



An Executive Summary of the
Comprehensive Housing Needs Analysis for
Goodhue County, Minnesota

Prepared for:

Goodhue County Economic Development Authority
Red Wing, MN

March 2020



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Maxfield
Research & Consulting

March 5, 2020

Mr. Ron Ziegler
CEO/President
Community and Economic Development Associates
PO Box 483
Chatfield, MN 55923

Dear Mr. Ziegler:

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

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

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

Sincerely,

MAXFIELD RESEARCH AND CONSULTING, LLC

Joe Hollman
Senior Associate

Mary C. Bujold
President

Attachment

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
EXECUTIVE SUMMARY	1
Purpose and Scope.....	1
Goodhue County Submarket Definitions.....	1
Demographic Analysis.....	3
Employment Analysis.....	4
Housing Characteristics.....	5
For-Sale Housing Market Analysis.....	6
Rental Housing Market Analysis.....	7
Senior Housing Market Analysis.....	7
Housing Affordability.....	8
Hard to House.....	9
Housing Demand Analysis.....	10
Conclusions and Recommendations.....	11
 APPENDIX	 14
Housing Demand Summary.....	15

EXECUTIVE SUMMARY

Purpose and Scope of Study

Maxfield Research and Consulting, LLC was engaged by the Goodhue County Economic Development Authority to prepare a Comprehensive Housing Needs Analysis for the County. The Housing Needs Analysis considers demographic, economic and market trends and provides recommendations on the amount and types of housing that may be developed to meet the needs of current and future households residing in the County. Housing demand is generated by household growth and turnover of existing households in these submarkets. Additional demand for housing will come from households moving into the County from outside the area.

For the purpose of this housing analysis, Goodhue County was divided into six submarkets, each comprised of county subdivisions in the County with the following exceptions: the Northwest Submarket also includes the portion of Dennison in Rice County; the Northeast Submarket includes the portion of Lake City in Wabasha County and the Southeast Submarket includes the portion of Pine Island in Olmsted County.

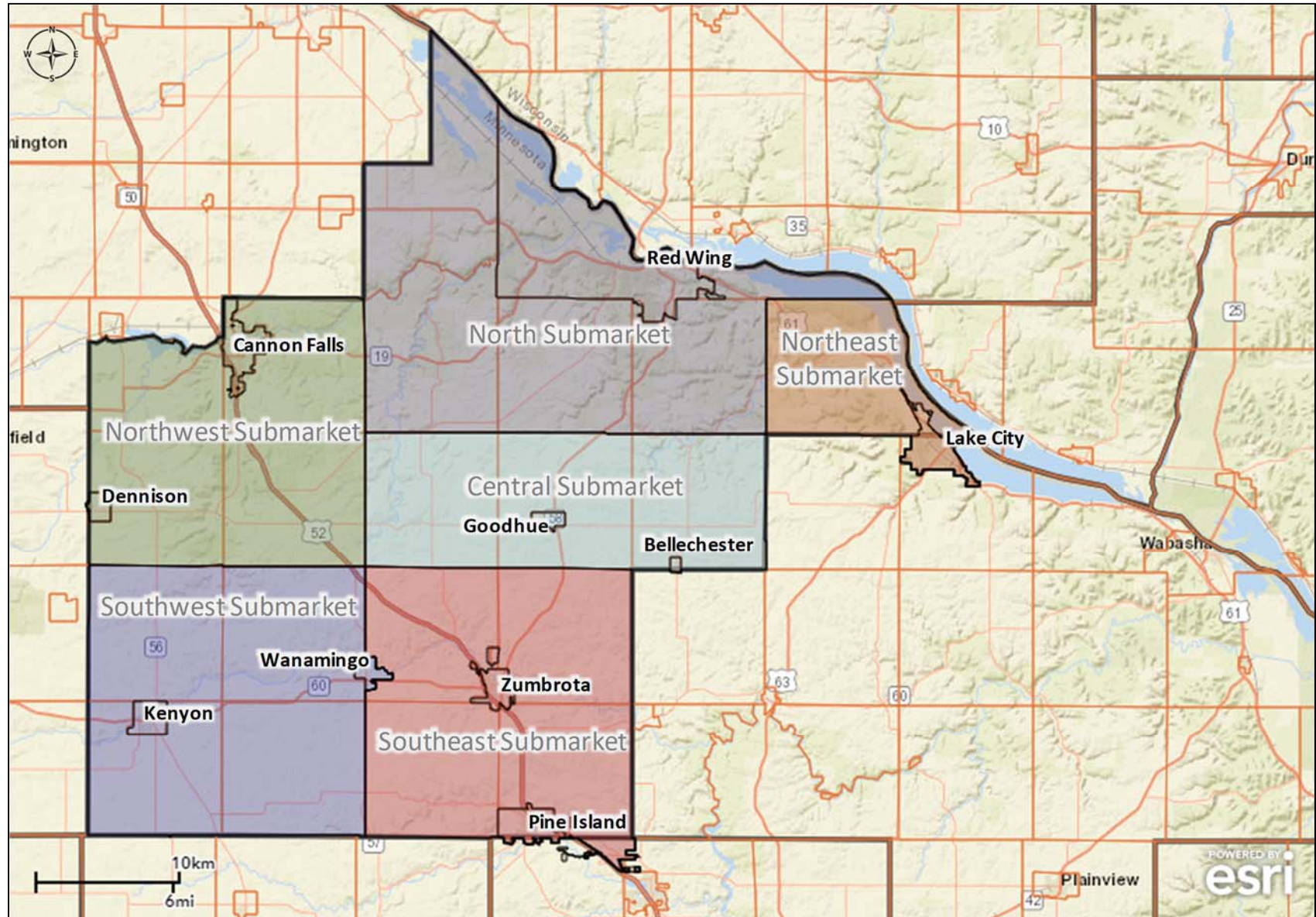
The scope of this study includes: an analysis of the demographic and economic characteristics of the communities and submarkets in Goodhue County; a review of existing housing stock characteristics; an analysis of the for-sale, rental and senior housing market conditions; an evaluation of conditions for those that have special needs or are “hard to house” and an assessment of housing affordability. Detailed recommendations are provided for the housing types identified as being needed to 2030.

Goodhue County Submarket Definitions

Based on conversations with local officials and a review of geographic and man-made boundaries, commuting patterns, and community orientation, Goodhue County was divided into six submarkets for the purpose of the housing needs analysis. Each submarket is comprised of county subdivisions (cities and townships) as summarized below.

Goodhue County Housing Submarket Definitions		
North Submarket	Northwest Submarket	Northeast Submarket
Red Wing city	Cannon Falls city	Lake City city (Goodhue Co.)
Featherstone township	Dennison city (Goodhue Co.)	Lake City city (Wabasha Co.)
Hay Creek township	Dennison city (Rice Co.)	Florence township
Vasa township	Cannon Falls township	
Wacouta township	Leon township	
Welch township	Stanton township	
	Warsaw township	
Central Submarket	Southwest Submarket	Southeast Submarket
Goodhue city	Kenyon city	Pine Island city (Goodhue Co.)
Bellechester city (Goodhue Co.)	Wanamingo city	Pine Island city (Olmsted Co.)
Belle Creek township	Cherry Grove township	Zumbrota city
Belvidere township	Holden township	Minneola township
Goodhue township	Kenyon township	Pine Island township
	Wanamingo township	Roscoe township
		Zumbrota township

• Goodhue County Submarkets



EXECUTIVE SUMMARY

- Housing demand in the County will be generated by household growth and turnover of existing households in these submarkets. Additional demand for housing will come from households moving into the County from outside the area.
- Comparisons are made to Minnesota and the eight-county Southeast Minnesota Region as defined in the “Southeast Minnesota Regional Economic Study” prepared for the Southeast Minnesota League of Municipalities (SEMLM) and Community and Economic Development Associates (CEDA) in 2018.

Demographic Analysis

- Between 2000 and 2010, Goodhue County’s population increased by 2,056 people (4.7%) while the number of households expanded 10.3% (1,747 households). We estimate that the County population expanded 2.9% (1,340 people) between 2010 and 2019 to 47,523, while the number of households increased 3.3% (623) to 19,711.
- Due to projected job growth in the Region related to the Rochester Destination Medical Center (DMC) expansion initiative, we expect that the rate of population growth in Goodhue County will accelerate over the next 20 years, climbing 11.2% to 52,824 in 2040.
- We anticipate that growth will be strongest in the submarkets located along the major transportation corridors in the County, notably Highway 52, particularly in the communities that are closest to Rochester.
- In 2019, the largest adult cohort by age in Goodhue County is 55 to 64 (15.5% of the population) followed by the 45 to 54 age group (12.3% of the population).
- The most rapid growth is expected to occur among older adults in the Market Area. As the baby boom population ages, the 65 and older age cohorts are expected to experience increases over the next ten years, particularly the 75 and older age group.
- The County is also expected to experience growth in the 35 to 44 age group between 2019 and 2030 as the peak of the “echo boom” moves into this cohort
- In 2019, the median household income is estimated to be \$65,587 in Goodhue County; roughly -6% lower than the \$69,559 income in Minnesota. Median household incomes are highest in the Central (\$80,635) and Northwest (\$70,387) Submarkets and lowest in the Northeast (\$58,821) and Southwest (\$59,552) Submarkets.
- Typically, as income increases, so does the rate of homeownership. This can be seen in Goodhue County, where the homeownership rate increases from 41% of households with incomes below \$15,000 to 93% of households with incomes above \$100,000.

EXECUTIVE SUMMARY

- In Goodhue County, 75% of all households own, giving it a home ownership rate that is modestly higher than Minnesota (71% of households owned). The number of owner households residing in Goodhue County expanded 0.4% between 2010 and 2019, while the number of renter-occupied households expanded 13.3%.
- Among the Goodhue County submarkets, the strongest growth in owner households occurred in the Northwest and Central Submarkets. The Southeast Submarket experienced the strongest renter household growth, followed closely by the Southwest.
- Married couples without children are the most common household type in Goodhue County (33.4% of all households) followed by single-person households (26.2%). The County experienced a 2.7% increase in married couples with children households between 2010 and 2019, while the number of married couples without children held steady and other family households expanded 10.0%. Non-family households increased 4.4%, as the number of roommate households expanded 29.0% while single-person households decreased -0.2%.
- As of 2019, “White Alone” comprised the largest proportion of the County population, at 93%. An estimated 76% of “White Alone” households in Goodhue County own their housing while the remaining 24% rent. The home ownership rate drops to 41% for all other races in the County.

Employment Analysis

- In 2019, Goodhue County had a labor force of 27,294 with 26,445 employed residents, which equates to a 3.1% unemployment rate. By comparison, 2019 unemployment rates were at 3.0% in Southeast Minnesota and 3.3% in Minnesota.
- The County’s labor force expanded at an average annual rate of 0.6% from 2000 through 2010. However, has been relatively flat since 2010, increasing from 26,734 in 2010 to 27,294 in 2019 (annual growth rate of 0.2%). Resident employment in the County increased at a 0.2% annual rate from 2000 through 2010 but has since expanded at an average annual rate of 0.7%.
- Goodhue County is an exporter of workers as a higher number of residents leave the County for work than nonresidents commute into the County for work.
- Approximately 10,868 workers come into Goodhue County for employment (inflow) daily, while 14,547 resident workers commute out of the County (outflow). An estimated 10,764 people both live and work in the County (interior flow). Except for the North Submarket (which is dominated by Red Wing), the five other submarkets export more workers than they import.

EXECUTIVE SUMMARY

- With 10,868 workers commuting into the County daily for employment, with over 12% (2,638) coming from over 50 miles, there appears to be an opportunity to provide housing for a portion of these workers. Inflow is strongest in the North and Northeast Submarkets.
- Modest job growth is expected in the Market Area between 2019 and 2024, climbing 1.9% between 2019 and 2024 and 4.4% between 2024 and 2040.
- The pace of job growth is expected to be constrained in the County due to potential labor force shortages and a surge in retirements.
- In Goodhue County, job growth is likely to be focused along the major transportation corridors where there are concentrations of existing businesses, convenient highway access and the potential to develop housing for a growing population.
- Manufacturing is the largest employment sector in the County providing 4,715 jobs (21.6% of total jobs) followed by Education and Health Services with 4,496 jobs (20.6%). The higher proportion of Manufacturing jobs is a
- Average weekly wages in Goodhue County (\$938) are -15% lower than Minnesota (\$1,100) and -4% lower than Southeast Minnesota (\$977).
- A household earning the average weekly wage in the County would be able to afford an apartment renting for an estimated \$1,219 per month to not exceed 30% of its monthly income on housing costs, much higher than the median asking rent for renter-occupied housing units in the County (\$684).
- Assuming that a potential home buyer has good credit and makes a 10% down payment, a household earning the average weekly wage in the County would be able to afford to purchase a home priced at an estimated \$194,000 or lower to not be cost-burdened (paying more than 30% of their income for housing). By comparison, the median sale price for detached single-family homes was \$215,000 through the first three quarters of 2019, while new construction homes are being sold at an average price of over \$287,000.

Housing Characteristics

- Over 27% of the County's housing units were built prior to 1940, compared to 17% of all homes in Minnesota. Among the Goodhue County submarkets, Southwest has the highest concentration of homes built prior to 1940 (41%) followed by the Central at 30%.
- Aside from the number of homes built prior to 1940, the 2000s was the most active decade in the County in terms of residential construction activity. Nearly 16% of Goodhue County's housing stock was built from 2000 to 2009.

EXECUTIVE SUMMARY

- Residential construction activity dropped substantially in the County when the “housing bubble” burst in 2006. An average of 396 new housing units was permitted annually in the County from 2000 through 2006. Permitting activity declined to an annual average of 79 units from 2006 through 2012. Housing development has increased in the County since the recession, averaging 167 new units per year between 2013 and 2019, although residential construction activity has not achieved the pre-recession highs of the early 2000s.
- An estimated 70% of all residential units permitted in Goodhue County since 2000 were single-family homes. The remaining 30% were multifamily units. By comparison, 29% of the housing units permitted in Minnesota since 2000 were multifamily units.
- Housing construction has been most active in Red Wing since 2000, followed by Pine Island, Lake City and Zumbrota.
- The estimated median value of owned homes is \$212,977 in Goodhue County, about 12% lower than the median value of \$240,868 in Minnesota but 10% higher than Greater Minnesota (\$194,505). The median asking rent in Goodhue County of \$684 is an estimated 16% lower than the median of \$816 in Minnesota but 9% higher than Greater Minnesota (\$626).

For-Sale Housing Market Analysis

- The median resale price for single-family homes through the first nine months of 2019 in Goodhue County is \$215,000, -27% lower than the Minneapolis-St. Paul MSA median sales price of \$295,051. The multifamily median sale price in the County (\$194,500) is -7% lower than the MSA median of \$209,828.
- Multifamily housing represents a modest share of Goodhue County’s for-sale housing market, comprising 12% of all closed resales from 2010 through the third quarter of 2019. The remaining 88% were single-family home resales. By comparison, 24% of all closed resale transactions in the Minneapolis-Saint Paul MSA were multifamily sales.
- Since 2017, Goodhue County has averaged 59.8 home sales per month. Based on the supply of available for-sale housing in the County (as of October 2019), there is a 3.8-month supply of homes available for sale on the market. Equilibrium in the for-sale housing market is generally considered to be a six-month supply of homes on the market. As such, it appears that the inventory of available for-sale housing in the County is undersupplied.
- There are an estimated 107 active subdivisions with 1,336 vacant residential lots in the Cities of Goodhue County including 997 single-family lots (75% of all vacant lots) and 339 multifamily lots (25%). On average, the single-family subdivisions have absorbed lots at a rate of 1.1 lots per year (total annual lot absorption of 87.5), while the multifamily subdivisions have absorbed lots at a rate of 1.2 lots per year (total of 28.1 lots per year).

EXECUTIVE SUMMARY

- The average retail sale price for new construction single-family homes in these subdivisions is \$287,308 (\$168 per square foot), while the average sale price for new construction multifamily units is \$288,680 (\$175 per square foot). New construction multifamily pricing essentially equals detached single-family new construction pricing indicating that builders are bringing detached villas into the market at price points equal to single-family homes.

Rental Housing Market Analysis

- Maxfield Research compiled detailed information for a select group of rental housing properties with five or more units in Goodhue County, including 33 general occupancy market rate apartment properties, 18 shallow-subsidy Low Income Housing Tax Credit (LIHTC) and Section 515 (United States Department of Agriculture Rural Development) properties targeting family households, and ten deep-subsidy (project-based Section 8 and public housing properties). Rural Development properties also provide rent assistance, making a portion of their units deep-subsidy.
- These properties contain 386 shallow-subsidy units, 316 deep-subsidy units and 675 market rate units.
- The inventory of rental properties in Goodhue County was 2.5% vacant, including a 1.4% vacancy rate among the affordable/subsidized properties and a 3.6% vacancy rate in the market rate properties.
- The equilibrium vacancy rate for rental housing is considered to be 5.0%, which allows for normal turnover and an adequate supply of alternatives for prospective renters. In effect, the supply of general occupancy rental housing in the County is below the level adequate to meet demand.
- The average rental rate across all market rate general occupancy properties is \$787 per month, similar to the base market rate rent in the affordable properties (\$727 per month). On a per square-foot basis, market rate rental properties in Goodhue County rent for \$0.87 per square foot, on average.

Senior Housing Market Analysis

- Maxfield Research identified 29 senior housing properties in Goodhue County. Combined, these developments contain a total of 1,142 senior housing units. Eighteen of the senior housing facilities are market rate, totaling 716 units and there are 11 affordable/subsidized senior housing projects, totaling 426 units. Of the 1,142 units, 42% provide service-enhanced senior housing for a total of 485 units.

EXECUTIVE SUMMARY

- At the time of the survey, 63 senior housing units were vacant, representing a 5.5% vacancy rate. There were 43 vacant service-enhanced units (8.9% vacancy rate) and the active adult units were 3.0% vacant (20 vacancies).
- Among the service-enhanced properties, we identified 39 independent living with services (congregate) units, 120 assisted living units, 104 memory care units and 222 units considered to be catered living. Catered living offers a flexible living arrangement where residents can live independently and purchase assisted living services as needed without relocating to a different unit. Independent living units were fully-occupied, assisted living units were 4.2% vacant, catered living properties were 10.8% vacant and the memory care units were 13.5% vacant. Much of the catered living vacancy is in a recently completed project that is still in initial lease-up. Stabilized catered living facilities are 5.4% vacant.
- A 93% occupancy rate is generally considered equilibrium in assisted living and memory care senior housing, while 95% occupancy is considered equilibrium in independent living and active adult. As such, the current supply of memory care units appears to be slightly oversupplied, while the active adult, independent living, assisted living, and stabilized catered living facilities are below equilibrium.

Housing Affordability

- An estimated 20% of all owner households in Goodhue County are considered cost burdened (paying 30% or more of their gross income for housing), while 41% of the existing renter households in the County are considered cost burdened. By comparison, 20% of owner households and 44% of renter households are cost burdened in Minnesota.
- An estimated 81% of owner households could afford to buy a moderately-priced entry-level single-family home (\$150,000) in the County. The proportion of income-qualified households declines as the sale price increases, and 61% of owner households could afford to purchase a move-up single-family home priced at \$250,000. The proportion able to afford an executive home priced at \$375,000 decreases to 39% of existing owner households.
- An estimated 56% of existing renter households can afford to rent a one-bedroom unit in Goodhue County at the average rent of \$686 per month, but the percentage drops to 40% of renters who could afford a one-bedroom apartment in new construction with an estimated rent of \$950 per month.

Hard to House and Homelessness

Among the River Valleys region, the annual Point in Time counts identified about 500 unduplicated people experiencing homelessness on any given night in the Region. Using CoC's Coordinated Entry system, at least 2,000 households representing an estimated 4,800 people experience homelessness in the region over the course of a year.

About half (48%) of the 497 people counted during the Point in Time counts were in transitional housing and were seeking permanent housing. Another 38% were in emergency shelters, including motel voucher stays and domestic violence shelters. An estimated 13% are considered unsheltered and are staying outside or in locations such as stairwells, cars, tents, sheds and transit facilities.

Due to consistent (and not increasing) capacity of emergency shelter and transitional housing in the region, the proportion of people in unsheltered locations has been increasing over the past several years. Outreach to households already in Coordinated Entry (which began in 2017) also appear to increase the unsheltered total.

Although the need for permanent supportive housing with intensive services is concentrated in Olmsted County according to the data, Goodhue County also ranked high with households needing PSH with intensive services. Goodhue County data indicated priority need for programs that serve single adults compared to other household types.

In addition to the general category, Goodhue County also identified more than ten households that were chronically homeless and could benefit from a permanent supportive housing facility.

In the River Valleys Continuum of Care Region, Rochester/Olmsted County had the highest needs identified for homelessness and people at-risk of becoming homeless. This is followed by Mankato/Blue Earth County. However, Steele, Rice and Goodhue Counties (in that order) also exhibit need.

The overwhelming community/system barrier for homeless households or at-risk of becoming homeless is the lack of housing that is affordable, particularly to households with very low incomes. A single emergency or medical issue can create homelessness. The need for affordable housing is considered a national crisis and households that may already have one or more personal barriers (i.e. mental health, chronic health situation, physical disability) are at even greater risk for becoming homeless.

Many factors have contributed to the severe shortage of affordable housing in our communities and financial tools and resources to develop new affordable housing are insufficient to meet the demand.

EXECUTIVE SUMMARY

Housing Demand Analysis

A migration of households out of the Rochester area is expected to stimulate housing demand in Goodhue County over the next several years. Possible factors driving this trend include a housing shortage in Rochester, affordability, school district preferences, and lifestyle preferences. Additionally, housing demand in the County will be impacted by development activity in nearby areas, notably in communities in the southeast portion of the Metro Area (i.e. Dakota County).

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

- Based on our calculations, we find demand to support 2,208 general occupancy housing units between 2020 and 2030, including 1,450 for-sale units and 758 rental units.

----- General Occupancy Housing Demand (units) by Submarket 2020 - 2030 -----						
Product Type	North	Northwest	Northeast	Central	Southwest	Southeast
For-Sale Single-Family	213	181	107	62	95	248
Multifamily	260	60	88	21	32	83
Market Rate Rental	103	57	80	18	46	99
Shallow-Subsidy Rental	15	16	12	3	13	27
Deep-Subsidy Rental	121	31	31	7	25	54
Total:	712	345	318	111	211	511

- In addition, we find demand for multiple senior housing product types. As of 2025, demand in Goodhue County for senior housing is projected as follows:

----- Senior Housing Demand (units) by Submarket 2025 -----						
Product Type	North	Northwest	Northeast	Central	Southwest	Southeast
Active Adult Rental	50	58	32	18	22	80
Active Adult Owner	40	29	39	8	16	34
Independent Living	159	39	84	18	26	52
Assisted Living	45	5	41	9	23	47
Memory Care	61	10	31	8	16	37
Shallow-Subsidy Rental	203	68	83	13	44	86
Deep-Subsidy Rental	30	0	28	2	23	26
Total:	588	209	338	76	170	362

EXECUTIVE SUMMARY

Conclusions and Recommendations

Based on the finding of the analysis, the following charts provide a summary of the recommended development concepts by product type for Goodhue County to 2030.

These proposed development concepts are intended to act as a development guide to meet the housing needs of existing and future households in the County. Detailed findings are described in the *Conclusions & Recommendations* section of this report.

- There is a strong need in the County for entry-level housing and “affordably-price” move-up homes. The economic feasibility of development new entry-level housing is challenging, and one way to provide entry-level for-sale housing is to generate household turnover by increasing the supply of move-up and executive housing. Entry-level home demand will primarily be satisfied by existing single-family homes as residents of existing homes move into move-up and executive housing products built in the community.

GENERAL OCCUPANCY FOR-SALE HOUSING PRICING BREAKDOWN GOODHUE COUNTY January 2020								
		----- Submarkets -----						
	Purchase Price ¹	Pct.	North	Northwest	Northeast	Central	Southwest	Southeast
Detached Single-Family								
Entry-level	Less than \$150,000	20%	43	36	21	12	19	50
Move-up	\$175,000 - \$300,000	65%	138	118	70	40	62	161
Executive	\$350,000+	15%	32	27	16	9	14	37
Submarket Total:		100%	213	181	107	62	95	248
Multifamily (i.e. townhomes, twin homes)								
Entry-level	Less than \$150,000	40%	104	24	35	8	13	33
Move-up	\$175,000 - \$300,000	60%	156	36	53	13	19	50
Submarket Total:		100%	260	60	88	21	32	83

¹ Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.

Source: Maxfield Research & Consulting, LLC

- We identified 107 active subdivisions in the nine Goodhue County cities, containing 1,336 vacant lots, including 997 detached single-family lots and 339 multifamily (i.e. townhome, twin home) lots. Based on the for-sale housing demand calculations, it appears that the existing supply of vacant lots is sufficient to satisfy demand in the short-term, but additional lots will be needed by 2030.
- Projected demand exceeds lot supply in Red Wing, Cannon Falls, Dennison, Goodhue, Kenyon, and Pine Island suggesting that additional lots will be needed in these communities by 2030. Existing lot supply exceeds projected housing demand in Lake City, Wanamingo, and Zumbrota.

EXECUTIVE SUMMARY

RECOMMENDED RENTAL HOUSING DEVELOPMENT GOODHUE COUNTY BY SUBMARKET January 2020			
	Monthly Rent Range ¹	No. of Units	City
North Submarket			
Market Rate Apartments	\$950/1BR - \$1,200/2BR	50 - 60	Red Wing
Market Rate Townhomes	\$1,250/2BR - \$1,550/3BR	24 - 32	Red Wing
Shallow-Subsidy Project	Moderate Income ²	24 - 30	Red Wing
Northwest Submarket			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	24 - 26	Cannon Falls
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	12 - 14	Cannon Falls
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	4 - 6	Dennison
Shallow-Subsidy Project	Moderate Income ²	16 - 20	Cannon Falls
Northeast Submarket			
Market Rate Apartments	\$850/1BR - \$1,050/2BR	30 - 36	Lake City
Market Rate Townhomes	\$1,150/2BR - \$1,450/3BR	14 - 18	Lake City
Shallow-Subsidy Project	Moderate Income ²	10 - 16	Lake City
Central Submarket			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	10 - 12	Goodhue
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	4 - 6	Goodhue
Shallow-Subsidy Project	Moderate Income ²	NA - NA	--
Southwest Submarket			
Market Rate Apartments	\$850/1BR - \$1,050/2BR	10 - 14	Kenyon <u>and</u> Wanamingo
Market Rate Townhomes	\$1,150/2BR - \$1,450/3BR	8 - 10	Kenyon <u>and</u> Wanamingo
Shallow-Subsidy Project	Moderate Income ²	10 - 16	Kenyon <u>or</u> Wanamingo
Southeast Submarket			
Market Rate Apartments	\$1,000/1BR - \$1,250/2BR	24 - 30	Pine Island <u>and</u> Zumbrota
Market Rate Townhomes	\$1,300/2BR - \$1,600/3BR	10 - 12	Pine Island <u>and</u> Zumbrota
Shallow-Subsidy Project	Moderate Income ²	18 - 20	Pine Island <u>or</u> Zumbrota
¹ Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.			
² Affordability subject to income guidelines per US Department of Housing and Urban Development (HUD)			
Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.			
Source: Maxfield Research & Consulting, LLC			

- The strongest sources of demand for new rental housing will likely be young singles or couples without children in their mid-20s to early-30s who work in Goodhue County, Rochester, or other nearby communities. Mid-age and older households could also account for a portion of demand for new rental housing. A rental townhome development could attract family households as well as empty-nesters, and shallow-subsidy rental housing will draw from a wide variety of population segments. Due to the limited supply of available rental housing units in the County along with our discussions with area employers and real

EXECUTIVE SUMMARY

estate professionals, there appears to be an immediate need for new rental housing in the County.

- While we find senior housing demand in all six submarkets, overall senior demand is expected to be strongest in the North, Southeast, and Northeast Submarkets. Due to the need for services (public infrastructure, medical, religious, retail, etc.) we expect that the cities will capture all the excess demand potential in the County, so we do not anticipate any senior housing development in the townships.
- The development of additional senior housing serves a two-fold purpose in meeting the housing needs in the County: 1) older adult and senior residents are able to relocate to new age-restricted housing, and 2) existing homes and rental units that were occupied by seniors become available to other new households.

SENIOR RENTAL HOUSING DEVELOPMENTS GOODHUE COUNTY BY SUBMARKET & CITY January 2020					
Monthly Rent Range ¹		Active Adult Rental ²		Service-Enhanced	
		Market Rate	Shallow-Subsidy	Catered Living ³	Memory Care ⁴
		\$1,000/1BR - \$1,300/2BR	Moderate Income	\$1,650 - \$4,500	\$4,500 - \$5,500
		Project Size			
Submarket	City	Market Rate	Shallow-Subsidy	Catered Living ³	Memory Care ⁴
North	Red Wing	24-30	30-40	40-50	18-24
Northwest	Cannon Falls	24-30	20-24	20-30	8-10
Northeast	Lake City	20-24	30-40	40-50	16-20
Central	Goodhue	10-12	10-12	16-20	6-8
Southwest	Kenyon <u>or</u> Wanamingo	14-16	16-18	20-30	10-12
Southeast	Pine Island <u>or</u> Zumbrota	24-30	20-24	40-50	16-20

¹ Pricing in 2020 dollars. Pricing can be adjusted to account for inflation.

² Alternative development concept is to combine active adult affordable and market rate active adult into mixed-income senior community

³ Catered living is a hybrid concept of independent and assisted living service levels.

⁴ Memory care housing could be a component of an assisted-living or service-intensive building.

Note - Recommended development concepts represent a hypothetical potential project and do not reflect total calculated demand.

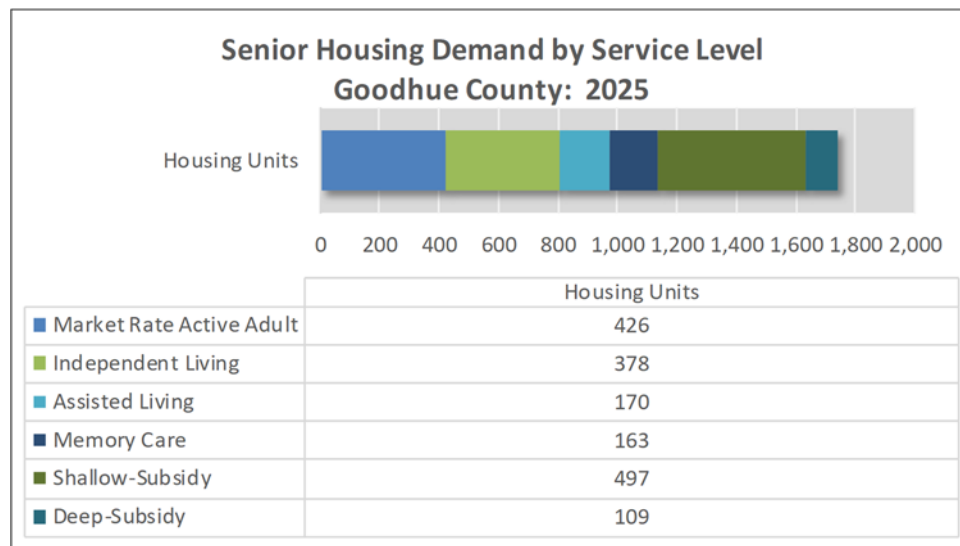
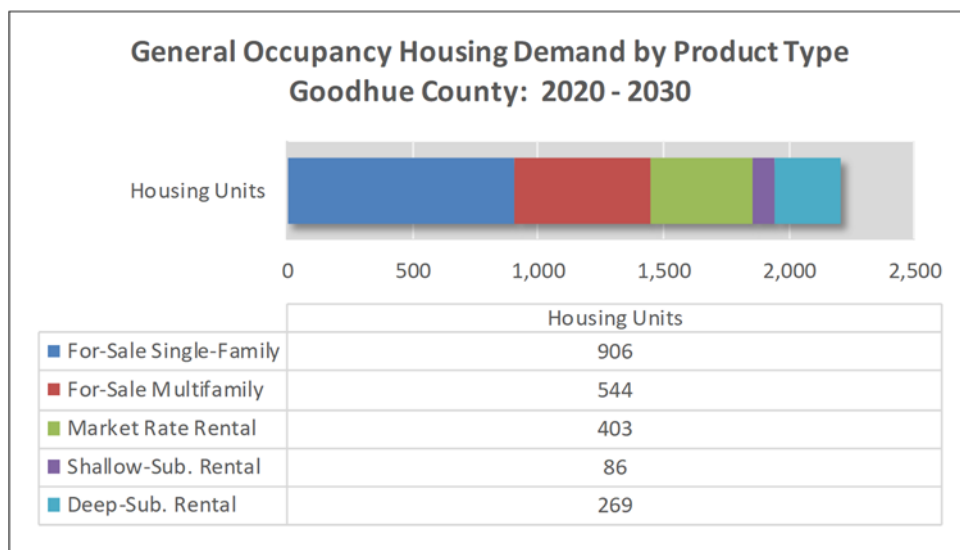
Source: Maxfield Research & Consulting, LLC

APPENDIX

Housing Demand Summary

The table on the following page and related charts illustrate demand calculated by housing product type and submarket in Goodhue County (including the portions of Dennison, Lake City, and Pine Island that are outside the County).

Housing demand is somewhat fluid between submarkets and communities in Goodhue County, and satisfying the anticipated demand will be highly dependent on the availability of suitable housing options in the various communities in the County. Additionally, housing demand in the County will be impacted by development activity in nearby areas, notably in communities surrounding Rochester in Olmsted County as well as the southeast portion of the Twin Cities Metro Area.



APPENDIX

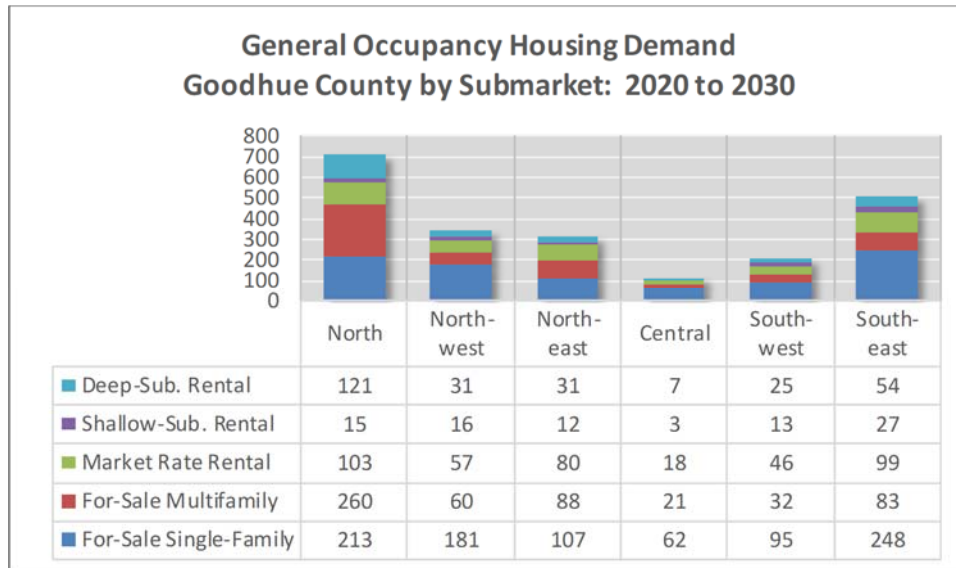
**CONCLUSIONS & RECOMMENDATIONS TABLE 1
SUMMARY OF HOUSING DEMAND
GOODHUE COUNTY BY SUBMARKET
January 2020**

	North		Northwest		Northeast		Central		Southwest		Southeast	
General Occupancy Housing (2020-2030)												
For-Sale Units	473		241		195		83		127		331	
Single-Family	213		181		107		62		95		248	
Multifamily	260		60		88		21		32		83	
Rental Units	239		104		123		28		84		180	
Market Rate	103		57		80		18		46		99	
Shallow-Subsidy	15		16		12		3		13		27	
Deep-Subsidy	121		31		31		7		25		54	
Total General Occupancy Housing Units	712		345		318		111		211		511	
Senior Housing (2020 & 2025)												
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
Market Rate Active Adult Units	117	90	79	87	66	71	26	26	39	38	103	114
Renter-Occupied	83	50	52	58	29	32	18	18	23	22	72	80
Owner-Occupied	34	40	27	29	37	39	8	8	16	16	31	34
Market Rate Service-Enhanced Units	225	265	37	54	136	156	33	35	64	65	116	136
Independent Living (Congregate)	144	159	31	39	78	84	17	18	26	26	41	52
Assisted Living	32	45	1	5	33	41	9	9	23	23	42	47
Memory Care	49	61	5	10	25	31	7	8	15	16	33	37
Subsidized Senior Housing Units	292	233	68	68	123	111	17	15	73	67	124	112
Shallow-Subsidy	247	203	68	68	90	83	15	13	48	44	93	86
Deep-Subsidy	45	30	0	0	33	28	2	2	25	23	31	26
Total Senior Housing Units	634	588	184	209	325	338	76	76	176	170	343	362

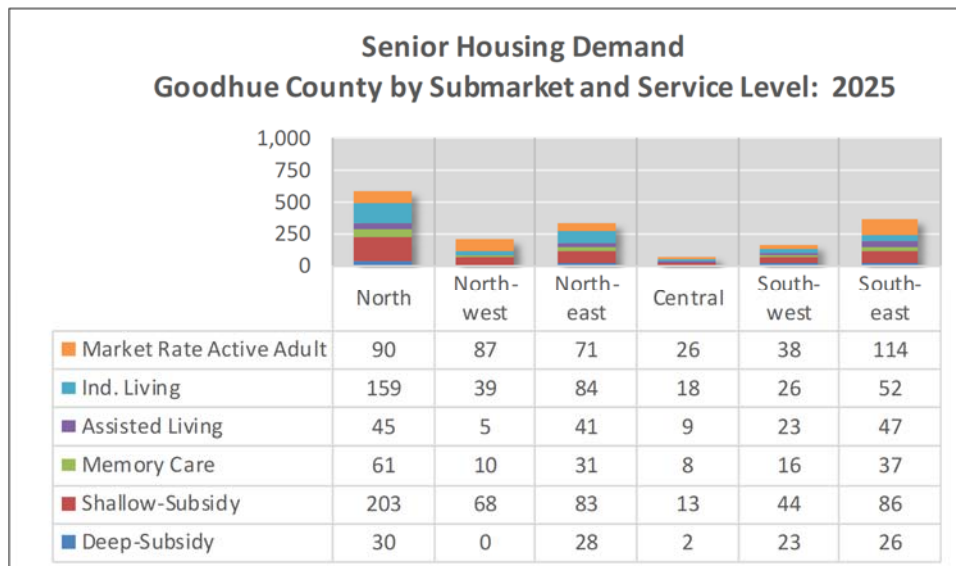
Source: Maxfield Research & Consulting, LLC

APPENDIX

In total, we find demand for 2,208 general occupancy housing units between 2020 and 2030, including 1,450 for-sale units and 758 rental units. General occupancy demand is expected to be strongest in the North (712 units) and Southeast (511 units) Submarkets.



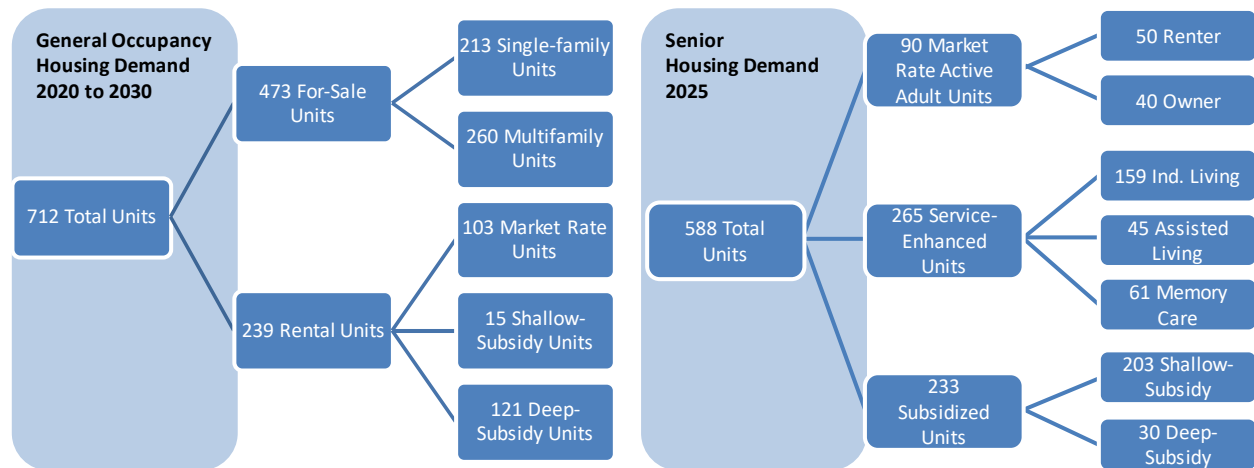
We find excess demand for a total of 1,743 senior housing units in 2025. Of these senior units, roughly 35% would be shallow- or deep-subsidy active adult housing (606 units), while 24% would market rate active adult housing (426 units) and the remaining 41% would be market rate service-enhanced housing (711 units). Senior housing demand is projected to be strongest in the North (588 units), Southeast (362 units) and Northeast (338 units) Submarkets.



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

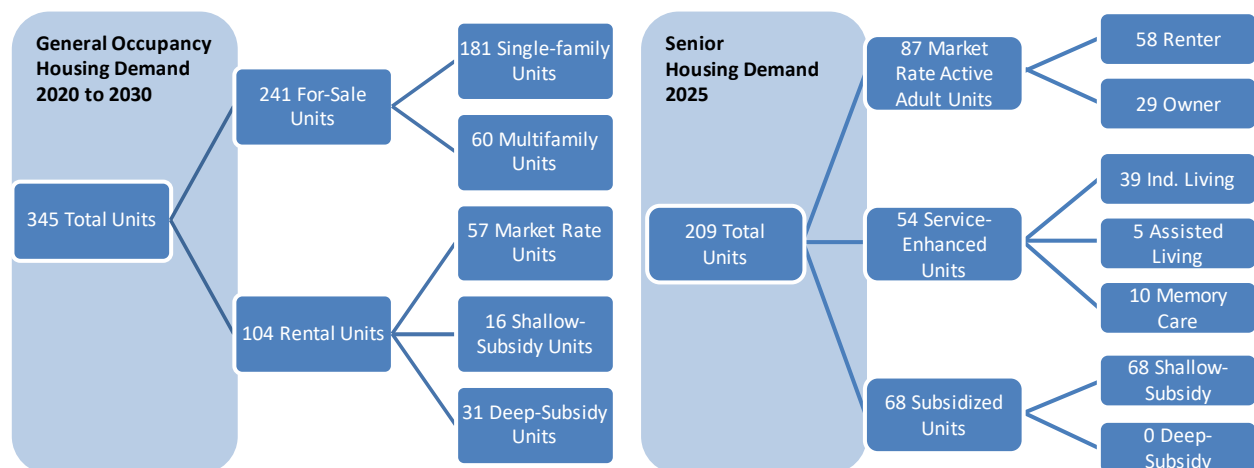
North Submarket

The North Submarket consists of the City of Red Wing along with the Townships of Featherstone, Hay Creek, Vasa, Wacouta and Welch. As depicted below, we find demand for 712 general occupancy housing units between 2020 and 2030, including 473 for-sale units and 238 rental units. We also find demand for 588 senior housing units, including 90 market rate active adult units, 265 service-enhanced units and 233 subsidized units.



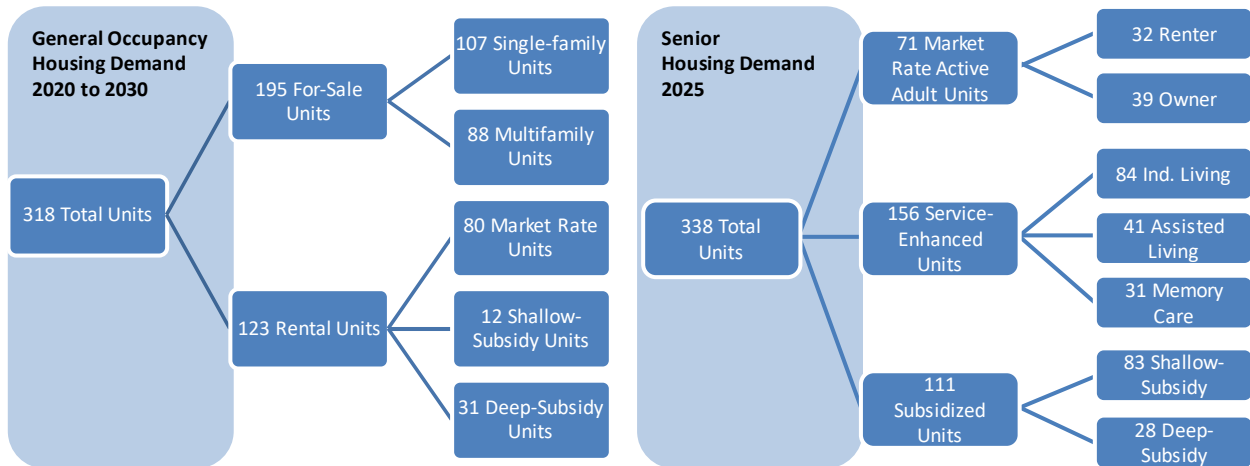
Northwest Submarket

The Northwest Submarket consists of the Cities of Cannon Falls and Dennison (including the portion of Dennison in Rice County) along with the Townships of Cannon Falls, Leon, Stanton, and Warsaw. As depicted below, we find demand for 345 general occupancy housing units between 2020 and 2030, including 241 for-sale units and 104 rental units. We also find demand for 209 senior housing units in 2025, including 87 market rate active adult units, 54 service-enhanced units, and 68 subsidized units.



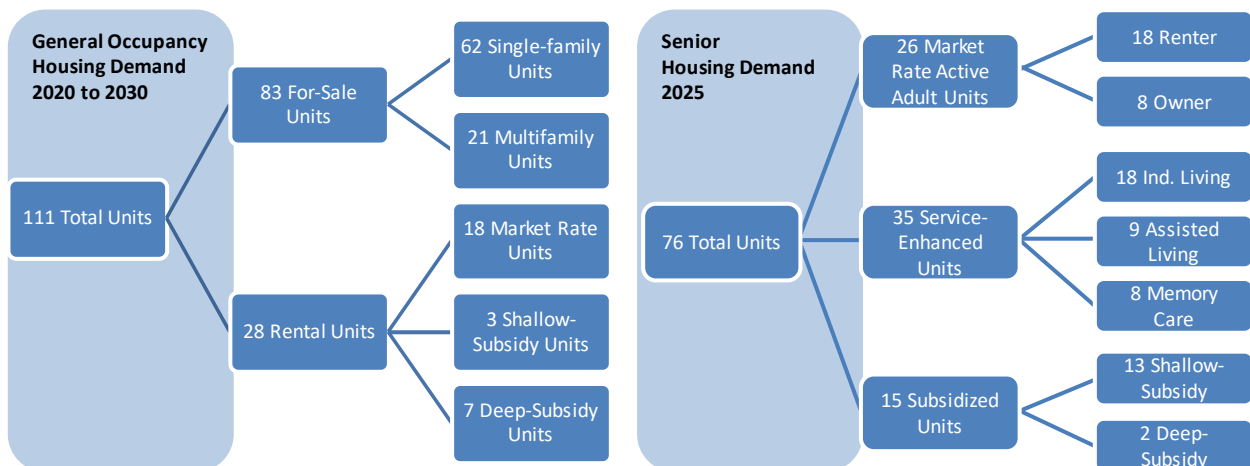
Northeast Submarket

The Northeast Submarket consists of the City of Lake City (including the portion of Lake City in Wabasha County) and Florence Township. As depicted below, we find demand for 318 general occupancy housing units between 2020 and 2030, including 195 for-sale units and 123 rental units. We also find demand for 338 senior housing units in 2025, including 71 market rate active adult units, 156 service-enhanced units, and 111 subsidized units.



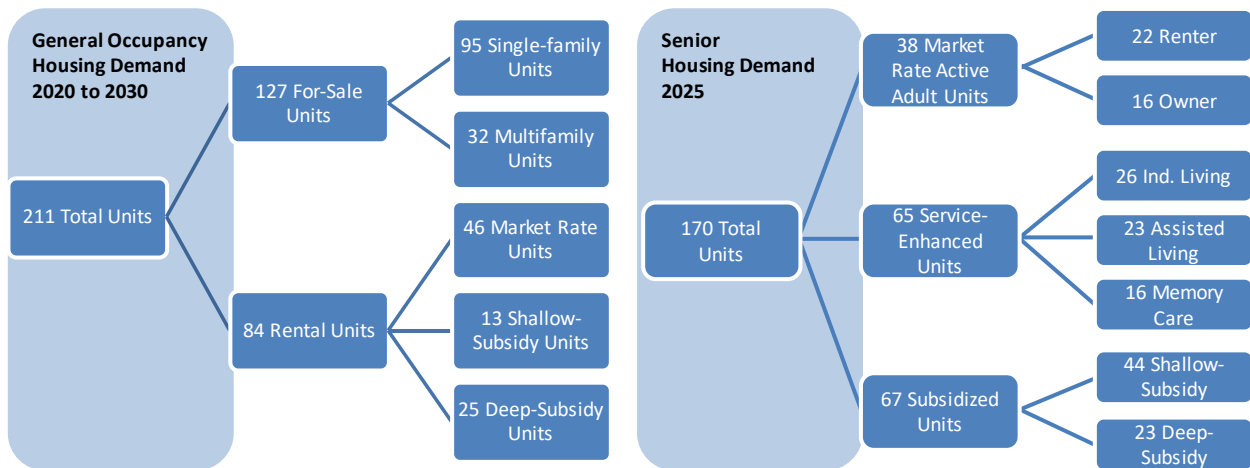
Central Submarket

The Central Submarket consists of the City of Goodhue, the portion of the City of Bellechester in Goodhue County, along with the Townships of Belle Creek, Belvidere, and Goodhue. As depicted below, we find demand for 111 general occupancy housing units between 2020 and 2030, including 83 for-sale units and 28 rental units. We also find demand for 76 senior housing units in 2025, including 26 market rate active adult units, 35 service-enhanced units, and 15 subsidized units.



Southwest Submarket

The Southwest Submarket consists of the Cities of Kenyon and Wanamingo along with the Townships of Cherry Grove, Holden, Kenyon, and Wanamingo. As depicted below, we find demand for 211 general occupancy housing units between 2020 and 2030, including 127 for-sale units and 84 rental units. We also find demand for 170 senior housing units in 2025, including 38 market rate active adult units, 65 service-enhanced units and 67 subsidized units.



Southeast Submarket

The Southeast Submarket consists of the Cities of Pine Island (including the portion of Pine Island in Olmsted County) and Zumbrota along with the Townships of Minneola, Pine Island, Roscoe, and Zumbrota. As depicted below, we find demand for 511 general occupancy housing units between 2020 and 2030, including 331 for-sale units and 180 rental units. We also find demand for 362 senior housing units in 2025, including 114 market rate active adult units, 136 service-enhanced units, and 112 subsidized units.

