Trade	10-99
Kwik Trip	Rushford	Retail Trade	10-99
Pam's Corner Convenience LLC	Rushford	Retail Trade	10-99
Rushford Hardware	Rushford	Retail Trade	10-99
Sterling Pharmacy	Rushford	Retail Trade	10-99
Rushford IGA	Rushford	Retail Trade	10-99
M&M Lawn & Leisure	Rushford	Retail Trade	10-99
Farmers Cooperative Elevator	Rushford	Retail Trade	100-499

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EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 6 continued			
MAJOR EMPLOYERS			
FILLMORE COUNTY BY SUBMARKET			
Company	City	Industry	Employees
Rushford State Bank	Rushford	Finance and Insurance	10-99
Good Shepherd Senior Apt	Rushford	Real Estate, Rental and Leasing	10-99
Good Shepherd Lutheran Svc	Rushford	Real Estate, Rental and Leasing	10-99
Rushford-Peterson Public Schools	Rushford	Educational Services	100-499
Dahl's Auto Works Inc	Rushford	Other Services	10-99
Rushford City Ambulance Garage	Rushford	Public Administration	10-99
Geneva's Canoe & Tube Rental	Peterson	Real Estate, Rental and Leasing	10-99
Grace Lutheran Church	Peterson	Other Services	10-99
Southwest Submarket			
Ostrander Care & Rehab	Ostrander	Health Care and Social Assistance	10-99
Sema	Spring Valley	Wholesale Trade	10-99
Overhead Door Co - Spring Valley	Spring Valley	Retail Trade	10-99
Marzolf Implement	Spring Valley	Retail Trade	10-99
Spring Valley Chevrolet Buick	Spring Valley	Retail Trade	10-99
Zeimet Motors Inc	Spring Valley	Retail Trade	10-99
Kwik Trip	Spring Valley	Retail Trade	10-99
Casey's General Store	Spring Valley	Retail Trade	10-99
Sunshine Foods	Spring Valley	Retail Trade	10-99
Kuehn Motor Co	Spring Valley	Retail Trade	10-99
Security State Bank	Spring Valley	Finance and Insurance	10-99
Brandon Scheevel	Spring Valley	Finance and Insurance	10-99
Home Federal Savings Bank	Spring Valley	Finance and Insurance	10-99
Edina Realty	Spring Valley	Real Estate, Rental and Leasing	10-99
AMD Distribution Inc	Spring Valley	Professional, Scientific and Technical	10-99
Spring Valley Public Utilities	Spring Valley	Professional, Scientific and Technical	10-99
Grafe Auction	Spring Valley	Professional, Scientific and Technical	10-99
Kingsland Public Schools	Spring Valley	Educational Services	10-99
Farm Management Education Ctr	Spring Valley	Educational Services	10-99
Spring Valley Area Ambulance	Spring Valley	Health Care and Social Assistance	10-99
Mettler Family Chiropractic	Spring Valley	Health Care and Social Assistance	10-99
Mayo Clinic	Spring Valley	Health Care and Social Assistance	10-99
Community Memorial Nursing Home	Spring Valley	Health Care and Social Assistance	10-99
Augustana	Spring Valley	Health Care and Social Assistance	10-99
Mettler-Mettler-Kristi	Spring Valley	Health Care and Social Assistance	10-99
Dairy Queen	Spring Valley	Arts, Entertainment and Recreation	10-99
Subway	Spring Valley	Arts, Entertainment and Recreation	10-99
A&W Restaurants	Spring Valley	Arts, Entertainment and Recreation	10-99
Opportunity Partners	Spring Valley	Other Services	10-99
Spring Valley Care Center	Spring Valley	Other Services	10-99
Fire Station	Spring Valley	Public Administration	10-99
Thompson Motors of Wykoff	Wykoff	Retail Trade	10-99
Home Telephone - Wykoff Short	Wykoff	Retail Trade	10-99
South Central Submarket			
Drury's Furniture	Fountain	Retail Trade	10-99
Los Gables	Fountain	Arts, Entertainment and Recreation	10-99
Village Square of Fountain	Fountain	Arts, Entertainment and Recreation	10-99
Harmony Agricultural Svc Inc	Harmony	Agriculture	10-99
Nutrien AG Solutions	Harmony	Agriculture	10-99
City of Harmony	Harmony	Utilities	10-99
Minnowa Construction Inc	Harmony	Construction	10-99
Haugerud Painting & Drywall	Harmony	Construction	10-99
Griffin Construction Co	Harmony	Construction	10-99
Harmony Enterprises Inc	Harmony	Wholesale Trade	10-99
Kwik Trip	Harmony	Retail Trade	10-99

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EMPLOYMENT TRENDS

EMPLOYMENT TRENDS TABLE 6 continued
MAJOR EMPLOYERS
FILLMORE COUNTY BY SUBMARKET

Company	City	Industry	Employees
Harmony IGA	Harmony	Retail Trade	10-99
First Southeast Bank	Harmony	Finance and Insurance	10-99
Harmony Veterinary Clinic	Harmony	Professional, Scientific and Technical	10-99
Clara House of Harmony	Harmony	Health Care and Social Assistance	10-99
Gundersen Harmony Care Center	Harmony	Health Care and Social Assistance	10-99
Camp Creek Hardscapes	Harmony	Arts, Entertainment and Recreation	10-99
Harmony House Restaurant	Harmony	Arts, Entertainment and Recreation	10-99
Village Square Restaurant	Harmony	Arts, Entertainment and Recreation	10-99
Firemen's Meeting Room	Harmony	Public Administration	10-99
Foremost Farms	Preston	Manufacturing	10-99
Preston Equipment Co	Preston	Wholesale Trade	10-99
Gehling Auction Co Inc	Preston	Wholesale Trade	10-99
Southeast Minnesota Ethanol	Preston	Wholesale Trade	10-99
Preston IGA	Preston	Retail Trade	10-99
Casey's General Store	Preston	Retail Trade	10-99
Root River Hardwood	Preston	Retail Trade	10-99
Townsquare Media	Preston	Information	10-99
KFIL Radio Station	Preston	Information	10-99
F&M Community Bank	Preston	Finance and Insurance	10-99
Fillmore Central Public Schools	Preston	Educational Services	100-499
One Block at a Time Daycare	Preston	Health Care and Social Assistance	10-99
Good Samaritan Society Home Care	Preston	Health Care and Social Assistance	10-99
Fillmore County Development	Preston	Health Care and Social Assistance	10-99
Fillmore County Physical Therapy	Preston	Health Care and Social Assistance	10-99
Traditions of Preston	Preston	Health Care and Social Assistance	10-99
Park Lane Estates Assisted Living	Preston	Health Care and Social Assistance	10-99
Olmsted Medical Center	Preston	Health Care and Social Assistance	10-99
Fillmore Place	Preston	Health Care and Social Assistance	10-99
Trailhead Inn	Preston	Arts, Entertainment and Recreation	10-99
Branding Iron Restaurant	Preston	Arts, Entertainment and Recreation	10-99
Old Barn Resort	Preston	Arts, Entertainment and Recreation	10-99
Christ Lutheran Church	Preston	Other Services	10-99
Fillmore County	Preston	Public Administration	100-499
Southeast Submarket			
Gjere Construction	Mabel	Construction	10-99
Mabel BP	Mabel	Retail Trade	10-99
Mabel Canton Public Schools	Mabel	Educational Services	10-99
Green Lea Manor	Mabel	Health Care and Social Assistance	10-99
Green Lea Senior Living	Mabel	Health Care and Social Assistance	10-99
Mabel Area Food Shelf	Mabel	Other Services	10-99

Sources: MN DEED; Maxfield Research & Consulting, LLC

Employer Survey

Maxfield Research surveyed representatives from a select group of the largest employers in Fillmore County and the surrounding area. Employers were asked their opinion regarding housing-related issues in the area, specifically whether the supply of suitable housing meets the needs of their workforce.

The following points summarize our findings.

- Housing needs range from apartments to single-family homes, and the market can be challenging particularly finding affordable housing.
- The Rushford School District has established a network with landlords and local realtors to assist new employees find housing in the area.
- Many employees are seeking quality housing at affordable prices, and flexibility in rental options.
- It was stated that there was limited availability of quality rental options.
- Most full-time employees in the area own their homes, but many new, young, and/or seasonal workers seek rental options.
- Many people that would relocate seek rental housing first on a temporary basis until they find a home to purchase.
- In addition to rental housing, it was stated that there is a need for starter homes and move-up housing.
- Move-up housing, in particular, for families is in very short supply, as are townhomes and apartments.
- The lack of available move-up housing has negatively impacted some employers ability to retain staff, most notably in the Chatfield area.
- While it may be challenging to find housing in the employers community, housing availability has not necessarily negatively impacted the ability of employers to hire. Employees will typically find housing in another community, or relocate to another community to upgrade their housing, and commute to work.

Introduction

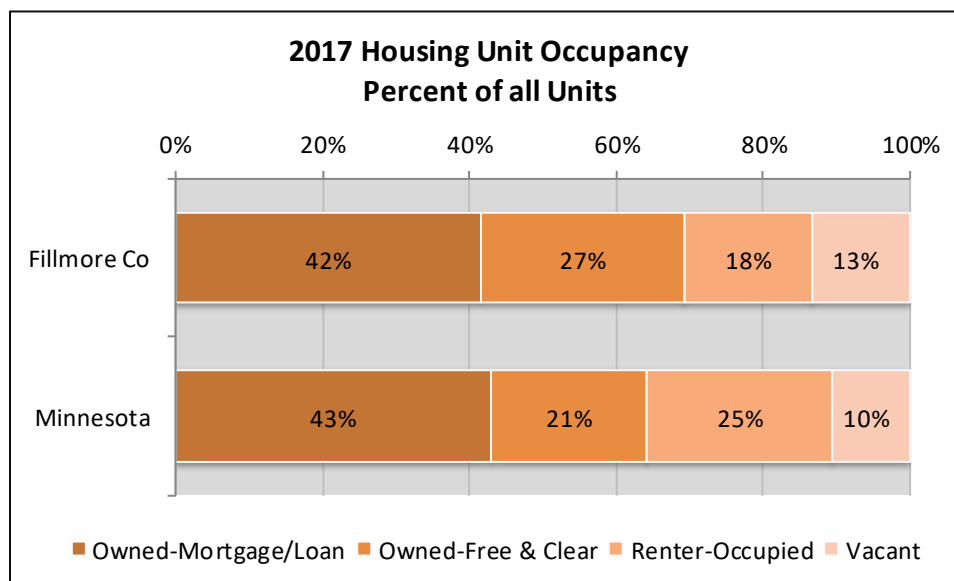
The variety and condition of housing in a community provides the basis for an attractive living environment. We examined the housing stock in Fillmore County, its cities, and submarkets in comparison to Minnesota by reviewing data on the total number of housing units by occupancy status, housing type, age of the housing supply, and residential construction trends. Housing unit is defined as a house, an apartment, a group of rooms, or a single room occupied or intended for occupancy as separate living quarters. Householder refers to the person in whose name the housing unit is owned or rented.

Housing Unit Occupancy

Housing unit occupancy is a key variable used to assess neighborhood stability. Housing Characteristics Table 1 on the following pages shows the total number of housing units, as well as the occupancy status in 2010 and 2017. This data is sourced from the U.S. Census (2010) and the 2013-2017 American Community Survey (2017).

The Census' definition of a vacant housing unit includes: units that were listed for sale or for rent at the time of the Census survey; units that have been rented or sold but were not yet occupied; seasonal housing (vacation or second homes); and, "other" vacant housing. Other vacant housing units include housing for migratory workers, housing units held for occupancy of a caretaker, and units in the foreclosure process.

- As of 2017, Fillmore County contained an estimated 9,934 housing units, approximately 86.7% of which are occupied (8,614 units) and 13.3% are vacant (1,320 units). By comparison, Minnesota had an estimated occupancy rate 89.5% (10.5% vacancy rate) in 2017.



HOUSING CHARACTERISTICS

- Approximately 69% of the County's housing units were owner-occupied in 2017, 18% were renter-occupied, and the remaining 13% were vacant. By comparison, 64% of the housing units in Minnesota were owner-occupied, 25% were renter-occupied, and 11% were vacant.
- Of the owner-occupied housing units in Fillmore County, approximately 60% were owned with a mortgage or loan (42% of all housing units) and 40% were owned free and clear (28% of all housing units). In Minnesota, 67% of the owner-occupied units were owned with a mortgage or loan and 33% were owned free and clear.
- Fillmore County occupancy rates declined modestly from 87.8% in 2010, with both owner-occupied and renter-occupied occupancies experiencing small decreases. In Minnesota, occupancy increased from 88.9% in 2010, with an increase occurring in the percentage of renter-occupied units (owner-occupancy declined slightly).

HOUSING CHARACTERISTICS TABLE 1 HOUSING UNIT OCCUPANCY FILLMORE COUNTY MARKET AREA									
		----- Fillmore County Submarkets -----							
		Fillmore County		Northwest		North Central		Northeast	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
2017	Total Housing Units	9,934	100%	1,826	100%	989	100%	1,566	100%
	Occupied Units	8,614	86.7%	1,661	91.0%	740	74.8%	1,401	89.5%
	Owner-Occupied	6,873	69.2%	1,266	69.3%	615	62.2%	1,092	69.7%
	mortgage or loan	4,143	41.7%	853	46.7%	342	34.6%	702	44.8%
	free and clear	2,730	27.5%	413	22.6%	273	27.6%	390	24.9%
	Renter-Occupied	1,741	17.5%	395	21.6%	125	12.6%	309	19.7%
	Vacant Units	1,320	13.3%	165	9.0%	249	25.2%	165	10.5%
	For Rent	101	1.0%	20	1.1%	20	2.0%	8	0.5%
	For Sale Only	79	0.8%	14	0.8%	32	3.2%	15	1.0%
	Seasonal/Recreational	587	5.9%	38	2.1%	152	15.4%	64	4.1%
	Rented/Sold, Not Occupied	62	0.6%	25	1.4%	3	0.3%	0	0.0%
	Other	491	4.9%	68	3.7%	42	4.2%	78	5.0%
2010	Total Housing Units	9,732	100%	1,718	100%	1,005	100%	1,526	100%
	Occupied Units	8,545	87.8%	1,588	92.4%	773	76.9%	1,350	88.5%
	Owner-Occupied	6,826	70.1%	1,259	73.3%	616	61.3%	1,100	72.1%
	mortgage or loan	4,336	44.6%	879	51.2%	361	35.9%	731	47.9%
	free and clear	2,490	25.6%	380	22.1%	255	25.4%	369	24.2%
	Renter-Occupied	1,719	17.7%	329	19.2%	157	15.6%	250	16.4%
	Vacant Units	1,187	12.2%	130	7.6%	232	23.1%	176	11.5%
	For Rent	165	1.7%	28	1.6%	12	1.2%	22	1.4%
	For Sale Only	134	1.4%	30	1.7%	21	2.1%	13	0.9%
	Seasonal/Recreational	445	4.6%	22	1.3%	153	15.2%	73	4.8%
	Rented/Sold, Not Occupied	89	0.9%	6	0.3%	11	1.1%	8	0.5%
	Other	354	3.6%	44	2.6%	35	3.5%	60	3.9%

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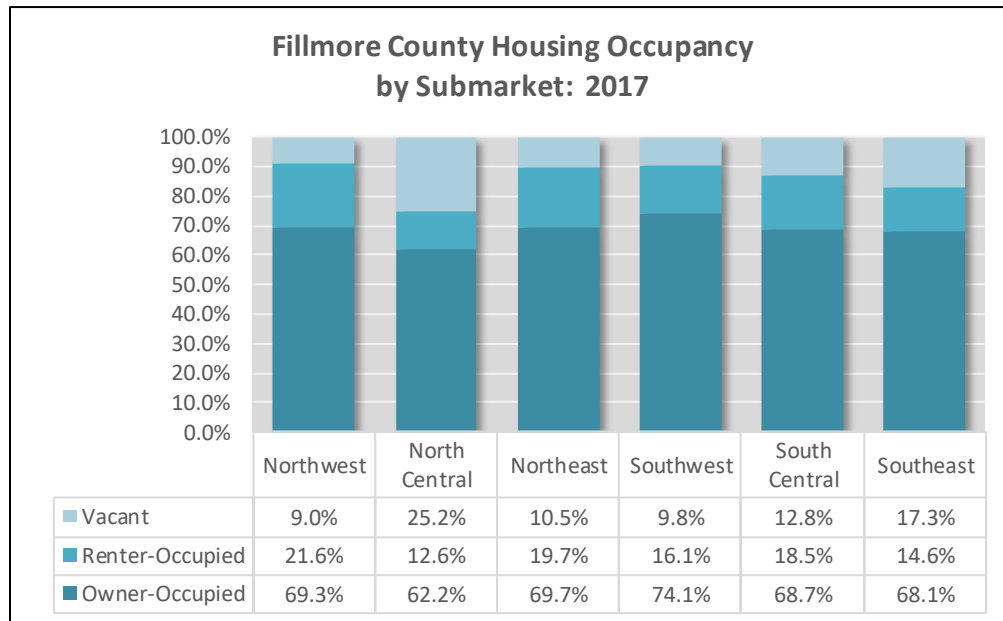
HOUSING CHARACTERISTICS

HOUSING CHARACTERISTICS TABLE 1 continued								
HOUSING UNIT OCCUPANCY								
FILLMORE COUNTY MARKET AREA								
		----- Fillmore County Submarkets -----						
		Southwest		South Central		Southeast		Minnesota
		No.	Pct.	No.	Pct.	No.	Pct.	Pct.
2017	Total Housing Units	2,559	100%	2,211	100%	1,280	100%	100%
	Occupied Units	2,309	90.2%	1,927	87.2%	1,059	82.7%	89.5%
	Owner-Occupied	1,897	74.1%	1,518	68.7%	872	68.1%	64.1%
	mortgage or loan	1,092	42.7%	936	42.3%	464	36.3%	43.0%
	free and clear	805	31.5%	582	26.3%	408	31.9%	21.1%
	Renter-Occupied	412	16.1%	409	18.5%	187	14.6%	25.4%
	Vacant Units	250	9.8%	284	12.8%	221	17.3%	10.5%
	For Rent	29	1.1%	14	0.6%	10	0.8%	1.1%
	For Sale Only	21	0.8%	3	0.1%	8	0.6%	0.8%
	Seasonal/Recreational	79	3.1%	135	6.1%	119	9.3%	5.6%
	Rented/Sold, Not Occupied	6	0.2%	15	0.7%	13	1.0%	0.7%
	Other	115	4.5%	117	5.3%	71	5.5%	2.3%
2010	Total Housing Units	2,553	100%	2,146	100%	1,279	100%	100%
	Occupied Units	2,319	90.8%	1,886	87.9%	1,094	85.5%	88.9%
	Owner-Occupied	1,858	72.8%	1,487	69.3%	898	70.2%	64.9%
	mortgage or loan	1,178	46.1%	898	41.8%	556	43.5%	47.3%
	free and clear	680	26.6%	589	27.4%	342	26.7%	17.7%
	Renter-Occupied	461	18.1%	399	18.6%	196	15.3%	24.0%
	Vacant Units	234	9.2%	260	12.1%	185	14.5%	11.1%
	For Rent	39	1.5%	52	2.4%	15	1.2%	2.0%
	For Sale Only	36	1.4%	25	1.2%	20	1.6%	1.3%
	Seasonal/Recreational	44	1.7%	92	4.3%	62	4.8%	5.6%
	Rented/Sold, Not Occupied	14	0.5%	22	1.0%	29	2.3%	0.4%
	Other	101	4.0%	69	3.2%	59	4.6%	1.8%
Sources: US Census; 2013-2017 American Community Survey; Maxfield Research & Consulting, LLC								

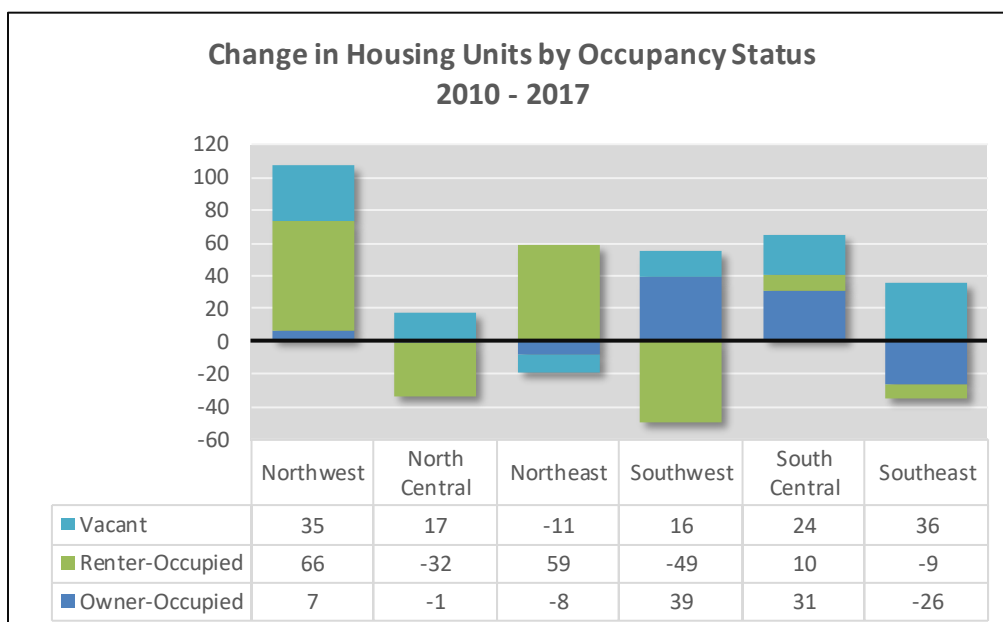
- Compared to Minnesota, Fillmore County's housing vacancy rate was higher in 2017 with 13.3% of the housing units vacant while Minnesota had a 10.5% vacancy rate.
- The higher vacancy rate in the County was due to a much higher proportion of units classified as "other" vacant. Over 37% of the vacant units in the County (491) were classified as "other" compared to 22% of the vacant units in Minnesota. "Other" vacant housing units include housing for migratory workers, housing units held for occupancy of a caretaker, and units in the foreclosure process.
- Fillmore County's housing inventory expanded by an estimated 202 housing units (2.1%) between 2010 and 2017, with a 0.8% increase (69 units) in occupied housing units and an 11% increase (133 units) in vacant housing units.

HOUSING CHARACTERISTICS

- As illustrated in the following graph, the Southwest Submarket had the highest home ownership rate in 2017, at 74.1%, while the Northwest Submarket had the highest distribution of renter-occupied housing units (21.6%). The North Central Submarket had the highest vacancy rate, at 25.2% of all housing units, although a majority of the vacant housing units in the North Central Submarket are classified as seasonal/recreational properties.



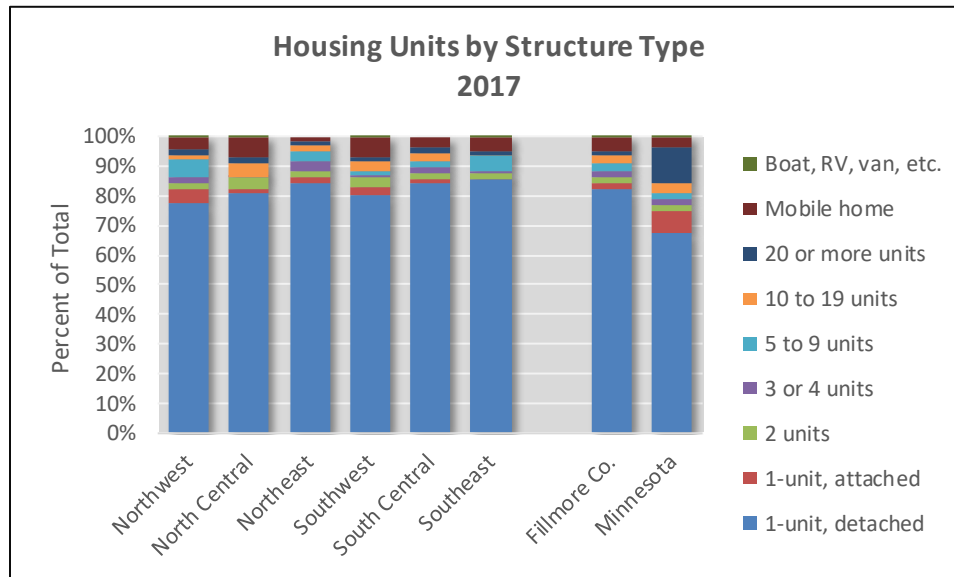
- The Northwest Submarket experienced the greatest growth in housing units between 2010 and 2017, adding 108 units with the largest growth occurring in renter-occupied units. Renter-occupied growth was also strong in the Northeast Submarket, while the Southwest and South Central Submarkets experienced the greatest growth in owner-occupied housing.



Housing Stock by Structure Type

The data in Housing Characteristics Table 2 is sourced from the American Community Survey (“ACS”) which is an ongoing statistical survey administered by the U.S. Census Bureau. The current ACS highlights data collected between 2013 and 2017, the most recent data available. The following points summarize key findings.

- Single-family (one-unit) detached units are the most common housing structure type in Fillmore County, comprising 82% of all housing units, significantly higher than 67% of all housing units in Minnesota.
- The concentration of single-unit detached housing structures is highest in the Southeast (86%), Northeast (84%) and South Central Submarkets (84%).



- Mobile homes are the second most common housing structure type in the County, representing an estimated 4.5% of all housing units (449 units), while mobile homes represent 3.4% of all housing units in Minnesota. The Southwest Submarket has the highest concentration of mobile homes in Fillmore County at 6.8% (173 units).
- Structures with 10 to 19 units represent 2.7% of the housing supply in the County (266 units), while 2.6% of the units are in structures with five to nine units (259 units) and 2.5% are in two-unit (duplex) structures (248 units).
- By comparison, units in structures with 20 or more units are the second most common housing type in Minnesota, representing 12% of all units. Roughly 1.6% of the housing units in the County (161) are in structure with 20 or more units.

HOUSING CHARACTERISTICS

- Of the owner-occupied housing units in Fillmore County, roughly 94% are single-unit, detached structures (6,427 units), while 4% are in mobile homes (270) and 2% are in attached single-unit structures (124).
- Nearly 44% of the renter-occupied housing units in the County (765 units) are in single-unit, detached structures. Another 13% are in structures with ten to 19 units (232) and 13% are in structures with five to nine units (217 units).

HOUSING CHARACTERISTICS TABLE 2								
HOUSING UNITS BY STRUCTURE TYPE AND TENURE								
FILLMORE COUNTY MARKET AREA								
			----- Fillmore County Submarkets -----					
	Fillmore County		Northwest		North Central		Northeast	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Total Housing Units	9,934	100%	1,826	100%	989	100%	1,566	100%
1-unit, detached	8,170	82.2%	1,420	77.8%	802	81.1%	1,319	84.2%
1-unit, attached	188	1.9%	82	4.5%	13	1.3%	33	2.1%
2 units	248	2.5%	32	1.8%	36	3.6%	27	1.7%
3 or 4 units	187	1.9%	46	2.5%	6	0.6%	58	3.7%
5 to 9 units	259	2.6%	103	5.6%	0	0.0%	50	3.2%
10 to 19 units	266	2.7%	35	1.9%	45	4.6%	39	2.5%
20 or more units	161	1.6%	32	1.8%	21	2.1%	17	1.1%
Mobile home	449	4.5%	75	4.1%	64	6.5%	23	1.5%
Boat, RV, van, etc.	6	0.1%	1	0.1%	2	0.2%	0	0.0%
Total Occupied Housing Units	8,614	100%	1,661	100%	740	100%	1,401	100%
Owner-Occupied	6,873	79.8%	1,266	76.2%	615	83.1%	1,092	77.9%
1-unit, detached	6,427	74.6%	1,157	69.7%	551	74.5%	1,056	75.4%
1-unit, attached	124	1.4%	57	3.4%	5	0.7%	16	1.1%
2 units	23	0.3%	0	0.0%	3	0.4%	5	0.4%
3 or 4 units	11	0.1%	5	0.3%	2	0.3%	3	0.2%
5 to 9 units	0	0.0%	0	0.0%	0	0.0%	0	0.0%
10 to 19 units	12	0.1%	0	0.0%	12	1.6%	0	0.0%
20 or more units	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Mobile home	270	3.1%	46	2.8%	40	5.4%	12	0.9%
Boat, RV, van, etc.	6	0.1%	1	0.1%	2	0.3%	0	0.0%
Renter-Occupied	1,741	20.2%	395	23.8%	125	16.9%	309	22.1%
1-unit, detached	765	8.9%	147	8.9%	62	8.4%	115	8.2%
1-unit, attached	56	0.7%	25	1.5%	0	0.0%	17	1.2%
2 units	119	1.4%	16	1.0%	7	0.9%	22	1.6%
3 or 4 units	146	1.7%	41	2.5%	4	0.5%	47	3.4%
5 to 9 units	217	2.5%	87	5.2%	0	0.0%	50	3.6%
10 to 19 units	232	2.7%	35	2.1%	24	3.2%	39	2.8%
20 or more units	145	1.7%	32	1.9%	21	2.8%	17	1.2%
Mobile home	61	0.7%	12	0.7%	7	0.9%	2	0.1%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0.0%

----- continued -----

HOUSING CHARACTERISTICS

HOUSING CHARACTERISTICS TABLE 2 continued							
HOUSING UNITS BY STRUCTURE TYPE AND TENURE							
FILLMORE COUNTY MARKET AREA							
	----- Fillmore County Submarkets -----						Minnesota
	Southwest		South Central		Southeast		
	No.	Pct.	No.	Pct.	No.	Pct.	
Total Housing Units	2,559	100%	2,211	100%	1,280	100%	100%
1-unit, detached	2,048	80.0%	1,861	84.2%	1,096	85.6%	67.3%
1-unit, attached	67	2.6%	38	1.7%	3	0.2%	7.4%
2 units	87	3.4%	43	1.9%	23	1.8%	2.2%
3 or 4 units	32	1.3%	46	2.1%	10	0.8%	2.1%
5 to 9 units	28	1.1%	37	1.7%	70	5.5%	2.2%
10 to 19 units	86	3.4%	59	2.7%	2	0.2%	3.4%
20 or more units	36	1.4%	42	1.9%	13	1.0%	12.0%
Mobile home	173	6.8%	85	3.8%	62	4.8%	3.4%
Boat, RV, van, etc.	2	0.1%	0	0.0%	1	0.1%	0.0%
Total Occupied Housing Units	2,309	100%	1,927	100%	1,059	100%	100%
Owner-Occupied	1,897	82.2%	1,518	78.8%	872	82.3%	71.6%
1-unit, detached	1,722	74.6%	1,430	74.2%	832	78.6%	61.2%
1-unit, attached	50	2.2%	30	1.6%	3	0.3%	5.4%
2 units	5	0.2%	10	0.5%	0	0.0%	0.5%
3 or 4 units	1	0.0%	5	0.3%	0	0.0%	0.3%
5 to 9 units	0	0.0%	0	0.0%	0	0.0%	0.3%
10 to 19 units	0	0.0%	0	0.0%	0	0.0%	0.2%
20 or more units	0	0.0%	0	0.0%	0	0.0%	1.4%
Mobile home	117	5.1%	43	2.2%	36	3.4%	2.3%
Boat, RV, van, etc.	2	0.1%	0	0.0%	1	0.1%	0.0%
Renter-Occupied	412	17.8%	409	21.2%	187	17.7%	28.4%
1-unit, detached	165	7.1%	220	11.4%	97	9.2%	5.8%
1-unit, attached	17	0.7%	8	0.4%	0	0.0%	2.4%
2 units	54	2.3%	4	0.2%	16	1.5%	1.7%
3 or 4 units	18	0.8%	32	1.7%	10	0.9%	1.8%
5 to 9 units	25	1.1%	37	1.9%	47	4.4%	1.9%
10 to 19 units	73	3.2%	59	3.1%	2	0.2%	3.3%
20 or more units	36	1.6%	32	1.7%	7	0.7%	11.0%
Mobile home	24	1.0%	17	0.9%	8	0.8%	0.4%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0.0%
Sources: 2013-2017 American Community Survey; Maxfield Research & Consulting, LLC							

- An estimated 10.6% of all detached single-unit structures are renter-occupied in Fillmore County (765 units) compared to 8.6% in Minnesota.
- The South Central Submarket has the highest concentration of renter-occupied single-family homes, at 13.3% of all detached single-unit structures (220 units), followed by the Northwest Submarket at 11.3% (147 units).

Age of Housing Stock

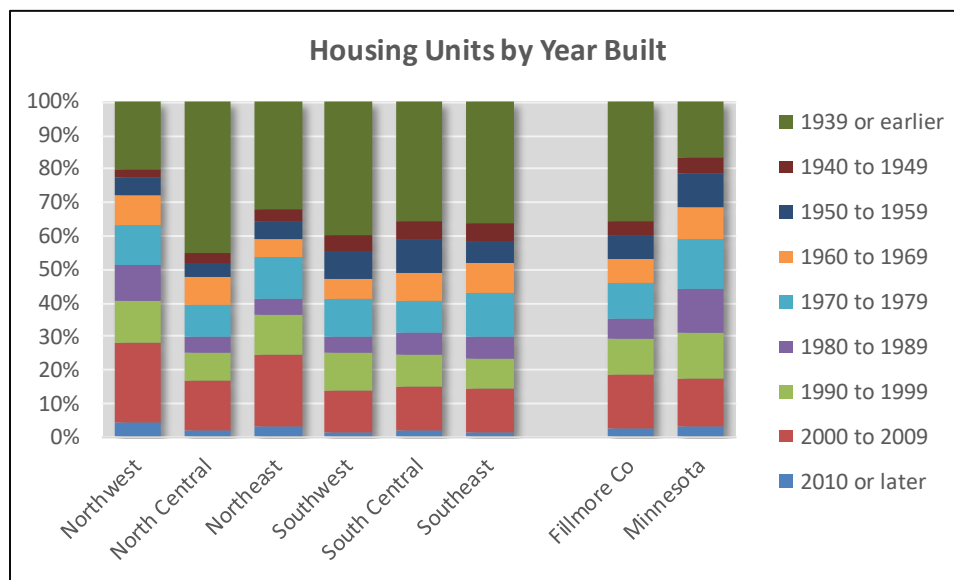
Similar to the structure type data presented in the previous table, housing age data presented in Housing Characteristics Table 3 is also sourced from the 2013-2017 American Community Survey. The table includes the number of housing units built prior to 1940 and during each subsequent decade. The Census Bureau began collecting year-built data in 1940.

- Over 35% of the County's housing units (3,510 units) were built prior to 1940, compared to 17% of all homes in Minnesota. While many homes built before 1940 may be in good condition, housing units this age are at risk of becoming substandard or functionally obsolete and maintenance costs are generally higher. Older housing is common in areas where declining populations and slower economic activity limit demand for new housing production.

HOUSING CHARACTERISTICS TABLE 3								
HOUSING UNITS BY YEAR STRUCTURE BUILT								
FILLMORE COUNTY MARKET AREA								
			----- Fillmore County Submarkets -----					
	Fillmore County		Northwest		North Central		Northeast	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Total	9,934	100%	1,826	100%	989	100%	1,566	100%
2014 or later	25	0.3%	14	0.8%	0	0.0%	1	0.1%
2010 to 2013	196	2.0%	63	3.5%	21	2.1%	46	2.9%
2000 to 2009	1,652	16.6%	437	23.9%	146	14.8%	334	21.3%
1990 to 1999	1,021	10.3%	231	12.7%	80	8.1%	190	12.1%
1980 to 1989	595	6.0%	189	10.4%	50	5.1%	71	4.5%
1970 to 1979	1,073	10.8%	220	12.0%	95	9.6%	196	12.5%
1960 to 1969	717	7.2%	158	8.7%	78	7.9%	90	5.7%
1950 to 1959	719	7.2%	98	5.4%	41	4.1%	85	5.4%
1940 to 1949	426	4.3%	45	2.5%	34	3.4%	52	3.3%
1939 or earlier	3,510	35.3%	371	20.3%	444	44.9%	501	32.0%
----- Fillmore County Submarkets -----								
	Southwest		South Central		Southeast		Minnesota	
	No.	Pct.	No.	Pct.	No.	Pct.	Pct.	
Total	2,559	100%	2,211	100%	1,280	100%	100%	
2014 or later	3	0.1%	2	0.1%	5	0.4%	0.8%	
2010 to 2013	28	1.1%	34	1.5%	9	0.7%	2.0%	
2000 to 2009	319	12.5%	295	13.3%	172	13.4%	14.6%	
1990 to 1999	300	11.7%	210	9.5%	115	9.0%	13.6%	
1980 to 1989	116	4.5%	146	6.6%	83	6.5%	12.9%	
1970 to 1979	285	11.1%	210	9.5%	164	12.8%	15.1%	
1960 to 1969	158	6.2%	180	8.1%	117	9.1%	9.7%	
1950 to 1959	209	8.2%	227	10.3%	85	6.6%	10.1%	
1940 to 1949	116	4.5%	123	5.6%	63	4.9%	4.6%	
1939 or earlier	1,025	40.1%	784	35.5%	467	36.5%	16.6%	
Sources: 2013-2017 American Community Survey; Maxfield Research & Consulting, LLC								

HOUSING CHARACTERISTICS

- Among the Fillmore County submarkets, North Central has the highest concentration of homes built prior to 1940 (45% of the housing stock), followed by the Southwest at 40%.
- Aside from the number of homes built prior to 1940, the 2000s was the most active decade in the County in terms of residential building activity. Nearly 17% of Fillmore County's housing stock was built from 2000 to 2009 (1,652 units). By comparison, 15% of Minnesota's housing stock was delivered during the 2000s.
- The Northwest Submarket was the most active during the 2000s, as 24% of the Submarket's housing supply was built during the decade (437 units). Approximately 21% of the housing units in the Northeast Submarket (334) were built in the 2000s.



- Housing unit production has dropped off sharply since the 2000s. An estimated 196 units were built from 2010 to 2013 in the County (2.0% of all units) and 25 units have been constructed since 2014 (0.3%).
- The Northwest has been the most active submarket since 2010, adding 77 units (4.2% of the total), followed by the Northeast with 47 units (3.0%). Housing unit production has been slowest in the Southeast Submarket with the delivery of 14 units since 2010 (1.1%).
- An estimated 1,073 units in Fillmore County were built in the 1970s (10.8%) and 1,021 units were built in the 1990s (10.3%).
- Aside from the high proportion of housing units constructed prior to 1940, the distribution of newer housing units (i.e. built in 1990 or more recently) in Fillmore County is very similar to Minnesota. An estimated 29% of the County's housing supply has been built since 1990 compared to 31% in Minnesota. Minnesota has a much higher distribution of housing units constructed during the 1960s through 1980s.

HOUSING CHARACTERISTICS

The following photographs represent a sample of the housing stock in Fillmore County.



Example of pre-1940's housing in Fillmore County



1950's era single-family neighborhood



Attached single-family housing (twinhome)



2000s-era single-family subdivision



1970's era apartment property



Vacant lot within established residential neighborhood

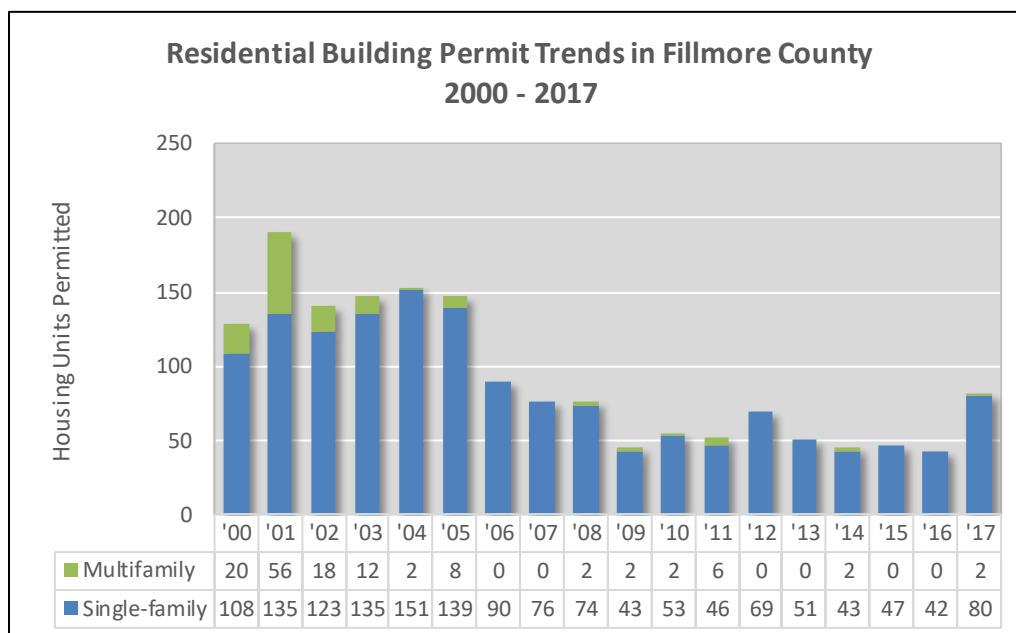
Residential Construction Trends

Building permit data was obtained from the U.S. Census Building Permits Survey (BPS) and the U.S. Department of Housing and Urban Development (HUD) State of the Cities Data Systems (SOCDS). Statistics from the BPS are based on reports submitted by local permit officials and the survey covers all jurisdictions that issue building or zoning permits. The HUD SOCDS takes information from the BPS and includes any subsequent Census revisions to achieve higher quality data. When building permit data is not reported by a permitting jurisdiction, missing data is imputed based on the assumption that the ratio of authorizations for the current time period to the prior year total is the same for that jurisdiction.

Housing Characteristics Table 4 on the following page displays the number of units permitted for single-family homes and multifamily structures from 2000 through 2017, the most recent data available, in Fillmore County. Because data for specific townships is not available, we do not aggregate permit information into submarkets.

Multifamily housing includes for-sale and rental units and is generally defined as residential buildings containing units built one on top of another and those built side-by-side which do not have a ground-to-roof wall and/or have common facilities. Single-family is defined as fully detached, semi-detached (semi-attached, side-by-side), row houses, and townhouses. For attached units, each unit must be separated from the adjacent unit by a ground-to-roof wall and they must not share systems or utilities to be classified as single-family.

- Between 2000 and 2017, 1,637 new housing units were permitted in Fillmore County, for an average of 91 new units per year.



HOUSING CHARACTERISTICS

**HOUSING CHARACTERISTICS TABLE 4
RESIDENTIAL BUILDING PERMIT TRENDS
FILLMORE COUNTY
2000 - 2017**

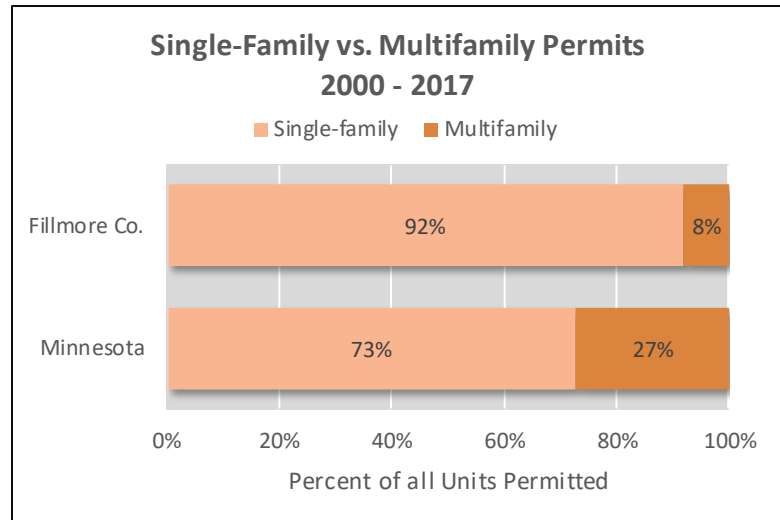
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Fillmore County Total	128	191	141	147	153	147	90	76	76	45	55	52	69	51	45	47	42	82
Single-family units	108	135	123	135	151	139	90	76	74	43	53	46	69	51	43	47	42	80
Multifamily units	20	56	18	12	2	8	0	0	2	2	2	6	0	0	2	0	0	2
Chatfield Total	10	24	20	14	31	35	9	11	7	6	3	0	4	6	8	8	0	19
Single-family units	8	20	10	12	31	27	9	11	7	6	3	0	4	6	8	8	0	17
Multifamily units	2	4	10	2	0	8	0	0	0	0	0	0	0	0	0	0	0	2
Lanesboro Total	2	8	3	3	4	4	3	2	1	1	0	0	0	0	0	1	2	1
Single-family units	2	6	3	3	4	4	3	2	1	1	0	0	0	0	0	1	2	1
Multifamily units	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Whalan Total	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
Single-family units	0	0	0	0	0	0	0	0	0	0	0	0	0	4	0	0	0	0
Multifamily units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Rushford Total	28	13	13	25	16	7	5	4	23	1	4	6	0	2	1	0	3	1
Single-family units	14	5	9	21	16	7	5	4	23	1	2	0	0	2	1	0	3	1
Multifamily units	14	8	4	4	0	0	0	0	0	0	2	6	0	0	0	0	0	0
Rushford Village Total	7	4	6	17	10	9	4	3	4	2	0	2	5	3	0	0	1	3
Single-family units	7	4	6	17	10	9	4	3	4	2	0	2	5	3	0	0	1	3
Multifamily units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Spring Valley Total	15	17	10	8	6	3	0	0	0	1	1	0	0	3	0	2	2	5
Single-family units	11	17	10	6	6	3	0	0	0	1	1	0	0	3	0	2	2	5
Multifamily units	4	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fountain Total	0	0	0	6	0	3	4	1	0	0	0	0	3	0	0	1	0	1
Single-family units	0	0	0	6	0	3	4	1	0	0	0	0	3	0	0	1	0	1
Multifamily units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Harmony Total	6	38	3	7	2	7	0	1	2	3	0	0	3	1	0	0	1	0
Single-family units	6	4	3	3	2	7	0	1	2	3	0	0	3	1	0	0	1	0
Multifamily units	0	34	0	4	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preston Total	0	0	0	2	4	4	2	1	3	2	1	0	0	2	4	1	1	0
Single-family units	0	0	0	2	4	4	2	1	1	0	1	0	0	2	2	1	1	0
Multifamily units	0	0	0	0	0	0	0	0	2	2	0	0	0	0	2	0	0	0
Canton Total	1	0	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
Single-family units	1	0	0	0	0	0	0	0	0	0	0	0	1	2	0	0	0	0
Multifamily units	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Mabel Total	1	2	5	0	5	1	1	1	3	0	0	0	0	0	0	0	0	0
Single-family units	1	2	1	0	3	1	1	1	3	0	0	0	0	0	0	0	0	0
Multifamily units	0	0	4	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Remainder of County Total	58	85	81	65	75	74	62	52	33	29	46	44	53	28	32	34	32	52
Single-family units	58	77	81	65	75	74	62	52	33	29	46	44	53	28	32	34	32	52
Multifamily units	0	8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Sources: HUD SOCDS; Maxfield Research & Consulting, LLC

HOUSING CHARACTERISTICS

- As depicted in the chart on the page preceding the residential building permit trends table, residential construction activity dropped off in the County when the “housing bubble” burst in 2006.
- An average of 151 new housing units were permitted annually in the County from 2000 through 2005. Permitting activity declined to an annual average of 68 units from 2006 through 2010 and 53 units from 2011 to 2015. Building activity dropped to a low of 42 units in 2016, before jumping to 82 units in 2017.
- Residential building permit activity followed a similar trend in Minnesota. However, a market recovery occurred in 2012 and permit activity increased steadily through 2017, although residential construction activity in the State had not yet reached the pre-recession highs of the early 2000s.

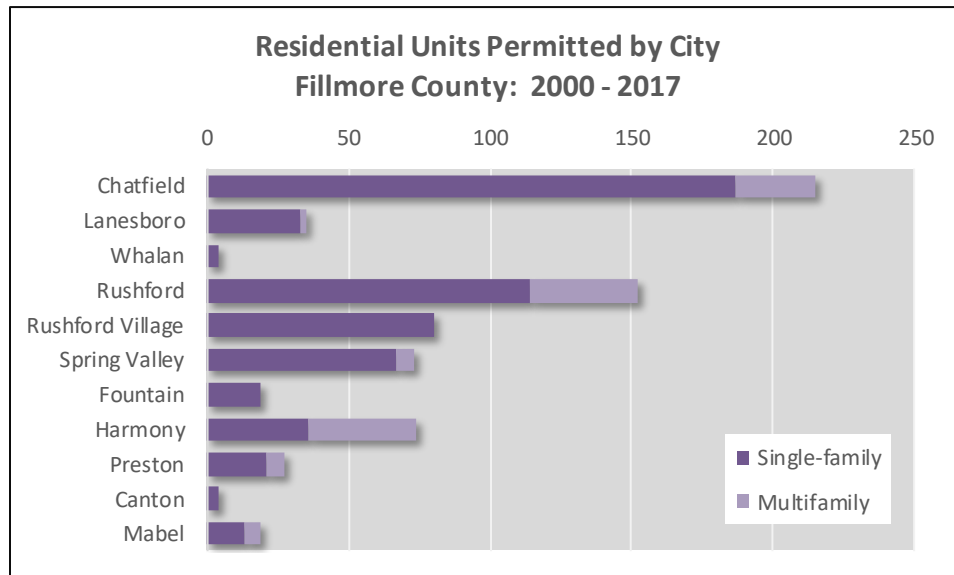
- As illustrated in the adjacent graph, approximately 92% of all residential units permitted in Fillmore County between 2000 and 2017 were single-family. The remaining 8% were multifamily units.
- By comparison, 73% of the housing units permitted in Minnesota between 2000 and 2017 were single-family and 27% were multifamily units.



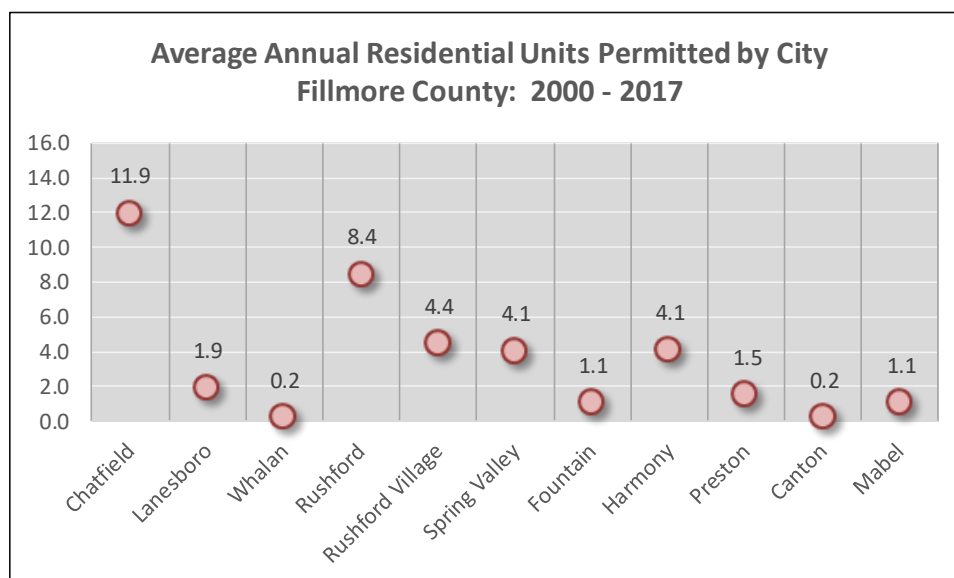
- Of the 132 multifamily units permitted in Fillmore County between 2000 and 2017, 42% are in structures with five or more units (56 units) while 36% (48 units) are in structures with two units and 21% (28 units) are in structures with three or four units.
- Fillmore County has experienced minimal multifamily development activity in recent years. Roughly 88% of all the multifamily units permitted since 2000 were permitted between 2000 and 2005 (116 units). A total of six multifamily units were permitted between 2006 and 2010 and ten units were permitted between 2011 and 2017.
- By comparison, the rate of multifamily development activity in Minnesota has accelerated in recent years. From 2000 through 2005, roughly 22% of units permitted in the State were multifamily, and 23% of the units from 2006 through 2010 were multifamily. However, since 2010, over 38% of all housing units permitted in Minnesota have been in multifamily structures.

HOUSING CHARACTERISTICS

- As depicted in the following graph, housing construction has been most active in Chatfield since 2000 with a total of 215 units permitted (187 single-family and 28 multifamily). Rushford was the second most active City, permitting a total of 152 units (114 single-family and 38 multifamily) between 2000 and 2017, followed by Rushford Village (80 units), Harmony (74 units), and Spring Valley (73 units).



- Harmony and Rushford were the multifamily development leaders in the County, each issuing permits for 38 multifamily units between 2000 and 2017.
- The following graph illustrates housing units permitted on an average annual basis for the cities in Fillmore County from 2000 to 2017. Permitting activity ranges from an average of 11.9 units per year in Chatfield to 0.2 units per year in Whalan and Canton.



Pending Residential Developments

Maxfield Research contacted City staff in each of the communities located in Fillmore County to identify any new residential developments that are proposed, planned or under construction that may satisfy a portion of future demand for housing in the County. The following points summarize pending housing developments in the County as of June 2019.

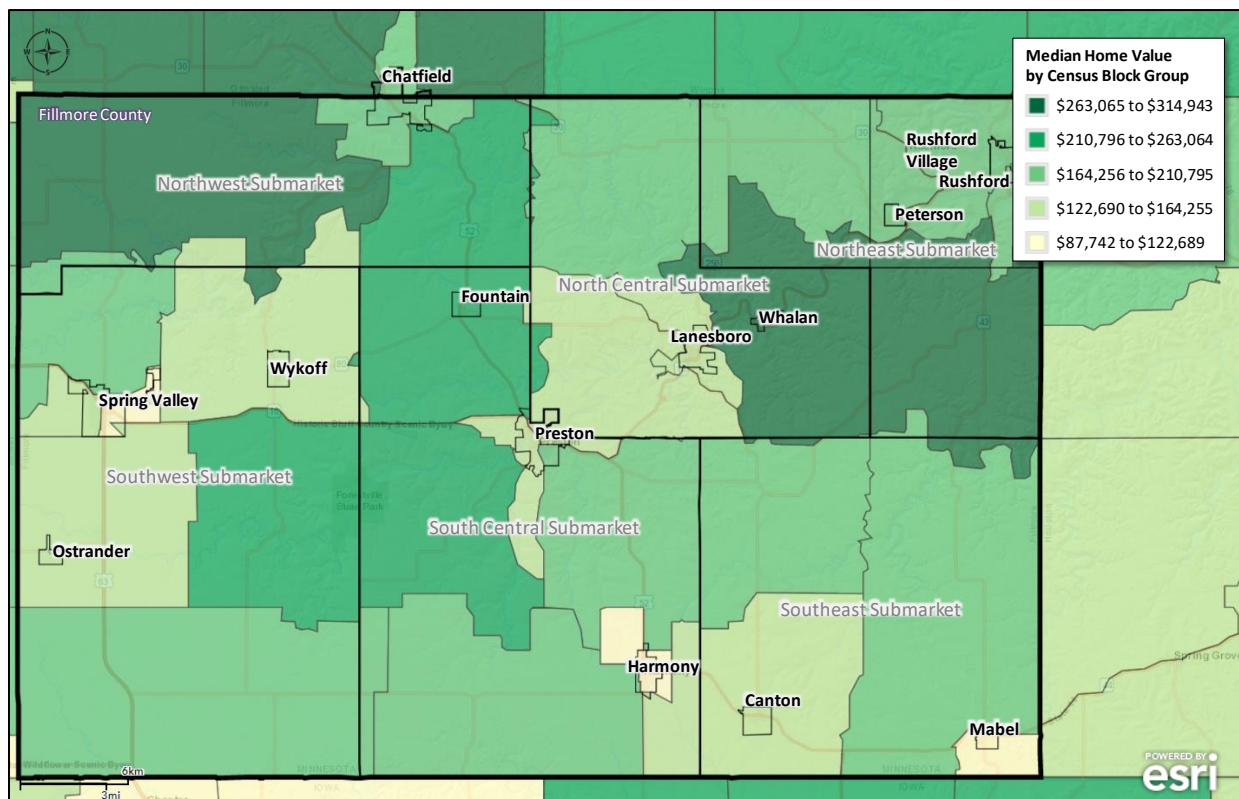
- There are three single-family homes under construction in Chatfield in a recently platted subdivision.
- Units in the Chosen Valley Care Center skilled nursing facility are being renovated, but the renovation will not change the number of beds or increase the capacity of the facility.
- In Preston, there is a six-lot single-family subdivision underway near Center Street and Spring Street with one unit under construction, and a two-lot single-family subdivision has recently been platted near the intersection of Ridge Road and Oak Street. Several other single-family subdivisions are being discussed in Preston but plans are conceptual.
- A 12-unit workforce housing apartment development is being considered on a Site near the intersection of Main Street and Pleasant Street in Preston, but plans are not final and financing is needed.
- The City of Preston is pursuing financing and approval for a 54-bed skilled nursing facility for Veteran's. If Federal funding is approved, construction could begin in spring 2020.
- The City of Rushford approved a Planned Unit Development in the Himlie Business Park for a project that includes six duplex for-sale buildings (12 total units). One of the buildings has been completed, although the units have not sold (as of June 2019).
- A developer has inquired about possibly platting a single-family subdivision in Rushford Village, but no plans have been submitted to the City.
- A preliminary plat is being prepared for a 30- to 40-lot single-family subdivision near the intersection of Kasten Drive and Tracy Road in Spring Valley. The platting process is expected to be complete in early 2020.
- In Wykoff, a development group is considering the redevelopment of the vacant school building into a mix of senior housing, City offices, and a community fitness center. However, plans have not yet been submitted to the City for this project.
- There are two single-family homes under construction in Wykoff, and the City is considering a possible subdivision of the former school football field into four to six single-family lots, but no formal plans have been submitted.

Owner-Occupied Housing Units by Value

Housing Characteristics Table 5 and the following map present data on housing values summarized in ranges and median value. Home value reflects the owner's estimate of how much the property (house and lot or condominium unit) would sell for if it were for sale. The information is estimated by ESRI and adjusted by Maxfield Research to reflect current year data.

- The estimated 2019 median owner-occupied home value is \$178,000 in Fillmore County, roughly -22% lower than the median of \$227,055 in Minnesota, -25% lower than the Rochester MSA (\$238,554), and -9% lower than Greater Minnesota (\$194,505).
- As illustrated on the following map, median home values are highest in the Census Block Group surrounding Whalan, east of Lanesboro and south of Rushford and Peterson in the Northeast and North Central Submarkets, with a median home value of \$302,632. The Census Block Group located west of Chatfield in the Northwest Submarket has an estimated median home value of \$290,686.
- The lowest median home value can be found in the Southeast Submarket in the Block Group encompassing Mabel, with an estimated median home value of \$87,742.

Fillmore County
Estimated Median Home Value by Block Group



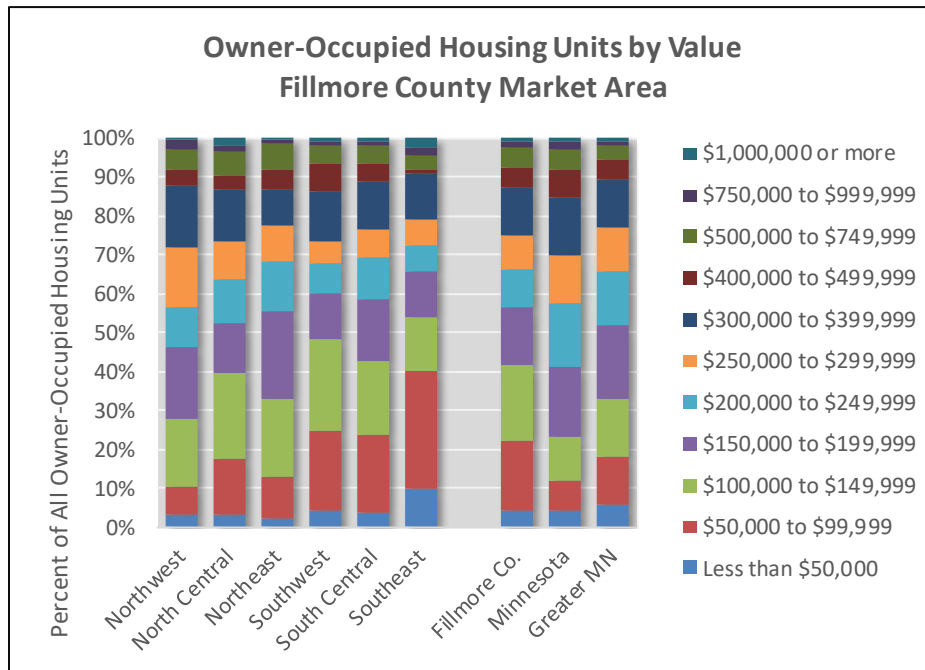
HOUSING CHARACTERISTICS

HOUSING CHARACTERISTICS TABLE 5 OWNER-OCCUPIED HOUSING UNITS BY VALUE FILLMORE COUNTY MARKET AREA 2019								
	----- Fillmore County Submarkets							
	Fillmore County		Northwest		North Central		Northeast	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Total	6,985	100%	1,311	100%	646	100%	1,118	100%
Less than \$50,000	295	4%	44	3%	21	3%	28	2%
\$50,000 to \$99,999	1,252	18%	91	7%	93	14%	117	10%
\$100,000 to \$149,999	1,356	19%	233	18%	141	22%	227	20%
\$150,000 to \$199,999	1,051	15%	241	18%	83	13%	248	22%
\$200,000 to \$249,999	693	10%	135	10%	75	12%	147	13%
\$250,000 to \$299,999	585	8%	195	15%	62	10%	99	9%
\$300,000 to \$399,999	882	13%	211	16%	85	13%	106	9%
\$400,000 to \$499,999	340	5%	57	4%	24	4%	59	5%
\$500,000 to \$749,999	348	5%	64	5%	41	6%	71	6%
\$750,000 to \$999,999	107	2%	33	3%	9	1%	11	1%
\$1,000,000 or more	74	1%	6	0%	11	2%	6	1%
Median Value*	\$178,000		\$216,848		\$190,432		\$187,934	
	----- Fillmore County Submarkets						State of MN	Greater MN*
	Southwest		South Central		Southeast		Pct.	
	No.	Pct.	No.	Pct.	No.	Pct.		
Total	1,887	77%	1,538	105%	908	110%	100%	100%
Less than \$50,000	78	4%	58	4%	90	10%	4%	6%
\$50,000 to \$99,999	395	21%	308	20%	276	30%	7%	12%
\$100,000 to \$149,999	444	24%	293	19%	123	14%	12%	15%
\$150,000 to \$199,999	223	12%	245	16%	109	12%	18%	19%
\$200,000 to \$249,999	145	8%	166	11%	61	7%	16%	14%
\$250,000 to \$299,999	106	2%	106	8%	59	9%	13%	11%
\$300,000 to \$399,999	243	3%	192	15%	107	17%	15%	12%
\$400,000 to \$499,999	128	2%	72	5%	13	2%	7%	5%
\$500,000 to \$749,999	85	1%	67	5%	29	4%	6%	4%
\$750,000 to \$999,999	27	0%	15	1%	19	3%	2%	1%
\$1,000,000 or more	13	1%	16	1%	23	3%	1%	1%
Median Value*	\$156,031		\$172,400		\$135,742		\$227,055	\$194,504
*Greater MN excludes seven Metro Area Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington								
Sources: ESRI; Maxfield Research & Consulting, LLC								

- The largest proportion of owner-occupied housing units in Fillmore County is estimated to be valued in the \$100,000 to \$149,999 range with 19% of all owner-occupied units in the County (1,356 units), followed by homes valued in the \$50,000 to \$99,999 and \$150,000 to \$199,999 ranges (18% and 15%, respectively).
- By comparison, owner-occupied housing units valued in the \$150,000 to \$199,999 range comprise the highest proportion of homes in Minnesota and Greater Minnesota

HOUSING CHARACTERISTICS

- The Northwest Submarket has the highest distribution of higher-valued homes (units valued at \$300,000 or higher), at 28% of all owner-occupied housing units, followed by the North Central and Southwest Submarkets (26.3% each). An estimated 25.1% of all owner-occupied housing units in Fillmore County are valued at \$300,000 or higher, compared to 29.8% in Minnesota



- The Southeast Submarket has the largest proportion of homes valued below \$100,000, at 40.3% of all owner-occupied housing units, followed by the Southwest and South Central Submarkets at 25.1% and 23.8%, respectively. An estimated 22.2% of all owner-occupied units in Fillmore County are valued below \$100,000, substantially higher than 11.8% in Minnesota.
- Homes valued in the \$150,000 to \$199,999 range represent the highest proportion of homes in Northwest and Northeast Submarkets, at 18.4% (241 homes) and 22.2% (248 homes), respectively.
- The largest distribution of homes in the North Central and Southwest Submarkets are valued in the \$100,000 to \$149,999 range, at 21.9% (141 homes) and 23.5% (444 home), respectively.
- Owner-occupied housing units with estimated values in the \$50,000 to \$99,999 range represent the highest percentage of homes in the South Central and Southeast Submarkets, at 20.1% (308 homes) and 30.4% (276 homes), respectively.

Renter-Occupied Units by Contract Rent

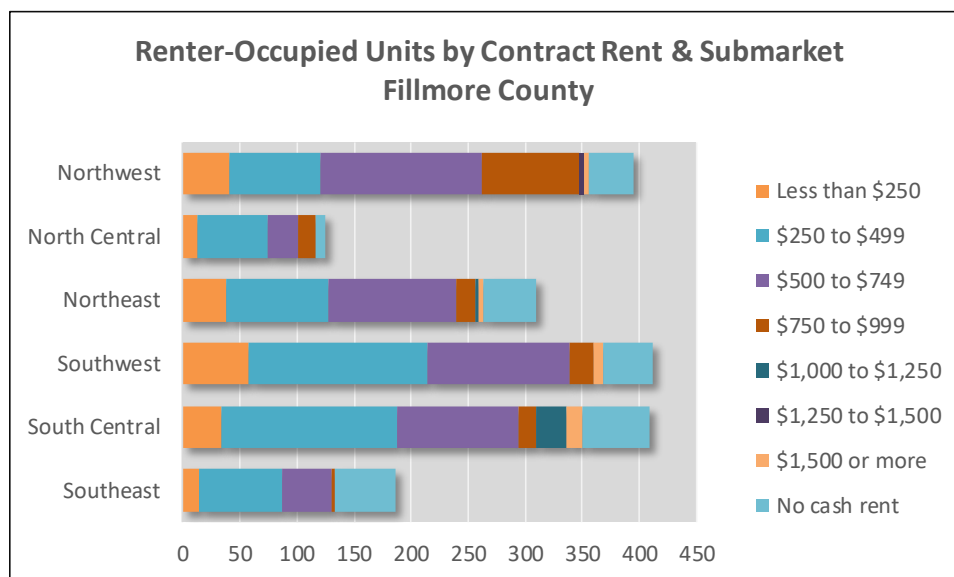
Housing Characteristics Table 6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included. Data is sourced from the 2013-2017 American Community Survey.

HOUSING CHARACTERISTICS TABLE 6 RENTER-OCCUPIED HOUSING UNITS BY CONTRACT RENT FILLMORE COUNTY MARKET AREA									
	----- Fillmore County Submarkets -----								
	Fillmore County		Northwest		North Central		Northeast		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
	1,741	100%	395	100%	125	100%	309	100%	
	\$482		\$617		\$463		\$519		
	Less than \$250	192 11.0%	41 10.4%	13 10.4%	38 12.3%				
	\$250 to \$499	608 34.9%	80 20.3%	61 48.8%	90 29.1%				
	\$500 to \$749	523 30.0%	141 35.7%	27 21.6%	111 35.9%				
	\$750 to \$999	109 6.3%	86 21.8%	15 12.0%	17 5.5%				
	\$1,000 to \$1,250	29 1.7%	0 0.0%	0 0.0%	3 1.0%				
\$1,250 to \$1,500	3 0.2%	3 0.8%	0 0.0%	0 0.0%					
\$1,500 or more	32 1.8%	5 1.3%	0 0.0%	4 1.3%					
No cash rent	245 14.1%	39 9.9%	9 7.2%	46 14.9%					
----- Fillmore County Submarkets -----								State of MN	Greater MN^
Southwest		South Central		Southeast					
No.	Pct.	No.	Pct.	No.	Pct.	Pct.	Pct.		
412	100%	409	100%	187	100%	100%	100%		
\$454		\$493		\$441		\$816	\$626		
Less than \$250	58 14.1%	34 8.3%	14 7.5%	6.1%	8.0%				
\$250 to \$499	157 38.1%	154 37.7%	73 39.0%	12.1%	21.8%				
\$500 to \$749	124 30.1%	106 25.9%	44 23.5%	22.4%	32.2%				
\$750 to \$999	21 5.1%	16 3.9%	2 1.1%	24.6%	17.3%				
\$1,000 to \$1,250	0 0.0%	26 6.4%	0 0.0%	13.8%	6.5%				
\$1,250 to \$1,500	0 0.0%	0 0.0%	0 0.0%	8.2%	3.3%				
\$1,500 or more	9 2.2%	14 3.4%	0 0.0%	8.5%	3.7%				
No cash rent	43 10.4%	59 14.4%	54 28.9%	4.3%	7.2%				
*Median contract rent for submarkets weighted by number of renter-occupied units in each county subdivision within their respective submarket; Greater MN weighted by number of units in each county									
^Excludes seven Metro Area Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington									
Sources: 2013-2017 American Community Survey; Maxfield Research & Consulting, LLC									

- The median contract rent in Fillmore County was \$482 during the 2013-2017 ACS, approximately -41% lower than the median of \$816 in Minnesota, -34% lower than the Rochester MSA (\$728), and -23% lower than Greater Minnesota (\$626).

HOUSING CHARACTERISTICS

- Based on a 30% allocation of income to housing, a household in Fillmore County would need an income of about \$19,280 to afford an average monthly rent of \$482.
- Among the Fillmore County submarkets, the Northwest has the highest median contract rent at \$617 per month, followed by the Northeast (\$519) and South Central (\$493). Monthly rents are most affordable in the Southeast Submarket (\$441), followed by the Southwest (\$454), and North Central (\$463).
- Approximately 86% of renters in the County are paying cash rent, with the highest proportion of units renting for between \$250 and \$499 (35%).
- Housing units without payment of rent (“no cash rent”) comprise roughly 14% of Fillmore County renter households compared to 4.3% in Minnesota. Typically, these units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers occupying a residence without charge.
- As depicted in the following graph, the South Central Submarket has the highest number of renter-occupied units without a contract rent with 59 (14% of all renter-occupied units). The Southeast has 54 units with no cash rent, represent 29% of all renter-occupied units in the Submarket.



- Units with contract rents in the \$500 to \$749 range represent the highest proportion of renter-occupied housing in Northwest and Northeast Submarkets, at 35.7% (141 units) and 35.9% (111 units), respectively.
- Renter-occupied housing units with contract rents in the \$250 to \$499 range represent the highest percentage of homes in the North Central (48.8% of all renter-occupied units), Southwest (38.1%), South Central (37.7%), and Southeast Submarkets (39.0%).

Introduction

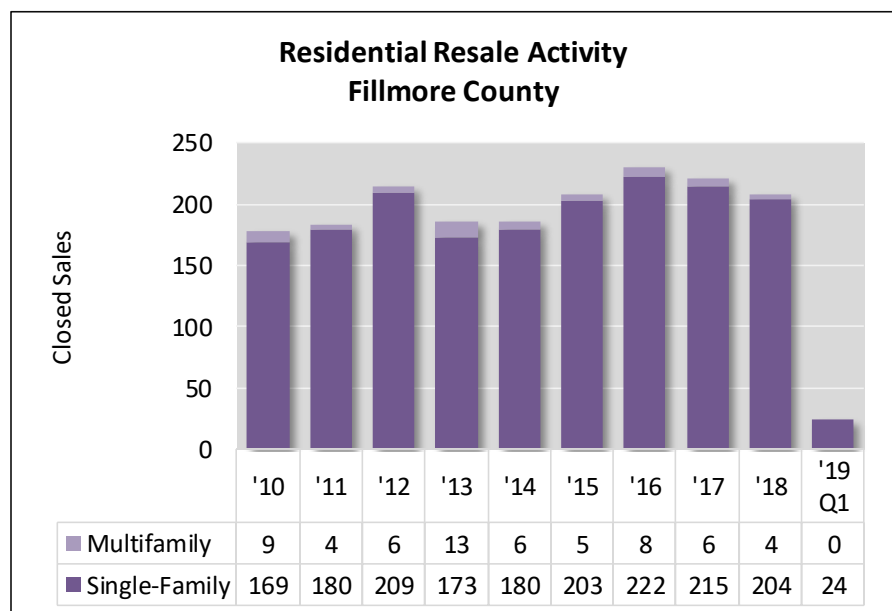
Maxfield Research analyzed the for-sale housing market in Fillmore County by collecting data on home sales, the supply of residential lots in the area, and conducting interviews with area real estate professionals. Demand calculations for general occupancy for-sale housing in each of the six Fillmore County submarkets between 2019 and 2030 are also provided.

Home Sales

For-Sale Market Analysis Table 1 on the following page presents home sale data from 2010 through the first quarter of 2019 (January through March) for Fillmore County compared to the Rochester-Austin Combined Statistical Area (CSA), which includes the Counties of Dodge, Fillmore, Mower, Olmsted, and Wabasha). The table displays the median sale price, number of closed transactions, and marketing time (average days on market) for all detached single-family residential resales (excludes new construction) and attached single-family (referred to as multi-family in this section of the report) residential resales which includes townhomes, twin homes, and condominiums.

This data was obtained from the Southeast Minnesota Association of Realtors and includes all transactions sold through a Realtor. Private sales (not sold on the Multiple Listing Service by a Realtor) are not included. However, based on our review of Fillmore County Assessor records, we estimate that Realtor sales represent 85% of all residential sale transactions in the County.

- From 2010 through the first quarter of 2019, there were 1,840 residential resales in Fillmore County, representing approximately 17% of all sales in the Rochester-Austin CSA. Since 2010, Fillmore County has averaged 202 resales per year.
- Residential resale activity in the County climbed steadily after dropping -14% between 2012 and 2013, peaking at 230 sales in 2016. However, sales activity slowed slightly in recent years, declining to 221 transactions in 2017 and 208 transactions in 2018.



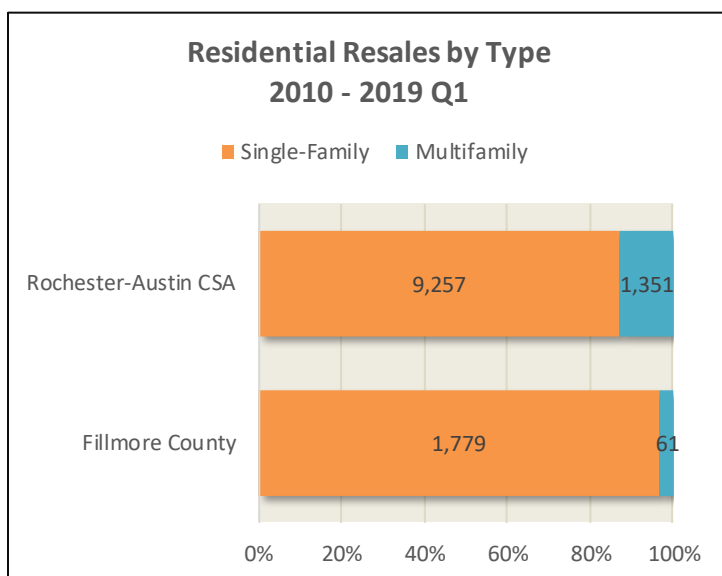
FOR-SALE MARKET ANALYSIS

FOR-SALE MARKET ANALYSIS TABLE 1 RESIDENTIAL RESALES ACTIVITY FILLMORE COUNTY 2010 - 2019 Q1										
	Single-Family					Multifamily				
	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market
Fillmore County										
2019 Q1	\$142,450	2.1%	24	--	61	--	--	0	--	--
2018	\$139,500	11.6%	204	-5.1%	56	\$139,950	10.2%	4	-33.3%	38
2017	\$124,995	5.5%	215	-3.2%	75	\$126,950	12.8%	6	-25.0%	74
2016	\$118,500	3.0%	222	9.4%	99	\$112,500	-13.5%	8	60.0%	36
2015	\$115,000	31.5%	203	12.8%	100	\$130,000	3.3%	5	-16.7%	56
2014	\$87,452	-2.8%	180	4.0%	98	\$125,900	14.5%	6	-53.8%	79
2013	\$90,000	-1.5%	173	-17.2%	129	\$110,000	17.0%	13	116.7%	160
2012	\$91,375	1.0%	209	16.1%	127	\$94,000	1.6%	6	50.0%	229
2011	\$90,450	0.5%	180	6.5%	143	\$92,500	-33.9%	4	-55.6%	282
2010	\$90,000	--	169	--	115	\$139,900	--	9	--	132
Rochester-Austin CSA*										
2019 Q1	\$202,192	-2.3%	442	--	64	\$169,281	-1.4%	73	--	62
2018	\$207,000	6.2%	1,001	5.5%	47	\$171,700	4.5%	147	2.1%	47
2017	\$195,000	14.7%	949	-8.5%	50	\$164,250	0.8%	144	17.1%	46
2016	\$170,000	2.3%	1,037	-2.2%	58	\$162,879	12.3%	123	-5.4%	49
2015	\$166,250	9.4%	1,060	17.5%	71	\$145,000	4.3%	130	13.0%	65
2014	\$152,000	1.5%	902	-0.8%	75	\$139,000	-0.7%	115	-17.9%	83
2013	\$149,800	1.2%	909	4.6%	79	\$140,000	15.7%	140	12.0%	100
2012	\$148,000	-4.5%	869	21.7%	109	\$121,000	-0.8%	125	6.8%	129
2011	\$155,000	3.3%	714	-48.0%	159	\$122,000	-6.9%	117	-50.6%	202
2010	\$150,000	--	1,374	--	130	\$131,100	--	237	--	124

*Rochester-Austin Combined Statistical Area; includes Counties of Dodge, Fillmore, Mower, Olmsted, and Wabasha

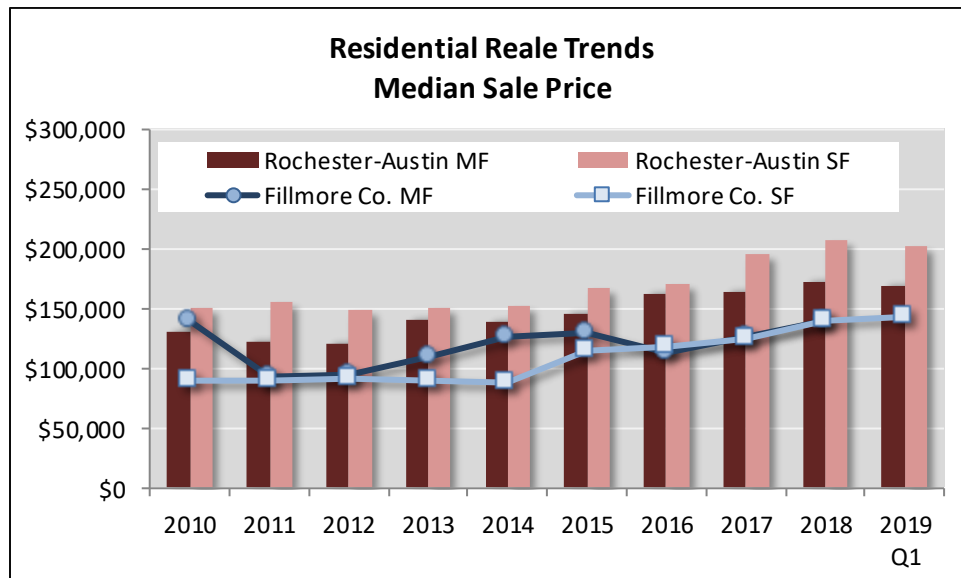
Sources: Southeast Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

- As depicted in the adjacent graph, multifamily housing represents a small share of Fillmore County's for-sale housing market, comprising 3% of all closed resales from 2010 through the first quarter of 2019. The remaining 97% were detached single-family home resales.
- By comparison, roughly 13% of all closed resale transactions in the Rochester-Austin CSA were multifamily sales during that same time period.



FOR-SALE MARKET ANALYSIS

- The 2018 median resale price for single-family homes in Fillmore County is \$139,500, -33% lower than the Rochester-Austin CSA median sales price of \$207,000. The multifamily median sale price in the County (\$139,950) is -18% lower than the CSA median of \$171,700.



- Median resale prices for detached single-family homes have experienced steady growth in Fillmore County since dropping to \$87,452 in 2014. The median sale price jumped to \$115,000 in 2015 and has since climbed to \$139,500 in 2018 and \$142,450 in the first quarter of 2019.
- Due to the limited sales volume, multifamily pricing trends have been slightly more volatile than single-family. However, with a median sales price of \$139,950 in 2018, multifamily pricing is up over 51% from the low of \$92,500 in 2011.

For-Sale Market Analysis Table 2 on the following pages presents home sale data from 2010 through the first quarter of 2019 (January through March) for the six submarkets. The table displays the median sale price, number of closed transactions, and marketing time (average days on market) for all detached single-family residential resales and multifamily residential resales in each submarket. This data was obtained from the Southeast Minnesota Association of Realtors.

- The Southwest Submarket lead all Fillmore County submarkets in sales volume from 2010 through the first quarter of 2019 with 525 sales (28.5% of all sales in the County), followed by the South Central Submarket with 447 closed sales (24.3%) and the Northwest Submarket with 380 sales (20.7%). There were 231 sale transactions in the Northeast Submarket (12.6%) and 150 sales in the North Central Submarket (8.2%). Transaction volume was lowest in the Southeast Submarket with 107 sales (5.8%).

FOR-SALE MARKET ANALYSIS

- The Northwest Submarket was the multifamily sales leader in the County from 2010 through the first quarter of 2019 with 31 closed sales (51% of all multifamily sales in the County), followed by Southwest with 13 (21%) and South Central with eight (13%). There were relatively few multifamily sale transactions in the North Central and Northeast Submarkets and no multifamily sales in the Southeast during that time period.

FOR-SALE MARKET ANALYSIS TABLE 2 RESIDENTIAL REALES ACTIVITY BY SUBMARKET FILLMORE COUNTY 2010 - 2019 Q1										
	Single-Family					Multifamily				
	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market
Northwest Submarket										
2019 Q1	\$176,900	-2.9%	5	--	42	--	--	0	--	--
2018	\$182,250	21.3%	32	0.0%	55	\$132,900	-13.9%	3	-25.0%	40
2017	\$150,200	16.7%	32	-15.8%	50	\$154,400	14.4%	4	-20.0%	48
2016	\$128,750	-6.0%	38	35.7%	51	\$135,000	3.8%	5	66.7%	45
2015	\$136,950	5.3%	28	0.0%	55	\$130,000	--	3	--	62
2014	\$130,000	4.4%	28	-36.4%	95	--	--	0	--	--
2013	\$124,522	-15.0%	44	-21.4%	133	\$117,500	4.4%	5	150.0%	93
2012	\$146,500	15.4%	56	24.4%	97	\$112,500	18.4%	2	-33.3%	393
2011	\$127,000	1.6%	45	9.8%	121	\$95,000	-24.0%	3	-50.0%	366
2010	\$125,000	--	41	--	109	\$124,950	--	6	--	156
North Central Submarket										
2019 Q1	--	--	0	--	--	--	--	0	--	--
2018	\$179,900	2.8%	17	-26.1%	73	--	--	0	--	--
2017	\$175,000	29.2%	23	9.5%	146	--	--	0	--	--
2016	\$135,500	-6.9%	21	-25.0%	186	--	--	0	--	--
2015	\$145,500	-2.6%	28	133.3%	152	--	--	0	--	--
2014	\$149,450	55.7%	12	0.0%	101	\$142,500	124.4%	1	-66.7%	66
2013	\$96,000	18.2%	12	50.0%	137	\$63,500	--	3	--	320
2012	\$81,250	-33.6%	8	0.0%	203	--	--	0	--	--
2011	\$122,375	5.5%	8	-52.9%	202	--	--	0	--	--
2010	\$116,000	--	17	--	150	--	--	0	--	--
Northeast Submarket										
2019 Q1	\$107,000	-15.1%	5	--	75	--	--	0	--	--
2018	\$126,000	-8.5%	28	-6.7%	72	--	--	0	--	--
2017	\$137,700	7.4%	30	7.1%	106	--	--	0	--	--
2016	\$128,250	6.0%	28	0.0%	162	--	--	0	--	--
2015	\$121,000	17.8%	28	16.7%	128	--	--	0	--	--
2014	\$102,702	14.1%	24	-17.2%	98	\$150,000	-43.4%	1	0.0%	287
2013	\$90,000	-19.6%	29	31.8%	82	\$265,000	566.2%	1	0.0%	240
2012	\$112,000	-4.3%	22	29.4%	164	\$39,775	--	1	--	48
2011	\$117,000	20.9%	17	13.3%	122	--	--	0	--	--
2010	\$96,750	--	15	--	117	\$191,450	--	2	--	15

----- continued -----

FOR-SALE MARKET ANALYSIS

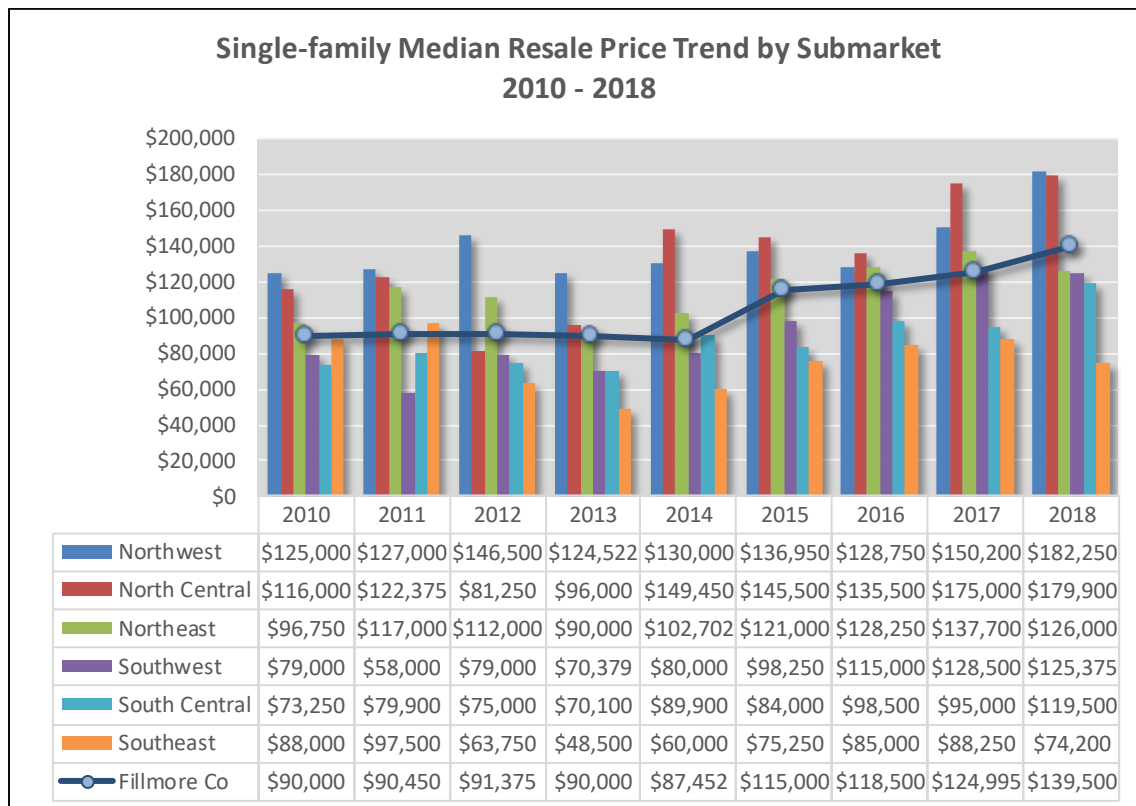
FOR-SALE MARKET ANALYSIS TABLE 2 continued
RESIDENTIAL RESALES ACTIVITY BY SUBMARKET
FILLMORE COUNTY
2010 - 2019 Q1

	Single-Family					Multifamily				
	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market	Median Sale Price	% Change	Closed Sales	% Change	Avg. Days on Market
Southwest Submarket										
2019 Q1	\$160,250	27.8%	6	--	58	--	--	0	--	--
2018	\$125,375	-2.4%	58	-17.1%	44	\$147,000	33.6%	1	0.0%	31
2017	\$128,500	11.7%	70	16.7%	54	\$110,000	0.5%	1	0.0%	15
2016	\$115,000	17.0%	60	11.1%	90	\$109,500	10.6%	1	0.0%	42
2015	\$98,250	22.8%	54	-11.5%	104	\$99,000	-18.4%	1	-50.0%	89
2014	\$80,000	13.7%	61	48.8%	90	\$121,250	24.4%	2	0.0%	1
2013	\$70,379	-10.9%	41	-33.9%	118	\$97,500	7.1%	2	-33.3%	14
2012	\$79,000	36.2%	62	26.5%	140	\$91,000	4.6%	3	200.0%	179
2011	\$58,000	-26.6%	49	-3.9%	205	\$87,000	-18.7%	1	0.0%	29
2010	\$79,000	--	51	--	128	\$107,000	--	1	--	223
South Central Submarket										
2019 Q1	\$99,000	-17.2%	5	--	34	--	--	0	--	--
2018	\$119,500	25.8%	56	47.4%	53	--	--	0	--	--
2017	\$95,000	-3.6%	38	-34.5%	71	\$115,000	2.2%	1	-50.0%	238
2016	\$98,500	17.3%	58	13.7%	84	\$112,500	-32.6%	2	100.0%	10
2015	\$84,000	-6.6%	51	10.9%	87	\$167,000	64.7%	1	-50.0%	6
2014	\$89,900	28.2%	46	12.2%	100	\$101,400	-11.8%	2	0.0%	58
2013	\$70,100	-6.5%	41	-16.3%	160	\$115,000	--	2	--	193
2012	\$75,000	-6.1%	49	-10.9%	124	--	--	0	--	--
2011	\$79,900	9.1%	55	37.5%	109	--	--	0	--	--
2010	\$73,250	--	40	--	96	--	--	0	--	--
Southeast Submarket										
2019 Q1	\$113,000	52.3%	3	--	120	--	--	0	--	--
2018	\$74,200	-15.9%	13	-40.9%	65	--	--	0	--	--
2017	\$88,250	3.8%	22	29.4%	67	--	--	0	--	--
2016	\$85,000	13.0%	17	21.4%	83	--	--	0	--	--
2015	\$75,250	25.4%	14	55.6%	67	--	--	0	--	--
2014	\$60,000	23.7%	9	50.0%	144	--	--	0	--	--
2013	\$48,500	-23.9%	6	-50.0%	168	--	--	0	--	--
2012	\$63,750	-34.6%	12	100.0%	90	--	--	0	--	--
2011	\$97,500	10.8%	6	20.0%	89	--	--	0	--	--
2010	\$88,000	--	5	--	59	--	--	0	--	--

Sources: Southeast Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

- As depicted in the following graph, median resale prices for single-family homes have consistently been highest in the Northwest and North Central Submarkets.

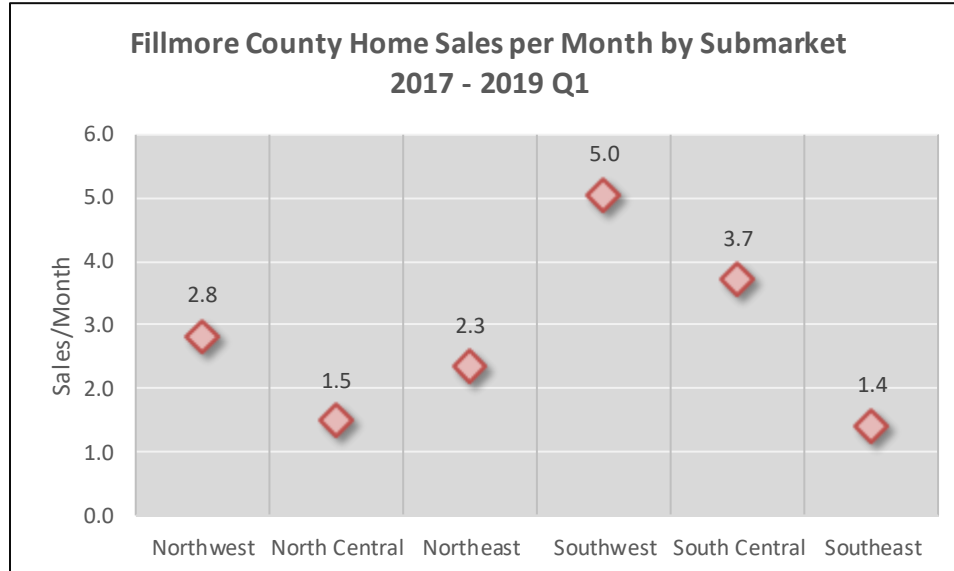


- In 2018, the Northwest Submarket had the highest median resale price in the County at \$182,250 (31% higher than the countywide median), while the North Central Submarket had a median resale price of \$179,900 (29% higher than the countywide median).
- The 2018 median resale prices for single-family homes in the Northeast, Southwest, and South Central Submarkets were slightly lower than the countywide median at \$126,000, \$125,375, and \$119,500, respectively. The median resale price for homes in the Southeast Submarket was -47% below the countywide median in 2018, at \$74,200.
- Median resale prices have trended upwards in all six submarkets since hitting lows in 2013. During the five-year period from 2013 through 2018, median resale prices for single-family homes increased 55% in Fillmore County, including increases of 46% in the Northwest, 87% in the North Central, 40% in the Northeast, 78% in the Southwest, 70% in the South Central, and 53% in the Southeast.
- In 2018, the Southwest Submarket had the highest median sale price for multifamily homes at \$147,000, followed by the Northwest at \$132,900. There were no multifamily resales in the North Central, Northeast, South Central, and Southeast Submarkets during 2018.

FOR-SALE MARKET ANALYSIS

For-Sale Market Analysis Table 3 on the following page presents the price distribution for residential sales in Fillmore County by submarket from 2017 through March 2019.

- As depicted, detached single-family homes priced between \$100,000 and \$149,999 have been the most commonly purchased product in Fillmore County since 2017, representing 28% of all single-family sales. Single-family homes priced from \$50,000 to \$99,999 represented 22% of the sales, while 19% of the single-family homes were priced between \$150,000 and \$200,000.
- Single-family homes priced between \$100,000 and \$149,999 were the most commonly purchased product in the Northeast (40%) and Southwest (30%) Submarkets, while homes purchased in the \$150,000 to \$199,999 range were most common in the Northwest (30%) and North Central (35%) Submarkets. Single-family homes purchased in the \$50,000 to \$99,999 range were the most common product in the Southeast Submarket (37%).
- Of the ten multifamily units sold in Fillmore County since 2017, 70% were priced in the \$100,000 to \$149,999 range, while 30% were priced between \$150,000 and \$199,999.
- Based on the 453 closed home sales since 2017, Fillmore County experiences approximately 16.8 residential sales per month, including 16.4 single-family sale transactions per month and 0.4 multifamily sales per month.



- Since 2017, sales volume has been most active in the Southwest (5.0 sales per month), South Central (3.7), Northwest (2.8), and Northeast (2.3) Submarkets. Sales activity has been notably slower in the North Central (1.5) and Southeast (1.4) Submarkets.

FOR-SALE MARKET ANALYSIS

FOR-SALE MARKET ANALYSIS TABLE 3
RESIDENTIAL SALES ACTIVITY - PRICE DISTRIBUTION
FILLMORE COUNTY
2017 - 2019 Q1

	----- Fillmore County Submarkets -----													
	Northwest		North Central		Northeast		Southwest		South Central		Southeast		Fillmore County	
	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total	Closed Sales	% of Total
Single-family														
Less than \$50,000	2	2.9%	4	10.0%	9	14.3%	9	6.7%	12	12.1%	7	18.4%	43	9.7%
\$50,000 to \$99,999	8	11.6%	0	0.0%	10	15.9%	30	22.4%	36	36.4%	14	36.8%	98	22.1%
\$100,000 to \$149,999	15	21.7%	10	25.0%	25	39.7%	40	29.9%	26	26.3%	9	23.7%	125	28.2%
\$150,000 to \$199,999	21	30.4%	14	35.0%	7	11.1%	23	17.2%	15	15.2%	4	10.5%	84	19.0%
\$200,000 to \$299,999	14	20.3%	6	15.0%	10	15.9%	24	17.9%	9	9.1%	4	10.5%	67	15.1%
\$300,000 to \$399,999	3	4.3%	1	2.5%	2	3.2%	6	4.5%	1	1.0%	0	0.0%	13	2.9%
\$400,000 to \$499,999	6	8.7%	3	7.5%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	9	2.0%
\$500,000 or more	0	0.0%	2	5.0%	0	0.0%	2	1.5%	0	0.0%	0	0.0%	4	0.9%
Total	69	100%	40	100%	63	100%	134	100%	99	100%	38	100%	443	100%
Multifamily														
Less than \$50,000	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
\$50,000 to \$99,999	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
\$100,000 to \$149,999	4	57.1%	0	--	0	--	2	100.0%	1	100.0%	0	--	7	70.0%
\$150,000 to \$199,999	3	42.9%	0	--	0	--	0	0.0%	0	0.0%	0	--	3	30.0%
\$200,000 to \$299,999	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
\$300,000 to \$399,999	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
\$400,000 to \$499,999	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
\$500,000 or more	0	0.0%	0	--	0	--	0	0.0%	0	0.0%	0	--	0	0.0%
Total	7	100%	0	--	0	--	2	100%	1	100%	0	--	10	100%

*Includes resales from 2017 through the first quarter of 2019

Sources: Southeast Minnesota Association of Realtors; Maxfield Research & Consulting, LLC

Active Listings

For-Sale Market Analysis Table 4 presents a summary of detached single-family and multifamily homes currently listed for sale in Fillmore County. Multifamily includes condominiums, town-houses, and twin homes. Data was obtained from the Southeast Minnesota Association of Realtors.

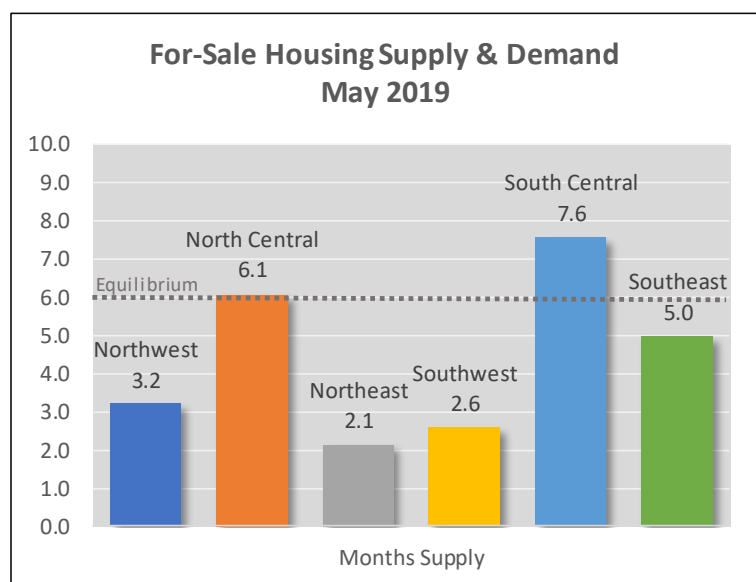
- There were 71 homes listed for sale in Fillmore County as of May 2019. Over 87% of the for-sale listings (62 homes) were detached single-family housing units and the remaining 13% (nine homes) were multifamily units.

FOR-SALE MARKET ANALYSIS TABLE 4 HOMES LISTED FOR SALE FILLMORE COUNTY May 2019						
	Listings	% of Total	Median Year Built	Median Size	Median Price	Price per Sq. Ft.
Single-family Detached						
Less than \$50,000	2	2.8%	1910	948	\$32,970	\$34.78
\$50,000 to \$99,999	11	15.5%	1900	1,611	\$74,900	\$46.49
\$100,000 to \$149,999	17	23.9%	1900	1,496	\$139,900	\$93.52
\$150,000 to \$199,999	12	16.9%	1921	1,704	\$180,900	\$106.16
\$200,000 to \$299,999	11	15.5%	2002	1,654	\$230,000	\$139.06
\$300,000 to \$399,999	3	4.2%	1962	2,115	\$354,900	\$167.80
\$400,000 to \$499,999	3	4.2%	1978	2,458	\$435,000	\$176.97
\$500,000 or more	3	4.2%	2004	3,874	\$899,900	\$232.29
Subtotal	62	87.3%	1917	1,614	\$157,000	\$97.27
Multifamily						
Less than \$50,000	1	1.4%	2000	411	\$49,900	\$121.41
\$50,000 to \$99,999	6	8.5%	2007	857	\$81,400	\$94.98
\$100,000 to \$149,999	0	0.0%	NA	NA	NA	NA
\$150,000 to \$199,999	2	2.8%	2019	1,430	\$198,500	\$138.81
\$200,000 to \$299,999	0	0.0%	NA	NA	NA	NA
\$300,000 to \$399,999	0	0.0%	NA	NA	NA	NA
\$400,000 to \$499,999	0	0.0%	NA	NA	NA	NA
\$500,000 or more	0	0.0%	NA	NA	NA	NA
Subtotal	9	12.7%	2008	922	\$82,900	\$89.91
Market Total	71	100%	1926	1,548	\$149,900	\$96.83
Sources: Southeast Minnesota Association of Realtors; Maxfield Research & Consulting, LLC						

- The median asking price for single-family homes in the County was \$157,000, which was 12.5% higher than the median price of closed sales in 2018 (\$139,500). The median asking price for multifamily units is \$82,900, roughly -41% lower than the median price of closed multifamily sales in 2018 (\$139,950).

FOR-SALE MARKET ANALYSIS

- The median size of homes listed for sale was 1,548 square feet which equates to a median price per square foot of about \$97, based on a total median list price of \$149,900.
- With a median size of 1,614 square feet, the median price per square foot for single-family homes was \$97. Multifamily units are substantially smaller, at 922 square feet, but priced comparably on a per square foot basis with a median price of \$90.
- Over half (52%) of the homes for sale in Fillmore County were built prior to 1940, with 21% of the homes being built before 1900. Another 18% of the homes were built in the year 2010 or more recently and 16% were constructed during the 2000s. Roughly 4% were built in the 1990s as well as the 1960s, with 1% of the actively-marketing homes being built in the 1940s, 1950s, 1970s, and 1980s (one listing from each decade).
- Since 2017, Fillmore County has averaged 16.8 home sales per month. Based on the current supply of available for-sale housing in the County, there is a 4.2-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is generally considered to be a six-month supply of homes on the market. As such, it appears that the current inventory of available for-sale housing in Fillmore County is slightly undersupplied.
- By comparison, there is a 2.5-month supply of homes available across the Rochester-Austin CSA (2.4-month supply of single-family homes and 3.4-month supply of multifamily housing units).
- With 28 active listings, the South Central Submarket contains 39% of the homes for sale in the County, including 21 single-family home listings and seven multifamily listings. All of the actively-marketing multifamily units in the Submarket are located in the Trailhead Suites condominium building in Preston.
- There are 13 housing units listed for sale in the Southwest Submarket (18% of the total) and nine in both the Northwest and North Central Submarkets (13% each). There are seven listings in the Southeast (10%) and five homes listed for sale in the Northeast (7%).
- The adjacent graph illustrates the months supply of homes listed for sale by submarket.



Vacant Residential Parcels

The following information provides a summary of the supply of vacant residential parcels in each of Cities in Fillmore County. Data is provided by the Fillmore County Assessor's Department and the Fillmore County Geographic Information Systems (GIS) Office. Information for the portion of Chatfield in Olmsted County was obtained from the Rochester-Olmsted Planning Department, GIS Division. The majority of these lots are not currently being actively-marketed for sale and may or may not be available for future development.

- The following figure presents a summary of vacant residential lots in each City along with the median estimated assessed land value for the vacant lots within each City.

Vacant Residential Parcels			
Submarket	City	Vacant Lots	Median Value*
Northwest	Chatfield (Fillmore Co.)	66	\$25,500
	Chatfield (Olmsted Co.)	93	\$4,000
North Central	Lanesboro	40	\$9,400
	Whalan	22	\$10,100
Northeast	Peterson	22	\$2,500
	Rushford	105	\$5,100
	Rushford Village	57	\$5,900
Southwest	Ostrander	16	\$3,600
	Spring Valley	123	\$6,000
	Wykoff	22	\$4,900
South Central	Fountain	23	\$7,800
	Harmony	84	\$6,150
	Preston	98	\$3,600
Southeast	Canton	25	\$1,900
	Mabel	27	\$4,200

*Median Value represents the estimated assessed land value per the County Assessor

- As shown, the largest number of vacant lots are in Chatfield (66 in Fillmore County and 93 in Olmsted County), Spring Valley (123), and Rushford (105).
- Median assessed land values range from a low of \$1,900 in Canton to \$25,500 in the Fillmore County portion of Chatfield.
- For-Sale Market Analysis Table 5 on the following page summarizes the number of vacant residential parcels by Subdivision in each City in Fillmore County, and the maps on the subsequent pages illustrate the geographic distribution of vacant lots by City.

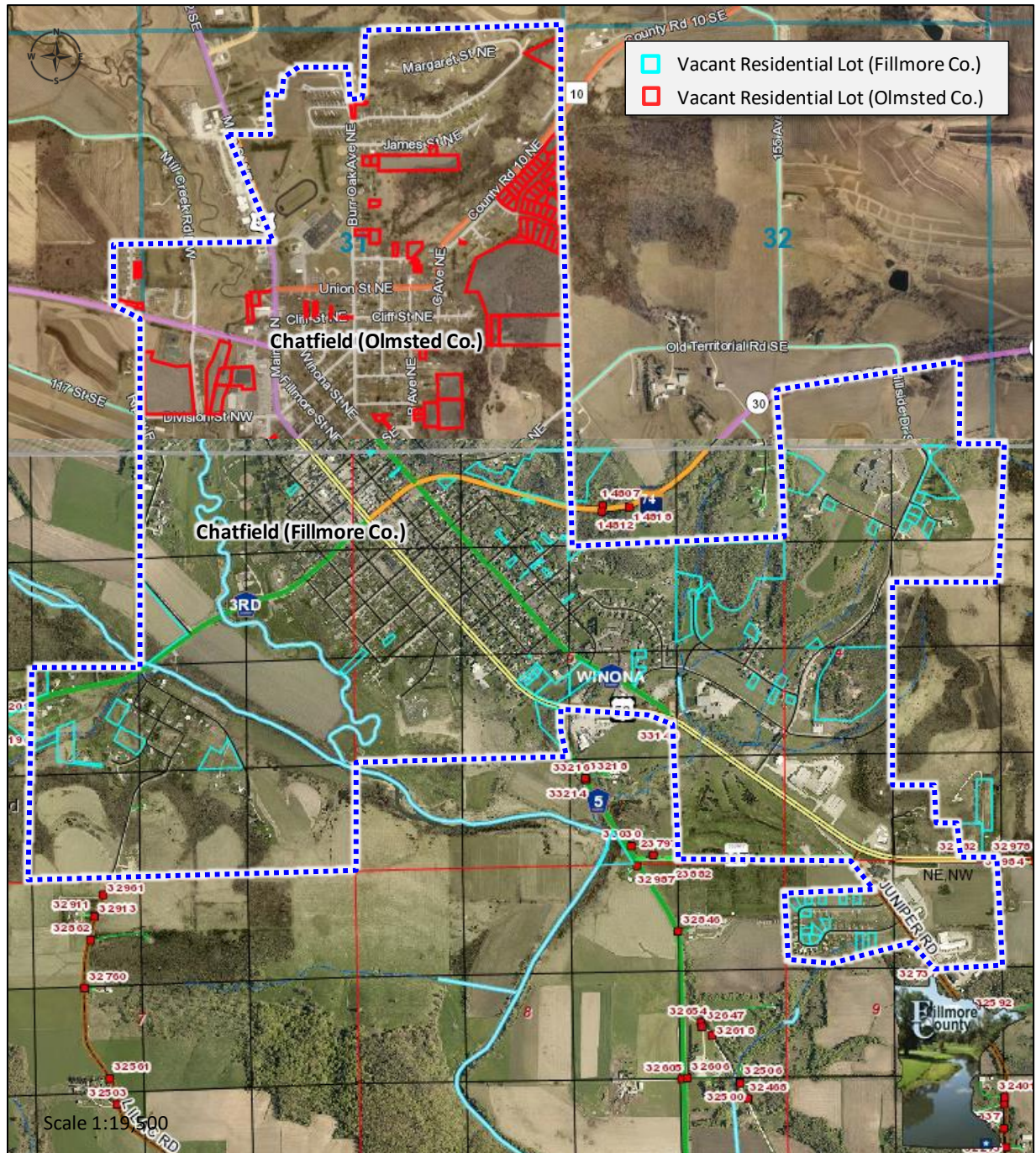
FOR-SALE MARKET ANALYSIS

**FOR-SALE MARKET ANALYSIS TABLE 5
VACANT RESIDENTIAL PARCELS BY CITY & SUBDIVISION
FILLMORE COUNTY
May 2019**

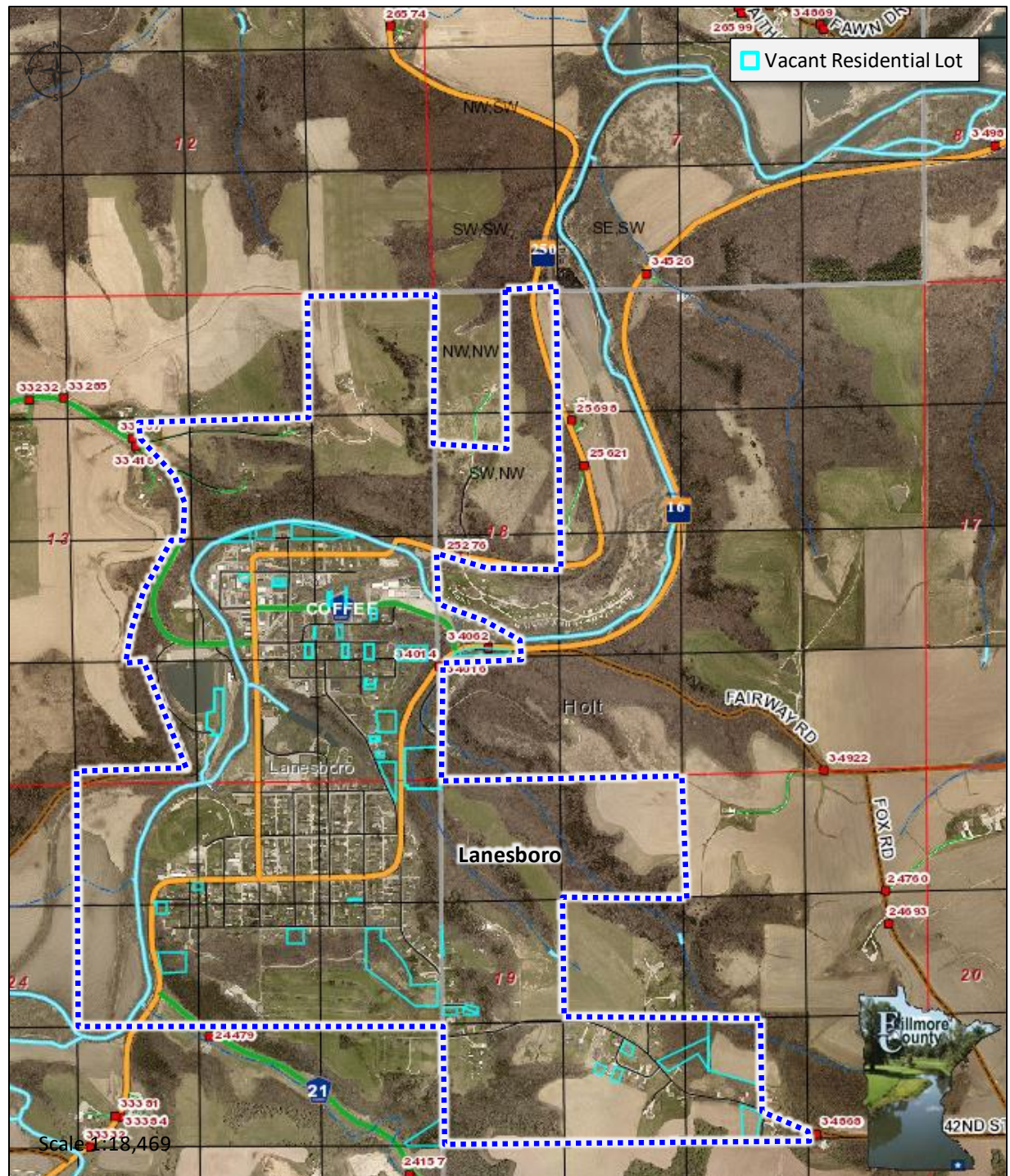
City	Vacant	City	Vacant	City	Vacant	City	Vacant	City	Vacant
Subdivision	Lots	Subdivision	Lots	Subdivision	Lots	Subdivision	Lots	Subdivision	Lots
Chatfield (Fillmore County)	66	Rushford	105	Spring Valley	123	Fountain	23	Preston	98
Bristol & Jacobs Addition	1	Becker Subdivision	5	Allens Addition	7	Fountain Original Plat	10	Bar Kaerchers Addition	7
Chatfields Original Plat	4	Birch View Addition	2	Arlington Heights Addition	3	Fountains West Side	1	Barbara Kaerchers Addition	4
Conway's Fourth Addition	1	CD Sherwoods Addition	3	Billings & Cummings Addition	2	Junge Subdivision	1	Billings Addition	9
Fingerson & Donahoe	9	East Brooklyn Addition	5	Bucknell First Subdivision	22	Vitses Subdivision	1	Carson Third Addition	1
Hidden Valley Estates	1	Hiram Walkers Addition	2	CC Thayer & Cos Addition	5	Warehouse Lots	1	Columbian Addition	1
Hillcrest Addition	3	James Humble Addition	1	Companys Addition	9	Unplatted	9	Country Club Addition	7
Hilltop Estates	10	Otis Addition	8	Freemans Subdivision	1			Estate Heights Addition	3
Lone Stone	13	Rushford Original Plat	6	Griswold & Warners Addition	2	Harmony	84	Gartners Addition	1
Lucian A Johnsons Addition	2	Southview Terrace	2	Johnsons Addition	8	Aabergs Addition	2	Golfview Estates	5
Spelhaugs Subdivision	1	Stebbins SS Addition	4	Knudsen Addition	1	Brokkens Subdivision	1	John Kaerchers Addition	7
West Chatfield	4	Stevens Addition	11	Macal Subdivision	1	Hahn Subdivision	6	Maple Street Addition	1
Unplatted	17	Sunset Addition	2	Maloney Subdivision	13	Halversons Subdivision	3	Parkside Plaza	2
Lanesboro	40	Tyrol Hills Addition	1	Spring Valley Original Plat	1	Larsons Addition	3	Preston Original Plat	2
Benson Subdivision	1	Walker & Stebbins Addition	2	North Park Estates	1	Lutes Scrabeck Addition	9	Schroeders Subdivision	6
Cady Hayes Park Addition	4	Walker & Valentines Addition	2	Pheasant Ridge Subdivision	2	Maland Bros Addition	1	Unplatted	42
Circle Drive Subdivision	3	White Pines Addition	1	Smiths Park Addition	3	Nels Heggs Addition	1	Canton	25
Lanesboro First Addition	7	Unplatted	48	Spring Park Townhomes	12	NN Helles Addition	4	Canton Original Plat	12
Lanesboro Original Plat	14	Rushford Village	57	Steffens & Edwards Addition	1	North Park Addition	2	JG Lamms Addition	1
Southern Hills	3	CD Sherwoods Addition	1	Valley Estates Subdivision	1	Oscar Heggs Addition	4	Unplatted	12
Unplatted	8	Sim Valley	4	Warners Addition	3	Ryans Addition	2		
Whalan	22	South Rushford	6	Westfield First Subdivision	1	Southview Addition	5	Mabel	27
Culbertsons Addition	1	Woodland Heights	3	Unplatted	22	Sunnyside Addition	10	Christian D Olson Addition	1
Rivers Edge Subdivision	10	Unplatted	43	Wykoff	22	TA Torgersons Addition	1	EC Ericksons Addition	1
Whalan Original Plat	10	Ostrander	16	Bartlett & Banks Addition	6	Walnut Farms	11	EP Johnson Addition	1
Unplatted	1	Eugene F Simon Addition	3	FH Bartlett Addition	6	Unplatted	19	Gjere Addition	6
Peterson	22	LS Renhdahl Addition	1	Tjepkes First Subdivision	6			Hagen Addition	3
Geo. Pl. Hasleruds Addition	3	Ostrander Original Plat	7	Wykoff Original Plat	3			Karlis Subdivision	1
Joseph J Benston Addition	1	Unplatted	5	Unplatted	1			Kristopher Olsen Addition	1
Peterson Original Plat	3							LP Thompson Addition	1
Unplatted	15							Mabel Original Plat	4
								Melby Addition	3
								Unplatted	5

Sources: Fillmore County Assessor's Department; Fillmore County GIS Office; Maxfield Research & Consulting, LLC

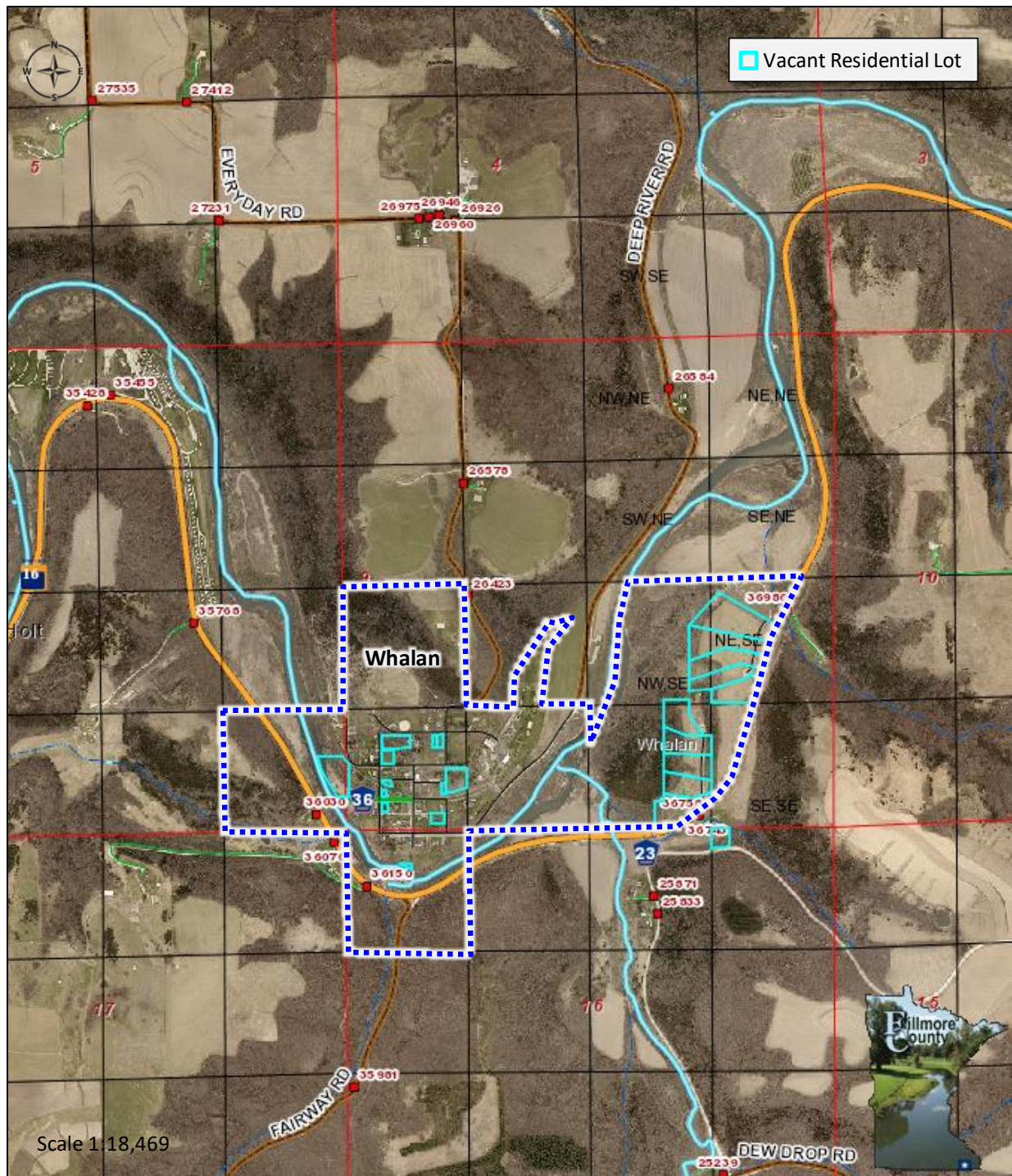
Vacant Residential Lots in Chatfield



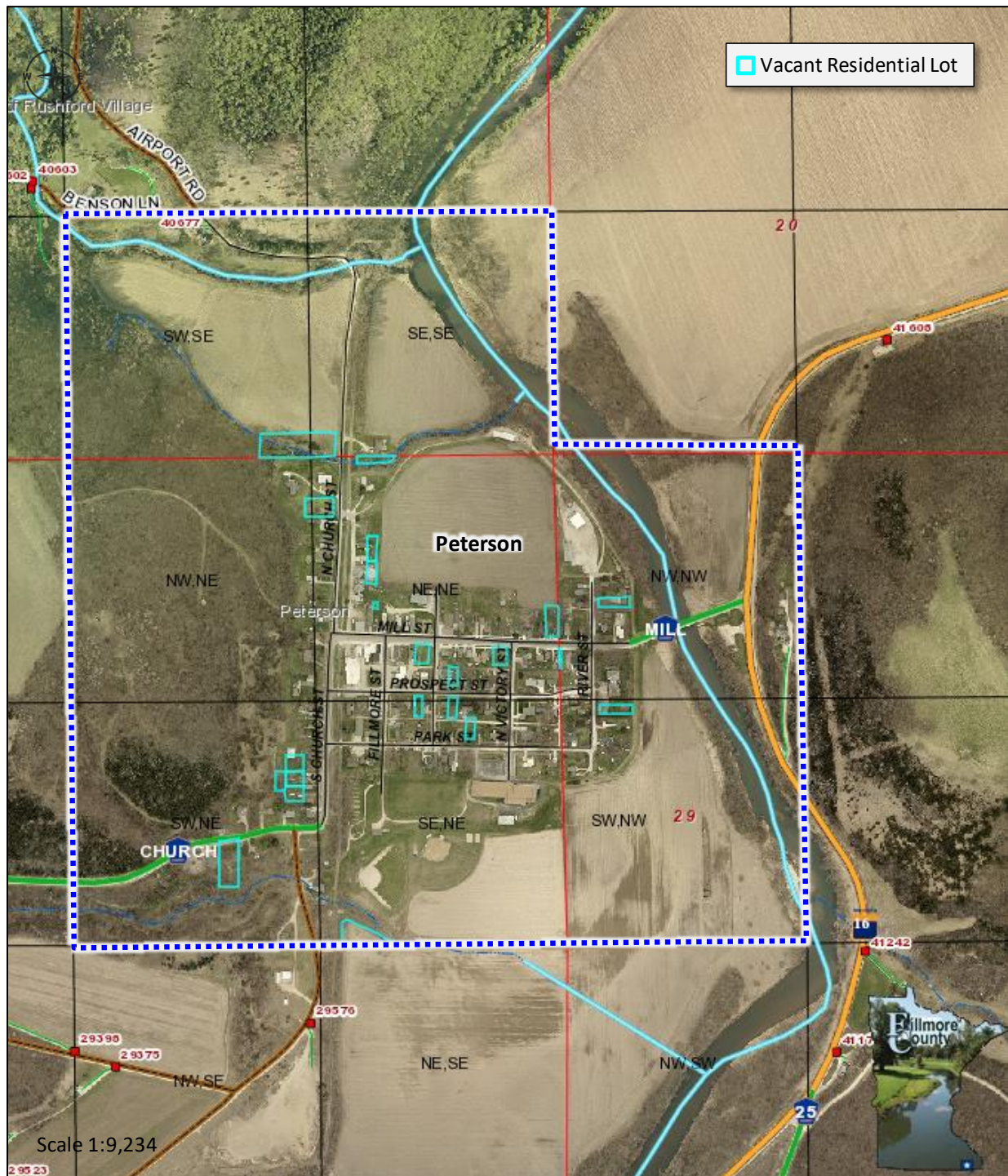
Vacant Residential Lots in Lanesboro

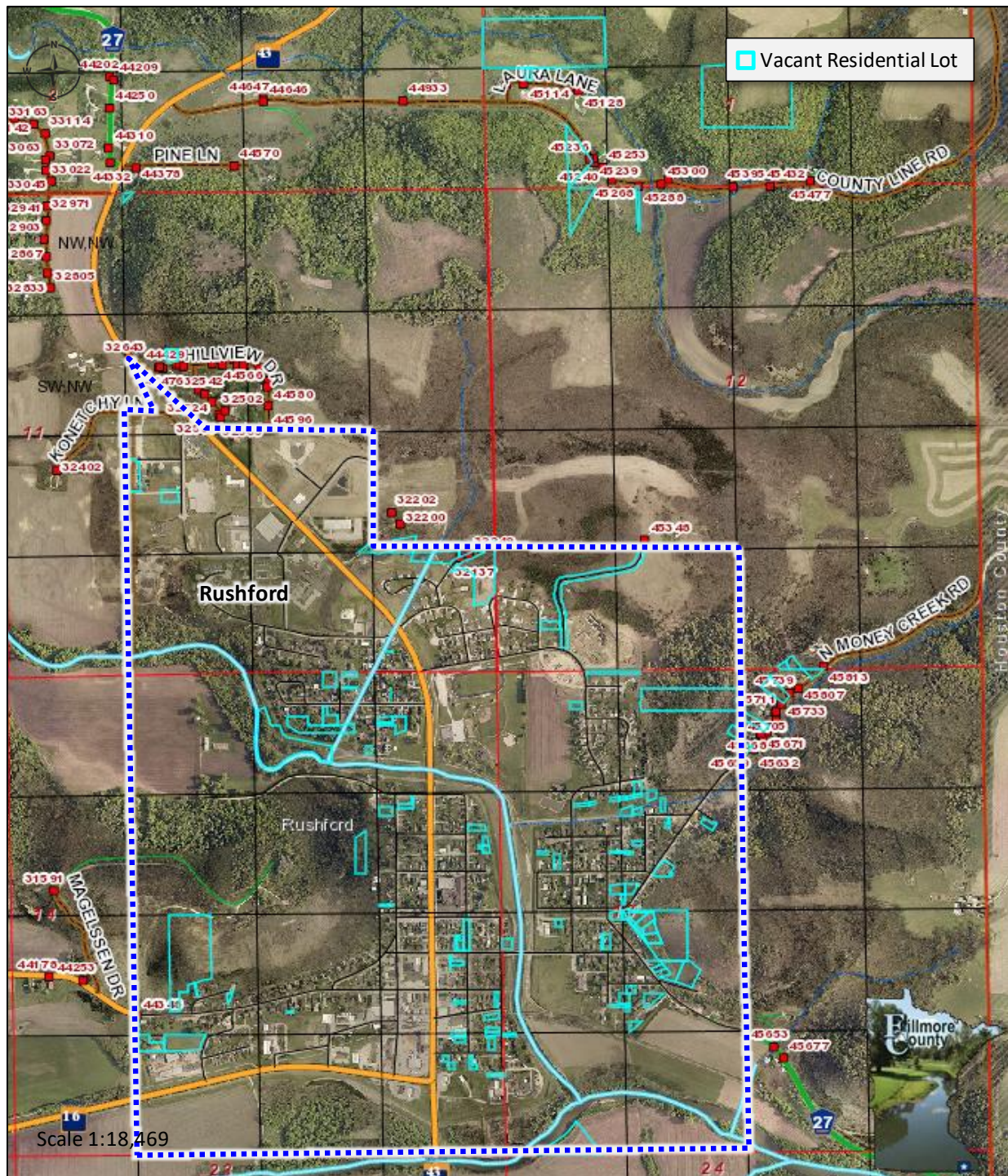


Vacant Residential Lots in Whalan

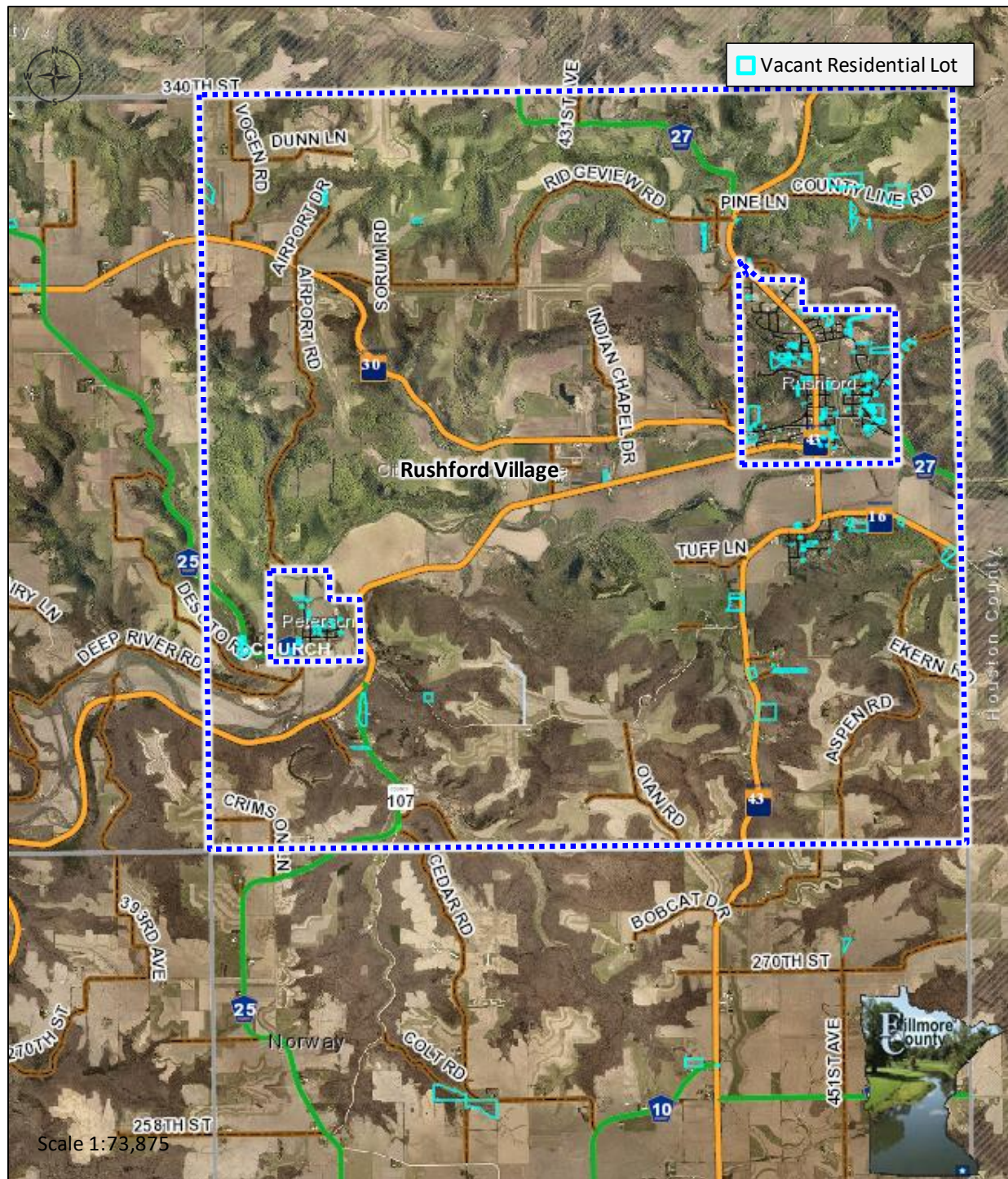


Vacant Residential Lots in Peterson

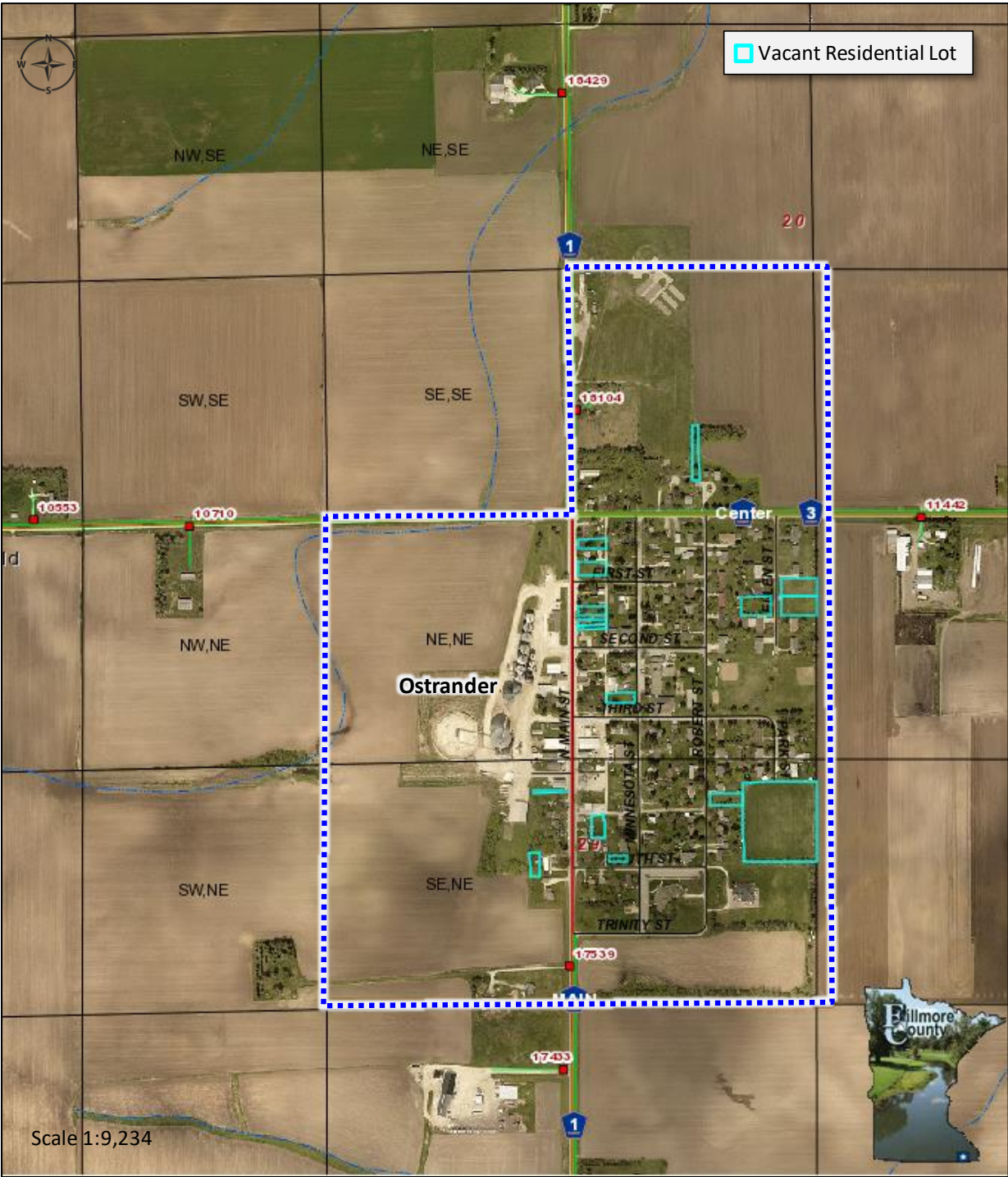




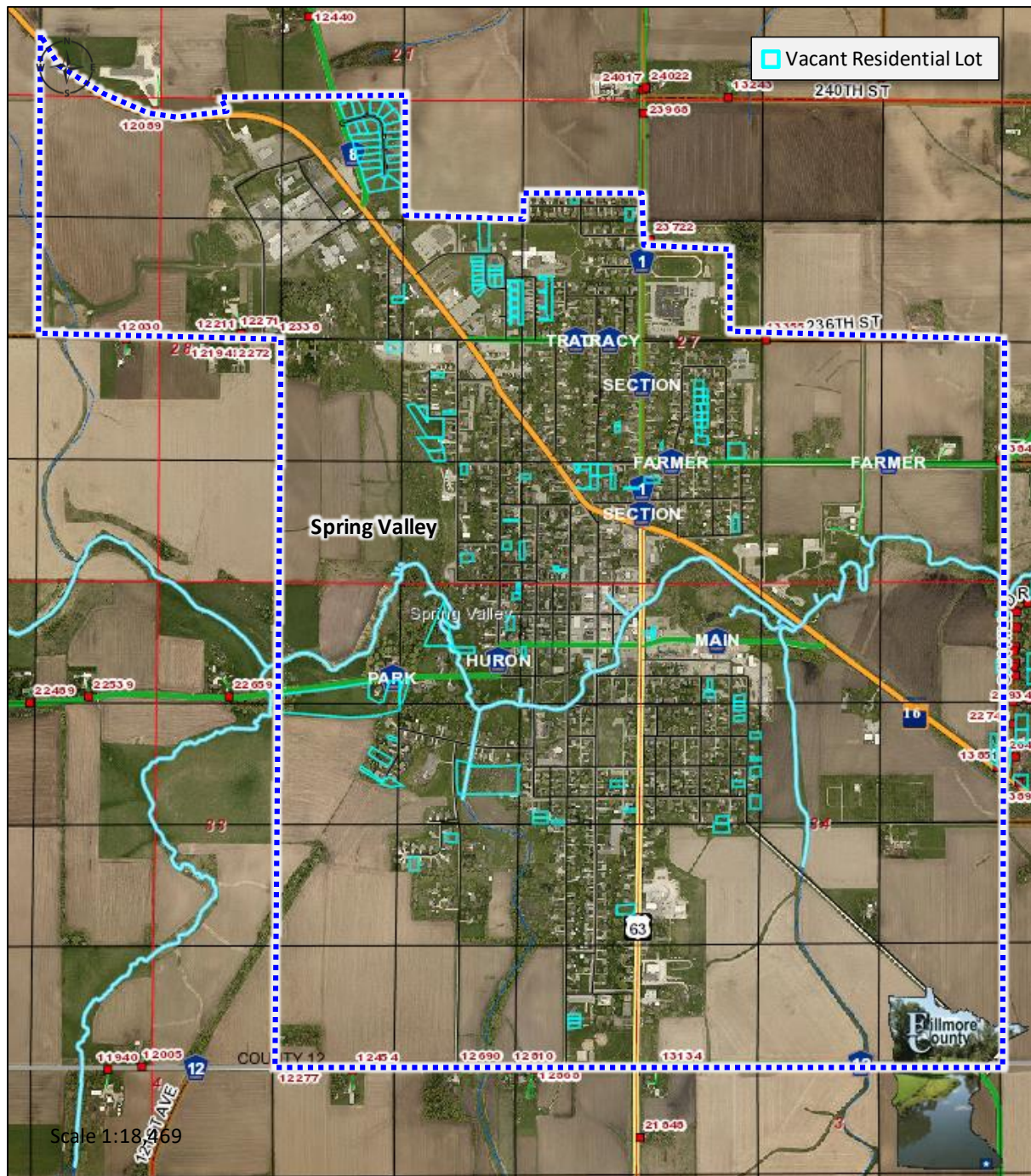
Vacant Residential Lots in Rushford Village



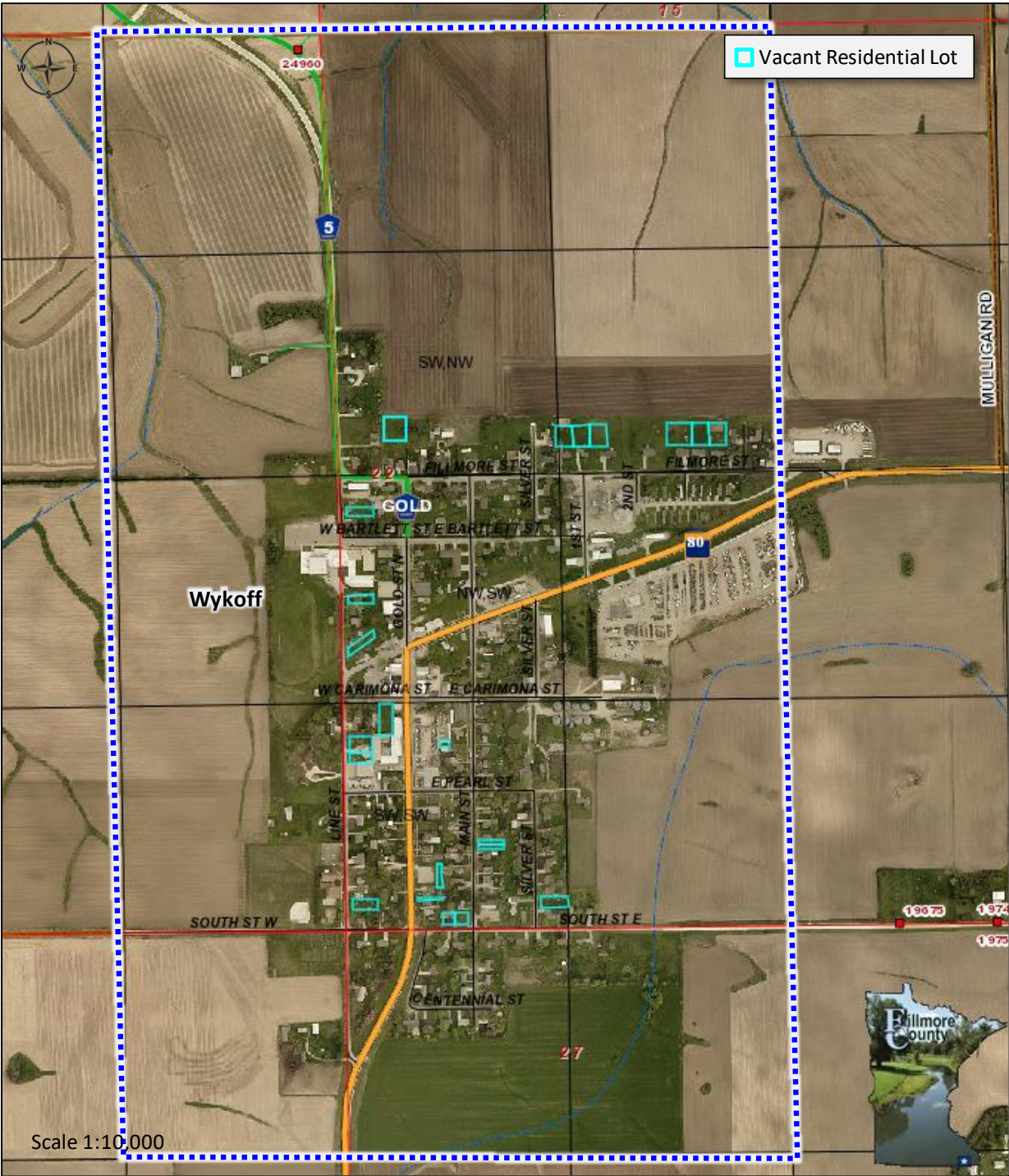
Vacant Residential Lots in Ostrander



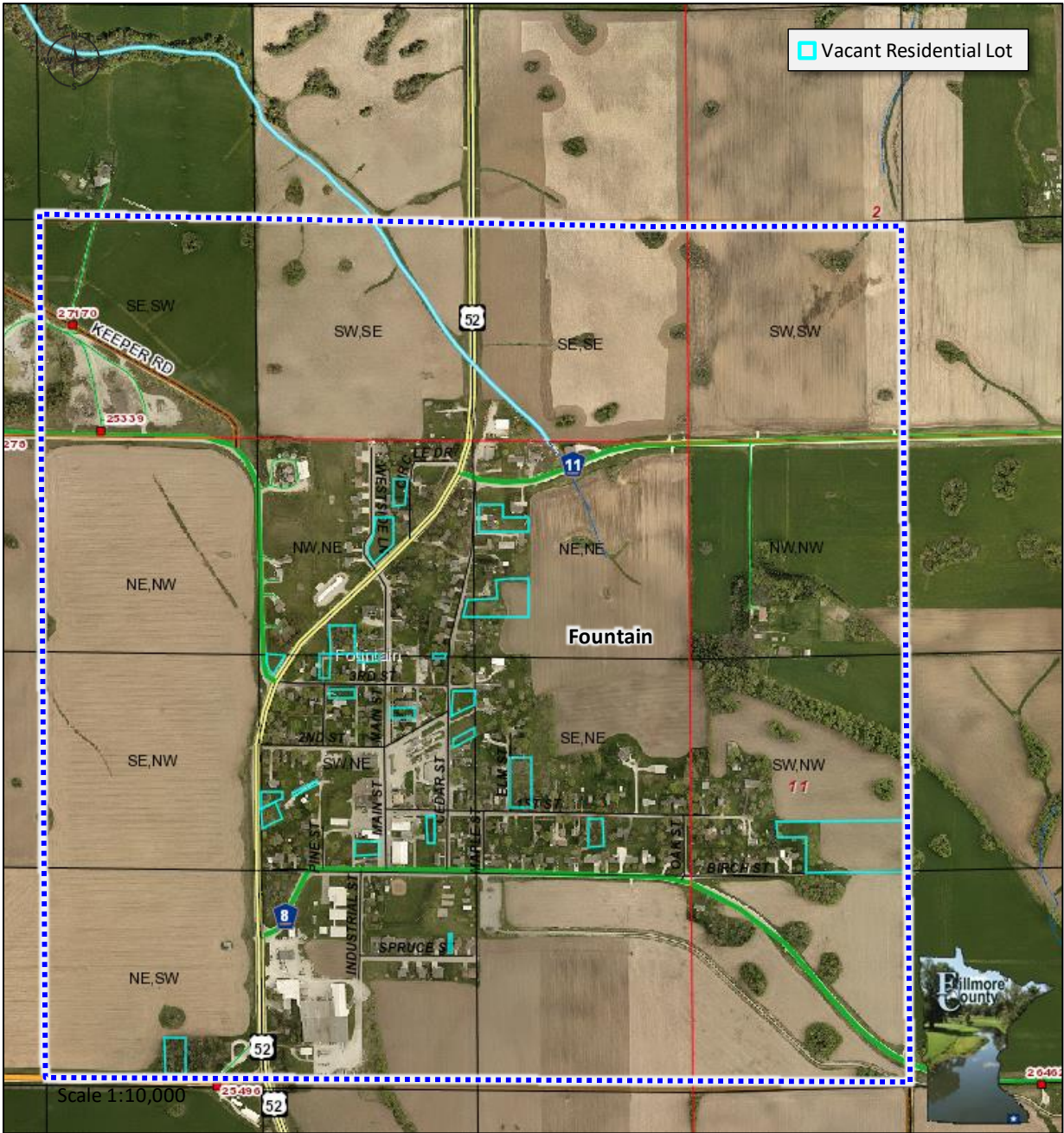
Vacant Residential Lots in Spring Valley



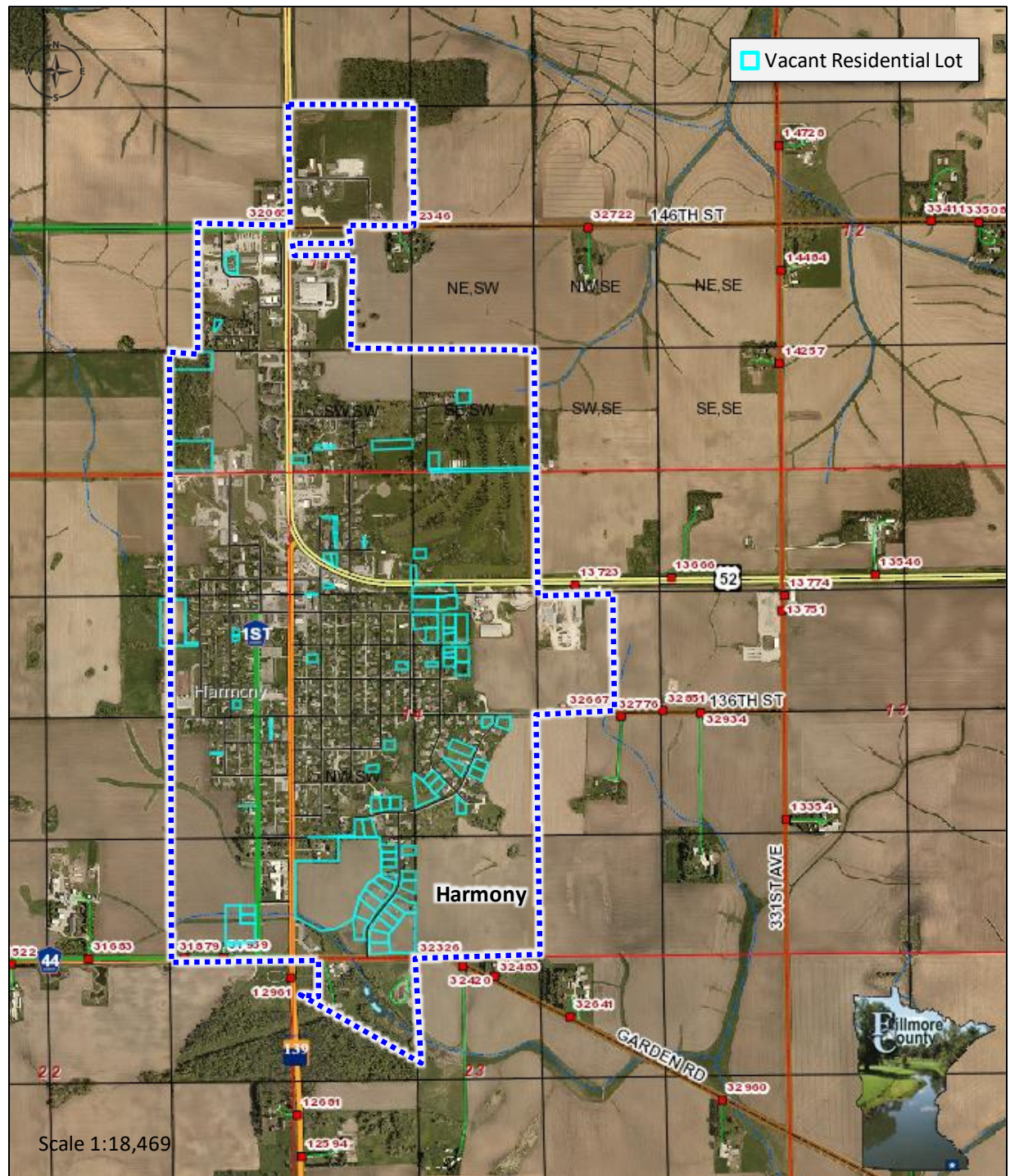
Vacant Residential Lots in Wykoff



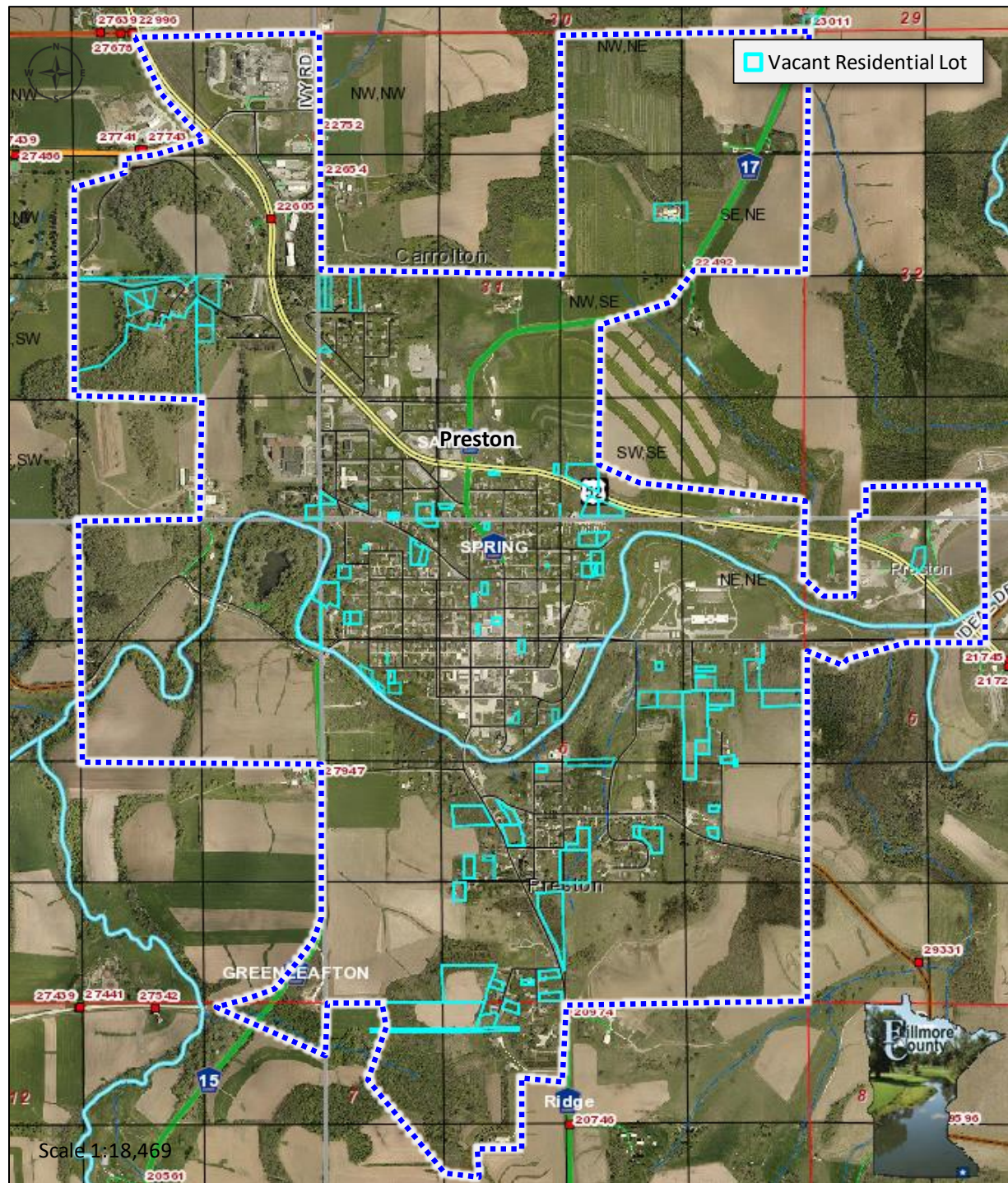
Vacant Residential Lots in Fountain



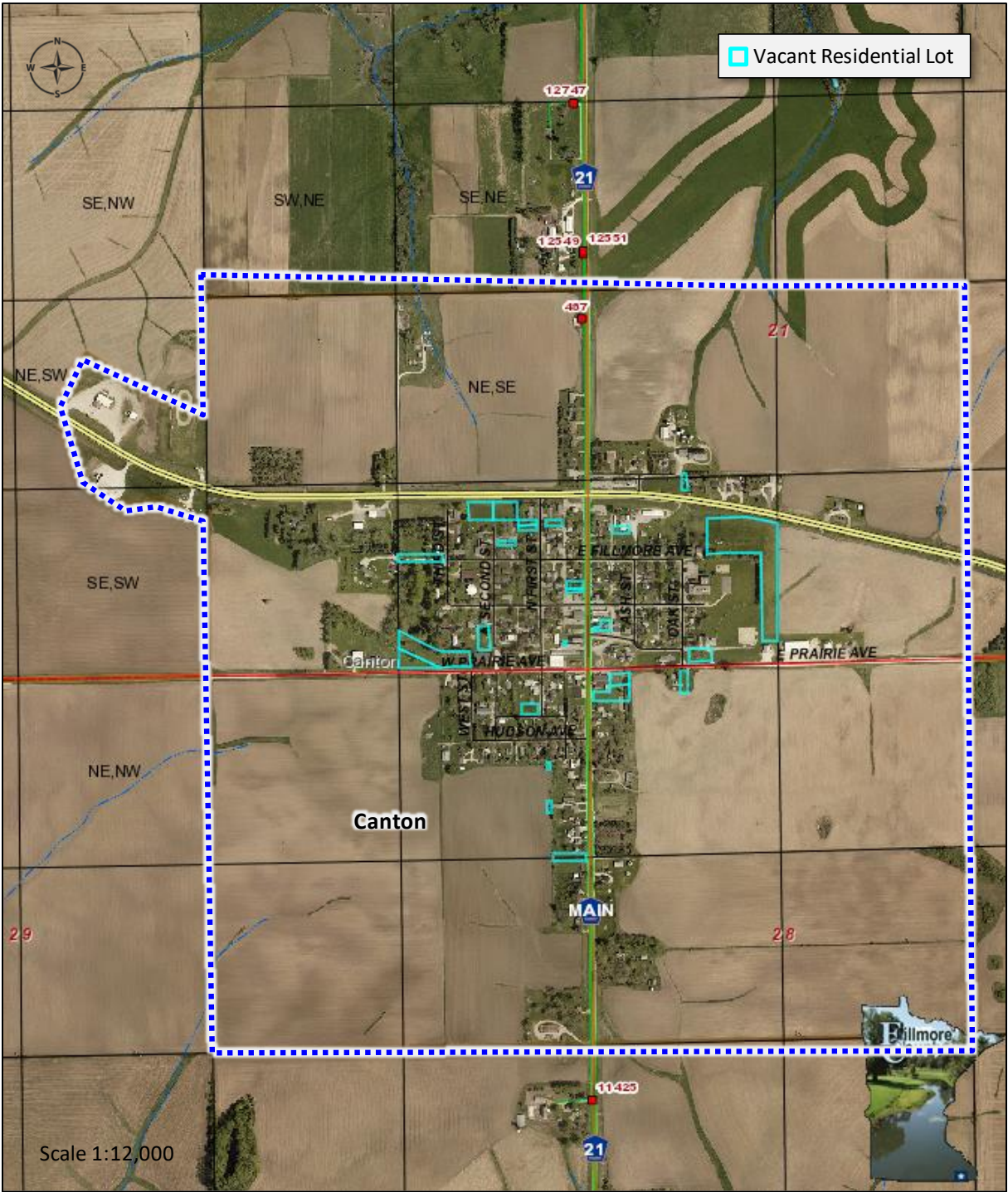
Vacant Residential Lots in Harmony



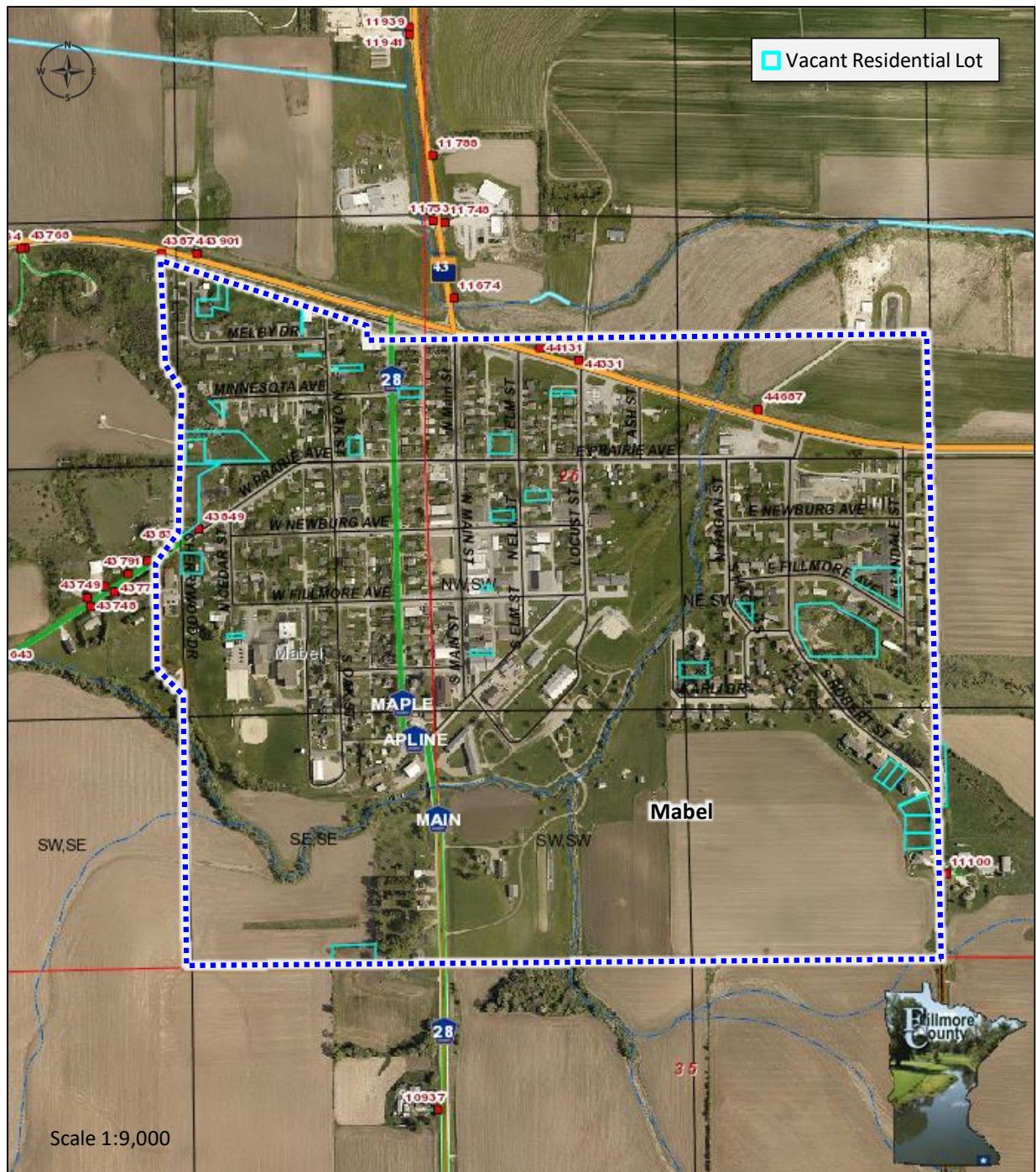
Vacant Residential Lots in Preston



Vacant Residential Lots in Canton



Vacant Residential Lots in Mabel



Actively-Marketing Residential Subdivisions

For-Sale Market Analysis Table 6 presents a summary of residential lots currently listed for sale in Fillmore County. Data is sourced from the Southeast Minnesota Association of Realtors.

- There are currently 17 residential lots listed for sale in Fillmore County, divided between four separate subdivisions and three unplatted lots.
- Hilltop Estates in Chatfield and Rivers Edge in Whalan both have four lots listed, while there are three lots listed in the Gjere Addition in Mabel and Nolan Valley in Newburg Township. There are also three unplatted lots listed for sale in Preston.

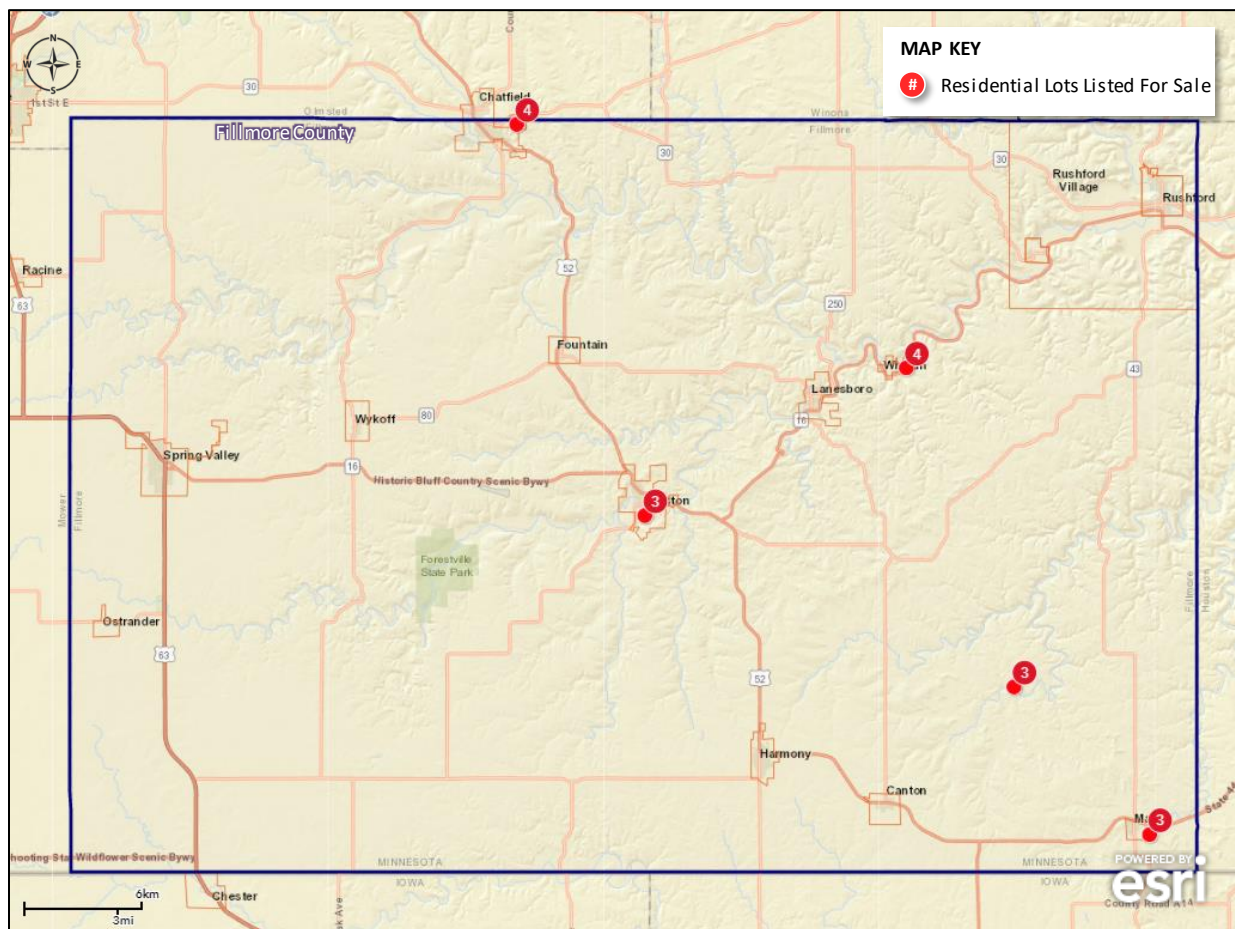
FOR-SALE MARKET ANALYSIS TABLE 6 RESIDENTIAL LOTS FOR SALE BY SUBDIVISION FILLMORE COUNTY May 2019						
City/Township	Fillmore County Total	----- Residential Subdivision -----				
		Hilltop Estates	Gjere Addition	Rivers Edge	Nolan Valley	Unplatted Lots
		Chatfield	Mabel	Whalan	Newburg	Preston
Lots for Sale	17	4	3	4	3	3
Min Size (Sq. Ft.)	10,019	12,197	10,019	108,900	120,661	19,602
Max Size (Sq. Ft.)	277,477	15,682	11,761	149,846	277,477	100,624
Average Size (Sq. Ft.)	76,691	13,721	10,890	121,532	196,456	46,900
Min Price	\$20,800	\$62,000	\$20,800	\$79,900	\$29,900	\$28,000
Max Price	\$84,900	\$71,000	\$23,800	\$84,900	\$69,000	\$39,900
Average Price	\$54,688	\$64,750	\$22,133	\$82,400	\$52,933	\$38,633
Average Price/Sq. Ft.	\$0.71	\$4.72	\$2.03	\$0.68	\$0.27	\$0.82
Est. Home Value¹	\$273,440	\$323,750	\$110,665	\$412,000	\$264,665	\$193,165
¹ Home value represents the anticipated value of homes built in the subdivision, based on the assumption that land values equate to 20% of total home value.						
Sources: Southeast Minnesota Association of Realtors; Maxfield Research & Consulting, LLC						

- Lot prices vary depending on location, features, and community amenities. List prices range from as low as \$0.11 per square foot for a 6.4-acre rural parcel in Nolan Valley to a high of \$5.26 per square foot for a 13,504 square-foot (0.3 acre) lot in Hilltop Estates in Chatfield.
- The average size of lots currently listed for sale in Fillmore County is 1.76 acres (76,691 square feet), with an average list price of \$0.71 per square foot based on the average price of \$54,688.

FOR-SALE MARKET ANALYSIS

- Based on the average list price in each subdivision and assuming that land values equate to 20% of the total home value, we estimate the anticipated value of homes in these subdivisions. Estimated values range from as low as \$110,665 in the Gjere Addition in Mabel to \$412,000 in the Rivers Edge Subdivision in Whalan. The average estimated value for new construction homes on these residential lots in Fillmore County is \$273,440.
- In addition to these subdivided lots, there are also 22 raw land parcels listed for sale in the County, ranging in size from seven acres to over 159 acres. Many of these parcels are buildable but are marketed for a variety of land uses, such as agriculture, hunting or recreational land. These parcels are listed for an average price of \$5,038 per acre (\$0.12 per square foot).
- The following map depicts the location of the 17 actively-marketing residential lots in Fillmore County.

Residential Lots Listed For Sale – Fillmore County



Real Estate Agent/Builder Interviews

In an attempt to gain additional insight into trends in the for-sale residential market in Fillmore County, Maxfield Research solicited input from real estate professionals active in the area. Topics addressed included issues such as the general condition of the housing stock, the types of homes being sought by buyers, and whether the existing supply of available housing in the County satisfies buyer demand. The following points summarize the findings from this process.

- Many people would like to move to the area for the natural amenities, the school systems, and the affordable supply of housing but it is often difficult for potential buyers to find suitable housing.
- There is demand for a variety of housing types, particularly for affordable entry-level homes and move-up housing. Demand for higher-priced executive homes is limited.
- Many potential home buyers in have trouble finding homes to purchase in their communities, so they remain “trapped” in rentals or entry-level homes.
- The housing stock is aging and there are homes in need of maintenance or are becoming functionally obsolete.
- Homes priced appropriately are selling very quickly in the County, particularly in the communities closest to Rochester.
- Proximity to Rochester plays a significant role in home buying trends in the County. Markets are stronger in communities closest to Rochester such as Chatfield and Spring Valley compared to more isolated communities in the County (i.e. Mabel and Canton).
- Home prices have been climbing and marketing times have decreased.
- The construction of more move-up homes would likely stimulate faster turnover of entry-level homes.
- Many buyers are interested in patio homes or townhomes priced in an affordable range, typically under \$200,000. Although there is an interest in this style of home at a lower price point (\$150,000) it is difficult to achieve price point with new construction costs. Rural homes are also in demand.
- Many buyers from the Rochester area are seeking homes in the County because sale prices are more affordable.
- Quality homes sell quickly. Strongest demand seems to be for housing priced between \$110,000 and \$140,000, with relatively few sales priced over \$300,000.

- Housing costs in the County can generally be defined as follows:
 - Entry-level housing priced less than \$125,000;
 - Move-up housing priced in the \$125,000 to \$200,000 range; and,
 - Executive housing priced at \$250,000 or higher.
- New single-family construction would be priced at roughly \$150 per square foot or higher for basic finishes and amenities, with sale prices starting in the low- to mid- \$200,000s. New construction homes with higher-end finishes would command prices of \$300,000 and higher.
- Many buyers are looking for three-stall garages and finished basements.
- Demand for energy-efficient homes will likely grow.
- Prospective buyers include a mix of local residents seeking opportunities to move-up as well as households moving into the area.
- Historically, most buyers have purchased single-family homes, but there seems to be growing demand for maintenance-free housing products, such as townhomes.
- There is very little rental product available in the County and renters are seeking upgraded units, but new market rate rental development has not been pursued due to the high construction costs and relatively low rents currently being achieved in the market.
- It was suggested that Fillmore County has an opportunity to grow, but new housing is needed to attract new residents and the lower cost of living in the County is a draw for many potential buyers.

For-Sale Housing Market Demand Analysis

For-Sale Market Analysis Table 7 on the following page presents demand calculations for general occupancy for-sale housing in each of the six Fillmore County submarkets between 2019 and 2030. This analysis identifies potential demand for general occupancy for-sale housing that is generated from both new households and turnover households. These demand calculations reflect demand for units intended for full-time occupancy. Demand for investment, vacation/second home, and fractional-ownership homes would be calculated separately. The following analysis presents a summary of our findings.

First, we calculate potential demand from new household growth based on the propensity of households to own their housing. For the purpose of this analysis, we focus on households between the ages of 18 and 64 that will account for the vast majority of general-occupancy for-sale housing demand. We also include a portion (30%) of the demand potential generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy for-sale housing development in the County, particularly maintenance-free housing products (i.e. townhomes, twinhomes).

Next, we calculate the percentage of household growth that will likely own their housing by Submarket based on 2017 American Community Survey data. Demand for for-sale housing units in the six submarkets from household growth totals 154 units by 2030, ranging from 11 units in the North Central Submarket to 38 units in the Northwest.

As of 2019, there are an estimated 4,987 owner households in the six submarkets that comprise the primary market for general occupancy for-sale housing. This estimate excludes the 75 and older age group and 70% of the 65 to 74 age group. Based on household turnover data from the 2017 American Community Survey, we estimate that 39% of these owner households will experience turnover between 2019 and 2030. This estimate results in anticipated turnover of 1,949 existing households in the six submarkets by 2030.

We then estimate the percent of existing owner households turning over that would prefer to purchase new housing. Based on information provided by the Southeast Minnesota Association of Realtors, approximately 17% of all homes sold in the Rochester CSA were new construction homes between 2014 and 2018. Considering the existing housing supply in Fillmore County along with recent sale trends, we estimate that 15% of the households turning over in the County will desire new housing. This estimate results in demand from existing households for 292 new owned units in the six submarkets between 2019 and 2030, ranging from 20 units in the North Central Submarket to 78 units in the Southwest Submarket.

Total demand from household growth and existing household turnover between 2019 and 2030 equates to 446 new for-sale housing units in the six submarkets. An additional proportion is added for households that would move into ownership housing in each submarket who currently reside outside the area, increasing total demand to 600 units in the six submarkets.

FOR-SALE MARKET ANALYSIS

**FOR-SALE MARKET ANALYSIS TABLE 7
GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 to 2030**

		Northwest	North Central	Northeast	Southwest	South Central	Southeast
DEMAND FROM PROJECTED HOUSEHOLD GROWTH							
Projected household growth in submarket 2019 to 2030 ¹		124	54	83	125	102	35
(times) Pct. of HH growth for general occupancy housing ²	x	40%	24%	38%	32%	43%	47%
(equals) Projected demand for general occupancy units	=	49	13	32	40	44	16
(times) Propensity to own ³	x	77%	82%	77%	81%	78%	82%
(equals) Number of potential owner households from HH growth	=	38	11	25	32	35	14
DEMAND FROM EXISTING OWNER HOUSEHOLDS							
Owner households under age 65 in the submarket, 2019	=	931	395	716	1,331	1,007	607
(times) Estimated % of owner turnover (age 64 and younger, 2019 to 2030) ⁴	x	41%	34%	39%	39%	40%	38%
(equals) Total existing households projected to turnover 2019 to 2030	=	382	134	281	519	403	231
(times) Estimated % desiring new owner housing	x	15%	15%	15%	15%	15%	15%
(equals) Demand from existing households	=	57	20	42	78	60	35
Total Demand From Household Growth and Existing Households, 2019 to 2030	=	95	31	67	110	95	48
(plus) Ownership demand generated from outside submarket	+	30%	25%	25%	25%	25%	20%
(equals) Total demand potential for ownership housing in the submarket	=	136	41	89	147	127	60
		SF	MF	SF	MF	SF	MF
(times) Percent desiring for-sale single-family (SF) vs multifamily (MF) ⁵	x	70%	30%	70%	30%	70%	30%
(equals) Total demand potential for new for-sale housing in submarket	=	95	41	29	12	62	27
		103	44	89	38	42	18

¹ Estimated household growth

² Pct. of household growth under age 65 plus 30% of age 65 to 74 cohort

³ Pct. Owner households under age 65 from 2013-2017 American Community Survey

⁴ Based on household turnover and mobility data (2013-2017 American Community Survey)

⁵ Based on new construction sales data for the Rochester CSA, construction trends, and growth projections by age group

* Multifamily demand includes demand for townhomes, twinhomes, and condominium units.

Source: Maxfield Research & Consulting, LLC

FOR-SALE MARKET ANALYSIS

We estimate that the demand potential for general occupancy ownership housing being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Based on new construction sale trends in the Rochester CSA and household growth projections by age group in the County, we estimate that 70% of the householders seeking new housing will desire single-family homes, while the remaining 30% will seek multifamily units. We anticipate that there will be demand for a total of 420 general occupancy single-family homes and 180 multifamily units in the six submarkets between 2019 and 2030.

Based on growth trends and projections, household distribution, and residential building permit trends, we estimate the proportion of the demand that will occur in each City and the townships of the six submarkets. These estimates are summarized in the following figure.

GENERAL OCCUPANCY FOR-SALE HOUSING DEMAND FILLMORE COUNTY SUBMARKETS BY CITY				
Product Type	Units	City		
		Townships		
Northwest Submarket		Chatfield	--	--
		Townships		
<u>% of Demand</u>		<u>85%</u>	--	--
Single-family	95	81	--	--
Multifamily	41	35	--	--
North Central Submarket		Lanesboro	Whalan	--
		Townships		
<u>% of Demand</u>		<u>60%</u>	<u>10%</u>	--
Single-family	29	17	3	--
Multifamily	12	7	1	--
Northeast Submarket		Peterson	Rushford	Rushford Vill.
		Townships		
<u>% of Demand</u>		<u>5%</u>	<u>60%</u>	<u>30%</u>
Single-family	62	3	37	19
Multifamily	27	1	16	8
Southwest Submarket		Ostrander	Spring Valley	Wykoff
		Townships		
<u>% of Demand</u>		<u>5%</u>	<u>70%</u>	<u>10%</u>
Single-family	103	5	72	10
Multifamily	44	2	31	4
South Central Submarket		Fountain	Harmony	Preston
		Townships		
<u>% of Demand</u>		<u>15%</u>	<u>30%</u>	<u>35%</u>
Single-family	89	13	27	31
Multifamily	38	6	11	13
Southeast Submarket		Mabel	Canton	--
		Townships		
<u>% of Demand</u>		<u>30%</u>	<u>25%</u>	--
Single-family	42	13	11	--
Multifamily	18	5	5	--

As shown above, for-sale housing demand is projected to be strongest in the City of Chatfield, totaling 116 units between 2019 and 2030, followed by the City of Spring Valley (103 units), and the City of Rushford (53 units).

Introduction

The following section of the report analyzes current market conditions for general occupancy rental housing in Fillmore County. Topics covered include rental housing information from the American Community Survey, detailed information on individual rental developments in the County, and a calculation of rental housing demand.

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in Fillmore County. Rental Market Analysis Table 1 shows estimated rental vacancy rates and gross rental rates for Fillmore County and its cities compared to Minnesota from the 2013-2017 ACS (the most recent data available) compared to estimates from the previous four surveys.

Based on the ACS definition, a housing unit is considered vacant if no one is living in it at the time of the survey. Also, units occupied at the time of survey entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied and are classified as vacant. Vacant units are excluded from the housing inventory if they are open to the elements (roof, walls, windows, and/or doors no longer protect the interior), if they have been condemned, or if they are to be demolished. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities and fuels if these are paid by the renter.

The ACS vacancy estimate is often higher than what is found in apartment buildings due to the inclusion of other types of rental situations (i.e. vacant single-family rental properties). However, as reflected in our survey of apartment buildings, the actual rental vacancy rate in the County is slightly lower than the ACS estimate.

- Reported vacancies in Fillmore County have tracked closely with Minnesota over the past five years, ranging from a low of 3.7% in 2016 to a high of 5.4% in 2017 while vacancy rates in Minnesota ranged from 4.0% in 2016 to a high of 4.9% in 2013.
- In 2017, it was estimated that the rental vacancy rate in the County was 5.4%, higher than the State of Minnesota (4.1%). Many cities in Fillmore County reported a 0.0% rental vacancy rate. Those cities with reported vacancies have vacancy rates ranging from 3.5% in Rushford to 20.0% in Lanesboro.
- Median gross rents increased in the Market Area between the 2009-2013 ACS and the 2013-2017 ACS. The median gross rent in the County increased 2.9% to \$606 in 2017, while Minnesota experienced a 10.6% increase in the median gross rent to \$906.

RENTAL MARKET ANALYSIS

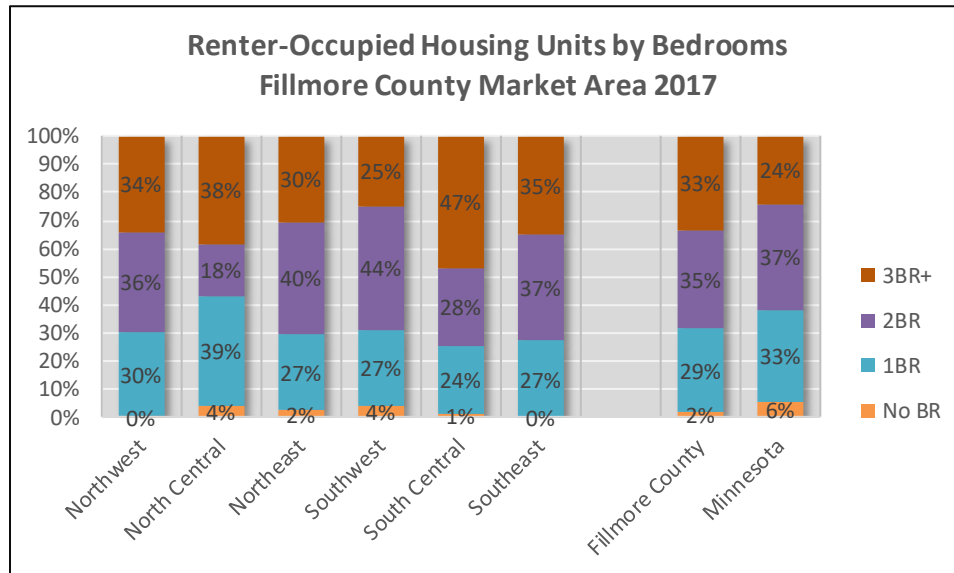
- Among the cities in Fillmore County, median gross rents range from a low of \$493 in Lanesboro to a high of \$692 in Peterson.

RENTAL MARKET ANALYSIS TABLE 1 RENTAL HOUSING VACANCY & RENT ESTIMATES BY CITY FILLMORE COUNTY MARKET AREA 2013 - 2017					
	2013	2014	2015	2016	2017
Vacancy					
Fillmore County	4.1%	4.7%	4.3%	3.7%	5.4%
Canton	33.3%	0.0%	0.0%	0.0%	0.0%
Chatfield	14.9%	13.6%	11.5%	8.3%	4.2%
Fountain	12.5%	0.0%	0.0%	0.0%	0.0%
Harmony	6.1%	5.3%	0.0%	0.0%	0.0%
Lanesboro	0.0%	0.0%	11.7%	13.5%	20.0%
Mabel	0.0%	0.0%	0.0%	0.0%	0.0%
Ostrander	0.0%	4.0%	6.9%	4.2%	6.7%
Peterson	0.0%	0.0%	0.0%	0.0%	0.0%
Preston	0.0%	0.0%	0.0%	0.0%	5.1%
Rushford	0.0%	0.0%	0.0%	0.0%	3.5%
Rushford Village	0.0%	0.0%	0.0%	0.0%	0.0%
Spring Valley	5.5%	10.3%	4.6%	4.6%	8.3%
Whalan	0.0%	0.0%	0.0%	0.0%	0.0%
Wykoff	0.0%	0.0%	0.0%	4.3%	4.7%
Minnesota	4.9%	4.6%	4.3%	4.0%	4.1%
Rent					
Fillmore County	\$589	\$585	\$595	\$607	\$606
Canton	\$275	\$225	\$419	\$475	\$517
Chatfield	\$750	\$754	\$752	\$725	\$688
Fountain	\$563	\$597	\$588	\$588	\$594
Harmony	\$613	\$657	\$657	\$650	\$559
Lanesboro	\$474	\$457	\$472	\$483	\$493
Mabel	\$600	\$579	\$633	\$683	\$685
Ostrander	\$638	\$800	\$700	\$546	\$525
Peterson	\$638	\$779	\$775	\$770	\$692
Preston	\$481	\$476	\$607	\$613	\$593
Rushford	\$616	\$610	\$629	\$655	\$652
Rushford Village	\$1,025	\$763	\$775	\$742	\$616
Spring Valley	\$509	\$509	\$527	\$570	\$574
Whalan	--	--	--	--	--
Wykoff	\$425	\$400	\$525	\$545	\$520
Minnesota	\$819	\$835	\$848	\$873	\$906
Note: Rent equals median gross rent					
Sources: American Community Survey 5-year Estimates; Maxfield Research & Consulting, LLC					

RENTAL MARKET ANALYSIS

Rental Market Analysis Table 2 on the following pages presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2013-2017 ACS in Fillmore County and its submarkets compared to Minnesota.

- As depicted in the following chart, two-bedroom units represent the largest proportion of renter-occupied housing units in Fillmore County at 35%. Roughly 33% have three or more bedrooms, and 29% are one-bedroom units. There are relatively few (2% of the total) renter-occupied units without a bedroom (i.e. studio units) in the County.



- By comparison, Minnesota has higher proportions of one-bedroom (33%) units and units without a bedroom (6%), while 24% of the units in the State have three or more bedrooms.
- Among the six submarkets, Southwest and South Central have the highest number of renter-occupied housing units at 412 and 400 units, respectively. There are 395 units in the Northwest and 309 units in the Northeast. The presence of renter-occupied housing units is smallest in the Southeast (187 units) and North Central (125 units) Submarkets.
- Two-bedroom units represent the largest proportion of renter-occupied housing units in Northwest (36%), Northeast (40%), Southwest (44%), and Southeast (37%) Submarkets. One-bedroom units represent the largest proportion in the North Central Submarket (39%) and units with three or more bedrooms are the predominant unit type in the South Central Submarket (47%).

RENTAL MARKET ANALYSIS

RENTAL MARKET ANALYSIS TABLE 2								
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS								
FILLMORE COUNTY MARKET AREA								
2017								
	----- Fillmore County Submarkets -----							
	Fillmore County		Northwest		North Central		Northeast	
	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total
Total Units:	1,741	100%	395	100%	125	100%	309	100%
No Bedroom	35	2.0%	1	0.3%	5	4.0%	7	2.3%
Less than \$300	3	0.2%	0	0.0%	0	0.0%	0	0.0%
\$300 to \$499	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$500 to \$749	21	1.2%	0	0.0%	5	4.0%	3	1.0%
\$750 to \$999	1	0.1%	1	0.3%	0	0.0%	0	0.0%
\$1,000 to \$1,499	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$1,500 or more	10	0.6%	0	0.0%	0	0.0%	4	1.3%
No cash rent	0	0.0%	0	0.0%	0	0.0%	0	0.0%
1 Bedroom	513	29.5%	119	30.1%	49	39.2%	84	27.2%
Less than \$300	114	6.5%	11	2.8%	13	10.4%	23	7.4%
\$300 to \$499	170	9.8%	43	10.9%	26	20.8%	18	5.8%
\$500 to \$749	104	6.0%	30	7.6%	8	6.4%	37	12.0%
\$750 to \$999	44	2.5%	14	3.5%	0	0.0%	3	1.0%
\$1,000 to \$1,499	18	1.0%	5	1.3%	0	0.0%	3	1.0%
\$1,500 or more	19	1.1%	5	1.3%	0	0.0%	0	0.0%
No cash rent	44	2.5%	11	2.8%	2	1.6%	0	0.0%
2 Bedrooms	611	35.1%	141	35.7%	23	18.4%	124	40.1%
Less than \$300	24	1.4%	6	1.5%	0	0.0%	9	2.9%
\$300 to \$499	90	5.2%	2	0.5%	0	0.0%	16	5.2%
\$500 to \$749	300	17.2%	76	19.2%	8	6.4%	46	14.9%
\$750 to \$999	108	6.2%	41	10.4%	9	7.2%	29	9.4%
\$1,000 to \$1,499	45	2.6%	5	1.3%	4	3.2%	12	3.9%
\$1,500 or more	0	0.0%	0	0.0%	0	0.0%	0	0.0%
No cash rent	44	2.5%	11	2.8%	2	1.6%	12	3.9%
3 or More Bedrooms	582	33.4%	134	33.9%	48	38.4%	94	30.4%
Less than \$300	6	0.3%	2	0.5%	0	0.0%	0	0.0%
\$300 to \$499	41	2.4%	10	2.5%	4	3.2%	5	1.6%
\$500 to \$749	155	8.9%	16	4.1%	23	18.4%	37	12.0%
\$750 to \$999	147	8.4%	67	17.0%	11	8.8%	5	1.6%
\$1,000 to \$1,499	70	4.0%	19	4.8%	5	4.0%	13	4.2%
\$1,500 or more	6	0.3%	3	0.8%	0	0.0%	0	0.0%
No cash rent	157	9.0%	17	4.3%	5	4.0%	34	11.0%

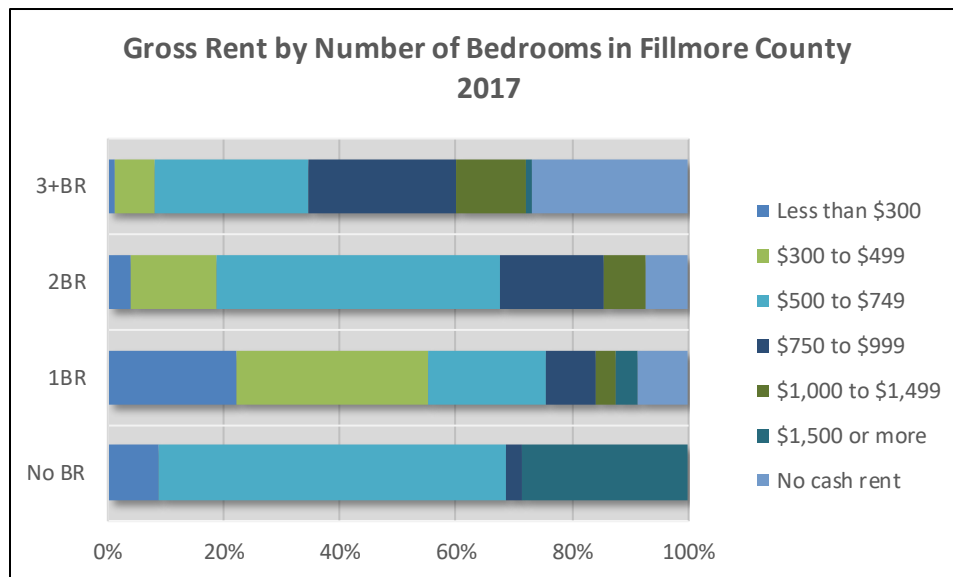
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RENTAL MARKET ANALYSIS

RENTAL MARKET ANALYSIS TABLE 2 continued							
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS							
FILLMORE COUNTY MARKET AREA							
2017							
	----- Fillmore County Submarkets -----						Minnesota
	Southwest		South Central		Southeast		
	No.	% of Total	No.	% of Total	No.	% of Total	
Total Units:	412	100%	409	100%	187	100%	100%
No Bedroom	16	3.9%	6	1.5%	0	0.0%	5.6%
Less than \$300	0	0.0%	3	0.7%	0	0.0%	0.6%
\$300 to \$499	0	0.0%	0	0.0%	0	0.0%	0.8%
\$500 to \$749	13	3.2%	0	0.0%	0	0.0%	1.8%
\$750 to \$999	0	0.0%	0	0.0%	0	0.0%	1.2%
\$1,000 to \$1,499	0	0.0%	0	0.0%	0	0.0%	0.7%
\$1,500 or more	3	0.7%	3	0.7%	0	0.0%	0.4%
No cash rent	0	0.0%	0	0.0%	0	0.0%	0.1%
1 Bedroom	113	27.4%	97	23.7%	51	27.3%	32.6%
Less than \$300	47	11.4%	12	2.9%	8	4.3%	3.7%
\$300 to \$499	23	5.6%	46	11.2%	14	7.5%	3.9%
\$500 to \$749	12	2.9%	16	3.9%	1	0.5%	7.3%
\$750 to \$999	22	5.3%	3	0.7%	2	1.1%	10.0%
\$1,000 to \$1,499	0	0.0%	3	0.7%	7	3.7%	5.2%
\$1,500 or more	6	1.5%	8	2.0%	0	0.0%	2.0%
No cash rent	3	0.7%	9	2.2%	19	10.2%	0.5%
2 Bedrooms	180	43.7%	115	28.1%	70	37.4%	37.5%
Less than \$300	8	1.9%	7	1.7%	0	0.0%	1.1%
\$300 to \$499	33	8.0%	23	5.6%	16	8.6%	2.0%
\$500 to \$749	104	25.2%	47	11.5%	28	15.0%	6.2%
\$750 to \$999	22	5.3%	12	2.9%	17	9.1%	10.6%
\$1,000 to \$1,499	8	1.9%	16	3.9%	0	0.0%	12.5%
\$1,500 or more	0	0.0%	0	0.0%	0	0.0%	3.7%
No cash rent	5	1.2%	10	2.4%	9	4.8%	1.3%
3 or More Bedrooms	103	25.0%	191	46.7%	66	35.3%	24.3%
Less than \$300	0	0.0%	4	1.0%	0	0.0%	0.5%
\$300 to \$499	0	0.0%	17	4.2%	5	2.7%	1.1%
\$500 to \$749	15	3.6%	54	13.2%	15	8.0%	2.5%
\$750 to \$999	28	6.8%	51	12.5%	20	10.7%	3.4%
\$1,000 to \$1,499	25	6.1%	22	5.4%	0	0.0%	7.5%
\$1,500 or more	0	0.0%	3	0.7%	0	0.0%	6.8%
No cash rent	35	8.5%	40	9.8%	26	13.9%	2.5%
Sources: 2013-2017 American Community Survey; Maxfield Research & Consulting, LLC							

RENTAL MARKET ANALYSIS

- An estimated 60% of the units without a bedroom in the County rent for between \$500 and \$749 per month, and 29% have gross monthly rents at \$1,500 or more. Another 9% have monthly rents of less than \$300 and 3% rent for between \$750 and \$999 per month.
- Roughly 33% of the one-bedroom units in the County have gross monthly rents ranging from \$300 to \$499, and 22% rent for less than \$300 per month. Units with monthly rents in the \$500 to \$749 range represent 20% of the one-bedroom units and 9% rent for between \$750 and \$999 per month. Approximately 4% rent for between \$1,000 and \$1,499 and another 4% rent for \$1,500 or more per month.



- Roughly 49% of the two-bedroom units in the County have gross monthly rents ranging from \$500 to \$749 and 18% have a rental rate ranging from \$750 to \$999. Another 15% of the two-bedroom units have monthly rents in the \$300 to \$499 range and 7% have rents between \$1,000 and \$1,499 per month. Units with rents of less than \$300 per month represent 4% of the two-bedroom units and there are no two-bedroom units with monthly rents of \$1,500 or more.
- Nearly 27% of the units with three or more bedrooms rent for between \$500 and \$749 per month and 25% have gross monthly rents in the \$750 to \$999 range. Roughly 12% have rents between \$1,000 and \$1,499 per month and 7% have monthly rents in the \$300 to \$499 range. There are relatively few units with three or more bedrooms with gross monthly rents less than \$300 or \$1,500 or more (1% each).
- Roughly 14% of the renter-occupied units in Fillmore County (245 total units) were reported as having no cash rent. These units may be owned by friends or relatives who live elsewhere and who allow occupancy at no charge. Rent-free houses or apartment units may be provided to compensate caretakers, ministers, tenant farmers, or others. By comparison, 4% of the renter-occupied units in Minnesota have no cash rent.

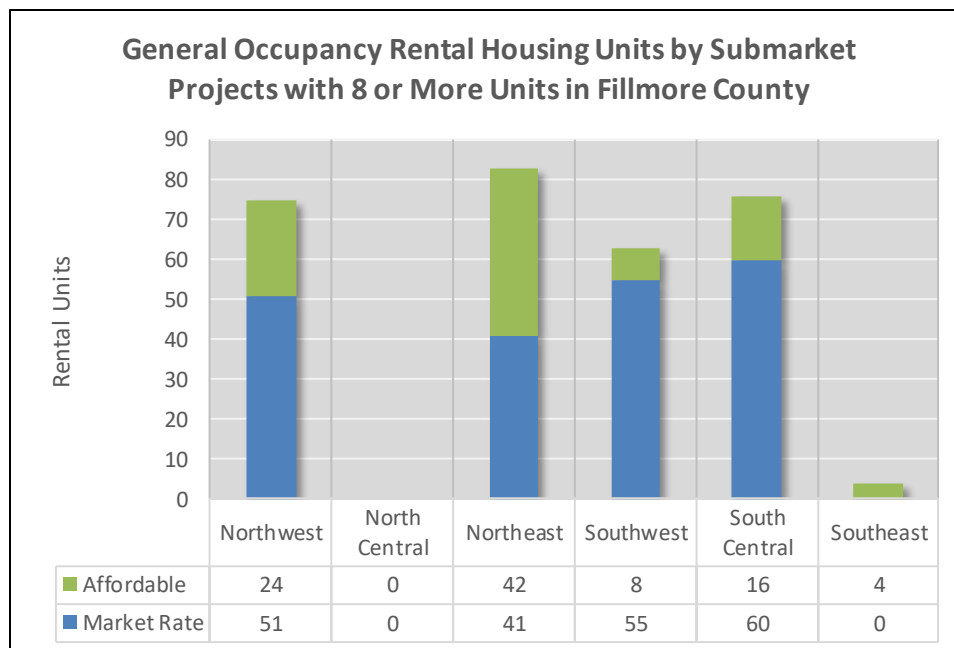
General Occupancy Rental Housing Projects

Maxfield Research compiled detailed information for rental housing properties with eight or more units in Fillmore County, including two affordable Low Income Housing Tax Credit (LIHTC) projects, five Section 515 (United States Department of Agriculture Rural Development) properties targeting family households, and 18 general occupancy market rate apartment properties. Data for these rental housing projects was collected by contacting managers and owners for each of the properties in May and June 2019.

The rents shown represent quoted rents and have not been adjusted to reflect the inclusion or exclusion of utilities at this time. Rental Market Analysis Tables 3 through 6 on the following pages summarize information on these projects.

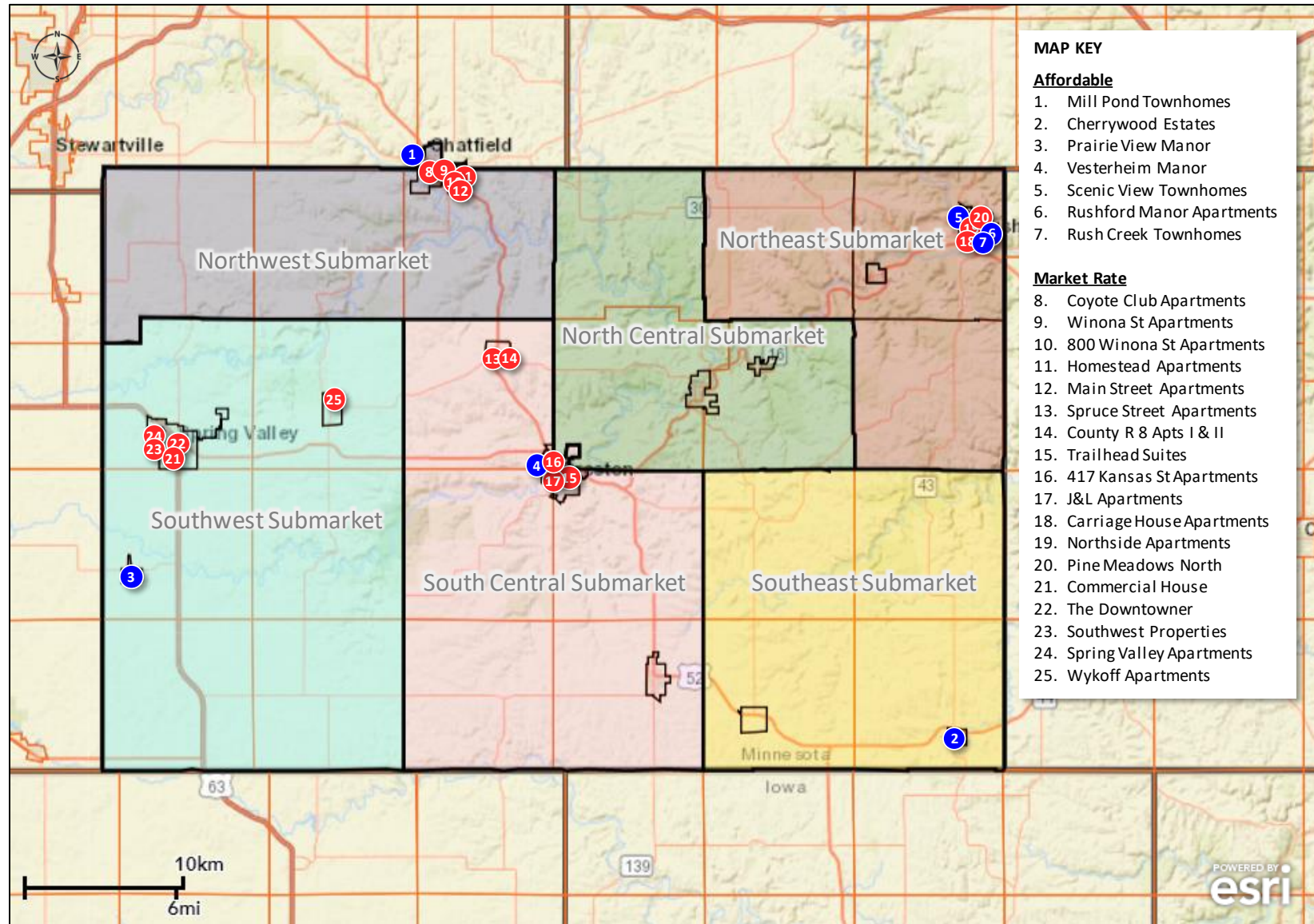
As depicted in the following graph, the Northeast Submarket contains the highest number of general occupancy rental housing units (in structures with eight or more units) in the County, with 83, all of which are located in Rushford. There are 76 units in the South Central Submarket and 75 units in the Northwest Submarket.

The South Central Submarket has the highest number of market rate units (60), followed by the Southwest (55), Northwest (51), and Northeast (41) Submarkets. The Northeast Submarket has, by far, the largest number of affordable units with 42, all of which are located in Rushford. There are 24 affordable units in the Northwest Submarket and 16 affordable units in the South Central Submarket.



The map on the following page displays the location of these general occupancy rental housing projects in Fillmore County.

General Occupancy Rental Property Location Map



RENTAL MARKET ANALYSIS

RENTAL MARKET ANALYSIS TABLE 3											
SELECT AFFORDABLE/SUBSIDIZED RENTAL HOUSING PROPERTIES											
FILLMORE COUNTY, MINNESOTA											
June 2019											
Project Name	Occp.	No. of	Total	Unit Description				Monthly Rent		Rent/sq. ft.	
Location	Date	Units	Vacant	Type	No.	Vac.	Size	Min	Max	Min	Max
Mill Pond Townhomes	1999	24	1	2BR	12	1	950 - 950	\$770 -	\$770	\$0.81 -	\$0.81
Hilltop Dr	vacancy rate:	4.2%		3BR	12	0	1,250 - 1,250	\$870 -	\$870	\$0.70 -	\$0.70
Chatfield, MN											
Northwest Submarket	Notes: Tax Credit project. Units include dishwasher, AC, washer/dryer hookups, attached garage, private patio. Coin-operated laundry and playground on-site. Water, trash removal, sewer, and recycling included. Resident pays gas and electric.										
Cherrywood Estates	1982	4	2	2BR	4	2	772 - 772	\$0 -	\$701	\$0.00 -	\$0.91
102 Cherrywood Dr	vacancy rate:	50.0%									
Mabel, MN											
Southeast Submarket	Notes: USDA Rural Development Section 515 project. 2BR units for HHs with 2-5 persons (also has 14 studio and 1BR units for age 62+ or disabled). Amenities include off-street parking with plug-ins and coin-operated laundry. Water, sewer, and trash removal included for family households. Rent based on 30% of HH income.										
Prairie View Manor	1994	8	1	1BR	7	1	630 - 630	\$595 -	\$766	\$0.94 -	\$1.22
406 Minnesota St	vacancy rate:	12.5%		2BR	1	0	750 - 750	\$620 -	\$790	\$0.83 -	\$1.05
Ostrander, MN											
Southwest Submarket	Notes: USDA Rural Development Section 515 project. Heat, water, sewer, and trash removal included in rent. Features include off-street parking with plug-ins, on-site laundry, community room, and patio area. Some rents based on 30% of income.										
Vesterheim Manor	1979	16	0	1BR	2	0	620 - 620	\$385 -	\$400	\$0.62 -	\$0.65
607-609 Kansas St NW	vacancy rate:	0.0%		2BR	14	0	720 - 720	\$440 -	\$455	\$0.61 -	\$0.63
Preston, MN											
South Central Submarket	Notes: USDA Rural Development Section 515 project. Amenities include off-street parking with plug-in, on-site laundry, and playground. Water, sewer, and trash removal included in rent. Some rents based on 30% of income.										
Scenic View Townhomes	1999	20	0	2BR	10	0	1,157 - 1,157	\$540 -	\$540	\$0.47 -	\$0.47
1108-1137 Scenic View Ct	vacancy rate:	0.0%		3BR	10	0	1,254 - 1,254	\$605 -	\$605	\$0.48 -	\$0.48
Rushford, MN											
Northeast Submarket	Notes: Tax credit project. Amenities include attached garages, coin-operated laundry, basketball court, and playground. Water and trash removal included in rent.										
Rushford Manor Apts	1985	16	1	1BR	8	0	600 - 600	\$0 -	\$605	\$0.00 -	\$1.01
301 River St	vacancy rate:	6.3%		2BR	8	1	720 - 720	\$0 -	\$630	\$0.00 -	\$0.88
Rushford, MN											
Northeast Submarket	Notes: USDA Rural Development Section 515 project. Rent based on 30% of HH income. Amenities include off-street parking with plug-in, playground, picnic area, and coin-operated laundry. Heat, water, sewer, and trash removal included in rent.										
Rush Creek Townhomes	2011	6	1	1BR	1	0	990 - 990	\$645 -	\$665	\$0.65 -	\$0.67
210 S Prairie St	vacancy rate:	16.7%		2BR	5	1	1,344 - 1,344	\$730 -	\$750	\$0.54 -	\$0.56
Rushford, MN											
Northeast Submarket	Notes: USDA Rural Development Section 515 project. Amenities include attached garages, in-unit washer/dryer, kitchen appliances, playground, and patio. Water, sewer, and trash removal included in rent.										
Total		94	6								
			6.4%	vacancy rate							
Source: Maxfield Research & Consulting, LLC											

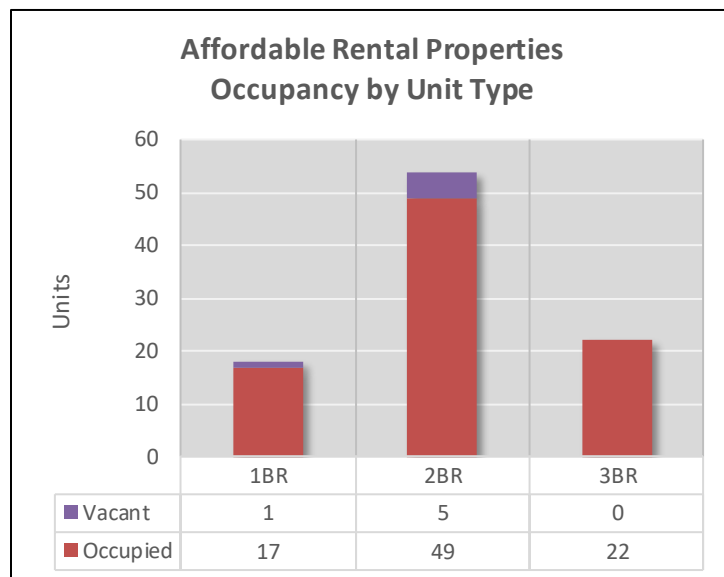
RENTAL MARKET ANALYSIS

- Many of the affordable housing projects in Fillmore County are financed with Section 515 loans made by the United States Department of Agriculture's (USDA) Rural Development Housing and Community Facilities Program targeting very low-, low-, and moderate-income family households. Tenants pay basic rent or 30% of their adjusted income, whichever is greater.

RENTAL MARKET ANALYSIS TABLE 4 SELECT AFFORDABLE/SUBSIDIZED RENTAL HOUSING PROPERTIES UNIT TYPE SUMMARY FILLMORE COUNTY								
Unit Type	Total Units	% of Total	Vacant Units	% Vacant	Avg. Size	Basic/Market Monthly Rents		
						Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
1BR	18	19%	1	5.6%	636	\$385 - \$766	\$648	\$1.02
2BR	54	57%	5	9.3%	914	\$440 - \$790	\$618	\$0.68
3BR	22	23%	0	0.0%	1,252	\$605 - \$870	\$750	\$0.60
Total:	94	100%	6	6.4%	940	\$385 - \$870	\$655	\$0.70

Source: Maxfield Research & Consulting, LLC

- Units in these projects average 940 square feet, ranging from 636 square feet for one-bedroom units to 1,252 for three-bedroom units. Two-bedroom units average 914 square feet.
- The weighted average rental rate across these affordable properties is \$655 per month (\$0.70 per square foot), including \$648 for one-bedroom units (\$1.02 per square foot), \$618 for two-bedroom units (\$0.68 per square foot), and \$750 for three-bedroom units (\$0.60 per square foot). In the Section 515 properties, some rent is based on 30% of adjusted household income, depending on household income.
- At the time of the survey of affordable and subsidized rental properties, there were six vacant units, resulting in an overall vacancy rate of 6.4% in Fillmore County. As such, the supply of affordable/subsidized rental housing in the County is near equilibrium (5.0% vacancy).
- There were five vacant two-bedroom units (9.3%) and one vacant one-bedroom unit (5.6%). Three-bedroom units were fully-occupied.



RENTAL MARKET ANALYSIS

RENTAL MARKET ANALYSIS TABLE 5 SELECT GENERAL OCCUPANCY MARKET RATE RENTAL PROPERTIES FILLMORE COUNTY, MINNESOTA June 2019											
Project Name Location	Occp. Date	No. of Units	Total Vacant	Unit Description				Monthly Rent		Rent/sq. ft.	
				Type	No.	Vac.	Size	Min	Max	Min	Max
Coyote Club Apartments 15 2nd St SE Chatfield, MN	1930	8	1	Studio	2	0	NA - NA	\$500 - \$500		NA - NA	
				1BR	2	1	NA - NA	\$650 - \$650		NA - NA	
				2BR	4	0	NA - NA	\$750 - \$750		NA - NA	
Northwest Submarket	Notes: Located above Coyote Club. Remodeled in 2005. Rent includes utilities. Building features secure entry and elevator, off-street parking, and on-site laundry.										
Winona St Apartments 255 Winona St SE Chatfield, MN	1970	12	0	1BR	NA	0	500 - 500	\$625 - \$650		\$1.25 - \$1.30	
				2BR	NA	0	600 - 600	\$725 - \$750		\$1.21 - \$1.25	
Northwest Submarket	Notes: Amenities include granite countertops, stainless steel appliances, and laundry hookups. Fully renovated property. Tenant pays electric										
800 Winona St Apts 800 Winona St Chatfield, MN	1977	8									
Northwest Submarket	Notes: Same entity owns 800 Winona St, 815 Grand St, and 714 Main St. Information not provided.										
Homestead Apts 815 Grand St SE Chatfield, MN	1977	8									
Northwest Submarket	Notes: Same entity owns 800 Winona St, 815 Grand St, and 714 Main St. Information not provided.										
Main Street Apartments 714 Main St S Chatfield, MN	1981	15									
Northwest Submarket	Notes: Same entity owns 800 Winona St, 815 Grand St, and 714 Main St. Information not provided.										
Spruce St Apartments 101 Spruce St Fountain, MN	2002	8	0	2BR	8	0	800 - 800	\$595 - \$595		\$0.74 - \$0.74	
South Central Submarket	Notes: Tenant pays all utilities. Amenities include detached garage parking and deck.										
County Rd 8 Apts I & II 531 County Rd 8 Fountain, MN	'75/'02	8	0	2BR	8	0	700 - 1,000	\$390 - \$500		\$0.50 - \$0.56	
South Central Submarket	Notes: Two 4-unit buildings. Tenant pays all utilities. Amenities include coin-operated laundry, off-street parking										
Trailhead Suites Pleasant St Preston, MN	1992	22	1	Studio	2	0	NA - NA	NA - NA		NA - NA	
				1BR	3	0	NA - NA	NA - NA		NA - NA	
				2BR	17	1	750 - 750	\$550 - \$550		\$0.73 - \$0.73	
South Central Submarket	Notes: Renovated school building. Residents pay utilities. Some units rent as nightly rooms, some as long-term rentals, and some being sold off as condominiums. Currently, one 2BR unit available as long-term rental which includes kitchen appliances and washer/dryer hook-up.										
417 Kansas St Apts. 417 Kansas St NW Preston, MN	1969	8	0	1BR	2	0	NA - NA	\$450 - \$450		NA - NA	
				2BR	6	0	NA - NA	\$500 - \$500		NA - NA	
South Central Submarket	Notes: Amenities include kitchen appliances, coin-operated laundry and off-street parking with plug-ins. Tenants pay electric.										
J&L Apartments 113 St. Paul St NW Preston, MN	1983	14	0	1BR	14	0	550 - 550	\$600 - \$600		\$1.09 - \$1.09	
South Central Submarket	Notes: Resident pays electric. Heat, water, sewer, trash removal included. Amenities include off-street parking and on-site laundry.										

----- continued -----

RENTAL MARKET ANALYSIS

RENTAL MARKET ANALYSIS TABLE 5 continued											
SELECT GENERAL OCCUPANCY MARKET RATE RENTAL PROPERTIES											
FILLMORE COUNTY, MINNESOTA											
June 2019											
Project Name	Occp.	No. of	Total	Unit Description				Monthly Rent		Rent/sq. ft.	
Location	Date	Units	Vacant	Type	No.	Vac.	Size	Min	Max	Min	Max
Carriage House Apts	1991	9	1	1BR	4	0	580 - 580	\$460 -	\$460	\$0.79 -	\$0.79
264 W Park St				2BR	5	1	980 - 980	\$560 -	\$560	\$0.57 -	\$0.57
Rushford, MN											
Notes: Coin-operated laundry on both floors. Tenant pays electric and gas. Off-street parking with plug-ins.											
Northside Apartments	1977	8	0	1BR	2	0	NA - NA	\$400 -	\$400	NA -	NA
608 N First St				2BR	6	0	NA - NA	\$450 -	\$450	NA -	NA
Rushford, MN											
Notes: Resident pays electric, water, sewer. Off-street parking with plug-ins and coin-operated laundry.											
Pine Meadows North	2004	24	0	2BR	24	0	950 - 1,250	\$800 -	\$950	\$0.76 -	\$0.84
800-830 Pine Meadows											
Rushford, MN											
Notes: All appliances included. Each unit has 2.5 car garage and central AC. Total of six four-unit buildings. Sewer and water included in rent.											
Commercial House Apts	1875	11	2	1BR	4	0	520 - 544	\$520 -	\$520	\$0.96 -	\$1.00
146 S Broadway St				2BR	7	2	980 - 1,234	\$750 -	\$750	\$0.61 -	\$0.77
Spring Valley, MN											
Notes: Renovated hotel. Originally a tax credit project but switched to market rate in 2008. Off-street parking included. Tenant pays utilities.											
The Downtowner	1983	12	0	1BR	12	0	550 - 550	\$600 -	\$600	\$1.09 -	\$1.09
212 Section Ave N											
Spring Valley, MN											
Notes: Former USDA Rural Development Section 515 property targeting elderly/disabled. Owner terminated participation in the federally assisted housing program in 2014.											
Southwest Properties	1982	12	0	1BR	11	0	550 - 550	\$600 -	\$600	\$1.09 -	\$1.09
535 Pleasant St N				2BR	1	0	700 - 700	\$700 -	\$700	\$1.00 -	\$1.00
Spring Valley, MN											
Notes: Former USDA Rural Development Section 515 project. Amenities include off-street parking, elevator, and coin-operated laundry.											
Spring Valley Apts	1979	12	0	2BR	12	0	700 - 700	\$700 -	\$700	\$1.00 -	\$1.00
545 Pleasant St N											
Spring Valley, MN											
Notes: Former USDA Rural Development Section 515 project. Amenities include off-street parking and common laundry. Tenant pays electric.											
Wykoff Apartments	1980	8	1	1BR	2	0	550 - 550	\$600 -	\$600	\$1.09 -	\$1.09
407 Silver St				2BR	6	1	700 - 700	\$675 -	\$675	\$0.96 -	\$0.96
Wykoff, MN											
Notes: Former USDA Rural Development Section 515 project. Amenities include playset, off-street parking and on-site laundry. Recently remodeled. Water, sewer, trash removal included. Tenant pays electric.											
Total		207	6								
			2.9%	vacancy rate							
Source: Maxfield Research & Consulting, LLC											

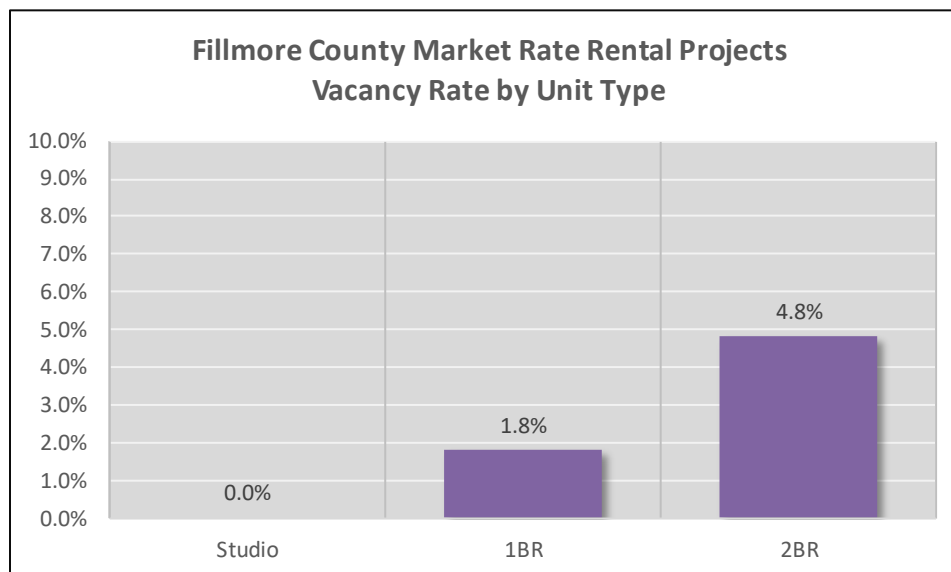
RENTAL MARKET ANALYSIS

Rental Market Analysis Table 6 provides a summary of the unit mix, vacancies, average sizes, and average rental rates among these market rate rental properties. Rental rates presented in the table are a straight average based the information available.

RENTAL MARKET ANALYSIS TABLE 6 SELECT GENERAL OCCUPANCY MARKET RATE RENTAL PROPERTIES UNIT TYPE SUMMARY FILLMORE COUNTY							
Unit Type	% of Total	Vacant Units	% Vacant	Avg. Size	Monthly Market Rents		
					Range Low - High	Avg. Rent	Avg. Rent/ Sq. Ft.
Studio	2%	0	0.0%	NA	\$500 - \$500	\$500	NA
1BR	34%	1	1.8%	545	\$400 - \$650	\$563	\$1.03
2BR	63%	5	4.8%	829	\$390 - \$950	\$649	\$0.78
Total:	100%	6	2.9%	712	\$390 - \$950	\$607	\$0.85

Source: Maxfield Research & Consulting, LLC

- An estimated 64% of the units in the inventory of market rate rental projects are two-bedroom units, 35% of the units have one bedroom and 1% do not have a bedroom (i.e. studio unit).
- At the time of the survey, there were six vacant units, resulting in an overall market rate vacancy rate of 2.9% in Fillmore County. The equilibrium vacancy rate for rental housing is considered to be 5.0% which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of market rate rental housing in the County is below the level adequate to meet demand.



RENTAL MARKET ANALYSIS

- Five of the vacancies are in two-bedroom units (4.8% vacancy rate), while one is a one-bedroom units (1.8% vacancy rate).
- On average, units in these general occupancy market rate projects have 712 square feet. One-bedroom units average 545 square feet and the two-bedroom units average 829 square feet.
- The average rental rate across all market rate general occupancy properties is \$607 per month with a range of \$390 for a two-bedroom unit at the County Road 8 Apartments property to a high of \$950 for a two-bedroom unit at Pine Meadows North Townhomes in Rushford.
- Studio unit rents average \$500 per month, while the one-bedroom units average \$563 per month and two-bedroom units average \$649 per month.
- On a per square-foot basis, these general occupancy market rate rental properties have an average rent of \$0.85 per square foot, with one-bedroom units averaging \$1.03 per square foot and the two-bedroom units averaging \$0.78 per square foot.
- While each property manages utilities differently, tenants pay for utilities in addition to rent at most properties.
- The majority of the properties surveyed provide kitchen appliances and wall unit air conditioning, but relatively few offer an in-unit washer and dryer. Some of the properties provide a common laundry room and surface parking, with garage parking available at a few of the rental properties.
- Modern features and amenities such as stainless steel appliances, granite countertops, in-unit washer/dryer, walk-in closets, fitness center, community room, and outdoor living options (fire pit, picnic area, etc.) are available at very few general occupancy market rate rental properties in Fillmore County.

RENTAL MARKET ANALYSIS

The following are photographs of select affordable rental properties in Fillmore County.



Mill Pond Townhomes - Chatfield



Cherrywood Estates - Mabel



Prairie View Manor - Ostrander



Vesterheim Manor - Preston



Scenic View Townhomes - Rushford



Rush Creek Townhomes - Rushford

RENTAL MARKET ANALYSIS

The following are photographs of select market rate rental properties in Fillmore County.



Coyote Club Apartments - Chatfield



Spruce Street Apartments - Fountain



Trailhead Suites - Preston



Carriage House Apartments - Rushford



Commercial House – Spring Valley



Wykoff Apartments - Wykoff

Rental Housing Demand Analysis

Rental Market Analysis Table 7 on the following page presents our calculation of general occupancy rental housing demand in each of the six Fillmore County submarkets between 2019 and 2030. Factors considered include competitiveness of area rental properties, pending developments, demographic trends and population shifts. Potential rental housing demand is calculated from two categories:

1. From new household growth based on the propensity of households to rent their housing in the County; and,
2. From existing households that will remain in the Market Area because new product is available and they value other area amenities including proximity to education, employment, entertainment and recreation.

First, we calculate potential demand from new household growth based on the propensity of households to rent their housing. For the purpose of this analysis, we focus on households between the ages of 18 and 64 that will account for the majority of general occupancy rental demand. We also include a portion (30%) of the demand potential generated by households age 65 and older, as a segment of this age group that is able to live independently could be drawn to a new general occupancy rental housing development in the County.

Next, we calculate the percentage of household growth that will likely rent their housing based on 2017 American Community Survey data. Demand for general occupancy rental housing units in the six submarkets from household growth totals 41 units by 2030, ranging from three units in the Southeast Submarket to 11 units in the Northwest.

The second part of the analysis calculates demand from existing households, or turnover demand. Younger households tend to be highly mobile, relative to older households. Mobility rates were calculated for the renter population based on American Community Survey data and were applied to the existing renter household base.

As of 2019, there are an estimated 1,269 renter households in the six submarkets that comprise the primary market for general occupancy rental housing. This estimate excludes the 75 and older age group and 70% of the 65 to 74 age group. Based on household turnover data from the 2017 American Community Survey, we estimate that 84% of these renter households will experience turnover between 2019 and 2030. This estimate results in anticipated turnover of 1,066 existing households in the six submarkets by 2030.

Together with demand from projected household growth and turnover, the total demand for rental housing is summarized. Total demand for general occupancy rental housing between 2019 and 2030 is 212 units in the six submarkets.

RENTAL MARKET ANALYSIS

**RENTAL MARKET ANALYSIS TABLE 7
DEMAND FOR GENERAL OCCUPANCY RENTAL HOUSING
FILLMORE COUNTY BY SUBMARKET
2019 to 2030**

		Northwest	North Central	Northeast	Southwest	South Central	Southeast
Projected HH Growth 2019 to 2030 ¹		124	54	83	125	102	35
(times) Pct. of HH Growth for General Occupancy Housing ²	x	40%	24%	38%	32%	43%	47%
(equals) Projected Demand for General Occupancy Units	=	50	13	32	40	44	16
(times) Proportion Estimated to Be Renting their Housing ³	x	23%	18%	23%	19%	22%	18%
(equals) Projected Rental Housing Demand from HH Growth	=	11	2	7	8	10	3
Renter HHs Under Age 65 in Submarket, 2019 ⁴	=	279	99	206	289	263	133
(times) Estimated % of Renter Turnover, 2019 to 2030 ⁵	x	85%	80%	85%	83%	85%	82%
(equals) Projected Renter HH turnover, 2019 to 2030	=	237	79	175	241	225	109
(times) Estimated % Desiring New Rental Housing ⁶	x	16%	16%	16%	16%	16%	16%
(equals) Rental Demand From Existing Households	=	38	13	28	39	36	17
Total Demand From Household Growth and Existing Households		49	15	35	46	46	20
(plus) Rental Demand from Outside Submarket	+	30%	25%	25%	25%	25%	20%
(equals) Potential Demand for Rental Housing (2019 to 2030)	=	71	20	47	61	61	26
(times) % of Demand for Market Rate Rental Housing ⁷	x	60%	55%	60%	55%	55%	50%
(equals) Total Demand for New Market Rate Rental Units	=	42	11	28	34	33	13
(minus) Pending Units (under construction or approved)	-	0	0	0	0	0	0
(equals) Excess Demand for New Market Rate Rental Units	=	42	11	28	34	33	13
(times) % of Demand for Shallow Subsidy Rental Housing ⁷	x	20%	30%	20%	20%	25%	20%
(equals) Total Demand for New Shallow Subsidy Rental Units	=	14	6	9	12	15	5
(minus) Pending Units (under construction or approved)	-	0	0	0	0	0	0
(equals) Excess Demand for New Shallow Subsidy Rental Units	=	14	6	9	12	15	5
(times) % of Demand for Deep Subsidy Rental Housing ⁷	x	20%	15%	20%	25%	20%	30%
(equals) Total Demand for New Deep Subsidy Rental Units	=	14	3	9	15	12	8
(minus) Pending Units (under construction or approved)	-	0	0	0	0	0	0
(equals) Excess Demand for New Deep Subsidy Rental Units	=	14	3	9	15	12	8

¹ Estimated household growth

² Pct. of household growth under age 65 plus 30% of households age 65 and older.

³ Pct. Renter households under age 65 in 2017.

⁴ Renter households age 64 and younger plus 30% of renter households age 65 and older.

⁵ Based on household turnover and mobility data (2017 American Community Survey, Five Year Estimates).

⁶ Source - The Upscale Apartment Market: Trends and Prospects. Prepared by Jack Goodman of Hartrey Advisors for the National Multi Housing Council.

⁷ Based on a combination of current rental product, income limits, and household incomes of area renters.

Source: Maxfield Research & Consulting, LLC

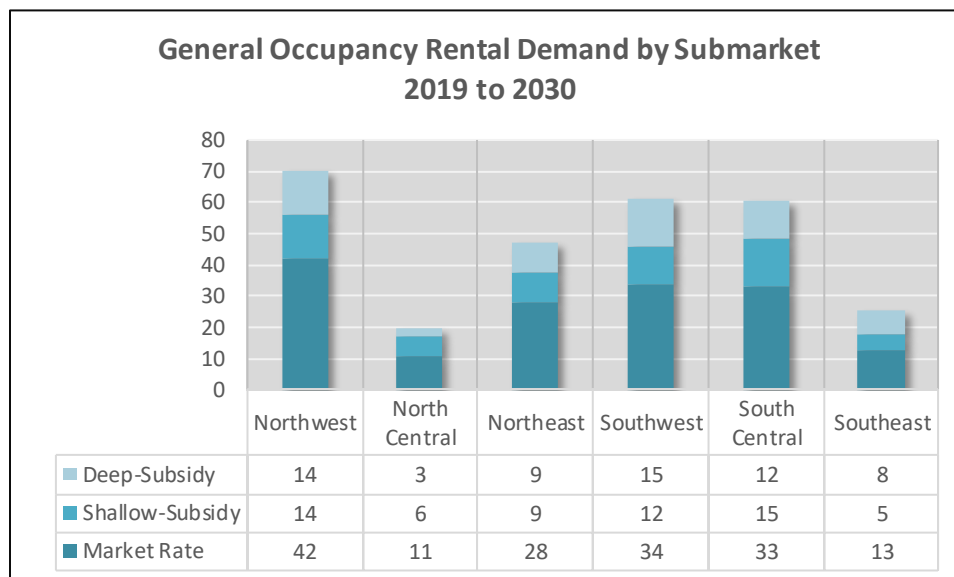
RENTAL MARKET ANALYSIS

An additional proportion is added for households that would move into rental housing in each submarket who currently reside outside the area, increasing total demand to 285 units in the six submarkets. We estimate that the demand potential for general occupancy rental housing being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Based a review of renter household incomes with incomes below \$35,280, we estimate the proportion of demand for market rate, shallow-subsidy, and deep-subsidy units. The proportion for market rate rental housing ranges from 50% in the Southeast Submarket to 60% in the Northwest and Northeast Submarkets. The percentage for shallow-subsidy housing ranges from 20% to 30%, while the percentage for deep-subsidy housing ranges from 15% to 30%.

Next, we would subtract housing projects that are under construction or pending at this time at 95% occupancy (equilibrium), since these projects will satisfy some of the demand for new general occupancy rental housing. We did not identify any general occupancy rental projects approved or under construction in Fillmore County. In total, we estimate that there is demand for 162 market rate rental units, 62 shallow-subsidy units and 62 deep-subsidy units in the six submarkets between 2019 and 2030.

The following figure summarizes excess demand by submarket. Due to the limited excess demand potential for certain product types in each submarket, we do not apportion demand by City as each submarket would likely support only one or two new projects (if any).



As shown, between 2019 and 2030, general occupancy market rate rental demand will be strongest in the Northwest (42 units), Southwest (34 units), and South Central (33 units) Submarkets. Shallow-subsidy demand will be strongest in the South Central (15 units) and Northwest (14 units) Submarkets, while deep-subsidy demand will be strongest in the Southwest (15 units) and Northwest (14 units) Submarkets.

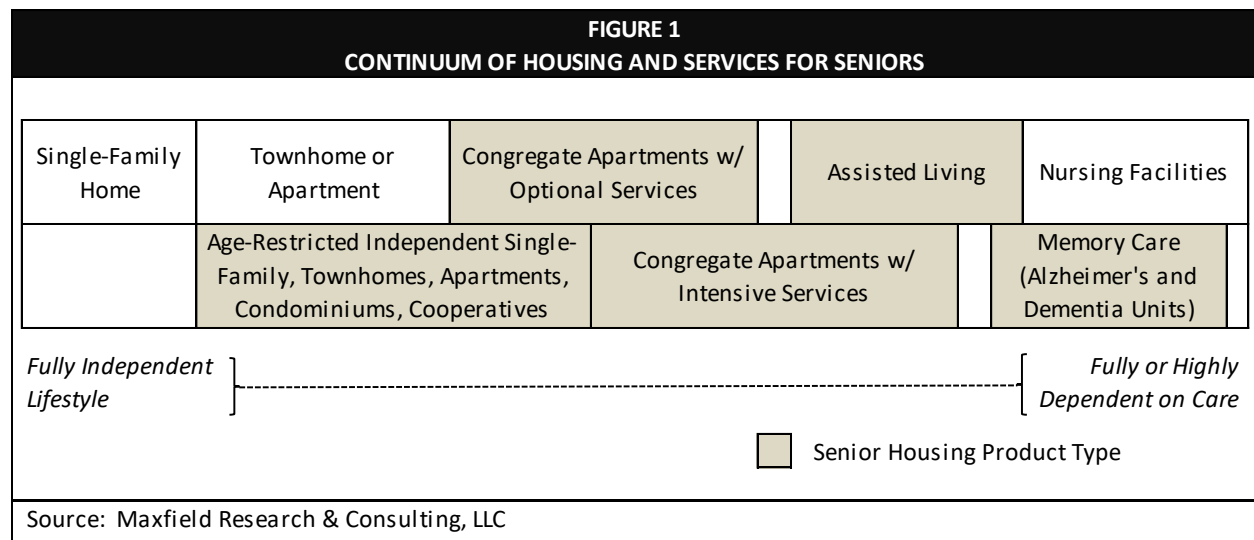
Introduction

This section provides an assessment of the market support for senior housing (active adult, congregate, assisted living, and memory care) in Fillmore County, Minnesota. An overview of the demographic and economic characteristics of the senior population in the County, as well as each Submarket is presented along with an inventory of existing and pending senior housing developments in the County.

Demand for senior housing is calculated based on demographic, economic and competitive factors that would impact demand for additional senior housing units in the County.

Senior Housing Defined

Senior housing is a concept that generally refers to the integrated delivery of housing and services to seniors. However, as Figure 1 illustrates, senior housing embodies a wide variety of product types across the service-delivery spectrum.



Products range from independent apartments and/or townhomes with virtually no services on one end, to highly specialized, service-intensive assisted living units or housing geared for people with dementia-related illnesses (termed "memory care") on the other end of the spectrum.

In general, independent senior housing attracts people age 65 and over while assisted living typically attracts people age 80 and older who need assistance with activities of daily living (ADLs).

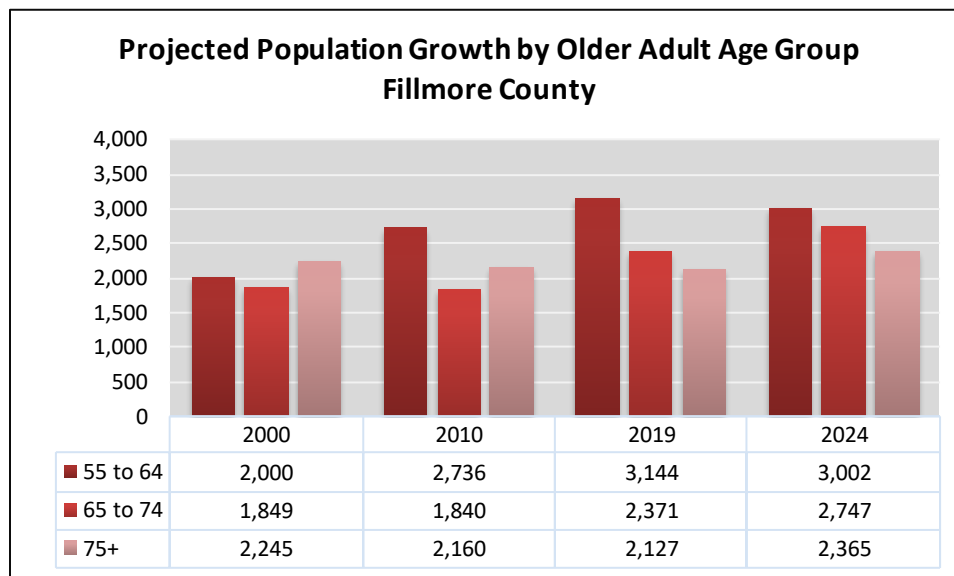
For analytical purposes, Maxfield Research and Consulting, LLC classifies senior housing into five categories based on the level and type of services offered as described in the following figure.

Active Adult/Few Services
Active Adult properties (or independent living without services available) are similar to a general-occupancy building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Residents are generally age 70 or older if in an apartment-style building. Organized entertainment, activities and occasionally a transportation program represent the extent of services typically available at these properties. Because of the lack of services, active adult properties generally do not command the rent premiums of more service-enriched senior housing. Active adult properties can have a rental or owner-occupied (condominium or cooperative) format.
Independent Living (Congregate)
Independent Living (Congregate) properties (independent living with services available) offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties often dedicate a larger share of the building to common areas, because the units are smaller than in adult housing and to encourage socialization among residents. Independent living properties attract a slightly older target market than adult housing (i.e. seniors age 75 or older). Rents are also above those of active adult buildings. Sponsorship by a nursing home, hospital or health care organization is common.
Assisted Living
Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their health situation), who need extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have staff on duty 24 hours per day or at least 24-hour emergency response.
Memory Care
Memory Care properties, designed specifically for persons suffering from Alzheimer's disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which addresses housing needs almost exclusively for widows or widowers, a higher proportion of persons afflicted with Alzheimer's disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver's concern of incurring the costs of health care at a special facility while continuing to maintain their home.
Skilled Nursing Care
Skilled Nursing Care, or long-term care, provides a living arrangement that integrates shelter and food with medical, nursing, psychosocial and rehabilitation services for persons who require 24-hour nursing supervision. Residents in skilled nursing homes can be funded under Medicare, Medicaid, Veterans, HMOs, insurance as well as use of private funds.

Older Adult (Age 55+) Population and Household Trends

The Demographic Analysis section of this study examined broad demographic characteristics of the Fillmore County population. The following points summarize key findings from that section as they pertain to the older adult population in the County and its submarkets.

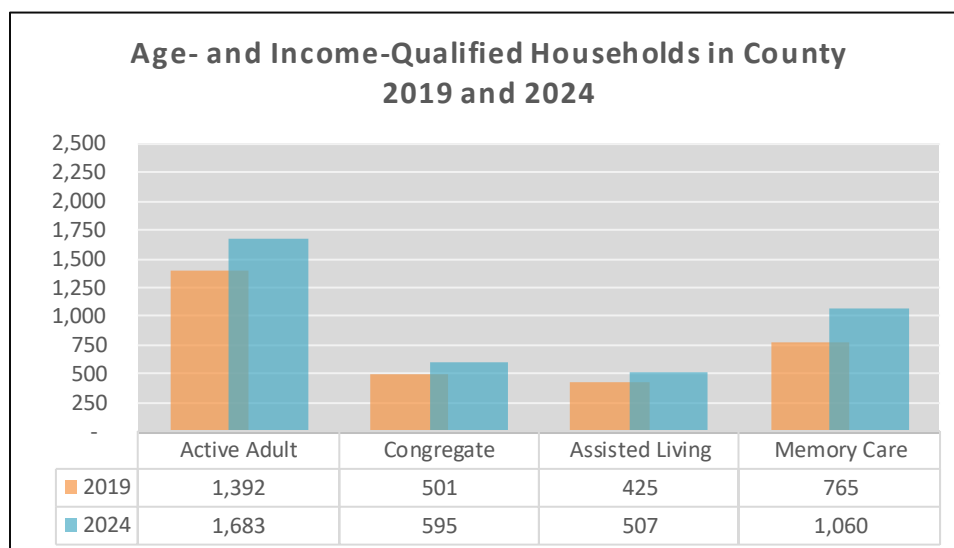
- The most rapid growth is expected to occur among older adults in the Market Area. Aging of baby boomers led to an increase of 408 people (15%) in the 55 to 64 population in the County between 2010 and 2019. As this group ages, most cohorts age 65 or greater are expected to experience increases between 2019 and 2024, particularly the 70 to 74 age group which is projected to add 211 people (21% growth) and the 75 to 79 age group which is projected to add 174 people (22%).



- The key market for active adult/few services housing is comprised of senior households age 65 and older. The primary market for service-enhanced housing is senior households age 75 and older. While individuals in their 50s and 60s typically do not comprise the market base for service-enhanced housing, they often have elderly parents to whom they provide support when they decide to relocate to senior housing. Since elderly parents typically prefer to be near their adult caregivers, growth among older adults (age 55 to 64) generally results in additional demand for senior housing products.
- The frailer the senior, the greater the proportion of their income they will typically spend on housing and services. Studies have shown that seniors are willing to pay increasing proportions of their incomes on housing with services, beginning with an income allocation of 40% to 50% for market rate active adult senior housing with little or no services, increasing to 65% for congregate housing and to 80% to 90% or more for assisted living housing. The proceeds from the sales of their homes, as well as financial assistance from their adult children, are often used as supplemental income in order to afford senior housing alternatives.

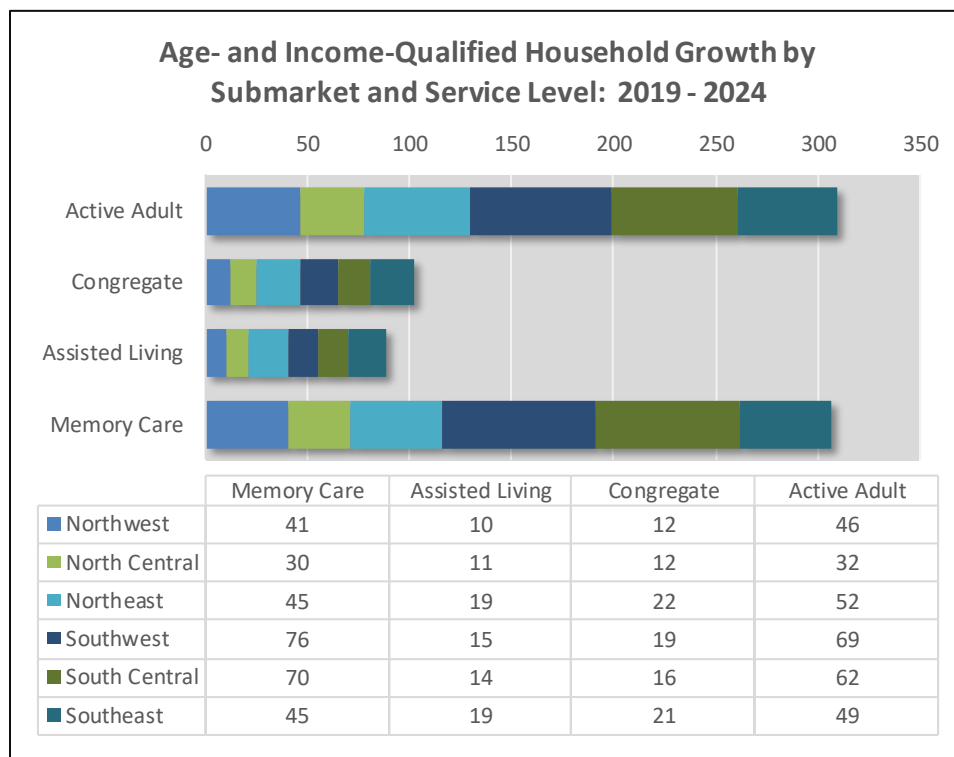
SENIOR HOUSING ANALYSIS

- The key market for active adult/few services housing is comprised of senior households (age 65+) with incomes of \$35,000 or more. The age threshold increases to 70+ if in an apartment-style building. In 2019, we estimate there are 1,392 age- and income-qualified households in the County that comprise the key market for active adult housing. Including all households with incomes of \$40,000 and over (adjusted for inflation), the number of age 65+ senior households projected to income-qualify for active adult/few services housing is expected to grow to 1,683 households in 2024 (21% growth).
- Congregate (independent living with services available) housing demand is driven by senior households (age 75+) with incomes of \$35,000 or more. We estimate the number of age- and income-qualified households in the County to be 501 householders in 2019, increasing to 595 householders (19% growth) in 2024.
- The target market for assisted living housing is senior households age 75 and older with incomes of at least \$40,000 (plus senior homeowners with lower incomes). As of 2019, there are an estimated 425 older senior households (age 75+) in the County with incomes of at least \$40,000, accounting for 31% of all older senior households. Including all households with incomes of \$45,000 and over (adjusted for inflation), the number of older senior households projected to income-qualify for senior housing with services is expected to grow to 507 households in 2024 (19% growth).
- Memory care housing has a target market of senior households age 65 and older with a memory impairment and incomes of at least \$60,000. We estimate that roughly 15% of the senior population has a memory impairment. In 2019, we estimate that there are 765 age 65+ households in the County with incomes of at least \$60,000, accounting for 27% of all senior households. The number of income-qualified (\$65,000 adjusted for inflation) households is projected to increase to 1,060 by 2024 (39% growth).



SENIOR HOUSING ANALYSIS

- Between 2019 and 2024, senior (age 65 and older) population growth is expected to be strongest in the Southwest Submarket, adding 184 seniors (16% growth), followed by South Central, adding 114 seniors (11%), and Northeast with the addition of 102 seniors (13%).
- The Northwest and North Central Submarkets are expected to add 98 seniors (14%) and 85 seniors (19%), respectively, while the Southeast is projected to add 75 seniors (13%).
- As depicted in the following graph, age- and income-qualified household growth between 2019 and 2024 is projected to be strongest for active adult and memory care senior housing. More modest growth among households age- and income-qualified for congregate and assisted living housing is anticipated.



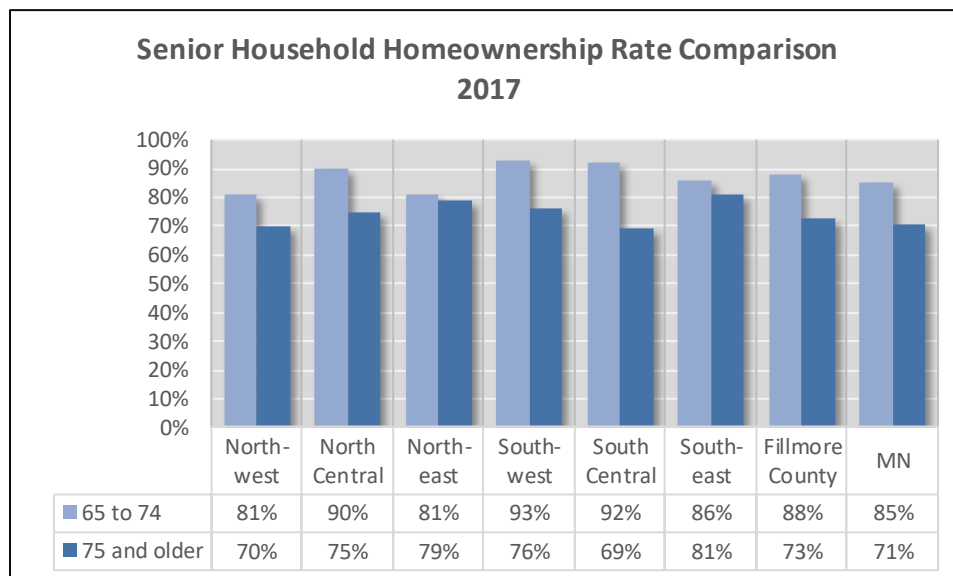
- Growth in households age- and income-qualified for active adult housing is expected to be strongest in the Southwest Submarket, adding 69 households (18%), and the South Central Submarket, adding 62 households (21%).
- Age- and income-qualified household growth for memory care senior housing is also expected to be strongest in the Southwest Submarket, adding 76 households (37%), and the South Central Submarket, adding 70 households (46%).
- Growth in households age- and income-qualified for congregate (independent living with services available) housing is expected to be strongest in the Northeast Submarket, adding 22 households (25%), and the Southeast Submarket, adding 21 households (41%).

SENIOR HOUSING ANALYSIS

- Age- and income-qualified household growth for assisted living senior housing is also expected to be strongest in the Northeast and Southeast Submarkets, each adding 19 households (26% growth in the Northeast and 41% growth in the Southeast).

Homeownership information lends insight into the number of households that may still have homes to sell and could potentially supplement their incomes from the sales of their homes to support monthly fees for alternative housing.

- The County maintains homeownership rates in the older adult age cohorts that are higher than the State of Minnesota. The homeownership rate in 2017 was 89% for age 55 to 64 households compared to 83% in Minnesota. The PMA homeownership rate shifts to 88% for age 65 to 74 households compared to 85% in the State.
- Seniors typically begin to consider moving into senior housing alternatives in their early to mid-70s. This movement pattern is demonstrated by the drop in homeownership between the 65 to 74 age cohort (88%) and the 75+ age cohort (73%) in Fillmore County. Throughout Minnesota, the homeownership rate dropped from 85% (age 65 to 74) to 71% (age 75+).
- Among the Fillmore County submarkets, senior household (age 65 and older) homeownership rates are highest in the North Central (85%), Southwest (84%) and Southeast (84%) Submarkets. Homeownership rates are lowest in the Northwest (75%), Northeast (79%), and South Central (80%) Submarkets.
- The South Central Submarket has the largest shift in homeownership rates between the 65 to 74 cohort (92%) and 75 and older cohort (69%).



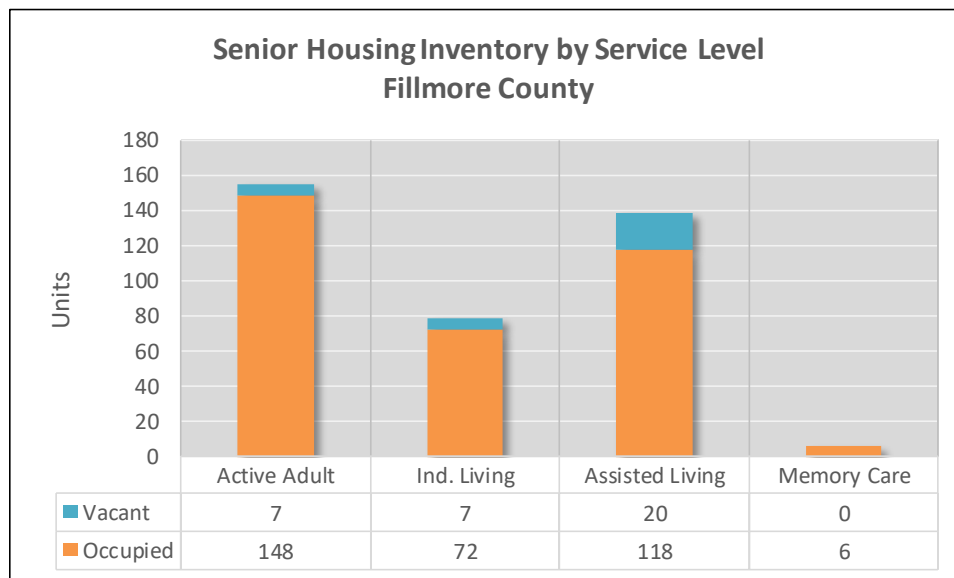
- With a homeownership rate of 81% for all households age 65 and older, many residents would be able to use proceeds from the sales of their homes toward senior housing alternatives. The resale of single-family homes would allow additional senior households to qualify for market rate housing products, since equity from the home sale could be used as supplemental income for alternative housing.
- Home sale data is useful in that it represents the amount of equity seniors may be able to derive from the sales of their homes that could be used to cover the cost of senior housing alternatives. In 2018, the median resale price of single-family homes was \$139,500 in Fillmore County.
- Based on the 2018 median sale price for homes in the County, a senior household could generate approximately \$2,623 of additional income annually (about \$219 per month), if they invested in an income-producing account (2.0% interest rate) after accounting for marketing costs and/or real estate commissions (6.0% of home sale price).
- Should a senior utilize the home sale proceeds dollar for dollar to support living in senior housing with services, the proceeds would last nearly six years in independent living housing (monthly rent approximated at \$2,000), over three years in assisted living (monthly rent approximated at \$3,500), or approximately two and one-half years in memory care housing (monthly rent approximated at \$4,500). Seniors in service-intensive housing typically have lengths of stays between two and three years indicating that a portion of seniors in the County will be financially prepared to privately pay for their housing and services.
- Due to the decline in home values along with the increased marketing time that occurred earlier this decade, some seniors – particularly those in the market for independent housing products – may have delayed moving. With improvement in the housing market, some of these seniors may now be more inclined to consider housing alternatives.
- The following figure displays the 2018 median sale price for single-family homes along with the length of time the proceeds of a home sale would last in service-enhanced senior housing for each Fillmore County submarket.

Submarket	Median Sale Price	Length of Stay (Years)		
		Independent Living	Assisted Living	Memory Care
Northwest	\$182,250	7.7	4.3	3.3
North Central	\$179,900	7.6	4.2	3.2
Northeast	\$126,000	5.2	2.8	2.2
Southwest	\$125,375	5.2	2.8	2.2
South Central	\$119,500	4.9	2.8	2.1
Southeast	\$74,200	2.9	1.7	1.3
Fillmore County	\$139,500	5.8	3.2	2.4

Supply of Senior Housing

Senior Housing Analysis Table 1 provides information on the various senior housing products in Fillmore County by service-level. Information in the table includes year built, number of units, unit sizes, vacancies, rents, and general comments about each project. The following section summarizes key points from our survey of senior housing facilities in the County.

- Maxfield Research identified 21 senior housing properties in Fillmore County. Combined, these projects contain a total of 378 senior housing units.
- Nine of the senior housing facilities, with 191 units, are market rate, and there are 12 affordable senior housing projects, totaling 187 units. Of the 378 senior housing units, 34 are currently vacant, representing a 9.0% vacancy rate.
- Based on the senior housing inventory, 59% of the units provide service-enhanced housing, for a total of 223 units (79 independent living with services available, 138 assisted living units, and six memory care units).
- At the time of the survey, there were 27 vacant service-enhanced units (12% vacancy rate). Seven were independent living vacancies (8.9% vacancy), 20 were assisted living units (14.5% vacancy) and the memory care were fully-occupied. The affordable units, which target persons age 62 and older or persons with a disability, are 4.5% vacant (seven vacancies).



- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care senior housing, while 95% occupancy is considered equilibrium in independent living and active adult. As such, the current supply of independent living and assisted living units appears to be slightly oversupplied, while the active adult and memory care markets appear to be undersupplied.

SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 1									
SENIOR HOUSING PROJECTS									
FILLMORE COUNTY									
May 2019									
Project Name/Location	Year	No. of	Total	Unit Description		Monthly Rent		Rent/sq. ft.	
	Open	Units	Vacant	Type	Size	Min	Max	Min	Max
ACTIVE ADULT - Affordable/Subsidized Rental									
Canton Manor	1984	8	1	1BR	621 - 621	\$570 - \$735		\$0.92 - \$1.18	
301 W Prairie Ave		vacancy rate:	12.5%	2BR	780 - 780	\$595 - \$755		\$0.76 - \$0.97	
Canton, MN									
Notes:	1BR units for persons age 62+ or with a disability. Some rents based on 30% of HH gross monthly income. Water, sewer and trash removal included in rent. Amenities include off-street parking with plug-ins, on-site laundry, community room.								
Lakewood Apartments	1983	24	2	1BR	475 - 475	30% of Income		NA - NA	
420 Bench St		vacancy rate:	8.3%						
Chatfield, MN									
Notes:	Project-based Section 8. Rent based on 30% of gross HH income. Amenities include off-street parking, community room, laundry facilities, medical alarm system, and air conditioning. Rent includes trash removal, gas, water, heat, and sewer.								
Harmony Apartments	1986	12	1	1BR	600 - 600	\$475 - \$688		\$0.79 - \$1.15	
222 NE 1st Ave		vacancy rate:	8.3%						
Harmony, MN									
Notes:	Housing for persons age 62+ or with a disability. Some rents based on 30% of HH gross monthly income. Heat, water, sewer and trash removal included in rent. Amenities include off-street parking with plug-ins, on-site laundry, controlled entrances, community room.								
Harmony Manor	1976	21	0	1BR	529 - 529	30% of Income		NA - NA	
445 Main Ave S		vacancy rate:	0.0%	2BR	832 - 832	30% of Income		NA - NA	
Harmony, MN									
Notes:	Project-based Section 8. Housing for persons age 62+ or with a disability. Rent based on 30% of gross HH income. Amenities include off-street parking, resident controlled heat and AC, appliances included, community room, emergency call system, on-site laundry, elevator. All utilities included in rent.								
Kenilworth Apartments	1982	19	0	1BR	650 - 650	\$405 - \$415		\$0.62 - \$0.64	
607 Kenilworth		vacancy rate:	0.0%	2BR	NA - NA	\$445 - \$455		NA - NA	
Lanesboro, MN									
Notes:	1BR units for persons age 62+ or with a disability. Some rents based on 30% of HH gross monthly income. Heat, water, sewer and trash removal included in rent. Amenities include off-street parking with plug-ins, on-site laundry, community room, patio area.								
Sylvan Manor	1979	20	0	1BR	650 - 650	\$0 - \$496		\$0.00 - \$0.76	
503 Parkway Ave		vacancy rate:	0.0%	2BR	NA - NA	\$0 - \$583		NA - NA	
Lanesboro, MN									
Notes:	Project-based Section 8. 1BR units for persons age 62+ or with a disability. Rent based on 30% of HH gross monthly income. Electric, heat, water, and trash removal included in rent. Amenities include off-street parking, on-site laundry, community room.								
Cherrywood Estates	1982	14	3	Studio	386 - 386	\$0 - \$619		\$0.00 - \$1.60	
102 Cherrywood Dr		vacancy rate:	21.4%	1BR	582 - 582	\$0 - \$662		\$0.00 - \$1.14	
Mabel, MN									
Notes:	Project-based Section 8. Studio and 1BR units for persons age 62+ or with a disability (also four 2BR units for family HHs). Rent based on 30% of HH gross monthly income. Amenities include off-street parking with plug-ins and coin-operated laundry. Waster, sewer, heat, and trash removal included in rent.								

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SENIOR HOUSING ANALYSIS

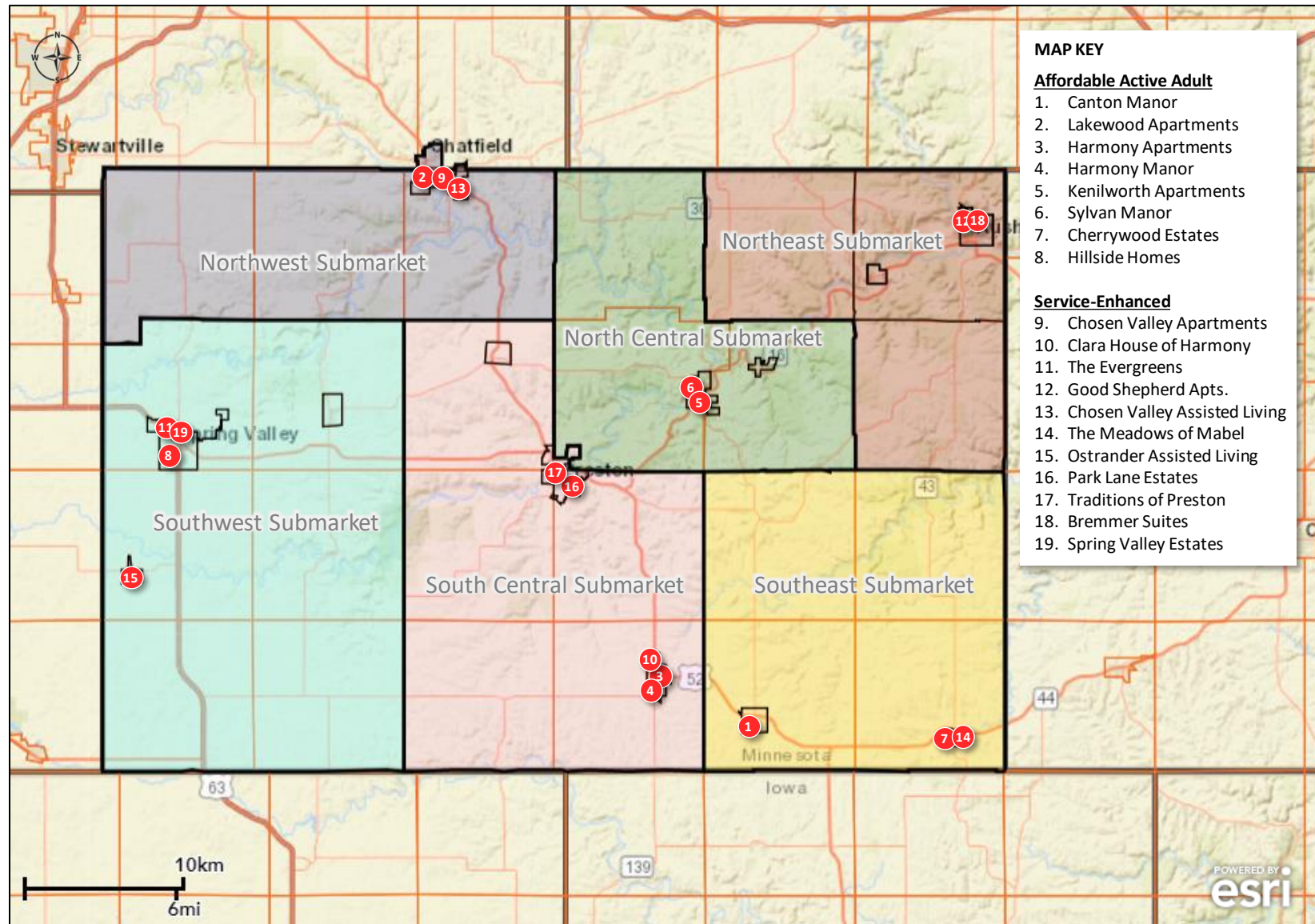
SENIOR HOUSING ANALYSIS TABLE 1 continued									
SENIOR HOUSING PROJECTS									
FILLMORE COUNTY									
May 2019									
Project Name/Location	Year Open	No. of Units	Total Vacant	Unit Description		Monthly Rent		Rent/sq. ft.	
				Type	Size	Min	Max	Min	Max
Hillside Homes 409 S Hudson Ave Spring Valley, MN	1989	37	0	1BR	650 - 650	30% of Income		NA - NA	
		vacancy rate:	0.0%						
Notes:	Project-based Section 8 housing for persons age 62+ or with disabilities. Amenities include hair stylist, on-site laundry, community room, patios, elevator.								
INDEPENDENT LIVING W/ SERVICES AVAILABLE (CONGREGATE)									
Chosen Valley Apartments 428 Jensen Lane SE Chatfield, MN	1990	15	1	1BR	650 - 650	\$1,004 - \$1,004		\$1.54 - \$1.54	
		vacancy rate:	6.7%	2BR	850 - 850	\$1,148 - \$1,148		\$1.35 - \$1.35	
Notes:	Monthly rent includes noon meal, emergency call system, trash removal, scheduled programs, assigned parking, water and sewer service. Features include kitchen appliances, AC, walk-in showers, enclosed sunroom, gazebo, and priority admission to care center and assisted living units.								
Clara House of Harmony 455 Main Ave N Harmony, MN	2002	12	2	Studio	515 - 546	\$1,160 - \$1,160		\$2.25 - \$2.12	
		vacancy rate:	16.7%	1BR	709 - 709	\$1,435 - \$1,435		\$2.02 - \$2.02	
				2BR	1,032 - 1,032	\$1,800 - \$1,800		\$1.74 - \$1.74	
Notes:	Customized care and services available for a fee include housekeeping, laundry and linen services, transportation assistance, meals, medication management, and assistance with ADLs. Monthly rent includes heat and electric.								
The Evergreens 820 Memorial Dr Spring Valley, MN	2007	20	4	1BR	700 - 700	\$1,567 - \$2,514		\$2.24 - \$3.59	
		vacancy rate:	20.0%	2BR	900 - 900	\$1,767 - \$2,714		\$1.96 - \$3.02	
Notes:	Units feature complete kitchens with full-size stove and refrigerator, individual control of heat/AC. Amenities include housekeeping, laundry facilities, utilities, wellness center. Additional services available for fee: laundry services, additional housekeeping, meal plans, emergency response system, personal call pendant, garage parking, scheduled								
Good Shepherd Apts. 700 Meadows Dr Rushford, MN	1980	32	0	1BR	520 - 520	30% of Income		NA - NA	
		vacancy rate:	0.0%						
Notes:	Housing for persons age 62+ or with a disability. Amenities include appliances, off-street parking, community room, and on-site laundry. All utilities included in rent. Brunch and evening meals and homemaking services available for additional fee. Rent based on income.								
ASSISTED LIVING									
Chosen Valley Assisted Living 1260 Winona St SE Chatfield, MN	2006	20	0	Studio	397 - 397	\$2,238 - \$2,238		\$5.64 - \$5.64	
		vacancy rate:	0.0%	1BR	532 - 582	\$2,248 - \$2,599		\$4.23 - \$4.47	
Notes:	Monthly fee includes daily meals, weekly light housekeeping, daily "wellness" check, scheduled programs, 24 hour/day staff, weekly linen service, bathing assistance (1/week), and all utilities. Features include kitchen with sink, refrigerator, and microwave, complimentary laundry facility, lounges, walk-in showers, individual climate control, deck								
Clara House of Harmony 455 Main Ave N Harmony, MN	2002	16	2	Studio	515 - 546	\$2,390 - \$2,390		\$4.64 - \$4.38	
		vacancy rate:	12.5%	1BR	546 - 546	\$3,030 - \$3,030		\$5.55 - \$5.55	
Notes:	Monthly fee includes all utilities, 24 hour/day staff, 3 meals and 2 snacks per day, medication management, weekly housekeeping and laundry.								

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SENIOR HOUSING ANALYSIS

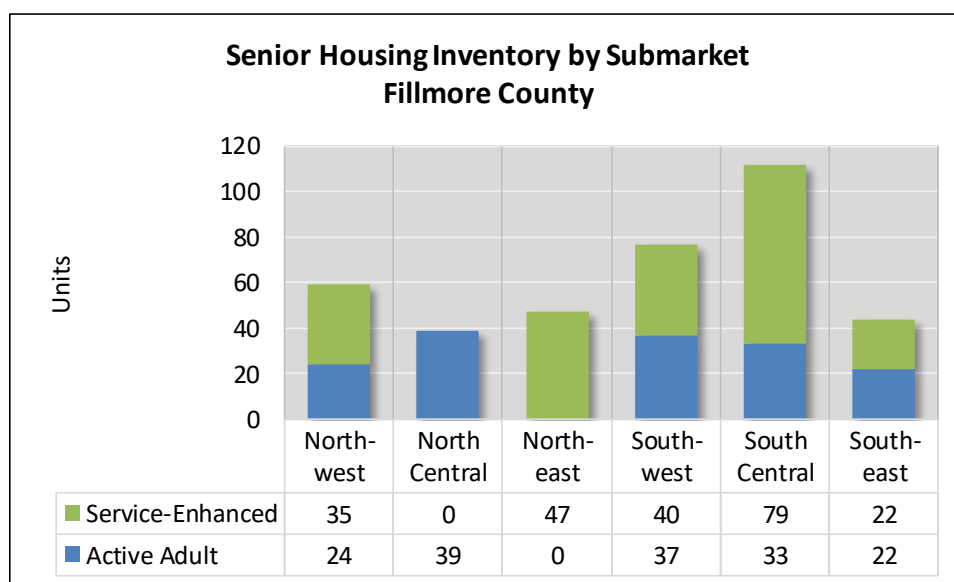
SENIOR HOUSING ANALYSIS TABLE 1 continued									
SENIOR HOUSING PROJECTS									
FILLMORE COUNTY									
May 2019									
Project Name/Location	Year	No. of	Total	Unit Description		Monthly Rent		Rent/sq. ft.	
	Open	Units	Vacant	Type	Size	Min	Max	Min	Max
The Meadows of Mabel 610 E Newburg Ave Mabel, MN	2004	22	9	1BR	599 - 599	\$2,670 - \$2,670		\$4.46 - \$4.46	
		vacancy rate:	40.9%	2BR	893 - 893	\$2,823 - \$2,823		\$3.16 - \$3.16	
Notes:	Features complete kitchens, weekly laundry and linen service, housekeeping, three meals/day, and 24 hour/day staffing. Heat and electric included.								
Ostrander Assisted Living 309 Minnesota St Ostrander, MN	2005	6	3	1BR	580 - 580	\$1,875 - \$1,975		\$3.23 - \$3.41	
		vacancy rate:	50.0%	2BR	680 - 680	\$2,250 - \$2,350		\$3.31 - \$3.46	
Notes:	On campus of Ostrander Care & Rehab Center. Rent includes 3 meals/day, weekly housekeeping, emergency call system, 24 hour/day staffing, heat, and electric.								
Park Lane Estates 111 Fillmore Place SE Preston, MN	2001	19	4	Studio	320 - 320	\$1,680 - \$1,680		\$5.25 - \$5.25	
		vacancy rate:	21.1%	1BR	425 - 471	\$2,540 - \$2,540		\$5.98 - \$5.39	
Notes:	Monthly fee includes 3 meals/day, snacks, laundry, housekeeping. Base room rents start at \$925 per month for studio units. Additional level of care fees applied. Monthly fees provided represent base room rent plus basic level of care. Highest level of care is \$5,035 per month in one-bedroom unit.								
Traditions of Preston 515 Washington St NW Preston, MN	2009	26	2	Studio	221 - 511	\$2,660 - \$2,660		\$12.04 - \$5.21	
		vacancy rate:	7.7%	1BR	390 - 511	\$2,940 - \$2,940		\$7.54 - \$5.75	
				2BR	860 - 860	\$3,415 - \$3,415		\$3.97 - \$3.97	
Notes:	Heat, electric, continental breakfast, dinner, and supper included. Other features include 2 snacks/day, weekly housekeeping, activities, 24-hour staff, community room.								
Bremmer Suites 803 Home St Rushford, MN	1998	15	0	Studio	420 - 420	\$2,359 - \$2,359		\$5.62 - \$5.62	
		vacancy rate:	0.0%						
Notes:	Units feature kitchenette and handicapped-accessible bathrooms. Residents provided weekly cleaning and laundry services and resident-choice meal plan. Amenities include game room, scheduled transportation, and outdoor space. Base rent of \$904/month. Units not rented to residents without services; service packages start at \$1,455 per month for a minimum monthly fee of \$2,359.								
Spring Valley Estates 815 Memorial Dr Spring Valley, MN		14	0	Studio	405 - 415	\$2,087 - \$2,087		\$5.15 - \$5.03	
		vacancy rate:	0.0%	1BR	454 - 770	\$2,147 - \$2,295		\$4.73 - \$2.98	
				2BR	890 - 1,038	\$2,445 - \$2,545		\$2.75 - \$2.45	
Notes:	Units feature complete kitchens, individual heating/cooling control, and personal pendant call system. Fee includes 3 meals/day, weekly light housekeeping, on-site laundry, library services, I'm OK program, utilities, and use of great room.								
MEMORY CARE									
Clara House of Harmony 455 Main Ave N Harmony, MN	2002	6	0	Studio	308 - 308	\$3,395 - \$3,395		\$11.02 - \$11.02	
		vacancy rate:	0.0%						
Notes:	Monthly fee includes all utilities, 24 hour/day staff, 3 meals and 2 snacks per day, medication management, weekly housekeeping and laundry.								
Sources: Maxfield Research & Consulting, LLC									

Senior Housing Location Map



SENIOR HOUSING ANALYSIS

- The active adult properties are predominantly subsidized project-based section 8 facilities with rents based on 30% of gross monthly household income. These facilities target persons age 62 and older or persons with a disability, with disabled residents comprising an estimated 37% of the tenant population. We did not identify any market rate active adult projects in Fillmore County.
- Market rate congregate (independent living with services available) facility rents range from a low of \$1,004 for a one-bedroom unit at Chosen Valley Apartments to a high of \$2,714 for a two-bedroom unit at The Evergreens in Spring Valley. Monthly rents typically include utilities along with meal plan and housekeeping options. Additional customized care and services are available for an additional fee. The Good Shepherd facility in Rushford is a subsidized congregate facility for persons age 62 and older or with a disability. Rents are based on 30% of income. Brunch, evening meals, and homemaking services are available for a fee.
- Base assisted living fees range from a low of \$1,690 for a studio unit at Park Lane Estates in Preston to a high of \$3,415 for a two-bedroom unit at Traditions of Preston. Monthly fees generally include three meals per day, weekly housekeeping, and emergency call systems. Fees for service care level packages are in addition to the base monthly fee.
- Clara House of Harmony is the only facility in the County with designated memory care units. The base monthly fee starts at \$3,395 which includes all utilities, three meals and two snacks per day, medication management, and weekly housekeeping. Home care and health-related services are available for additional fees.
- As depicted in the following chart, the South Central Submarket has most senior housing units in the County, with 112 units (30% of the total), including 33 active adult units and 79 service-enhanced units.



SENIOR HOUSING ANALYSIS

The following are photographs of the senior housing facilities in Fillmore County:



Canton Manor



Lakewood Apartments



Harmony Apartments



Harmony Manor



Kenilworth Apartments



Sylvan Manor

SENIOR HOUSING ANALYSIS

The following are photographs of the senior housing facilities in Fillmore County:



Cherrywood Estates



Hillside Homes



Clara House



The Evergreens



Good Shepherd Apartments



Chosen Valley Assisted Living

SENIOR HOUSING ANALYSIS

The following are photographs of the senior housing facilities in Fillmore County:



The Meadows of Mabel



Ostrander Assisted Living



Park Lane Estates



Traditions of Preston



Bremmer Suites



Spring Valley Estates

Market Rate Adult/Few Services Senior Housing Demand

Senior Housing Analysis Table 2 on the following pages presents demand calculations for market rate active adult/few services housing in each of the six Fillmore County submarkets in 2019 and in 2024. The market for active adult/few services housing is comprised of older adult (age 55 to 64), younger senior (age 65 to 74) and older senior (age 75+) households, with market demand weighted most heavily toward older seniors.

In order to arrive at the potential age-, income- and asset-qualified base for active adult housing, we include all age-qualified households with incomes of \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would qualify with the proceeds from a home sale.

The number of qualifying homeowner households is estimated by applying the appropriate homeownership rate to each age cohort. We estimate there are a total of 3,078 age-, income- and asset-qualified households in the six submarkets that comprise the market for active adult housing in 2019, increasing to 3,371 qualified households in 2024.

Adjusting to include appropriate capture rates for each age cohort (1.0% of households age 55 to 64, 5.5% of households age 65 to 74, and 16.5% of households age 75 and older) results in a demand potential for 174 active adult housing units in 2019 and 197 units in 2024. These capture rates reduce the total number of age/income/asset-qualified households to consider only the portion of older adult and senior households who would be able, willing, and inclined to move to senior housing alternatives, including both owner- and renter-occupied housing.

An additional proportion is added for senior households that would move into active adult housing in each submarket who currently reside outside the area, increasing total demand to 233 units in the six submarkets. Demand from outside the area includes parents of adult children living in the area, individuals who live outside the submarket but have an orientation to the area (i.e. church, doctor), and former residents who desire to return upon retirement.

We estimate that the demand potential for active adult housing being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Demand for active adult/few services housing is apportioned between ownership and rental product types. Based on the age distribution of the population, homeownership rates, existing product, and trends for active adult housing products, we project that 70% of the demand will be for active adult rental housing units (163 total units in 2019), and the remaining 30% of demand will be for owner-occupied active adult housing (70 units in 2019).

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SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 2
MARKET RATE ACTIVE ADULT/FEW SERVICES RENTAL HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2019 Demand Analysis

Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age of Householder	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	242	153	84	126	105	49	220	161	86	345	233	153	268	196	104	149	103	52
# of Households w/ Incomes of \$30,000 to \$34,999 ¹ +	14	14	24	5	9	10	11	11	21	21	20	28	22	24	30	9	14	16
(times) Homeownership Rate x	78%	81%	70%	88%	90%	75%	93%	81%	79%	90%	93%	76%	89%	92%	69%	90%	86%	81%
(equals) Total Potential Market Base =	253	164	101	130	113	57	230	170	103	364	252	174	288	218	125	157	115	65
(times) Potential Capture Rate x	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%
(equals) Demand Potential =	3	9	17	1	6	9	2	9	17	4	14	29	3	12	21	2	6	11
Potential Demand from Submarket Residents =	28			17			29			46			35			19		
(plus) Demand from Outside Submarket ² +		12			6			10			15			12			5	
(equals) Total Demand Potential =	40			22			38			62			47			23		
(times) % for Rental Housing x	<u>70%</u>			<u>70%</u>			<u>70%</u>			<u>70%</u>			<u>70%</u>			<u>70%</u>		
(equals) Demand Potential for MR Rental Housing =	28			16			27			43			33			16		
(minus) Existing and Pending MR Active Adult Units ³ -	0			0			0			0			0			0		
(equals) Excess Demand for MR Rental Units =	28			16			27			43			33			16		
(times) % for Owner Housing x	<u>30%</u>			<u>30%</u>			<u>30%</u>			<u>30%</u>			<u>30%</u>			<u>30%</u>		
(equals) Demand Potential for Owner Housing =	12			7			11			18			14			7		
(minus) Existing and Pending Owner Units ³ -	0			0			0			0			0			0		
(equals) Excess Demand for Owner Units =	12			7			11			18			14			7		

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SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 2 continued
MARKET RATE ACTIVE ADULT/FEW SERVICES RENTAL HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2024 Demand Analysis

Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age of Householder	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	249	187	96	123	124	61	228	190	108	347	284	171	281	242	120	157	130	73
# of Households w/ Incomes of \$35,000 to \$39,999 ¹	6	11	12	6	9	10	8	14	14	20	24	27	12	20	20	7	12	9
(times) Homeownership Rate	78%	81%	70%	88%	90%	75%	93%	81%	79%	90%	93%	76%	89%	92%	69%	90%	86%	81%
(equals) Total Potential Market Base	254	196	104	128	132	69	235	201	119	365	306	192	292	260	134	163	140	80
(times) Potential Capture Rate	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%	1.0%	5.5%	16.5%
(equals) Demand Potential	3	11	17	1	7	11	2	11	20	4	17	32	3	14	22	2	8	13
Potential Demand from Submarket Residents	31			20			33			52			39			23		
(plus) Demand from Outside Submarket ²	13			7			11			22			13			6		
(equals) Total Demand Potential	44			26			44			74			52			28		
(times) % for Rental Housing	70%			70%			70%			70%			70%			70%		
(equals) Demand Potential for MR Rental Housing	31			19			31			52			37			20		
(minus) Existing and Pending MR Active Adult Units ³	0			0			0			0			0			0		
(equals) Excess Demand for MR Rental Units	31			19			31			52			37			20		
(times) % for Owner Housing	30%			30%			30%			30%			30%			30%		
(equals) Demand Potential for Owner Housing	13			8			13			22			16			8		
(minus) Existing and Pending Owner Units ³	0			0			0			0			0			0		
(equals) Excess Demand for Owner Units	13			8			13			22			16			8		

¹ 2024 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

² We estimate that a portion of demand will come from outside each Submarket (ranging from 20% to 30%, depending on Submarket).

³ Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

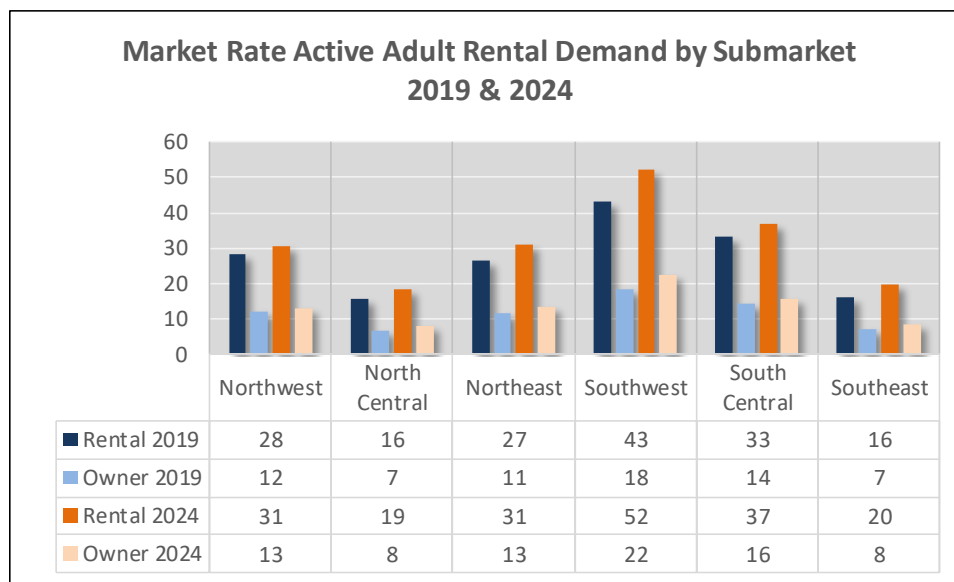
SENIOR HOUSING ANALYSIS

From the demand potential, we would subtract existing and pending active adult units at 95% occupancy, but we did not identify any age-restricted market rate active adult units in the County.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and home-owners with incomes of \$30,000 to \$39,999 would be candidates for active adult housing in 2024. Following the same methodology, we project that excess demand will increase to 189 active adult rental units and 81 active adult ownership units in 2024

Due to the location of services (public infrastructure, medical, religious, retail, etc.) we expect that the cities will capture all of the excess demand potential in the County, so we do not anticipate any market rate active adult housing demand in the townships.

The following figure summarizes excess demand by submarket. Due to the limited excess demand potential in each submarket, we do not apportion demand by City as each submarket would likely support only one to two new facilities (if any).



As shown, by 2024, active adult rental demand will be strongest in the Southwest (52 units), South Central (37 units), Northwest (31 units) and Northeast (31 units) Submarkets. Active adult owner demand will be strongest in the Southwest (22 units), South Central (16 units), Northeast (13 units), and Northwest (13 units) Submarkets.

Shallow-Subsidy/Deep-Subsidy Independent Senior Housing Demand

Senior Housing Analysis Table 3 on the following pages presents our demand calculations for affordable (shallow-subsidy and deep-subsidy) active adult/few services senior housing in each of the six Fillmore County submarkets in 2019 and in 2024. While the methodology used to calculate demand for affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make adjustments to more precisely quantify demand among this market segment.

The following points summarize these adjustments:

- **Income-Qualifications:** In order to arrive at the potential age and income-qualified base for low-income and affordable housing, we include all senior households age 55 and older that qualify for the income guidelines for two-person households in 2019. Households earning between 30% and 60% of AMI are generally candidates for affordable housing, while households earning less than 30% AMI are typically a market for subsidized housing. The income-restriction for a two-person household at 30% AMI is \$17,640 and the income-restriction for a two-person household at 60% AMI is \$35,280.
- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Based on our experience in market feasibility for affordable and subsidized senior housing, along with our analysis of demographic and competitive market factors in the PMA, we apply a conservative 25% capture rate to the age/income-qualified market in the County to arrive at a total potential demand from each submarket.

Using the methodology described above results in a demand potential for a total of 349 affordable (shallow-subsidy and deep-subsidy) active adult housing units in 2019. An additional proportion is added for senior households that would move into affordable active adult housing in each submarket who currently reside outside the area, increasing total demand to 498 units in the six submarkets. We estimate that the demand potential for active adult housing being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Based on the existing and projected distribution of households with incomes below \$35,280, we estimate the proportion of demand for shallow-subsidy and deep-subsidy units. The proportion for deep-subsidy housing ranges from 42% in the Northwest Submarket to 53% in the North Central Submarket, while the percentage for shallow-subsidy housing ranges from 47% in the North Central Submarket to 58% in the Northwest. In total, we estimate that there is total demand for 223 deep-subsidy units and 276 shallow-subsidy units in 2019.

SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 3
AFFORDABLE ACTIVE ADULT/FEW SERVICES RENTAL HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2019 Demand Analysis																		
Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age of Householder	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$35,280 ¹	77	73	132	44	61	89	73	82	134	142	133	206	123	132	216	78	81	130
Less Households w/ Incomes of \$25,000 to \$35,280 ¹	33	34	53	14	23	25	29	31	48	54	52	71	52	59	70	23	34	35
(times) Homeownership Rate	78%	81%	70%	88%	90%	75%	93%	81%	79%	90%	93%	76%	89%	92%	69%	90%	86%	81%
(equals) Total Potential Market Base by Age	51	45	95	32	40	70	46	57	96	93	85	152	77	78	168	57	52	102
Total Potential Market Base	192			142			199			330			322			211		
(times) % of Seniors Needing/Desiring Affordable Hsg	25%			25%			25%			25%			25%			25%		
(equals) Demand Potential	48			36			50			83			81			53		
(plus) Demand from Outside Submarket ²	21			15			21			35			35			23		
(equals) Total Demand Potential	68			51			71			118			115			75		
(times) % for Deep Subsidy	42%			53%			43%			43%			43%			48%		
(equals) Demand Potential Deep Subsidy Housing	29			27			31			51			49			36		
(minus) Existing & Pending Deep Subsidy Units ³	14			12			0			22			13			8		
(equals) Excess Demand for Deep Subsidy Units	15			15			31			29			36			28		
(times) % for Shallow Subsidy	58%			47%			57%			57%			57%			52%		
(equals) Demand Potential Shallow Subsidy Housing	40			24			41			67			66			39		
(minus) Existing & Pending Shallow Subsidy Units ³	0			11			0			0			7			5		
(equals) Excess Demand for Shallow Subsidy Units	40			13			41			67			59			34		

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SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 3 continued
AFFORDABLE ACTIVE ADULT/FEW SERVICES RENTAL HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2024 Demand Analysis																		
Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age of Householder	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$36,171 ¹	55	67	131	27	48	102	50	75	133	98	125	205	82	118	213	47	73	123
Less Households w/ Incomes of \$25,631 to \$36,171 ¹	- 20	- 28	- 49	- 9	- 16	- 27	- 17	- 26	- 46	- 31	- 44	- 61	- 33	- 51	- 66	- 12	- 30	- 33
(times) Homeownership Rate	x 78%	x 81%	x 70%	x 88%	x 90%	x 75%	x 93%	x 81%	x 79%	x 90%	x 93%	x 76%	x 89%	x 92%	x 69%	x 90%	x 86%	x 81%
(equals) Total Potential Market Base by Age	= 39	= 44	= 97	= 19	= 34	= 82	= 34	= 54	= 97	= 70	= 84	= 159	= 53	= 71	= 167	= 36	= 47	= 96
Total Potential Market Base	180			134			185			313			291			180		
(times) % of Seniors Needing/Desiring Affordable Hsg	x 25%			x 25%			x 25%			x 25%			x 25%			x 25%		
(equals) Demand Potential	= 45			= 34			= 46			= 78			= 73			= 45		
(plus) Demand from Outside Submarket ²	+ 19			+ 14			+ 20			+ 34			+ 31			+ 19		
(equals) Total Demand Potential	= 64			= 48			= 66			= 112			= 104			= 64		
(times) % for Deep Subsidy	x 40%			x 49%			x 40%			x 42%			x 39%			x 45%		
(equals) Demand Potential Deep Subsidy Housing	= 26			= 24			= 26			= 47			= 41			= 29		
(minus) Existing & Pending Deep Subsidy Units ³	- 14			- 12			- 0			- 22			- 13			- 8		
(equals) Excess Demand for Deep Subsidy Units	= 12			= 12			= 26			= 25			= 28			= 21		
(times) % for Shallow Subsidy	x 60%			x 51%			x 60%			x 58%			x 61%			x 55%		
(equals) Demand Potential Shallow Subsidy Housing	= 39			= 24			= 40			= 65			= 63			= 35		
(minus) Existing & Pending Shallow Subsidy Units ³	- 0			- 11			- 0			- 0			- 7			- 5		
(equals) Excess Demand for Shallow Subsidy Units	= 39			= 13			= 40			= 65			= 56			= 30		

¹ 2024 calculations adjusted for inflation (0.5% annually).

² We estimate that a portion of demand will come from outside each Submarket (ranging from 20% to 30%, depending on Submarket).

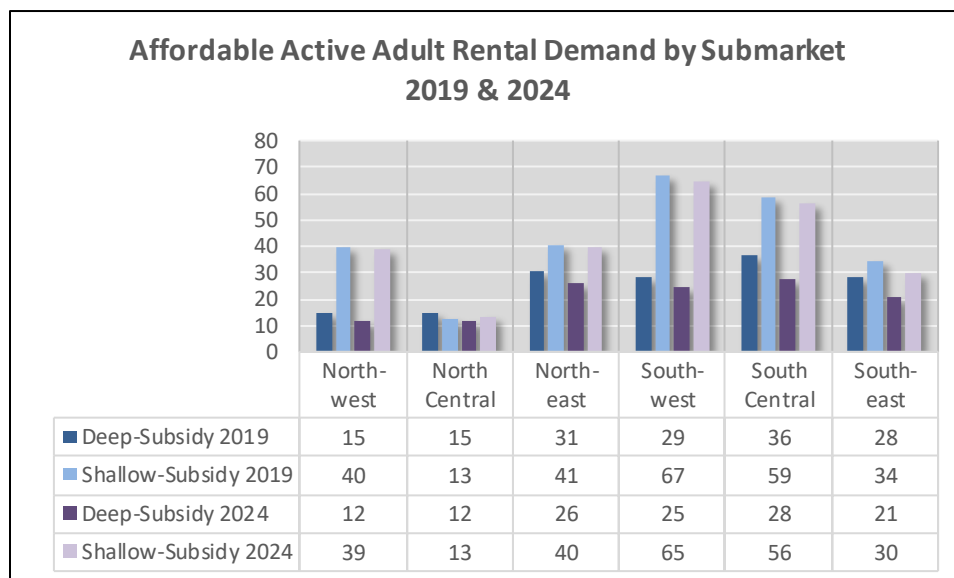
³ Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

Next, we subtract existing competitive units. There are five deep-subsidy projects, totaling 116 units, and three shallow-subsidy projects, totaling 39 units, in the County. We estimate that 63% of the residents are elderly, with the remaining 37% being disabled. Overall, we subtract 69 deep-subsidy units and 23 shallow-subsidy units from the demand potential after adjusting for the proportion estimated to be elderly and accounting for a 5% vacancy rate. Subtracting these units results in excess demand for a total of 154 deep-subsidy units and 253 shallow-subsidy units in the six submarkets in 2019.

To calculate demand in 2024, we increase the income-qualifications to account for inflation. Following the same methodology, excess demand is projected to decline slightly between 2019 and 2024. We find excess demand for a total of 123 deep-subsidy units and 243 shallow-subsidy units in six submarkets in 2024.

The following figure summarizes excess demand by submarket. Due to the limited excess demand potential for certain product types (i.e. deep-subsidy) in each submarket, we do not apportion demand by City as each submarket would likely support only one new facility (if any).



As shown, by 2024, deep-subsidy active adult demand will be strongest in the South Central (28 units), Northeast (26 units), and Southwest (25 units) Submarkets. Shallow-subsidy active adult demand will be strongest in the Southwest (65 units), South Central (56 units), Northeast (40 units), and Northwest (39 units) Submarkets.

Demand for Congregate Senior Housing

Senior Housing Analysis Table 4 on the following pages presents demand calculations for independent living (congregate) senior housing with services available in each of the six Fillmore County submarkets in 2019 and in 2024. This analysis focuses on the potential private pay/market rate demand for independent (congregate) living units in the County.

In order to arrive at the potential age-income qualified base for independent (congregate) senior housing, we include all senior households with incomes of \$35,000 or more and homeowners with incomes between \$25,000 and \$35,000 who would qualify with the proceeds from a home sale (based on the homeownership rates for each age cohort).

Senior householders with incomes of \$35,000 allocating 65% of their income toward base housing cost could afford beginning rents of \$1,900. Householders with incomes of \$25,000 allocating 65% of their income toward rent and using the proceeds from a single-family home sold at the median sale price in the County (\$139,500) could afford rents of nearly \$1,570 per month. We estimate the total number of age/income/asset-qualified households to be 1,831 households in 2019, increasing to 2,192 households in 2024.

Demand for congregate housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance with activities of daily living (ADLs) and instrumental activities of daily living (IADLs). Thus, the age/income-qualified base is multiplied by the percentage of seniors who need some assistance with at least three IADLs but not six or more ADLs/IADLs, as these frailer seniors would need the level of care found in service-intensive assisted living.

According to the Summary Health Statistics of the U.S. Population: National Health Interview Survey, 2007 (conducted by the U.S. Department of Health and Human Services), the percentage of seniors having limitation in ADLs (bathing, dressing, toileting, transferring, eating) and IADLs (using the telephone, shopping, food preparation, housekeeping, laundry, transportation, taking medication, handling finances) are as follows:

Limitation in ADLs & IADLs		
Age	ADLs	IADLs
65-74 years	3.3%	6.3%
75+ years	11.0%	20.0%

It is most likely that seniors who need assistance with ADLs also need assistance with multiple IADLs, and are more likely to be candidates for service-intensive assisted living. The prime candidates for congregate living are seniors needing assistance with IADLs, but not ADLs.

We derive the capture rate for independent (congregate) housing by subtracting the percentage of seniors needing assistance with ADLs from those needing assistance with IADLs, which equates to 3.0% of seniors age 65 to 74 and 9.0% of seniors age 75+.

SENIOR HOUSING ANALYSIS

**SENIOR HOUSING ANALYSIS TABLE 4
INDEPENDENT LIVING (CONGREGATE) DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024**

2019 Demand Analysis

Submarket	Northwest		North Central		Northeast		Southwest		South Central		Southeast	
Age of Householder	65-74	75+	65-74	75+	65-74	75+	65-74	75+	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	153	84	105	49	161	86	233	153	196	104	103	52
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	28	47	17	20	23	42	39	57	47	60	28	32
(times) Homeownership Rate	x 81%	70%	x 90%	75%	x 81%	79%	x 93%	76%	x 92%	69%	x 86%	81%
(equals) Total Potential Market Base	= 176	117	= 120	64	= 180	119	= 269	196	= 239	145	= 127	78
(times) Potential Capture Rate	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%
(equals) Demand Potential	= 3	16	= 2	9	= 3	17	= 4	27	= 4	20	= 2	11
Potential Demand from Submarket Residents	= 19		= 11		= 19		= 32		= 24		= 13	
(plus) Demand from Outside Submarket ²	+ 8		+ 4		+ 6		+ 11		+ 8		+ 3	
(equals) Total Demand Potential	= 27		= 14		= 26		= 42		= 32		= 16	
(minus) Existing and Pending Competitive Units ³	- 14		- 0		- 0		- 19		- 11		- 0	
(equals) Excess Demand for Independent Living Units	= 13		= 14		= 26		= 23		= 21		= 16	

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SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 4 continued
INDEPENDENT LIVING (CONGREGATE) DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2024 Demand Analysis

Submarket	Northwest		North Central		Northeast		Southwest		South Central		Southeast	
Age of Householder	65-74	75+	65-74	75+	65-74	75+	65-74	75+	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$40,000 ¹	187	96	124	61	190	108	284	171	242	120	130	73
# of Households w/ Incomes of \$30,000 to \$39,999 ¹	30	43	21	29	33	43	57	70	54	62	32	30
(times) Homeownership Rate	x 81%	70%	x 90%	75%	x 81%	79%	x 93%	76%	x 92%	69%	x 86%	81%
(equals) Total Potential Market Base	= 211	126	= 143	83	= 217	142	= 337	224	= 292	163	= 158	97
(times) Potential Capture Rate	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%	x 1.5%	14.0%
(equals) Demand Potential	= 3	18	= 2	12	= 3	20	= 5	31	= 4	23	= 2	14
Potential Demand from Submarket Residents	= 21		= 14		= 23		= 36		= 27		= 16	
(plus) Demand from Outside Submarket ²	+ 9		+ 5		+ 8		+ 12		+ 9		+ 4	
(equals) Total Demand Potential	= 30		= 18		= 31		= 49		= 36		= 20	
(minus) Existing and Pending Competitive Units ³	- 14		- 0		- 0		- 19		- 11		- 0	
(equals) Excess Demand for Independent Living Units	= 16		= 18		= 31		= 30		= 25		= 20	

¹ 2024 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

² We estimate that a portion of demand will come from outside each Submarket (ranging from 20% to 30%, depending on Submarket).

³ Existing and pending units are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research & Consulting, LLC

SENIOR HOUSING ANALYSIS

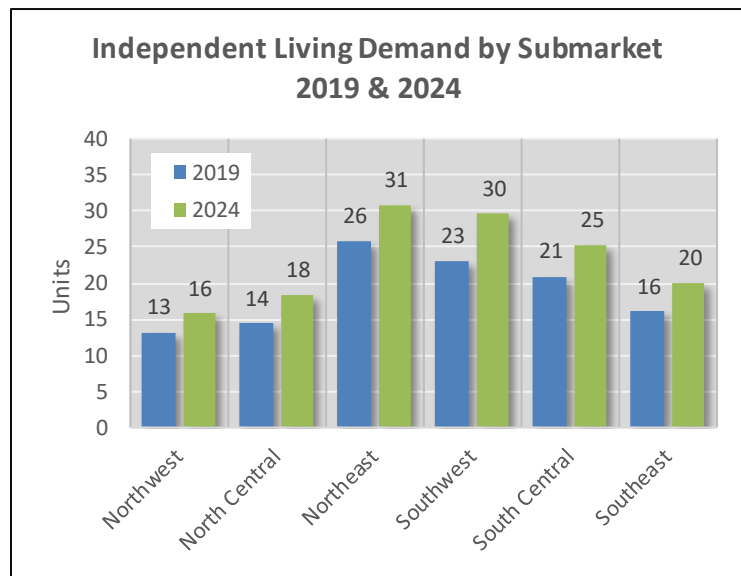
For the purposes of this report and understanding that many seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently, we have reduced the potential capture rates for the 65 to 74 age group to 1.5% while increasing the capture rate of the 75+ age group to 13.0%. Multiplying the senior household base by these capture rates results in Market Area demand potential for 117 congregate housing units in 2019 and 137 units in 2024.

An additional proportion is added for senior households that would move into congregate housing in each submarket who currently reside outside the area, increasing total demand to 157 units in the six submarkets in 2019. Demand from outside the area includes parents of adult children living in the area, individuals who live outside the submarket but have an orientation to the area, and former residents who desire to return upon retirement. We estimate that the demand potential for independent living housing being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Next, existing and pending independent living units are subtracted from overall demand. There are three existing market rate facilities with a total of 47 independent living units and one subsidized facility with 32 units in the County. Overall, we subtract 44 competitive units after accounting for a 5% vacancy rate from the demand potential, including 14 units in the Northwest Submarket, 19 units in the Southwest Submarket, and 11 units in the South Central Submarket.

Subtracting these units results in excess demand potential for a total of 113 independent living units in 2019, increasing to 140 units in 2024. The adjacent figure summarizes excess demand by submarket.

Due to the relatively limited excess demand potential for independent living in each submarket, we do not apportion demand by City as each submarket would likely support only one new senior housing facility offering independent living units (if any).



As shown, by 2024, independent living demand will be strongest in the Northeast (31 units), Southwest (30 units), and South Central (25 units) Submarkets.

Assisted Living Demand Estimate

Senior Housing Analysis Table 5 on the following pages presents demand calculations for assisted living senior housing in each of the six Fillmore County submarkets in 2019 and in 2024. This analysis focuses on the potential *private pay/market rate* demand for assisted living units in the County.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008.

Hence, the age-qualified market for assisted living is defined as seniors ages 75 and over, as we estimate that of the half of demand from seniors under age 87, almost all would be over age 75. In 2019, there are an estimated total of 2,208 seniors ages 75 and over in the six submarkets and we project that this number will increase to 2,466 in 2024.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the Centers for Disease Control and the National Center for Health Statistics (Health, United States, Health and Aging Chartbook), about 35% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year-olds). Applying these percentages to the senior population yields a potential assisted living market of an estimated total of 822 seniors in the six submarkets in 2019 and 888 seniors in 2024.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the County is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the PMA. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating a high proportion of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$40,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 5
MARKET RATE ASSISTED LIVING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2019 Demand Analysis																		
Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age Group	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+
People	127	96	126	77	47	62	134	100	132	201	138	207	180	123	176	100	71	111
(times) Percent Needing Assistance ¹	x 25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%
Number Needing Assistance	= 32	32	65	20	16	32	34	34	68	51	46	107	46	41	91	26	24	57
Total People Needing Assistance	130			67			136			204			178			107		
(times) Percent Income-Qualified ²	48%			48%			52%			52%			44%			47%		
Total potential market	63			32			71			106			78			50		
(times) Percent living alone	57%			57%			58%			56%			56%			63%		
Age/income-qualified singles needing assistance	36			18			41			60			44			32		
(plus) Proportion of demand from couples (12%) ³	5			3			6			8			6			4		
Age/income-qualified market needing assistance	41			21			47			68			50			36		
(times) Potential penetration rate ⁴	40%			40%			40%			40%			40%			40%		
Potential demand from Submarket residents	16			8			19			27			20			15		
(plus) Proportion from outside the Submarket	7			3			6			9			7			4		
Total potential assisted living demand	23			11			25			36			27			18		
(minus) Existing & pending assisted living units ⁵	15			0			11			15			45			16		
Total excess market rate assisted living demand	8			11			14			21			0			2		

----- continued -----

SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 5 continued
MARKET RATE ASSISTED LIVING DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2024 Demand Analysis																		
Submarket	Northwest			North Central			Northeast			Southwest			South Central			Southeast		
Age Group	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+	75-79	80-84	85+
People	149	113	121	113	65	60	159	113	137	253	156	201	209	143	163	124	86	101
(times) Percent Needing Assistance ¹	x 25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%	25.5%	33.6%	51.6%
Number Needing Assistance	= 38	38	62	29	22	31	41	38	71	65	52	104	53	48	84	32	29	52
Total People Needing Assistance	138			82			149			221			186			113		
(times) Percent Income-Qualified ²	49%			48%			54%			52%			45%			51%		
Total potential market	68			39			81			115			83			58		
(times) Percent living alone	57%			57%			58%			56%			56%			63%		
Age/income-qualified singles needing assistance	39			22			47			64			47			36		
(plus) Proportion of demand from couples (12%) ³	5			3			6			9			6			5		
Age/income-qualified market needing assistance	44			25			53			73			53			41		
(times) Potential penetration rate ⁴	40%			40%			40%			40%			40%			40%		
Potential demand from Submarket residents	18			10			22			30			21			17		
(plus) Proportion from outside the Submarket	8			3			7			10			7			4		
Total potential assisted living demand	25			14			29			39			29			21		
(minus) Existing & pending assisted living units ⁵	15			0			11			15			45			16		
Total excess market rate assisted living demand	10			14			18			24			0			5		

¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.

² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing).

³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.

⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.

⁵ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting, LLC

Approximately 73% of age 75+ households in the County are homeowners and the estimated median sale price for single-family homes in the County was \$139,500 in 2018. Seniors selling their homes for the median price would generate about \$131,130 in proceeds after selling costs. With an average monthly fee of \$3,500, these proceeds would last roughly 38 months in assisted living housing, more than the average length of stay in assisted living (20 months according to the 2009 Overview of Assisted Living).

For the age groups in the assisted living demand table, we estimate the income-qualified percentage to be all seniors in households with incomes at or above \$40,000 (who could afford monthly rents of \$3,500+ per month) plus 40% of the estimated seniors in owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market for about 401 total units from the six submarkets as of 2019.

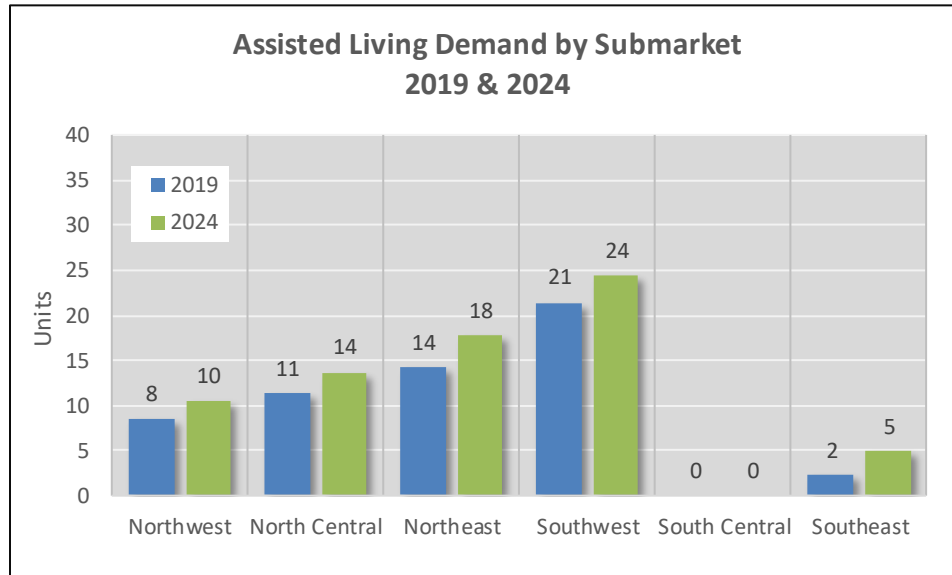
Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ living alone by submarket (range of 56% to 63% based on Census data). This results in a total base of about 231 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. Including couples, results in a total of 262 age/income-qualified seniors needing assistance in 2019.

We estimate that 60% of the qualified market needing significant assistance with ADLs could either remain in their homes or less service-intensive senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. Applying this market penetration rate of 40% results in demand for 106 assisted living units in 2019.

An additional proportion is added for senior households that would move into assisted living housing in each submarket who currently reside outside the area, increasing total demand to 142 units in the six submarkets in 2019. This secondary demand includes seniors currently living just outside the PMA, former residents, and parents of adult children who desire supportive housing near their adult children. We estimate that the demand potential for assisted living being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Next, existing and pending assisted living units are subtracted from overall demand. There are eight existing facilities with a total of 138 assisted living units. We adjust the number of competing units by excluding estimated units occupied by low-income seniors utilizing Elderly Waivers (20%). Overall, we subtract 102 competitive units after accounting for a 7% vacancy rate from the demand potential, including 15 units in the Northwest Submarket, 11 units in the Northeast Submarket, 15 units in the Southwest Submarket, 45 units in the South Central Submarket, and 16 units in the Southeast Submarket.

Subtracting these units results in excess demand potential for a total of 58 assisted living units in 2019, increasing to 71 units in 2024. The following figure summarizes excess demand by submarket. Due to the limited excess demand potential for assisted living in each submarket, we do not apportion demand by City as each submarket would likely support only one new senior housing facility offering assisted living units (if any).



As shown, by 2024, assisted living demand will be strongest in the Southwest (24 units), Northeast (18 units), and North Central (14 units) Submarkets.

Demand for Memory Care Senior Housing

Senior Housing Analysis Table 6 on the following pages presents our demand calculations for memory care housing in each of the six Fillmore County submarkets in 2019 and in 2024. Demand is calculated by starting with the estimated senior (ages 65+) population in 2019 and multiplying by the incidence rate of Alzheimer's/dementia among the age cohorts in this population. This yields a potential market of about 656 seniors in the six submarkets. We anticipate that this number will climb to 707 in 2024.

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments are a market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the latter stages of dementia will require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 164 seniors in 2019 and 177 seniors in 2024.

SENIOR HOUSING ANALYSIS

**SENIOR HOUSING ANALYSIS TABLE 6
MEMORY CARE DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024**

2019 Demand Analysis

		Northwest	North Central	Northeast	Southwest	South Central	Southeast
65 to 74 Population		373	270	407	595	526	313
(times) Dementia Incidence Rate ¹	x	2%	2%	2%	2%	2%	2%
(equals) Estimated Senior Pop. with Dementia	=	7	5	8	12	11	6
75 to 84 Population		223	124	233	339	303	171
(times) Dementia Incidence Rate ¹	x	19%	19%	19%	19%	19%	19%
(equals) Estimated Senior Pop. with Dementia	=	42	24	44	64	58	32
85+ Population		126	62	132	207	176	111
(times) Dementia Incidence Rate ¹	x	42%	42%	42%	42%	42%	42%
(equals) Estimated Senior Pop. with Dementia	=	53	26	55	87	74	47
(equals) Total Population with Dementia		103	55	108	163	142	85
(times) Pct. Needing Specialized Memory Care Assistance	x	25%	25%	25%	25%	25%	25%
(equals) Total Need for Dementia Care	=	26	14	27	41	36	21
(times) Percent Income/Asset-Qualified ²	x	40%	38%	43%	41%	35%	42%
(equals) Total Income-Qualified Market Base	=	10	5	12	17	12	9
(plus) Demand from Outside the Submarket ³	+	4	2	4	6	4	2
(equals) Total Demand for Memory Care Units	=	15	7	16	23	17	11
(minus) Existing and Pending Memory Care Units ⁴	-	0	0	0	0	5	0
(equals) Excess Memory Care Demand Potential in Submarket	=	15	7	16	23	12	11

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SENIOR HOUSING ANALYSIS

SENIOR HOUSING ANALYSIS TABLE 6 continued
MEMORY CARE DEMAND
FILLMORE COUNTY BY SUBMARKET
2019 & 2024

2024 Demand Analysis

		Northwest	North Central	Northeast	Southwest	South Central	Southeast
65 to 74 Population		436	304	466	716	604	360
(times) Dementia Incidence Rate ¹	x	2%	2%	2%	2%	2%	2%
(equals) Estimated Senior Pop. with Dementia	=	9	6	9	14	12	7
75 to 84 Population		263	178	272	409	352	210
(times) Dementia Incidence Rate ¹	x	19%	19%	19%	19%	19%	19%
(equals) Estimated Senior Pop. with Dementia	=	50	34	52	78	67	40
85+ Population		121	60	137	201	163	101
(times) Dementia Incidence Rate ¹	x	42%	42%	42%	42%	42%	42%
(equals) Estimated Senior Pop. with Dementia	=	51	25	58	84	68	42
(equals) Total Population with Dementia		110	65	119	176	147	90
(times) Pct. Needing Specialized Memory Care Assistance	x	25%	25%	25%	25%	25%	25%
(equals) Total Need for Dementia Care	=	27	16	30	44	37	22
(times) Percent Income/Asset-Qualified ²	x	41%	40%	46%	44%	37%	46%
(equals) Total Income-Qualified Market Base	=	11	7	14	19	14	10
(plus) Demand from Outside the Submarket ³	+	5	2	5	6	5	3
(equals) Total Demand for Memory Care Units	=	16	9	18	26	18	13
(minus) Existing and Pending Memory Care Units ⁴	-	0	0	0	0	5	0
(equals) Excess Memory Care Demand Potential in Submarket	=	16	9	18	26	13	13

¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)

² Income greater than \$60,000 in 2019 and greater than \$65,000 in 2024, plus some lower-income homeowners.

³ We estimate that a portion of demand will come from outside each Submarket (ranging from 20% to 30%, depending on Submarket)

⁴ Existing and pending units at 93% occupancy, minus units estimated to be occupied by Elderly Waiver residents.

Source: Maxfield Research & Consulting, LLC

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing start at about \$4,500. Although some of the seniors will have high monthly incomes, most will be willing to spend down assets and/or receive financial assistance from family members to afford memory care housing.

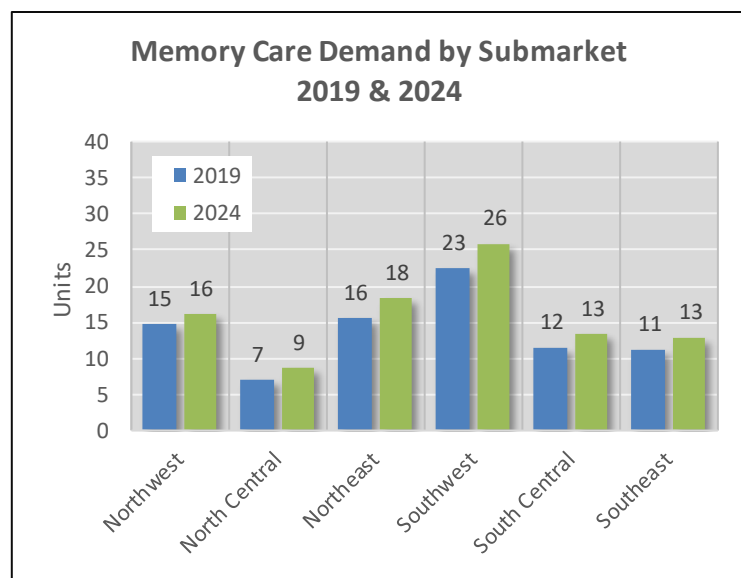
Based on our review of senior household incomes in the County, homeownership rates, and home sale data, we estimate that proportion of all seniors in the six submarkets that have incomes and/or assets to sufficiently cover the costs for memory care housing. The percent of seniors income- and asset-qualified for memory care housing ranges from 35% in the South Central Submarket to 43% in the Northeast Submarket. These figures take into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently.

Multiplying the potential market by the percent income- and asset-qualified results in a total of about 65 income-qualified seniors in the six submarkets in 2019. An additional proportion is added for senior households that would move into memory care housing in each submarket who currently reside outside the area, increasing total demand to 88 units in the six submarkets in 2019. We estimate that the demand potential for memory care being derived from outside the area will range as follows for each submarket: Northwest, 30%; North Central, 25%; Northeast, 25%; Southwest, 25%; South Central, 25%; and Southeast, 20%.

Next, existing and pending memory units are subtracted from overall demand. There is one existing facilities with a total of six memory care units (Clara House of Harmony). We adjust the number of competing units by excluding estimated units occupied by low-income seniors utilizing Elderly Waivers and account for a 7% vacancy rate from the demand potential, so we subtract five units from the demand potential in the South Central Submarket. Subtracting these units results in excess demand potential for a total of 83 memory care units in 2019, increasing to 95 units in 2024.

The adjacent figure summarizes excess demand by submarket. Due to the limited excess demand potential for memory care in each submarket, we do not apportion demand by City as each submarket would likely support only one new senior housing facility offering memory care units (if any).

As shown, by 2024, memory demand will be strongest in the Southwest (26 units), Northeast (18 units), and Northwest (16 units) Submarkets.



Introduction

Affordable housing is a term that has various definitions according to different people and is a product of supply and demand. According to the United States Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

Generally, housing that is income-restricted to households earning at or below 80% of Area Median Income (AMI) is considered affordable. However, individual properties may have income restrictions set anywhere from 30% to 80% of AMI. For example, a 30% rent limit generally applies to units that are targeted to Long-Term Homeless, while most tax credit properties are restricted to households earning 50% to 60% AMI. Properties with 80% allocations are typically financed with bonds or through a public agency (i.e. a County Community Development Agency or Economic Development Authority). Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment.

Many of the affordable housing projects in Fillmore County are financed with Section 515 loans made by the United States Department of Agriculture's (USDA) Rural Development Housing and Community Facilities Program. These projects target very low-, low-, and moderate-income families, elderly, and persons with handicaps and disabilities. Very low-income is considered to be below 50% AMI, low-income is between 50% and 80% AMI, and moderate-income is capped at \$5,500 above the low-income limit. Top priority is given to very low-income households. Tenants pay basic rent or 30% of their adjusted income, whichever is greater.

Moderate-income housing, often referred to as "workforce housing," refers to both rental and ownership housing. Hence the definition is broadly defined as housing that is income-restricted to households earning between 50% and 120% AMI.

The following figure summarizes generally recognized AMI Definitions:

AREA MEDIAN INCOME (AMI) DEFINITIONS	
Definition	AMI Range
Extremely Low Income	0% - 30%
Very Low Income	31% - 50%
Low Income	51% - 80%
Moderate Income Workforce Housing	50% - 120%

Naturally-Occurring Affordable Housing (NOAH)

Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income restrictions yet are more affordable than other units in a community are considered “naturally-occurring affordable housing (NOAH)” or “unsubsidized affordable” units.

The NOAH housing supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc. Because of these factors, housing costs tend to be lower.

According to the *Joint Center for Housing Studies of Harvard University*, the privately unsubsidized housing stock supplies three times as many low-cost affordable units than assisted projects nationwide. Unlike assisted rental developments, most unsubsidized affordable units are scattered across small properties (one to four unit structures) or in older multifamily structures. Many of these older developments are vulnerable to redevelopment due to their age, modest rents, and deferred maintenance.

Because many of these housing units have affordable rents, project-based and private housing markets cannot be easily separated. Some households (typically those with household incomes of 50% to 60% AMI) income-qualify for both market rate and project-based affordable housing.

Rent and Income Limits

Housing Affordability Table 1 on the following page shows the maximum allowable incomes by household size to qualify for affordable housing and maximum gross rents that can be charged by bedroom size in Fillmore County. These incomes are published and revised annually by the Department of Housing and Urban Development (HUD) and also published separately by the Minnesota Housing Finance Agency based on the date a project is placed into service.

HOUSING AFFORDABILITY

HOUSING AFFORDABILITY TABLE 1								
2019 INCOME LIMITS AND MAXIMUM GROSS RENTS								
FILLMORE COUNTY								
Effective Date: 04/24/2019								
-----Income Limits by Household Size-----								
	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
20% AMI	\$10,300	\$11,760	\$13,240	\$14,700	\$15,880	\$17,060	\$18,240	\$19,420
30% AMI	\$15,450	\$17,640	\$19,860	\$22,050	\$23,820	\$25,590	\$27,360	\$29,130
40% AMI	\$20,600	\$23,520	\$26,480	\$29,400	\$31,760	\$34,120	\$36,480	\$38,840
50% AMI	\$25,750	\$29,400	\$33,100	\$36,750	\$39,700	\$42,650	\$45,600	\$48,550
60% AMI	\$30,900	\$35,280	\$39,720	\$44,100	\$47,640	\$51,180	\$54,720	\$58,260
70% AMI	\$36,050	\$41,160	\$46,340	\$51,450	\$55,580	\$59,710	\$63,840	\$67,970
80% AMI	\$41,200	\$47,040	\$52,960	\$58,800	\$63,520	\$68,240	\$72,960	\$77,680
-----Maximum Gross Rents by Bedroom Size-----								
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR	
20% AMI	\$257	\$275	\$331	\$382	\$426	\$470	\$514	
30% AMI	\$386	\$413	\$496	\$573	\$639	\$706	\$771	
40% AMI	\$515	\$551	\$662	\$764	\$853	\$941	\$1,029	
50% AMI	\$643	\$689	\$827	\$955	\$1,066	\$1,176	\$1,286	
60% AMI	\$772	\$827	\$993	\$1,146	\$1,279	\$1,412	\$1,543	
70% AMI	\$901	\$965	\$1,158	\$1,337	\$1,492	\$1,647	\$1,800	
80% AMI	\$1,030	\$1,103	\$1,324	\$1,529	\$1,706	\$1,883	\$2,058	
Note: For projects placed in service on or after 04/24/2019								
Sources: Minnesota Housing Finance Agency; HUD; Maxfield Research & Consulting, LLC								

Housing Affordability Table 2 shows the maximum rents by household size and AMI based on income limits illustrated in the preceding table. The rents in the following table are based on HUD's allocation that monthly rents should not exceed 30% of income. In addition, the table reflects maximum household size based on HUD guidelines of number of persons per unit. For each additional bedroom, the maximum household size increases by two persons.

HOUSING AFFORDABILITY TABLE 2 MAXIMUM RENT BASED ON HOUSEHOLD SIZE AND AREA MEDIAN INCOME FILLMORE COUNTY - 2019						
----- Maximum Rent Based on Household Size (@ 30% of Income) -----						
Unit Type	HHD Size Min - Max	30% AMI Min - Max	40% AMI Min - Max	50% AMI Min - Max	60% AMI Min - Max	80% AMI Min - Max
Studio	1 - 1	\$386 - \$386	\$515 - \$515	\$644 - \$644	\$773 - \$773	\$1,030 - \$1,030
1BR	1 - 2	\$386 - \$441	\$515 - \$588	\$644 - \$735	\$773 - \$882	\$1,030 - \$1,176
2BR	2 - 4	\$441 - \$551	\$588 - \$735	\$735 - \$919	\$882 - \$1,103	\$1,176 - \$1,470
3BR	3 - 6	\$497 - \$640	\$662 - \$853	\$828 - \$1,066	\$993 - \$1,280	\$1,324 - \$1,706
4BR	4 - 8	\$551 - \$728	\$735 - \$971	\$919 - \$1,214	\$1,103 - \$1,457	\$1,470 - \$1,942
Sources: MN Housing Finance Agency; HUD; Maxfield Research & Consulting, LLC						

Housing Cost Burden

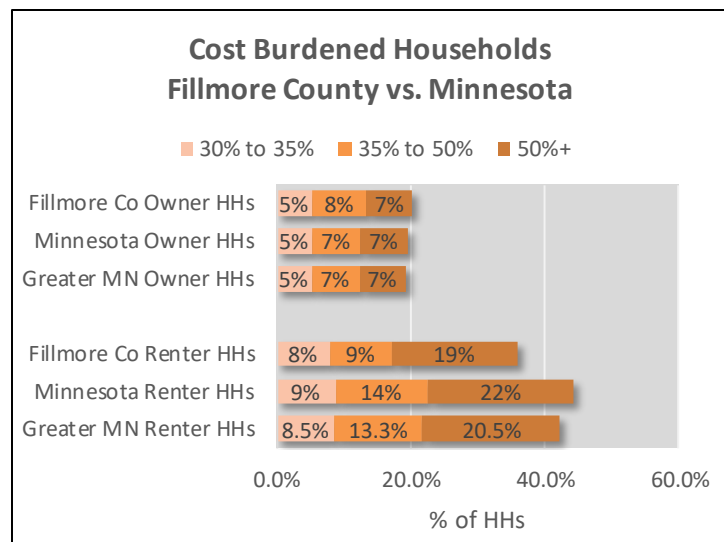
Housing Affordability Table 3 on the following page shows the number and percentage of owner and renter households in Fillmore County and its submarkets compared to Minnesota and Greater Minnesota that pay 30% or more of their gross income for housing. This information was compiled from the American Community Survey 2017 estimates.

The Federal standard for affordability is 30% of income for housing costs. Moderately cost-burdened is defined as households paying between 30% and 50% of their income to housing; while severely cost-burdened is defined as households paying more than 50% of their income for housing. Higher-income households that are cost-burdened may have the option of moving to lower priced housing, but lower-income households often do not. The figures focus on owner households with incomes below \$50,000 and renter households with incomes below \$35,000.

- In total, an estimated 2,202 households in Fillmore County were considered to be cost burdened in 2017, representing roughly 24% of all households in the County. By comparison, 27% of households in Minnesota and 25% in Greater Minnesota were cost burdened.

- An estimated 20.3% of owner households (1,396 households) are estimated to be paying more than 30% of their income for housing costs in Fillmore County, slightly higher than 19.5% in Minnesota and 19.3% in Greater Minnesota.

- Approximately 35.8% of all renter households (624 households) pay more than 30% of their income on housing in Fillmore County, notably lower than 44.4% in Minnesota and 42.2% in Greater Minnesota.



- The number of cost burdened households in the County increases proportionally based on lower incomes.
- About 67% of renters with incomes below \$35,000 are cost burdened and 44% of owners with incomes below \$50,000 are cost burdened in Fillmore County.
- These percentages are notably higher elsewhere in Minnesota, as 79% of renter households with incomes below \$35,000 are cost burdened (72% in Greater Minnesota) and 50% of the owner households with incomes below \$50,000 are cost burdened (44% in Greater Minnesota).

HOUSING AFFORDABILITY

HOUSING AFFORDABILITY TABLE 3									
HOUSING COST BURDEN									
FILLMORE COUNTY MARKET AREA									
----- Fillmore County Submarkets -----									
	Fillmore Co.		Northwest		North Central		Northeast		
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	
Owner Households									
All Owner HHs	6,873		1,266		615		1,092		
Cost Burden 30.0% or greater	1,396	20.3%	189	14.9%	132	21.5%	227	20.8%	
Cost Burden 30.0% to 34.9%	367	5.3%	36	2.8%	24	3.9%	75	6.9%	
Cost Burden 35.0% to 49.9%	556	8.1%	84	6.6%	52	8.5%	84	7.7%	
Cost Burden 50.0% or more	473	6.9%	69	5.5%	56	9.1%	68	6.2%	
Owner HHs w/ incomes <\$50,000	2,475		299		227		400		
Cost Burden 30.0% or greater	1,085	43.8%	155	51.8%	99	43.6%	183	45.8%	
Renter Households									
All Renter HHs	1,741		395		125		309		
Cost Burden 30.0% or greater	624	35.8%	170	43.0%	46	36.8%	133	43.0%	
Cost Burden 30.0% to 34.9%	139	8.0%	45	11.4%	17	13.6%	34	11.0%	
Cost Burden 35.0% to 49.9%	160	9.2%	23	5.8%	15	12.0%	44	14.2%	
Cost Burden 50.0% or more	325	18.7%	102	25.8%	14	11.2%	55	17.8%	
Renter HHs w/ incomes <\$35,000	921		201		91		160		
Cost Burden 30.0% or greater	615	66.8%	169	84.1%	46	50.5%	129	80.6%	
2017 Median Contract Rent	\$482		\$617		\$463		\$519		

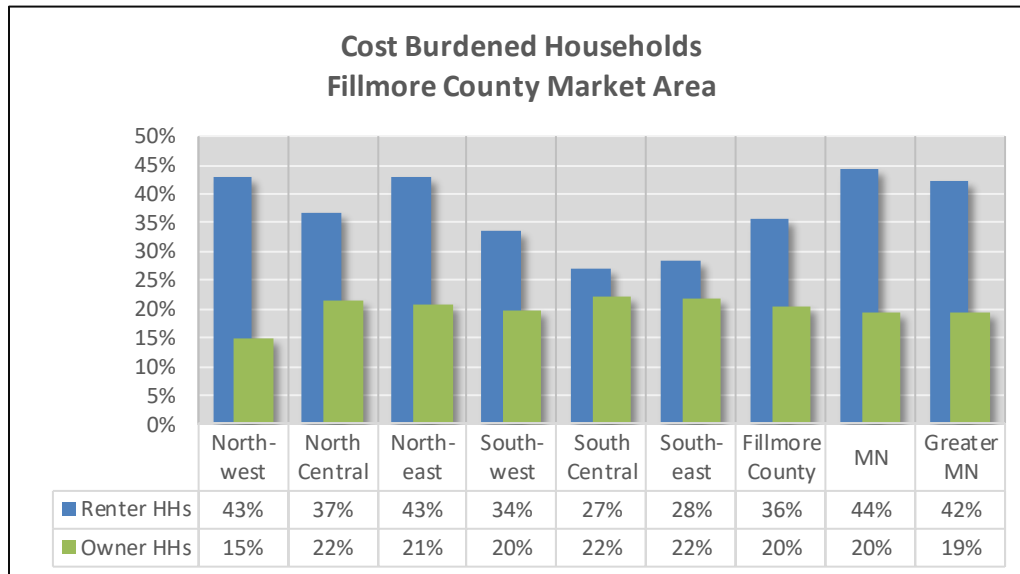
----- Fillmore County Submarkets -----										State of MN	Greater MN*
	Southwest		South Central		Southeast		Pct.			Pct.	
	No.	Pct.	No.	Pct.	No.	Pct.					
Owner Households											
All Owner HHs	1,897		1,518		872						
Cost Burden 30.0% or greater	371	19.6%	334	22.0%	190	21.8%	19.5%			19.3%	
Cost Burden 30.0% to 34.9%	102	5.4%	103	6.8%	42	4.8%	5.3%			5.2%	
Cost Burden 35.0% to 49.9%	158	8.3%	121	8.0%	74	8.5%	7.2%			7.1%	
Cost Burden 50.0% or more	111	5.9%	110	7.2%	74	8.5%	7.0%			6.9%	
Owner HHs w/ incomes <\$50,000	740		534		382						
Cost Burden 30.0% or greater	273	36.9%	245	45.9%	171	44.8%	49.6%			44.1%	
Renter Households											
All Renter HHs	412		409		187						
Cost Burden 30.0% or greater	138	33.5%	111	27.1%	53	28.3%	44.4%			42.2%	
Cost Burden 30.0% to 34.9%	15	3.6%	24	5.9%	9	4.8%	8.8%			8.5%	
Cost Burden 35.0% to 49.9%	57	13.8%	27	6.6%	6	3.2%	13.7%			13.3%	
Cost Burden 50.0% or more	66	16.0%	60	14.7%	38	20.3%	21.9%			20.5%	
Renter HHs w/ incomes <\$35,000	224		204		75						
Cost Burden 30.0% or greater	134	59.8%	111	54.4%	53	70.7%	78.6%			72.2%	
2017 Median Contract Rent	\$454		\$493		\$441		\$816			\$626	

*Greater MN excludes Metro Area Counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington

Sources: American Community Survey, 2013-2017 estimates; Maxfield Research & Consulting, LLC

HOUSING AFFORDABILITY

- Roughly 9% of all households in Fillmore County are severely cost-burdened (50% or more of their income toward housing costs), slightly lower than 11% in Minnesota and 10% in Greater Minnesota.
- The following chart provides a cost burden comparison of the six submarkets relative to Fillmore County, Minnesota, and Greater Minnesota.



- The proportion of cost burdened owner-occupied households is highest in the North Central, South Central, and Southeast Submarkets (22% of all owner households), and lowest in the Northwest (15%), Southwest (20%), and Northeast (21%).
- The Northwest and Northeast Submarkets have the highest proportion of cost burdened renter-occupied households (43% of all renter households), followed by the North Central (37%) and Southwest (34%) Submarkets. Renter household cost burden is lowest in the South Central (27%) and Southeast (28%) Submarkets.
- Among the six Fillmore County submarkets, The Southeast has the highest percentage of severely cost-burdened (50% or more of their income toward housing costs) households at 10.6% of all households, followed by the Northwest at 10.3% and the North Central at 9.5%.
- The percentage of severely cost-burdened households is lowest in the Southwest Submarket (7.7%), followed by the Northeast and South Central Submarkets at 8.8% each.
- The presence of severely cost-burdened households is highest among renter households in the Northwest Submarket, as 25.8% of all renter households are allocating 50% or more of their income toward housing costs.

Housing Choice Voucher Program

In addition to subsidized apartments, “tenant-based” subsidies such as Housing Choice Vouchers can help lower-income households afford market rate rental housing. The Housing Choice Voucher program (also referred to as Section 8) is funded by the United States Department of Housing and Urban Development (HUD) and is administered by the Southeast Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA).

The Program utilizes the existing private rental market to provide affordable housing for low-income families, elderly, and disabled persons. Program participants pay a minimum of 30% of their monthly adjusted income toward rent and utilities. The program pays the remainder of the rent to the landlord. The maximum income limit to be eligible for the Housing Choice Voucher program is 50% AMI based on household size. The following summarize key points about the Housing Choice Voucher program in Fillmore County.

- SEMMCHRA has 387 vouchers dispersed among six southeast Minnesota counties, including Fillmore County along with the Counties of Dodge, Goodhue (excluding the City of Red Wing), Houston, Wabasha, and Winona (excluding the City of Winona).
- Of the 387 vouchers administered by SEMMCHRA, 22 are located in Fillmore County.
- Participants reside in a number of different communities in the County, notably Rushford, Spring Valley, Harmony, Mabel, Preston, and Canton.
- Among the 22 Section 8 participants, one individual is elderly and three are disabled.
- Currently, the wait list for Section 8 Housing Vouchers is approximately one-year in the SEMMCHRA region.
- The following summary provides brief profile of the 387 Section 8 participants in the SEMMCHRA region in 2018 from HUD’s “Picture of Subsidized Households” Database:
 - Roughly 42% of the participants moved in the past year and participant households average 2.2 person per unit;
 - Average monthly share of rent paid by participants is currently \$381, while the average monthly subsidy paid by HUD to the landlord is \$428;
 - Average annual household income of \$14,085;
 - Roughly 50% are households with children;
 - Participants spent an average of 14 months on a waiting list; and,
 - Approximately 25% of the participants reside in a units with one or fewer bedrooms, 42% are in two-bedroom units, and 32% are in units with three or more bedrooms.

Housing Costs as Percentage of Household Income

Housing costs are generally considered affordable at 30% of a households' adjusted gross income. Housing Affordability Table 4 on the following page illustrates key housing metrics based on housing costs and household incomes in Fillmore County. The table estimates the percentage of householders that can afford rental and for-sale housing based on a 30% allocation of income to housing. Housing costs are based on the County averages. The housing affordability calculations assume the following:

For-Sale Housing

- 10% down payment with good credit score
- Closing costs rolled into mortgage
- 30-year mortgage at 4.1% interest rate (average rate in May 2019)
- Private mortgage insurance (equity of less than 20%)
- Homeowners insurance for single-family homes and association dues for townhomes
- Owner household income estimates per 2017 ACS

Rental Housing

- Background check on tenant to ensure credit history
- 30% allocation of income
- Renter household income estimates per 2017 ACS

Because of the down payment requirement and strict underwriting criteria for a mortgage, not all households will meet the income qualifications as outlined above.

- An estimated 81% of existing owner households could afford to buy a moderately-priced entry-level single-family home (\$125,500) in the County. The proportion of income-qualified households declines as the sale price increases, and roughly 62% of existing owner households could afford to purchase a move-up single-family home priced at \$200,000. The proportion able to afford an executive single-family home priced at \$300,000 declines to 40% of existing owner households.
- The proportion of existing owner households able to purchase a move-up single-family home (\$200,000) ranges from 54% in the Southeast Submarket to 74% in the Northwest Submarket
- An estimated 57% of existing renter households can afford to rent a one-bedroom unit in Fillmore County (\$563/month). The percentage of renter income-qualified households decreases to 51% that can afford an existing two-bedroom unit (\$649/month).
- An estimated 38% of renters could afford to rent a one-bedroom apartment within a new development renting for \$900 per month, with these proportions ranging from 21% in the North Central Submarket to 44% in the Northwest Submarket.

HOUSING AFFORDABILITY

HOUSING AFFORDABILITY TABLE 4						
FILLMORE COUNTY HOUSING AFFORDABILITY - BASED ON HOUSEHOLD INCOME						
June 2019						
For-Sale (Assumes 10% down payment and good credit)						
	Detached Single-Family			Townhome/Condo/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	
Price of House	\$125,000	\$200,000	\$300,000	\$125,000	\$175,000	
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	
Total Down Payment Amt.	\$12,500	\$20,000	\$30,000	\$12,500	\$17,500	
Estimated Closing Costs*	\$3,750	\$6,000	\$9,000	\$3,750	\$5,250	
Cost of Loan	\$116,250	\$186,000	\$279,000	\$116,250	\$162,750	
Interest Rate	4.10%	4.10%	4.10%	4.10%	4.10%	
Number of Pmts.	360	360	360	360	360	
Monthly Payment (P & I)	-\$562	-\$899	-\$1,348	-\$562	-\$786	
(plus) Prop. Tax	-\$156	-\$250	-\$375	-\$156	-\$219	
(plus) HO Insurance/Assoc. Fee for TH	-\$42	-\$67	-\$100	-\$150	-\$150	
(plus) PMI/MIP (less than 20%)	-\$50	-\$81	-\$121	-\$50	-\$71	
Subtotal monthly costs	-\$810	-\$1,296	-\$1,944	-\$918	-\$1,226	
Housing Costs as % of Income	30%	30%	30%	30%	30%	
Minimum Income Required	\$32,400	\$51,841	\$77,761	\$36,734	\$49,027	
Pct. of Owner HHs - Fillmore County	80.8%	61.9%	39.8%	76.6%	64.5%	
Pct. of Owner HHs - Northwest	88.5%	73.5%	52.8%	86.1%	88.4%	
Pct. of Owner HHs - North Central	83.1%	61.3%	41.0%	79.2%	64.0%	
Pct. of Owner HHs - Northeast	84.4%	61.9%	41.2%	79.9%	64.6%	
Pct. of Owner HHs - Southwest	79.4%	58.6%	37.3%	74.7%	61.2%	
Pct. of Owner HHs - South Central	78.4%	62.9%	36.7%	73.7%	65.5%	
Pct. of Owner HHs - Southeast	73.4%	54.4%	30.0%	69.1%	57.1%	
Rental (Market Rate)						
	Existing Rental			New Rental		
	<u>OBR</u>	<u>1BR</u>	<u>2BR</u>	<u>1BR</u>	<u>2BR</u>	<u>3BR</u>
Monthly Rent	\$500	\$563	\$649	\$900	\$1,100	\$1,200
Annual Rent	\$6,000	\$6,756	\$7,788	\$10,800	\$13,200	\$14,400
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$20,000	\$22,520	\$25,960	\$36,000	\$44,000	\$48,000
Pct. of Renter Households - Fillmore Co.	61.5%	56.6%	50.5%	37.5%	31.1%	27.9%
Pct. of Renter HHs - Northwest	65.4%	62.8%	58.8%	44.3%	40.4%	38.4%
Pct. of Renter HHs - North Central	62.0%	51.3%	38.9%	20.6%	19.4%	18.7%
Pct. of Renter HHs - Northeast	62.1%	55.9%	49.4%	43.8%	34.5%	29.8%
Pct. of Renter HHs - Southwest	60.0%	55.7%	50.4%	39.4%	34.4%	31.8%
Pct. of Renter HHs - South Central	68.3%	65.4%	60.2%	36.5%	27.7%	23.2%
Pct. of Renter HHs - Southeast	55.3%	47.7%	39.4%	32.2%	24.8%	21.1%
*Estimated closing costs rolled into mortgage						
Source: Maxfield Research & Consulting, LLC						

Introduction

This section summarizes demand for specific housing products in the six Fillmore County sub-markets and recommends development concepts to meet the projected housing needs. All recommendations are based on findings of the *Comprehensive Housing Needs Analysis*.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The various housing life-cycle stages can generally be described as follows.

1. Entry-level householders

- Often prefer to rent basic, inexpensive apartments and will often “double-up” with roommates in apartment setting. Usually singles or couples without children in their early 20's.

2. First-time homebuyers and move-up renters

- Usually married or cohabitating couples in their mid-20's or 30's, some with children, but most are without children that prefer to purchase modestly-priced single-family homes or rent more upscale apartments.

3. Move-up homebuyers

- Typically families with children where householders are in their late 30's to 40's and prefer to purchase newer, larger, and therefore more expensive single-family homes.

4. Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)

- Generally couples in their 50's or 60's that prefer owning but will consider renting their housing and some will move to alternative lower-maintenance housing products.

5. Younger independent seniors

- Prefer owning but will consider renting their housing and will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for housing upkeep and maintenance. Generally in their late 60's or 70's.

6. Older seniors

- May need to move out of their single-family home due to physical and/or health constraints or a desire to reduce their responsibilities for upkeep and maintenance. Generally single females (widows) in their mid-70's or older.

CONCLUSIONS & RECOMMENDATIONS

DEMOGRAPHICS & HOUSING DEMAND							
Age Cohort	Student Housing	Rental Housing	1st-time Home Buyer	Move-up Home Buyer	2nd Home Buyer	Empty Nester/ Downsizer	Senior Housing
18-24	18 - 24						
25-29		18-34					
30-34			25-39				
35-39				30-49			
40-44							
45-49							
50-54					40-64		
55-59							
60-64						55-74	
65-69		65-79					
70-74							55+ & 65+
75-79							
80-84							
85+							

Source: Maxfield Research & Consulting, LLC

CONCLUSIONS & RECOMMENDATIONS

TYPICAL HOUSING TYPE CHARACTERISTICS				
	Housing Types	Target Market/ Demographic	Unit/Home Characteristics	Lot Sizes/ Units Per Acre ¹
For-Sale Housing	Entry-level single-family	First-time buyers: Families, couples w/no children, some singles	1,200 to 2,200 sq. ft. 2-4 BR 2 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Move-up single-family	Step-up buyers: Families, couples w/no children	2,000 sq. ft.+ 3-4 BR 2-3 BA	80'+ wide lot 2.5-3.0 DU/Acre
	Executive single-family	Step-up buyers: Families, couples w/no children	2,500 sq. ft.+ 3-4 BR 2-3 BA	100'+ wide lot 1.5-2.0 DU/Acre
	Small-lot single-family	First-time & move-down buyers: Families, couples w/no children, empty nesters, retirees	1,700 to 2,500 sq. ft. 3-4 BR 2-3 BA	40' to 60' wide lot 5.0-8.0 DU/Acre
	Entry-level townhomes	First-time buyers: Singles, couples w/no children	1,200 to 1,600 sq. ft. 2-3 BR 1.5BA+	6.0-12.0 DU/Acre
	Move-up townhomes	First-time & step-up buyers: Singles, couples, some families, empty-nesters	1,400 to 2,000 sq. ft. 2-3 BR 2BA+	6.0-8.0 DU/Acre
	Executive townhomes/twinhomes	Step-up buyers: Empty-nesters, retirees	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Detached Townhome	Step-up buyers: Empty-nesters, retirees, some families	2,000+ sq. ft. 3 BR+ 2BA+	4.0-6.0 DU/Acre
	Condominiums	First-time & step-up buyers: Singles, couples, empty-nesters, retirees	800 to 1,700 sq. ft. 1-2 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
Rental Housing	Apartment-style rental housing	Singles, couples, single-parents, some families, seniors	675 to 1,250 sq. ft. 1-3 BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 75.0+ DU/Acre
	Townhome-style rental housing	Single-parents, families w/children, empty nesters	900 to 1,700 sq. ft. 2-4 BR 2BA	8.0-12.0 DU/Acre
	Student rental housing	College students, mostly undergraduates	550 to 1,400 sq. ft. 1-4BR 1-2 BA	Low-rise: 18.0-24.0 DU/Acre Mid-rise: 25.0+ DU/Acre Hi-rise: 50.0+ DU/Acre
Both	Senior housing	Retirees, Seniors	550 to 1,500 sq. ft. Suites - 2BR 1-2 BA	Varies considerably based on senior product type

¹ Dwelling units(DU) per acre expressed in net acreage (minus right-of-way)

Source: Maxfield Research & Consulting, LLC

Demand for housing can come from several sources including: household growth, changes in housing preferences, and replacement need. Household growth necessitates building new housing unless there is enough vacant housing available to absorb the increase in households. Demand is also affected by shifting demographics such as the aging population, which dictates the type of housing preferred. New housing to meet replacement need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households.

CONCLUSIONS & RECOMMENDATIONS

Demographic shifts are a significant factor influencing housing demand. Household growth and formation are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

A variety of factors contribute to consumer choice and preferences. Many times a change in family status is the primary factor for a change in housing type (i.e. growing families, empty-nest families, etc.). However, housing demand is also generated from the turnover of existing households who decide to move for a range of reasons. Some households may want to move-up, downsize, change their tenure status (i.e. owner to renter or vice versa), or simply move to a new location.

The economy and housing market are intertwined; the health of the housing market affects the broader economy and vice versa. Housing market growth depends on job growth (or the prospect of); jobs generate income growth which results in the formation of more households and can stimulate household turnover. Historically low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. Additionally, low income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

The existing housing stock plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek. Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

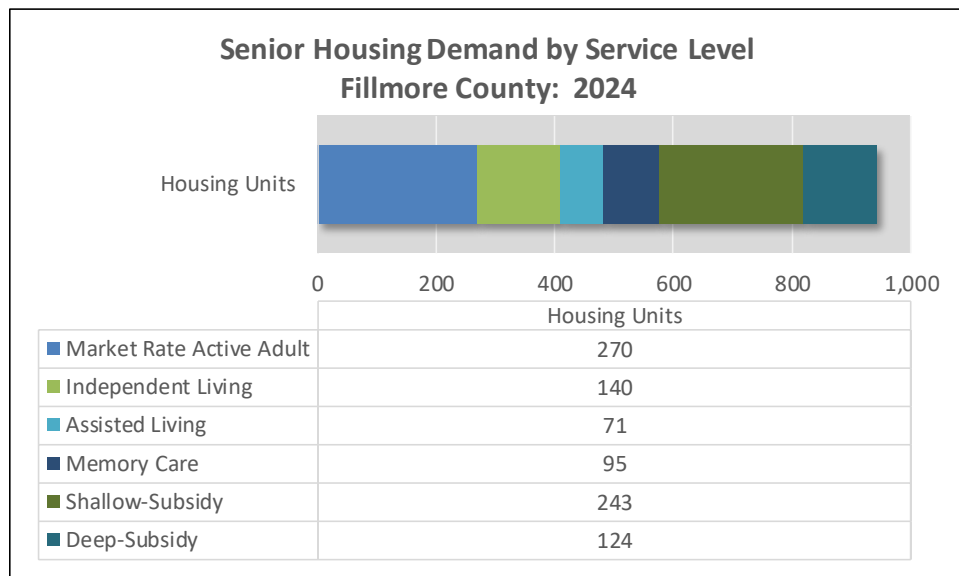
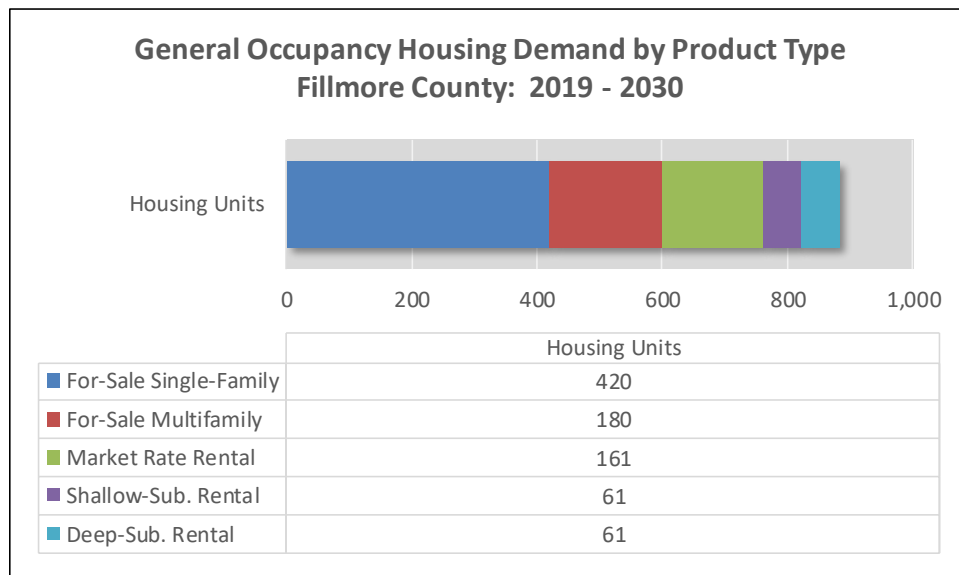
Household income is the fundamental measure that dictates what a householder can afford to pay for housing costs. According to the U.S. Department of Housing and Urban Development (HUD), the definition of affordability is for a household to pay no more than 30% of its annual income on housing (including utilities). Families who pay more than 30% of their income for housing (either rent or mortgage) are considered cost burdened and may have difficulty affording necessities such as food, clothing, transportation and medical care.

The ability of buyers to obtain mortgage financing has recently improved as lenders have eased restrictions that had been in place after the Great Recession. As a result, many borrowers have been taking the opportunity to seek for-sale housing priced within their means or refinancing their current residence.

Housing Demand Summary

The table on the following page and related charts illustrate calculated demand by housing product type and submarket in Fillmore County (including the portion of Chatfield in Olmsted County).

Demand is somewhat fluid between submarkets and communities in Fillmore County, and satisfying the anticipated demand will be highly dependent on the availability of suitable housing options in the various communities in the County. Additionally, housing demand in Fillmore County will be impacted by development activity in nearby areas, notably in communities surrounding Rochester in Olmsted County as well as Winona and La Crosse.



CONCLUSIONS & RECOMMENDATIONS

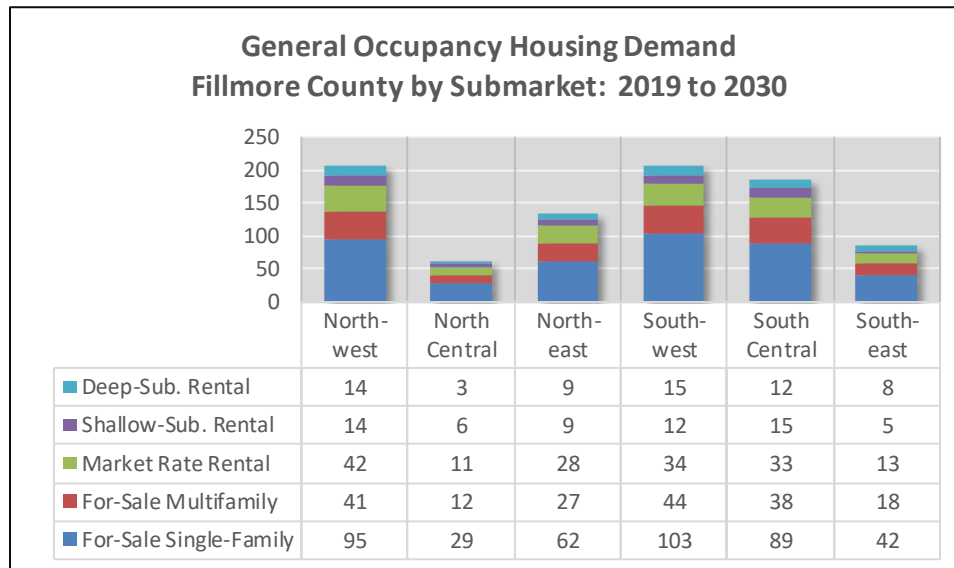
CONCLUSIONS & RECOMMENDATIONS TABLE 1
SUMMARY OF HOUSING DEMAND
FILLMORE COUNTY BY SUBMARKET
June 2019

	Northwest		North Central		Northeast		Southwest		South Central		Southeast	
General Occupancy Housing (2019-2030)												
For-Sale Units	136		41		89		147		127		60	
Single-Family	95		29		62		103		89		42	
Multifamily	41		12		27		44		38		18	
Rental Units	70		20		46		61		60		26	
Market Rate	42		11		28		34		33		13	
Shallow-Subsidy	14		6		9		12		15		5	
Deep-Subsidy	14		3		9		15		12		8	
Total General Occupancy Housing Units	206		61		135		208		187		86	
Senior Housing (2019 & 2024)												
	2019	2024	2019	2024	2019	2024	2019	2024	2019	2024	2019	2024
Market Rate Active Adult Units	40	44	23	27	38	44	61	74	47	53	23	28
Renter-Occupied	28	31	16	19	27	31	43	52	33	37	16	20
Owner-Occupied	12	13	7	8	11	13	18	22	14	16	7	8
Market Rate Service-Enhanced Units	36	42	32	41	56	67	67	80	33	38	29	38
Independent Living (Congregate)	13	16	14	18	26	31	23	30	21	25	16	20
Assisted Living	8	10	11	14	14	18	21	24	0	0	2	5
Memory Care	15	16	7	9	16	18	23	26	12	13	11	13
Subsidized Senior Housing Units	55	51	28	25	72	66	96	90	95	84	62	51
Shallow-Subsidy	40	39	13	13	41	40	67	65	59	56	34	30
Deep-Subsidy	15	12	15	12	31	26	29	25	36	28	28	21
Total Senior Housing Units	131	137	83	93	166	177	224	244	175	175	114	117

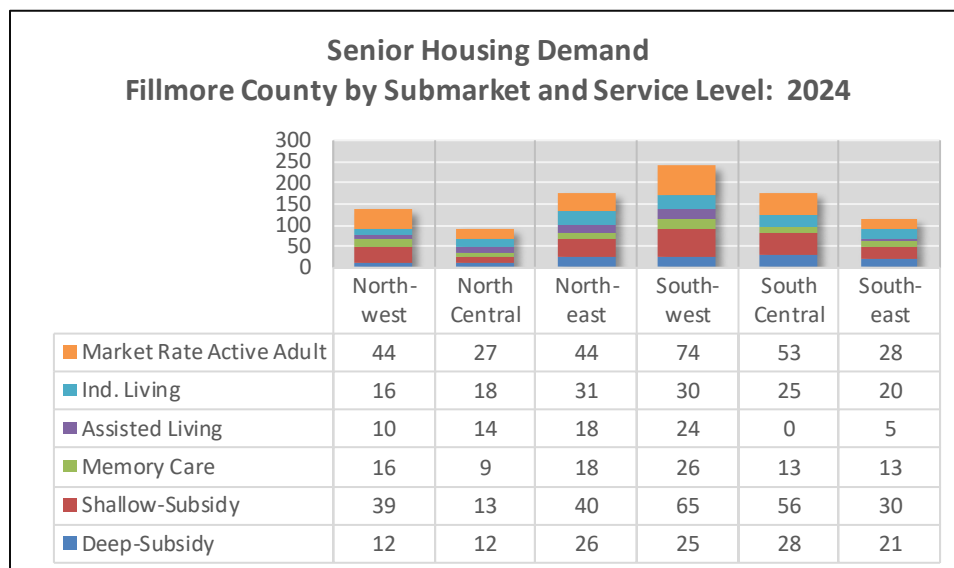
Source: Maxfield Research & Consulting, LLC

CONCLUSIONS & RECOMMENDATIONS

In total, we find demand to support 883 general occupancy housing units between 2019 and 2030, including 600 for-sale units and 283 rental units. General occupancy demand is expected to be strongest in the Southwest (208 units) and Northwest (206 units) Submarkets.



We also found excess demand for a total of 943 senior housing units in 2024. Of these senior units, roughly 39% would be shallow- or deep-subsidy active adult housing (367 units), while 29% would market rate active adult housing (270 units), and the remaining 32% would be market rate service-enhanced housing (306 units). Senior Housing demand is projected to be strongest in the Southwest (244 units), Northeast (177 units), and South Central (175 units) Submarkets.

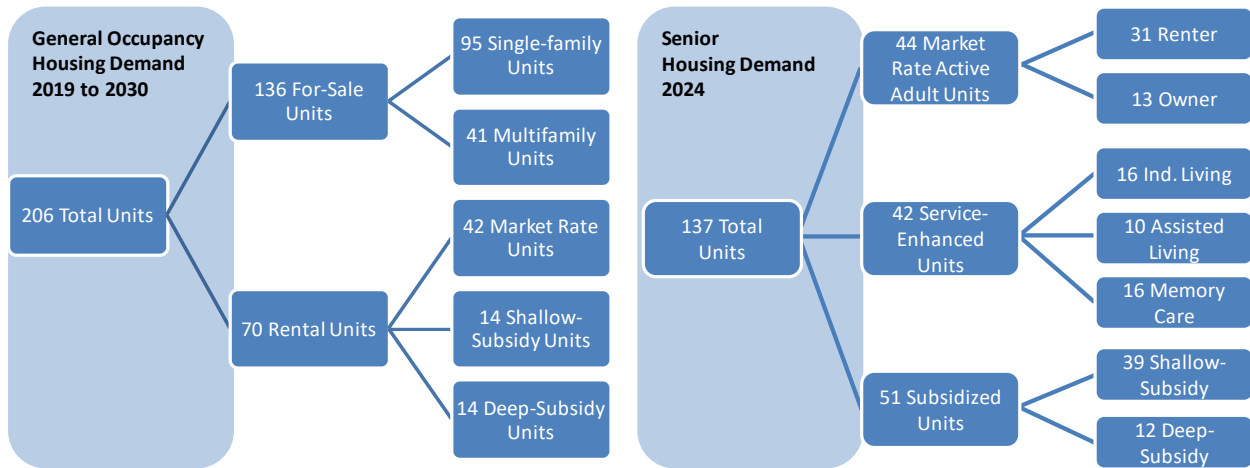


A summary of demand by submarket is provided on the following pages.

CONCLUSIONS & RECOMMENDATIONS

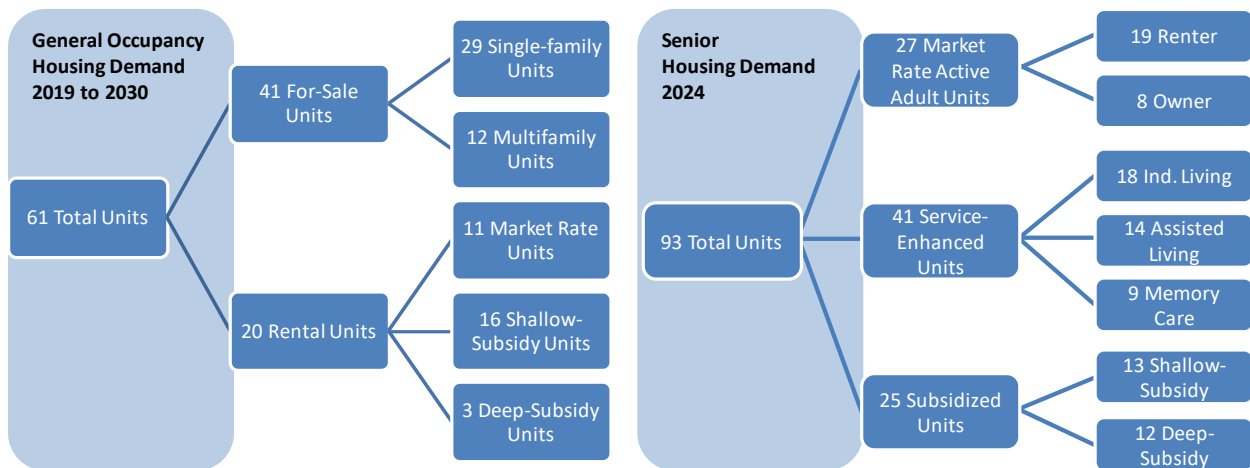
Northwest Submarket

The Northwest Submarket consists of the City of Chatfield (including the portion of Chatfield in Olmsted County) along with the Townships of Chatfield, Jordan, and Sumner. As depicted below, we find demand for 206 general occupancy housing units between 2019 and 2030, including 136 for-sale units and 70 rental units. We also find demand for 137 senior housing units, including 44 market rate active adult units, 42 service-enhanced units, and 51 subsidized units.



North Central Submarket

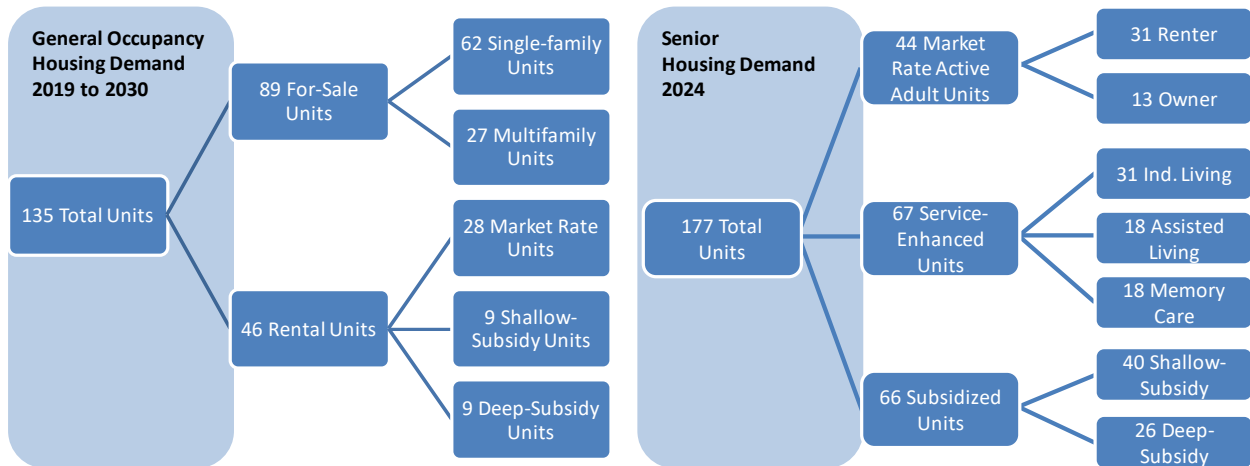
The Northwest Submarket consists of the Cities of Lanesboro and Whalan along with the Townships of Carrollton, Holt, and Pilot Mound. As depicted below, we find demand for 61 general occupancy housing units between 2019 and 2030, including 41 for-sale units and 20 rental units. We also find demand for 93 senior housing units, including 27 market rate active adult units, 41 service-enhanced units, and 25 subsidized units.



CONCLUSIONS & RECOMMENDATIONS

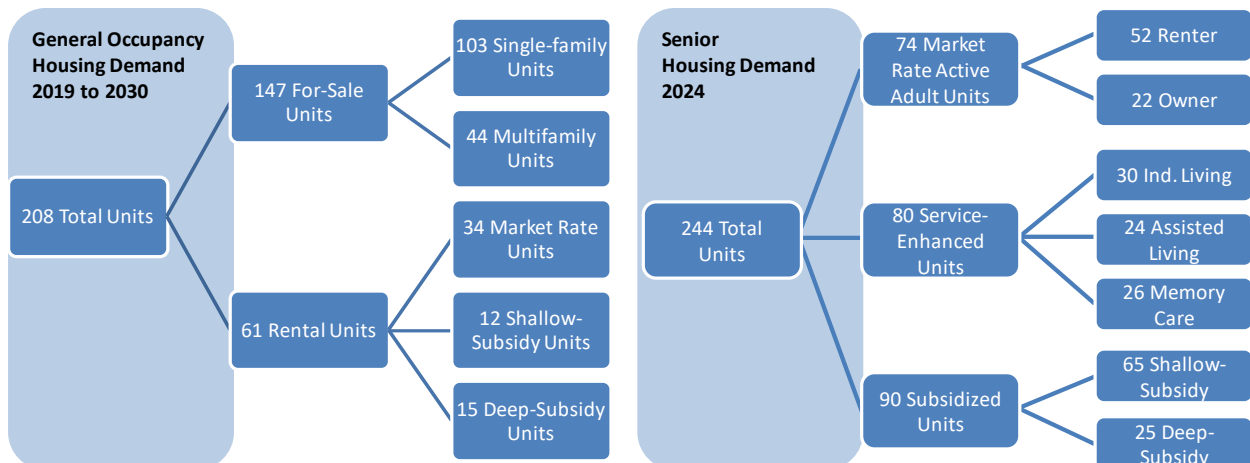
Northeast Submarket

The Northeast Submarket consists of the Cities of Peterson, Rushford, and Rushford Village along with the Townships of Arendahl and Norway. As depicted below, we find demand for 135 general occupancy housing units between 2019 and 2030, including 89 for-sale units and 46 rental units. We also find demand for 177 senior housing units, including 44 market rate active adult units, 67 service-enhanced units, and 66 subsidized units.



Southwest Submarket

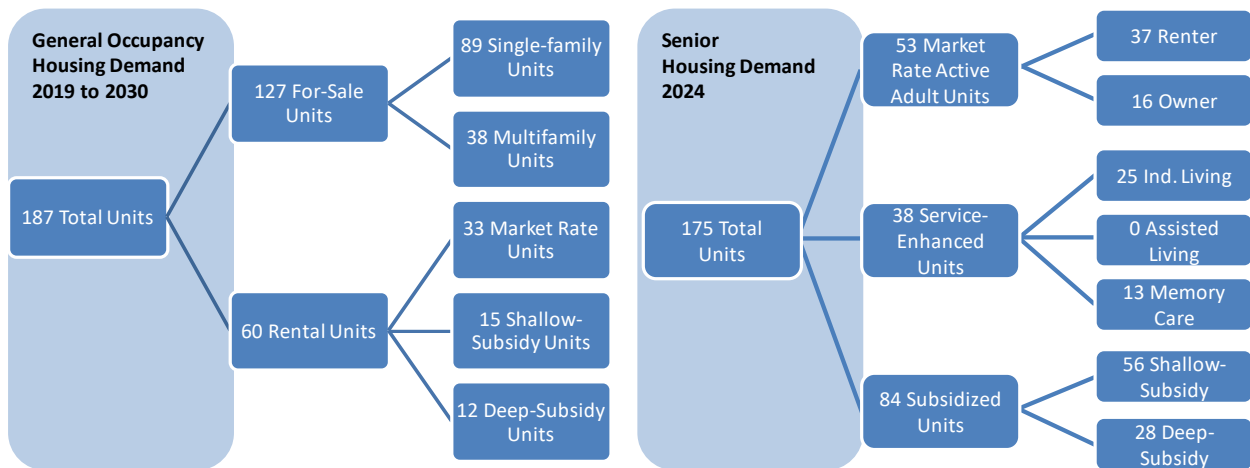
The Southwest Submarket consists of the Cities of Ostrander, Spring Valley, and Wykoff along with the Townships of Beaver, Bloomfield, Fillmore, Forestville, Spring Valley, and York. As depicted below, we find demand for 208 general occupancy housing units between 2019 and 2030, including 147 for-sale units and 61 rental units. We also find demand for 244 senior housing units, including 74 market rate active adult units, 80 service-enhanced units, and 90 subsidized units.



CONCLUSIONS & RECOMMENDATIONS

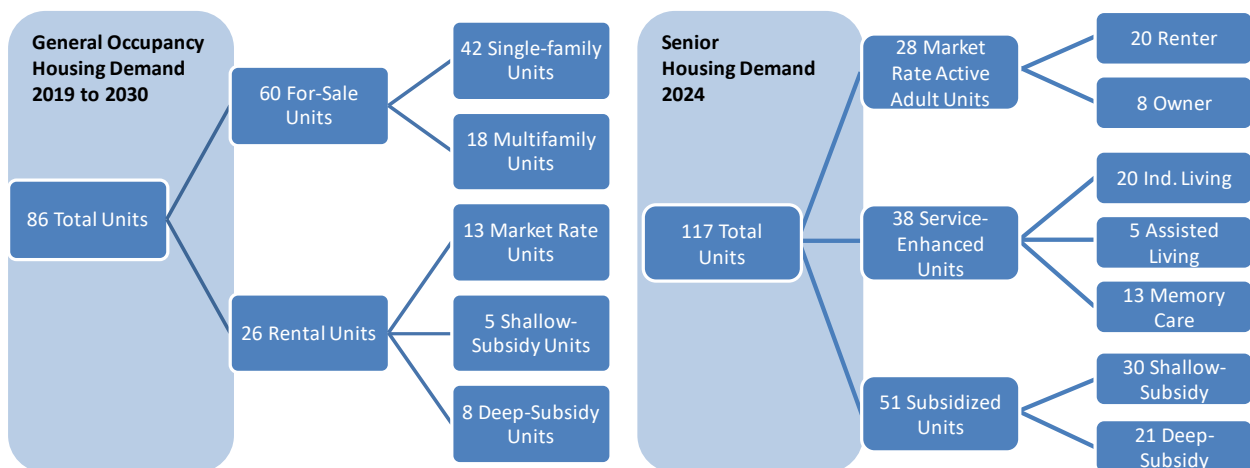
South Central Submarket

The South Central Submarket consists of the Cities of Fountain, Harmony, and Preston along with the Townships of Bristol, Carimona, Fountain, Harmony, and Preston. As depicted below, we find demand for 187 general occupancy housing units between 2019 and 2030, including 127 for-sale units and 60 rental units. We also find demand for 175 senior housing units, including 53 market rate active adult units, 38 service-enhanced units, and 84 subsidized units.



Southeast Submarket

The Southeast Submarket consists of the Cities of Canton and Mabel along with the Townships of Amherst, Canton, Newburg, and Preble. As depicted below, we find demand for 86 general occupancy housing units between 2019 and 2030, including 60 for-sale units and 26 rental units. We also find demand for 117 senior housing units, including 28 market rate active adult units, 38 service-enhanced units, and 51 subsidized units.



Recommendations

Based on the findings of the analysis and demand calculations, Conclusions and Recommendations Tables 2 through 4 on the following pages summarize recommended development concepts for general occupancy and senior housing in Fillmore County through 2030. It is important to note that these proposed concepts are intended to act as a development guide to meet the housing needs of existing and future households in the County.

For-Sale Housing

Based on information gathered on for-sale properties in the County along with feedback from local officials and area real estate professionals, we provide the following conclusions regarding the for-sale housing market in Fillmore County. Our recommendations include a breakdown of units by price range: entry-level housing is defined as housing priced less than \$125,000; move-up housing is priced between \$175,000 and \$250,000; and, executive housing is priced over \$300,000.

- Demand was estimated at 600 units of new for-sale housing in the six submarkets by 2030. The general consensus is there is demand for many types of housing in the area, but based on recent sale transactions, housing demand appears to be highest for housing priced between \$100,000 and \$149,999.
- While there is a limited supply of multifamily housing in the County, multifamily housing products can be an option for buyers looking for a starter home and households seeking to downsize or don't want the responsibilities of upkeep and maintenance. As such, we estimate that 30% of the demand for new for-sale housing development in the County will be multifamily units and we recommend that most for-sale multifamily units be geared toward the entry-level market or for older households.
- Based on sales activity, home-buying demand in Fillmore County is strongest for homes below \$150,000, but it is difficult to build new for-sale housing in that price range. One way to provide entry-level for-sale housing is to generate household turnover by increasing the supply of move-up and executive housing.
- Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes move into move-up and executive housing products built in the community.
- A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. The move is typically desired because of a lifestyle change, such as a new job or a growing family. The 45 to 54 and 35 to 44 age groups are target markets for move-up and executive housing.

CONCLUSIONS & RECOMMENDATIONS

- As mentioned previously, move-up housing in the County is generally priced in the \$175,000 to \$225,000 range. However, new construction housing would likely cost in excess of \$250,000. Therefore, the development of any new move-up for-sale single-family housing may necessitate a public-private partnership.
- In total, demand was identified for 420 single-family homes in the County between 2019 and 2030. Based on the age distribution of households along with comments from real estate professionals, we suggest that approximately 70% of the units be priced in the move-up range (294 homes) and 30% priced as executive homes (126 homes).
- Demand was also identified for 180 multifamily units. Because the multifamily target market will likely be first-time homebuyers or older householders looking to downsize, we recommend that multifamily housing be priced in the move-up range. As stated earlier, it would be difficult to build new multifamily housing in the entry-level price range.
- We find demand for for-sale housing in all six submarkets in the County between 2019 and 2030, with strongest demand in the Southwest, Northwest, and South Central Submarkets. The projected housing demand will be realized over the forecast period (2019 to 2030), and we anticipate that development will occur in multiple subdivisions throughout the County.
- The following table provides a recommended development concept for a new subdivision being platted in 2019. We recommend a mix of single-family and multifamily lots, with approximately 70% to 75% of the single-family lots targeting move-up buyers with the remaining 25% to 30% being marketed for executive housing.

CONCLUSIONS & RECOMMENDATIONS TABLE 2 SUGGESTED OWNER-OCCUPIED HOUSING DEVELOPMENT FILLMORE COUNTY June 2019			
	Purchase Price¹	No. of Units	Development Timing
Single-family Subdivision			
Move-up	\$175,000 - \$250,000	12 - 16	2019+
Executive	\$300,000+	4 - 6	2019+
Total		16 - 22	
Townhomes/Twinhomes			
Move-up	\$175,000+	12 - 14	2019+
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation. Most entry-level demand will be accommodated through the resale of existing homes			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			
Source: Maxfield Research & Consulting, LLC			

CONCLUSIONS & RECOMMENDATIONS

Multifamily owned products that would enable the homeowner to reduce or eliminate the burden of exterior maintenance, but yet still provide a comfortable and attractive living environment are expected to experience growing demand over the next several years. While empty-nesters and independent seniors are, in growing numbers, seeking more flexible living arrangements, development of these types of housing units dropped off considerably during the recession. As market pressures for these products increase, it is likely that more builders will see an opportunity to satisfy a portion of this demand. Product types such as townhomes, detached townhomes and twinhomes along with condominiums fit into this category.

In addition to empty nesters and young seniors (65 to 74 years) who are the primary target market for twinhomes and detached villas, mid-age professionals, particularly singles and couples without children, will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing an owned row home or townhome to be more affordable than purchasing a new single-family home. There is a limited supply of multifamily housing options for sale, and there may be pent-up demand for new multifamily units in the County.

Based on changing demographics over the next ten to 15 years and a growing demand for alternative housing products, demand was calculated for 180 new multifamily for-sale units in the six Fillmore County submarkets to 2030. Given the aging of the population and the high growth rate in the age 55+ population (especially 65-74 age cohorts), the County would benefit from a more diverse owner-occupied housing stock. These attached units could be developed as twinhomes, detached townhomes or villas, townhomes/row homes, or any combination thereof. Because the primary target market is empty-nesters and young seniors, the majority of townhomes should be single-level, or at least have a master suite on the main level if a unit has two stories. The following provides greater detail into townhome and twinhome-style housing.

- *Twinhomes*— By definition, a twinhome is two units with a shared wall with each owner owning half of the lot. Some single-level living units are designed in three-, four-, or even six-unit buildings in a variety of configurations, but these are less usual. Traditionally most twinhome developments have been designed with the garage being the prominent feature of the home; Today's newer twinhomes have much more architectural detail. Many higher-end twinhome developments feature designs where one garage faces the street and the other to the side yard. This design helps reduce the prominence of the garage domination with two separate entrances.

Housing products designed to meet the needs of aging residents, many of whom desire to stay in their current community if housing is available to meet their needs, will be needed into the foreseeable future. Twinhomes are also a preferred for-sale product by builders in today's market as units can be developed as demand warrants. Because twinhomes bring higher density and economies of scale to the construction process, the price point can be lower than stand-alone single-family homes but are usually more expensive than rowhomes which are built in multi-unit buildings (4, 6, or 8-unit structures).

CONCLUSIONS & RECOMMENDATIONS

Twinhomes are expected to be in demand for quite some time as older adults and seniors will move to this housing product with substantial equity in their existing single-family home and will be willing to purchase a maintenance-free home that is priced similar to their existing single-family home. Move-up twinhomes are becoming popular in many mid-size and smaller size communities in the Upper Midwest.

- *Detached Townhomes/Villas* – A recent modern alternative to the twinhome is the single-level villa product and/or rambler. This product also appeals mainly to baby boomers and empty nesters seeking a product similar to a single-family home on a smaller scale while receiving the benefits of maintenance-free living. Units are often designed with a walk-out or lookout lower level if the topography warrants. We recommend lot widths ranging from 45 to 55 feet with main-level living areas between 1,600 and 1,800 square feet.

The main level living area usually features a master bedroom, great room, dining room, kitchen, and laundry room while offering a “flex room” that could be another bedroom, office, media room, or exercise room. Owners should also be able to purchase the home with the option to finish the lower level (i.e. additional bedrooms, game room, storage, den/study, etc.) and some owners may want a slab-on-grade product for affordability reasons. Finally, builders could also provide the option to build a two-story detached product that could be mixed with the single-level villa product.

Pricing for a detached townhome/villa is traditionally more expensive than twinhomes due to larger lot sizes. Villa-style homes may often be priced equal to single-family homes in some communities where buyers prefer the lifestyle of the villa rather than a single-family home, but do not want to reduce the in-unit amenities.

- *Side-by-Side and Back-to-Back Townhomes* – This product is designed with three or four or more separate living units in one building and can be built in a variety of configurations. With the relative affordability of these units and multi-level living, side-by-side and back-to-back townhomes have the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. Two-story townhomes would also be attractive to middle-market, move-up, and empty-nester buyers. Many of these buyers want to downsize from a single-family home into maintenance-free housing; empty-nester and young senior households often have substantial equity from the sale of their single-family homes to dedicate toward the purchase of a new residence.

In general, side-by-side townhomes were slow to recover from the recession in terms of pricing. Many townhome developments throughout the Upper Midwest had a substantial portion of foreclosures and were, therefore, attractive for real estate investors who purchase the units and then rented them out. New construction townhomes could be considered as a viable owner-occupied product, but we recommend an initial focus on twinhomes for the empty-nester and young senior market segment.

CONCLUSIONS & RECOMMENDATIONS

General Occupancy Rental Housing

Our review of market conditions indicates that the general occupancy rental housing market is performing well in Fillmore County with vacancy rates at or below equilibrium. The equilibrium vacancy rate for rental housing is considered to be 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters.

The inventory of rental properties in Fillmore County was 4.0% vacant as of June 2019, including a 6.4% vacancy rate among the affordable/subsidized properties and a 2.9% vacancy rate in the market rate properties.

Many renter households seek newer rental housing with modern features and amenities (i.e. central air conditioning, garage parking, stainless steel or black kitchen appliances, solid-surface countertops, high ceilings, walk-in closets, in-unit laundry). Because of the older age of the rental housing stock in Fillmore County, modern features and amenities are not being offered at many properties, curbing demand from many potential renters.

Job growth in Fillmore County and surrounding area (i.e. Rochester, Winona, La Crosse) will likely generate rental housing demand over the next several years. Additionally, there continues to be more lifestyle renters in the market, those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on upkeep and maintenance of a home.

The strongest sources of demand for new rental housing will likely be young singles or couples without children in their late-20s to early-30s who work in Fillmore County, Rochester, or other nearby communities. Mid-age households (never-nesters or empty-nesters) could also account for a portion of demand for new rental housing. These households tend to have higher incomes and desire rental housing with modern features and higher finish levels. A rental town-home development could attract family households as well as empty-nesters, and shallow-subsidy rental housing will draw from a wide variety of population segments, including; low-wage workers, single-parent households, and low-income family households.

The development of new general occupancy rental housing could benefit residents of Fillmore County by increasing the variety of housing in the community and providing housing opportunities for a market that currently has limited options available.

Due to the positioning of much of the existing rental supply, a significant portion of the market rate units are priced at or below guidelines for affordable housing, which indirectly satisfies some demand from households that income-qualify for financially assisted housing. However, today's renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments. The majority of rental properties in Fillmore County do not provide modern features and amenities.

CONCLUSIONS & RECOMMENDATIONS

Conclusions and Recommendations Table 3 provides a summary of the recommended mix of general occupancy rental housing including unit type, monthly rents, and development timing. Due to the limited supply of available rental housing units in the County, there appears to be an immediate need for new rental housing in Fillmore County.

The recommendations in this table are intended to reflect a potential development concept for individual developments. Total general occupancy rental demand between 2019 and 2030 exceeds the number of units shown in the table. Based on our demand calculations, a project of this size would likely work in the Northwest Submarket (Chatfield), the Southwest Submarket (Spring Valley), the South Central Submarket (Preston or Harmony), and the Northeast Submarket (Rushford).

Based on our analysis, the six submarkets in Fillmore County can accommodate a combined total of 161 new market rate rental housing units, 61 shallow-subsidy units, and 61 deep-subsidy units through 2030. Deep-subsidy projects are no longer being built as available funding is very limited. Rural Development would typically have rental assistance to support very low-income households.

CONCLUSIONS & RECOMMENDATIONS TABLE 3 RECOMMENDED RENTAL HOUSING DEVELOPMENT FILLMORE COUNTY June 2019			
	Monthly Rent Range ¹	No. of Units	Development Timing
Market Rate Rental Housing			
Apartment-style	\$850/1BR - \$1,000/2BR	24 - 30	2019+
or - Townhomes	\$1,100/2BR - \$1,300/3BR	16 - 20	2019+
Affordable Rental Housing			
Apartment- or Townhome-style	Moderate Income ²	12 - 14	2019+
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation. ² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			
Source: Maxfield Research & Consulting, LLC			

- **Market Rate Rental** – We recommend a small middle- to upper-market rental project with 24 to 30 units that could attract a diverse resident profile; including young singles and couples across all ages. To appeal to a wide target market, we suggest a project with a mix of one- and two-bedroom units. Larger two-bedroom units would be attractive to married couples without children as well as empty-nesters downsizing from a single-family home.

CONCLUSIONS & RECOMMENDATIONS

Monthly rents (in 2019 dollars) should average from \$850 for a one-bedroom unit to \$1,000 for a two-bedroom unit. Average market rate rents in Fillmore county are approximately \$0.85 per square foot, however monthly rents in a new construction project should range from about \$1.15 to \$1.25 per square foot, depending on unit type, to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions.

Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full kitchen appliance package, central air-conditioning, garage parking, and outdoor recreation (fire pit, grilling area, etc.)

- Market Rate General Occupancy Rental Townhomes– We believe that demand exists for rental townhome units for empty-nesters and families, including those families who are new to the community and want to rent until they find a home for purchase.

As an alternative to an apartment-style building, we recommend a 16 to 20-unit project with rents of approximately \$1,100 for two-bedroom units to \$1,300 for three-bedroom units. Units should be larger than in an apartment development and feature contemporary amenities (i.e. in-unit washer/dryer, appliances, kitchen island, high ceilings, etc.), an attached two car garage, and the development should provide some open/green space.

- Shallow-Subsidy General Occupancy Multifamily Housing– We estimate that demand exists for a total of about 61 shallow-subsidy units through 2030. Shallow-subsidy rental housing demand is strongest in the South Central, Northwest, and Southwest Submarkets, although a new shallow-subsidy rental housing development would likely attract residents from a fairly broad geographic area, stretching well-beyond submarket boundaries.

Shallow-subsidy housing attracts households that cannot afford market rate housing units but do not income-qualify for deep-subsidy housing. Shallow-subsidy projects attract a broad group of tenants based on the unit type. One-bedroom units target singles and couples, whereas two and three-bedroom units target families. Some retired seniors would also be attracted to an affordable concept.

Although there is an older supply of apartment units in the County that indirectly serves as affordable housing, we recommend a shallow-subsidy concept that would target residents at 40% to 60% AMI. We recommend a project with one, two- and three-bedroom units. Units should feature central air conditioning, full appliance package, in-unit washer/dryer, and an attached one/two car garage.

CONCLUSIONS & RECOMMENDATIONS

- Deep-Subsidy Rental Housing– Subsidized housing receives financial assistance (i.e. operating subsidies, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for 61 deep-subsidy rental housing units through 2030, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand. But since this housing is challenging to develop, an alternative to a multifamily structure is to acquire single-site housing structures to meet a portion of this demand.

Through the Section 811 Supportive Housing for Persons with Disabilities program, HUD provides funding to develop and subsidize rental housing with support services available for very low- and extremely low-income adults with disabilities. A Section 811 deep-subsidy project in Fillmore County would meet a need by providing housing for this special needs population.

We believe the addition of the rental developments suggested above will provide greater housing choices and will continue to serve the needs of households that live and/or currently work in Fillmore County.

Senior Housing

As illustrated in Conclusions and Recommendations Table 1 demand exists for a variety of senior housing products in Fillmore County through 2024. Development of additional senior housing is recommended in order to provide housing opportunity to these residents as they age.

While we find demand in all six submarkets, overall senior housing demand is expected to be strongest in the Southwest, South Central, and Northeast Submarkets. As mentioned previously, due to the location of services (public infrastructure, medical, religious, retail, etc.) we expect that the cities will capture all of the excess demand potential in the County, so we do not anticipate any senior housing development in the townships. Additionally, senior housing demand will be fairly fluid between submarkets and communities in Fillmore County, and a new senior housing development in one submarket would likely attract residents from other submarkets if senior housing options are not available in other submarkets.

The development of additional senior housing serves a two-fold purpose in meeting the housing needs in the County: 1) older adult and senior residents are able to relocate to new age-restricted housing, and 2) existing homes and rental units that were occupied by seniors become available to other new households. Development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of this housing need is satisfied by housing unit turnover.

Conclusions and Recommendations Table 4 on the following page provides a summary of the recommended mix of senior housing units by service level including product type, monthly rents, and development timing.

CONCLUSIONS & RECOMMENDATIONS

CONCLUSIONS & RECOMMENDATIONS TABLE 4 SENIOR RENTAL HOUSING DEVELOPMENT EXAMPLE FILLMORE COUNTY June 2019			
	Monthly Rent Range¹	No. of Units	Development Timing
Senior Housing (i.e. Age Restricted)			
Active Adult Market Rate Rental ²	\$850/1BR - \$1,100/2BR	20 - 24	2019+
Active Adult Shallow-Sub. Rental ²	Moderate Income	25 - 30	2019+
<u>Service-Enhanced Senior Housing</u>			
Catered Living ³	\$1,600 - \$4,000	30 - 34	2024+
Memory Care ⁴	\$4,500 - \$5,500	10 - 12	2024+
Total		85 - 100	
¹ Pricing in 2019 dollars. Pricing can be adjusted to account for inflation.			
² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community			
³ Catered living is a hybrid concept of independent and assisted living service levels.			
⁴ Memory care housing could be a component of an assisted-living or service-intensive building.			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			
Source: Maxfield Research & Consulting, LLC			

- **Market Rate Active Adult** – Total demand was projected for about 190 market rate active adult units in the six submarkets in 2024. It is likely there are seniors who currently reside in general occupancy housing that would consider a newer active adult rental product. In addition, there may be seniors who no longer want the burden of the maintenance of homeownership and would like the choice of an active adult rental product.

We also find demand for 80 active adult ownership units in 2024, but this demand could be satisfied with the development of general occupancy (not age-restricted) maintenance free, single-level living products (i.e. townhomes or townhomes).

- **Shallow-Subsidy and Deep-Subsidy Senior Rental** – Demand was calculated for 243 shallow-subsidy active adult units through 2024. All of the subsidized units in the County are project-based section 8 facilities with rents based on 30% of gross monthly household income targeting persons age 62 and older or persons with a disability.

Many candidates for shallow-subsidy senior rental may be residents at older market rate rental properties. These older properties would have similar (or lower) rents that would be considered affordable for these seniors. The lack of shallow-subsidy senior housing may be due to the cost and funding associated with this type of development. We recommend shallow-subsidy senior housing developments as either stand-alone buildings or incorporated into a mixed-income development.

CONCLUSIONS & RECOMMENDATIONS

While the study shows demand for deep-subsidy units in the County, the development of deep-subsidy senior housing can be challenging. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new development would likely rely on a number of funding sources; from low-income tax credits (LIHTC), tax-exempt bonds, Section 202 program, Rural Development 515 program, Rural Development rental assistance, among others.

- Service-Enhanced Senior Housing – We find demand for a total of 306 market rate service-enhanced units in the six Fillmore County submarkets in 2024 (140 independent living units, 71 assisted living units, and 95 memory care units). Demand will likely best be satisfied with the development of 40- to 46-unit continuum of care projects, so residents can change their level of care as they age without having to relocate from the facility.

Independent Living (Congregate) Service Level

The monthly fees should include the base monthly rent, utilities, and some assisted living services, including: social, health, wellness and educational programs; 24-hour emergency call system; and, regularly scheduled van transportation. In addition, meals and other support and personal care services should be made available to congregate residents on a fee-for-service basis. When their care needs increase, residents should be provided the option of receiving assisted living services in their existing units, either in bundled packages or a-la-carte.

Assisted Living Service Level

The fees should include the base monthly rent, utilities, and assisted living services, such as: three meals per day plus snacks; weekly housekeeping and linen service; professional activity programs and scheduled outings; nursing care management; and 24-hour on site staffing. Additional services should also be available either in service packages or a la carte for an extra monthly charge.

Memory Care Component

We suggest that any memory care units be located in a separate, secured, self-contained wing located on the first floor of the building with its own dining and common area amenities including a secure outdoor patio and wandering area. Fees should include the base rent, utilities and services such as; medication reminders, medication administration, and personal care assistance, with other service packages available a-la-carte.

Challenges and Opportunities

The previous tables identified and recommended housing types that would satisfy housing needs in the County through 2030. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order).

- **Affordability.** Approximately 20% of all owner households in Fillmore County are considered to be cost burdened, while 36% of the existing renter households in the County are considered cost burdened. By comparison, 20% of owner households and 44% of renter households are cost burdened in Minnesota.

Based on current home prices, roughly 77% of existing owner households in Fillmore County could afford to purchase a single-family home sold at the median sale price (\$139,500 in 2018), although the proportion drops to 62% that could afford a move-up home priced at \$200,000. Roughly 57% of existing renter householders could afford to rent a one-bedroom unit at a rental project in the County at an average rent of \$563 per month; however, only 38% could afford monthly rents for a one-bedroom unit priced at \$900 per month in a new rental development.

Because the cost to own a move-up home is only slightly higher than the cost to rent a new market rate rental unit, some households may choose owning over renting in the County. However, the purchasing affordability factor will decrease with continued price appreciation, and there is a growing segment of the population that is choosing rental housing over ownership housing. These households are referred to as “lifestyle renters,” those with busy professional lives and people who prefer to spend their free time in leisure pursuits rather than on the upkeep and maintenance of a home.

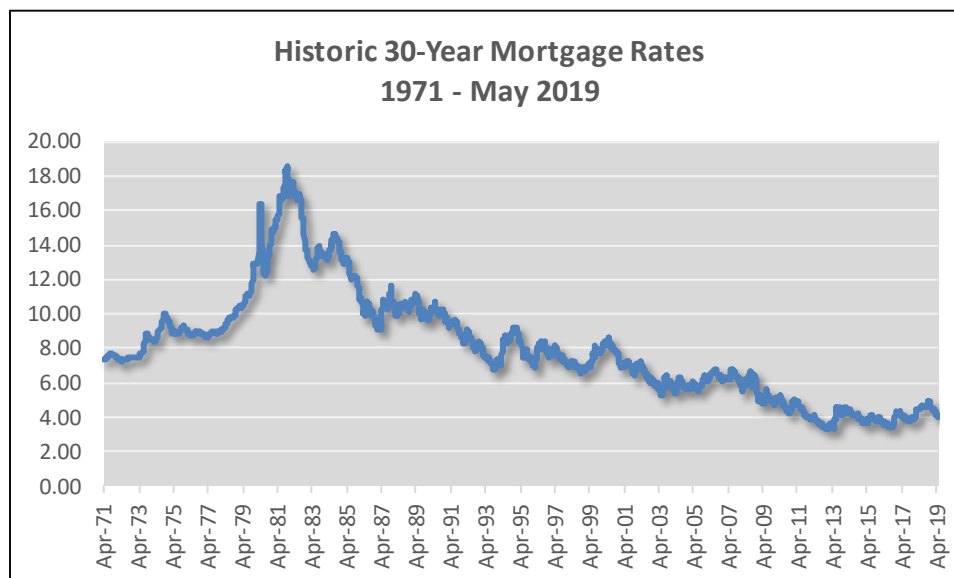
- **Job Growth and Unemployment.** Low unemployment often generates demand for both existing home purchases and new-home purchases. Fillmore County has historically maintained a lower unemployment rate than the rest of the United States. The 2018 unemployment rates of 3.1% in Fillmore County and 2.6% in the Rochester MSA were below equilibrium (generally considered to be 5.0%) and lower than the United States (3.9%). Current unemployment rates have come down from highs of 8.1% (Fillmore County) and 6.6% (Rochester MSA) in 2009. Modest job growth is expected over the next several years. Fillmore County is projected to add 208 jobs by 2030. Potential labor force shortages and a surge in retirements are expected to slow the pace of job growth after 2020. Job growth is projected to be strongest in the South Central, Northwest, and Northeast Submarkets.
- **Capture Commuters.** Fillmore is an exporter of workers as a significantly higher number of residents leave the County for work than nonresidents commute into the County for work. All six submarkets export more workers than they import. However, with an estimated 2,100 workers commuting into Fillmore County for employment daily, many coming from over 50 miles, there appears to be an opportunity to provide housing options for a portion of these workers.

CONCLUSIONS & RECOMMENDATIONS

- **Mortgage Rates.** Mortgage rates play a crucial role in housing affordability. Lower mortgage rates result in a lower monthly mortgage payment and buyers receiving more home for their dollar. Rising interest rates often require homebuyers to raise their down payment in order to maintain the same housing costs. While increasing earlier in 2019, mortgage rates have been near historic lows over the past several years coming out of the Great Recession.

The 30-year fixed rate mortgage according to Freddie Mac is at 3.99% for qualified buyers (May 30, 2019). A significant increase in rates (+1% or more; over 5% in the short term) would affect the housing market and could slow projected for-sale housing demand.

The following chart illustrates historical mortgage rate averages as compiled by Freddie Mac. The Freddie Mac Market Survey (PMMS) has been tracking mortgage rates since 1971 and is the most relied upon benchmark for evaluating mortgage interest market conditions. The Freddie Mac survey is based on 30-year mortgages with a loan-to-value of 80%.



- **Household Growth.** As highlighted in the Demographic Analysis section of this study as well as the demand calculations for general occupancy rental housing and ownership housing, household growth is projected to be fairly modest in the six submarkets between 2019 and 2030. The older age cohorts are expected to experience solid growth, but more moderate growth is anticipated in the age groups (under age 65) that are typically the target market for general occupancy rental and for-sale housing. Much of the demand for new housing units will be generated by turnover of existing households. However, turnover often leads to opportunities for new households to move into the area. Population and household growth in the County will be highly dependent on the availability of suitable housing options to attract future residents.

CONCLUSIONS & RECOMMENDATIONS

- **Land Banking/Land Acquisition.** Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing housing. Fillmore County municipalities could consider establishing a land bank to which private land may be donated and public property may be held for future housing development.

Similarly, land acquisition is a tool used by many governmental authorities to set aside land for a variety of public purposes; including new development/redevelopment, infrastructure projects, recreation, conservation, etc. Many local governments consider land acquisition and land banking as a strategy for stimulating private sector development.

- **Lot Supply and Residential Development Costs.** We identified a total of 823 vacant lots in the 14 cities located in Fillmore County, but there is a limited supply of actively-marketing lots available for sale in the County (17 lots). Hilltop Estates in Chatfield and Rivers Edge in Whalan both have four lots listed, while there are three lots listed in the Gjere Addition in Mabel and Nolan Valley in Newburg Township. There are also three unplatted lots listed for sale in Preston. As such, it appears that the supply of platted lots available for sale in the County is not sufficient to meet demand through 2030. Either additional subdivision activity will be needed to support the projected demand for owner-occupied housing, or owners of the remaining vacant residential lots will need to make their property available for sale.

The value of building lots is often benchmarked against the value of the completed retail housing package (sales price). Target ratios for builders show that the cost of sales should be held to 70% of the purchase price; 50% for construction hard costs and 20% for the land (raw land, improvements, financing costs, etc.) However, these ratios vary considerably based on builder, product, topography, lot type, etc. An improved single-family lot should generally cost from 18% to 25% of the projected retail price of the home.

The retail price for a new single-family home would likely exceed \$200,000. Approximately 80% of the homes sold in Fillmore County since 2017 have been priced below \$200,000 and 60% of the sales were priced less than \$150,000, suggesting that there is strong demand for modestly-priced housing in the County. As such, a public-private partnership should be explored to help alleviate the carrying costs for developers, which could bring down lot costs and generate the production of new construction housing units.

Several communities offer various types of lot incentive programs to stimulate new construction. Most lot incentive programs are offered and administered by a local economic development or housing and redevelopment agency that funds the program. In many cases, the municipalities fund the infrastructure using general obligation improvement bonds. Programs vary considerably between communities, but most have guidelines such as minimum square footages and time limits on when houses are constructed.

CONCLUSIONS & RECOMMENDATIONS

- **Multifamily Development Costs.** It may be difficult to construct new multifamily product with amenities today's renter's desire given market rents and development costs. According to construction costs data from the Craftsman 2016 National Building Cost Manual, construction costs in Fillmore County (utilizing construction averages for the Rochester area) will likely average about \$165 per square foot to develop based on an exceptional quality project with ten or more units. Based on an average unit size range of 650 to 800 square feet, a project would cost approximately \$110,000 to \$130,000 per unit to develop.

Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Fillmore County (average of \$0.85 per square foot). Based on these costs, it will be difficult to develop stand-alone multifamily housing structures by the private sector based on current market rents. As a result, a private-public partnership or other financing programs will likely be required to spur development and potentially reduce rent levels to bridge some of the gap between existing older product and new product (i.e. tax abatement, Tax Increment Financing).

- **Economies of Scale.** Economies of scale refer to the increase in efficiency of production as the number of goods being produced is increased. Typically, companies or organizations achieving economies of scale lower the average cost per unit through increased production since fixed costs are shared over an increased number of goods. In the housing development industry, generally the more units that are constructed the greater the efficiency. For example, larger homebuilders negotiate volume discounts in materials and subcontractors, are more efficient in the land entitlement process, leverage the power of technology, and have greater access and lower costs of capital. In multifamily housing, typically the higher the number of units equates into a lower per unit costs. Because of this, construction costs in larger communities such as in Rochester or La Crosse can actually be lower than found in many communities in Fillmore County.
- **Alternative Construction Methods.** As an alternative to traditional housing construction, other construction methods could be considered to develop more affordable housing for entry level buyers and renters. One option would be modular construction, which involves constructing the home off site in a factory then delivering modular units pre-formed to the Site.

Another option is to construct residential units with Structural Insulated Panels (SIPs). SIPs are a high-performance system for residential and light commercial construction. The panels consist of an insulating form core sandwiched between two structural facings, typically oriented over strand board (OSB). SIPs are manufactured under factory-controlled conditions and can be fabricated to fit nearly any building design. The result is a building system that is extremely strong, energy efficient and cost effective. Building with SIPs generally costs the same as building with wood frame construction when you factor in the labor savings resulting from shorter construction time and less jobsite waste. Other savings are realized because smaller heating and cooling systems are required with SIP Construction.

CONCLUSIONS & RECOMMENDATIONS

As an example, Southwest Minnesota Housing Partnership is developing single-family homes in southwestern Minnesota utilizing SIPs. Floor plans are 2,200 square feet with an attached double-car garage, and pricing ranges from \$196,499 with an income restriction to \$221,200 without an income restriction. Additionally, Southwest Minnesota Housing Partnership recently developed a 48-unit three-story Low Income Housing Tax Credit apartment building using SIPs construction for approximately \$94 per square-foot.

- **Housing Programs.** Many local governments offer housing programs designed to enhance, improve, or development new housing stock. The topics in this section are designed to provide ideas and suggestions to help the public and private sector support housing programs and incentives to spur housing opportunities in Fillmore County. The examples presented below identify housing tools utilized in other communities; however, this is not an all-encompassing list as many governmental agencies offers different programs based on their individual needs.

We do note that housing resources and programs have costs and require a funding source. Due to the existing housing costs and the need for economies of scale; many housing developments in the County may be financially unfeasible for housing developers. In most cases, numerous funds and financing mechanisms must be in place to support housing programs. Federal funds for housing development have been declining for decades and the remaining housing programs include the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program, Housing Choice Vouchers, Low-Income Housing Tax Credits (LIHTC), and USDA rural housing programs. However, local units of government are increasingly dependent on other resources to support development such as housing trust funds and housing bonds. Many of these programs target low- to moderate income households and do not provide assistance for fix-up funds, rehab loans, infrastructure, etc.

State/National Resources:

Greater Minnesota Housing Fund – The Greater Minnesota Housing Fund (“GMHF”) supports, preserves, and creates affordable housing in the 80 counties outside the core Twin Cities Metro Area. The GMHF provides numerous programs, financing mechanisms, technical support, and research to support production of affordable housing across Greater Minnesota.

Minnesota Housing Finance Agency (“Minnesota Housing”) – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multi-family housing sectors. The organizations five strategic priorities are as follows: Preserve federally-subsidized rental housing; Promote and support successful homeownership; Address specific and critical needs in rental housing markets; Prevent and end homelessness, and; Prevent foreclosure and support community recover.

CONCLUSIONS & RECOMMENDATIONS

Minnesota Department of Employment and Economic Development – MN DEED offers community development funding through two programs for projects that assist communities stay vital and pursue economic development.

- The Small Cities Development Program offers state grant funds in three general categories.
 - Housing grants provide funds to rehabilitate local housing stock. Local governments lend the funds to projects benefiting low- and moderate income persons and may be used for owner-occupied, rental, single-family or multifamily projects.
 - Public facility grants are directed toward wastewater treatment projects
 - Comprehensive grants can include housing and public facility activities.
- Workforce Housing Development Program targets communities in Greater Minnesota where housing shortages hinder the ability of businesses to attract workers. Program criteria are as follows:
 - Cities located outside of the metro area with a population exceeding 500 residents or communities with a combined population of 1,500 residents located within 15 miles of a city or an area served by a joint county-city economic development authority;
 - A vacancy rate of 5 percent or lower for at least the prior two years;
 - One or more businesses located in the project area (or within 25 miles of the area) that employ 20 full time equivalent employees;
 - A statement from participating businesses that a lack of housing makes it difficult to recruit and hire workers; and,
 - The development must serve employees of the businesses in the project area.

United States Department of Agriculture (USDA) Rural Development – Housing support is available through the “Housing and Community Assistance” program that is part of USDA Rural Development. The program is designed to improve housing options in rural communities and operates a variety of programs including: homeownership assistance, housing rehabilitation and preservation, rental assistance,

Local/Regional Resources:

Bluff Country HRA and SEMCAC offer a variety of programs, including:

- First-time homebuyer loans;
- Minnesota Housing Fix-up Fund Loan Program;
- Minnesota Housing Rehab Loan Program;
- Minnesota Housing Accessibility/Emergency Loan Program; and,
- Housing rehabilitation programs offering grants for home repairs.

CONCLUSIONS & RECOMMENDATIONS

The City of Preston offers a Housing Incentive to promote new construction and the rehabilitation of existing properties.

The City of Spring Valley also offers a Housing Incentive for new construction homes.

The Harmony Economic Development Authority offers a cash rebate program incentivizing new home construction in the City. Rebate amounts are based on the final estimated market value of the new home, ranging from \$5,000 to \$12,000.

There are some housing programs that Fillmore County communities could consider to aid and improve their housing stock. The following is a list of potential programs that could be explored.

- Remodeling Advisor: Partner with local architects and/or builders to provide ideas and general cost estimates for property owners.
- Construction Management Services: Assist homeowners regarding local building codes, reviewing contractor bids, etc. Typically provided as a service by the building department.
- Historic Preservation: Encourage residents to preserve historic housing stock in neighborhoods with homes with character through restoring and preserving architectural and building characteristics. Typically funded with low interest rates on loans for preservation construction costs.
- Foreclosure Home Improvement Program: Low-interest loans to buyers of foreclosed homes to assist home owners with needed home improvements while stabilizing owner-occupied properties. A portion of the loan could be forgivable if the occupant resides in home at least five years. Eligible participants should be based on income-guidelines (typically 80% AMI or lower).
- Rent to Own: Income-eligible families rent for a specified length of time with the end-goal of buying a home. The HRA saves a portion of the monthly rent that will be allocated for a down payment on a future house.
- Rental Collaboration: Host meetings on a regular basis (quarterly, bi-annually, or annually) with rental property owners, property management companies, Realtors, etc. to discuss key issues and topics related to the rental housing industry.
- Rental License: Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.
- Home-Building Trades Partnerships: Partnership between local Technical Colleges or High Schools that offer building trades programs. Affordability is gained through reduced labor costs provided by the school. New housing production serves as the “classroom” for future trades people to gain experience in the construction industry. This program is contingent on proximity to these programs.

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- Home Fair: Provide residents with information and resources to promote improvements to the housing stock. Typically offered on a weekend in early spring where home owners can meet and ask questions to architects, contractors, etc.
 - Senior Housing Regeneration Program: Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
 - Tax Abatement: A temporary reduction in property taxes over a specific time period on new construction homes or home remodeling projects. Encourages new construction or rehabilitation through property tax incentives.
 - Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
 - Waiver or Reduction of Development Fees: There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
- **Location and Affordable Housing.** Housing in Fillmore County is relatively affordable, particularly when compared to Rochester and Olmsted County. The median sale price for homes is roughly -41% lower than the median sale price in Olmsted County and the median contract rent in Fillmore County is -39% lower than in Olmsted County.

The Fillmore County housing market will likely benefit from anticipated growth related to the Rochester Destination Medical Center (DMC) expansion coupled with increasing housing costs in the Rochester area, as buyers seeking more affordable housing options could consider moving to Fillmore County. Households with children could also be drawn to the County for the high-quality schools. Additionally, buyers seeking a rural lifestyle on a larger lot may choose Fillmore County over Olmsted County as land use regulations in Rochester have changed to reduce maximum allowable lot sizes in the City.

- **Marketing and Promotion.** We recommend that a coordinated strategy be developed and implemented to collect and disseminate information on vacant residential lots in Fillmore County as well as contact information for rental property owners and managers. This information could be published on the various websites for the Cities in Fillmore County, or coordinated through the Fillmore County Economic Development Authority. This information would supplement traditional residential listings being marketed by Realtors on the Multiple Listing Service and target people seeking rental housing and available building lots in the County.

APPENDIX

Definitions

Absorption Period – The period of time necessary for newly constructed or renovated properties to achieve the stabilized level of occupancy. The absorption period begins when the first certificate of occupancy is issued and ends when the last unit to reach the stabilized level of occupancy has signed a lease.

Absorption Rate – The average number of units rented each month during the absorption period.

Active adult (or independent living without services available) – Active Adult properties are similar to a general-occupancy apartment building, in that they offer virtually no services but have age-restrictions (typically 55 or 62 or older). Organized activities and occasionally a transportation program are usually all that are available at these properties. Because of the lack of services, active adult properties typically do not command the rent premiums of more service-enriched senior housing.

Adjusted Gross Income “AGI” – Income from taxable sources (including wages, interest, capital gains, income from retirement accounts, etc.) adjusted to account for specific deductions (i.e. contributions to retirement accounts, unreimbursed business and medical expenses, alimony, etc.).

Affordable housing – Housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

Amenity – Tangible or intangible benefits offered to a tenant in the form of common area amenities or in-unit amenities. Typical in-unit amenities include dishwashers, washer/dryers, walk-in showers and closets and upgraded kitchen finishes. Typical common area amenities include detached or attached garage parking, community room, fitness center and an outdoor patio or grill/picnic area.

Area Median Income “AMI” – AMI is the midpoint in the income distribution within a specific geographic area. By definition, 50% of households earn less than the median income and 50% earn more. The U.S. Department of Housing and Urban Development (HUD) calculates AMI annually and adjustments are made for family size.

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support services and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility.

At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

Building Permit – Building permits track housing starts and the number of housing units authorized to be built by the local governing authority. Most jurisdictions require building permits for new construction, major renovations, as well as other building improvements. Building permits ensure that all the work meets applicable building and safety rules and is typically required to be completed by a licensed professional. Once the building is complete and meets the inspector's satisfaction, the jurisdiction will issue a "CO" or "Certificate of Occupancy." Building permits are a key barometer for the health of the housing market and are often a leading indicator in the rest of the economy as it has a major impact on consumer spending.

Capture Rate – The percentage of age, size, and income-qualified renter households in a given area or "Market Area" that the property must capture to fill the units. The capture rate is calculated by dividing the total number of units at the property by the total number of age, size and income-qualified renter households in the designated area.

Comparable Property – A property that is representative of the rental housing choices of the designated area or "Market Area" that is similar in construction, size, amenities, location and/or age.

Concession – Discount or incentives given to a prospective tenant to induce signature of a lease. Concessions typically are in the form of reduced rent or free rent for a specific lease term, or free amenities, which are normally charged separately, such as parking.

Congregate (or independent living with services available) – Congregate properties offer support services such as meals and/or housekeeping, either on an optional basis or a limited amount included in the rents. These properties typically dedicate a larger share of the overall building area to common areas, in part, because the units are smaller than in adult housing and in part to encourage socialization among residents. Congregate properties attract a slightly older target market than adult housing, typically seniors age 75 or older. Rents are also above those of the active adult buildings, even excluding the services.

Contract Rent – The actual monthly rent payable by the tenant, including any rent subsidy paid on behalf of the tenant, to the owner, inclusive of all terms of the lease.

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

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Density – Number of units in a given area. Density is typically measured in dwelling units (DU) per acre – the larger the number of units permitted per acre the higher the density; the fewer units permitted results in lower density. Density is often presented in a gross and net format:

- **Gross Density** – The number of dwelling units per acre based on the gross site acreage.
Gross Density = Total residential units/total development area
- **Net Density** - The number of dwelling units per acre located on the site, but excludes public right-of-ways (ROW) such as streets, alleys, easements, open spaces, etc.
Net Density = Total residential units/total residential land area (excluding ROWs)

Detached housing – a freestanding dwelling unit, most often single-family homes, situated on its own lot.

Effective Rents – Contract rent less applicable concessions.

Elderly or Senior Housing – Housing where all the units in the property are restricted for occupancy by persons age 62 years or better, or at least 80% of the units in each building are restricted for occupancy by households where at least one household member is 55 years of age or better and the housing is designed with amenities, facilities and services to meet the needs of senior citizens.

Extremely low-income – person or household with incomes below 30% of Area Median Income, adjusted for respective household size.

Fair Market Rent – Estimates established by HUD of the Gross Rents needed to obtain modest rental units in acceptable conditions in a specific geographic area. The amount of rental income a given property would command if it were open for leasing at any given moment and/or the amount derived based on market conditions that is needed to pay gross monthly rent at modest rental housing in a given area. This figure is used as a basis for determining the payment standard amount used to calculate the maximum monthly subsidy for families on at financially assisted housing.

Fair Market Rent – Fillmore County 2019

	-----Fair Market Rent by Bedroom Size-----				
	0-BR	1-BR	2-BR	3-BR	4-BR
Fair Market Rent	\$450	\$529	\$700	\$954	\$957

Floor Area Ratio (FAR) Ratio of the floor area of a building to area of the lot on which the building is located.

Foreclosure – A legal process in which a lender or financial institute attempts to recover the balance of a loan from a borrower who has stopped making payments to the lender by using the sale of the house as collateral for the loan.

Generations – A generation is a group of people born in the same time period and raised in the same geographic area. Generations exhibit comparable characteristics because they experienced similar trends at roughly the same life stage and through similar channels. In America, there are six living generations.

GI Generation: Born between 1901 and 1926, they came of age during the Great Depression and fought in World War II; also referred to as “The Greatest Generation”.

Mature/Silent Generation: Born between 1927 and 1945 during the Great Depression and World War II; also referred to as “The Lucky Few”. This was a relatively small generation as their parents had fewer children due to financial insecurity and World War II.

Baby Boomers: Born just after World War II between 1946 and 1964; also referred to as the “me” generation. Increased birth rates during the post-World War II baby boom make this a relatively large generation.

Generation X: Born between 1965 and 1980; also referred to as the “Baby Bust” generation due to a decline in the birth rate following the baby boom.

Millennials: Born between 1981 and 2000; also known as “Generation Y”, “The 9/11 Generation”, and “Echo Boomers”. Children of baby boomers, this represents the largest generation since the baby boom. Buying homes and starting families later than previous generations.

Generation Z: Born after 2001; also known as “Boomlets”, “the iGeneration”, and “Post Millennials”. Children of Generation X and will be larger and more diverse than Baby Boomer and Millennial generations.

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants. Maximum Gross Rents for Fillmore County in 2019 are as follows:

Maximum Gross Rent Fillmore County – 2019							
	-----Maximum Gross Rents by Bedroom Size-----						
	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR	6-BR
20% AMI	\$257	\$275	\$331	\$382	\$426	\$470	\$514
30% AMI	\$386	\$413	\$496	\$573	\$639	\$706	\$771
40% AMI	\$515	\$551	\$662	\$764	\$853	\$941	\$1,029
50% AMI	\$643	\$689	\$827	\$955	\$1,066	\$1,176	\$1,286
60% AMI	\$772	\$827	\$993	\$1,146	\$1,279	\$1,412	\$1,543
70% AMI	\$901	\$965	\$1,158	\$1,337	\$1,492	\$1,647	\$1,800
80% AMI	\$1,030	\$1,103	\$1,324	\$1,529	\$1,706	\$1,883	\$2,058

Household – All persons who occupy a housing unit, including occupants of a single-family, one person living alone, two or more families living together, or any other group of related or unrelated persons who share living arrangements.

Household Trends – Changes in the number of households for any particular areas over a measurable period of time, which is a function of new household formations, changes in average household size, and net migration.

Housing Choice Voucher Program – The federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. A family that is issued a housing voucher is responsible for finding a suitable housing unit of the family's choice where the owner agrees to rent under the program. Housing choice vouchers are administered locally by public housing agencies. They receive federal funds from the United States Department of Housing and Urban Development (HUD) to administer the housing choice voucher program. A housing subsidy is paid to the landlord directly by the public housing agency on behalf of the participating family. The family then pays the difference between the actual rent charged by the landlord and the amount subsidized by the program.

Housing unit – House, apartment, mobile home, or group of rooms used as a separate living quarters by a single household.

HUD Project-Based Section 8 – A federal government program that provides rental housing for very low-income families, the elderly, and the disabled in privately owned and managed rental units. The owner reserves some or all of the units in a building in return for a Federal government guarantee to make up the difference between the tenant's contribution and the rent. A tenant who leaves a subsidized project will lose access to the project-based subsidy.

HUD Section 202 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy by elder household who have incomes not exceeding 50% of Area Median Income.

HUD Section 811 Program – Federal program that provides direct capital assistance and operating or rental assistance to finance housing designed for occupancy of persons with disabilities who have incomes not exceeding 50% Area Median Income.

HUD Section 236 Program – Federal program that provides interest reduction payments for loans which finance housing targeted to households with income not exceeding 80% Area Median Income who pay rent equal to the greater of market rate or 30% of their adjusted income.

Income limits – Maximum households income by a designed geographic area, adjusted for household size and expressed as a percentage of the Area Median Income, for the purpose of establishing an upper limit for eligibility for a specific housing program.

Inflow/Outflow – The Inflow/Outflow Analysis generates results showing the count and characteristics of worker flows in to, out of, and within the defined geographic area.

Low-Income – Person or household with gross household incomes below 80% of Area Median Income, adjusted for household size.

Low-Income Housing Tax Credit – A program aimed to generate equity for investment in affordable rental housing authorized pursuant to Section 42 of the Internal Revenue Code. The program requires that a certain percentage of units built be restricted for occupancy to households earning 60% or less of Area Median Income, and rents on these units be restricted accordingly.

Market analysis – The study of real estate market conditions for a specific type of property, geographic area or proposed (re)development.

Market rent – The rent that an apartment, without rent or income restrictions or rent subsidies, would command in a given area or “Market Area” considering its location, features and amenities.

Market study – A comprehensive study of a specific proposal including a review of the housing market in a defined market or geography. Project specific market studies are often used by developers, property managers or government entities to determine the appropriateness of a proposed development, whereas market specific market studies are used to determine what house needs, if any, existing within a specific geography.

Market rate rental housing – Housing that does not have any income-restrictions. Some properties will have income guidelines, which are minimum annual incomes required in order to reside at the property.

Memory Care – Memory Care properties, designed specifically for persons suffering from Alzheimer’s disease or other dementias, is one of the newest trends in senior housing. Properties consist mostly of suite-style or studio units or occasionally one-bedroom apartment-style units, and large amounts of communal areas for activities and programming. In addition, staff typically undergoes specialized training in the care of this population. Because of the greater amount of individualized personal care required by residents, staffing ratios are much higher than traditional assisted living and thus, the costs of care are also higher. Unlike conventional assisted living, however, which deals almost exclusively with widows or widowers, a higher proportion of persons afflicted with Alzheimer’s disease are in two-person households. That means the decision to move a spouse into a memory care facility involves the caregiver’s concern of incurring the costs of health care at a special facility while continuing to maintain their home.

Migration – The movement of households and/or people into or out of an area.

APPENDIX

Mixed-income property – An apartment property contained either both income-restricted and unrestricted units or units restricted at two or more income limits.

Mobility – The ease at which people move from one location to another.

Moderate Income – Person or household with gross household income between 80% and 120% of the Area Median Income, adjusted for household size.

Multifamily – Properties and structures that contain more than two housing units.

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is available through the private market, versus assisted housing programs through various governmental agencies. Property values on these units are lower based on a combination of factors, such as: age of structure/housing stock, location, condition, size, functionally obsolete, school district, etc.

Net Income – Income earned after payroll withholdings such as state and federal income taxes, social security, as well as retirement savings and health insurance.

Net Worth – The difference between assets and liabilities, or the total value of assets after the debt is subtracted.

Pent-up demand – A market in which there is a scarcity of supply and as such, vacancy rates are very low or non-existent.

Population – All people living in a geographic area.

Population Density – The population of an area divided by the number of square miles of land area.

Population Trends – Changes in population levels for a particular geographic area over a specific period of time – a function of the level of births, deaths, and in/out migration.

Project-Based rent assistance – Rental assistance from any source that is allocated to the property or a specific number of units in the property and is available to each income eligible tenant of the property or an assisted unit.

Redevelopment – The redesign, rehabilitation or expansion of existing properties.

Rent burden – gross rent divided by adjusted monthly household income.

Restricted rent – The rent charged under the restriction of a specific housing program or subsidy.

Saturation – The point at which there is no longer demand to support additional market rate, affordable/subsidized, rental, for-sale, or senior housing units. Saturation usually refers to a particular segment of a specific market.

Senior Housing – The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives. Maxfield Research Inc. classifies senior housing into four categories based on the level of support services. The four categories are: Active Adult, Congregate, Assisted Living and Memory Care.

Short Sale – A sale of real estate in which the net proceeds from selling the property do not cover the sellers’ mortgage obligations. The difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt.

Single-family home – A dwelling unit, either attached or detached, designed for use by one household and with direct street access. It does not share heating facilities or other essential electrical, mechanical or building facilities with another dwelling.

Stabilized level of occupancy – The underwritten or actual number of occupied units that a property is expected to maintain after the initial lease-up period.

Subsidized housing – Housing that is income-restricted to households earning at or below 30% AMI. Rent is generally based on income, with the household contributing 30% of their adjusted gross income toward rent. Also referred to as extremely low income housing.

Subsidy – Monthly income received by a tenant or by an owner on behalf of a tenant to pay the difference between the apartment’s contract/market rate rent and the amount paid by the tenant toward rent.

Substandard conditions – Housing conditions that are conventionally considered unacceptable and can be defined in terms of lacking plumbing facilities, one or more major mechanical or electrical system malfunctions, or overcrowded conditions.

Target population – The market segment or segments of the given population a development would appeal or cater to.

Tenant – One who rents real property from another individual or rental company.

Tenant-paid utilities – The cost of utilities, excluding cable, telephone, or internet necessary for the habitation of a dwelling unit, which are paid by said tenant.

Tenure – The distinction between owner-occupied and renter-occupied housing units.

Turnover – A measure of movement of residents into and out of a geographic location.

Turnover period – An estimate of the number of housing units in a geographic location as a percentage of the total house units that will likely change occupants in any one year.

Unrestricted units – Units that are not subject to any income or rent restrictions.

Vacancy period – The amount of time an apartment remains vacant and is available on the market for rent.

Workforce housing – Housing that is income-restricted to households earning between 80% and 120% AMI. Also referred to as moderate-income housing.

Zoning – Classification and regulation of land use by local governments according to use categories (zones); often also includes density designations and limitations.