

Comprehensive Housing Needs Assessment For Fillmore County, Minnesota

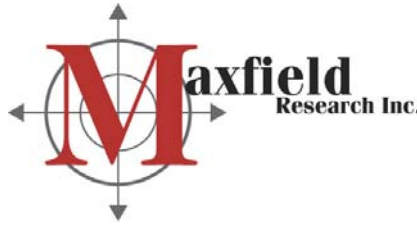
Prepared for:

Bluff Country Housing and Redevelopment Authority
Rushford, Minnesota

January 2009



615 First Avenue NE
Suite 400
Minneapolis, MN 55413
612.338.0012



March 11, 2009

Mr. Tom Falbo
President
Bluff Country Minnesota Multi County Housing and Redevelopment Authority
204 South Elm Street
Rushford, MN 55971

Dear Mr. Falbo:

Attached is the study *Comprehensive Housing Needs Assessment for Fillmore County, Minnesota* conducted by Maxfield Research Inc. The study projects housing demand for each community in Fillmore County from 2008 to 2020. It also provides recommendations on the amount and types of housing that could be built to satisfy demand from current and future residents.

The Comprehensive Housing Needs Assessment finds that household growth and changes in demographic characteristics and housing preferences will create demand for about 1,090 housing units in the County from 2008 to 2020. Included in this total is demand for about 750 ownership units and 335 rental and senior units. In total, we find demand for about 80 additional rental units from low- and moderate-income households. Assistance by the Bluff Country HRA and other government agencies may be necessary to ensure that the housing needs of these lower and moderate income households is provided. Detailed information regarding housing demand by community and recommended housing types can be found in the *Conclusions and Recommendations* section at the end of the report.

We have enjoyed performing this Market for you and are available should you have any questions or need additional information.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink, appearing to read 'Jay Thompson', with a long, sweeping underline.

Jay Thompson
Vice President

Attachment

ACKNOWLEDGMENT

Financial support for this project was provided by:

Bluff Country Multi-County HRA
Fillmore County
Minnesota Housing Partnership
Semcac

TABLE OF CONTENTS

	<u>Page</u>
KEY FINDINGS	1
PURPOSE AND SCOPE OF STUDY.....	3
Study Impetus	3
Scope of Work	3
DEMOGRAPHIC ANALYSIS.....	5
Introduction.....	5
Population and Household Growth Trends and Projections	6
Population Age Distribution Trends	9
Household Tenure	15
Household Income	18
Household Income by Tenure	21
Household Type	22
Employment Growth Trends.....	24
Major Employers.....	30
Age of Housing Stock	31
Residential Construction Trends 2000 through 2008.....	33
MARKET CONDITIONS GENERAL-OCCUPANCY RENTAL HOUSING	35
Introduction.....	35
Fillmore County Rental Housing	36
Housing Choice Voucher Program	42
Pending Rental Developments	42
MARKET CONDITIONS SENIOR HOUSING	43
Introduction.....	43
Senior Housing Defined.....	44
Market Rate Senior Developments in Fillmore County.....	45
Pending Senior Housing Developments	48
MARKET CONDITIONS FOR-SALE HOUSING.....	51
Introduction.....	51
Home Resales.....	52
Current Supply of Homes on the Market	55
New For-Sale Housing Subdivisions	57

TABLE OF CONTENTS
(continued)

	<u>Page</u>
CONCLUSIONS AND RECOMMENDATIONS.....	60
Introduction	60
Demographic Profile and Housing Demand	61
Rental and Senior Housing Demand.....	62
For-Sale Housing Demand.....	65
Fillmore County Housing Recommendations.....	68
Canton – Summary of Demographic and Housing Findings	70
Canton Recommendations	71
Chatfield – Summary of Demographic and Housing Findings.....	72
Chatfield Recommendations	73
Fountain – Summary of Demographic and Housing Findings.....	74
Fountain Recommendations.....	75
Harmony – Summary of Demographic and Housing Findings.....	76
Harmony Recommendations	77
Lanesboro – Summary of Demographic and Housing Findings	78
Lanesboro Recommendations	79
Mabel – Summary of Demographic and Housing Findings	80
Mabel Recommendations.....	81
Ostrander – Summary of Demographic and Housing Findings.....	82
Ostrander Recommendations	83
Peterson – Summary of Demographic and Housing Findings.....	84
Peterson Recommendations	85
Preston – Summary of Demographic and Housing Findings.....	86
Preston Recommendations.....	87
Rushford – Summary of Demographic and Housing Findings.....	88
Rushford Recommendations	89
Rushford Village – Summary of Demographic and Housing Findings	90
Rushford Village Recommendations.....	91
Spring Valley – Summary of Demographic and Housing Findings.....	92
Spring Valley Recommendations.....	93
Whalen – Summary of Demographic and Housing Findings	94
Whalen Recommendations	95
Wykoff – Summary of Demographic and Housing Findings	96
Wykoff Recommendations	97
Townships – Summary of Demographic and Housing Findings	98
Townships Recommendations	99

LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
1. Population Growth Trends and Projections, Fillmore County, 1990 - 2020	7
2. Household Growth Trends and Projections, Fillmore County, 1990 - 2020	8
3. Population Age Distribution, Fillmore County, 1990 to 2020	10
4. Household Tenure Trends, Fillmore County, 1990 - 2008.....	16
5. Tenure by Age, Fillmore County, 2008.....	17
6. Household Income by Age of Householder, Fillmore County, 2008	19
7. Household Income by Age of Householder, Fillmore County, 2013	20
8. Tenure by Household Income, Fillmore County, 2008	21
9. Household Type Trends, Fillmore County, 1990 to 2008	23
10. Covered Employment by Industry, Fillmore County, 2000 and 2007.....	25
11. Resident Employment, Fillmore County, 1990 to 2008	27
12. Fillmore County Commuting Patterns, 2000.....	28
13. Major Employers, Fillmore County, 2008.....	30
14. Age of Housing Stock, Fillmore County, 2008	32
15. New Home Construction, Fillmore County, 2000 to 2008.....	33
16. Market Rate General Occupancy Housing, Fillmore County, December 2008	37
17. Subsidized General Occupancy Housing, Fillmore County, December 2008.....	39
18. Market Rate Senior Housing, Fillmore County, December 2008.....	46
19. Subsidized Senior Housing, Fillmore County, December 2008.....	49
20. Volume and Median Sales Price of Homes Sold, Fillmore County, 2004 through 2008	53
21. Homes Sold by Price Range, Fillmore County, 2004 through 2008	54
22. Homes Currently Listed For-Sale, Fillmore County Communities, January 2009.....	56
23. Recently Completed and Active Single Family Housing Developments, Fillmore County, November 2008.....	58
24. Demand for Additional Rental Housing, Fillmore County, 2008 to 2020.....	64
25. Demand for Additional For-Sale Housing, Fillmore County, 2008 to 2020	67

Introduction

Maxfield Research Inc. was engaged by the Bluff Country Minnesota Multi-County Housing and Redevelopment Authority to conduct a comprehensive housing needs assessment for Fillmore County. This study is an update of the previous comprehensive housing study conducted for Fillmore County by Maxfield Research in January 2003.

Detailed calculations of housing demand from 2008 to 2020 can be found in the *Conclusions and Recommendations* section of the report. Recommendations on the amount and types of housing that should be developed to accommodate the housing needs in each community is presented as well. The following are key highlights from the comprehensive housing needs assessment.

Key Findings

1. Fillmore County has been experiencing slow but steady population and household growth. By 2020, Fillmore County is projected to have a population of over 25,100 people, including the portion of Chatfield in Olmstead County. This is up from an estimated 23,850 people in 2008 and 22,260 people in 2000.

2. Demand is projected for about 1,085 new housing units in Fillmore County during the 12-year period between 2008 and 2020.

3. Total projected housing demand by community from 2008 to 2020 is as follows (demand factors household growth and replacement need of older, obsolete homes):

• Chatfield	=	170 units	(15.5% of the County’s housing demand)
• Rushford	=	140 units	(13%)
• Spring Valley	=	100 units	(9%)
• Preston	=	78 units	(7%)
• Harmony	=	65 units	(6%)
• Rushford Village	=	34 units	(3%)
• Mabel	=	30 units	(3%)
• Lanesboro	=	25 units	(2%)
• Fountain	=	24 units	(2%)
• Wykoff	=	8 units	(1%)
• Canton	=	5 units	(<1%)
• Ostrander	=	4 units	(<1%)
• Peterson	=	4 units	(<1%)
• Whalen	=	3 units	(<1%)
• Townships	=	400 units	(36.5%)

4. About two-thirds of the demand for housing in Fillmore County will be driven by household growth. Household growth projections in this report were made by Maxfield Research Inc., based on Minnesota Demographic Center projections that were adjusted to reflect interviews with city representatives as well as recent building trends. It should be noted that because households are mobile and are willing to seek out various housing products in adjacent communities, the demand figures shown for each community may experience fluctuations based on local development trends.

5. Between 2008 and 2020, about 70% of the housing demand in the County is projected to be for owned housing and 30% for rental housing (including senior rental). When excluding housing demand in the townships, which is entirely for owned housing, the remaining demand in the 14 communities is for 351 owned units (51%) and 334 rental/senior units (49%).
6. The projected demand for 1,085 housing units in Fillmore County from 2008 to 2020 is shown by type of housing below.
 - Single-family = 650 units (60% of total demand)
 - Senior housing = 215 units (20%)
 - Rental housing = 120 units (11%)
 - For-sale multifamily = 100 units (9%)
7. With the exception of a few communities, there is an adequate supply of lots for single-family homes in the County and private developers will likely meet the demand for new homes from higher-income buyers. The existing housing stock will meet most of the demand for modestly-priced single-family homes and rental units. Public assistance in the form of home rehabilitation loans for low- and moderate-income homeowners and affordable rental units will be needed to help maintain the quality of the affordable housing stock. This will be important to meet future housing needs, since most communities do not have enough growth to justify developing new apartment or senior buildings. Thus, maintaining the quality of the existing housing stock for future generations should be a high priority.
8. Almost all of the rental demand in Fillmore County between 2008 and 2020 will be in the five largest communities – Chatfield, Harmony, Preston, Rushford, and Spring Valley. Most of the new rental units should have monthly rents below the payment standard for Housing Choice Vouchers in the County (currently \$471 for 1BR units, \$622 for 2BR units, and \$832 for 3BR units). Public assistance may be necessary to develop units with rents that are affordable to moderate-income renters. Demand for new rental units in the remaining communities will be limited to a duplex or four-plex at most.
9. About 20% of total housing demand in Fillmore County between 2008 and 2020 is expected to be for senior housing. The following is senior housing demand in the County by service level. Most of this demand will be in the five largest communities, which have health care and other services that draw seniors from more rural areas.
 - Adult rental (no services) = 72 units
 - Congregate = 60 units
 - Assisted living = 44 units
 - Memory care = 36 units
10. In addition to senior housing products that are age-restricted, almost all of the demand for for-sale townhomes will be from empty-nesters and retirees seeking to downsize from their single-family homes. Townhomes should be one-level units with attached garages that are priced below \$200,000.

Study Impetus

Maxfield Research Inc. was engaged by the Bluff Country Minnesota Multi-County Housing and Redevelopment Authority to conduct a comprehensive housing needs assessment for Fillmore County. This study is an update of the previous comprehensive housing study conducted for Fillmore County by Maxfield Research in January 2003.

The comprehensive housing needs assessment calculates demand from 2008 to 2020 for various types of housing in each community and the rural areas in the County. The study provides recommendations on the amount and types of housing that should be developed to accommodate the housing needs of new and existing households.

Scope of Work

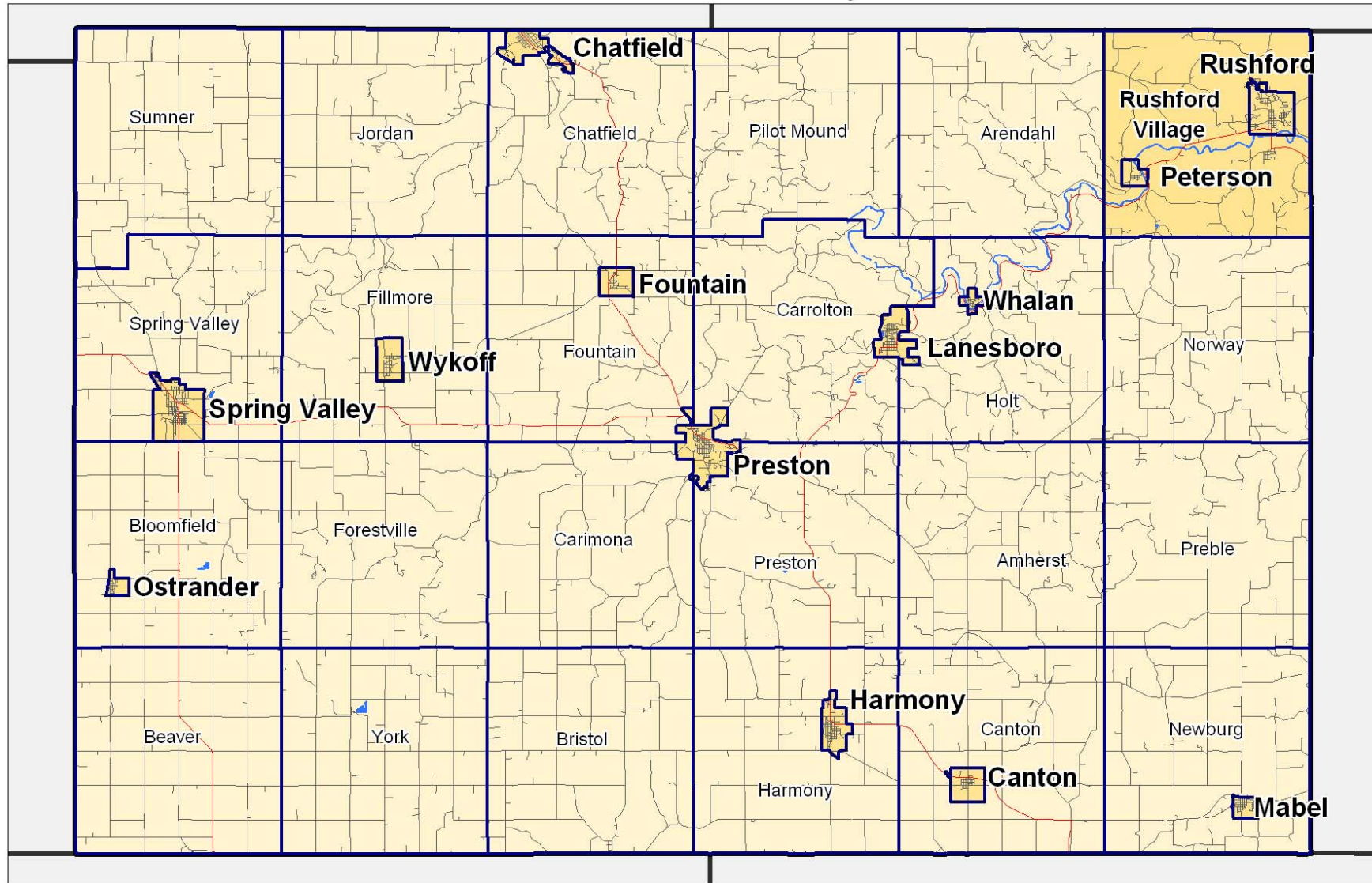
The scope of this study includes:

- an analysis of the demographic growth trends and characteristics of the County to 2020;
- an assessment of current housing characteristics in the County;
- an analysis of the for-sale housing market in the County;
- an analysis of the rental housing market in the County;
- an analysis of the senior housing market in the County;
- an estimate of the demand for all types of housing in the County from 2008 to 2020; and
- recommendations of appropriate housing concepts to meet current and future needs of County residents.

The report contains primary and secondary research. Primary research includes interviews with rental property managers and owners, Realtors, developers, City staff and others involved in the housing market in Fillmore County. All of the market data on existing and pending housing developments was collected by Maxfield Research Inc. and is accurate to the best of our knowledge. Secondary data, such as U.S. Census, is credited to the source and is used as a basis for analysis.

Data was collected and analyzed for each city in the County as well as for the townships. A map on the following page shows the location of the cities and townships in the County.

Fillmore County



Demographic Analysis

Introduction

This section of the report examines factors related to the current and future demand for housing in Fillmore County, Minnesota. Included in this section is an analysis of:

- ▶ Population and household growth trends and projections,
- ▶ projected age distribution,
- ▶ household income distribution,
- ▶ household types,
- ▶ household tenure (owner/renters),
- ▶ employment growth trends and characteristics,
- ▶ age of housing stock, and
- ▶ recent residential building permit trends.

This section of the report includes totals for each community within the County.

Population and Household Growth Trends and Projections

Tables 1 and 2 present population and household growth trends and projections for Fillmore County from 1990 projected to 2020. The data from 1990 and 2000 is from the U.S. Census, while the 2008 estimates and 2010 and 2020 projections were made by Maxfield Research Inc. based on Minnesota Demographic Center projections and recent housing development trends. It should be noted that the County figures include the portion of Chatfield in Olmstead County (about 500 people).

Key findings of Tables 1 and 2 are:

- ▶ Fillmore County's population is projected to grow from 22,259 people in 2000 to almost 24,000 people in 2010. Between 2010 and 2020, the population is projected to increase by another 1,160 people.
- ▶ Fillmore County added about 505 people during the 1990s. So far, the County has added about 1,600 people this decade but growth has slowed the past two year as the national and state economies have slowed considerably.
- ▶ About 10,000 people of the County's total population live in the rural townships, with the remainder living in the 14 communities. Housing development has been strong in the townships this decade, and thus the townships are projected to account for about half of the population growth this decade.
- ▶ Chatfield is the largest community in Fillmore County, with about 2,700 people in 2008. A portion of the City lies in Olmsted County. After Chatfield, the next largest community is Spring Valley with a population of about 2,600. The other communities range in size from 40 people (Whalan) to 1,800 people (Rushford).
- ▶ Fillmore County is projected to add nearly 750 households between 2008 and 2020. Since households represent occupied housing units, this growth translates into roughly the need for 750 housing units in the County over the 12-year period.
- ▶ About 53% of the projected household growth in Fillmore County from 2008 to 2020 will be in the communities. The townships are projected to see growth of about 300 households. Most new housing in the townships is single-family homes on farms or larger estates.
- ▶ Chatfield is projected to have the greatest household growth in the County between 2008 and 2020, adding about 135 new households, or 11 households annually. This growth is double the growth of the next fastest growing community – Spring Valley, which is projected to add 60 households.
- ▶ Overall, household growth is projected to slow next decade compared to this decade and the 1990s. This coincides with a projected slowdown in growth statewide.

**TABLE 1
POPULATION GROWTH TRENDS AND PROJECTIONS
FILLMORE COUNTY
1990 - 2020**

	Census		Estimate 2008	Projection		1990 - 2000		2000-2010		2010-2020	
	1990	2000		2010	2020	No.	Pct.	No.	Pct.	No.	Pct.
	Cities										
Canton	362	343	325	325	310	-19	-5.2	-18	-5.2	-15	-4.6
Chatfield	2,226	2,394	2,700	2,735	3,000	168	7.5	341	14.2	265	9.7
Fountain	327	343	400	400	440	16	4.9	57	16.6	40	10.0
Harmony	1,081	1,080	1,140	1,150	1,210	-1	-0.1	70	6.5	60	5.2
Lanesboro	858	788	855	865	875	-70	-8.2	77	9.8	10	1.2
Mabel	745	766	825	835	870	21	2.8	69	9.0	35	4.2
Ostrander	276	212	230	230	220	-64	-23.2	18	8.5	-10	-4.3
Peterson	259	269	250	250	240	10	3.9	-19	-7.1	-10	-4.0
Preston	1,530	1,426	1,430	1,440	1,480	-104	-6.8	14	1.0	40	2.8
Rushford	1,485	1,696	1,790	1,770	1,840	211	14.2	74	4.4	70	4.0
Rushford Village	705	714	785	790	820	9	1.3	76	10.6	30	3.8
Spring Valley	2,461	2,518	2,665	2,675	2,780	57	2.3	157	6.2	105	3.9
Whalan	94	64	40	40	50	-30	-31.9	-24	-37.5	10	25.0
Wykoff	493	460	420	420	400	-33	-6.7	-40	-8.7	-20	-4.8
Subtotal	12,902	13,073	13,855	13,925	14,535	171	1.3	852	6.1	610	4.4
Townships	8,852	9,186	9,990	10,050	10,600	334	3.8	864	9.4	550	5.5
Fillmore County Total	21,754	22,259	23,845	23,975	25,135	505	2.3	1,716	7.7	1,160	4.8
Minnesota	4,375,099	4,919,479	5,320,000	5,445,000	5,940,000	544,380	12.4	525,521	10.7	495,000	9.1

Sources: U.S. Census, Minnesota Demographic Center, Maxfield Research Inc.

TABLE 2
HOUSEHOLD GROWTH TRENDS AND PROJECTIONS
FILLMORE COUNTY
1990 - 2020

	Census		Estimate 2008	Projection		1990 - 2000		Change 2000-2010		2010-2020	
	1990	2000		2010	2020	No.	Pct.	No.	Pct.	No.	Pct.
	Cities										
Canton	160	157	155	155	150	-3	-1.9	-2	-1.1	-5	-3.4
Chatfield	846	930	1,090	1,105	1,225	84	9.9	175	18.8	120	10.9
Fountain	126	131	155	155	175	5	4.0	24	18.3	20	12.9
Hamony	461	477	532	540	575	16	3.5	63	13.2	35	6.5
Lanesboro	385	384	400	405	415	-1	-0.3	21	5.5	10	2.5
Mabel	316	337	377	380	400	21	6.6	43	12.8	20	5.3
Ostrander	99	100	100	100	95	1	1.0	0	0.0	-5	-5.0
Peterson	101	98	95	95	95	-3	-3.0	-3	-3.1	0	0.0
Preston	584	583	630	635	665	-1	-0.2	52	8.9	30	4.7
Rushford	628	704	775	785	820	76	12.1	81	11.5	35	4.5
Rushford Village	219	264	300	305	330	45	20.5	41	15.5	25	8.2
Spring Valley	1,001	1,026	1,100	1,105	1,160	25	2.5	79	7.7	55	5.0
Whalan*	42	34	22	20	25	-8	-19.0	-14	-41.2	5	25.0
Wykoff	198	207	205	205	200	9	4.5	-2	-1.0	-5	-2.4
Subtotal	5,166	5,432	5,936	5,990	6,330	266	5.1	558	9.3	340	5.4
Townships	3,009	3,217	3,650	3,700	4,000	208	6.9	483	15.0	300	8.1
Fillmore County Total	8,175	8,649	9,586	9,690	10,330	474	5.8	1,041	12.0	640	7.4
Minnesota	1,647,853	1,895,127	2,078,000	2,141,800	2,374,000	247,274	15.0	246,673	13.0	232,200	12.3

* As of 2008, Whalan's housing stock consists of 22 homes occupied by permanent residents and 18 that are occupied seasonally.

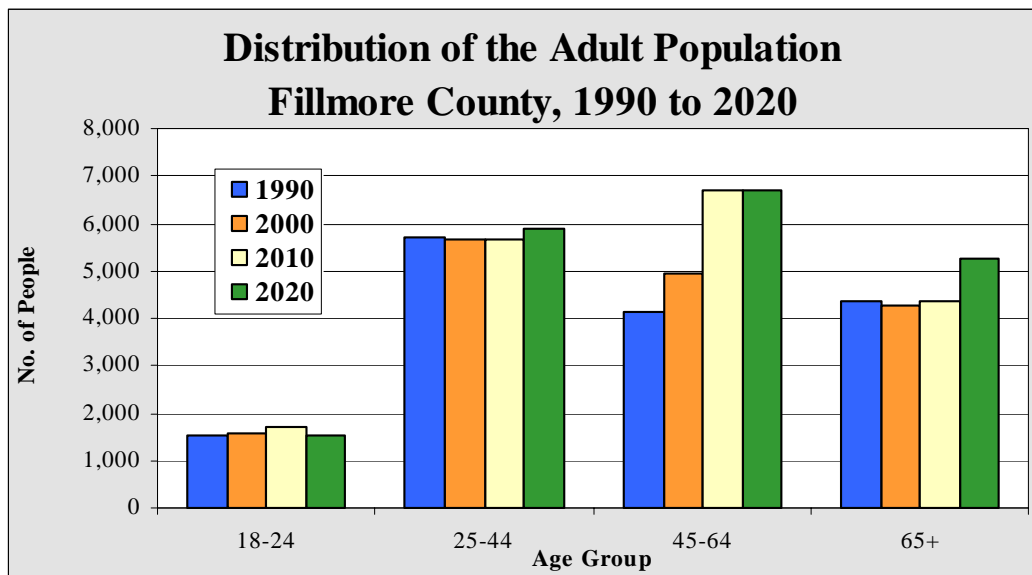
Sources: U.S. Census, Minnesota Demographic Center, Maxfield Research Inc.

- ▶ The higher rate of household growth compared to population growth in the County can be attributed to declining household sizes (2.66 people per household in 1990 to 2.57 in 2000 and a projected 2.46 in 2010). These rates are declining because of several factors, including the aging of the population, couples’ decisions to have fewer children than their parents or no children at all, as well as an increase in single-person households. In 2020, the average household size is projected to decline to 2.43 people per household.

Population Age Distribution Trends

Table 3 shows the age distribution of Fillmore County’s population in 1990 and 2000, as well as projections for 2010 and 2020. The 1990 and 2000 distributions are from the U.S. Census, while the projections were made by Maxfield Research Inc. based on data from the State Demographic Center and Claritas Inc. The tables show the age distribution for each community in the County, as well as the townships as a whole. The following are key trends noted in the age distribution of Fillmore County’s population:

- ▶ With the aging of the baby boom generation, the greatest growth in Fillmore County from 2010 to 2020 will be among people age 55 to 74, as their population is projected to increase by 32% – or a total of about 1,600 people. This growth will increase the demand for maintenance-free living, such as townhomes.
- ▶ With an increasing proportion of the population becoming empty-nesters, the number of children age 17 and under is project to grow only slightly. The younger adult population is projected to decline, losing 320 people between the ages of 25 and 34 between 2010 and 2020. The adult population is also projected to decline, losing 670 people between the ages of 45 and 54 between 2010 and 2020. However, the 35 to 44 age group is projected to grow, adding 485 people.



**TABLE 3
POPULATION AGE DISTRIBUTION
FILLMORE COUNTY
1990 to 2020**

Fillmore County Total								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	6,069	5,856	5,535	5,765	-321	-5.5	230	4.2
18-24	1,506	1,558	1,690	1,510	132	8.5	-180	-10.7
25-34	2,919	2,317	2,890	2,570	573	24.7	-320	-11.1
35-44	2,791	3,334	2,785	3,260	-549	-16.5	475	17.1
45-54	2,028	2,862	3,660	2,995	798	27.9	-665	-18.2
55-64	2,092	2,077	3,020	3,720	943	45.4	700	23.2
65-74	2,172	1,944	1,970	2,875	26	1.3	905	45.9
75+	2,177	2,311	2,425	2,440	114	4.9	15	0.6
Total	21,754	22,259	23,975	25,135	1,716	7.9	1,160	5.2
Canton								
Age:	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	89	75	55	45	-20	-26.7	-10	-18.2
18-24	22	18	15	15	-3	-16.7	0	0.0
25-34	47	27	25	20	-2	-7.4	-5	-20.0
35-44	49	60	40	35	-20	-33.3	-5	-12.5
45-54	25	49	60	40	11	22.4	-20	-33.3
55-64	43	28	55	65	27	96.4	10	18.2
65-74	44	45	30	60	-15	-33.3	30	100.0
75+	43	41	45	30	4	9.8	-15	-33.3
Total	362	343	325	310	-18	-5.0	-15	-4.4
Chatfield								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	581	622	655	745	33	5.3	90	13.7
18-24	167	178	215	210	37	20.8	-5	-2.3
25-34	340	314	400	430	86	27.4	30	7.5
35-44	274	374	370	430	-4	-1.1	60	16.2
45-54	201	244	360	340	116	47.5	-20	-5.6
55-64	194	167	215	300	48	28.7	85	39.5
65-74	223	199	180	240	-19	-9.5	60	33.3
75+	246	296	315	305	19	6.4	-10	-3.2
Total	2,226	2,394	2,735	3,000	316	14.2	290	12.1

**TABLE 3
POPULATION AGE DISTRIBUTION
FILLMORE COUNTY
1990 to 2020
(continued)**

Fountain								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	92	90	95	110	5	5.6	15	15.8
18-24	32	39	45	50	6	15.4	5	11.1
25-34	51	42	60	55	18	42.9	-5	-8.3
35-44	37	62	55	70	-7	-11.3	15	27.3
45-54	30	34	60	50	26	76.5	-10	-16.7
55-64	32	29	35	50	6	20.7	15	42.9
65-74	31	23	25	30	2	8.7	5	20.0
75+	22	24	25	25	1	4.2	0	0.0
Total	327	343	400	440	57	17.4	40	11.7
Harmony								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	239	223	195	190	-28	-12.6	-5	-2.6
18-24	66	54	60	50	6	11.1	-10	-16.7
25-34	116	94	95	95	1	1.1	0	0.0
35-44	128	135	120	115	-15	-11.1	-5	-4.2
45-54	83	132	155	135	23	17.4	-20	-12.9
55-64	119	112	185	210	73	65.2	25	13.5
65-74	143	125	125	205	0	0.0	80	64.0
75+	187	205	215	210	10	4.9	-5	-2.3
Total	1,081	1,080	1,150	1,210	70	6.5	60	5.6
Lanesboro								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	206	142	130	105	-12	-8.5	-25	-19.2
18-24	70	54	45	35	-9	-16.7	-10	-22.2
25-34	92	77	70	55	-7	-9.1	-15	-21.4
35-44	119	115	110	95	-5	-4.3	-15	-13.6
45-54	68	129	135	120	6	4.7	-15	-11.1
55-64	77	98	180	200	82	83.7	20	11.1
65-74	120	71	105	170	34	47.9	65	61.9
75+	106	102	80	85	-22	-21.6	5	6.3
Total	858	788	855	865	67	7.8	10	1.3

**TABLE 3
POPULATION AGE DISTRIBUTION
FILLMORE COUNTY
1990 to 2020
(continued)**

Mabel								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	136	154	155	175	1	0.6	20	12.9
18-24	32	39	50	40	11	28.2	-10	-20.0
25-34	76	63	90	85	27	42.9	-5	-5.6
35-44	73	81	70	80	-11	-13.6	10	14.3
45-54	48	86	100	85	14	16.3	-15	-15.0
55-64	96	70	120	130	50	71.4	10	8.3
65-74	117	105	80	140	-25	-23.8	60	75.0
75+	167	168	170	135	2	1.2	-35	-20.6
Total	745	766	835	870	69	9.3	35	4.6
Ostrander								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	53	40	40	35	0	0.0	-5	-12.5
18-24	12	10	15	10	5	50.0	-5	-33.3
25-34	21	22	25	20	3	13.6	-5	-20.0
35-44	33	21	30	30	9	42.9	0	0.0
45-54	19	31	25	30	-6	-19.4	5	20.0
55-64	23	18	35	25	17	94.4	-10	-28.6
65-74	45	27	25	45	-2	-7.4	20	80.0
75+	70	43	35	25	-8	-18.6	-10	-28.6
Total	276	212	230	220	18	6.5	-10	-4.7
Peterson								
	Population				Change			
	1990	2000	2010	2020	1990-2000		2000-2010	
					2000-2010		2010-2020	
17 & under	75	51	40	35	-11	-21.6	-5	-12.5
18-24	17	17	15	10	-2	-11.8	-5	-33.3
25-34	22	19	20	15	1	5.3	-5	-25.0
35-44	35	34	30	30	-4	-11.8	0	0.0
45-54	28	38	35	30	-3	-7.9	-5	-14.3
55-64	22	25	35	30	10	40.0	-5	-14.3
65-74	34	27	30	40	3	11.1	10	33.3
75+	26	58	45	50	-13	-22.4	5	11.1
Total	259	269	250	240	-19	-7.3	-10	-3.7

TABLE 3
POPULATION AGE DISTRIBUTION
FILLMORE COUNTY
1990 to 2020
(continued)

Preston								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	387	335	260	255	-75	-22.4	-5	-1.9
18-24	121	75	75	65	0	0.0	-10	-13.3
25-34	216	157	120	130	-37	-23.6	10	8.3
35-44	192	217	170	140	-47	-21.7	-30	-17.6
45-54	113	165	210	175	45	27.3	-35	-16.7
55-64	170	132	210	280	78	59.1	70	33.3
65-74	130	159	125	210	-34	-21.4	85	68.0
75+	201	186	270	230	84	45.2	-40	-14.8
Total	1,530	1,426	1,440	1,480	14	0.9	45	3.2

Rushford								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	397	390	340	335	-50	-12.8	-5	-1.5
18-24	99	120	115	95	-5	-4.2	-20	-17.4
25-34	216	180	215	195	35	19.4	-20	-9.3
35-44	192	221	180	200	-41	-18.6	20	11.1
45-54	101	214	240	190	26	12.1	-50	-20.8
55-64	142	129	260	285	131	101.6	25	9.6
65-74	172	164	150	300	-14	-8.5	150	100.0
75+	166	278	265	240	-13	-4.7	-25	-9.4
Total	1,485	1,696	1,770	1,840	69	4.6	75	4.4

Rushford Village								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	159	198	175	165	-23	-11.6	-10	-5.7
18-24	59	41	60	45	19	46.3	-15	-25.0
25-34	76	69	55	75	-14	-20.3	20	36.4
35-44	91	120	110	80	-10	-8.3	-30	-27.3
45-54	73	115	155	140	40	34.8	-15	-9.7
55-64	67	79	125	160	46	58.2	35	28.0
65-74	57	54	65	100	11	20.4	35	53.8
75+	123	38	45	55	7	18.4	10	22.2
Total	705	714	790	820	76	10.8	30	4.2

**TABLE 3
POPULATION AGE DISTRIBUTION
FILLMORE COUNTY
1990 to 2020
(continued)**

Spring Valley								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	655	656	620	650	-36	-5.5	30	4.8
18-24	186	209	225	190	16	7.7	-35	-15.6
25-34	354	290	375	365	85	29.3	-10	-2.7
35-44	313	362	300	350	-62	-17.1	50	16.7
45-54	209	312	390	310	78	25.0	-80	-20.5
55-64	193	201	300	360	99	49.3	60	20.0
65-74	241	193	200	280	7	3.6	80	40.0
75+	310	295	265	275	-30	-10.2	10	3.8
Total	2,461	2,518	2,675	2,780	157	6.4	105	4.2

Whalen								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	20	11	5	7	-6	-54.5	2	40.0
18-24	6	5	3	4	-2	-40.0	1	33.3
25-34	10	5	4	4	-1	-20.0	0	0.0
35-44	18	9	5	6	-4	-44.4	1	20.0
45-54	8	13	7	9	-6	-46.2	2	28.6
55-64	15	5	8	9	3	60.0	1	12.5
65-74	9	13	4	6	-9	-69.2	2	50.0
75+	8	3	4	5	1	33.3	1	25.0
Total	94	64	40	50	-24	-25.5	10	15.6

Wykoff								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	139	93	75	70	-18	-19.4	-5	-6.7
18-24	24	36	20	20	-16	-44.4	0	0.0
25-34	76	45	55	40	10	22.2	-15	-27.3
35-44	52	65	35	50	-30	-46.2	15	42.9
45-54	43	57	65	35	8	14.0	-30	-46.2
55-64	47	44	55	65	11	25.0	10	18.2
65-74	49	49	45	55	-4	-8.2	10	22.2
75+	63	71	70	65	-1	-1.4	-5	-7.1
Total	493	460	420	400	-40	-8.1	-20	-4.3

TABLE 3 POPULATION AGE DISTRIBUTION FILLMORE COUNTY 1990 to 2020 (continued)								
Townships								
	Population				Change			
	1990	2000	2010	2020	2000-2010		2010-2020	
					No.	Pct.	No.	Pct.
17 & under	2,841	2,776	2,695	2,845	-81	-2.9	150	5.6
18-24	593	663	730	670	67	10.1	-60	-8.2
25-34	1,206	913	1,280	980	367	40.2	-300	-23.4
35-44	1,185	1,458	1,160	1,555	-298	-20.4	395	34.1
45-54	979	1,243	1,665	1,305	422	34.0	-360	-21.6
55-64	852	940	1,200	1,550	260	27.7	350	29.2
65-74	757	690	785	995	95	13.8	210	26.8
75+	439	503	575	705	72	14.3	130	22.6
Total	8,852	9,186	10,050	10,600	904	10.2	515	5.6

Sources: Census Bureau; MN Demographic Center; Claritas Inc.; Maxfield Research Inc.

- ▶ When the first baby boomers begin turning age 75 shortly after 2020, demand for senior housing will rise dramatically. Until then, most demand from baby boomers will continue to be for single-family homes and, increasingly, for townhomes.

Household Tenure

Table 4 shows the number of owner and renter households in Fillmore County in 1990, 2000, and an estimate for 2008. Table 5 shows the estimated number of owner and renter households by age of householder in each of the communities and the townships as a whole in 2008. The 1990 and 2000 figures are from the Census Bureau and the 2008 figures are estimated by Maxfield Research, based on recent housing trends. Key points derived from the tables are:

- ▶ In 1990, about 79% of all households in Fillmore County owned their housing. By 2000, that percentage increased slightly to 81%, as about 93% of the new households added during the 1990s were owners. Based on recent development trends, we project that the 2008 homeownership rate is 82.6%. The increasing homeownership rate is primarily due to the aging of the baby boomers into peak homeownership years, increased development of single-family homes in the County, and low mortgage interest rates that made homeownership more obtainable for younger households.

- ▶ Table 5 shows that renter growth in Fillmore County during the 1990s was concentrated in the communities, particularly Chatfield, which gained a total of 21 renters. However, the townships lost a total of -112 renters. The loss of renters in the townships is due primarily to fewer homes being available for rent, while renter growth in the communities is due to new apartment developments (senior and general-occupancy), as well as single-family homes being rented. These trends are projected to continue through 2020.
- ▶ As households progress through their life cycle, housing needs change. The proportion of renter households decreases significantly as households age out of their young-adult years. However, by the time households reach their senior years, rental housing often becomes a more viable option than homeownership, as seniors look for more maintenance-free housing options.

TABLE 4 HOUSEHOLD TENURE TRENDS FILLMORE COUNTY 1990 - 2008									
	Households						Change, 2000 to 2008		
	1990		2000		2008		Own	Rent	Pct. Owner
	Own	Rent	Own	Rent	Own	Rent			
Cities									
Canton	118	42	140	17	138	17	-2	0	--
Chatfield	655	191	718	212	862	228	144	16	90.0%
Fountain	113	13	110	21	122	33	12	12	50.0%
Harmony	357	104	377	100	393	139	16	39	29.1%
Lanesboro	282	103	284	100	298	102	14	2	87.5%
Mabel	265	51	282	55	294	83	12	28	30.0%
Ostrander	84	15	80	20	79	21	-1	1	--
Peterson	88	13	78	20	76	19	-2	-1	66.7%
Preston	446	138	459	124	481	149	22	25	46.8%
Rushford	456	172	529	175	621	154	92	-21	129.6%
Rushford Village	192	27	244	20	282	18	38	-2	105.6%
Spring Valley	757	244	786	240	838	262	52	22	70.3%
Whalan	38	4	30	4	20	2	-10	-2	--
Wykoff	174	24	176	31	175	30	-1	-1	--
Subtotal	4,025	1,141	4,293	1,139	4,679	1,257	386	118	76.6%
Townships	2,409	600	2,729	488	3,238	412	509	-76	117.6%
Fillmore County	6,434	1,741	7,022	1,627	7,917	1,669	895	42	95.5%
Homeownership Rate	78.7%		81.2%		82.6%				

Sources: U.S. Census; Claritas Inc.; Maxfield Research Inc.

**TABLE 5
TENURE BY AGE
FILLMORE COUNTY
2008**

	Age 15 - 24		Age 25 - 34		Age 35 - 44		Age 45 - 54		Age 55 - 64		Age 65 - 74		Age 75+		Total	
	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent	Own	Rent
Cities																
Canton	2	1	8	5	16	2	34	2	31	1	15	1	33	4	139	16
Chatfield	18	46	144	70	179	23	184	23	112	13	89	13	135	41	861	229
Fountain	3	6	23	12	23	4	28	4	19	1	10	2	16	4	122	33
Harmony	8	9	24	25	60	10	78	9	88	15	56	16	79	55	393	139
Lanesboro	2	7	15	23	44	14	69	6	101	6	36	23	32	22	299	101
Mabel	12	5	37	16	36	6	49	7	60	5	46	10	55	33	295	82
Ostrander	2	2	9	2	16	1	10	1	15	2	11	4	17	8	80	20
Peterson	0	1	7	4	12	5	17	3	16	1	14	2	11	2	77	18
Preston	7	17	46	25	63	18	101	21	102	9	63	13	100	45	482	148
Rushford	14	22	80	34	86	13	122	12	139	14	85	8	95	51	621	154
Rushford Village	5	3	26	1	48	2	76	6	58	1	41	1	28	4	282	18
Spring Valley	18	50	140	47	148	23	204	27	148	13	98	17	80	87	836	264
Whalan	1	0	2	0	2	1	4	0	4	1	3	0	4	0	20	2
Wykoff	1	5	23	12	17	2	34	2	32	4	23	3	44	3	174	31
Subtotal	93	174	584	276	750	124	1,010	123	925	86	590	113	729	359	4,681	1,255
Townships	44	56	395	181	532	65	820	55	616	12	448	13	382	31	3,237	413
Fillmore County	137	230	979	457	1,282	189	1,830	178	1,541	98	1,038	126	1,111	390	7,918	1,668

Sources: U.S. Census, Maxfield Research Inc.

Household Income

The estimated distribution of households by income in Fillmore County for 2008 and 2013 is shown in Tables 6 and 7. The data was estimated by Maxfield Research and is based on income trends provided by Claritas Inc., a national demographics firm. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

The Department of Housing and Urban Development defines affordable housing costs as less than 30% of a household’s adjusted gross income. Maxfield Research Inc. uses a figure of 25% to 30% for younger households and 40% or more for seniors, since seniors generally have lower living expenses and can often sell their homes and use the proceeds toward housing payments.

The following are key points from Table 7:

- ▶ The overall median household income in Fillmore County is estimated at about \$46,700 in 2008. This is lower than the state median of \$56,800. However, the state median is boosted by much higher incomes in the Twin Cities Metro Area, which had a median household income of \$62,850 in 2008.
- ▶ As shown in Table 6 and the chart below, Fillmore County’s median income peaks in the 45-to-54-year-old age group at about \$62,500, as these householders are generally in their peak earning years. Seniors over age 75 had the lowest median income at under \$24,000. While their incomes are lower, most seniors also have fewer expenses and often own their home out-right.

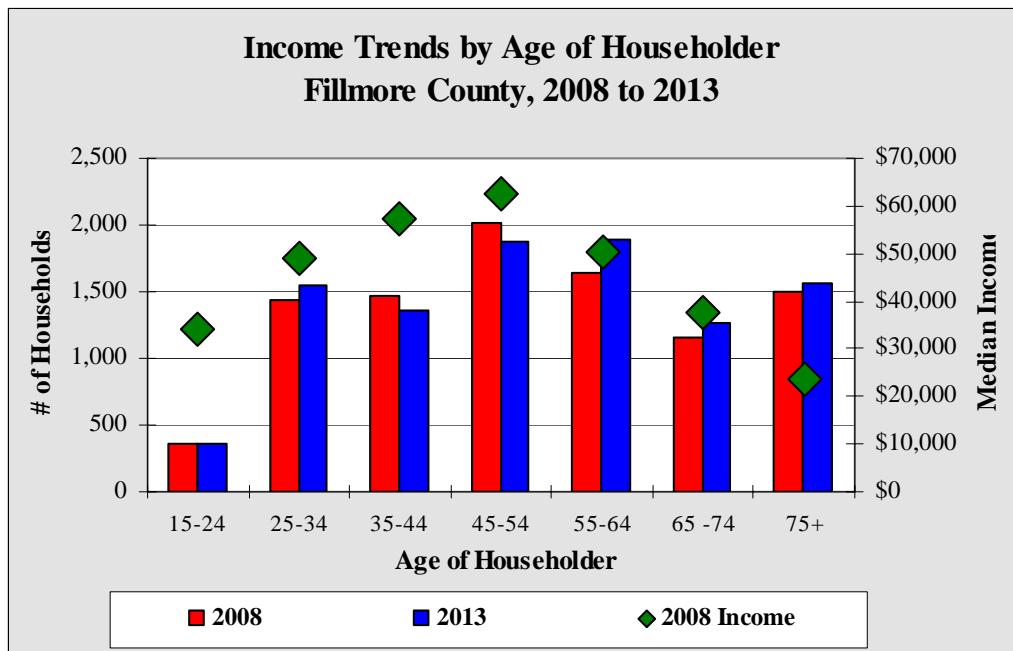


TABLE 6
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
FILLMORE COUNTY
(Number of Households)
2008

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	
Communities								
Less than \$15,000	624	41	58	60	61	96	76	232
\$15,000 to \$24,999	666	54	41	58	78	95	112	230
\$25,000 to \$34,999	726	27	99	94	104	139	115	149
\$35,000 to \$49,999	1,058	77	194	127	150	155	155	201
\$50,000 to \$74,999	1,429	35	270	286	298	267	125	149
\$75,000 to \$99,999	763	8	140	124	236	131	56	68
\$100,000 or more	669	25	59	126	206	129	65	60
Total	5,936	267	860	874	1,133	1,011	703	1,088
<i>Median Income</i>	<i>\$48,487</i>	<i>\$37,230</i>	<i>\$53,581</i>	<i>\$58,632</i>	<i>\$64,546</i>	<i>\$51,997</i>	<i>\$39,722</i>	<i>\$30,526</i>
Townships								
Less than \$15,000	511	14	58	42	59	72	91	175
\$15,000 to \$24,999	500	6	76	59	45	79	61	174
\$25,000 to \$34,999	500	47	105	73	71	74	84	45
\$35,000 to \$49,999	563	14	107	97	153	106	92	-6
\$50,000 to \$74,999	868	12	159	145	267	154	102	29
\$75,000 to \$99,999	455	3	53	129	176	84	10	0
\$100,000 or more	254	4	17	52	105	61	20	-5
Total	3,650	100	576	597	875	628	461	413
<i>Median Income</i>	<i>\$43,367</i>	<i>\$31,329</i>	<i>\$41,783</i>	<i>\$54,638</i>	<i>\$60,260</i>	<i>\$47,828</i>	<i>\$34,289</i>	<i>\$16,815</i>
Fillmore County								
Less than \$15,000	1,136	56	116	102	119	168	168	407
\$15,000 to \$24,999	1,166	59	117	116	123	173	173	404
\$25,000 to \$34,999	1,225	74	204	167	176	212	198	194
\$35,000 to \$49,999	1,621	91	301	224	303	260	246	195
\$50,000 to \$74,999	2,297	48	429	431	565	420	227	177
\$75,000 to \$99,999	1,218	11	193	253	412	215	66	68
\$100,000 or more	923	28	76	178	310	191	85	55
Total	9,586	367	1,436	1,471	2,008	1,639	1,164	1,501
<i>Median Income</i>	<i>\$46,709</i>	<i>\$34,197</i>	<i>\$49,004</i>	<i>\$57,289</i>	<i>\$62,522</i>	<i>\$50,356</i>	<i>\$37,607</i>	<i>\$23,499</i>
Sources: Claritas, Inc. Maxfield Research Inc.								

TABLE 7
HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER
FILLMORE COUNTY
(Number of Households)
2013

	Age of Householder							
	Total	15-24	25-34	35-44	45-54	55-64	65 -74	
Communities								
Less than \$15,000	499	37	52	49	47	110	75	129
\$15,000 to \$24,999	532	33	45	38	62	81	81	193
\$25,000 to \$34,999	672	37	63	64	86	131	96	195
\$35,000 to \$49,999	1,003	47	217	88	100	146	160	244
\$50,000 to \$74,999	1,391	76	277	194	222	255	149	219
\$75,000 to \$99,999	947	18	184	139	224	198	86	98
\$100,000 or more	1,142	33	147	148	302	244	112	157
Total	6,186	280	984	721	1,043	1,165	759	1,234
<i>Median Income</i>	<i>\$56,945</i>	<i>\$45,760</i>	<i>\$60,405</i>	<i>\$65,503</i>	<i>\$75,436</i>	<i>\$61,204</i>	<i>\$46,946</i>	<i>\$41,157</i>
Townships								
Less than \$15,000	495	9	45	42	51	79	90	178
\$15,000 to \$24,999	461	18	70	52	25	91	68	138
\$25,000 to \$34,999	450	24	89	57	66	70	90	54
\$35,000 to \$49,999	529	21	98	118	125	114	71	-18
\$50,000 to \$74,999	814	7	134	145	241	156	134	-3
\$75,000 to \$99,999	523	3	89	122	159	111	40	-0
\$100,000 or more	422	3	41	109	163	107	16	-17
Total	3,695	85	566	646	830	727	509	332
<i>Median Income</i>	<i>\$47,507</i>	<i>\$31,392</i>	<i>\$47,139</i>	<i>\$59,133</i>	<i>\$65,365</i>	<i>\$51,639</i>	<i>\$36,308</i>	<i>\$13,971</i>
Fillmore County								
Less than \$15,000	994	46	97	92	98	189	166	307
\$15,000 to \$24,999	994	51	115	90	87	172	148	331
\$25,000 to \$34,999	1,122	61	151	122	152	201	186	249
\$35,000 to \$49,999	1,532	68	315	207	225	260	231	226
\$50,000 to \$74,999	2,205	82	411	340	464	411	283	215
\$75,000 to \$99,999	1,470	21	273	261	383	308	127	97
\$100,000 or more	1,564	36	188	257	465	351	127	140
Total	9,881	365	1,550	1,367	1,873	1,892	1,268	1,566
<i>Median Income</i>	<i>\$53,385</i>	<i>\$40,526</i>	<i>\$55,868</i>	<i>\$62,777</i>	<i>\$70,196</i>	<i>\$57,571</i>	<i>\$43,672</i>	<i>\$30,820</i>
Sources: Claritas, Inc. Maxfield Research Inc.								

Household Income by Tenure

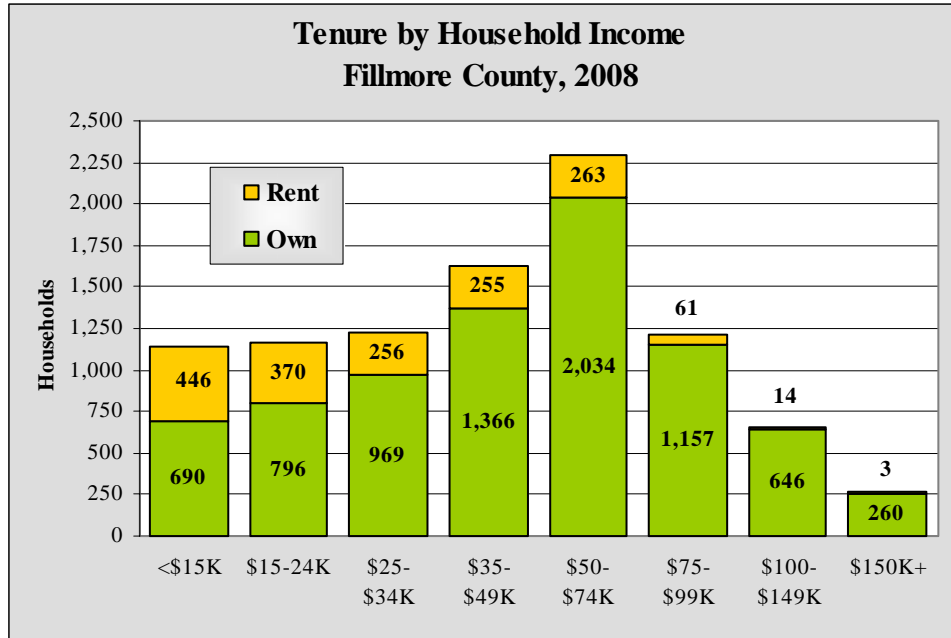
Table 8 and the graph show the estimated number of owner and renter households within eight income ranges in Fillmore County as of 2008. This information is helpful as it shows the impact of income on housing choice.

Key points derived from the table are:

- ▶ There is a positive relationship between income and homeownership, as the percentage of households that own their housing increases with income (from 61% among those with incomes below \$15,000 to 99% among those with incomes of \$150,000 or more).
- ▶ About half of the County’s renters in 2008 had incomes below \$25,000, and based on spending no more than 30% of their income for gross rent, could not afford more than \$650 per month for rent plus utilities. As shown in Table 15 in the *Rental Section* of this report, almost all of the County’s rental units have rents well below \$650 per month.
- ▶ Most affordable rental buildings financed with the Low Income Housing Tax Credit program have income limits set at 60% of median household income – or \$23,820 for a single-person household increasing to \$36,720 for a five-person household. Adjusting for household size, we estimate that about 15% to 20% of the County’s current renters – or just over 250 renters – would be income-eligible for affordable rental developments. About 40% of the renters have very-low-incomes and would be eligible for deep-subsidized rental buildings where residents pay 30% of their adjusted gross income for rent. The remaining 40% to 45% of renters have higher incomes and would seek market rate units.

TABLE 8 TENURE BY HOUSEHOLD INCOME FILLMORE COUNTY 2008				
	Own		Rent	
	No.	Pct.	No.	Pct.
Less than \$15,000	690	60.8	446	39.2
\$15,000 to \$24,999	796	68.3	370	31.7
\$25,000 to \$34,999	969	79.1	256	20.9
\$35,000 to \$49,999	1,366	84.2	255	15.8
\$50,000 to \$74,999	2,034	88.6	263	11.4
\$75,000 to \$99,999	1,157	95.0	61	5.0
\$100,000 to \$149,999	646	97.9	14	2.1
\$150,000 or more	260	98.9	3	1.1
<i>Total</i>	7,918	82.6	1,668	17.4
Median Income	\$51,700		\$25,700	
Source: US Census Bureau; Maxfield Research Inc.				

- ▶ It is likely that most of the 1,500 owner households with incomes below \$25,000 in 2008 were seniors. Most own their homes outright, and thus their monthly housing expense is still low since they do not have a mortgage. Otherwise, most buyers of single-family homes need incomes well above \$25,000 to afford the monthly cost.



Household Type

Table 9 on the following page show a breakdown of the type of households present in Fillmore County in 1990 and 2000 and estimated for 2008. The 1990 and 2000 figures are from the U. S. Census Bureau, while the 2008 estimates are made by Maxfield Research based on data from Claritas Inc. and the Minnesota Demographic Center. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred. Key points derived from the table are:

- ▶ Since 1990, Fillmore County has seen a decreasing proportion of married couples with children and an increase in the proportion of married couples without children, non-family households and other family households. This shift has occurred throughout Minnesota and is due to several factors, including couples waiting longer to have children, baby boomers aging into their empty nester years, an increase in single parents, and the societal trend of unmarried couples living together.
- ▶ Overall, the communities in Fillmore County have a much greater proportion of persons living alone and a lower proportion of married couples with children. This is largely due to the number of seniors living in apartments or single-family homes. This is a trend that is likely to continue through 2020, as single seniors often move from rural areas into communities and many families seek housing on larger estates in rural areas.

**TABLE 9
HOUSEHOLD TYPE TRENDS
FILLMORE COUNTY
1990 to 2008**

	Non - Family									Family								
	Total Households			Persons Living Alone			Other (Roommates)			Married With Children			Married W/O Children			Other Family		
	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008	1990	2000	2008
Number of Households																		
Canton	160	157	155	61	52	50	1	10	13	35	30	27	49	42	41	14	23	24
Chatfield	846	958	1,090	224	255	320	21	42	45	250	259	285	290	265	306	61	109	134
Fountain	126	136	155	35	27	35	2	9	12	41	40	44	38	49	56	10	6	8
Harmony	461	499	532	156	164	181	12	14	29	98	82	83	153	165	180	42	52	59
Lanesboro	385	386	400	154	144	159	14	19	18	72	61	57	111	135	138	34	25	28
Mabel	316	343	377	109	127	150	2	11	9	61	41	40	124	122	134	20	36	44
Ostrander	99	102	100	32	32	34	3	3	3	22	18	14	38	37	37	4	10	12
Peterson	101	99	95	26	29	30	0	3	4	26	18	14	34	38	37	15	10	10
Preston	584	594	630	163	192	218	19	17	20	149	134	130	191	186	200	62	54	62
Rushford	628	719	775	209	245	285	14	25	30	157	160	158	181	207	225	67	67	77
Rushford Village	219	271	300	39	42	55	4	7	12	80	77	76	84	118	135	12	20	22
Spring Valley	1,001	1,052	1,100	290	309	344	25	54	58	264	237	236	307	289	303	115	137	159
Whalan	42	34	22	13	16	9	2	2	3	8	6	3	14	6	4	5	4	3
Wykoff	198	209	205	52	59	62	7	10	11	52	33	27	71	81	80	16	24	25
Subtotal	5,166	5,559	5,936	1,563	1,693	1,932	126	226	267	1,315	1,196	1,194	1,685	1,740	1,876	477	577	667
Townships	3,009	3,245	3,650	473	571	688	69	111	127	1,141	1,034	1,096	1,155	1,288	1,514	171	213	225
Fillmore County	8,175	8,808	9,586	2,036	2,264	2,620	195	337	394	2,456	2,230	2,290	2,840	3,028	3,390	648	790	892
Percent of All Households																		
Communities	100.0	100.0	100.0	30.3	30.5	32.5	2.4	4.1	4.5	25.5	21.5	20.1	32.6	31.3	31.6	9.2	10.4	11.2
Townships	100.0	100.0	100.0	15.7	17.6	18.8	2.3	3.4	3.5	37.9	31.9	30.0	38.4	39.7	41.5	5.7	6.6	6.2
Fillmore County	100.0	100.0	100.0	24.9	25.7	27.3	2.4	3.8	4.1	30.0	25.3	23.9	34.7	34.4	35.4	7.9	9.0	9.3
Minnesota	100.0	100.0	100.0	25.1	26.9	27.8	6.3	6.9	6.7	28.4	25.2	22.8	28.8	28.5	29.4	11.4	12.5	13.2
Sources: U.S. Census Bureau (1990 & 2000); Claritas Inc.; Maxfield Research Inc.																		

Employment Growth Trends

Since employment growth generally fuels household growth, employment trends are a reliable indicator of housing demand. Typically, households prefer to live near work for convenience. Employment growth trends and projections for Fillmore County are shown in Tables 10 through 13. The following are key trends derived from the employment data:

Jobs Located in Fillmore County

Table 10 shows data on covered employment for Fillmore County in 2000 and 2007. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Most farm jobs, self-employed people, and some other types of jobs are not covered by unemployment insurance and are not included in the table. The data comes from the Employment and Economic Development Department.

- ▶ The number of jobs in Fillmore County declined slightly from about 6,800 in 2000 to 6,400 in 2007. With no job growth, most housing demand will be generated from people commuting to jobs located elsewhere, replacement of obsolete housing, or seniors moving into alternatives to their single-family homes. Much of the housing growth in Spring Valley and Chatfield earlier this decade was generated by people working in Rochester.
- ▶ Between 2000 and 2007, goods-producing jobs (mining, manufacturing, and construction) and service jobs decreased while government jobs increased slightly in Fillmore County. This is similar to what has happened in most locations around the nation, in which manufacturing jobs declined and service jobs increased, largely due to the expanding medical field.
- ▶ The average annual wage of jobs in the County increased by 22% between 2000 and 2007, to about \$26,500. Although dependant on household size, most households with an income of \$26,500 would qualify for housing that is income-restricted. It should be noted, however, that most households with two people earning the average annual wage would be able to afford market rate rental or for-sale housing.

TABLE 10
COVERED EMPLOYMENT BY INDUSTRY
FILLMORE COUNTY
 Annual Average 2000 and 2007

	2000		2007			Change		
	Employment	Avg. Wage	Employment	Avg. Wage	No.	Pct.		
Goods Producing Industries	1,715	25.3%	\$27,820	1,465	23.0%	\$34,788	-250	-14.6%
Natural Resources & Mining	173	2.6%	\$16,900	191	3.0%	\$21,268	18	10.4%
Construction	261	3.8%	\$28,236	306	4.8%	\$35,256	45	17.2%
Manufacturing	1,281	18.9%	\$29,224	969	15.2%	\$37,284	-312	-24.4%
Service Providing Domain	3,720	74.7%	\$18,408	3,559	55.8%	\$22,412	-161	-4.3%
Retail Trade	828	12.2%	\$17,368	719	11.3%	\$20,436	-109	-13.2%
TWU** & Wholesale Trade	482	7.1%	\$30,302	488	7.6%	\$40,012	6	1.2%
Information	99	1.5%	\$23,296	79	1.2%	\$26,832	-20	-20.2%
Financial Activities	331	4.9%	\$29,796	320	5.0%	\$33,020	-11	-3.3%
Professional and Business Services	165	2.4%	\$22,516	192	3.0%	\$25,376	27	16.4%
Education & Health Services	814	--	\$17,264	822	12.9%	\$20,644	--	--
Leisure and Hospitality	625	9.2%	\$7,020	588	9.2%	\$8,424	-37	-5.9%
Other Services	375	5.5%	\$13,468	351	5.5%	\$17,316	-24	-6.4%
Government	1,349	19.9%	\$23,244	1,357	21.3%	\$28,236	8	0.6%
Total	6,784	100%	\$21,736	6,381	102%	\$26,468	-403	-5.9%
** Transportation, warehousing, & utilities								
Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.								

Employed People Living in Fillmore County

Table 11 presents resident employment data for Fillmore County from 1990 through 2008 (through September). Resident employment data is calculated as an annual average and reveals the work force and *number of employed people living in the County*. It is important to note that not all of these individuals necessarily work in the County. Table 12 shows commuter patterns to and from Fillmore County based on data obtained from the 2000 Census. The data shows the work destinations for people who live in the County, as well as where employees live who work in the County.

- ▶ While Table 10 showed that there were about 6,400 jobs in Fillmore County in 2007, Table 11 shows that there were over 10,600 employed people in the County in the same year. This indicates that half of all Fillmore County residents are commuting to jobs located outside of the County. This is further highlighted by the worker commuting pattern data shown in Table 12.
- ▶ The labor force in Fillmore County grew rapidly from 1995 to 2000 – adding 1,534 people. It peaked in 2001 with 12,078 people employed and has been declining since.
- ▶ While the size of the labor force has remained steady since 2006, unemployment has been rising (from 4.2% in 2006 to 6.2% in 2008). The current unemployment rate is the highest this decade, and parallels what has been happening with the economic slowdown around the nation.
- ▶ As illustrated in Table 12 and in the map on Page 29, there is a large out migration of workers from Fillmore County. In 2000, roughly two-thirds of Fillmore County residents also worked in Fillmore County, while 25% of the residents commuted to jobs in Olmsted County.
- ▶ Over 80% of the jobs in Fillmore County in 2000 were filled by people living in the County. This is largely due to Fillmore County being mostly rural with fewer jobs than in surrounding counties that have larger regional centers, such as Rochester, Winona, and Austin.

TABLE 11 RESIDENT EMPLOYMENT FILLMORE COUNTY 1990 TO 2008*						
Year	Labor Force	Employment	Unemployment	Unemployment Rate		
				Fillmore County	MN	
1990	10,321	9,844	477	4.6%	4.8%	
1995	10,204	9,727	477	4.7%	3.7%	
2000	11,738	11,371	367	3.1%	3.1%	
2001	12,078	11,635	443	3.7%	3.8%	
2002	11,976	11,467	509	4.3%	4.5%	
2003	11,871	11,283	588	5.0%	4.9%	
2004	11,703	11,127	576	4.9%	4.6%	
2005	11,417	10,931	486	4.3%	4.2%	
2006	11,294	10,825	469	4.2%	4.0%	
2007	11,206	10,632	574	5.1%	4.6%	
2008*	11,202	10,513	689	6.2%	5.3%	
Change 1990-2000						
Number	1,417	1,527	-110	--	--	
Percent	13.7	15.5	-23.1	--	--	
Change 2000-2008						
Number	-536	-858	322	--	--	
Percent	-4.6	-7.5	87.7	--	--	
* 2008 through September						
Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.						

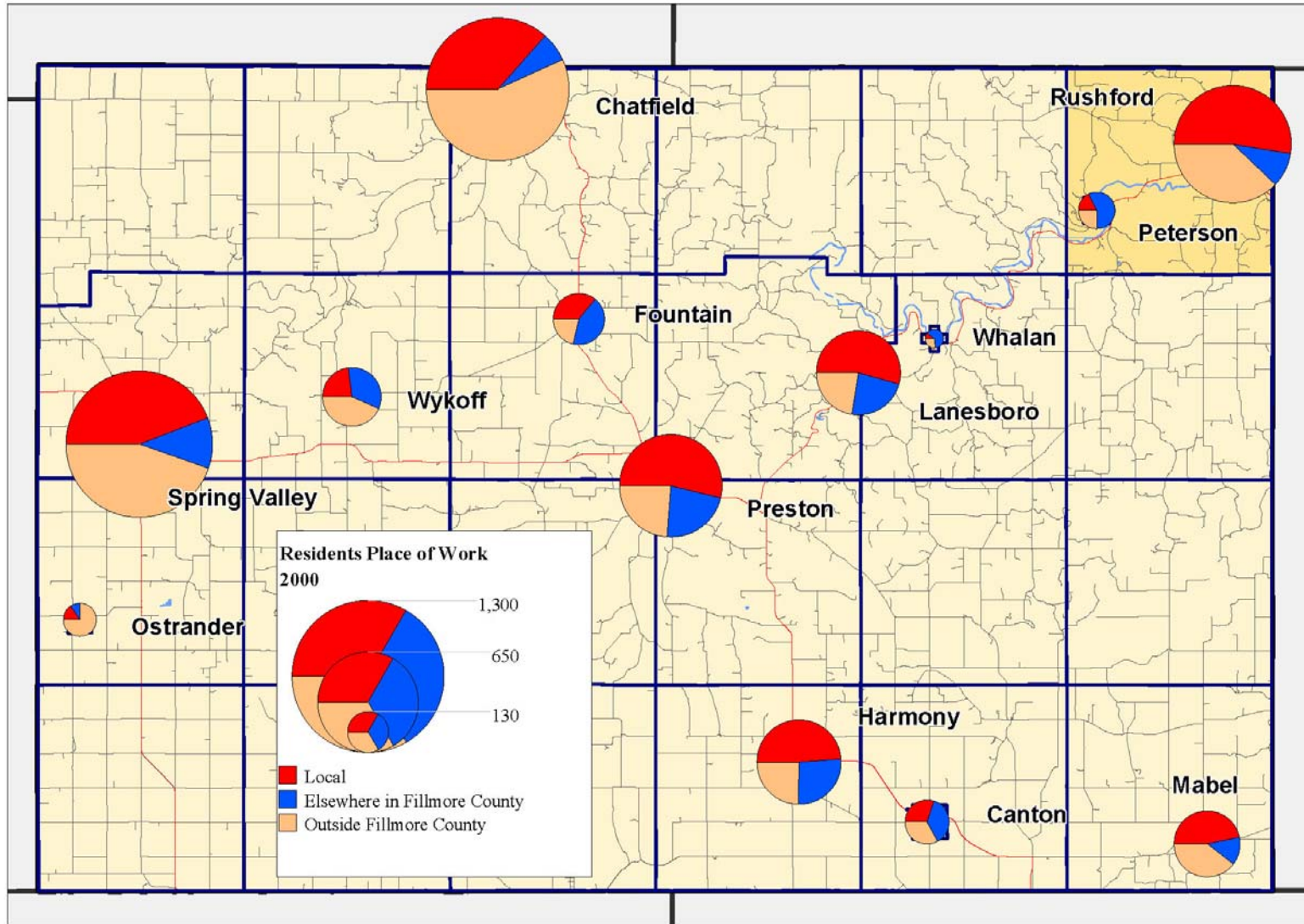
The map on the following page highlights the commuting patterns throughout Fillmore County. The data is from the U.S. Census Bureau for the year 2000, and shows three job destinations – the local community, elsewhere in Fillmore County, and outside of Fillmore County. Key findings from the map are as follows:

- ▶ A quarter of Fillmore County’s workers commuted to jobs in neighboring Olmsted County while 63.0% were employed within the county.
- ▶ Rushford, Preston, and Lanesboro had the greatest percentage of residents that worked locally – a little over half. Harmony and Spring Valley had about slightly less than half of residents working locally.
- ▶ Chatfield is located on the County’s border with Olmstead, and over half of the residents work in Olmstead County. Job growth in Rochester has contributed to Chatfield’s having the greatest household growth in the County.

- ▶ Mabel is located in the very southeastern portion of the County and is only about seven miles west of Spring Grove. With Northern Engraving scheduled to close in February 2009, the loss of its 250 jobs could impact housing demand in Mabel somewhat. However, 2000 commuting pattern data indicated that less than 10% of Mabel’s workforce worked in Spring Grove, and of course, not all of them worked at Northern Engraving. Thus, the closing of Northern Engraving should have a minimal impact on Mabel’s housing demand.

TABLE 12			
FILLMORE COUNTY COMMUTING PATTERNS			
2000			
County of Residence	County of Employment	Count	Percent
Place of Employment for Fillmore County Residents			
Fillmore	Fillmore	6,710	63.0%
Fillmore	Olmsted	2,621	24.6%
Fillmore	Winona	439	4.1%
Fillmore	Mower	158	1.5%
Fillmore	Houston	154	1.4%
Fillmore	Howard, IA	129	1.2%
Fillmore	Winneshiek, IA	122	1.1%
Fillmore	La Crosse, WI	83	0.8%
Fillmore	Other	233	2.2%
		10,649	100.0%
Place of Residence for Workers Commuting to Fillmore County			
Fillmore	Fillmore	6,710	81.2%
Olmsted	Fillmore	439	5.3%
Winona	Fillmore	326	3.9%
Houston	Fillmore	295	3.6%
Mower	Fillmore	186	2.3%
Howard, IA	Fillmore	84	1.0%
Winneshiek, IA	Fillmore	84	1.0%
Other	Fillmore	138	1.7%
		8,262	100.0%
Sources: US Census Bureau Maxfield Research Inc.			

Fillmore County Resident Commuting Patterns, 2000



Major Employers

Table 13 lists the major employers in Fillmore County based on the most recent data provided by the Minnesota Department of Employment and Economic Development – or MN PRO. The following are a few key points from Table 13.

- ▶ Chatfield and Rushford account for most of the larger employers in the County. Together these two cities have nine of the top 20 largest employers. Of these, Tuohy Furniture Corp, Strongwell Corp, Chosen Valley Care Center, Chosen Valley Public Schools, Good Shepherd Home and Rushford-Peterson Public Schools are the largest. Tuohy Furniture, Strongwell and Good Shepherd combined employ about 425 employees.

TABLE 13 MAJOR EMPLOYERS FILLMORE COUNTY 2008			
Employer	Products/Services	City	Employees
Tuohy Furniture Corp	Manufacturing	Chatfield	150
Strongwell Corporation	Manufacturing	Chatfield	135
Chosen Valley Care Center	Nursing Care Facilities	Chatfield	112
Chosen Valley Public Schools	Schools	Chatfield	100
Skippy's Food Center	Grocery/Pharmacy	Chatfield	61
Fillmore Central Schools	Schools	Harmony	50
Harmony/Gundersen Lutheran Health Care	General Medical & Surgical	Harmony	70
Harmony Enterprises Inc	Manufacturing	Harmony	50
Minnowa Construction	Construction	Harmony	75
Green Lea Manor Nursing Home	Nursing Care Facilities	Mabel	85
Fillmore, County of	Government	Preston	200
Fillmore Central School District #2198	Schools	Preston	90
Root River Hardwoods	Manufacturing	Preston	65
Good Shepherd Home	Nursing Care Facilities	Rushford	140
Riverside Electronics Ltd	Wholesales	Rushford	50
Rushford-Peterson Public Schools	Schools	Rushford	90
Tri-County Electric Cooperative	Electric Power Distribution	Rushford	53
Kingsland Public Schools	Schools	Spring Valley	120
SATA	Sign/Equipment Manufacturer	Spring Valley	35
Swiss Valley Cheese	Dairy Product Manufacturer	Spring Valley	30

Sources: MN Dept. of Employment and Economic Development; Maxfield Research Inc.

- ▶ Harmony and Preston also have sizable employment bases from major employers. Minnowa Construction and Harmony/Gunderson Lutheran Health Care employ about 150 people in Harmony. Fillmore County, the largest employer in the County, is located in Preston and employs around 200 people.

- ▶ Chatfield has some businesses that provide goods and services to the regional and national economy as a whole. These employers help driving economic and population growth in the County as their market base expands and they need more and more workers.
- ▶ Major employers in smaller communities in the County tend to provide goods and services for the communities themselves – for example, school districts, local government, grocery stores, etc. As such, the market base for those businesses does not have the expansion potential, and they do not provide as much growth potential for the community.

Age of Housing Stock

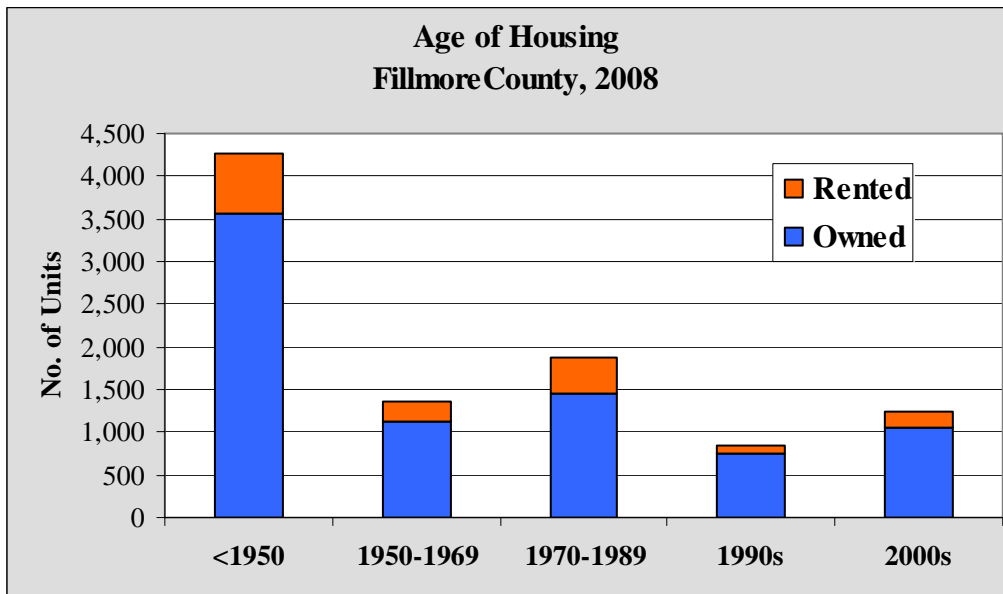
Table 14 shows the estimated age distribution of Fillmore County's housing stock in 2008, based on data from the Census Bureau. The table includes the number of housing units built in each community and the township as a whole prior to 1950 and during the four periods since – the 1950s and 1960s, the 1970s and 1980s, the 1990s, and since 2000. Key points derived from Table 14 are:

- ▶ Overall, the County's housing stock is relatively old. In 2008, 45% of the housing units were built before 1950. In addition, about two-thirds of the owned homes and 70% of the rental units were more than 30 years old.
- ▶ About 43% of the rental housing in Fillmore County was constructed prior to 1950. About one-quarter was built in the 1970s and 1980s and roughly 15% in the 1950s and 1960s. Because of their age, many of the rental buildings may need rehab to maintain their appeal to today's renters. While almost 200 rental units have been added this decade, the majority of them have been senior rental units. Thus, the general-occupancy supply has not increased much through new construction during this decade.
- ▶ Not surprisingly, the larger communities have newer housing stock as they captured a greater percentage of Fillmore County's recent growth. The cities of Chatfield, Rushford, and Rushford Village have a significant amount of housing constructed during the 1990s (17%, 13%, and 23%, respectively). Smaller communities have an older housing stock. These communities included Wykoff, Harmony, Spring Valley, Preston, and Mabel which all had over half of their housing stock constructed before 1950.

**TABLE 14
AGE OF HOUSING STOCK
FILLMORE COUNTY
2008**

	Owner Occupied					Renter Occupied				
	< 1950	1950-69	1970-89	1990-00	2000-07	< 1950	1950-69	1970-89	1990-00	2000-07
Cities										
Canton	61	28	40	7	2	11	0	6	0	0
Chatfield	244	156	198	128	136	60	48	66	29	25
Fountain	52	27	25	2	16	8	3	4	7	11
Harmony	206	92	54	22	19	48	12	43	0	36
Lanesboro	211	42	20	7	18	48	10	41	3	0
Mabel	150	64	48	18	14	34	5	11	2	31
Ostrander	39	9	26	2	3	8	4	3	0	6
Peterson	50	8	18	0	0	8	2	7	2	0
Preston	236	105	84	36	20	51	32	37	2	27
Rushford	235	94	118	68	106	47	29	36	19	23
Rushford Village	90	29	60	55	48	16	2	0	0	0
Spring Valley	411	184	132	35	76	94	37	98	6	27
Whalan	10	5	3	0	2	2	0	0	0	0
Wykoff	108	12	41	12	2	14	8	3	0	5
Subtotal	2,103	855	867	392	462	449	192	355	70	191
Townships	1,451	275	578	352	582	270	48	74	20	0
Fillmore County	3,554	1,130	1,445	744	1,044	719	240	429	90	191
<i>Pct. of Housing</i>	<i>37%</i>	<i>12%</i>	<i>15%</i>	<i>8%</i>	<i>11%</i>	<i>8%</i>	<i>3%</i>	<i>4%</i>	<i>1%</i>	<i>2%</i>

Sources: U.S. Census, Maxfield Research Inc.



Residential Construction Trends 2000 through 2008

The number of homes built this decade through 2008 in Fillmore County was estimated based on interviews with city staff and the Fillmore County GIS regarding recent home construction trends. These estimates, made for each community and the townships as a whole, are shown in Table 15. The following are key points from the Table.

- ▶ Nearly 1,300 homes have been built in Fillmore County from 2000 through 2008, for an average of about 145 new units annually.
- ▶ Single-family homes are the predominant new housing type accounting for 83% of all new homes. A portion of the single-family total is twinhomes (we estimate about 15% to 20% of the units in the communities). All of the homes built in the townships are single-family detached dwellings.

TABLE 15 ESTIMATED HOME CONSTRUCTION TRENDS FILLMORE COUNTY 2000 through 2008			
	Single-Family*	Multifamily	Total
Cities			
Canton	2	0	2
Chatfield	140	28	168
Fountain	16	12	28
Harmony	20	38	58
Lanesboro	19	0	19
Mabel	14	34	48
Ostrander	3	6	9
Peterson	0	0	0
Preston	21	34	55
Rushford**	100	24	124
Rushford Village	50	0	50
Spring Valley	78	31	109
Whalan	2	0	2
Wykoff	2	5	7
Subtotal	467	212	679
Townships	600	0	600
Fillmore County	1,067	212	1,279
* Single-family includes twinhomes and townhomes.			
** Permits were issued for the demolition of 51 housing units after the 2007 floods.			
Sources: Maxfield Research Inc.			

- ▶ The following are among the larger multifamily buildings added this decade in Fillmore County. Except for Pine Meadows, all of these buildings are senior housing. Most of the remaining multifamily units are rental units, primarily in 4-plex buildings.

○ Chosen Valley Assisted Living	Chatfield	19 units
○ Heritage Grove	Harmony	34 units
○ Pine Meadows	Rushford	24 units
○ Green Lea Manor	Mabel	22 units
○ Park Lane Estates	Preston	20 units
○ Evergreen	Spring Valley	20 units

- ▶ Home construction was very strong in Spring Valley during the beginning of this decade. However, only eight single-family homes have been built in the community since 2003. Of these, six have been townhome units. Housing development earlier this decade was augmented by the 12-lot Capelle Subdivision, which was a collaboration between Semcac, the Greater Minnesota Housing Fund, First Homes and the City of Spring Valley. All homes in the subdivision sold for between \$99,000 and \$121,600. Semcac developed and sold the homes. Greater Minnesota Housing Fund provided technical assistance, and financing for the project. First Homes provided buyers assistance of up to \$30,000 per home. The City of Spring Valley provided tax increment financing of \$10,000 per lot that paid for site improvements. The Spring Valley EDA and the Greater Minnesota Housing Fund also teamed up to provide a down payment assistance grant of up to \$4,000.
- ▶ About 100 single-family homes have been built in Rushford so far this decade. However, over 20 of them have been built to replace homes that were destroyed in the flooding during August 2007. Additional homes will need to be built to replace other destroyed homes, which include 36 mobile homes in the Bluffview mobile home park, the 16-unit Rushford Manor Apartments, 4-unit Winona Street Apartments, and 12-unit Rush Creek Senior Apartments.

Market Conditions General-Occupancy Rental Housing

Introduction

This section summarizes the current supply of general-occupancy rental housing options in Fillmore County. Senior rental options are summarized in the following section.

This section looks at the market conditions for general-occupancy rental housing in Fillmore County by examining data on:

- ▶ performance of market rate rental developments,
- ▶ performance of subsidized rental developments,
- ▶ usage trends of Housing Choice Vouchers,
- ▶ planned and proposed rental housing developments, and
- ▶ interviews with housing professionals and municipal staff members familiar with the rental market.

This section of the report includes summary totals for rental housing trends in the County.

Fillmore County Rental Housing

Maxfield Research Inc. surveyed rental developments in Fillmore County to analyze current market conditions for rental housing in the County. The survey was conducted in November and December 2008 and encompassed buildings with four or more units in all communities. Over 270 units in 25 buildings were surveyed, including market rate and affordable.

A summary of the survey findings is shown in Tables 16 and 17. The following are key points about rental conditions in the County.

Market Rate Rental Housing

- ▶ Market rate rental units are concentrated in Preston, Rushford, and Spring Valley which together accounted for about three-quarters of all market rate units surveyed in the County. The smaller communities typically have a few older market rate buildings with a few units. However, most market rate units in these smaller communities are in single-family homes or duplexes, versus apartment buildings.
- ▶ The overall vacancy rate for market rate rental units in December 2008 was 6.5%; however about half of the vacancies were at one building. Excluding this building, the overall vacancy rate decreases to 3.8%. Twelve of the 14 buildings surveyed that provided occupancy information had none or only one vacancy. Overall, market rate buildings are performing well.
- ▶ The average monthly rent for the five Fillmore County developments built since 2000 was \$355 for one-bedroom units and \$535 for two-bedroom units. These rents are much lower than overall average rents in larger metropolitan areas, primarily due to lower land and labor costs for development.
- ▶ The average monthly rent at all market rate developments in the County was \$370 for one-bedroom units and \$455 for two-bedroom units. Average rents were highest in Rushford which has a greater proportion of newer units.
- ▶ Chatfield's supply of market rate rental housing consists mostly of rented homes and apartments above downtown businesses. Ten units exist above one business – Coyote Club. Currently all of its units are occupied, although there were six vacancies this summer. According to the owner, construction workers at the local schools have contributed to the recent high occupancy. The units were remodeled in 2005 and are now among the nicest in Chatfield. Monthly rents are \$490 for one-bedroom units and \$585 for two-bedroom units, including all utilities and off-street parking.
- ▶ To be eligible for use with the *Housing Choice Voucher* program, units must have rents below the Payment Standard (\$471 for one-bedroom units, \$622 for two-bedroom units, and \$832 for three-bedroom units). Almost all of the units in buildings surveyed had qualifying rents.

**TABLE 16
MARKET RATE GENERAL OCCUPANCY RENTAL HOUSING
FILLMORE COUNTY
December 2008**

Project Name/Location	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Chatfield							
215 Main St. S	n/a	10	0	n/a 1BR 2BR	\$490 \$585	n/a	Located above Coyote Club. Rent includes all utilities. All units were remodeled in 2005. Building features secured-entry and elevator, off-street parking, and on-site laundry.
Fountain							
Junge Apts.	2002	8	n/a	1 - 1BR 7 - 2BR	n/a n/a	n/a n/a	Tenant pays heat, cable, and phone. Owner pays water and sewer
Speer Apts. I & II	1991/ 2003	8	0	4 - 2BR 4 - 2BR	\$350 \$485	800 - 900 1,100	Tenant pays all utilities. Garbage Disposal. Coin-op laundry. Profile: All but one residents works outside the community.
Mabel							
Village Apts.	2001/ '08	12	1	12 - 2BR	\$415	n/a	Rent includes A/C, water, sewer, and trash. Tenant pays electric & heat.
Preston							
Old School Apts./ Corson Condominiums	1992	22	1	2 - 0BR 3 - 1BR 17 - 2BR	\$600 \$425 \$375 - \$550	1,000 - 1,200 450 1,000 - 1,500	Renovation of old school; 7-9 apartments remaining to be built out. Residents pay all of their utilities, except for the 0BR, which pays phone & cable only.
K & K Apts.	1969	8	0	2 - 1BR 6 - 2BR	\$350 \$375	n/a n/a	Resident pay electric, coin-op laundry. Off-street parking w/plug-ins. Garbage Disposals. Profile: mix of residents, mostly singles.
Preston Apts.	1960	6	0	1 - 1BR 5 - 2BR	\$325 \$365 - \$410	n/a n/a	Originally an old church; Resident pays for electric and garbage. On street parking. Profile: 3-single males, 1-single family, 1-single female, 1 3-male roommates. Two-story bldg w/basement. Coin-operated laundry.
Bisek Apts.	2005	4	0	3 - 1BR 1 - 2BR	\$300 - \$325 \$375	n/a n/a	Old office building built in 1904, upper floor renovated in 2005 into 4 apts, residents pay all utilities, no laundry facilities (laundry mat across the street), on street parking. Profile: 2 single-males, 2 single-females.
Rushford							
Carriage House Apts.	1991	9	2	4 - 1BR 5 - 2BR	\$450 \$480	580 950	Rent includes all utilities, off-street parking w/plug-ins, coin-op laundry on each floor. Profile: middle-aged singles & young couples (only one senior). Originally focused on 55+, but changed around 1996. Now building is GO.

TABLE 16
MARKET RATE GENERAL OCCUPANCY RENTAL HOUSING
FILLMORE COUNTY
December 2008
(continued)

Project Name/Location	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Rushford (Continued)							
Pine Meadows	2003	24	1	24 - 2BR	\$600 - \$795	1,100 - 1,250	Larger unit have 2.5 car garage, single car garage for smaller. Consists of 6 4-unit buildings. Large units have central air, small have window units. Rent includes water and sewer. Profile: many are retired farmers, some young families.
Northend Apts.	1977	8	4	2 - 1BR	\$340	n/a	Two-story building; resident pays electric, water, sewer. Off-street parking w/plug-ins.
				6 - 2BR	\$375	n/a	Mostly younger singles and families. Coin-op laundry room.
Spring Valley							
Commercial House Apartments	2002	11	0	4 - 1BR	\$430	\$520 - 916	Renovated hotel built in 1874. Was Tax Credit project; residents could not earn more than 60% of the County median switched to Market Rate May 2008. Residents pay phone and cable; off-street parking.
				7 - 2BR	\$536	\$980 - 1,234	
Warehouse Apts.	1980s	4	0	1 - 1BR	\$375	n/a	Residents pay electric. Owner pays heat. No laundry. Off-street parking. Profile: most residents are older singles and couples.
				3 - 2BR	\$400	n/a	
Farmer St. Apts.	1970s	8	0	8 - 2BR	\$350	n/a	Residents pay electric, heat. Owner pays water and garbage. Common laundry and off-street parking. Profile: younger singles and couples, some children
Tracy Road Apts.	1970s	4	0	1 - 1BR	\$350	n/a	Residents pay electric. Owner pays heat. Common laundry and off-street parking. Profile: younger singles.
				3 - 2BR	\$400	n/a	
Napa Building Apts.	Pre-1940	4	n/a	3 - 1BR 1 - 2BR	n/a n/a	n/a n/a	Residents pay electric heat. No laundry. Off-street parking. Profile: most residents are young singles and families.
n/a = not available							
Source: Maxfield Research Inc.							

TABLE 17
SUBSIDIZED GENERAL-OCCUPANCY RENTAL HOUSING
FILLMORE COUNTY
December 2008

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Chatfield							
Mill Pond Townhomes	1999	24	2	12 - 2BR	\$630	960	Resident pays heat and electric. Units include dishwasher, A/C, W/D hookups. Coin-op common laundry.
				12 - 3BR	\$700	1,050	
Mabel							
Cherrywood Estates	1982	16	0	2 - 0BR	\$526	386	HUD-Sect. 8. Off-street parking w/plug-ins. Families: water, sewer, trash removal incl. / heat, electric, phone and cable not incl. Seniors: heat, water, sewer and trash incl. / electric, phone and cable not incl. Coin-op laundry.
				10 - 1BR	\$563	582	
				4 - 2BR	\$596	772	
Preston							
Vesterheim Manor	1979	16	1	2 - 1BR	\$350 - \$465 (base) (market)	620	Rural Development subsidy. One resident pays basic rent. Off-street parking w/plug-ins; coin-op laundry. Water, sewer, garbage included in rent. Profile: avg. age is 35, 8 couples.
				14 - 2BR	\$380 - \$490 (base) (market)	720	
Rushford							
Scenic View Townhomes	1999	20	2	10 - 2BR	\$480	1,157	HRA Subsidy, income qualified. Two-story building. Attached garages. Resident pays all utilities, except garbage and water. Coin-op laundry. The grounds consist of a b-ball court and playground.
				10 - 3BR	\$540	1,254	
Winona Street Apts.	1993	4	--	--	--	--	Former MHFA funded building destroyed by the 2007 flood.
Rushford Manor Apts.	1985	16	--	--	--	--	Rural Development building damaged by 2007 flood. It has not been renovated, and therefore no units are available for occupancy.
Rush Creek Apts. Rushford	1984	12	--	--	--	--	Former USDA Rural Development subsidized building destroyed by the 2007 flood.

TABLE 17
SUBSIDIZED GENERAL-OCCUPANCY RENTAL HOUSING
FILLMORE COUNTY
December 2008
(continued)

Project Name/ Address	Year Built	Total Units	Vacant	Unit Mix	Rent Range	Unit Size	Comments
Spring Valley							
Southwest Properties	1980s	12	2	11 - 1BR	\$341 - \$546 (base)(market)	550	Rural Development subsidy. No residents pay basic rent. Two-story building without elevator; common coin-operated laundry; off-street parking.
				1 - 2BR	\$391 - \$596 (base)(market)	700	
Northwest Properties	1970s	12	1	12 - 2BR	\$331 (base) \$450 (market)	700	Rural Development subsidy. Two residents pay basic rent and one pays market rent. Residents pay electric heat. Common laundry; off-street parking. Profile: split between young couples w/kids and seniors.
Wykoff							
Northwest Properties	1970s	8	0	2 - 1BR	\$371 - \$537 (base)(market)	550	Rural Development subsidy. No residents pay basic rent. Residents pay electric heat. Common laundry; off-street parking. Although full, this has historically been a struggling property. Profile: most are young singles, some seniors.
				6 - 2BR	\$391 - \$566 (base)(market)	700	

Source: Maxfield Research Inc.

Affordable Rental Housing

Only one property – Mill Pond Townhomes in Chatfield – was identified in Fillmore County as affordable, or restricted to households with low to moderate incomes. Affordable developments offer a “shallow” subsidy in which income-qualified households pay reduced rents. Mill Pond Townhomes was developed through the Low-Income Housing Tax Credit (LIHTC) program and is restricted to households with incomes at or below 60% of median income.

Mill Pond Townhomes was built in 1999 and has 24 units located in four 6-unit buildings. Income-qualified residents pay monthly rent of \$630 for two-bedroom units and \$700 for three-bedroom units. Currently, two units are vacant.

The 2008 income limits for Fillmore County are shown below for one- to four-person households at 60% of median income:

1 Person	\$23,820
2 Person	\$27,240
3 Person	\$30,600
4 Person	\$34,020

Subsidized Rental Housing

There are six rental developments in Fillmore County that offer “deep” subsidies in which the monthly rents for most residents are based on 30% of a qualified household’s Adjusted Gross Income. All but two of the subsidized developments in the County are Rural Development buildings. The maximum income limit for the Rural Development buildings ranges from \$37,250 for single-person households up to \$54,500 for five-person households. These incomes limits are liberal, as they are at a minimum based on the United States median family income, which is higher than most rural areas.

- ▶ The six developments combine for a total of 84 units.
- ▶ Six vacancies were identified, for an overall vacancy rate of 7.1%. This is higher than the stabilized vacancy rate of 5%, which indicates that the buildings are meeting the current demand for subsidized housing.
- ▶ The subsidized developments primarily appeal to families, as the overall unit-mix at the developments consists of two-thirds two- and three-bedroom units. Most of the one-bedroom units were at Cherrywood Estates in Mabel and Southwest Properties in Spring Valley.
- ▶ In addition to the six subsidized rental buildings surveyed, three subsidized rental buildings in Rushford (Rush Creek, Rushford Manor, and Winona Street Apartments) were damaged/destroyed by the August 2007 flood and have yet to be replaced. It is uncertain when these buildings will be available for occupancy again. Currently, Minnesota Housing and Rural Development are working on rebuilding the units at Rushford Manor.

Housing Choice Voucher Program

The Housing Choice Voucher Program (also known as Section 8) utilizes the existing private rental market in Fillmore County to provide decent, safe and sanitary housing opportunities for low-income families, elderly, handicapped, and disabled persons at an affordable cost. The Southeast Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA) administers this federal program for six counties, including Fillmore County. Currently, the SEMMCHRA assists 36 households in the County through this program.

To be eligible for a voucher, households must have incomes at or below 50% of median. The assistance the household is eligible to receive is equal to the difference between 30% of a household’s monthly adjusted income and the unit’s monthly rent, which is capped by the Voucher Payment Standard. Fillmore County’s Voucher Payment Standard ranges from \$471 for one-bedroom units to \$622 for two-bedroom units and \$832 for three-bedroom units.

Because Housing Choice Vouchers are mobile, utilization by community could vary from year to year depending on where voucher holders choose to live. As shown below, Housing Choice Vouchers are utilized in nine communities throughout the County, with Rushford having the most (11). Compared to surrounding counties with larger employment centers, demand for Vouchers is limited in Fillmore County.

Use of Housing Choice Vouchers by City, November 2008

Rushford	11
Preston	7
Chatfield	5
Mabel	4
Spring Valley	3
Lanesboro	2
Harmony	2
Ostrander	1
Wykoff	1

The SEMMCHRA’s waiting list for the Housing Choice Voucher Program is currently about six months to one year. People who obtain a voucher typically are able to find units with qualifying rents. The quality of units can sometimes be an issue, since most units are in small buildings that are not professionally managed.

Pending Rental Developments

Interviews were conducted with representatives of communities in the County to reveal planned and pending general-occupancy rental developments that may come on-line in the near future.

There were no identified pending rental developments in Fillmore County at this time.

Market Conditions Senior Housing

Introduction

This section evaluates the market conditions for senior housing in Fillmore County by examining data on:

- ▶ the performance of market rate and subsidized senior housing developments,
- ▶ planned and proposed senior housing developments, and
- ▶ interviews with housing professionals and municipal staff members who are familiar with senior housing trends.

This section of the report includes summary data of current market conditions.

Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Senior housing includes an entire spectrum of housing alternatives, with overlapping markets making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research Inc. classifies senior housing developments into four categories based on the level of support services:

Adult/Few Services: where few, if any, support services are provided. “Adult” housing includes both rental and ownership (such as senior condominiums, cooperatives, or townhomes).

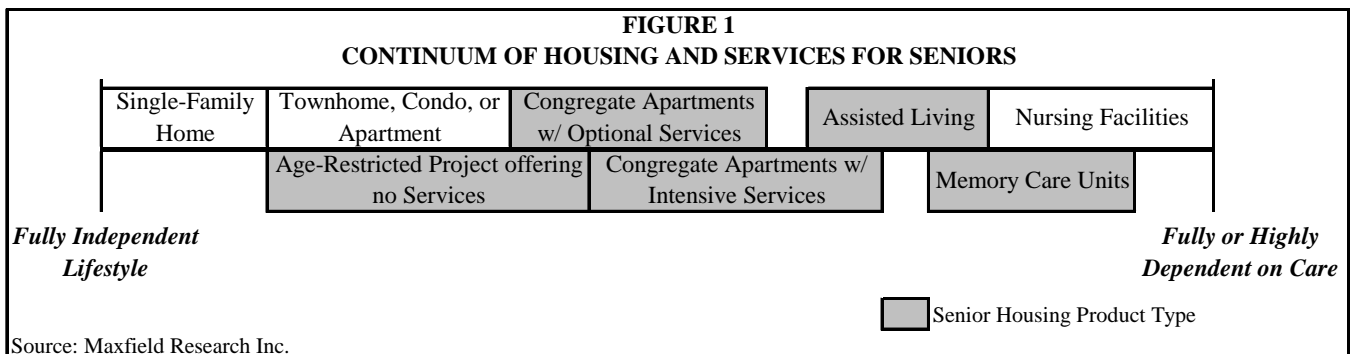
Congregate: where support services such as meals and light housekeeping are provided, either on an optional basis for an additional fee (optional-service) or included in the monthly fee (service-intensive).

Assisted Living: where two or three daily meals as well as basic support services such as transportation, housekeeping and/or linen changes are included in the fees. Personal care services such as assistance with bathing, grooming, and dressing is included in the monthly fees or is available for an additional fee.

Memory Care: where more service-intensive personal care is required for people with dementia and Alzheimer’s disease. Typically, support services and meal plans are similar to those found at assisted living facilities, but the heightened levels of personalized care demand more staffing and higher rental fees.

These four senior housing products tend to share several characteristics. First, they usually offer individual living apartments with living areas, bathrooms, and kitchens or kitchenettes. Second, they generally have an emergency response system with pull-cords or pendants. Third, they often have a community room and other common space to encourage socialization. Finally, they are age-restricted and offer conveniences desired by seniors, although assisted living developments sometimes serve non-elderly people with special health considerations.

The four senior housing products offered today form a continuum of care (Figure 1), from a low level to a fairly intensive one. Often the service offerings at one type overlap with those at another. In general, however, adult developments tend to attract younger, more independent seniors, while assisted living and memory care developments tend to attract older, frailer seniors.



Market Rate Senior Developments in Fillmore County

Maxfield surveyed senior housing developments in Fillmore County to analyze current market conditions. The developments surveyed are listed in Tables 18 and 19 along with information on location, year built, total units, and vacant units.

Information on Fillmore County's market rate senior housing market is summarized in the following tables. The following are key points.

- ▶ Market rate senior housing is a relatively new concept in Fillmore County. Seven of the 10 senior buildings in the County opened this decade, accounting for three-quarters of the market rate supply. The oldest senior building is Spring Valley Estates, which was converted from a hospital to independent units in the 1970s before becoming assisted living. The other two buildings built before 2000 were Chosen Valley Apartments in Chatfield (1995) and Bremer Suites/Good Samaritan Assisted Living in Rushford (1998).
- ▶ Of the total market rate senior units, the most are assisted living (112 units), followed by congregate (49 units). There is one adult/few-services building – PME Senior Townhomes in Wykoff (5 units). The only memory care facility is a six-unit secured wing in the Heritage Grove facility in Harmony.
- ▶ Overall, the market rate senior housing developments in Fillmore County are performing well. Of the eight buildings surveyed for which occupancy information was available, six had no or only one vacancy. Evergreen in Spring Grove has several available units, but it opened for occupancy in 2007 and is still in its initial lease-up period. The slow housing market overall is contributing to the slower lease-up of the senior building.
- ▶ All of the senior buildings are attached to skilled care facilities with the exception of PME Senior Townhomes, Heritage Grove, and Park Lane Estates. Attaching senior housing to skilled care facilities allows for more efficiency in the delivery of services, since support staff can be shared. It also creates a continuum of care campus where residents can transition from more independent living to skilled care without having to move locations.
- ▶ Average monthly rents at the senior buildings reflect the level of services offered. Monthly rents for two-bedroom units at the adult facility average \$650. Monthly rents average \$1,100 for one-bedroom congregate units and \$2,100 for assisted living units.
- ▶ Seniors with greater care needs can allocate a greater portion of their income toward housing because they have fewer other expenses. Typically, seniors are able and willing to allocate 30% of their income for adult units, 50% for congregate and 85% for assisted living. In addition, most seniors allocate the equity from their single-family home and other savings to pay for senior housing with services. Thus, seniors with lower incomes can often afford market rate senior housing. This is particularly true for assisted living where many seniors are willing to spend down assets to avoid placement in a nursing home.

**TABLE 18
MARKET RATE SENIOR HOUSING
FILLMORE COUNTY
December 2008**

Project Name/Location	Year Built	Total Units	Vacant	Unit Mix/Sizes/Rents			Comments
				No.	Type	Sizes	
Chatfield							
Chosen Valley Apts. 428 Jensen Ln SE	1990	15	n/a	13 - 1BR 2 - 2BR	650 850	n/a n/a	On Chosen Valley Care Center campus. Secured building. Rent includes daily noon meal, weekly housekeeping, emergency call, activities, and all utilities. Building features coin-op laundry, off-street parking w/plug-ins, beauty shop, storage units.
Chosen Valley Asst. Living 428 Jensen Ln SE	2005	19	n/a	19 - n/a	n/a	n/a	On Chosen Valley Care Center campus. Secured building staffed 24hrs. Units feature full kitchens and private baths, and walk-in closets. Residents have priority admission to Care Center. Rent includes 3 meals daily, emergency call, and weekly laundry/housekeeping.
Harmony							
Heritage Grove 455 Main Ave N	2002	34 12(IL) 16(AL) 6(MC)	1 (0) (0) (1)	2 - 1BR 10 - 2BR 8 - Studio 8 - 1BR 6 - Studio	709 1,032 476 - 515 546 308	\$773 \$946 \$1,990 \$2,228 \$2,953	Independent living, assisted living, and memory care all in same building, but in separate wings. IL prices include van service, activities, emergency call system. AL & MC prices also include 3 meals per day, weekly housekeeping, laundry, and showering. Most residents from within 10 to 15 miles. Avg. age 85 (IL) / 90 (AL) / 92 (MC).
Mabel							
Green Lea Manor 115 N. Lyndalle	2005	22	1	20 - 1BR 2 - 2BR	n/a n/a	\$2,150 \$2,250	Heat, electric, trash, included in monthly fee. Emergency pendant system, 24 hour staff. 3 meals a day plus snacks, light housekeeping weekly, 3 loads of laundry weekly included in rent.
Ostrander							
Ostrander Assisted Living 305 Minnesota Street	2001	6	0	6 - 1BR	n/a	\$1,640	On Campus with Ostrander Care & Rehab. Rent includes 3 meals/day, weekly housekeeping, emergency call, 24hr staff. Full with waiting list.
Preston							
Park Lane Estates 111 Fillmore Pl SE	2001	20	4	16 - Studio 4 - 1BR	320 - 425 471	\$1,895 - \$2,307 \$2,606	Assisted Living complex; rates include 3 meals per day, housekeeping and laundry once per week, scheduled transportation, and activities. Second occupant fee of \$650/month. Studios offer private or shared bathrooms. Units do not include a kitchen, residents may bring own fridge or microwave.

TABLE 18
MARKET RATE SENIOR HOUSING
FILLMORE COUNTY
December 2008
(Continued)

Project Name/Location	Year Built	Total Units	Vacant	Unit Mix/Sizes/Rents			Comments	
				No.	Type	Sizes		
Rushford								
Bremmer Suites/Good Samaritan Assisted Living 803 Home St	1998	15	0	15 -	1BR	410	\$2,051	Assisted Living units are connected to nursing home; off-street parking; unit A/C; kitchenette; emergency call system; community/party room; dining room; activities program; 3 daily meals+snacks; personal care assistance; weekly housekeeping & laundry service; Avg age is 82, mostly from Rushford, Peterson, and Lanesboro.
Spring Valley								
Spring Valley Estates	n.a.	14	0		Studio	n.a.	\$1,550	Asisted living attached to Spring Valley Care Center. Units feature full kitchen and priate bathroom. Rent includes 3 meals/daily, weekly housekeeping, 24hr staff, emergency call, transportation, and all utilities. Additional home health services avail. for extra fee. Building includes great room, dining room, beauty shop, & library.
					1BR		to	
					2BR		\$2,050	
Evergreen	2007	22	9		1BR	700	\$1,195	Two-story congregate building attached to Spring Valley Care Center. Four levels of care offered. Level 1 does not include any meals, emergency call, or services (only housekeeping/month). Level 2 includes 1 meal/day & weekly light housekeeping. Level 3 includes emergency call and access to nursing. Level 4 includes 3 meals/day.
					2BR	900	\$1,395	
Wykoff								
PME Senior Townhomes 229 N. Main	2004	5	0	5 -	2BR	1,200	\$600 - \$700	Each unit has attached 1.5 stall heated garbage, tenant pays all utilities, washer/dryer, range, refrigerator, dishwasher, microwave, all individual entry, back entry leads to back garden area, all handicapped accessible.
Source: Maxfield Research Inc.								

- ▶ In 2002, Chatfield had another 15-bed assisted living facility named Oakenwald Terrace. It was a 100-year-old rest home renovated into assisted living in the 1970s. Since 2002, Oakenwald Terrace ceased as an assisted living and was converted into a bed and breakfast.

Subsidized and Affordable Senior Housing

There are a total of 206 subsidized/affordable senior housing units in 11 developments in Fillmore County. The subsidized senior developments are listed in Table 19, along with their location, total units, and vacant units. The following are key points about the subsidized senior housing market.

- ▶ The 11 subsidized senior buildings combine for a total of 206 units. Combined, they had a vacancy rate of 3.9%. However, seven of the buildings were fully occupied.
- ▶ Six of the subsidized senior buildings were developed through the Rural Development, Section 515 program. The income limit for these buildings is liberal – at \$37,250 for a one-person household and \$41,800 for a two-person household. Most residents of these buildings have incomes far below the income-limit, however. Unless the resident has rental assistance, in which case they pay 30% of their adjusted gross income for rent, they must pay the basic rent, which averaged \$400 for a one-bedroom unit, or higher. Eighteen of the 70 residents in the Rural Development buildings had rental assistance and paid 30% of their income for rent.
- ▶ Eight of the communities in Fillmore County have at least one subsidized senior building, and of these, Harmony, Lanesboro, and Spring Valley have two. The communities without subsidized senior housing are Fountain, Mabel, Peterson, Rushford Village, Whalen, and Wykoff. While it is not a senior building, Mabel does have a subsidized rental building with two efficiency and 10 one-bedroom units (Cherrywood Estates) that has many senior residents.

Pending Senior Housing Developments

Our interviews with representatives of communities in the County revealed that there is one planned senior housing development. The 38-bed nursing home in Preston closed and the new owner – Traditions Management – is planning to convert it into a senior housing facility with 15 memory care units and five assisted living units. This new facility will satisfy most of the excess senior housing demand in Preston for several years.

**TABLE 19
SUBSIDIZED SENIOR HOUSING
FILLMORE COUNTY
December 2008**

Project Name/City	Year Built	Total Units	Vacant	Unit Mix/Sizes/Rents			Comments
				No.	Type	Sizes	
Canton Manor Canton	1984	8	1	7 - 1BR 1 - 2BR	621 780	\$475 - \$640 \$500 - \$660 (base) (market) (base) (market)	Rural Development subsidy. Community room; off-street parking w/plug-ins; coin-op laundry. No residents pay basic rent. Water, sewer, garbage included in rent. Profile: avg age is 70, no couples.
Lakewood Apts. Chatfield	1984	24	3	24 1BR	n/a	\$677 (market) \$140 - \$400	HUD subsidy; residents pay 30% of AGI toward rent. Project does not include activities or any other services. Includes transportation from Rochester and meals on wheels. Heat, water, sewer, and trash are included in the rent.
Harmony Apts. Harmony	1986	12	0	12 - 1BR	600	\$420 - \$613 (base) (market)	Rural Development subsidy. Community room; off-street parking w/plug-ins; coin-op laundry. No residents pay basic rent. Heat, garbage, water, sewer included in rent. Profile: avg age is 70, one couple.
Harmony Manor Harmony	1977	20	2	18 - 1BR 2 - 2BR	n/a n/a	30% of Income 30% of Income	Section 8 assistance. Three-story building; elevator; off-street parking; community room w/kitchen, coin-op laundry; Gas, water, and sewer included in rent. Avg age is 83, two couples. No residents paying MR rents.
Kenilworth Apts. Lanesboro	1982	19	0	18 - 1BR 1 - 2BR	n/a n/a	\$320 - \$371 \$360 - \$411	Rural Development subsidy. Two residents pay basic rent and five pay market rent. Two-story building; off-street parking w/electrical plugs; community room with kitchen; coin-operated laundry. Heat, wter, sewer, garbage is included. Avg age is 85, one couple.
Sylvan Manor Apts. Lanesboro	1979	20	0	19 - 1BR 1 - 2BR	n/a n/a	\$446 \$524	Section 8 assistance. Two-story building; off-street parking; community room with kitchen; coin-operated laundry. All utilities covered. Avg age is 75, three couples.
Prairie View Manor Ostrander	1996	8	0	7 - 1BR 1 - 2BR	600 800	\$460 - \$626 \$480 - \$651	Rural Development subsidy. No residents pay basic rent, depends on income. Heat, water and trash removal included, electricity separate. Community room, off-street parking w/plug-ins, coin-op laundry. Profile: avg age is 68, 2 married couples.
J & L Properties Preston	n/a	14	2	14 - 1BR	n/a	n/a	Rural Development building. Nine residents pay basic rent and two pay market rent.

TABLE 19
SUBSIDIZED SENIOR HOUSING
FILLMORE COUNTY
December 2008
(continued)

Project Name/City	Year Built	Total Units	Vacant	Unit Mix/Sizes/Rents			Comments	
				No.	Type	Sizes		
Good Shepard Apts. Rushford	1980	32	0	32	- 1BR	525	\$549 (market)	HUD subsidy; residents pay 30% of AGI toward rent. Rent can go as low as \$25 per month. Project does not include transportation, activities, meals, or any other services.
Downtowner Spring Valley	1980	12	0	12	- 1BR	550	\$313 (base) \$485 (market)	Rural Development subsidized. One story building, private entrances for all units; common coin-operated laundry; community rom; off-street parking; residents pay for gas heat.
Hillside Homes Spring Valley	1979	37	0	1	- 1BR (HC)		\$478 (market)	Section 8 assistance; restricted to seniors and persons w/diabilities. Three-story building with elevator; common coin-operated laundry; off-street parking; residents pay for electric heat. Avg Age is 70, 3 couples. Most from Spring Valley area.
				36	- 1BR	n/a	\$478 (market)	
n/a = not available								
Source: Maxfield Research Inc.								

Market Conditions For-Sale Housing

Introduction

This section of the report summarizes recent trends and the current supply of for-sale housing in Fillmore County, including single-family, townhomes, and condominiums.

This section examines the market conditions for for-sale housing in Fillmore County by examining data on:

- ▶ home resale value trends since 2004,
- ▶ pricing and trends of new housing,
- ▶ planned and proposed for-sale housing developments, and
- ▶ interviews with housing professionals and municipal staff members who are familiar with for-sale housing trends.

Home Resales

Tables 20 and 21 show trends in the average resale price of single-family homes and town-home/condominiums in Fillmore County from 2004 through 2008. The resale data is from the *Regional Multiple Listing Service*. The following are key findings about the resale housing market.

- ▶ As shown in Table 20, the number of home resales has steadily decreased through 2008 primarily due to the economic crisis. As of October 2008, there were 127 single-family home resales in the County, down from 267 in 2004.
- ▶ The average resale price of homes in Fillmore County increased by an annual average of 7.4% from 2004 to 2007. This past year, however, the average resale price actually decreased by 0.9%. The housing slowdown that has affected the entire State of Minnesota, as well as the nation, has also impacted the for-sale housing market in Fillmore County.
- ▶ Table 20 shows that between 2007 and 2008, the average resale price of single-family homes declined in five of the 14 communities in Fillmore County. While this provides a good indication that the housing market has slowed, it should be noted that it does not mean that homes in general are depreciating. Rather, there were fewer home sales in 2008 and it is likely that the decrease in sales was greatest among higher priced homes, thereby lowering the overall average resale price. An exception would be Rushford Village, where the number of resales declined from eight sales in 2007 to three sales in 2008, but the average resale price increased from \$131,075 to \$215,000. This is a very large increase, which could be explained by the relatively low number of sales and the fact that resales of a few expensive homes could greatly change the average.
- ▶ Table 21 shows the distribution of single-family home resales in Fillmore County in six price ranges from 2004 to October 2008. The Table shows that in 2004, 92.5% of the single-family home resales were priced below \$200,000 and only 7.5% were priced above \$200,000. By 2008, 87.4% of the home resales were priced below \$200,000 and 12.6% were priced above \$200,000.
- ▶ Table 20 shows that the average resale price of single-family homes sold in the County in 2008 was about \$105,000. The Townships had the highest average resale price (\$168,500), followed by Rushford Village (\$215,000) and Chatfield (\$53,000). Ostrander, Wykoff, Lanesboro, Canton, and Mabel all had an average resale price under \$100,000.

TABLE 20
VOLUME AND MEDIAN SALES PRICE OF HOMES SOLD
CITIES IN FILLMORE COUNTY
2003 through October 2008

Year	2004		2005		2006		2007		2008 (YTD)	
	No. Sold	Median Sales Price	No. Sold	Median Sales Price	No. Sold	Median Sales Price	No. Sold	Median Sales Price	No. Sold	Median Sales Price
Mabel City	14	\$63,500	21	\$65,000	11	\$68,900	12	\$78,305	8	\$75,350
Rushford Village	9	\$135,000	6	\$148,750	5	\$115,000	8	\$131,075	3	\$215,000
Rushford City	33	\$98,500	30	\$115,000	33	\$110,000	23	\$168,500	13	\$143,400
Peterson City	8	\$87,250	1	\$108,000	1	\$113,000	3	\$80,000	4	\$112,000
Canton City	6	\$51,050	6	\$61,250	6	\$50,000	3	\$82,700	2	\$47,500
Whalan City	1	\$144,000	2	\$67,100	0	--	2	\$38,986	0	--
Harmony City	21	\$74,900	28	\$85,500	17	\$86,500	16	\$78,500	8	\$78,950
Preston City	27	\$84,600	21	\$71,000	21	\$81,400	15	\$87,600	10	\$105,500
Lanesboro City	22	\$128,500	10	\$108,750	7	\$95,950	15	\$115,000	3	\$70,000
Fountain City	9	\$107,500	9	\$124,900	7	\$110,900	4	\$96,177	5	\$147,500
Chatfield City	25	\$121,340	27	\$118,000	23	\$137,000	21	\$145,000	26	\$153,000
Wykoff City	8	\$88,450	5	\$74,000	6	\$71,720	2	\$70,250	2	\$71,350
Ostrander City	6	\$64,450	4	\$70,200	8	\$57,220	4	\$39,950	4	\$65,250
Spring Valley City	43	\$88,000	43	\$101,000	38	\$110,000	40	\$111,988	21	\$105,000
Subtotal	232	\$88,225	213	\$93,250	183	\$95,950	168	\$85,150	109	\$105,000
Townships	35	\$127,500	37	\$149,350	32	\$150,224	30	\$146,750	18	\$168,500
Fillmore County	267	\$92,800	250	\$100,125	215	\$108,000	198	\$115,000	127	\$114,000

Sources: Fillmore County Assessors' Office, Maxfield Research Inc.

TABLE 21 HOMES SOLD BY PRICE RANGE FILLMORE COUNTY 2004 through October 2008										
Price Range	2004		2005		2006		2007		2008 (YTD)	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<\$100,000	152	56.9%	124	49.6%	100	46.5%	82	41.4%	46	36.2%
\$100,000 to \$149,999	65	24.3%	82	32.8%	70	32.6%	64	32.3%	42	33.1%
\$150,000 to \$199,999	30	11.2%	23	9.2%	29	13.5%	34	17.2%	23	18.1%
\$200,000 to \$249,999	10	3.7%	16	6.4%	9	4.2%	7	3.5%	10	7.9%
\$250,000 to \$299,999	4	1.5%	3	1.2%	4	1.9%	5	2.5%	3	2.4%
\$300,000 and Over	6	2.2%	2	0.8%	3	1.4%	6	3.0%	3	2.4%
	267	100%	250	100%	215	100%	198	100%	127	100%
Min.	\$11,000		\$10,000		\$14,700		\$15,000		\$17,092	
Max.	\$1,235,000		\$1,319,000		\$400,000		\$1,189,000		\$350,000	
Med.	\$92,800		\$100,125		\$108,000		\$115,000		\$114,000	
Avg.	\$110,959		\$112,663		\$114,010		\$131,650		\$126,549	
Sources: Fillmore County Assessors' Office Maxfield Research Inc.										

- ▶ While there generally are pockets of entry-level and move-up homes in each of the cities of Fillmore County, the communities with the most affordable single-family housing stock overall were the communities in the western and southeastern portions of the County. Prices in these communities are generally lower because of their rural nature and distance from larger communities. In addition, they contain a greater proportion of older homes, as they have not experienced as significant new home construction over the past decade as Chatfield, Spring Valley or Peterson.

Current Supply of Homes on the Market

Table 22 shows the number of homes currently listed for sale in Fillmore County communities, distributed into five price ranges. The current listings are shown for the five largest communities and the smaller communities combined (due to limited listings in any one community). The data was obtained from the Southeast Minnesota Realtors Association and Realtor.com websites.

Key findings from our assessment of the actively listed homes in the County are:

- ▶ The average price of homes currently listed for sale in Fillmore County communities shown in Table 22 are generally higher than the actual resales that have occurred over the past few years. The lower resale averages may be due in part to higher priced homes staying on the market longer than lower priced homes – such that at any given time, there is a more balanced supply of entry-level and upper-end homes available to purchase, but over the long-term more entry-level homes are actually sold.
- ▶ The median list price of homes for sale in Fillmore County varied between communities. The median price was highest in Lanesboro (\$224,900), as it did not have any homes listed under \$150,000. Of the larger communities, Harmony and Preston had the lowest median, at about \$70,000 in each community.
- ▶ The median list price of homes in Chatfield was roughly \$125,000 with a majority of home listings (15) being under \$150,000. While Chatfield median price is higher than most of the other communities in the County, it is less than in Rochester. Thus, Chatfield, along with other communities in the northern part of Fillmore County, has drawn residents who work in Rochester but are willing to commute to lower their housing costs.

TABLE 22
HOMES CURRENTLY LISTED FOR-SALE
FILLMORE COUNTY COMMUNITIES
January 2009

Price Range	Chatfield		Harmony		Lanesboro		Preston		Rushford		Spring Valley		Other Communities*	
	No.	Pct.	No.	Pct.	No.	No.	Pct.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
<\$100,000	7	31.8%	6	100.0%	0	0.0%	8	72.7%	1	9.1%	19	61.3%	12	63.2%
\$100,000 to \$149,999	8	36.4%	0	0.0%	0	0.0%	2	18.2%	6	54.5%	7	22.6%	4	21.1%
\$150,000 to \$199,999	4	18.2%	0	0.0%	2	28.6%	1	9.1%	4	36.4%	0	0.0%	0	0.0%
\$200,000 to \$249,999	2	9.1%	0	0.0%	2	28.6%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
\$250,000 and Over	1	4.5%	0	0.0%	3	42.9%	0	0.0%	0	0.0%	5	16.1%	3	15.8%
	22	100%	6	100%	7	100%	11	100%	11	100%	31	100%	19	100%
Min.	\$48,900		\$49,900		\$154,900		\$33,000		\$19,900		\$39,900		\$25,900	
Max.	\$289,900		\$94,900		\$360,000		\$172,500		\$425,000		\$849,000		\$499,000	
Med.	\$125,200		\$69,900		\$224,900		\$69,900		\$144,950		\$95,600		\$89,900	
Avg.	\$140,288		\$69,900		\$249,057		\$83,264		\$161,425		\$133,985		\$145,337	

* Includes Canton, Fountain, Mabel, Ostrander, Peterson and Wykoff

Sources: Southeast Minnesota Realtors Association; Maxfield Research Inc.

New For-Sale Housing Subdivisions

Maxfield Research Inc. surveyed actively marketing subdivisions in Fillmore County in November, December 2008 and January 2009. In total, 16 subdivisions were surveyed, with a total of 363 lots. Almost all of the lots are for single-family homes, although some of the subdivisions also allow twinhomes. Orchard Ridge in Chatfield, Parkview addition in Mabel, and North Park Estates in Spring Valley are subdivisions entirely of twinhome lots. Table 23 summarizes information on each inventoried subdivision, including information on year platted, total lots, lots available, typical lot sizes and prices, and typical home prices.

Key points about the actively marketing subdivisions are listed below.

- ▶ Table 23 shows that all of the communities had active subdivisions except Wykoff, Whalen, Canton and Peterson. These communities are smaller with little to no residential development occurring. Through most of this decade, development had been brisk enough in the remaining communities that all of the subdivisions were platted within the past 10 years.
- ▶ Over 210 lots within the inventoried subdivisions were identified as vacant and available for a new home. Chatfield had the greatest inventory of available lots at 64, followed by Spring Valley (42 lots), Fountain (40 lots), Lanesboro (26 lots), and Harmony (25 lots). New construction cannot occur in Fountain until the sewer system is expanded, which is projected to begin in March 2009.
- ▶ Of the 13 single-family subdivisions, six have lots that support the construction of entry-level homes (priced under \$200,000). Beginning prices for new homes in these subdivisions averages about \$150,000. Some homes in these subdivisions are built with prices up to about \$300,000, however. Most subdivisions have lots that support move-up housing – or homes priced between \$200,000 and \$300,000. Executive homes, priced at over \$300,000 are being built mostly in subdivisions in Chatfield, Lanesboro, and some in Harmony. Overall, we estimate that most executive homes being built in Fillmore County are in the townships.
- ▶ Based on our estimates of pricing, about 40% of newly-constructed single-family homes are affordable to modest income buyers. The greatest supply of affordable lots is in the Bucknell subdivision in Spring Valley (24 lots). Lots begin at \$25,000 and would be reduced by an additional \$10,000 for income-qualified buyers.
- ▶ Between entry-level new construction homes and the existing resale market (the average resale price was \$126,000 in 2008 for existing homes) there are adequate ownership options for modest income households in Fillmore County.
- ▶ One factor leading to higher prices for new single-family homes in Lanesboro is lot costs. With land at a premium, lots in Lanesboro are anywhere between double and triple, on average, than lots in other communities in Fillmore County.

**TABLE 23
RECENTLY COMPLETED AND ACTIVE FOR-SALE HOUSING DEVELOPMENTS
FILLMORE COUNTY
November 2008**

Subdivision	Year Platted	Type of Homes	Lot Inventory Total	Lot Inventory Avail.	Lot Sizes (Sq. Ft.)	Base Lot Price (w/o assessments)	Typical Home Price (including lot price)
Chatfield							
Hilltop Estates (Phase I)	2008	SF	17	13	13,000 - 43,500	\$50,000 - \$69,000	\$319,000
Fingerson-Donahoe	2002	SF	30	15	8,400 - 15,000	\$35,000 - \$65,000	\$150,000 - \$350,000
Lonestone	2008	SF	65	30	9,000 - 10,125	\$31,000 - \$45,000	\$140,000 - \$250,000
Orchard Ridge Twinhomes	2001	TH	24	6	n/a	Incl. in Home Price	\$180,000 - \$200,000
Fountain							
Junge Addition North Phase I	2008	SF	12	12	8,000	n/a	n/a
Phase II	Pend.	SF	28	28	8,000	n/a	n/a
Harmony							
Hahn Addition	1999	SF	17	10	12,000 - 30,000	\$20,000	\$140,000 - \$300,000
Southview Addition	1999	SF	11	7	14,400 - 33,500	\$23,000 - \$34,100	\$118,000 - \$185,500
Scrabeck Addition	2006	SF	14	8	13,600 - 16,000	\$23,500 - \$29,500	\$225,000 - \$350,000
Lanesboro							
Southern Hills	2000	SF	15	4	43,500 - 152,500	\$55,000 - \$60,000	\$250,000 - \$400,000
Southern Woods	2000	SF	65	22	15,000 - 30,000	\$44,900 - \$84,900	\$250,000 - \$450,000
Mabel							
Parkview Addition	2001	TH	4	0	10,000	\$5,000	\$127,000 - \$130,000
Gjere 1st Addition	2006	SF/ TH	9	4	14,000	\$20,000 - \$25,000	\$250,000 - \$500,000
Preston							
Golf View Estates	2001	SF/TH	16	11	10,900	\$35,000	\$230,000 - \$450,000
Rushford Village							
Woodland Heights	2002	SF	12	1	2.5 - 10 acres	\$34,000 - \$45,000	\$194,000 - \$220,000
Spring Valley							
North Park Estates	2002	TH	24	18	N/A	Incl. in Home Price	\$149,900
Bucknell*	2006	SF	24	24	N/A	\$25,000 - \$30,000*	N/A
* There is a \$10,000 lot price reduction if buyers are income-qualified.							
Source: Maxfield Research Inc.							

- ▶ A three-year lot supply is an industry standard to allow for adequate consumer choice but not prolonged developer carrying costs. Given the average of about 50 new homes built per year in Fillmore County's communities over the past few years, the current supply of about 210 lots would constitute a four-year supply. However, given the downturn in the housing market in the past couple years, the current lot supply may last longer. Some communities will likely need more lots sooner. These include Preston and Rushford, which have very few lots available. Chatfield and Spring Valley have the greatest supply.
- ▶ Almost all of the new homes being added in the subdivisions inventoried in Table 23 are single-family homes. Only Orchard Ridge Townhomes in Chatfield, Parkview Addition in Mabel, and North Park Estates in Spring Valley are entirely townhomes. Average prices for these units range from about \$140,000 at Parkview and North Park Estates to about \$190,000 at Orchard Ridge. Orchard Ridge has averaged just over two units built annually since it was platted in 2001 and North Park Estates has averaged less than one per year. It should be noted that townhomes are also allowed in some other subdivisions that are primarily single-family homes.
- ▶ The townhomes developments in Fillmore County are almost exclusively one-level units. These one-level units are typically marketed toward empty-nesters downsizing from single-family homes. With the first baby boomers reaching their 60s this decade, the proportion of townhome buyers seeking one-level units will increase over the coming decades. Two-story units are typically built in larger urban areas as an affordable alternative to single-family homes and are marketed toward younger buyers who are often first-time buyers. Because existing single-family homes are affordable in Fillmore County, there would be very little demand for affordable two-story townhome units.

Conclusions and Recommendations

Introduction

This section of the report presents calculations of demand for various types of housing in Fillmore County from 2008 to 2020, and provides recommendations for types of housing that could be supported in the short-term. The demand calculations and housing recommendations were made based on the analysis of data presented in this report, including demographic and employment growth trends and characteristics, housing stock characteristics, and housing market conditions.

This section includes:

- ▶ housing demand calculations from 2008 to 2020,
- ▶ overall housing recommendations for Fillmore County,
- ▶ a summary of demographic and housing characteristics and market conditions for each community, and
- ▶ housing recommendations for each community.

Demographic Profile and Housing Demand

The demographic profile in Fillmore County will affect housing demand and the types of housing that are needed. The various household types are:

1. *Entry-level householders*
 - Often prefer to rent basic, inexpensive apartments
 - Usually singles or couples in their early 20's without children
 - Will often “double-up” with roommates in apartment setting
2. *First-time homebuyers and move-up renters*
 - Often prefer to purchase modestly-priced single-family homes and townhomes or rent more upscale apartments
 - Usually married or cohabiting couples, some with children, in their mid-20's or 30's
3. *Move-up homebuyers*
 - Typically prefer to purchase newer, larger, and therefore more expensive single-family homes
 - Typically families with children where householders are in their late 30's to 40's
4. *Empty-nesters (persons whose children have grown and left home) and never-nesters (persons who never have children)*
 - Prefer owning and some will move to alternative lower-maintenance housing products
 - Generally couples in their 50's or 60's
5. *Younger independent seniors*
 - Prefer owning but will consider renting their housing
 - Some will move to alternative lower-maintenance housing products
 - Will often move (at least part of the year) to retirement havens in the Sunbelt and desire to reduce their responsibilities for 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

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 desirable vacant housing available to absorb the increase in house-

holds. Demand is also affected by shifting demographic factors such as the aging of the population, which dictates the type of housing preferred. New housing to meet replacement needs 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.

Smaller communities and rural areas, such as Fillmore County, 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. Therefore, the age categories for housing life cycles will be somewhat different in Fillmore County than in communities located in larger urban areas.

The aging baby boom generation will have a big effect on the housing market in Fillmore County. Baby boomers are currently ages 44 to 62, and as they age over the next 12 years, they will increase the population in the mid-50s to mid-70s age range. Many of these baby boomers who become empty nesters may prefer to downsize or desire maintenance-free alternatives.

Between 2008 and 2020, Fillmore County is projected to see an increase of approximately 745 households. Since each household equates to an occupied housing unit, the County will need to build an equal number of housing units to support this growth. Because of the older age of the County's housing stock, demand for housing in Fillmore County will be driven not only by household growth, but also by replacement need. Over 4,200 of the County's homes were built before 1950 (45% of the total housing stock). While we observed that the overall housing stock is in good condition, we estimate that half a percent of these homes built before 1950 should be replaced annually. Replacing these older homes, along with the homes lost in the flooding in Rushford in 2007, creates the need another 340 replacement homes. Most of the homes that should be replaced are small, functionally obsolete, and no longer meet the expectation of today's households. With household growth and replacement need combined, we find demand for about 1,085 new housing units in Fillmore County from 2008 to 2020.

Rental and Senior Housing Demand

Table 24 shows demand calculations for rental housing, including senior rental, in Fillmore County between 2008 and 2020. The table displays demand for general-occupancy housing by "subsidized" (affordable to households with incomes at or below 60% of median) and market rate. Senior housing is also displayed by subsidized as well as market rate by service level.

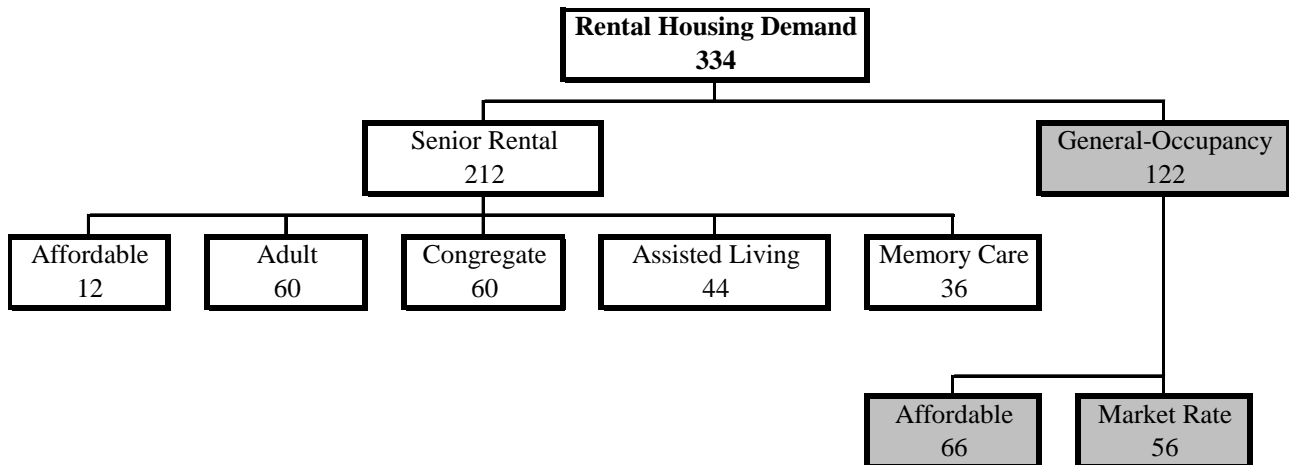
The demand calculations in Tables 24 are shown by community as well as the townships as a whole. It should be noted that to the extent that households are mobile and different market segments are willing to seek out various housing products in adjacent communities, or even outside the County, the demand figures in the tables may experience fluctuations between communities. The following are key points from Table 24.

- ▶ Fillmore County is projected to need 1,085 housing units to accommodate household growth and replacement need between 2008 and 2020. Overall, we project that about 30% of the new housing units added will need to be rental to satisfy renter and senior demand. This is higher than the County's rental rate of 17% in 2000. The primary factor for the increase in the rental rate is growing demand for senior rental housing – including assisted living.
- ▶ Based on the growth of younger and older age groups and current market conditions, we project that about 65% of the County's renter demand between 2008 and 2020 will be for age-restricted (senior) units and the remainder will be for general-occupancy units. This equates to demand for approximately 125 general-occupancy units and 210 senior rental units. (Between 2008 and 2020, the 65+ population is projected to grow by over 900 people while the 18 to 34 age group is projected to experience a loss of almost 500 people.)
- ▶ Between 2008 and 2020, about 5% of the senior rental demand (12 units) and 55% of the general-occupancy rental demand (65 units) will be from low- and moderate-income households who could not afford market rents, and therefore would need subsidized/affordable housing. Among the general-occupancy demand, we estimate that about 20% of the demand will be from households income-eligible for rental housing affordable at 50% to 60% of median income, or the typical income limits for units created through the Low Income Housing Tax Credit program (LIHTC).
- ▶ Demand for general-occupancy rental housing will be concentrated in the County's five largest communities – Chatfield, Harmony, Preston, Rushford, and Spring Valley. Rental demand is more limited in the smaller communities, primarily because limited job growth is creating limited housing demand, the younger population is not growing significantly, if at all, and the affordability of existing single-family homes allows a greater proportion of younger people with modest incomes to become homeowners than in larger communities.
- ▶ Market rate senior housing is a relatively new concept in the County, as well as the State. There were only 44 service-intensive (congregate, assisted living, and memory care) market rate units in 2000. Combining those units with the 128 units added in the County so far this decade and the projected demand for 140 units between 2008 and 2020 would result in a supply of about 372 units in 2020. The overall ratio of service-intensive market rate senior units to the senior (65+) population in 2020 would be about 1:17 (one senior unit for every 17 seniors) up from about 1:97 in 2000. In comparison, the Twin Cities Metro Area has a ratio of about 1:12 in 2008.
- ▶ There will be seniors from the smaller communities in the County who will need/desire senior housing. However, demand in these communities will be too small to support a development. Thus, demand from the seniors in these communities will be met by developments in the County's larger communities.

TABLE 24 DEMAND FOR ADDITIONAL RENTAL HOUSING FILLMORE COUNTY 2008 to 2020								
	Chatfield	Harmony	Preston	Rushford	Spring Valley	Remaining Communities	Townships	Fillmore County
Projected Household Growth+Replacement Need	170	65	75	140	100	135	400	1,085
Estimated percent renters	40%	40%	67%	76%	56%	21%	0%	31%
Total New Renters	68	26	50	106	56	28	0	334
Proportion General-Occupancy/Senior	44 / 56	38 / 62	16 / 84	45 / 55	32 / 68	29 / 71	0 / 0	37 / 63
No. of Units (G-O/Senior)	30 / 38	10 / 16	8 / 42	48 / 58	18 / 38	8 / 20	0 / 0	122 / 212
General Occupancy								
Percent Subsidized	60%	40%	50%	58%	44%	50%	--	54%
<i>Shallow Subsidy (50-60% of Median)</i>	8	2	2	8	4	2	0	26
<i>Deep Subsidy (50% of Median)</i>	10	2	2	20	4	2	0	40
Number (total)	18	4	4	28	8	4	0	66
Percent Market Rate	40%	60%	50%	42%	56%	50%	--	46%
Number	12	6	4	20	10	4	0	56
Senior Rental Housing								
Percent Subsidized Adult	--	--	--	21%	--	--	--	6%
Number	0	0	0	12	0	0	0	12
Percent Market Rate	100%	--	100%	79%	100%	--	--	94%
Adult	8	6	8	8	10	20	0	60
Congregate	12	4	16	22	6	0	0	60
Assisted Living	10	4	10	8	12	0	0	44
Memory Care	8	2	8	8	10	0	0	36
Number (total)	38	16	42	46	38	20	0	200
Source: Maxfield Research Inc.								

Figure 2 below displays a summary of demand calculations for various rental products in Fillmore County from 2008 to 2020.

Figure 2
Fillmore County Rental Housing Demand Summary – 2008 to 2020



For-Sale Housing Demand

Table 25 shows for-sale demand calculations in Fillmore County from 2008 to 2020. The table displays for-sale demand by single-family and multifamily (twinhomes, townhomes and condominiums). Single-family demand is calculated for modest homes (<\$200,000), move-up homes (\$200,000 to \$300,000) and executive homes (\$300,000+). Multifamily housing is calculated by modest homes (<\$200,000) and move-up homes (\$200,000+). The price ranges for these housing products are quoted in 2008 dollars.

As with rental housing, it should be noted that to the extent that households are mobile and different market segments are willing to seek out various housing products in adjacent communities, or even outside the County, the demand figures in Table 25 may experience fluctuations between communities.

The following are key points from Table 25.

- ▶ Overall, about 70% of the housing demand in Fillmore County between 2008 and 2020 will be for ownership housing, or about 750 homes. This equates to just over 60 new homes annually. This is down considerably from the 120+ new homes added annually earlier this decade. Over the next couple of decades, the aging of the population will cause a shift in housing demand to include more senior housing and fewer single-family homes. In addition, the early-2000s was a period of robust development that likely will go unmatched over the next decade or longer.

- ▶ Until this current decade, nearly all of the for-sale homes developed in Fillmore County were single-family homes. However, with an increasing proportion of buyers being older adults and seniors, demand for twinhomes and townhomes is increasing, especially for those that would be association maintained. Twinhomes and townhomes appeal to empty nesters because they offer a more maintenance-free environment (allowing more time for travel or other activities) compared to a single-family home. Between 2008 and 2020, we project that 25% to 30% of the for-sale demand in the communities will be for townhomes and twinhomes – or a total of 100 multifamily units. All of the for-sale demand in the townships will be for single-family homes.
- ▶ In Fillmore County, demand for multifamily owned housing will be almost exclusively generated by older adults and seniors (mostly empty nesters). Younger households are generally attracted to townhomes if they are more affordable than single-family homes. Because the supply of existing single-family homes in the County is affordable (and generally less than the price for a new townhome), we believe that almost all younger households will prefer single-family homes.
- ▶ Overall, we project that less than 30% of the demand for new single-family homes will be for modest homes priced under \$200,000 (205 homes between 2008 and 2020). While a greater percentage of the overall demand for housing will be for modest homes, the existing supply will meet most of this demand. This is particularly true when seniors are moving from their single-family homes into either senior housing or townhomes.
- ▶ About two-thirds of the new single-family homes built in Fillmore County between 2008 and 2020 are projected to be move-up (\$200,000 to \$300,000) or executive homes (\$300,000+). A significant portion of the executive homes will be developed in the townships, where people seek to build homes on larger acreages.

Figure 3 displays a summary of demand calculations for various for-sale housing products in Fillmore County from 2008 to 2020.

Figure 3
Fillmore County For-Sale Housing Demand Summary – 2008 to 2020

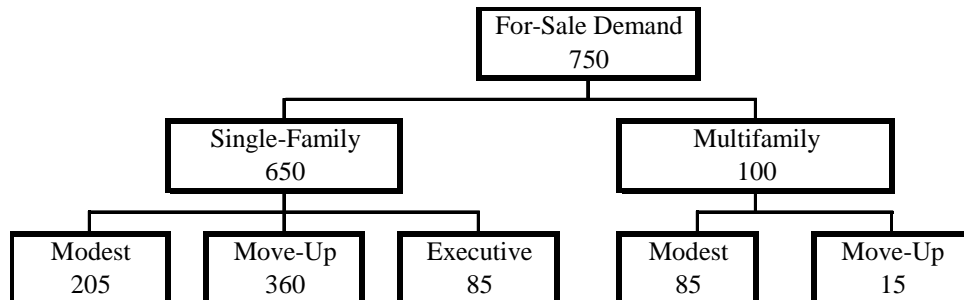
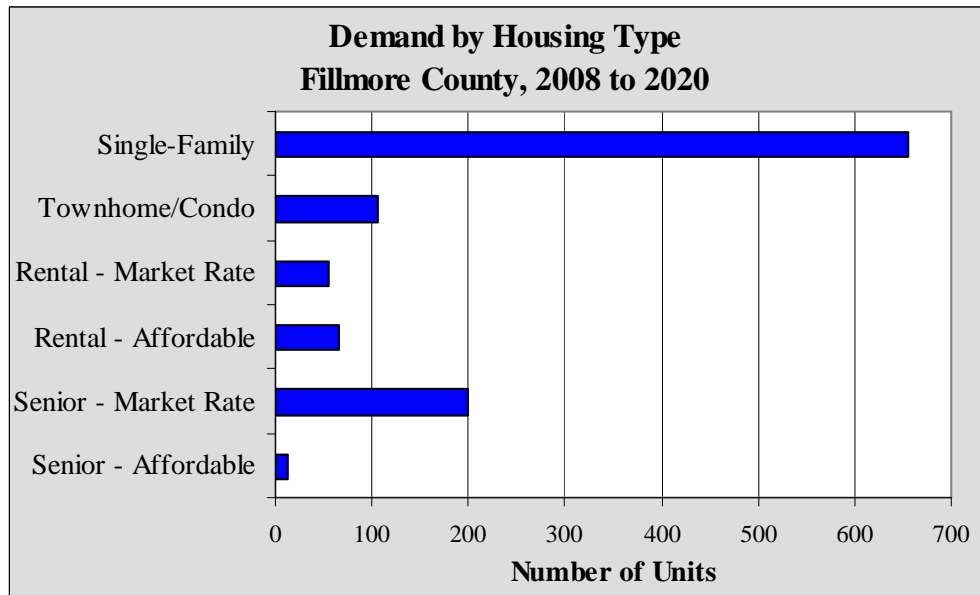


TABLE 25
DEMAND FOR ADDITIONAL FOR-SALE HOUSING
FILLMORE COUNTY
2008 to 2020

	Chatfield	Harmony	Preston	Rushford	Spring Valley	Remaining Communities	Townships	Fillmore County
Projected Household Growth+Replacement Need	170	65	75	140	100	135	400	1,085
Estimated homeownership Rate	60%	60%	33%	24%	44%	79%	100%	69%
Total New Homeowners	102	39	25	34	44	107	400	751
Proportion Single-Family/Multifamily	70 / 30	75 / 25	70 / 30	70 / 30	65 / 35	75 / 25	100 / 0	87 / 13
No. of Units (Single-Family/Multifamily)	71 / 31	29 / 10	18 / 8	24 / 10	29 / 15	80 / 27	400 / 0	651 / 100
Single-Family								
Percent Modest (<\$200,000)	45%	55%	35%	55%	75%	70%	15%	32%
<i>Number</i>	32	16	6	13	21	56	60	205
Percent Move-up (\$200,000-\$300,000)	40%	40%	40%	35%	20%	25%	70%	56%
<i>Number</i>	29	12	7	8	6	20	280	361
Percent Executive (\$300,000+)	15%	5%	25%	5%	5%	5%	15%	13%
<i>Number</i>	11	1	4	2	1	4	60	84
Multifamily - General-Occupancy								
Percent Modest (<\$200,000)	80%	85%	85%	85%	85%	90%	--	75%
<i>Number</i>	24	8	6	9	13	24	--	85
Percent Move-Up (\$200,000+)	20%	15%	15%	15%	15%	10%	--	25%
<i>Number</i>	6	1	1	2	2	3	--	15
Source: Maxfield Research Inc.								

Fillmore County Housing Recommendations

The housing demand calculations in Tables 24 and 25 indicate that between 2008 and 2020, an estimated 1,085 housing units will be needed in Fillmore County to satisfy the housing demand of current and future residents. The chart below displays demand by type of housing. The majority of housing demand through 2020 will be for owned housing, particularly single-family homes (about 650 homes). Following demand for single-family homes will be demand for market-rate senior housing (200 units). Overall, about 80 new affordable housing units will be needed to accommodate demand from low- and moderate-income renters and seniors. The Bluff Country HRA or another governmental agency will likely need to assist in development of these units to meet this affordable demand.



Almost all of the demand through 2020 for new single-family homes and townhomes will be from moderate- to higher-income younger households and empty-nesters with significant equity in an existing home. Private developers are likely to meet the demand from these buyers with new products, with minimal public assistance. The existing housing stock will meet the demand for modestly-priced single-family homes. However, public assistance in the form of home rehabilitation loans for low- and moderate-income homeowners will be needed to help maintain the quality of the affordable housing stock. This will be important to meeting future housing needs, since the County’s smaller communities do not have enough growth to justify developing new apartment or senior buildings. Thus, the existing housing stock will play a large role in meeting future housing needs.

Additional senior developments will be needed to meet the demand from the growing senior population in Fillmore County over the next decade. This includes both independent rental developments as well as market rate service-intensive developments (i.e., congregate, assisted living, and memory care).

The following pages outline key findings from the demographic and housing market analyses and present specific recommendations for each community in the County. Because households are mobile and are willing to seek out various housing products in adjacent communities, the demand figures shown for each community may experience fluctuations based on trends in development activity.

Canton - Summary of Demographic and Housing Findings

Canton is a smaller community that has been experiencing slight declines in its population and household base. Currently, Canton has about 325 people. Between 2008 and 2020, Canton is projected to lose five households, meaning that there will be no housing demand generated from household growth. There will be some housing demand from replacement need of older, obsolete housing. We project total demand for five new housing units in Canton by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Besides the lack of growth, the greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are not projected to see any growth, the 65+ age group is projected to grow by 20%.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	362	343	325	310
Households	160	157	155	150

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-10	-12.5%
Age 45 to 64	-10	-8.7%
Age 65+	15	20.0%

Household Mix in 2008

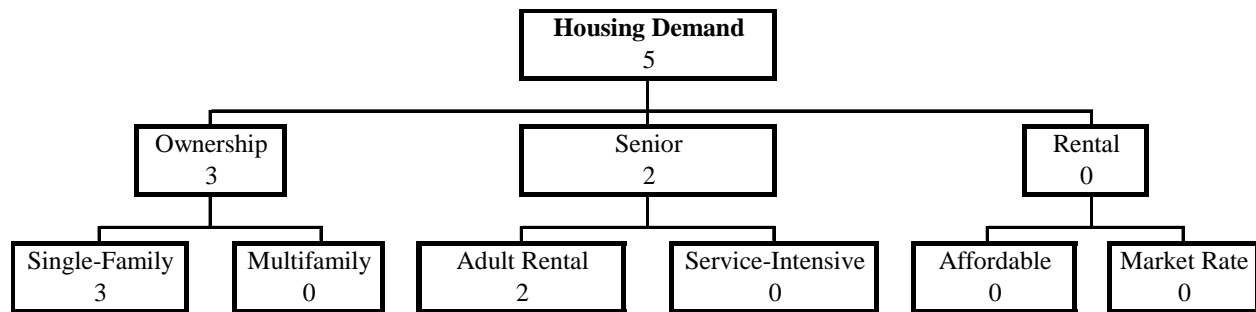
Homeowners	138	(89.0%)
Renters	17	

Being a small town, the vast majority of Canton’s housing stock is single-family homes. Due to the age of housing and the limited need for new housing, maintaining the quality of the existing housing stock will be one of Canton’s greatest housing needs over the next decade.

Canton Recommendations

Rental demand in Canton is limited because of the limited job base and the fact that existing homes are affordable to younger households with modest incomes who are the typical market for rental housing. Our research also revealed that the local senior population is not large enough to support a senior building. Thus, we find that all of the demand for new housing will be for owned housing. Because the likely buyers of new homes in Canton will be retired farmers and other seniors, the new homes should be ranch-style homes, and could potentially be a one-level twinhome. We also believe that a rental duplex would appeal to some seniors who wish to reduce maintenance and homeownership responsibilities. These rental units should be on one-level and feature attached garages and monthly rents of about \$700.

Canton Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

We understand that the City of Canton will be applying for a grant from the Small Cities Development Program (managed by the Department of Employment and Economic Development) for the purpose of assisting low- and moderate-income households with rehabilitating their homes. A similar grant for home rehabilitation was received in 2002 and 25 homeowners participated. An additional 25 homeowners remain on a waiting list. Since maintaining the quality of the existing housing stock is a priority, we find that additional funds for home rehabilitation would be very beneficial to the community and recommend pursuing funds again in the future if the 2009 grant is not awarded.

Chatfield - Summary of Demographic and Housing Findings

Chatfield is located on the Fillmore and Olmstead County line and is the County’s largest community with about 2,700 people. Growth is also greatest in Chatfield, as it is driven by local employment and people commuting to Rochester, which is only about 20 miles away. Between 2008 and 2020, Chatfield is projected to grow by 135 households. Combined with an estimated replacement need of 20 housing units over the 12-year period plus some additional demand generated by a senior building drawing residents from the surrounding rural areas, we project total demand for 170 new housing units by 2020.

Key demographic trends affecting housing needs in Chatfield over the next 12 years are shown below. Chatfield is projected to experience steady growth of younger families, which will cause Chatfield to see population growth in every age group, whereas most other rural communities will see a disproportionate amount of their growth in the senior population. Chatfield demographic growth trends indicate that demand will exist for all types of housing, including single-family homes, townhomes, apartments, and senior housing.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	2,226	2,394	2,735	3,000
Households	846	930	1,105	1,225

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	85	8.6%
Age 45 to 64	65	11.3%
Age 65+	50	10.1%

Household Mix in 2008

Homeowners	862	(79%)
Renters	228	

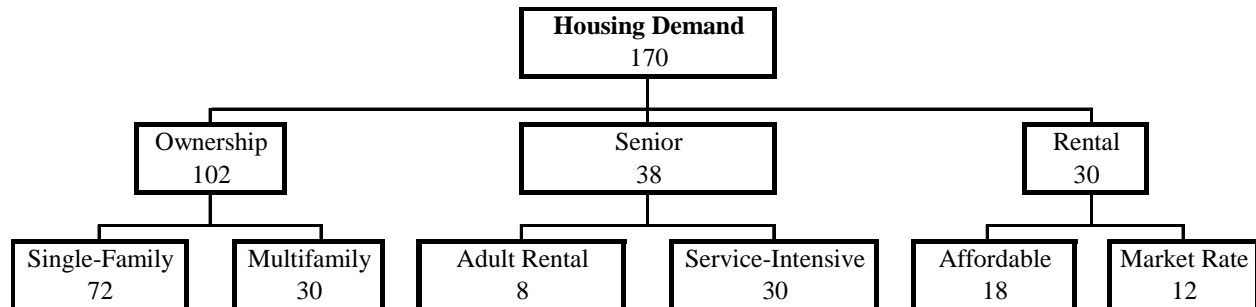
Chatfield has a housing stock that overall is in good condition – with most of the housing being single-family homes. Chatfield has not participated in home rehab programs for low- and moderate-income homeowners, however. So far this decade, all of the housing added has been single-family homes and townhomes, with the exception of Chosen Valley Assisted Living in 2005. The most recent rental development is Mill Pond Townhomes (an affordable rental development), added in 1999.

Chatfield has plenty of single-family lots with the opening of the first phase of the Hilltop Estates subdivision in 2008. Lots also remain available in the Fingerson-Donahue, Lonestone, and Orchard Ridge Townhome subdivisions.

Chatfield Recommendations

Housing demand in Chatfield is more balanced between ownership, rental, and senior than in most other communities in the County. This is because Chatfield has the largest employment base and also has goods and services (including health care) that are attractive to area seniors as they get older. Between 2008 and 2020, we project demand for about 100 owned homes, 40 senior housing units, and 30 rental units.

Chatfield Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

The demand for 100 owned homes includes about 70 single-family homes for younger families and about 30 twinhomes/townhomes for empty-nesters and other active seniors. The development of more congregate and assisted living housing in the community will also indirectly satisfy some of the new ownership demand as existing single-family homes become available for younger singles and families as seniors transition into senior housing. The City should consider seeking grant funds for a home rehab program for low- and moderate-income homeowner

We calculate demand for about 40 senior housing units with services – including congregate, assisted living, and memory care. These units would meet the growing demand from the senior population and could be added to the Chosen Valley Care Center campus if land is available. We also find a small amount of demand for independent rental units for active seniors who wish to rid themselves of the maintenance responsibilities of their single-family homes and would also prefer to rent versus own.

About 15% of the overall housing need in Chatfield between 2008 and 2020 is for rental housing, or about 30 units. Most of the rental need will be to provide newer, contemporary units to maintain the overall quality and appeal of the rental stock. The target market will be retiree’s as well as younger people moving to the community. Monthly rents for most of the units should be below the payment standard for the Housing Choice Voucher program, or \$471 for one-bedroom units, \$622 for two-bedroom units and \$832 for three-bedroom units. Any market rate units with rents above the payment standard should be one-level units with attached garages, which would appeal to seniors who could afford the higher rents.

Fountain - Summary of Demographic and Housing Findings

Fountain is a community with about 400 people located on Highway 52 between Chatfield and Preston. Its strategic location between Chatfield and Preston has spurred greater household growth than many other rural communities of its size, as residents can easily commute to jobs in these neighboring towns. Between projected household growth and replacement need, we project demand for 24 housing units over the 12-year period, or about two new homes each year.

Key demographic trends affecting housing needs over the next 12 years are shown below. Fountain’s population is growing steadily, including among younger age-groups. Seniors are growing, but the numerical growth of seniors is small enough (5 seniors) that demand for new alternative housing would still be minimal.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	327	343	400	440
Households	126	131	155	175

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	15	9.4%
Age 45 to 64	5	5.3%
Age 65+	5	10.0%

Household Mix in 2008

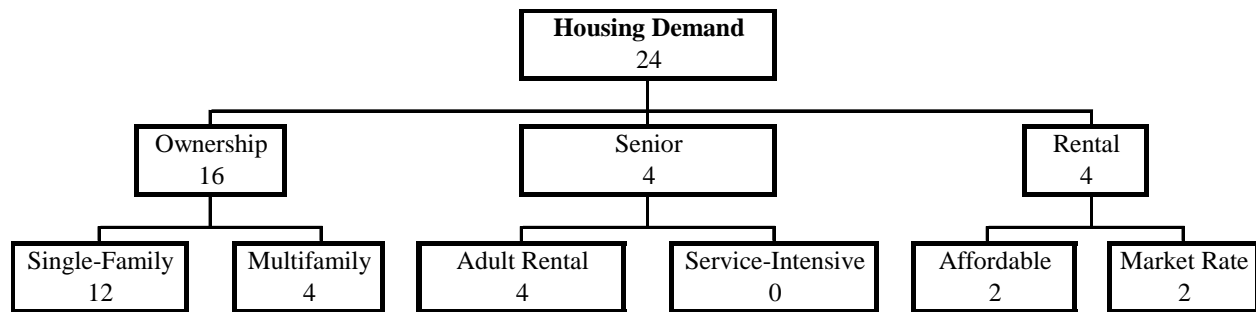
Homeowners	122	(77.4%)
Renters	33	

Fountain’s housing stock consists mostly of single-family homes owned by their occupants. However, 12 new apartment units have been added this decade. The rental units are performing well as they are drawing heavily from people working in adjacent communities. Demand for single-family lots has been steady, but no new development is allowed until Fountain’s sewer capacity is expanded. Expansion is planned for March 2009 and will enable 28 single-family lots to come on-line in the second phase of the Junge Addition.

Fountain Recommendations

About two-thirds of the housing demand in Fountain will be for single-family homes and twin-homes. The primary market for these homes will be families working in neighboring communities as well as retiring farmers from the surrounding countryside. Fountain does not have a sufficient number of seniors to support the development of a service-intensive senior housing facility (such as assisted living). Local seniors in need of housing with support services will need to relocate to housing in Chatfield, Preston, or other communities. However, there is potential for a four-plex of one-level rental townhomes with attached garages marketed toward seniors. We would recommend these rental units have two-bedroom units and monthly rents of about \$700. While rental demand generated locally will be minimal, there is potential demand to support another four-plex with monthly rents of about \$500 marketed toward younger households.

Fountain Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

The 28 lots planned in phase two of the Junge Addition should accommodate most of the demand for new homes in Fountain over the next 12 years. Maintaining the quality of the existing housing stock should also be a priority in Fountain. We understand that a rehab program for the purpose of assisting low- and moderate-income households with rehabilitating their homes was administered about ten years ago and was successful. We recommend that Fountain pursue rehab funds again in the future.

Harmony - Summary of Demographic and Housing Findings

Harmony is located in the south central part of the County and has a population of about 1,100 people. Recent population growth has been modest. While there has been greater household growth, the aging population has resulted in declining household sizes (fewer people per household). Between 2008 and 2020, 45 new households are projected to be added to the community, resulting in a need for new housing. Combined with an estimated replacement need of 15 housing units over the 12-year period plus some additional demand generated by a senior building drawing residents from the surrounding rural areas, we project total demand for 65 new housing units by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Growth next decade is projected to slow from this decade’s pace, as it is in most communities around the State. In addition, with the population continuing to age, growth of the younger populations is projected to be limited while the 65+ age group grows by over 20%. This will increase the number of residents desiring alternatives to their single-family homes.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	1,081	1,080	1,150	1,210
Households	461	477	540	575

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-15	-5.5%
Age 45 to 64	5	1.5%
Age 65+	75	22.1%

Household Mix in 2008

Homeowners	393	(73.9%)
Renters	139	

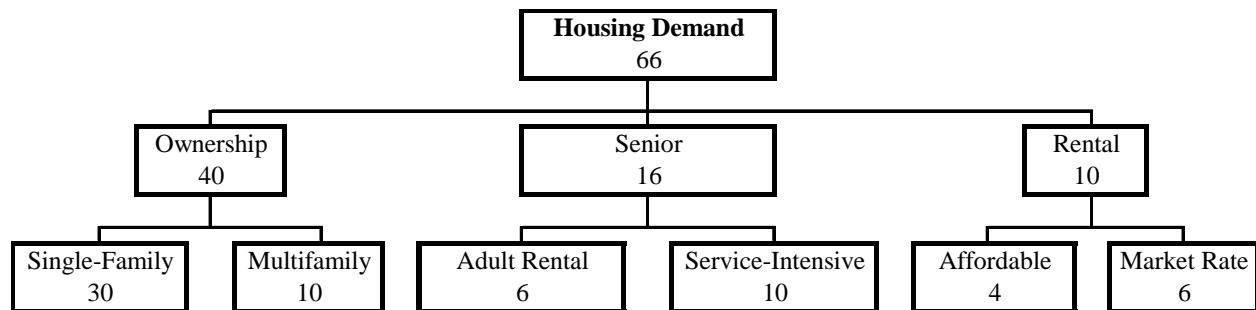
Harmony’s housing stock is in good condition, but is older (over half the single-family homes are at least 50 years old). So far this decade about 20 single-family homes have been built and about 25 lots remain available to accommodate more homes. Also added this decade is Heritage Grove, a 34-unit senior building that includes congregate, assisted living, and memory care housing. This facility is meeting most of the current demand for senior housing with support services.

Harmony Recommendations

We calculate that about 60% of the demand for new housing in Harmony will be for single-family homes and for-sale twinhomes. Some demand was also calculated for additional senior housing and rental units. Given the current pace of development, we project that another subdivision with single-family and townhome lots will be needed in Harmony in about five years to provide adequate choices to prospective buyers. New lots should be priced at less than \$30,000 (in 2008 dollars).

Heritage Grove is meeting most of the senior housing demand in Harmony and while growth is projected in the senior population, it is not projected to be sufficient to support another facility the size of Heritage Grove. Instead, demand will likely only be sufficient to add a roughly 10-unit wing onto the current facility, provided that is structurally feasible. In addition to service-intensive senior housing, we also recommend developing about six independent rental units for active seniors who wish to rid themselves of the maintenance responsibilities of their single-family homes and would also prefer to rent versus own.

Harmony Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

So far this decade, one 4-plex rental building with detached garages has been added and it is fully occupied. There are few newer rental buildings in Harmony and we recommend another 10 units be built by 2020. Monthly rents for new units should be below the payment standard for the Housing Choice Voucher program, or \$471 for one-bedroom units, \$622 for two-bedroom units and \$832 for three-bedroom units.

Lanesboro - Summary of Demographic and Housing Findings

Lanesboro is a historic community of about 850 people located along the Root River. Many of its grander homes have been converted into Bed & Breakfast Inns that draw tourists from across the multi-state area. Lanesboro’s population has remained relatively steady while its household base has increased. This is primarily the result of declining household sizes due to the aging population. Between projected household growth and replacement need, we project demand for 25 new housing units in Lanesboro over the 12-year period, or about two new homes each year.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are not projected to see any growth, the 65+ age group is projected to grow by 38%. While the senior population is growing, it likely won’t be sufficient to support a new stand-alone assisted living facility.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	858	788	865	875
Households	385	384	405	415

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-40	-17.8%
Age 45 to 64	5	1.6%
Age 65+	70	37.8%

Household Mix in 2008

Homeowners	298	(74.5%)
Renters	102	

Lanesboro’s housing stock consists primarily of single-family homes, about 70% of which were built prior to 1950. New development in Lanesboro is constrained by the surrounding bluffs and the Root River. The available lots are in the Southern Hills and Southern Woods subdivision, located above the bluffs to the southwest.

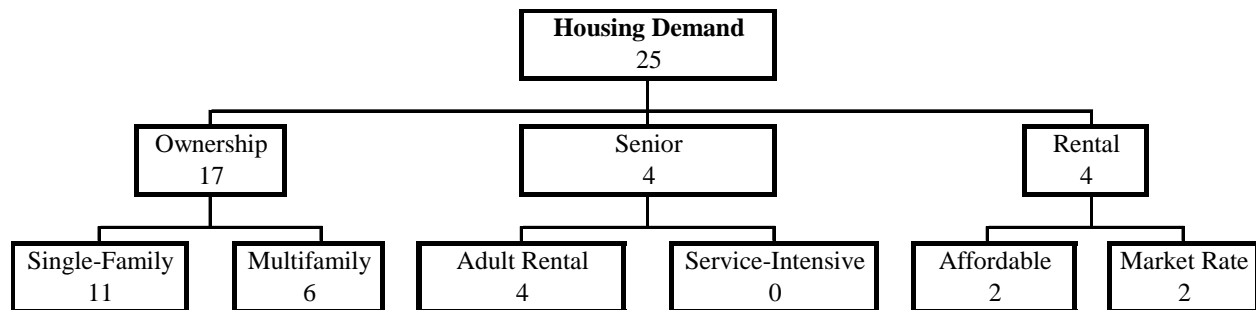
Most of the rental stock is located in single-family homes. We did not survey any market rate apartments and there are no market rate senior buildings. Two subsidized senior buildings – Kenilworth and Sylvan Manor Apartments – provide rental housing to low- and moderate-income seniors.

Lanesboro Recommendations

Housing demand in Lanesboro will be primarily for single-family homes and for-sale town-homes/twinhomes. The 26 existing lots in Southern Hills and Southern Woods subdivisions should satisfy most of the demand for single-family lots through 2020. Additional lots may be needed in about 2015 to provide adequate consumer choice. Most of the demand for the for-sale multifamily units will come from local empty-nesters and active seniors seeking to downsize from their existing homes.

Lanesboro does not have a sufficient number of seniors to support the development of a service-intensive senior housing facility (such as assisted living). Local seniors in need of housing with support services will need to relocate to housing in Chatfield, Preston, or other communities. However, there is potential for a four-plex of one-level rental townhomes with attached garages marketed toward seniors. We would recommend these rental units have two-bedroom units and monthly rents of about \$700. While rental demand generated locally will be minimal, there is potential demand to support another four-plex with monthly rents of about \$500 marketed toward younger households.

Lanesboro Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

While Lanesboro’s overall housing stock is in good condition, it is older. To maintain the quality of the existing housing stock, we recommend that Lanesboro pursue loan rehabilitation programs over the next 12 years for rental units and moderate-income homeowners.

Mabel - Summary of Demographic and Housing Findings

Mabel is a community of about 850 people located in the far southeastern portion of the County. It has experienced steady growth, adding 21 households during the 1990s and an estimated 40 households so far this decade. About half of the household growth this decade has come from the addition of Green Lea Manor, a 22-unit assisted living facility. Between projected household growth and replacement need, we project demand for 30 new housing units in Mabel over the 12-year period, or about two to three new homes each year. Demand in the short-term may be slightly less with the announcement that Northern Engraving in nearby Spring Grove will be closing in February 2009.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are projected to decline slightly, the 65+ age group is projected to grow by 10%. This growth will strengthen demand for Mabel’s existing senior housing products, and will create demand for more alternatives to single-family homes, such as townhomes.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	745	766	835	870
Households	316	337	380	400

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-5	-2.4%
Age 45 to 64	-5	-2.3%
Age 65+	25	10.0%

Household Mix in 2008

Homeowners	294	(78%)
Renters	83	

Mabel’s housing stock is mostly single-family homes, of which most are in good condition. Like the other communities in the County, the housing stock is aging (about half of Mabel’s homes were built before 1950). Thus, maintaining the quality of the existing housing stock should be a housing priority. Only about four lots are available in Mabel to accommodate future single-family homes and townhomes, all of which are in the Gjere 1st Addition. About 40 acres is available for future phases.

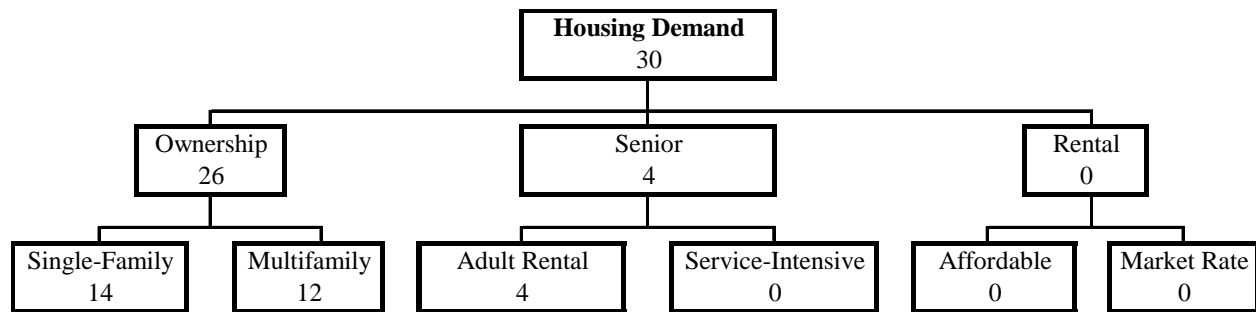
An assisted living facility was added in 2005 adjacent to Green Lea Manor (skilled care facility). This facility provides senior housing with support services to area seniors. There are no independent senior buildings, however. The general-occupancy rental stock consists mostly of single-family homes. Cherrywood Estates provides 16 subsidized rental units, and the 12-unit Village Apartments was added in two buildings in 2001 and 2008, respectively.

Mabel Recommendations

We project that almost all of the housing demand through 2020 in Mabel will be for single-family homes and townhomes/twinhomes. The remaining demand will be for about four rental units. Since the primary target market for rental housing is retired seniors, these four units could be age-restricted. We would recommend units similar to Village Apartments, which features one-level units with garages.

While there is some increased demand for senior housing with services, Green Lea Manor is meeting most of that need and additional demand will not be sufficient to support another building. At most, a small addition to the existing facility could be added to provide a few more units in the future, assuming there is land available.

Mabel Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

Most of the demand for owned homes is also from older adults and active seniors, many of whom would prefer to reduce their maintenance burden. Thus, we project that nearly half of the ownership demand will be for townhomes and twinhomes. Additional lots will need to be created to meet this demand as there are only about five available lots remaining in the community.

While Mabel’s overall housing stock is in good condition, it is older. To maintain the quality of the existing housing stock, we recommend that Mabel pursue loan rehabilitation programs over the next 12 years for rental units and moderate-income homeowners.

Ostrander - Summary of Demographic and Housing Findings

Ostrander is one of Fillmore County’s smaller communities, with a current population of about 230 people. The household base has remained at about 100 since 1990, although the population has declined slightly due to the aging population. Between 2008 and 2020, Ostrander is projected to lose five households, meaning that there will be no housing demand generated from household growth. There will be some housing demand from replacement need of older, obsolete housing. We project total demand for four new housing units in Ostrander by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Besides the lack of growth, the greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are projected to decline, the 65+ age group is projected to grow by 17%.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	276	212	230	220
Households	99	100	100	95

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-10	-14.3%
Age 45 to 64	-5	-8.3%
Age 65+	10	16.7%

Household Mix in 2008

Homeowners	79	(79%)
Renters	21	

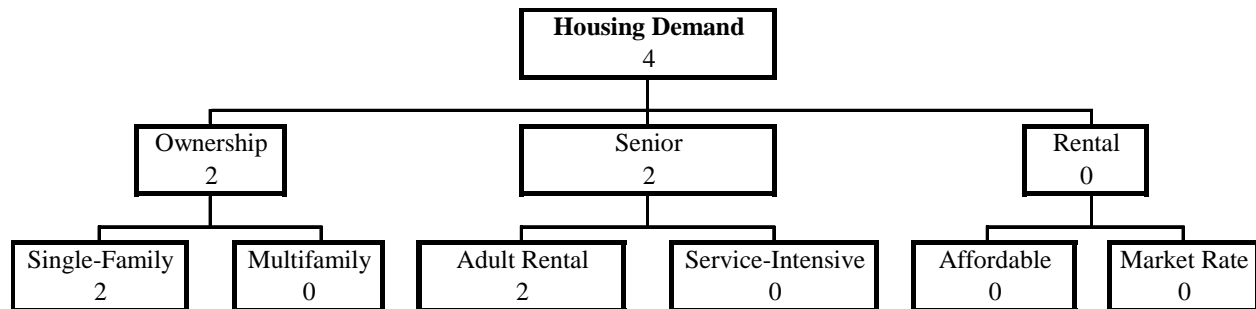
Being a small town, the vast majority of Ostrander’s housing stock is single-family homes. Due to the age of housing and the limited need for new housing, maintaining the quality of the existing housing stock will be one of Canton’s greatest housing needs over the next decade.

A six-unit assisted living was added to the Ostrander Care and Rehab facility in 2001 and is full with a waiting list. Given the growing senior population, there may be potential to add a few more assisted living units onto the existing facility, but not enough to support a new stand-alone assisted living facility.

Ostrander Recommendations

Rental demand in Ostrander is limited because of the limited job base and the fact that existing homes are affordable to younger households with modest incomes, who are the typical market for rental housing. We find that demand for new housing will come primarily from retiring seniors in the area, including farmers from the rural areas. New homes that would appeal to these seniors are ranch-style, single-family homes, and potentially one-level twinhomes. We also believe that a rental duplex would appeal to some seniors who wish to reduce maintenance and homeownership responsibilities. These rental units should be on one-level and feature attached garages and monthly rents of about \$700.

Ostrander Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

Because of the older age of the housing stock, we recommend that the City of Ostrander seek a grant from the Small Cities Development Program (managed by the Department of Employment and Economic Development) for the purpose of assisting low- and moderate-income households with rehabilitating their homes within the next 12 years.

Peterson - Summary of Demographic and Housing Findings

Peterson is a community of 250 people located along the Root River between Lanesboro and Rushford. The population and the household base have remained fairly steady since 1990. The household base is projected to remain steady over the next 12 years as well. Almost all of the housing demand will be generated by replacement need of older, obsolete housing. We project total demand for four new housing units in Peterson by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Besides the lack of growth, the greatest demographic trend impacting housing demand will be the aging of the population. While the younger populations are projected to decline, the 65+ age group is projected to grow by 20%.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	259	269	250	240
Households	101	98	95	95

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-10	-15.4%
Age 45 to 64	-10	-14.3%
Age 65+	15	20.0%

Household Mix in 2008

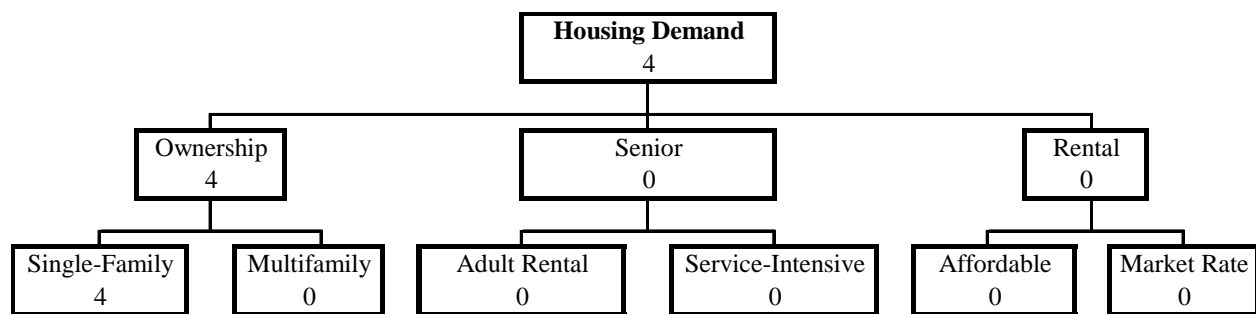
Homeowners	76	(80%)
Renters	19	

Being a small town, the vast majority of Peterson’s housing stock is single-family homes. Due to the age of housing and the limited need for new housing, maintaining the quality of the existing housing stock will be one of Peterson’s greatest housing needs over the next decade.

Peterson Recommendations

Rental demand in Peterson is limited because of the limited job base and the fact that existing homes are affordable to younger households with modest incomes, who are the typical market for rental housing. We find that most of the demand for new housing will come from retiring seniors in the area, including farmers from the rural areas. New homes that would appeal to these seniors are ranch-style, single-family homes, and potentially one-level twinhomes. Some demand will also be generated by younger people working in the area who are attracted to the small-town charm of Peterson and/or the affordable housing costs.

Peterson Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

We understand that the City of Peterson will be applying for a grant from the Small Cities Development Program (managed by the Department of Employment and Economic Development) for the purpose of assisting low- and moderate-income households with rehabilitating their homes. Since maintaining the quality of the existing housing stock is a priority, we find that funds for home rehabilitation would be very beneficial to the community and recommend pursuing funds again in the future if the 2009 grant is not awarded.

Preston - Summary of Demographic and Housing Findings

Preston is centrally located in Fillmore County and is the County Seat. With just over 1,400 people, Preston is the County’s fourth largest community. There was no household growth during the 1990s in Preston but demand increased earlier this decade and thus, about 45 households have been added this decade so far. Between 2008 and 2020, Preston is projected to grow by another 35 households. Combined with an estimated replacement need of 20 housing units over the 12-year period plus some additional demand generated by a senior building drawing residents from the surrounding rural areas, we project demand for almost 80 new housing units by 2020.

Key demographic trends affecting housing needs in Preston over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger population is projected to see a slight decline, the 65+ age group is projected to grow by 11%. While most of these seniors will remain in their single-family homes, many will also seek other types of housing, such as townhomes, apartments, and senior housing.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	1,530	1,426	1,440	1,480
Households	584	583	635	665

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	-30	-8.2%
Age 45 to 64	35	8.3%
Age 65+	45	11.4%

Household Mix in 2008

Homeowners	481	(76.3%)
Renters	149	

Preston has a housing stock that overall is in good condition – with most of the housing being single-family homes. So far this decade, about 20 single-family homes have been added, as have 20 senior housing units and seven rental units.

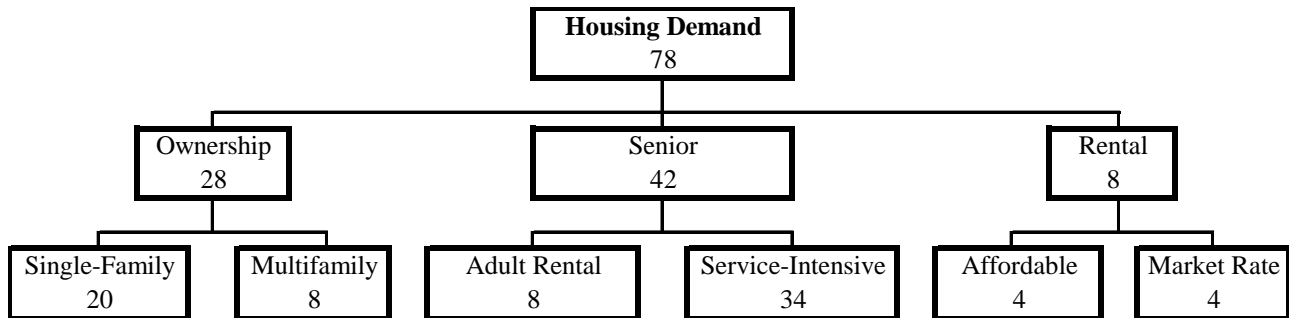
Park Lane Estates (20-unit assisted living) opened in 2001 and has satisfied some of the senior housing demand. However, the local nursing home closed. Taking its place is a redevelopment that will convert it into a 20-unit facility with 15 memory care units and five assisted living units.

The lot supply in Preston is low, with only about 11 lots remaining in the Golf View Estates subdivision. A new subdivision would require a lift station, which is a barrier that needs to be addressed in order to create more lots.

Preston Recommendations

There is demand in Preston for a variety of housing types. The majority of demand is for senior housing, as the closing of the local nursing home has somewhat created a void in the City’s continuum of care. The renovated facility, with 20 service-intensive units, will satisfy most of this demand until close to 2020 when senior growth will warrant the addition of more units. Most of ownership demand will be for single-family homes, as local employment, plus that in nearby towns, will attract younger households. There will be growing demand for more maintenance-free housing from empty-nesters and retired seniors. A combination of about eight for-sale twinhomes and eight rental townhomes should accommodate most of this demand. All of these units should be one-level with attached garages.

Preston Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

With a dwindling number of available lots, one of Preston’s major housing needs will to increase the supply of single-family and townhome lots. Also, we recommend that the City of Preston seek a grant from the Small Cities Development Program for the purpose of assisting low- and moderate-income households with rehabilitating their homes within the next 12 years.

The most recent apartment added in Preston is the four-unit Bisek Apartments, which is the conversion of an older office building. All of the units are occupied, and we project demand for an additional eight general-occupancy rental units. This represents only about 10% of the overall housing need in Preston between 2008 and 2020. This relatively low percentage is largely because the 18-to-24-age group is projected to see little or no growth over the next 12 years. Most of the rental need will be to provide newer, contemporary units to maintain the overall quality and appeal of Preston’s rental stock. The target market will be retiree’s as well as younger people moving to the community. Monthly rents for new rental units should be below the payment standard for the Housing Choice Voucher program, or \$471 for one-bedroom units, \$622 for two-bedroom units and \$832 for three-bedroom units.

Rushford - Summary of Demographic and Housing Findings

Rushford is one of Fillmore County’s larger communities with about 1,800 people. It is located in the Root River Valley in the far northeast corner of the County. Both population and households have been growing since 1990. However, the flooding of August 2007 destroyed many homes and damaged others. Thus, the population has taken a temporary dip. Between 2008 and 2020, Rushford is projected to grow by 45 households. Combined with an estimated replacement need of 85 housing units plus some additional demand generated by a senior building drawing residents from the surrounding rural areas, we project demand for 140 new housing units by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Like many other communities in the County and across the State, Rushford’s population is aging. While the younger population is projected to see a slight decline, the 65+ age group is projected to grow by 30%. While most of these seniors will remain in their single-family homes, many will also seek other types of housing, such as townhomes, apartments, and senior housing.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	1,485	1,696	1,770	1,840
Households	628	704	785	820

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-20	-3.9%
Age 45 to 64	-25	-5.0%
Age 65+	125	30.1%

Household Mix in 2008

Homeowners	621	(80.1%)
Renters	154	

Notwithstanding the damaged caused by the flooding in 2007, Rushford’s housing stock is in good condition. Permits were pulled to replace, repair, or remodel about 230 homes shortly after the flood. However, additional homes will need to be built to replace other destroyed homes, which include 36 mobile homes in the Bluffview mobile home park, the 16-unit Rushford Manor Apartments, 4-unit Winona Street Apartments, and 12-unit Rush Creek Senior Apartments.

Among Rushford’s multifamily stock are the 24-unit Pine Meadows townhome development, built in 2003 and the 15-unit Bremmer Assisted Living. Given the growing senior population, additional senior housing will likely be needed to accommodate demand.

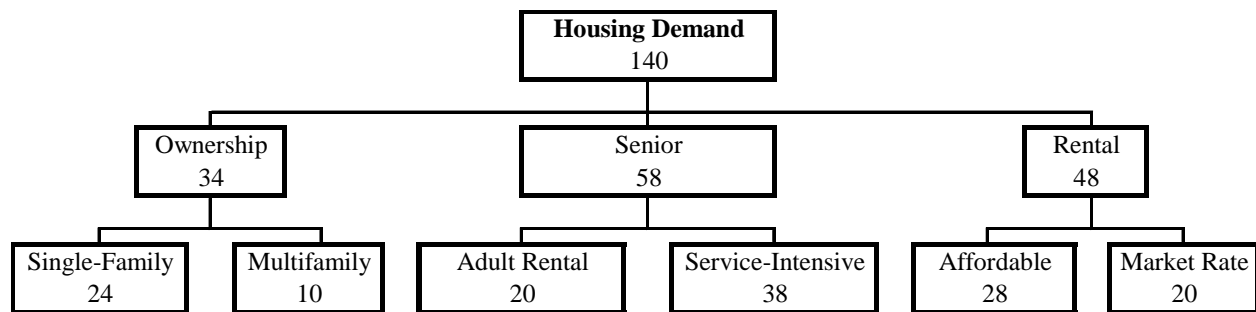
The lot supply in Rushford is low, and new subdivisions will be needed in order for Rushford to meet its projected housing needs.

Rushford Recommendations

There is demand in Rushford for a variety of housing types. The most demand is for senior housing, at almost 60 units, followed by rental demand (50 units), and ownership demand (34 units). It should be noted that the development of a new service-intensive senior building (congregate, assisted living, and memory care) will indirectly satisfy some of the new ownership demand as existing single-family homes become available for younger singles and families as seniors transition into senior housing. In addition to service-intensive senior housing, we also recommend developing about 20 independent rental units for active seniors who wish to rid themselves of the maintenance responsibilities of their single-family homes and would also prefer to rent versus own.

Most of the ownership demand will be for single-family homes, as local employment growth will attract younger households to the area. There will be growing demand for more maintenance-free housing from empty-nesters and retired seniors. A combination of for-sale twinhomes along with the recommended adult rental townhomes should meet most of this demand.

Rushford Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

A study examining the short-term and long-term housing needs in Rushford in the wake of the August 2007 floods was prepared in March 2008 for the City. The study was funded by the Greater Minnesota Housing Fund. This study can be reviewed to provide more detailed housing recommendations for the City of Rushford.

Rushford Village - Summary of Demographic and Housing Findings

Rushford Village encompasses the very northeastern six-mile square area excluding Rushford and Peterson, which it surrounds. Rushford Village is rural in nature, with the greatest housing concentration being located south of the Root River from Rushford. Population and household growth has been steady since 1990, and currently Rushford Village has a population of 785 people. Combined with an estimated replacement need of seven housing units over the 12-year period, we project total demand for 34 new housing units by 2020, or nearly three new homes annually.

Key demographic trends affecting housing needs over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While growth of the younger populations is limited, the 65+ age group is projected to grow by 40%. This will increase the number of residents desiring alternatives to their single-family homes.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	705	714	790	820
Households	219	264	305	330

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-25	-11.1%
Age 45 to 64	20	7.1%
Age 65+	45	40.9%

Household Mix in 2008

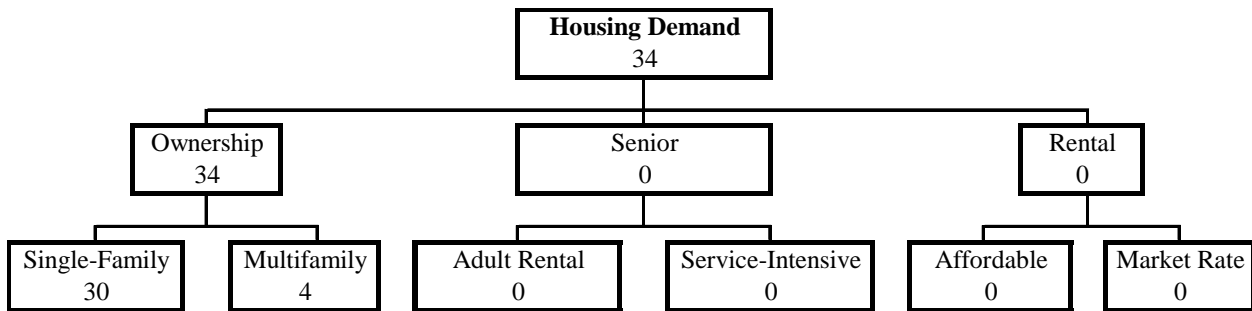
Homeowners	282	(94%)
Renters	18	

There are no multifamily buildings in Rushford Village, only single-family homes. Almost 95% of the residents own single-family homes and the few renters are also living in single-family homes.

Rushford Village Recommendations

We calculate demand for 34 new housing units in Rushford Village. All of the demand will be for single-family homes, with the exception that a few units could be developed as for-sale twin-homes. Because of the aging population, many current residents may seek more maintenance-free housing. Most of these people, however, especially those needing support services, will move into Rushford or other communities to be in multifamily housing closer to services.

Rushford Village Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

Spring Valley - Summary of Demographic and Housing Findings

Spring Valley is located on Highway 63 in the western portion of Fillmore County, about 25 miles from Rochester. Its relatively close proximity has spurred some of the strong growth that occurred earlier this decade. As of 2008, Spring Valley had a population just shy of 2,700, making it almost tied with Chatfield as the County’s largest community. Between 2008 and 2020, Spring Valley is projected to grow by 60 households. Combined with an estimated replacement need of 30 housing units over the 12-year period plus some additional demand generated by a senior building drawing residents from the surrounding rural areas, we project total demand for 100 new housing units by 2020 – or about eight new homes annually.

Key demographic trends affecting housing needs in Spring Valley over the next 12 years are shown below. The greatest demographic trend impacting housing demand will be the aging of the population. While the younger population is projected to see a slight decline, the 65+ age group is projected to grow by 19%. While most of these seniors will remain in their single-family homes, many will also seek other types of housing, such as townhomes, apartments, and senior housing.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	2,461	2,518	2,675	2,780
Households	1,001	1,026	1,105	1,160

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	5	0.6%
Age 45 to 64	-20	-2.9%
Age 65+	90	19.4%

Household Mix in 2008

Homeowners	838	(76.2%)
Renters	262	

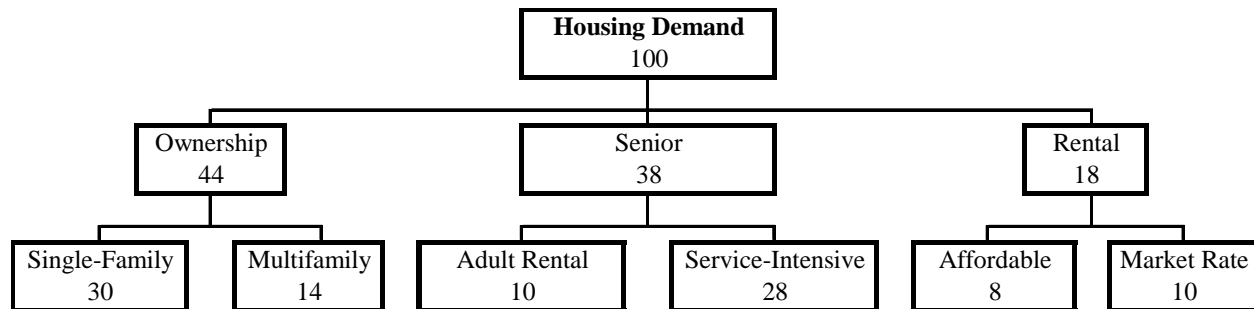
Spring Valley has a housing stock that overall is in good condition – with most of the housing being single-family homes. However, Spring Valley has over 500 homes built prior to 1950, or close to double any other community in the County. So far this decade, all of the housing added has been single-family homes and townhomes, with the exception of Evergreen Assisted Living and Commercial House Apartments (renovation of an 1874 building).

Currently, Spring Valley has an adequate supply of lots – with over 40 in the North Park Estates and Bucknell subdivisions combined. In comparison, only eight homes have been built in the community during the past five years.

Spring Valley Recommendations

Housing demand in Spring Valley is more balanced between ownership, rental, and senior than in most other communities in the County. This is because Spring Valley has the largest employment base and also has goods and services (including health care) that are attractive to area seniors as they get older. Between 2008 and 2020, we project demand for about 45 owned homes, 40 senior housing units, and 20 rental units.

Spring Valley Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

The demand for 100 owned homes includes about 30 single-family homes for younger families and about 14 twinhomes/townhomes for empty-nesters and other active seniors. The Evergreen Assisted Living was added in 2007, and we project that it will meet the local service-intensive demand until closer to 2020. It should be noted that the development of The Evergreen will indirectly satisfy some of the new ownership demand as existing single-family homes become available for younger singles and families as seniors transition into senior housing. The City should consider seeking grant funds for a home rehab program for low- and moderate-income homeowner

Most of the demand for 20 general-occupancy rental units will be to provide newer, contemporary units to maintain the overall quality and appeal of the rental stock. The target market will be retiree’s as well as younger people moving to the community. Monthly rents for most of the units should be below the payment standard for the Housing Choice Voucher program, or \$471 for one-bedroom units, \$622 for two-bedroom units and \$832 for three-bedroom units. Any market rate units with rents above the payment standard should be one-level units with attached garages, which would appeal to seniors who could afford the higher rents. There would be overlap with these one-level units and the 10 units of adult rental demand, which also appeals to active seniors who wish to rid themselves of the maintenance responsibilities of their single-family homes and would also prefer to rent versus own.

Whalen - Summary of Demographic and Housing Findings

Whalen is Fillmore County’s smallest community with about 40 people. It is nestled along the Root River and about half of the homes are seasonal (or “second” or “vacation” homes) while the other half are occupied by permanent residents. Whalen is land locked and there is little room for new development. Between projected household growth and replacement need, we project demand for three housing units over the 12-year period, or one new home every four years.

Key demographic trends affecting housing needs over the next 12 years are shown below. In addition to limited growth, almost all of the growth is likely to be for owned homes, as 90% of the current residents are owners.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	94	64	40	50
Households	42	34	20	25

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	2	16.7%
Age 45 to 64	3	20.0%
Age 65+	3	37.5%

Household Mix in 2008

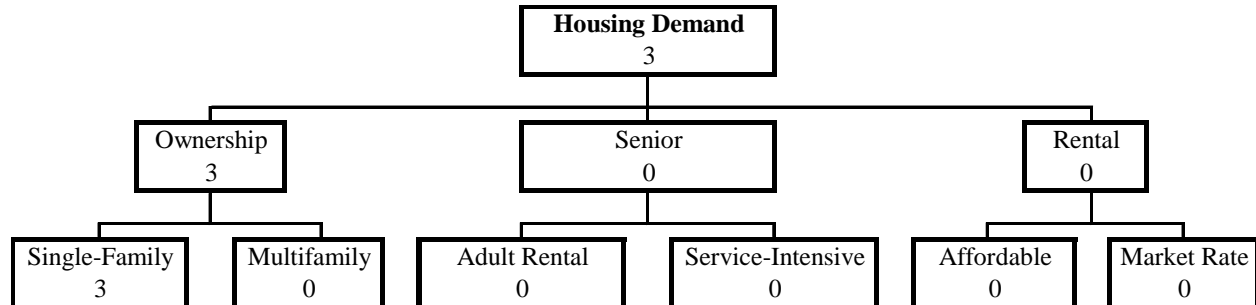
Homeowners	20	(90.1%)
Renters	2	

Whalen’s housing stock consists almost entirely of single-family homes either owned by permanent residents or by people seeking vacation homes in the Root River Valley. Whalen annexed 95 acres above the bluffs that has added 12 large lots to its supply. To date, none of the lots have sold.

Whalen Recommendations

All of the housing demand in Whalen will be for single-family. The primary market for these homes will be retiring farmers from the surrounding countryside and people working in neighboring communities. Rental demand will be minimal and would most likely be accommodated by existing single-family homes that are rented.

Whalen Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

We understand that the City of Whalen will be applying for a grant from the Small Cities Development Program (managed by the Department of Employment and Economic Development) for the purpose of assisting low- and moderate-income households with rehabilitating their homes. Since maintaining the quality of the existing housing stock is a priority, we find that funds for home rehabilitation would be very beneficial to the community and recommend pursuing funds again in the future if the 2009 grant is not awarded.

Wykoff - Summary of Demographic and Housing Findings

Wykoff is a community of about 420 people located between Spring Valley and Preston. While seven households have been added since 1990, the population has declined by 73 people. This is primarily the result of declining household sizes (fewer people per household) due to the aging population. While the community’s household base is holding steady, the limited growth means there is limited new housing need. Between projected household growth and replacement need, we project demand for eight housing units over the 12-year period, or less than one new home each year.

Key demographic trends affecting housing needs over the next 12 years are shown below. While the younger population is projected to see a slight decline, the 65+ age group is projected to grow by 9%. While most of these seniors will remain in their single-family homes, some will also seek other types of housing, such as townhomes and apartments.

Population & Household Growth Trends & Projections

	1990	2000	2010	2020
Population	493	460	420	400
Households	198	207	205	200

Adult Population Growth by Age Group, 2010 to 2020

	Number	Percent
Age 18 to 44	-5	-4.5%
Age 45 to 64	-20	-16.7%
Age 65+	10	8.7%

Household Mix in 2008

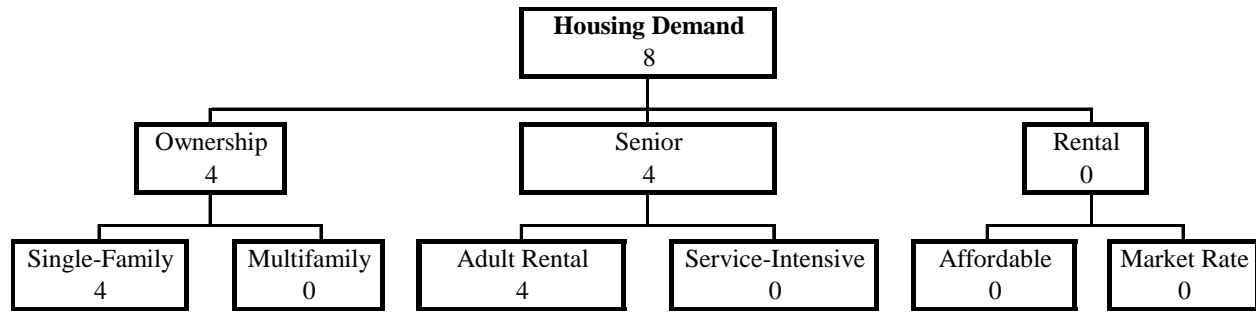
Homeowners	175	(85.4%)
Renters	30	

Wykoff’s housing stock consists almost entirely of single-family homes, and most of them are owned by their occupants. As of 2008, 85% of its households were homeowners. The most recent housing added in Wykoff is PME Senior Townhomes. This development consists of a five-unit building featuring one-level units with attached garages and monthly rents of \$600 to \$700 units. All of the units are occupied. There is no active subdivision in Wykoff for new single-family homes, only scattered in-fill lots.

Wykoff Recommendations

Rental demand in Wykoff is limited because of the limited job base and the fact that existing homes are affordable to younger households with modest incomes, who are the typical market for rental housing. We find that demand for new housing will come primarily from retiring seniors in the area, including farmers from the rural areas. New homes that would appeal to these seniors are ranch-style single-family homes and one-level twinhomes. Rental units, such as PME Senior Townhomes, also appeal to seniors who wish to reduce maintenance and homeownership responsibilities. We project that the housing need in Wykoff over the next 12 years would be met with the development of four single-family homes and four more senior rental townhomes. New lots may need to be created to accommodate the new housing.

Wykoff Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.

While Wykoff’s overall housing stock is in good condition, it is older. To maintain the quality of the existing housing stock, we recommend that Wykoff pursue loan rehabilitation programs over the next 12 years for rental units and moderate-income homeowners.

Townships - Summary of Demographic and Housing Findings

There are 23 townships in Fillmore County which combine to account for the vast majority of the County’s geographic area. There are about 10,000 people living in the townships as of 2008, or about 42% of the County’s total population. Being rural, the housing stock consists almost entirely of single-family homes.

Rural homesteads have been a popular housing choice among many people. About 210 households were added in the townships during the 1990s and the pace of development quickened this decade, as about 430 new households were added through 2008. Between 2008 and 2020, 350 new households are projected to be added in the townships. Combined with an estimated replacement need of 50 housing units over the 12-year period, we project total demand for 400 new housing units in the townships by 2020.

Key demographic trends affecting housing needs over the next 12 years are shown below. Like the communities in the County, the townships have an aging population. Most of the seniors will remain in their single-family homes, and those who desire alternatives to their single-family homes will move to communities where townhomes, apartments, and senior housing are available.

Population & Household Growth Trends & Projections

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
Population	8,852	9,186	10,050	10,600
Households	3,009	3,217	3,700	4,000

Adult Population Growth by Age Group, 2010 to 2020

	<u>Number</u>	<u>Percent</u>
Age 18 to 44	35	1.1%
Age 45 to 64	-10	-0.3%
Age 65+	340	25.0%

Household Mix in 2008

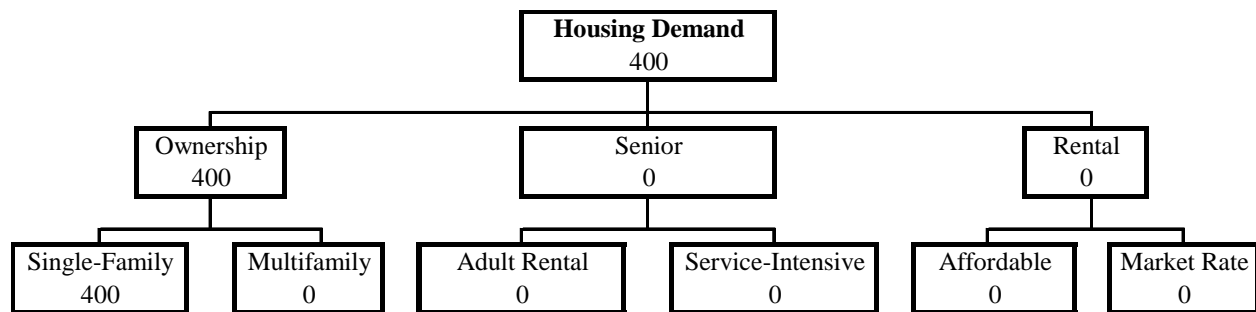
Homeowners	3,238	(88.7%)
Renters	412	

Townships Recommendations

Overall, the townships are projected to add about 400 households between 2008 and 2020. Because the land is not serviced by municipal water and sewer and is also zoned for lower density housing, all of the new housing units will be single-family homes. Existing residents of the townships seeking senior or rental housing will move to adjacent communities where multifamily housing can be supported.

Based on recent trends and typical acreages for home sites, we project that all of the new single-family homes are likely to be move-up or executive homes.

Townships Projected Housing Demand, 2008 to 2020



Note: Because households are mobile and are willing to seek out various housing products in adjacent communities, these demand figures may experience fluctuations. Detailed demand calculations can be found in Tables 24 and 25 of this report.