
Summary of Recommendations Contained in the Murray County Comprehensive Housing Study

Specific findings and recommendations have been provided in their individual sections of the Study for the Murray County Cities of Avoca, Chandler, Currie, Dovray, Fulda, Hadley, Iona, Lake Wilson, Slayton and for the Lakes Area, which includes four townships.

Below is a broad overview of the recommendations for these Murray County Cities and the Lakes Area. Readers are encouraged to consult the individual sections for more detailed findings and recommendations. Individual recommendations may vary by community, and should be consulted before proceeding with housing activities. Also, we have included in this section, our recommendations on the Murray County EDA's role in addressing Murray County's housing needs.

Rental Housing Development

While most of the future housing demand will be for home ownership, it will also be necessary to generate new rental housing development. Often new rental housing can help address demand for affordable ownership options by providing desirable housing for households that want to move out of a single family home. This will often be true for seniors living in an older, single family home, who may wish to move to a no maintenance housing option.

There will also be demand for general occupancy rental housing for families. Despite a preference for ownership, many young families are not in a financial position to purchase a home. Also, as employment opportunities become available in the County, the work force will be coming from outside the immediate area. New arrivals will often prefer to rent their housing until they become familiar with the community and comfortable with their long-term employment prospects.

We also believe that there is pent-up demand for rental units in some of the Cities. Rental vacancy rates are low in some cities and for some types of rental housing. Condition is also a factor, as many of the available units are old, and some are in poor condition. Many are not well suited to the needs of the renter market.

We have made specific rental recommendations for the Cities as follows:

Murray County Rental Housing Recommendations				
City	General Occupancy	Subsidized/ Tax Credit	Senior	Total
Avoca	0	0	0	0
Chandler	6-8	0	0	6-8
Currie	0	0	0	0
Dovray	0	0	0	0
Fulda	8-10	8-10	14-18*	30-38
Hadley	0	0	0	0
Iona	0	0	0	0
Lake Wilson	0	0	0	0
Slayton	8-10	0	10-12	18-22
Lakes Area	0	0	0	0
Total	22-28	8-10	24-30	54-68

* The 14 to 18 senior units proposed for Fulda include 6 to 8 assisted living units and 8 to 10 memory care units. These units are the total amount recommended for Murray County and all or a portion of these units could be constructed in Fulda or Slayton.

Housing Rehabilitation

Housing rehabilitation is a very important issue for all of the Cities in Murray County. In all of the communities, the percentage of older housing units is above average.

Housing condition surveys were conducted in all of the Cities in the County, and a significant number of single family homes were found to be in need of repair. We did not conduct a housing condition survey in the Lakes Area. We have also identified a number of multifamily rental projects that are more than 20 years old that may be in need of rehabilitation.

With the high cost of new construction, and the lack of new construction that is being undertaken in Murray County Cities, it is imperative that the existing housing stock is maintained as it is the only home ownership alternative for low and moderate income households.

We have recommended the continued utilization of all the resources that are available for both owner occupied and rental housing rehabilitation.

The housing condition survey findings of each City are as follows:

Murray County Housing Condition Analysis					
City	Sound	Minor Repair	Major Repair	Dilapidated	Total
Avoca	23 / 32.4%	19 / 26.8%	25 / 35.2%	4 / 5.6%	71
Chandler	58 / 61.1%	25 / 26.3%	11 / 11.6%	1 / 1%	95
Currie	35 / 29.4%	44 / 37%	30 / 25.2%	10 / 8.4%	119
Dovray	8 / 27.6%	16 / 55.2%	4 / 13.8%	1 / 3.4%	29
Fulda	267 / 52.3%	195 / 38.2%	47 / 9.2%	2 / 0.4%	511
Hadley	15 / 38.5%	12 / 30.8%	10 / 25.6%	2 / 5.1%	39
Iona	26 / 31.7%	32 / 39%	21 / 25.6%	3 / 3.7%	82
Lake Wilson	61 / 47.7%	48 / 37.5%	19 / 14.8%	0 / 0%	128
Slayton	444 / 57.1%	236 / 30.3%	90 / 11.6%	8 / 1%	778
Total	937 / 50.6%	627 / 33.8%	257 / 13.9%	31 / 1.7%	1,852

Our findings of multifamily rental housing projects that are more than 20 years old and may need rehabilitation / renovation are as follows:

Fulda	3 projects / 30 units
Slayton	3 projects / 68 units
Total	6 projects / 98 units

In addition to the multifamily rental projects, there are many substandard rental single family homes, duplexes, small rental buildings and mixed-use buildings throughout Murray County.

Acquisition / Demolition

Our housing condition survey in the nine Murray County cities identified 31 dilapidated single family homes that are dilapidated and too deteriorated to rehabilitate. We also identified 257 single family homes that need major repairs. Some of these homes may also be too dilapidated to rehabilitate.

We recommend an aggressive approach to demolishing dilapidated structures. The Cities are enhanced when blighted and dilapidated structures are removed. Also, some of the cleared lots can be utilized for the construction of new affordable housing units.

Home Ownership

We believe that increasing and promoting home ownership opportunities will be a critical issue for Murray County Cities in the next few years. We believe that there will be increasing pressure for home ownership over the next five years. This is due largely to the characteristics of the population. Most of the household growth that is expected in Murray County will be among 25 to 34 year olds which are primarily first time home buyers and the 54 to 74 age ranges which represent move-up households and households seeking no maintenance housing options such as twin homes, town homes and condos.

We also believe that the moderately priced homes in the Murray County Cities provide an excellent opportunity to promote home ownership as the majority of the homes are affordable for most households. The estimated median home values in Murray County Cities and the Lakes Area, based on recent home sales and estimated market value information from the Murray County assessor, are as follows:

Avoca	\$20,600
Chandler	\$49,800
Currie	\$24,750
Dovray	\$24,550
Fulda	\$61,250
Hadley	\$20,350
Iona	\$24,440
Lake Wilson	\$29,600
Slayton	\$70,530
Lakes Area	\$196,313

We have made the following Home Ownership recommendations as follows:

- ▶ **Utilize the MURL and Purchase / Rehabilitation Programs** - The Minnesota Urban and Rural Homesteading (MURL) Program is provided through the Minnesota Housing Finance Agency. Under the program, the City or a housing agency purchases an existing home that needs rehabilitation, rehabilitates the home, sells the home to a low income family and provides a mortgage with no down payment, no interest and a monthly payment that is affordable for the family. The MURL Program accomplishes many community goals, including the promotion of home ownership for lower income people, and the repair of substandard housing units. Currently, MURL funds are not available due to some program concerns expressed by HUD, however, it is our opinion that funds will be available in the future. Also, if MURL funds aren't available, other funding sources such as SCDP funds, can be utilized.
- ▶ **Improve the condition and quality of the existing single family housing stock** - The Murray County Cities have a good supply of lower cost houses. These units will represent the bulk of the affordable options well into the future, however, many of these

houses may be in poor condition, and will need to be rehabilitated to become an attractive ownership option.

- ▶ **Access available resources to promote home ownership** - While there will be an increasing number of households who wish to own their housing, many will have financial situations that limit their options. Household income levels in many communities are low, restricting the buying power of households. In addition to generating affordable new units, it will be important to offer other home ownership enhancements, including below-market mortgage rates, down payment assistance, gap financing, home ownership training and counseling, and other such assistance, to help marginal home buyers achieve their goal of ownership.
- ▶ **Promote affordable new housing construction** - This may be accomplished in a number of ways, including creation of affordably priced residential lots, direct involvement in affordable new construction, and considering alternatives, such as modular homes. Additionally, down payment assistance, low interest loans and gap financing can assist households with the purchase of an affordable home.

Subdivision / Lot Development

We have recommended the development of a 12 to 16-lot subdivision in Slayton, an eight-lot subdivision in Lake Wilson and support of the 14-lot subdivision in Fulda, which is under construction. We recommend that Cities have at least a 2 ½ year supply of lots that provide a variety of options. All of the other Murray County Cities have lots available and limited demand for lots.

The Greater Minnesota Housing Fund, MHFA, Rural Development, Tax Increment Financing, the SCDP Program and the Federal Home Loan Bank are all resources that can assist with developing affordable lots and constructing new affordable homes.

Coordination among Housing Agencies

Murray County has many agencies that provide housing programs, projects, services, technical assistance, etc. These agencies include:

- ▶ Southwest Minnesota Housing Partnership
- ▶ Southwest Minnesota Opportunity Council, Inc.
- ▶ Western Community Action Agency
- ▶ Worthington HRA
- ▶ Murray County EDA
- ▶ Slayton EDA
- ▶ Fulda EDA
- ▶ Lake Wilson EDA
- ▶ Chandler EDA
- ▶ Currie EDA

These agencies have worked well together in the past. As many housing needs continue to exist, these agencies must continue to identify their housing delivery roles and coordinate their efforts to effectively address Murray County's housing needs.

Small Cities Development Program (SCDP)

We have recommended that Murray County Cities submit SCDP Applications to address their housing, commercial rehabilitation and public facility needs.

Many Murray County Cities have been awarded SCDP funds in the past and Currie was recently awarded SCDP funds for housing rehabilitation along with four townships and the City of Tracy.

We recommend that the Cities, in coordination with area housing agencies, continue to submit SCDP Applications on an ongoing basis to fund housing rehabilitation, commercial rehabilitation, acquisition / demolition, new housing development and public facilities programs.

Commercial Rehabilitation

There is a significant number of substandard and vacant buildings in most of Murray County's Cities. A City with a Commercial District that meets the daily needs of its households will have an advantage in retaining its population and attracting new households. Also, the appearance of a City's Commercial buildings is a reflection of the overall vitality of the City.

We have recommended the rehabilitation of commercial buildings in Murray County Cities.

Murray County EDA's Role in Addressing the County's Housing Needs

The Murray County EDA, by Minnesota State Statute, has the statutory authority to undertake housing projects including housing rehabilitation, housing development, redevelopment projects, housing acquisition, etc.

The EDA has the statutory powers to utilize interest reduction programs, loan and grant programs, tax increment financing, general obligation and revenue bonds, etc. to finance housing projects and programs.

The Murray County EDA can operate in any Murray County City that adopts a resolution declaring that there is a need for the Murray County EDA to exercise its powers in the City. As stated above, there are housing agencies operating in Murray County. Most of these agencies have expertise in implementing specific housing projects and programs. Housing agencies in Murray County, either by tradition or through a more formal authorization, have their niche in addressing housing needs. This arrangement of providing housing programs and projects has been successful in Murray County. However, as stated throughout this Housing Study, there are still many housing needs in Murray County that must be addressed. The Murray County EDA with its statutory powers and jurisdictional authority is in an excellent position to address many of Murray County's housing needs.

Following are our recommendations regarding the Murray County EDA's role in addressing Murray County's housing needs. Please note that our recommendations are intended to be a guide and many factors including the roles of other housing agencies, financing, staffing and a variety of other factors will modify our recommendations during the implementation phase of addressing Murray County's housing needs.

Develop a Housing Plan

The Murray County Housing Study provides many recommendations for the County's Cities. These recommendations are based on many factors including projected household growth, the existing housing inventory, household incomes, existing housing projects and programs, etc.

The next step in the process may be to develop a plan based on the Study recommendations. The Murray County EDA could take the lead in developing the Plan. The Plan should include the following:

- ▶ Review recommendations
- ▶ Prioritize recommendations
- ▶ Identify roles and responsibilities of agencies and stakeholders
- ▶ Identify funding sources
- ▶ Develop a time line

The Southwest Minnesota Housing Partnership has assisted Cities and Counties throughout the Region developing housing plans.

Assist with rental housing development

The Housing Study recommends the development of 54 to 68 rental units in Murray County over the next five years. Many of these rental units will be developed by the private sector or a non-profit organization. However, the development of some of these units will require public sector assistance. The Murray County EDA may be the housing agency in the best position to assist with developing additional rental units or coordinating with area housing agencies to develop rental units.

Assist with Affordable Subdivision / Lot Development and Home Construction

Subdivision development is proposed for Slayton and Lake Wilson and a subdivision is under construction in Fulda. Also, Avoca has approximately 25 lake lots available for home construction. There could be an expanded role for the Murray County EDA to assist with subdivision / lot development, the construction of affordable homes, and programs that assist households with purchasing a home.

Revitalizing Murray County Cities Housing Stock

The housing conditions in Murray County Cities are a major concern. It is our opinion that the highest priority for the Murray County EDA and area housing agencies is to assist the Cities with the preservation and rehabilitation of their housing stock. A Revitalization Plan should be developed for each city.

The Plan should include a variety of strategies, projects and programs including:

- ▶ Owner Occupied Rehabilitation (SCDP, MHFA, Weatherization Funds)
- ▶ Rental Rehabilitation (SCDP, HOME funds)
- ▶ Acquisition / Demolition of dilapidated structures
- ▶ In-fill new construction (MHFA, TIF, SCDP funds)
- ▶ Home ownership programs (MURL, Lease to purchase, Purchase Plus, local purchase / rehab program)
- ▶ Home Buyer Assistance Programs (Down payment Assistance, low interest loans, gap financing, homeowner training, etc.)
- ▶ Land pooling for twin home / town home projects
- ▶ Public projects (streets, utilities, parks, etc.)
- ▶ Utilization of the Housing Voucher Program

The Revitalization Plan should include time lines, responsible City staff or housing agency, funding sources, etc. It is anticipated that the revitalization of Murray County's housing stock will be an on going and long term project.

Assist with housing rehabilitation

Housing rehabilitation has been identified as a major need in Murray County. There are programs that are currently addressing this need and Murray County Cities have applied for SCDP funds in the past to rehabilitate homes. Slayton is currently closing out an SCDP Rehabilitation Program and Currie has recently been awarded funds for housing rehabilitation. There are also additional funding sources that could be maximized including MHFA funds, Rural Development funds, Federal Home Loan Bank funds, etc.

The Murray County EDA could have a role in accessing these funds by coordinating the efforts of the Cities and area housing agencies. Also, the EDA can encourage and coordinate joint applications among Murray County Cities.

Provide Home Ownership and Home Buyer Assistance Programs

Expanding home ownership opportunities should be one of the primary goals of Murray County Cities. Murray County Cities have a large supply of affordable housing.

The Murray County EDA and area housing agencies can assist the Cities with developing programs that will assist households with purchasing a home including MURL, Purchase Plus, down payment assistance, low interest loans, gap financing, home ownership training, etc.

Monitor subsidized housing projects to prevent the opt-out option

Some of the subsidized rental housing stock in Murray County is privately owned. In some communities in the State of Minnesota, privately owned subsidized rental housing has been lost as owners have the ability to opt-out of subsidy contracts after their original obligations have been met. This often occurs in communities with low vacancy rates, where owners see the potential to convert subsidized housing to market rate housing in response to demand for units. Subsidized rental housing that is lost cannot be cost-effectively replaced with the low income housing production resources that are available today. Currently, no subsidized projects in Murray County are considering an opt-out of their subsidy contract. However, two projects have opted out of their subsidy over the past several years and a total of 44 units have been lost from the subsidized housing stock.

The Murray County EDA should check on an ongoing basis to determine if any Murray County subsidized housing projects are considering the option to drop their subsidy contract.

If a project is identified as potentially opting-out of its subsidized contract, the Murray County EDA should consider the purchase of the project in an effort to keep the units in the subsidized rental housing stock, as subsidized housing is very difficult to replace, once it is lost from the existing housing stock.

Assist with marketing rural lots

It is estimated that there are as many as 100 lots for sale or in the development phase in rural Murray County. Many of the lots have high amenities including lake shore, scenic views, rolling hills, etc.

These lots are a great asset to the County. The lots are an option for households that are seeking a rural or lake setting. The sale of these lots can increase the County's population and stimulate the local economy.

The Murray County EDA may have a role in marketing these lots.

Consider an HRA Tax Levy

The Murray County EDA has the authority to levy a tax for housing related activities. The Greater Minnesota Housing Fund has developed a Program that will match a City or County EDA or HRA tax levy up to \$250,000.

The Greater Minnesota Housing Fund has reported that City and County EDA's and HRA's that have utilized this Program have benefitted from up to a 17 to 1 return on their initial investment.