

Comprehensive Housing Needs Analysis for Rushford, Minnesota

Prepared for:

City of Rushford
Rushford, Minnesota

May 2015





May 20, 2015

Mr. Stephen T. Sarvi
City Administrator
City of Rushford
101 N. Mill Street, P.O. Box 430
Rushford, MN 55971

Dear Mr. Sarvi:

Attached is the *Comprehensive Housing Needs Analysis for Rushford, Minnesota* conducted by Maxfield Research Inc. The study projects housing demand from 2015 through 2025, and provided recommendations on the amount and type of housing that could be built in Rushford to satisfy demand from current and future residents over the next decade.

The study identifies a potential demand for approximately 240 new housing units through 2025. About 56% of the total demand was for senior housing; while general-occupancy housing accounted for 44% of the demand. Demand was highest for active-adult senior housing (42 units) followed by single-family for-sale housing (33 units). Although the for-sale housing market has been slow since the recession, the existing lot supply is low and new platted lots will be needed to accommodate the projected demand.

Based on our findings, we recommend that a moderate-income general occupancy development could be supported as well as move-up single-family homes. Executive level homes, while still in demand, are currently experiencing slower absorption. Detailed information regarding recommended housing concepts can be found in the *Conclusions and Recommendations* section at the end of the report.

If you have any questions or need additional information, please contact us. We have enjoyed conducting this study for you.

Sincerely,

MAXFIELD RESEARCH INC.

A handwritten signature in black ink that reads 'Matt Mullins'.

Matt Mullins
Vice President

A handwritten signature in black ink that reads 'Mace Wescott'.

Mace Wescott
Analyst

Attachment

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
DEMOGRAPHIC ANALYSIS	6
Introduction	6
Market Area Definition	6
Population and Household Growth from 2000 to 2025	7
Age Distribution Trends	10
Household Income by Age of Householder	13
Net worth	18
Tenure by Household Income	20
Tenure by Age of Householder	21
Household Type	24
Tenure by Household Size	26
Diversity	28
Demographic Comparison to Peer Cities	28
Summary of Demographic Trends	29
EMPLOYMENT	31
Employment Trends	31
Employment Growth and Projections	31
Resident Labor Force	31
Commuting Patterns	36
Inflow/Outflow	38
Existing Business Mix by NAICS	39
Major Employers	42
Employer Survey	43
HOUSING CHARACTERISTICS	45
Introduction	45
Residential Construction Trends 2000 to Present	45
American Community Survey	47
Age of Housing Stock	47
Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)	49
Owner Occupied Housing Units by Mortgage Status	50
Owner-Occupied Housing Units by Value	51
Renter-Occupied Units by Contract Rent	53
Planned and Proposed Housing Projects	53

RENTAL MARKET ANALYSIS	54
Introduction	54
Overview of Rental Market Conditions.....	54
General Occupancy Rental Projects.....	56
SENIOR HOUSING ANALYSIS	63
Senior Housing Defined.....	63
Senior Housing in Rushford and the Market Area	64
FOR-SALE HOUSING ANALYSIS.....	67
Introduction	67
Overview of For-Sale Housing Market Conditions.....	67
Current Supply of Homes on the Market.....	69
Months of Active Supply	72
Price per Square Foot.....	73
Lender Mediated Properties	75
Lot Supply.....	79
Mobile Home Parks.....	79
Real Estate Agent/Builder Interviews	80
HOUSING DEMAND ANALYSIS	82
Introduction	82
Demographic Profile and Housing Demand	82
Housing Demand Overview	83
Estimated Demand for For-Sale Housing.....	87
Estimated Demand for General Occupancy Rental Housing	88
Estimated Demand for Independent Adult Few Services Senior Housing	91
Estimated Demand for Subsidized/Affordable Independent Senior Housing.....	93
Estimated Demand for Congregate Senior Housing	95
Demand Estimate for Assisted Living Housing	96
Estimated Demand for Memory Care Housing.....	99
RECOMMENDATIONS AND CONCLUSIONS	102
Introduction/Overall Housing Recommendations.....	102
Recommended Housing Product Types	105
Challenges and Opportunities.....	109
APPENDIX	115
Definitions	116

LIST OF TABLES

<u>Table Number and Title</u>	<u>Page</u>
D1. Population and Household Growth Trends and Projections, Rushford Market Area, 2000 to 2025	7
D2. Population Age Distribution, Rushford Market Area, 2000 to 2025	11
D3. Household Income by Age of Householder, City of Rushford, 2015 and 2020	15
D4. Household Income by Age of Householder, PMA, 2015 and 2020	16
D5. Net worth by Age of Householder, Rushford Market Area, 2014	19
D6. Tenure by Household Income, Rushford Market Area, 2013	20
D7. Tenure by Age of Householder, Rushford Market Area, 2000 and 2010	22
D8. Household Type, Rushford Market Area, 2000 and 2010	25
D9. Tenure by Household Size, Rushford Market Area, 2000 and 2010.....	27
D10. Population Distribution by Race, Rushford Market Area, 2000 and 2010	28
D11. Demographic Summary, Comparable Cities Throughout Minnesota.....	29
E1. Employment Projections, Southeast Minnesota, 2012 - 2025	31
E2. Annual Average Resident Employment, Fillmore County and Minnesota, 2000 to 2025	34
E3. Covered Employment Trends, Rushford, Rushford Market Area, Fillmore County, 2000, 2005, 2010, 2013	35
E4. Commuting Patterns, City of Rushford, 2011	37
E5. Commuting Patterns, PMA, 2011	38
E6. Commuting Inflow/Outflow, City of Rushford/Rushford PMA, 2011.....	39
E7. Business Summary by NAICS Code, City of Rushford, 2014	40
E8. Quarterly Census of Employment and Wages, City of Rushford, Fillmore County, Minnesota, 2012 and 2013	41
E9. Major Employers, City of Rushford, 2015.....	43
HC1. Residential Construction Building Permits Issued, City of Rushford, 2000 to 2014.....	46
HC2. Age of Housing Stock, Rushford Market Area, 2013	48
HC3. Housing Units by Structure and Tenure, Rushford Market Area, 2013.....	49
HC4. Owner-Occupied Housing Units by Mortgage Status, Rushford Market Area, 2013 ...	51
HC5. Owner-Occupied Units by Value, Rushford Market Area, 2013.....	52
HC6. Renter-Occupied Units by Contract Rent, Rushford Market Area, 2013	53
R1. Bedrooms by Gross Rent, Renter-Occupied Housing Units, Rushford Market Area, 2013	55
R2. General Housing Occupancy Rental Housing, Rushford Market Area, April 2015	58
R3. Unit Features and Common Area Amenities, Existing Market Rate and Subsidized Rental Projects, April 2015	59
S1. Senior Occupancy Rental Housing, Rushford Market Area, April 2015.....	65

FS1. Single and Multi-Family Residential Resales, City of Rushford and Market Area	68
FS2. Homes Currently Listed For-Sale, Rushford Market Area, April 2015	69
FS3. Active Listings by Housing Type, City of Rushford, April 2015	71
FS4. Actively Supply of Homes For Sale, City of Rushford and Fillmore County, 2009 to 2014	72
FS5. Median Sales Price Per Square Foot, City of Rushford and Fillmore County, 2009 to 2014	74
FS6. Lender-Mediated Sales, City of Rushford and Fillmore County, 2009 to 2014	76
FS7. Foreclosure Counts, 2009 to 2014	78
FS8. Sheriff's Sale Foreclosures, 2005 to 2014	78
HD1. For-Sale Housing Demand, Rushford Market Area, 2015 to 2025	88
HD2. Rental Housing Demand, Rushford Market Area, 2015 to 2025	90
HD3. Market Rate Active Adult Housing Demand, Rushford Market Area, 2015 and 2025 .	92
HD4. Subsidized/Affordable Independent Housing Demand, Rushford Market Area, 2015 and 2025	94
HD5. Market Rate Congregate Rental Housing Demand, Rushford Market Area, 2015 and 2025	96
HD6. Market Rate Assisted Living Demand, Rushford Market Area, 2015 and 2025	98
HD7. Market Rate Memory Care Demand, Rushford Market Area, 2015 and 2025	100
CR1. Summary of Housing Demand, City of Rushford, May 2015	102
CR2. Recommended Housing Development, City of Rushford, 2015 to 2025	104
CR3. Market Area Housing Affordability – Based on Household Income	110

Purpose and Scope of Study

Maxfield Research Inc. was engaged by the City of Rushford to conduct a *Comprehensive Housing Needs Analysis* for the City of Rushford. The Housing Needs Analysis provides recommendations on the amount and types of housing that should be developed in order to meet the needs of current and future households who choose to reside in the City.

The scope of this study includes: an analysis of the demographic and economic characteristics of the City; a review of the characteristics of the existing housing stock and building permit trends; an analysis of the market condition for a variety of rental and for-sale housing products; and an assessment of the need for housing by product type in the City. Recommendations on the number and types of housing products that should be considered in the City are also supplied.

Demographic and Employment Analysis

- As of the 2010 Census, the City of Rushford had 1,731 people and 706 households. The City of Rushford is forecast to add an additional 118 people and 80 households between 2010 and 2025.
- The population in Rushford is aging and older age cohorts are accounting for a significant percentage of the total population. Baby boomers (comprising the age groups 45 to 54 and 55 to 64 in 2010), accounted for an estimated 29% of the City's population. Over the next 10 years, the age 65 to 74 cohort will have the highest growth by percentage and numerically (160 people, or 42.8%). The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The Rushford Market Area had an estimated median household income of \$53,230 in 2015. Non-senior household median incomes peak in the 35 to 44 age group at \$66,457. The median income for seniors age 65+ is \$35,043.
- In 2014, the Rushford Market Area had an average net worth of \$477,574 and a median net worth of \$129,322.
- Between 2000 and 2010, homeownership rates increased from 81.5% to 83.1% in the Rushford Market Area, but decreased from 75.1% to 72.8% in the City of Rushford.
- Approximately 24% of all households in the Rushford Market Area lived alone in 2010. Married without children households accounted for the highest household type percentage in 2010 at 37.4%.

EXECUTIVE SUMMARY

- Fillmore County had an unemployment rate of 4.3% in 2014 which is higher than the State of Minnesota (3.6%). Fillmore County's unemployment rate has been higher than the State of Minnesota for the past couple of years.
- About 203 Rushford residents also work in Rushford (24.3%). Of those workers who commuted outside the City, most commuted to Winona or Rochester.

Housing Characteristics

- The City of Rushford issued permits for the construction of 150 new residential units from 2000 to 2014. Beginning in 2009, building permits declined rapidly and from 2009 to 2014 the City has averaged 2.6 units per year.
- The majority of the homes in Rushford are older. Approximately 31% of the City of Rushford's housing stock was built prior to 1940.
- Approximately 66% of Rushford homeowners have a mortgage compared to 70% of Minnesota homeowners that have a mortgage. About 24% of homeowners with mortgages also have a second mortgage or home equity loan.
- The median owner-occupied home in the City of Rushford is \$139,000 in 2013. Approximately 70% of the owner-occupied housing stock in the City of Rushford was estimated to be valued between \$100,000 and \$199,999.
- The median contract rent in Rushford was \$510 in 2013 compared to Minnesota which was \$819. Approximately 71% of Rushford renters paying cash have monthly rents ranging from \$250 to \$750.

Rental Housing Market Analysis

- In total, Maxfield Research inventoried 83 general occupancy market rate rental units in the Rushford Market Area spread across six multifamily developments (8 units and larger). At the time of the survey, there were three vacant market rate units resulting in a vacancy rate of 3.6%. Typically, a healthy rental market maintains a vacancy rate of roughly 5%, which promotes competitive rates, ensures adequate consumer choice, and allows for unit turnover.
- Affordable/subsidized projects make-up 42 units and posted one vacancy. Combined with the market rate projects, the overall vacancy rate for subsidized rental housing in the Rushford Market Area is about 2.4%.

Senior Housing Market Analysis

- There is one senior housing facility located in the Rushford Market Area with a total of 47 independent and assisted living units and 68 skilled nursing rooms. There are no vacancies in the independent and assisted living units. However, there is a 10.3% vacancy in the skilled nursing beds. Generally, healthy senior housing vacancy rates range from 5% to 7% depending on service level.

For-Sale Housing Market Analysis

- The average and median resale price of homes in the City of Rushford was approximately \$131,423 and \$129,000 respectively as of 2014. Between 2005 and 2014, the median sales price peaked in 2006 at \$165,000.
- An average of 20 homes has been sold annually in the City of Rushford since 2005. Considering that Rushford has a supply of about 478 owned-occupied housing units, this represents turnover of 4.2% of the owned homes annually.
- The median list price of single-family homes for sale in Rushford was roughly \$133,700 as of April 2015. Based on the median list price, a household would need an income of about \$38,200 to \$44,600 based on an industry standard of 3.0 to 3.5 times the median income. About 71% of Rushford households have annual incomes at or above \$35,000.
- Between 2009 and 2014, the number of lender-mediated sales in Rushford was the highest in 2012 and 2013, both years having eight resales. All indicators project continued low numbers of distressed properties in 2015. Foreclosures have continuously been low since 2013 within Rushford.
- There are five lots available for new construction within the City of Rushford. The lot supply benchmark for growing communities is a three- to five-year lot supply. Prior to 2008, new for-sale construction was on average 10 homes built per year, but from 2009 to 2013 an average of one home has been built per year. Currently there are no builders actively pursuing spec housing.

Development Pipeline

- As of April 2015, there are no housing projects being planned or under construction in the City of Rushford.

Housing Needs Analysis

- Based on our calculations, demand exists in the City of Rushford for the following general occupancy product types between 2015 and 2025:
 - Market rate rental 28 units
 - Affordable rental 6 units
 - Subsidized rental 17 units
 - For-sale single-family 33 units
 - For-sale multifamily 20 units

- In addition, we find demand for multiple senior housing product types. By 2025, demand in Rushford for senior housing is forecast for the following:
 - Active adult ownership 21 units
 - Active adult market rate rental 21 units
 - Active adult affordable 25 units
 - Active adult subsidized 10 units
 - Congregate 24 units
 - Assisted Living 21 units
 - Memory care 13 units

Recommendations and Conclusions

- Based on the finding of our analysis and demand calculations, the chart on the following page provides a summary of the recommended development concepts by product type for the City of Rushford through 2025. Detailed findings are described in the *Conclusions and Recommendations* section of the report.

EXECUTIVE SUMMARY

RECOMMENDED HOUSING DEVELOPMENT CITY OF RUSHFORD 2015 to 2025				
		Purchase Price/ Monthly Rent Range ¹	No. of Units	Development Timing
Owner-Occupied Homes				
<i>Single Family</i> ²				
	Move-up	\$150,000 - \$200,000	14 - 20	2018+
	Executive	\$200,000+	6 - 8	2019+
	Total		20 - 28	
<i>Townhomes/Twinhomes</i> ²				
	Move-up	\$120,000+	6 - 10	2017+
	Total		6 - 10	
Total Owner-Occupied			26 - 38	
General Occupancy Rental Housing				
<i>Market Rate Rental Housing</i>				
	Apartment-style	\$700/1BR - \$1,000/3BR	18 - 24	2019+
	Townhomes	\$850/2BR - \$1,250/3BR	8 - 10	2018+
	Total		26 - 34	
<i>Affordable Rental Housing</i>				
	Subsidized	30% of Income ⁴	12 - 20	2018+
	Total		12 - 20	
Total Renter-Occupied			38 - 54	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership	\$120,000+	20 - 22	2017+
	Active Adult Rental	\$700/1BR - \$1,000/3BR	20 - 22	2017+
	Active Adult Affordable Rental	Moderate Income ³	20 - 30	2018+
	Assisted Living	\$3,000+ per month	12 - 24	2018+
	Congregate	\$3,000+ per month	18 - 26	2017+
	Total		90 - 124	
Total - All Units			154 - 216	
¹ Pricing in 2015 dollars. Pricing can be adjusted to account for inflation. ² Recommendations include the absorption of some existing previously platted lots. Most entry-level demand will be accommodated through the resale market ³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA). ⁴ Subsidized housing will be difficult to develop financially due to lack of federal funding from HUD				
Note - Recommended development does not coincide with total demand. The City of Rushford may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research Inc.				

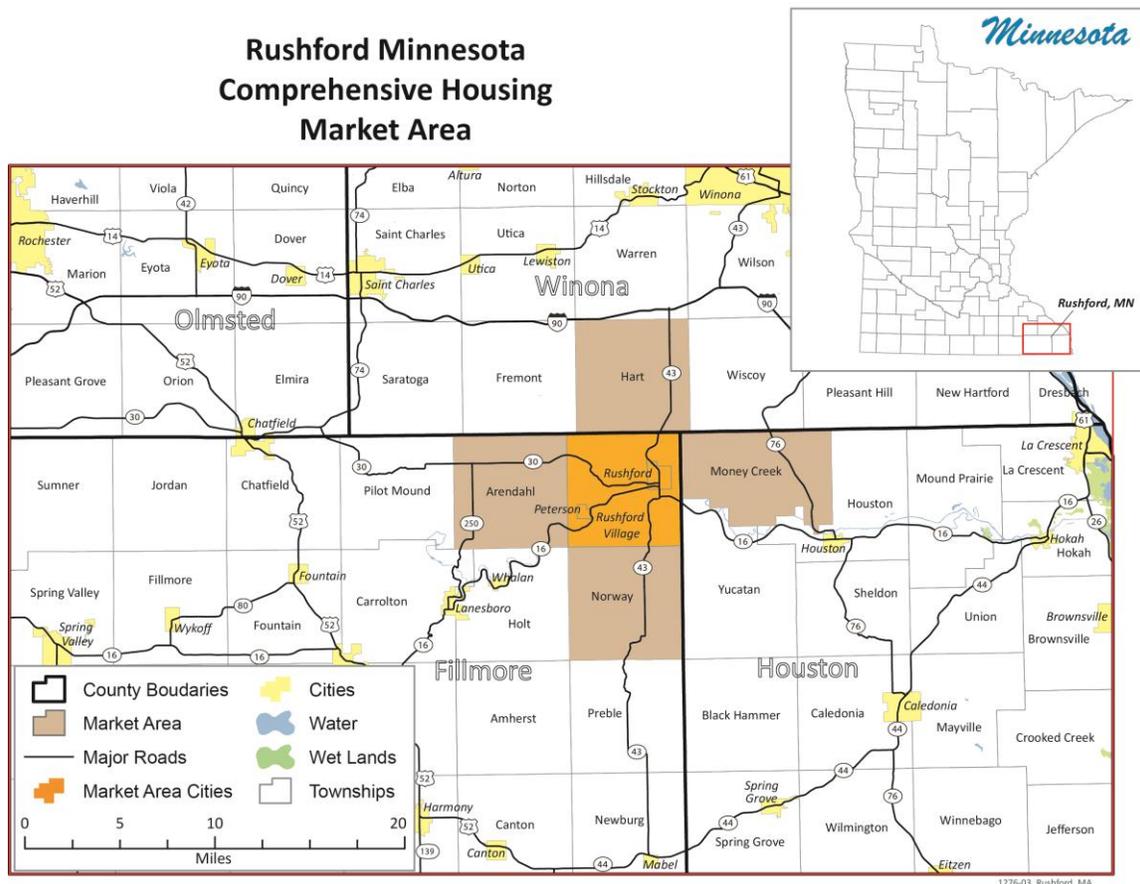
Introduction

This section of the report examines factors related to the current and future demand for both owner- and renter-occupied housing in Rushford, Minnesota. It includes an analysis of population and household growth trends and projections, projected age distribution, household income, net worth, household types, household tenure, and peer city comparison. A review of these characteristics will provide insight into the demand for various types of housing in the Market Area.

Market Area Definition

The primary draw area (Market Area) for housing in Rushford was defined based on traffic patterns, community and school district boundaries, and our general knowledge of the draw area for housing projects.

The Market Area geography includes four townships (Arendahl, Hart, Money Creek, and Norway) and three cities (Rushford, Rushford Village, and Peterson). These communities in the Market Area serve as an immediate draw area for Rushford. A portion of demand will also be drawn from outside the Rushford Market Area.



MARKET AREA DEFINITION	
Market Area Boundary	
City	Township
Rushford	Arendahl
Rushford Village	Hart
Peterson	Money Creek
	Norway

Source: Maxfield Research Inc.

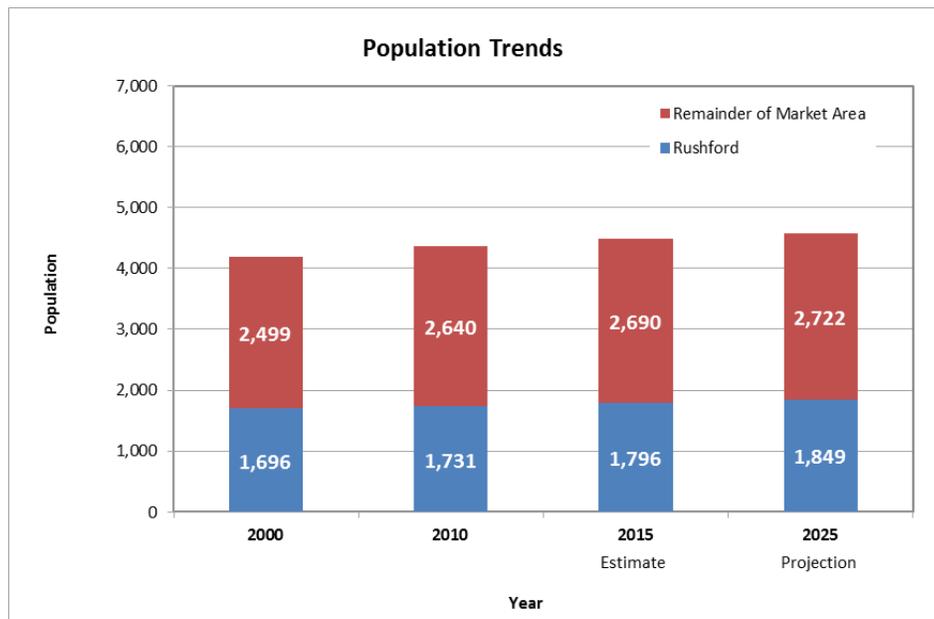
Population and Household Growth Trends and Projections from 2000 to 2025

Table D-1 presents the population and household growth trends and projections from 2000 to 2025. The 2000 to 2010 data is from the U.S. Census. Estimate and projection data is calculated from the Minnesota State Demographer; ESRI (a national demographics service provider); with adjustments calculated by Maxfield Research Inc. The adjustments are intended to reflect growth that will likely be realized after considering the impact of the current housing market, employment, and review of building permit trends.

TABLE D-1 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS RUSHFORD MARKET AREA 2000 to 2025																				
	U.S. Census						Estimate		Forecast		Change									
	1990 ¹		2000		2010		2015		2020		2025		2000 to 2010		2010 to 2025					
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.				
POPULATION																				
Rushford	1,485		1,696		1,731		1,796		1,842		1,849		35	2.1	118	6.8				
Remainder of the PMA	2,474		2,499		2,640		2,690		2,712		2,722		141	5.6	82	3.1				
Primary Market Area	3,959		4,195		4,371		4,486		4,553		4,571		176	4.2	200	4.6				
<i>Fillmore County</i>	20,777		21,122		20,866		20,792		20,872		20,952		-256	-1.2	86	0.4				
HOUSEHOLDS																				
Rushford	657		704		706		742		763		786		2	0.3	80	11.3				
Remainder of the PMA	882		911		996		1,025		1,044		1,065		85	9.3	69	6.9				
Primary Market Area	1,539		1,615		1,702		1,767		1,807		1,851		87	5.4	149	8.7				
<i>Fillmore County</i>	8,356		8,228		8,545		8,569		8,612		8,652		317	3.9	107	1.3				
Persons per Household																				
<i>Rushford</i>			2.41		2.45		2.42		2.41		2.35									
<i>Remainder of the Market Area</i>			2.74		2.65		2.63		2.60		2.56									
<i>Market Area</i>			2.60		2.57		2.54		2.52		2.47									
<i>Fillmore County</i>			2.57		2.44		2.43		2.42		2.42									
¹ 1990 housing units are represented instead of households																				
Sources: U.S. Census Bureau; ESRI; State Demographic Center; Maxfield Research Inc.																				

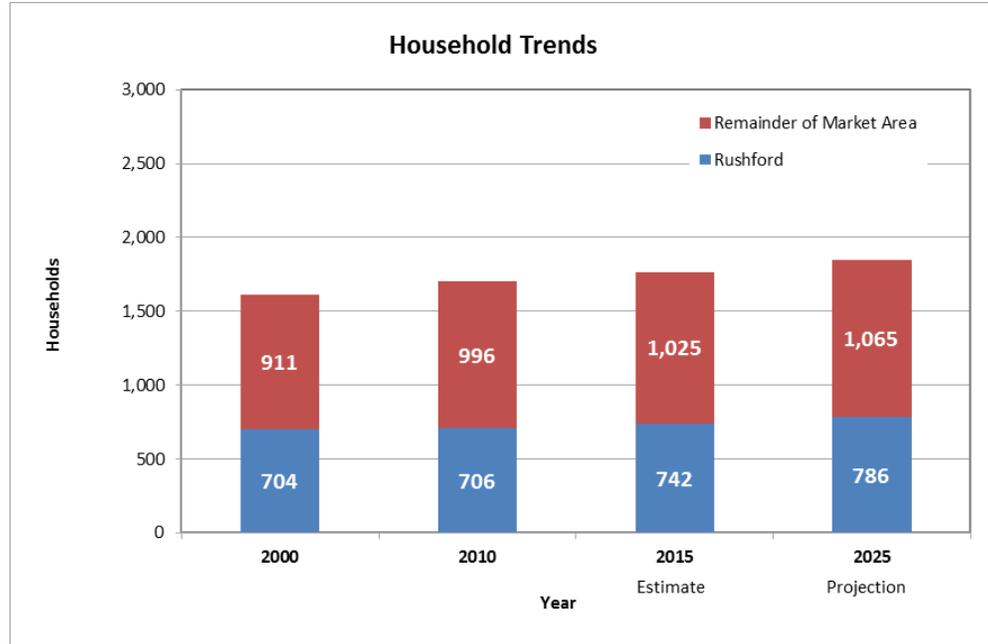
Population

- Rushford's population grew by 35 people (+2.1%) and the Remainder of the Market Area grew by 141 people (+5.6) between 2000 and 2010. As the Rushford PMA has seen modest growth during this past decade (+4.2% overall), Fillmore County saw a decline of -256 people (-1.2%).
- In 2010, the Market Area includes roughly 21% of the total population in Fillmore County. Rushford accounts for nearly 40% of the Market Area's population.
- Due to the housing market stabilizing from the recession period in the late 2000's; housing and lots recovering from prior flood damage; and other economic changes in Rushford, we project that the City of Rushford will maintain modest population growth through 2025. We project that Rushford will increase its population by 118 persons (6.8%) between 2010 and 2025.
- We project the Remainder of the PMA to increase by 82 people (3.1%) with an overall increase of 200 people (+4.6%) in the Market Area between 2010 and 2025.
- Between 2000 and 2010 there was a gain of 35 people in the City of Rushford. In 2006 the Minnesota State Demographer estimated that the City of Rushford had a population of 1,781 people. Due to the 2007 flood of Rush Creek, the recession period in the late 2000's and economic changes, the City of Rushford lost approximately 50 people between 2006 and 2010.



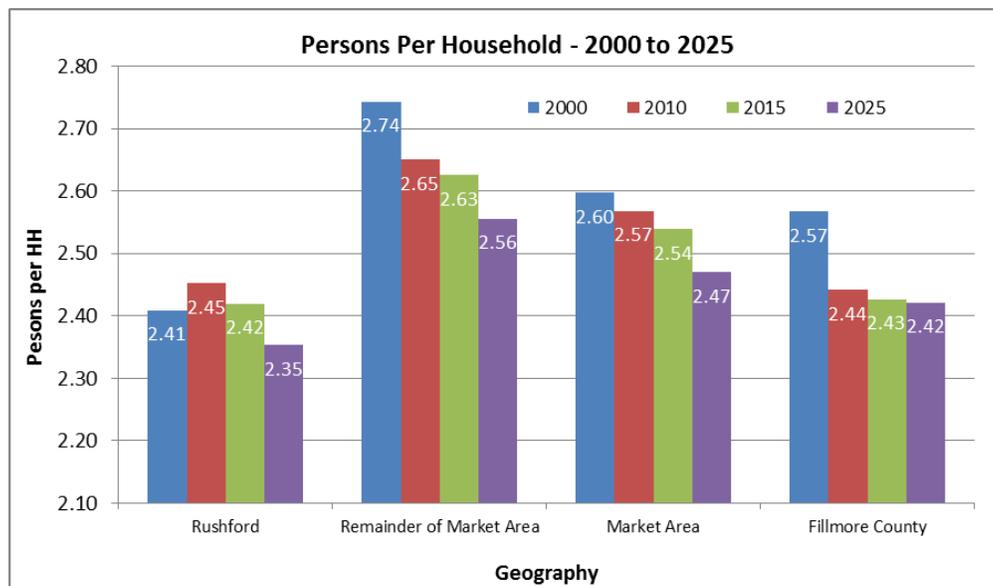
Households

- Household growth trends are typically a more accurate indicator of housing needs than population growth since a household is, by definition, an occupied housing unit. However, additional demand can come from changing demographics of the population base, which results in demand for different housing products.
- Rushford gained only two households during the 2000s (an increase of +0.3%), increasing its household base to 706 households as of 2010. The Remainder of the Market Area gained 85 households during the decade (+9.3%), increasing to 996 households. Overall the PMA grew by 87 households (+5.4%) for a total of 1,702 households as of 2010.
- We project household growth in Rushford to increase by 80 households (+11.3%) through 2025 and for the remainder of the PMA to increase by 69 households (+6.9%). Overall we project the PMA to gain 149 households (+8.7%) by 2025.
- There has been no loss in households from 2000 to 2010, but there was only a gain of two households. In 2006 the Minnesota State Demographer estimated that there were 768 households in the City of Rushford. Due to the 2007 flood of Rush Creek, the recession period in the late 2000's and economic changes, approximately 62 households were lost between 2006 and 2010 in the City of Rushford.



Household Growth Rates

- Household growth rates are similar to many other U.S. places, where household growth rates are projected to slowly decline over the next decade. This is the result of fewer persons in each household, caused by demographic and social trends such as increasing divorce rates, an increasing senior base, and couples’ decisions to have fewer children or no children at all.
- In 2010, the average household size was 2.45 in Rushford and 2.65 in the Remainder of the Market Area with an overall average household size of 2.57 in the Market Area. Larger households are characteristically found in rural areas. Typically townships are more rural than cities and it is also common to see higher household sizes in townships.
- We project that Rushford will have an average household size of 2.35 and the remainder of the Market Area to be at 2.56 with an overall average household size of 2.47 in the Market Area by 2025.



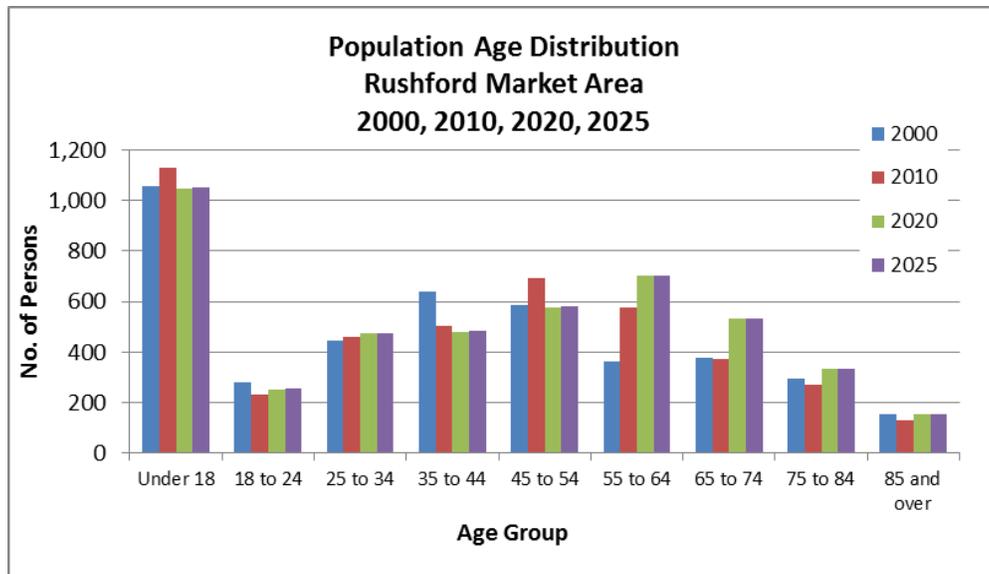
Age Distribution Trends

Age distribution affects demand for different types of housing since needs and desires change at different stages of the life cycle. Table D-2 shows the distribution of persons within nine age cohorts for Rushford and the Market Area in 2000 and 2010 with estimates for 2015 and projections for 2020 and 2025. The 2000 and 2010 age distribution is from the U.S. Census Bureau and the 2015 figures are an estimate based on 2014 ESRI data. Maxfield Research Inc. derived the 2020 and 2025 projections by adjustments made to data obtained from ESRI. The following are key points from the table.

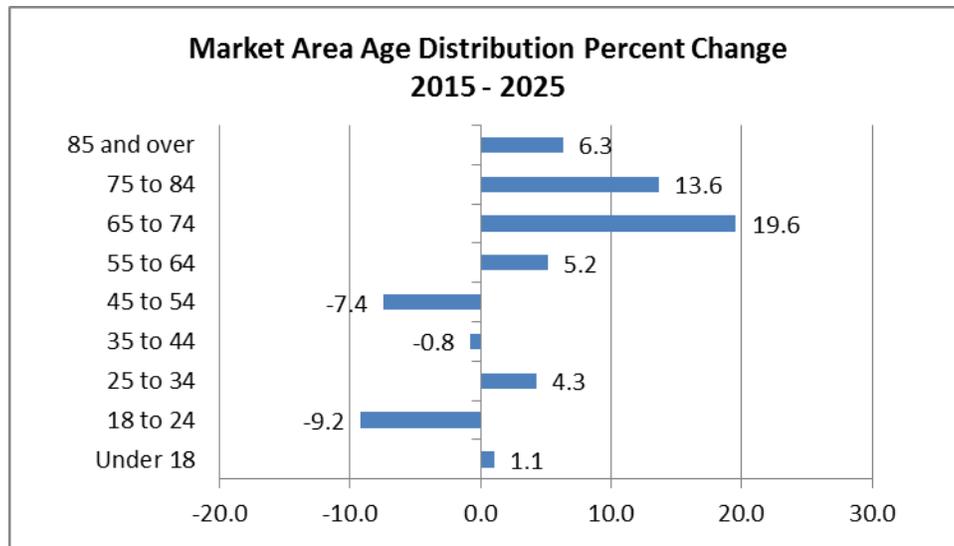
DEMOGRAPHIC ANALYSIS

- Between 2000 and 2010, the majority of the growth in Rushford occurred in the middle aged population (ages 55 to 64). For the next decade and through 2025, growth is expected in ages 35 to 44 and 55 to 84 year olds.
- The Rushford population of 18 to 34 year olds, which consists primarily of renters and first-time homebuyers, grew (3.7%) between 2000 and 2010, but is expected to decrease by one person (-0.5%) between 2010 and 2025.

Age	Census		Estimate	Projection	Projection	Change			
	2000	2010	2015	2020	2025	2000-2010		2010-2025	
	No.	No.	No.	No.	No.	No.	Pct.	No.	Pct.
Rushford									
Under 18	390	431	425	426	429	41	10.5	-2	-0.4
18 to 24	120	102	112	101	102	-18	-15.0	0	-0.2
25 to 34	180	209	199	206	208	29	16.1	-1	-0.7
35 to 44	221	181	193	190	191	-40	-18.1	10	5.8
45 to 54	214	229	236	217	219	15	7.0	-10	-4.5
55 to 64	129	216	245	256	258	87	67.4	42	19.4
65 to 74	164	130	167	198	200	-34	-20.7	70	53.5
75 to 84	171	140	136	153	154	-31	-18.1	14	10.1
85 and over	107	93	83	88	89	-14	-13.1	-4	-4.7
Subtotal	1,696	1,731	1,796	1,834	1,849	35	2.1	118	6.8
Remainder of Market Area									
Under 18	665	700	629	620	622	35	5.3	-78	-11.2
18 to 24	161	132	171	152	153	-29	-18.0	21	15.9
25 to 34	263	251	262	266	267	-12	-4.6	16	6.5
35 to 44	418	323	305	289	290	-95	-22.7	-33	-10.1
45 to 54	372	462	406	362	363	90	24.2	-99	-21.5
55 to 64	234	359	422	445	446	125	53.4	87	24.3
65 to 74	211	244	289	333	335	33	15.6	91	37.2
75 to 84	126	133	148	179	180	7	5.6	47	35.3
85 and over	49	36	58	65	65	-13	-26.5	29	81.5
Subtotal	2,499	2,640	2,690	2,712	2,722	141	5.6	82	3.1
Market Area Total									
Under 18	1,055	1,131	1,053	1,045	1,051	76	7.2	-80	-7.1
18 to 24	281	234	283	253	255	-47	-16.7	21	8.9
25 to 34	443	460	461	472	475	17	3.8	15	3.2
35 to 44	639	504	498	479	482	-135	-21.1	-22	-4.4
45 to 54	586	691	642	578	582	105	17.9	-109	-15.8
55 to 64	363	575	667	701	704	212	58.4	129	22.5
65 to 74	375	374	456	531	534	-1	-0.3	160	42.8
75 to 84	297	273	283	332	334	-24	-8.1	61	22.4
85 and over	156	129	142	153	154	-27	-17.3	25	19.4
Total	4,195	4,371	4,486	4,546	4,571	176	4.2	200	4.6
Sources: U.S. Census Bureau; ESRI; Maxfield Research Inc.									



- Mirroring trends observed across the Nation, the aging baby boomer generation is substantially impacting the composition of the Market Area’s population. Born between 1946 and 1964, these individuals comprised the age groups 45 to 54 and 55 to 64 in 2010. As of 2010, baby boomers accounted for an estimated 29% of the Market Area’s population.
- The 65 to 74 age cohort is projected to have the greatest growth (by percentage and numerically) increasing by 160 people (+42.8%) in the Market Area between 2010 and 2025. The growth in this age cohort can be primarily attributed to the baby boom generation aging into their young senior years.
- The social changes that occurred with the aging of the baby boom generation, such as higher divorce rates, higher levels of education, and lower birth rates has led to a greater variety of lifestyles than existed in the past – not only among the baby boomers, but also among their parents and children. The increased variety of lifestyles has fueled demand for alternative housing products to the single-family homes. Seniors, in particular, and middle-aged persons tend to do more traveling and participate in more activities than previous generations, and they increasingly prefer maintenance-free housing that enables them to spend more time on activities outside the home.
- The projected negative age distribution (-15.8%) for the 45 to 54 age cohort between 2010 and 2025 is shifted from the negative age distribution (-21.1%) of the 35 to 44 age cohort from 2000 to 2010.



Household Income by Age of Householder

The estimated distribution of household incomes in the City of Rushford and the Market Area for 2015 and 2020 are shown in Tables D-3 and D-4. The data was estimated by Maxfield Research Inc. based on income trends provided by ESRI. The data helps ascertain the demand for different housing products based on the size of the market at specific cost levels.

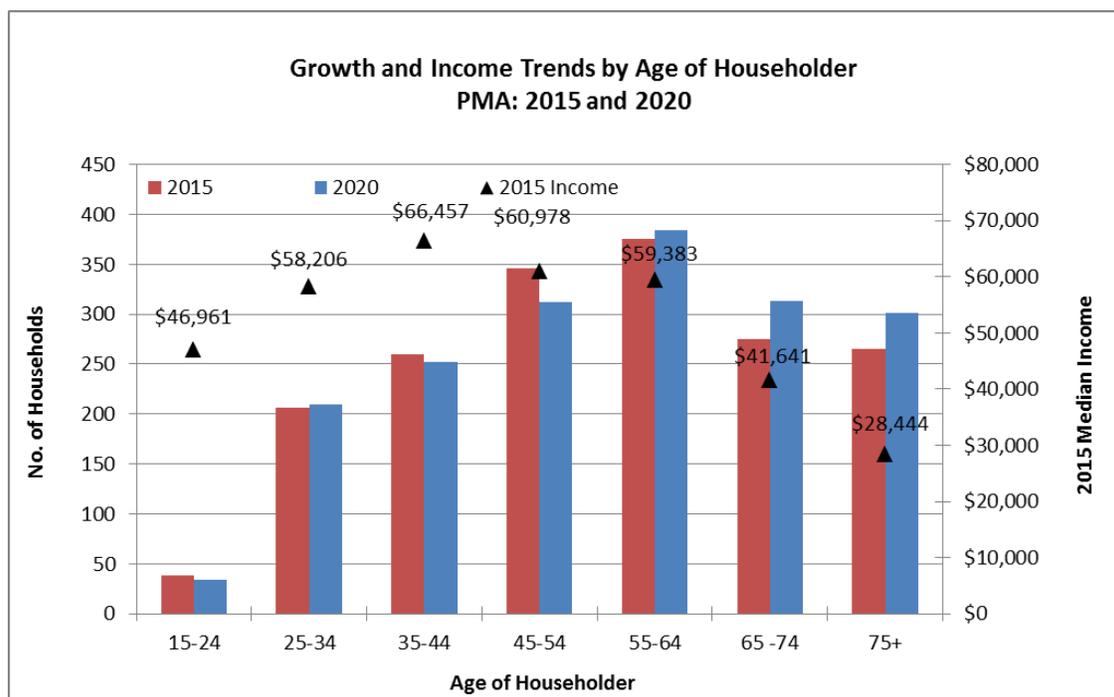
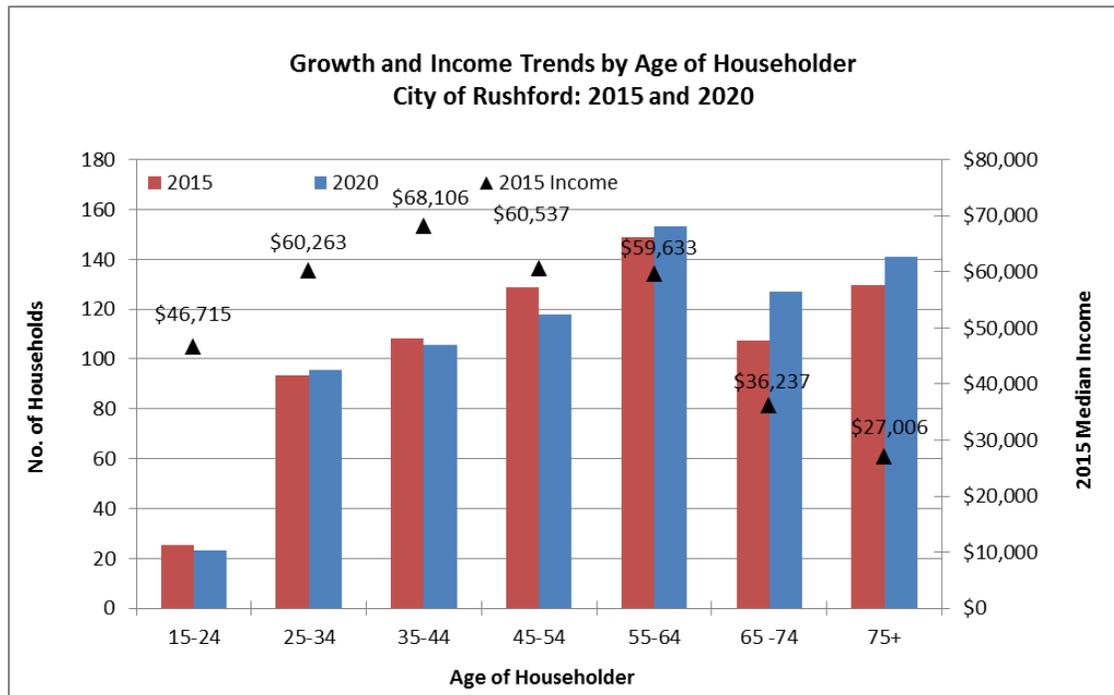
The Department of Housing and Urban Development defines affordable housing costs as 30% of a household’s adjusted gross income. For example, a household in the PMA with the average income of \$53,230 per year would be able to afford a monthly housing cost of about \$1,331. Maxfield Research Inc. uses 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 rent payments.

A generally accepted standard for affordable owner-occupied housing is that a typical household can afford to pay 3.0 to 3.5 times their annual income on a single-family home. Thus, a \$53,230 income would translate to an affordable single-family home of \$159,690 to \$186,305. The higher end of this range assumes that the person has adequate funds for down payment and closing costs, but also does not include savings or equity in an existing home which would allow them to purchase a higher priced home.

- The City of Rushford has an estimated median household income of \$52,612 in 2015. It is projected to increase over the next five years to \$57,031 in 2020 (+8.4%).
- The PMA has an estimated median household income of \$53,230 in 2015. It is projected to increase over the next five years to \$57,730 in 2020 (+8.5%).

DEMOGRAPHIC ANALYSIS

- With a household income of \$58,206, a younger household in the PMA (the median household income for the 25 to 34 cohort) could afford a monthly housing cost of about \$1,455 based on an allocation of 30% of income toward housing. A senior household (75+) in the PMA with an income of \$28,444 (the median household income of seniors 75+) could afford a monthly housing cost of \$948, based on an allocation of 40% of income toward housing.



DEMOGRAPHIC ANALYSIS

TABLE D-3 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER CITY OF RUSHFORD (Number of Households) 2015 and 2020								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2015								
Less than \$15,000	78	1	2	9	11	13	21	20
\$15,000 to \$24,999	100	3	5	10	6	19	17	40
\$25,000 to \$34,999	80	3	5	7	11	10	15	28
\$35,000 to \$49,999	89	7	15	8	12	13	19	14
\$50,000 to \$74,999	188	6	36	26	46	42	20	11
\$75,000 to \$99,999	114	3	16	27	23	28	9	6
\$100,000 to \$149,999	74	1	11	18	14	18	5	6
\$150,000 to \$199,999	16	1	2	1	4	4	0	4
\$200,000+	3	0	0	1	1	1	0	0
Total	742	25	93	108	129	149	107	130
<i>Median Income</i>	<i>\$52,612</i>	<i>\$46,715</i>	<i>\$60,263</i>	<i>\$68,106</i>	<i>\$60,537</i>	<i>\$59,633</i>	<i>\$36,237</i>	<i>\$27,006</i>
2020								
Less than \$15,000	74	1	2	7	8	12	23	21
\$15,000 to \$24,999	80	2	3	8	5	14	14	33
\$25,000 to \$34,999	67	2	3	5	7	8	15	27
\$35,000 to \$49,999	91	6	14	8	10	12	22	18
\$50,000 to \$74,999	197	6	38	25	41	43	28	15
\$75,000 to \$99,999	136	4	19	31	25	34	14	8
\$100,000 to \$149,999	90	1	12	19	15	22	10	10
\$150,000 to \$199,999	24	1	4	1	5	6	0	7
\$200,000+	4	0	0	1	1	1	0	1
Total	763	23	96	106	118	153	127	141
<i>Median Income</i>	<i>\$57,031</i>	<i>\$52,396</i>	<i>\$64,152</i>	<i>\$75,801</i>	<i>\$65,319</i>	<i>\$66,090</i>	<i>\$42,420</i>	<i>\$30,805</i>
Change - 2015 to 2020								
Less than \$15,000	-4	-0	-0	-2	-3	-1	2	1
\$15,000 to \$24,999	-21	-1	-2	-2	-1	-5	-3	-6
\$25,000 to \$34,999	-13	-1	-2	-2	-4	-2	-0	-1
\$35,000 to \$49,999	1	-1	-1	-0	-2	-1	3	4
\$50,000 to \$74,999	10	-0	2	-1	-4	2	8	4
\$75,000 to \$99,999	22	1	3	4	2	6	5	2
\$100,000 to \$149,999	16	-0	1	1	1	4	5	4
\$150,000 to \$199,999	8	-0	2	-0	1	2	0	3
\$200,000+	1	0	0	-0	-0	-0	0	1
Total	21	-2	2	-3	-11	4	19	11
<i>Median Income</i>	<i>\$4,419</i>	<i>\$5,681</i>	<i>\$3,889</i>	<i>\$7,695</i>	<i>\$4,782</i>	<i>\$6,457</i>	<i>\$6,183</i>	<i>\$3,799</i>

Sources: ESRI; Maxfield Research Inc.

DEMOGRAPHIC ANALYSIS

TABLE D-4 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER PMA (Number of Households) 2015 and 2020								
	Age of Householder							
	Total	Under 25	25-34	35-44	45-54	55-64	65 -74	75+
2015								
Less than \$15,000	186	2	11	21	30	42	41	40
\$15,000 to \$24,999	209	5	14	21	19	36	40	73
\$25,000 to \$34,999	182	4	17	19	24	24	34	59
\$35,000 to \$49,999	237	10	28	19	36	43	56	45
\$50,000 to \$74,999	458	11	75	70	117	100	62	23
\$75,000 to \$99,999	259	4	33	54	62	69	24	13
\$100,000 to \$149,999	179	1	22	49	39	46	15	8
\$150,000 to \$199,999	45	1	4	4	15	13	2	5
\$200,000+	11	0	1	2	3	3	2	0
Total	1,767	39	207	259	345	376	276	265
<i>Median Income</i>	<i>\$53,230</i>	<i>\$46,961</i>	<i>\$58,206</i>	<i>\$66,457</i>	<i>\$60,978</i>	<i>\$59,383</i>	<i>\$41,641</i>	<i>\$28,444</i>
2020								
Less than \$15,000	172	2	10	17	22	35	42	43
\$15,000 to \$24,999	164	2	11	16	14	27	29	64
\$25,000 to \$34,999	153	3	11	13	17	19	32	57
\$35,000 to \$49,999	231	9	25	17	28	38	57	56
\$50,000 to \$74,999	480	11	79	66	105	102	81	34
\$75,000 to \$99,999	304	5	40	58	64	81	35	20
\$100,000 to \$149,999	216	1	23	53	41	56	26	15
\$150,000 to \$199,999	71	1	9	8	17	20	7	9
\$200,000+	17	0	1	3	3	5	3	2
Total	1,807	34	210	252	312	384	313	301
<i>Median Income</i>	<i>\$57,730</i>	<i>\$52,312</i>	<i>\$62,333</i>	<i>\$74,682</i>	<i>\$65,837</i>	<i>\$66,747</i>	<i>\$50,297</i>	<i>\$32,706</i>
Change - 2015 to 2020								
Less than \$15,000	-15	-0	-1	-4	-8	-6	2	4
\$15,000 to \$24,999	-45	-3	-3	-5	-5	-9	-10	-9
\$25,000 to \$34,999	-30	-1	-6	-6	-7	-5	-2	-2
\$35,000 to \$49,999	-6	-1	-3	-2	-8	-4	1	12
\$50,000 to \$74,999	22	-0	4	-4	-11	2	20	11
\$75,000 to \$99,999	45	1	7	5	2	12	11	7
\$100,000 to \$149,999	37	-0	1	5	3	11	11	7
\$150,000 to \$199,999	27	-0	5	4	2	7	5	4
\$200,000+	6	0	-0	1	-0	2	1	2
Total	40	-4	3	-7	-33	9	38	36
<i>Median Income</i>	<i>\$4,500</i>	<i>\$5,351</i>	<i>\$4,127</i>	<i>\$8,225</i>	<i>\$4,859</i>	<i>\$7,364</i>	<i>\$8,656</i>	<i>\$4,262</i>

Sources: ESRI; Maxfield Research Inc.

Non-Senior Households

- In 2015, 8.7% of the non-senior (under age 65) households in the Market Area had incomes under \$15,000 (106 households). All of these households would be eligible for subsidized rental housing. Another 7.9% of the Market Area's non-senior households had incomes between \$15,000 and \$25,000 (96 households). Many of these households would qualify for subsidized housing, but many could also afford "affordable" or older market rate rentals. If housing costs absorb 30% of income, households with incomes of \$15,000 to \$25,000 could afford to pay \$375 to \$625 per month.
- Median incomes for households in the Market Area peak at \$66,457 for the 35 to 44 age group in 2015. In most areas, household median incomes peak in the 45 to 54 age group and that group is usually considered to be in their peak earning years. The 55 to 64 age group has a median income of \$59,383 in 2015. By 2020, the median income for the 35 to 44 and the 45 to 54 age groups are projected to increase to \$74,682 (12.4%) and \$65,837 (8.0%) respectively. The 55 to 64 age group is projected to increase to \$66,747 (12.4%) by 2020.
- The median resale price of homes in the PMA was roughly \$129,000 in 2014 (see Table FS-1). The income required to afford a home at this price would be about \$36,857 to \$43,000 based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt).
- Incomes are expected to increase by 8.5% between 2015 and 2020 in the Market Area. This equates to an increase of 1.7% annually.

Senior Households

- The oldest householders are likely to have lower incomes in 2015. In the Market Area, 14.9% of households ages 65 to 74 had incomes below \$15,000, compared to 15.1% of households ages 75 and over. Many of these low-income older senior households rely solely on social security benefits. Typically, younger seniors have higher incomes due to the fact they are still able to work or are married couples with two pensions or higher social security benefits. The 2015 median income for Market Area householders age 65 to 74 and 75+ are \$41,641, and \$28,444, respectively.
- Generally, senior households with incomes greater than \$25,000 can afford market rate senior housing in the PMA. Based on a 40% allocation of income for housing, this translates to monthly rents of at least \$833. About 334 senior households in the Rushford Market Area (64.5% of senior households) have incomes above \$25,000 in 2015.

DEMOGRAPHIC ANALYSIS

- Seniors who are able and willing to pay 80% or more of their income on assisted living housing would need an annual income of \$26,280 to afford monthly rents of \$876, which is the base monthly rent for assisted living at the Good Shepard Assisted Living in Rushford. This does not include added assisted living services that could increase monthly rents upwards to an average \$3,400 that are being charged in and near Rochester. There were an estimated 145 older senior (ages 75 and over) households with incomes greater than \$26,280 in 2015 in the Rushford Market Area. Seniors age 75 and over are the primary market for assisted living housing.
- The median income for seniors age 65+ in the Market Area is \$35,043 in 2015. It is projected to increase by \$6,459 (18.4%) to \$41,502 by 2020.

Net Worth

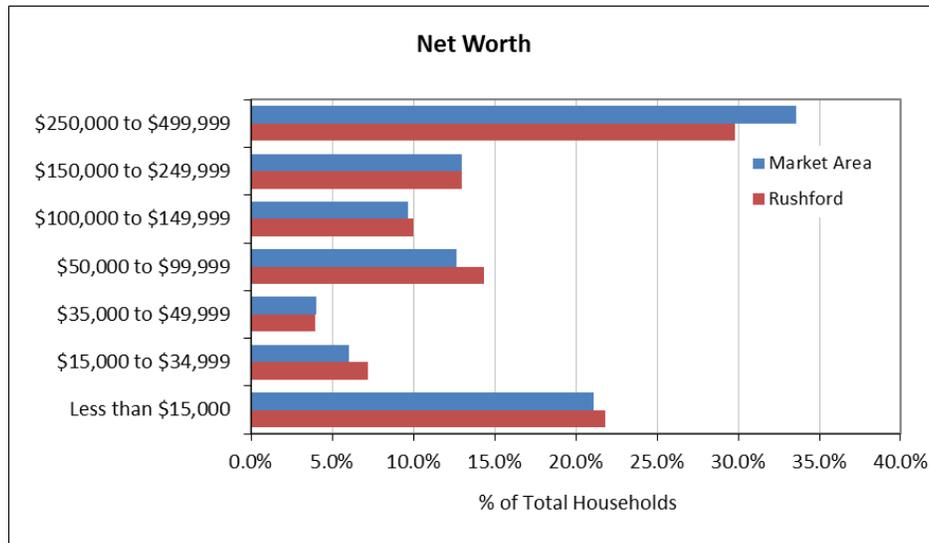
Table D-7 shows household net worth in the Rushford Market Area in 2014. Simply stated, net worth is the difference between assets and liabilities, or the total value of assets after the debt is subtracted. The data was compiled and estimated by ESRI based on the Survey of Consumer Finances and Federal Reserve Board data.

According to data released by the National Association of Realtors in 2014, the average American homeowner has a net worth about 31 to 46 times greater than that of a renter. Research was based on the 2013 Federal Reserve survey that showed the average net worth of a homeowner was \$200,000, whereas the average net worth of a renter was just over \$5,000.

- The Rushford Market Area had an average net worth of \$477,575 in 2014 and a median net worth of \$129,322. Median net worth is generally a more accurate depiction of wealth than the average figure. A few households with very large net worth can significantly skew the average. As a comparison, the Rochester Metro Area had an average net worth of \$604,391 and median net worth of \$134,304. Communities with high levels of farming equipment and land assets tend to also increase the average and median net worth in those areas.
- Similar to household income, net worth increases as households age and decreases after they pass their peak earning years and move into retirement. Median and average net worth usually peak in the 55 to 64 age cohort. The average net worth of the 55 to 64 age cohort in the Market Area is \$956,197 and a median net worth of \$230,413. Senior households usually have a higher net worth also due to their 401k's, and other retirement funds. Also, senior households that continue to have higher average net worth could be an indication of farm equipment and land assets being primarily retained by households in senior age cohorts.

DEMOGRAPHIC ANALYSIS

- Households often delay purchasing homes and instead choose to rent until they acquire sufficient assets to cover the costs of a down payment and closing costs associated with home ownership. This will be especially true in the short-term as tightening lending requirements make mortgages with little or no down payments more difficult to obtain in today's mortgage lending environment.



**TABLE D-5
NET WORTH BY AGE OF HOUSEHOLDER
RUSHFORD MARKET AREA
2014**

	Total	% of Total	Age of Householder						
			<25	25-34	35-44	45-54	55-64	65-74	75+
CITY OF RUSHFORD									
Less than \$15,000	161	21.8%	15	16	38	29	22	21	20
\$15,000 to \$34,999	53	7.2%	7	13	11	7	6	5	4
\$35,000 to \$49,999	29	3.9%	2	4	10	4	3	4	2
\$50,000 to \$99,999	106	14.3%	2	32	14	15	15	13	15
\$100,000 to \$149,999	74	10.0%	1	16	10	8	12	15	12
\$150,000 to \$249,999	96	13.0%	1	7	15	22	15	12	24
\$250,000 or more	220	29.8%	0	6	10	42	73	37	52
Total	739	100%	28	94	108	127	146	107	129
Median Net Worth	\$110,549		\$14,000	\$63,756	\$41,489	\$151,434	\$250,000	\$131,268	\$187,070
MARKET AREA									
Less than \$15,000	370	21.1%	27	48	85	75	65	37	33
\$15,000 to \$34,999	106	6.0%	8	31	20	17	15	9	6
\$35,000 to \$49,999	70	4.0%	2	13	26	7	11	8	3
\$50,000 to \$99,999	222	12.6%	2	59	32	40	35	27	27
\$100,000 to \$149,999	170	9.7%	1	30	32	23	26	34	24
\$150,000 to \$249,999	228	13.0%	1	13	34	58	41	29	52
\$250,000 or more	590	33.6%	0	16	28	117	181	126	122
Total	1,756	100%	41	210	257	337	374	270	267
Median Net Worth	\$129,322		\$11,389	\$56,190	\$48,167	\$157,379	\$230,413	\$210,887	\$219,610

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

Sources: ESRI; Maxfield Research, Inc.

Tenure by Household Income

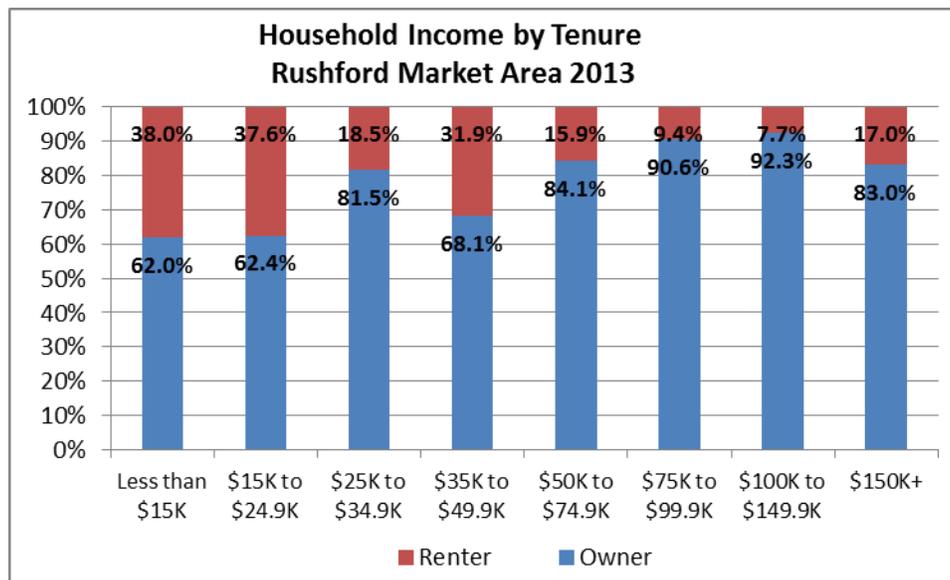
Table D-6 shows household tenure by income for Rushford and the Rushford Market Area in 2013. Data is an estimate from the American Community Survey. Household tenure information is important to assess the propensity for owner-occupied or renter-occupied housing options based on household affordability. As stated earlier, the Department of Housing and Urban Development determines affordable housing as not exceeding 30% of the household’s income. It is important to note that the higher the income, the lower percentage a household typically allocates to housing. Many lower income households, as well as many young and senior households; spend more than 30% of their income, while middle-aged households in their prime earning years typically allocate 20% to 25% of their income.

Income	CITY OF RUSHFORD				PMA				FILLMORE COUNTY			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
Less than \$15,000	40	48.8%	42	51.2%	88	62.0%	54	38.0%	487	47.0%	549	53.0%
\$15,000 to \$24,999	38	40.9%	55	59.1%	98	62.4%	59	37.6%	566	66.6%	284	33.4%
\$25,000 to \$34,999	70	72.9%	26	27.1%	159	81.5%	36	18.5%	665	68.4%	307	31.6%
\$35,000 to \$49,999	56	51.9%	52	48.1%	154	68.1%	72	31.9%	1,005	77.5%	291	22.5%
\$50,000 to \$74,999	133	76.9%	40	23.1%	375	84.1%	71	15.9%	1,524	86.8%	231	13.2%
\$75,000 to \$99,999	90	90.9%	9	9.1%	252	90.6%	26	9.4%	1,048	91.8%	94	8.2%
\$100,000 to \$149,999	59	94%	4	6.3%	229	92.3%	19	7.7%	995	97.1%	30	2.9%
\$150,000+	0	0.0%	8	100.0%	39	83.0%	8	17.0%	327	94.5%	19	5.5%
Total	486	67.3%	236	32.7%	1,394	80.2%	345	19.8%	6,617	78.6%	1,805	21.4%
Median Household Income	\$54,400		\$24,219		\$56,667		\$42,188		\$59,307		\$26,755	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

- Typically, as income increases, so does the rate of homeownership. This can be seen in the Rushford Market Area, where the homeownership rate increases from 62.0% of households with incomes below \$15,000 to 92.3% of households with incomes above \$100,000.

A portion of renter households that are referred to as lifestyle renters, or those who are financially-able to own but choose to rent, have household incomes above \$50,000 (about 36% of the Rushford Market Area’s renters in 2013). Households with incomes below \$15,000 are typically a market for deep subsidy rental housing (about 38% of the Rushford Market Area’s renters in 2013).



Tenure by Age of Householder

Table D-7 shows the number of owner and renter households in the Market Area by age group in 2000 and 2010. This data is useful in determining demand for certain types of housing since housing preferences change throughout an individual’s life cycle. The following are key findings from Table D-7.

- In 2000, 81.5% of all households in the Market Area owned their housing. By 2010, that percentage increase to 83.1%. In most cases, the housing market downturn contributed to the decrease in the homeownership rate during the late 2000s as it became more difficult for households to secure mortgage loans, households delayed purchasing homes due to the uncertainty of the housing market, and foreclosures forced households out of their homes. In the Rushford Market Area there was a slight increase in the ownership rate. This rate increase was most likely attributed to limited rental availability choices and lower single family home costs encouraging people who wanted to live in the Market Area to purchase their homes.
- The number of owner households in the Market Area increased by 7.5% compared to a -4% decrease in renter households between 2000 and 2010.

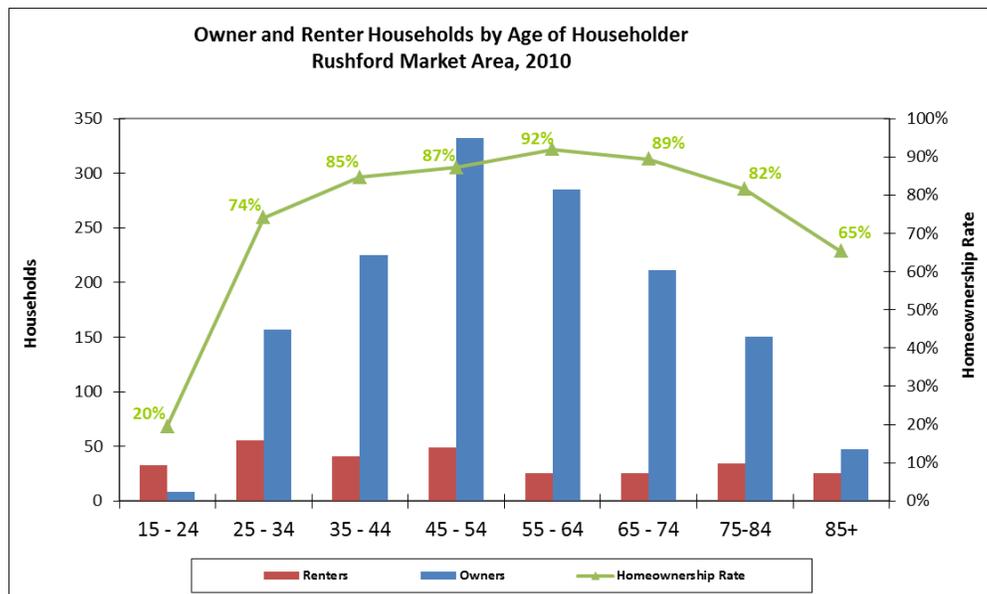
DEMOGRAPHIC ANALYSIS

TABLE D-7
TENURE BY AGE OF HOUSEHOLDER
RUSHFORD MARKET AREA
2000 and 2010

Age		City of Rushford				Remainder of Market Area				Market Area Total			
		2000		2010		2000		2010		2000		2010	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
15-24	Own	9	24.3	6	20.0	11	45.8	2	18.2	20	32.8	8	19.5
	Rent	28	75.7	24	80.0	13	54.2	9	81.8	41	67.2	33	80.5
	Total	37	100.0	30	100.0	24	100.0	11	100.0	61	100.0	41	100.0
25-34	Own	62	65.3	73	71.6	93	73.2	84	76.4	155	69.8	157	74.1
	Rent	33	34.7	29	28.4	34	26.8	26	23.6	67	30.2	55	25.9
	Total	95	100.0	102	100.0	127	100.0	110	100.0	222	100.0	212	100.0
35-44	Own	101	82.8	72	73.5	176	84.6	153	91.1	277	83.9	225	84.6
	Rent	21	17.2	26	26.5	32	15.4	15	8.9	53	16.1	41	15.4
	Total	122	100.0	98	100.0	208	100.0	168	100.0	330	100.0	266	100.0
45-54	Own	105	88.2	104	74.8	178	87.7	228	94.2	283	87.9	332	87.1
	Rent	14	11.8	35	25.2	25	12.3	14	5.8	39	12.1	49	12.9
	Total	119	100.0	139	100.0	203	100.0	242	100.0	322	100.0	381	100.0
55-64	Own	67	88.2	111	93.3	120	96.0	174	91.1	187	93.0	285	91.9
	Rent	9	11.8	8	6.7	5	4.0	17	8.9	14	7.0	25	8.1
	Total	76	100.0	119	100.0	125	100.0	191	100.0	201	100.0	310	100.0
65-74	Own	88	86.3	65	75.6	121	96.8	146	97.3	209	92.1	211	89.4
	Rent	14	13.7	21	24.4	4	3.2	4	2.7	18	7.9	25	10.6
	Total	102	100.0	86	100.0	125	100.0	150	100.0	227	100.0	236	100.0
75-84	Own	78	71.6	62	68.9	71	92.2	88	93.6	149	80.1	150	81.5
	Rent	31	28.4	28	31.1	6	7.8	6	6.4	37	19.9	34	18.5
	Total	109	100.0	90	100.0	77	100.0	94	100.0	186	100.0	184	100.0
85+	Own	19	43.2	21	50.0	17	77.3	26	86.7	36	54.5	47	65.3
	Rent	25	56.8	21	50.0	5	22.7	4	13.3	30	45.5	25	34.7
	Total	44	100.0	42	100.0	22	100.0	30	100.0	66	100.0	72	100.0
TOTAL	Own	529	75.1	514	72.8	787	86.4	901	90.5	1,316	81.5	1,415	83.1
	Rent	175	24.9	192	27.2	124	13.6	95	9.5	299	18.5	287	16.9
	Total	704	100.0	706	100.0	911	100.0	996	100.0	1,615	100.0	1,702	100.0

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

DEMOGRAPHIC ANALYSIS

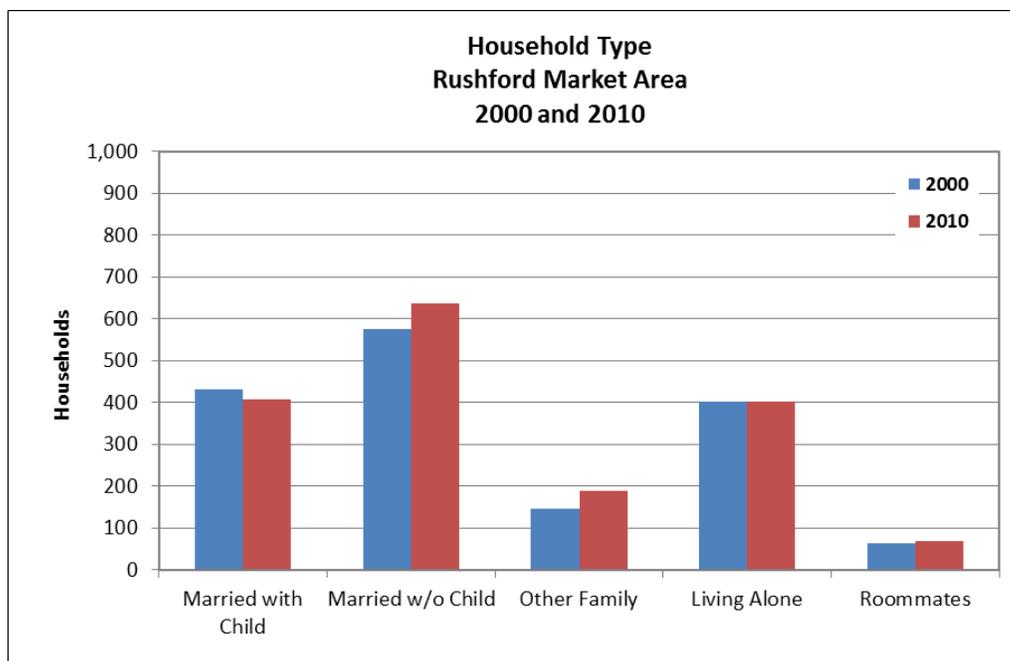


- In 2000, 75.1% of all households in the City of Rushford owned their own housing. By 2010, that percentage decreased to 72.8%. The decrease in households owning housing in Rushford may have been impacted by the 2007 flood which may have influenced homeowners to rent in order to rehabilitate or rebuild their housing. These percentages are much lower than the Remainder of the Market Area. In 2000, 86.4% of all households in the Remainder of the Market Area owned their own housing. In 2010, that percentage increased to 90.5%.
- 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, reducing the responsibility of maintenance and a financial commitment.
- In 2010, 67.2% of the Market Area's households between the ages of 15 and 24 rented their housing, compared to 30.2% of households between the ages of 25 and 34. Householders between 35 and 84 were overwhelmingly homeowners, with no more than 25.9% of the householders in each 10-year age cohort renting their housing.
- The significantly higher homeownership rates in the Remainder of the Market Area (90.5%) compared to the City of Rushford (72.8%) reflects the rural character of the area.

Household Type

Table D-8 shows a breakdown of the type of households present in the Market Area in 2000 and 2010. The data is useful in assessing housing demand since the household composition often dictates the type of housing needed and preferred.

- Between 2000 and 2010, the Market Area experienced an increase in Married families without children (10.8%), Other (family households that are single-parent families or unmarried couples with children) (29.7%), and roommate households (11.3%). Married families without children experienced a large numerical increase (62 households) or +10.8%. The increase in households married without children can be attributed to couples waiting longer to have children, and the baby boomers aging into empty nester years.



- The most significant decrease in the Market Area is observed in the Married with Children Households (a loss of 24 households, or -5.6%). This again can be attributed to baby boomers aging into empty nester years.
- The differences between Rushford and the rest of the PMA, reflect more availability of multifamily rental housing in Rushford compared to the rural Remainder of the Market Area. For example, non-family householders tend to rent their housing more than other categories. This includes elderly widows and young persons. Young people typically do not have sufficient incomes to purchase housing, while single seniors are likely to move to multifamily housing to shed the burden of home maintenance and to have opportunities for socialization. About 4.5% of Rushford' households were non-family households in 2010, while 3.7% of the Remainder of the Market Area's households was non-family.

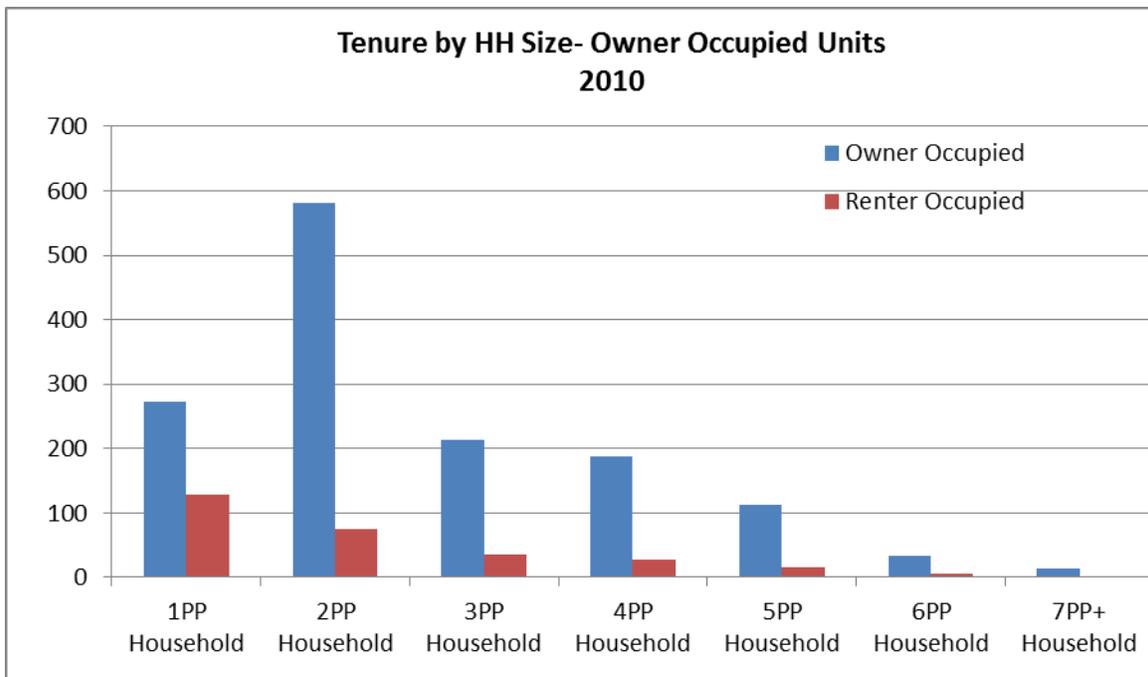
DEMOGRAPHIC ANALYSIS

TABLE D-8 HOUSEHOLD TYPE RUSHFORD MARKET AREA 2000 and 2010												
	Total HH's		Family Households						Non-Family Households			
			Married w/o Child		Married w/ Child		Other *		Living Alone		Roommates	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Number of Households												
Rushford	704	706	207	217	160	142	67	97	245	218	25	32
Rem. of Market Area	911	996	367	419	272	266	78	91	157	183	37	37
Market Area Total	1,615	1,702	574	636	432	408	145	188	402	401	62	69
Percent of Total												
Rushford	43.6	41.5	29.4	30.7	22.7	20.1	9.5	13.7	34.8	30.9	3.6	4.5
Rem. of Market Area	56.4	58.5	40.3	42.1	29.9	26.7	8.6	9.1	17.2	18.4	4.1	3.7
Market Area Total	100.0	100.0	35.5	37.4	26.7	24.0	9.0	11.0	24.9	23.6	3.8	4.1
<i>Fillmore County</i>	100.0	100.0	35.2	35.8	25.4	20.5	8.9	11.1	26.6	28.3	3.9	4.3
<i>Minnesota</i>	100.0	100.0	28.5	29.6	25.2	21.2	12.5	13.8	26.9	28.0	6.9	7.4
Change												
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Rushford	2	0.3	10	4.8	-18	-11.3	30	44.8	-27	-11.0	7	28.0
Rem. of Market Area	85	9.3	52	14.2	-6	-2.2	13	16.7	26	16.6	0	0.0
Market Area Total	87	5.4	62	10.8	-24	-5.6	43	29.7	-1	-0.2	7	11.3
* Single-parent families, unmarried couples with children.												
Sources: U.S. Census Bureau; Maxfield Research Inc.												

Tenure by Household Size

Table D-9 shows the distribution of households by size and tenure in the Rushford Market Area in 2000 and 2010. This data is useful in that it sheds insight into the number of units by unit type that may be most needed in Rushford Market Area.

- Household size for renters tends to be smaller than for owners. This trend is a result of the typical market segments for rental housing, including households that are younger and are less likely to be married with children as well as older adults and seniors who choose to downsize from their single-family homes. In 2010, almost 45% of the total renter-occupied households in the Rushford Market Area were one-person households.
- An estimated 70% of renter households in the Rushford Market Area in 2010 have either one or two people. The one-person households would primarily seek one-bedroom units and two-person households that are couple would primarily seek one-bedroom units. Two-person households that consist of a parent and child or roommate would primarily seek two-bedroom units. Larger households would seek units with multiple bedrooms.
- One-person households in the Rushford Market Area have the highest percentage of renters among all household types. Five-person plus households have the lowest renter percentage among all household types (7.7%).



DEMOGRAPHIC ANALYSIS

**TABLE D-9
TENURE BY HOUSEHOLD SIZE
RUSHFORD MARKET AREA
2000 and 2010**

City of Rushford								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	137	25.9%	108	61.7%	119	23.2%	99	51.6%
2PP Household	199	37.6%	29	16.6%	201	39.1%	48	25.0%
3PP Household	72	13.6%	20	11.4%	80	15.6%	21	10.9%
4PP Household	88	16.6%	13	7.4%	62	12.1%	18	9.4%
5PP Household	23	4.3%	5	2.9%	33	6.4%	6	3.1%
6PP Household	6	1.1%	0	0.0%	12	2.3%	0	0.0%
7PP+ Household	4	0.8%	0	0.0%	7	1.4%	0	0.0%
Total	529	100.0%	175	100.0%	514	100.0%	192	100.0%
Remainder of Market Area								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	125	15.9%	108	61.7%	154	17.1%	29	30.5%
2PP Household	335	42.6%	29	16.6%	381	42.3%	26	27.4%
3PP Household	111	14.1%	20	11.4%	133	14.8%	15	15.8%
4PP Household	124	15.8%	13	7.4%	125	13.9%	9	9.5%
5PP Household	68	8.6%	5	2.9%	80	8.9%	10	10.5%
6PP Household	18	2.3%	0	0.0%	21	2.3%	6	6.3%
7PP+ Household	6	0.8%	0	0.0%	7	0.8%	0	0.0%
Total	787	100.0%	175	100.0%	901	100.0%	95	100.0%
Market Area Total								
Size	2000				2010			
	Owner Occupied		Renter Occupied		Owner Occupied		Renter Occupied	
	Number	Pct.	Number	Pct.	Number	Pct.	Number	Pct.
1PP Household	262	19.9%	140	46.8%	273	19.3%	128	44.6%
2PP Household	534	40.6%	65	21.7%	582	41.1%	74	25.8%
3PP Household	183	13.9%	40	13.4%	213	15.1%	36	12.5%
4PP Household	212	16.1%	32	10.7%	187	13.2%	27	9.4%
5PP Household	91	6.9%	15	5.0%	113	8.0%	16	5.6%
6PP Household	24	1.8%	6	2.0%	33	2.3%	6	2.1%
7PP+ Household	10	0.8%	1	0.3%	14	1.0%	0	0.0%
Total	1,316	100.0%	299	100.0%	1,415	100.0%	287	100.0%

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

Diversity

The population distribution by race, Table D-10 presents the diversity of the population in Rushford, the PMA, and Fillmore County for 2000 and 2010. The data was obtained from the U.S. Census.

NUMBER	White Alone		Black or African American Alone		American Indian or Alaska Native Alone (AIAN)		Native Hawaiian or Pacific Islander Alone (NHPI)		Asian Alone		Some Other Race		Two or More Races Alone	
	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010	2000	2010
Rushford	1,679	1,709	4	0	2	1	0	0	4	5	5	4	2	12
Remainder of the PMA	2,481	2,605	3	4	3	1	0	0	5	5	1	5	6	20
Primary Market Area	4,160	4,314	7	4	5	2	0	0	9	10	6	9	8	32
Fillmore County	20,894	20,497	35	49	22	22	0	0	31	71	36	54	104	173
PERCENTAGE														
Rushford	99.0%	98.7%	0.2%	0.0%	0.1%	0.1%	0.0%	0.0%	0.2%	0.3%	0.3%	0.2%	0.1%	0.7%
Remainder of the PMA	99.3%	98.7%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.0%	0.2%	0.2%	0.8%
Primary Market Area	99.2%	98.7%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%	0.2%	0.2%	0.1%	0.2%	0.2%	0.7%
Fillmore County	98.9%	98.2%	0.2%	0.2%	0.1%	0.1%	0.0%	0.0%	0.1%	0.3%	0.2%	0.3%	0.5%	0.8%

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

- In 2010, “White Alone” comprised the largest proportion of the population in Rushford (98.7%), the Remainder of the PMA (98.7%), and in Fillmore County (98.2%). The percentage has only slightly decreased since 2000 where “White Alone” was 99.2% in the PMA and 98.9% in Fillmore County.
- “White Alone” also includes Hispanic and Latino population. As of 2010, 0.9% of the PMA’s population was Hispanic/Latino.
- “Two or More Races Alone” experienced the largest percentage growth between 2000 and 2010 in the PMA, increasing from eight to 32 people.

Demographic Comparison to Peer Cities

Table D-11 provides a demographic summary comparison for Rushford and peer cities. The peer cities were identified to be similar to Rushford by their population or within a similar geography.

- Compared to the peer cities, Rushford has a median household income (\$47,500) that basically is the median of the identified peer cities at \$47,550. Chatfield had the highest median household income (\$51,071).

DEMOGRAPHIC ANALYSIS

- Rushford has a homeownership rate (72.8%) that is similar to the surrounding cities. Lewiston (79.2%) had the highest and Lanesboro (71.8%) had the lowest homeownership rate.
- In comparison to the other peer cities, Rushford has an unemployment rate of 4.9% while Spring Valley has the highest (8.3%) and Chatfield has the lowest (2.9%).
- Rushford had an average annual wage of (\$23,760) while Chatfield had the highest (\$28,560) and Lanesboro had the lowest (\$19,056).

	Rushford		Lanesboro		Houston		Lewiston		Spring Valley		Chatfield	
	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.	Num	Pct.
Demographic Summary												
Population (2010)	1,731		754		979		1,620		2,479		2,779	
Households (2010)	706		373		418		600		1,074		1,092	
HH Size (2010)	2.45		2.02		2.34		2.70		2.31		2.54	
HH Median Income (2013)	\$47,500		\$36,500		\$37,009		\$59,833		\$47,599		\$51,071	
Housing Characteristics												
Percent Own (2010)	72.8%		71.8%		72.0%		79.2%		73.2%		75.3%	
Percent Rent (2010)	27.2%		28.2%		28.0%		20.8%		26.8%		24.7%	
Median Home Value (2013)	\$139,000		\$124,800		\$96,700		\$148,100		\$109,900		\$148,600	
Median Contract Rent (2013)	\$510		\$355		\$533		\$493		\$384		\$624	
Employment												
Avg. Annual Wage (2013)	\$495		\$397		\$658		\$568		\$553		\$595	
Unemployment Rate (2013)	4.9%		3.4%		8.0%		4.9%		8.3%		2.9%	

Source: U.S. Census Bureau; DEED; Maxfield Research, Inc.

Summary of Demographic Trends

The following points summarize key demographic trends that will impact demand for housing throughout the Primary Market Area.

- The PMA experienced modest growth during the past decade, gaining 176 people (+4.2%) and two households (+0.3%). The average household size decreased from 2.60 in 2000 to 2.57 in 2010.
- Between 2010 and 2025, the PMA population is expected to grow by 4.6% (+200 people) while the number of households is expected to increase by 8.7% (+149 households). Much of the PMA's growth is expected to occur in Rushford which is located near employment

DEMOGRAPHIC ANALYSIS

opportunities and urban services that would support residential development. Many people will choose to locate near their place of work as increasing transportation costs increase the desirability of living close to employment.

- The greatest growth is projected to occur among adults 55+ in the PMA. Aging of baby boomers led to an increase of 212 people (+58.4%) in the PMA's age 55 to 64 population between 2000 and 2010. All cohorts age 55 or greater are expected to see increases over the next ten years.
- The PMA has an estimated median household income of \$53,230 in 2015 and is projected to increase over the next five years to \$57,730. There are 106 non-senior households (8.7%) with incomes under \$15,000 that would be eligible for subsidized rental housing. Median incomes for households in the Market Area peak at \$66,457 for the 35 to 44 age group in 2015. Incomes are expected to increase by 8.5% (1.7% annually) between 2015 and 2020 in the Market Area.
- In the Market Area, 14.9% of households ages 65 to 74 and 15.1% of households ages 75 and over had incomes below \$15,000. The median income for seniors age 65+ in the Market Area is \$35,043 in 2015. It is projected to increase by \$6,459 (18.4%) to \$41,502 by 2020.
- Typically as income increases, so does the rate of homeownership. Homeownership in the Rushford Market area increases from 62.0% of households with incomes below \$15,000 to 92.3% of households with incomes above \$100,000.
- The number of owner households in the Market Area increased by 7.5% compared to a -4% decrease in renter households between 2000 and 2010.
- Between 2000 and 2010, the Market Area experienced an increase in Married families without children (10.8%), Other (family households that are single-parent families or unmarried couples with children) (29.7%), and roommate households (11.3%). Married families without children experienced a large numerical increase (62 households) or +10.8%.
- An estimated 70% of renter households in the Rushford Market Area in 2010 have either one or two people.
- In 2010, "White Alone" (98.7%) comprised the largest proportion of the population in the Rushford Market Area. "White Alone" includes Hispanic and Latino population and as of 2010, 0.9% of the PMA's population was Hispanic/Latino.

Employment 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. However, housing is often less expensive in smaller towns, making commuting from outlying communities to work in larger employment centers attractive for households concerned about housing affordability.

Employment Growth and Projections

Table E-1 shows projected employment growth in Southeast Minnesota. Table E-1 shows employment growth trends and projections from 2012 to 2025 based on the most recent Minnesota Department of Employment and Economic Development (DEED) Employment Outlook projections. The 2025 forecast is based on 2012-2022 industry projections for the southeast Minnesota region. Projections are unavailable at the municipal level.

The projections for southeast Minnesota are understated due to the Destination Medical Center (DMC) initiative to transform Rochester into a hub for medical education, research, and innovation. The DMC is a major economic development initiative that will drive substantial new job growth for future generations. The target for the DMC is to grow the employment base by 35,000 to 45,000 jobs and bring tax revenue in excess of \$7 billion to the State. Because the DMC initiative is in the early stages it is unknown yet to what extent when and how many jobs will be created and spin-off.

TABLE E-1 EMPLOYMENT PROJECTIONS SOUTHEAST MINNESOTA 2012-2025					
				Change	
		Forecast	Forecast		
	2012	2022	2025	2012-2025	
	No.	No.	No.	No.	Pct.
Southeast Minnesota	262,725	279,634	284,707	21,982	8.4%

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

Resident Labor Force

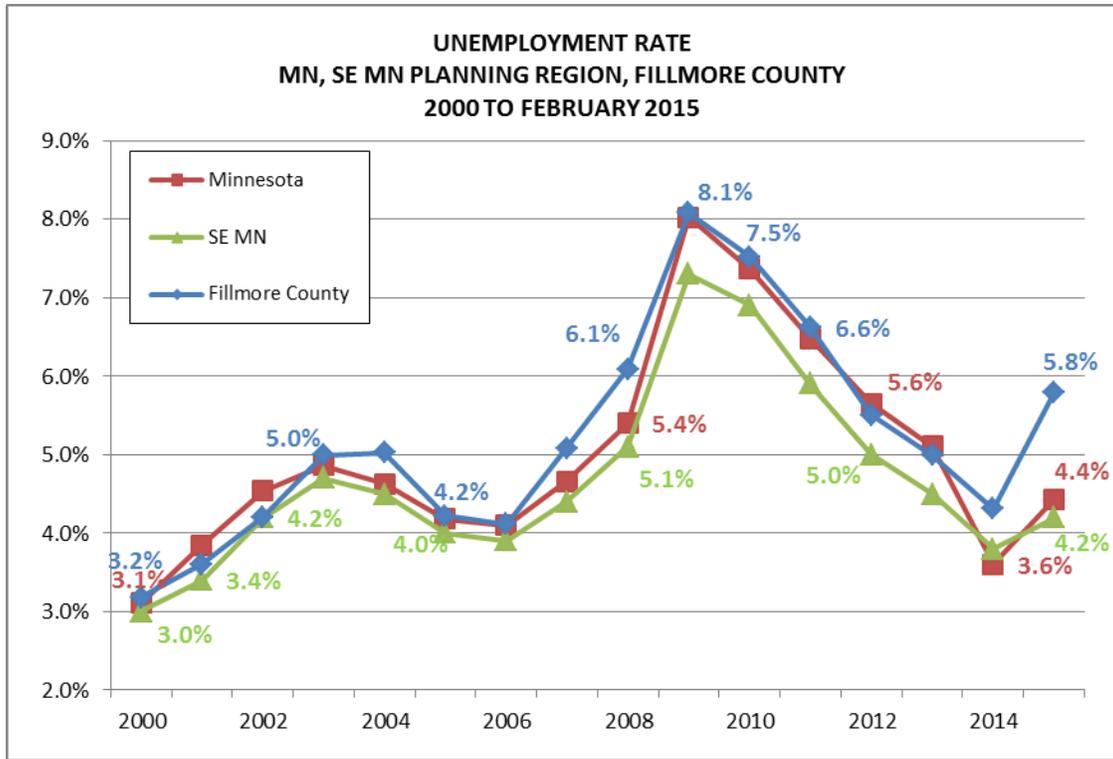
The smallest complete geography available to examine employment growth trends in the area is Fillmore County. Recent employment growth trends for Fillmore County are shown in Tables E-2 and E-3. Table E-2 presents resident employment data for Fillmore County from 2000

EMPLOYMENT

through February 2015. Resident employment data is calculated as an annual average *and reveals the work force and number of employed persons living in the County*. It is important to note that not all of these individuals necessarily work in the County. Table E-3 presents covered employment in Fillmore County from 2000 through 2013 and if available workforce numbers for the PMA and the City of Rushford. Covered employment data is calculated as an annual average and *reveals the number of jobs in the County*, which are covered by unemployment insurance. Many temporary workforce positions, agricultural, self-employed persons, and some other types of jobs are not covered by unemployment insurance and are not included in the table. Some agricultural businesses and employees are listed in Table E-3, but not all positions are included. The data in both tables is sourced from the Minnesota Department of Employment and Economic Development. The following are key trends derived from the employment data:

- Resident employment in Fillmore County decreased by approximately 340 people between 2000 and February 2015 (-3%) and the unemployment rate increased from 3.2% (2000) to 5.8% (February 2015). By comparison, the Minnesota unemployment rate increased from 3.1% (2000) to 4.4% (February 2015).
- Between 2000 and February 2015, Fillmore County's labor force and number employed was the greatest at 11,992 and 11,560 in 2001, it was the lowest in 2008 at 10,970 and 10,302 respectively.
- Fillmore County's' unemployment rate has stayed fairly consistent with the state unemployment rate, but has been higher the past year. The greatest yearly difference being 0.7% higher than the state in 2008 and 2014.
- The unemployment rate in Fillmore County increased to a high of 8.1% (2009) which was the peak of the recession. However, as of 2014, the unemployment rate has fallen to 4.3%.
- Fillmore County saw a decrease in its labor force and employed persons since 2000 (a decrease of -340 and -628 respectively). The labor force and employed persons are currently showing increases from 2014 (an increase of 333 and 149 respectively).

EMPLOYMENT



EMPLOYMENT

TABLE E-2 ANNUAL AVERAGE RESIDENT EMPLOYMENT FILLMORE COUNTY AND MINNESOTA 2000 to 2015 ¹				
Year	Labor Force	Employed	Unemployed	Rate
FILLMORE COUNTY				
2000	11,760	11,386	374	3.2%
2001	11,992	11,560	432	3.6%
2002	11,889	11,389	500	4.2%
2003	11,740	11,154	586	5.0%
2004	11,564	10,983	581	5.0%
2005	11,274	10,798	476	4.2%
2006	11,207	10,746	461	4.1%
2007	11,157	10,590	567	5.1%
2008	10,970	10,302	668	6.1%
2009	11,270	10,359	911	8.1%
2010	11,226	10,382	844	7.5%
2011	11,193	10,451	742	6.6%
2012	11,280	10,659	621	5.5%
2013	11,109	10,554	555	5.0%
2014	11,087	10,609	478	4.3%
2015 ¹	11,420	10,758	662	5.8%
Change 2000-2015 ¹				
Number	-340	-628	288	--
Percent	-3.0%	-5.5%	77.0%	--
MINNESOTA				
2000	2,807,668	2,720,492	87,176	3.1%
2001	2,866,023	2,755,808	110,215	3.8%
2002	2,880,329	2,749,525	130,804	4.5%
2003	2,891,661	2,750,938	140,723	4.9%
2004	2,885,974	2,752,403	133,571	4.6%
2005	2,876,953	2,756,709	120,244	4.2%
2006	2,893,029	2,774,524	118,505	4.1%
2007	2,903,453	2,768,068	135,385	4.7%
2008	2,929,859	2,771,749	158,110	5.4%
2009	2,950,277	2,713,601	236,676	8.0%
2010	2,962,633	2,744,470	218,163	7.4%
2011	2,969,696	2,777,285	192,411	6.5%
2012	2,969,366	2,801,671	167,695	5.6%
2013	2,973,511	2,822,648	150,863	5.1%
2014	2,989,818	2,881,553	108,265	3.6%
2015 ¹	2,996,671	2,863,978	132,693	4.4%
Change 2000-2015 ¹				
Number	189,003	143,486	45,517	--
Percent	6.7%	5.3%	52.2%	--
¹ Through February 2015				
not seasonally adjusted				
Sources: MN Workforce Center, Maxfield Research Inc.				

EMPLOYMENT

**TABLE E-3
COVERED EMPLOYMENT TRENDS
RUSHFORD, RUSHFORD MARKET AREA, FILLMORE COUNTY
2000, 2005, 2010, 2013
North American Industrial Classification System (NAICS)**

Rushford					Change					
Average Number of Employees					2005 - 2013		% of Total			
<u>Industry</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2013</u>	<u>No.</u>	<u>Pct.</u>		<u>2005</u>	<u>2010</u>	<u>2013</u>
Manufacturing	na	na	39	na	na	na		na	3.8%	na
Trade, Transportation, and Utilities	242	289	227	248	-41	-14.2		24.2%	22.0%	24.7%
Information	na	na	na	0	na	na		na	na	0.0%
Financial Services	27	31	29	36	5	16.1		2.6%	2.8%	3.6%
Professional and Business Services	7	14	22	22	8	57.1		1.2%	2.1%	2.2%
Education and Health Services	268	na	na	503	na	na		na	na	50.1%
Leisure and Hospitality	54	59	71	59	0	0.0		4.9%	6.9%	5.9%
Other Services	na	na	na	0	na	na		na	na	0.0%
Public Administration	50	56	44	33	-23	-41.1		4.7%	4.3%	3.3%
Totals	1,399	1,193	1,032	1,003	-190	-15.9				

Rushford Market Area					Change					
Average Number of Employees					2005 - 2013		% of Total			
<u>Industry</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2013</u>	<u>No.</u>	<u>Pct.</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2013</u>
Natural Resources & Mining	na	na	68	74	na	na	na	na	5.2%	5.6%
Construction	na	na	20	9	na	na	na	na	1.5%	0.7%
Manufacturing	na	na	39	58	na	na	na	na	3.0%	4.4%
Trade, Transportation, and Utilities	271	289	227	309	20	6.9	17.2%	20.1%	17.2%	23.5%
Financial Services	27	31	29	36	5	16.1	1.7%	2.2%	2.2%	2.7%
Professional and Business Services	7	14	22	22	8	57.1	0.4%	1.0%	1.7%	1.7%
Education and Health Services	18	na	15	522	na	na	1.1%	na	1.1%	39.7%
Leisure and Hospitality	67	73	71	59	-14	-19.2	4.3%	5.1%	5.4%	4.5%
Other Services	na	na	9	13	na	na	na	na	0.7%	1.0%
Public Administration	57	58	53	45	-13	-22.4	3.6%	4.0%	4.0%	3.4%
Totals	1,573	1,439	1,317	1,314	-125	-8.7				

Fillmore County					Change					
Average Number of Employees					2005 - 2013		% of Total			
<u>Industry</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2013</u>	<u>No.</u>	<u>Pct.</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2013</u>
Natural Resources & Mining	195	231	284	342	111	48.1	2.9%	3.5%	4.8%	5.7%
Construction	271	305	285	265	-40	-13.1	4.0%	4.7%	4.8%	4.4%
Manufacturing	1,280	1,022	717	787	-235	-23.0	18.9%	15.7%	12.0%	13.0%
Trade, Transportation, and Utilities	1,394	na	1,246	1,262	na	na	20.5%	na	20.8%	20.9%
Information	99	75	77	88	na	na	1.5%	1.2%	1.3%	1.5%
Financial Services	331	324	252	231	na	na	4.9%	5.0%	4.2%	3.8%
Professional and Business Services	165	176	175	154	-22	-12.5	2.4%	2.7%	2.9%	2.5%
Education and Health Services	1,542	1,488	1,466	1,638	150	10.1	22.7%	22.9%	24.5%	27.1%
Leisure and Hospitality	625	na	570	627	na	na	9.2%	na	9.5%	10.4%
Other Services	375	359	387	142	-217	-60.4	5.5%	5.5%	6.5%	2.3%
Public Administration	506	555	518	507	-48	-8.6	7.5%	8.5%	8.7%	8.4%
Totals	6,784	6,511	5,978	6,045	-466	-7.2				

Source: Minnesota Workforce Center

Covered Employment by Industry

- Between 2005 and 2013, the number of jobs decreased by 466, a -7.2% decrease in the County. Education and Health Services gained, the greatest number of jobs (+150 jobs) between 2005 and 2013, while Other Services lost the greatest percentage of jobs (-60.4%).
- In Fillmore County, Natural Resources also experienced growth between 2005 and 2013 (+111 jobs). However, besides Other Services, there were four other sectors that experienced a decline: Construction lost 40 jobs (-13.1%), Professional and Business Services lost 22 jobs (-12.5%), Manufacturing lost 225 jobs (-23.0%), and Public Administration lost 48 jobs (-8.6%).
- Overall, covered employment by industry in the Market Area has decreased modestly between 2010 and 2013 (-3 employees).
- The Education and Health Services Sector accounted for about 39.7% of the PMA's jobs in 2013, which is above Transportation and Utilities (23.5%) and Natural Resources and Mining (5.6%) Industry Sectors employment in the PMA.
- Between 2005 and 2013 in the PMA, the Trade, Transportation, and Utilities sector gained approximately 20 employees, while the Professional and Business Services grew by the greatest percentage (+57.1%, 8 employees). Leisure and Hospitality lost approximately 14 employees (-19.2%) along with the Public Administration sector (-22.4%, -13 employees).

Commuting Patterns

Proximity to employment is often a primary consideration when choosing where to live, since transportation costs often accounts for a large proportion of households' budgets. Table E-4 highlights the commuting patterns of workers in the City of Rushford in 2011 (the most recent data available), based on Employer-Household Dynamics data from the U.S. Census Bureau. Likewise, Table E-5 highlights commuting patterns of Rushford PMA workers.

**TABLE E-4
COMMUTING PATTERNS
CITY OF RUSHFORD
2011**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Rushford city, MN	203	18.8%	Rushford city, MN	203	24.3%
Rushford Village city, MN	99	9.2%	Winona city, MN	183	21.9%
Winona city, MN	40	3.7%	Rochester city, MN	121	14.5%
Lanesboro city, MN	26	2.4%	La Crosse city, WI	36	4.3%
Austin city, MN	21	1.9%	Preston city, MN	25	3.0%
Albert Lea city, MN	18	1.7%	Goodview city, MN	24	2.9%
Houston city, MN	18	1.7%	Rushford Village city, MN	23	2.7%
Mabel city, MN	18	1.7%	Chatfield city, MN	21	2.5%
Owatonna city, MN	18	1.7%	Peterson city, MN	20	2.4%
Lewiston city, MN	16	1.5%	Houston city, MN	19	2.3%
All Other Locations	601	55.8%	All Other Locations	162	19.4%
Total All Jobs	1,078		Total All Jobs	837	
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.					

- As shown in Table E-4, 81.2% of the City of Rushford residents commuted to jobs outside the City, 9.2% commuted to jobs in Rushford Village (99 employees), and 3.7% commuted to jobs in Winona (40 employees).
- Of the workers who work in Rushford, 24.3% live in Rushford. The remaining 75.7% of the workers are commuting from mostly Winona (21.9%) and Rochester (14.5%).

**TABLE E-5
COMMUTING PATTERNS
PMA
2011**

Home Destination			Work Destination		
<u>Place of Residence</u>	<u>Count</u>	<u>Share</u>	<u>Place of Employment</u>	<u>Count</u>	<u>Share</u>
Rushford city, MN	246	18.8%	Winona city, MN	450	17.9%
Rushford Village city, MN	122	9.3%	Rushford city, MN	396	15.8%
Winona city, MN	51	3.9%	Rochester city, MN	276	11.0%
Lanesboro city, MN	31	2.4%	La Crosse city, WI	129	5.1%
Mabel city, MN	31	2.4%	Houston city, MN	97	3.9%
Houston city, MN	28	2.1%	Preston city, MN	65	2.6%
Owatonna city, MN	23	1.8%	Lewiston city, MN	61	2.4%
Austin city, MN	22	1.7%	Goodview city, MN	59	2.4%
Lewiston city, MN	22	1.7%	Lanesboro city, MN	48	1.9%
Albert Lea city, MN	19	1.4%	Rushford Village city, MN	43	1.7%
All Other Locations	717	54.6%	All Other Locations	885	35.3%
Total All Jobs	1,312		Total All Jobs	2,509	
Home Destination = Where workers live who are employed in the selection area					
Work Destination = Where workers are employed who live in the selection area					
Sources: US Census Bureau Local Employment Dynamics; Maxfield Research, Inc.					

- As shown in Table E-5, about 246 of the Rushford PMA residents work in the City of Rushford (18.8%) and 122 work in the City of Rushford Village (9.3%).
- Of the workers who work in the Rushford PMA, 15.8% live in Rushford. Most are commuting from Winona (17.9%) and Rochester (11.0%).

Inflow/Outflow

Table E-6 provides a summary of the inflow and outflow of workers in the City of Rushford and the Rushford PMA. Outflow reflects the number of workers living in the City of Rushford but employed outside of the city while inflow measures the number of workers that are employed in the City of Rushford but live outside. Interior flow reflects the number of workers that both live and work in the City of Rushford.

EMPLOYMENT

- The City of Rushford can be considered an importer of workers, as the number of residents coming into the City (inflow) for employment was more than the number of residents leaving the City for work (outflow). Approximately 875 workers came into the City of Rushford for work while 634 workers left, for a net difference of 241.
- The Rushford PMA can be considered an exporter of workers, as the number of residents leaving the PMA for work (outflow) was more than the number of residents coming into the PMA (inflow). Approximately 833 workers came into the PMA for work while 2,030 workers left, for a net difference of -1,197.

TABLE E-6		
COMMUTING INFLOW/OUTFLOW		
CITY OF RUSHFORD/RUSHFORD PMA		
2011		
	CITY OF RUSHFORD	
	Num.	Pct.
Employed in the Selection Area	1,078	100%
Employed in the Selection Area but Living Outside	875	81.2%
Employed and Living in the Selection Area	203	18.8%
Living in the Selection Area	837	100%
Living in the Selection Area but Employed Outside	634	75.7%
Living and Employed in the Selection Area	203	24.3%
	RUSHFORD PMA	
	Num.	Pct.
Employed in the Selection Area	1,312	100%
Employed in the Selection Area but Living Outside	833	63.5%
Employed and Living in the Selection Area	479	36.5%
Living in the Selection Area	2,509	100%
Living in the Selection Area but Employed Outside	2,030	80.9%
Living and Employed in the Selection Area	479	19.1%
Sources: Longitudinal Employer-Household Dynamics; Maxfield Research Inc.		

Existing Business Mix by NAICS

Table E-7 presents business data as compiled from ESRI and Dun & Bradstreet, Inc. in 2014. The business inventory database is compiled from multiple sources; including directory resources from the yellow and white pages, annual reports, 10ks, SEC filings, government data, U.S. Postal Service, business trade directories, newspapers, etc. To ensure accurate information, phone

EMPLOYMENT

telephone verifications are completed for each business in the database. The data is characterized based on the six-digit North American Industry Classification System (NAICS). The NAICS is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

Business/Industry	Businesses		Employees	
	Number	Pct	Number	Pct
NAICS CODES				
Agriculture, Forestry, Fishing and Hunting	18	6.6%	32	2.3%
Mining	0	0.0%	0	0.0%
Utilities	0	0.0%	0	0.0%
Construction	26	9.5%	60	4.4%
Manufacturing	6	2.2%	65	4.8%
Wholesale Trade	6	2.2%	24	1.8%
Retail Trade	27	9.9%	135	9.9%
Transportation & Warehousing	9	3.3%	43	3.2%
Information	7	2.6%	37	2.7%
Finance & Insurance	15	5.5%	79	5.8%
Real Estate, Rental & Leasing	20	7.3%	51	3.7%
Professional, Scientific & Tech Services	15	5.5%	49	3.6%
Management of Companies & Enterprises	0	0.0%	0	0.0%
Administrative & Support & Waste Management & Remediation Services	20	7.3%	39	2.9%
Educational Services	8	2.9%	348	25.5%
Health Care & Social Assistance	29	10.6%	190	13.9%
Arts, Entertainment & Recreation	10	3.7%	29	2.1%
Accommodation & Food Services	10	3.7%	57	4.2%
Other Services (except Public Administration)	30	11.0%	84	6.2%
Public Administration	6	2.2%	41	3.0%
Unclassified Establishments	11	4.0%	0	0.0%
Total	273	100.0%	1,363	100.0%

Sources: ESRI, Maxfield Research Inc.

Table E-8 displays information on the employment and wage situation in Rushford compared to Fillmore County and the State of Minnesota. The Quarterly Census of Employment and Wages (QCEW) data is sourced from Minnesota DEED for 2012 and 2013, the most recent annual data available. All establishments covered under the Unemployment Insurance (UI) Program are required to report wage and employment statistics quarterly to DEED. Federal government establishments are also covered by the QCEW program.

It should be noted that certain industries in the table may not display any information which means that there is either no reported economic activity for that industry or the data has been suppressed to protect the confidentiality of cooperating employers. This generally occurs when there are too few employers or one employer comprises too much of the employment in that geography.

EMPLOYMENT

Industry	2012			2013			Change 2012 - 2013			
	Establish- ments	Employ- ment	Weekly Wage	Establish- ments	Employ- ment	Weekly Wage	Employment		Wage	
							#	%	#	%
CITY OF RUSHFORD										
Total, All Industries	60	999	\$471	61	1,003	\$495	4	0.4%	\$24	5.1%
Manufacturing	4	56	\$494	0	0	\$0	na	na	na	na
Trade, Transportation, Utilities	17	214	\$599	20	248	\$596	34	15.9%	(\$3)	-0.5%
Financial Activities	5	29	\$681	6	36	\$690	7	24.1%	\$9	1.3%
Professional & Business Services	8	22	\$694	7	22	\$706	0	0.0%	\$12	1.7%
Education & Health Services	5	529	\$441	5	503	\$463	-26	-4.9%	\$22	5.0%
Leisure & Hospitality	5	66	\$159	5	59	\$164	-7	-10.6%	\$5	3.1%
Public Administration	2	36	\$513	2	33	\$553	-3	-8.3%	\$40	7.8%
FILLMORE COUNTY										
Total, All Industries	645	5,994	\$558	648	6,045	\$563	51	0.9%	\$5	0.9%
Natural Resources & Mining	46	311	\$553	42	342	\$546	31	10.0%	(\$7)	-1.3%
Construction	80	262	\$805	77	265	\$822	3	1.1%	\$17	2.1%
Manufacturing	42	817	\$743	44	787	\$767	-30	-3.7%	\$24	3.2%
Trade, Transportation, Utilities	151	1,225	\$656	157	1,262	\$651	37	3.0%	(\$5)	-0.8%
Information	18	93	\$528	16	88	\$522	-5	-5.4%	(\$6)	-1.1%
Financial Activities	49	225	\$904	49	231	\$885	6	2.7%	(\$19)	-2.1%
Professional & Business Services	52	170	\$486	51	154	\$498	-16	-9.4%	\$12	2.5%
Education & Health Services	44	1,660	\$469	45	1,638	\$480	-22	-1.3%	\$11	2.3%
Leisure & Hospitality	79	595	\$181	83	627	\$180	32	5.4%	(\$1)	-0.6%
Other Services	49	148	\$328	46	142	\$318	-6	-4.1%	(\$10)	-3.0%
Public Administration	38	484	\$583	38	507	\$590	23	4.8%	\$7	1.2%
MINNESOTA										
Total, All Industries	162,333	2,644,935	\$949	162,984	2,692,006	\$964	47,071	1.8%	\$15	1.6%
Natural Resources & Mining	2,666	26,386	\$835	2,717	26,828	\$851	442	1.7%	\$16	1.9%
Construction	16,069	101,595	\$1,067	15,954	107,362	\$1,098	5,767	5.7%	\$31	2.9%
Manufacturing	7,996	305,611	\$1,130	7,932	307,193	\$1,145	1,582	0.5%	\$15	1.3%
Trade, Transportation, Utilities	38,164	518,682	\$832	38,215	525,214	\$849	6,532	1.3%	\$17	2.0%
Information	3,371	57,275	\$1,220	3,397	57,031	\$1,253	-244	-0.4%	\$33	2.7%
Financial Activities	15,497	175,981	\$1,565	15,460	179,669	\$1,561	3,688	2.1%	(\$4)	-0.3%
Professional & Business Services	27,875	339,431	\$1,308	28,293	348,366	\$1,332	8,935	2.6%	\$24	1.8%
Education & Health Services	17,646	651,479	\$861	17,986	665,135	\$869	13,656	2.1%	\$8	0.9%
Leisure & Hospitality	14,328	261,491	\$350	14,261	265,975	\$356	4,484	1.7%	\$6	1.7%
Other Services	14,358	84,607	\$539	14,960	85,409	\$555	802	0.9%	\$16	3.0%
Public Administration	4,300	122,373	\$941	3,810	123,822	\$961	1,449	1.2%	\$20	2.1%

Sources: Minnesota Department of Employment and Economic Development; Maxfield Research, Inc.

As reported by the QCEW for 2013:

- There are approximately 61 businesses with 1,003 employees in the City of Rushford.
- Trade, Transportation, Utilities is the largest industry type (20 businesses) with a total of 248 employees. Professional and Business Services is the second largest industry type (7 businesses), and has 22 employees.

EMPLOYMENT

- Education and Health Services has the largest number of employees (503) which accounts for 50% of the total employees in Rushford. These employees would be working in the Rushford School system, The Good Shepherd Lutheran Home, the Rushford Clinic, and any other medical or health service businesses.
- At \$495, the average weekly wage across all industries in Rushford is 13.7% lower than Fillmore County (\$567) and 94.7% lower than the State average (\$964). For comparison, Omsted County's average weekly wages across all industries is \$1,008. Average wages are lower in Rushford than in the State in all industry sectors.

Major Employers

Table E-9 shows the major employers in Rushford based on data provided by the City of Rushford. Please note that the table is not a comprehensive list of all employers and presents a selected list of employers and their employees as identified by the City of Rushford. The following are key points from the major employers table.

- Farmers Coop Elevator is the largest employer with a total of around 177 employees (includes both full time and part-time/seasonal employees). Good Shepherd Lutheran Services and the Rushford Peterson ISD 239 School District are the second largest employers with a total of 100 employees each.
- The list of major employers represents several industry sectors, but the highest concentrations of large employers are in the Agriculture, Transportation, Health Services and Education sectors.
- There are approximately four businesses in the area that may employ up to 40 employees or greater. Based on the 2013 Quarterly Census of Employment and Wages data, the Education and Health Services sector employs an average of 101 workers per business establishment in the City while the Trade, Transportation, Utilities Services sector employs an average of 12 workers per establishment. The average across all industries is 16 workers per business.
- The top three employers account for approximately 35% of the employment in the City of Rushford.

**TABLE E-9
MAJOR EMPLOYERS
CITY OF RUSHFORD
2015**

Name	Address	Industry/Product/Service	Approximate Employee Size
City of Rushford			
Farmers Coop Elevator	308 S Elm Street	Oilseed/grain farming	27 Full Time / 150 Part Time
Good Shepherd Lutheran Services	800 Home Street	Nursing care facilities	100
Rushford Peterson - ISD 239	102 N Mill Street	Public Schools	100
Tri-County Electric	31110 Cooperative Way	Electric Utility	50
SEMCAC	204 S Elm Street	Food/housing/non-profit	40
Riverside Electronics	901 Home Street	Wholesale electronics	25
Rushford IGA	400 S Mill Street	Grocery store	22
Dahl's Auto Works	207 S Elm Street	Motor vehicle dealer	15
Croell Ready Mix	42928 MN-30	Cement/concrete	12
JMW Corporation	309 W Pickle Alley	Electronic Components	10

Source: City of Rushford; ReferenceUSA; Maxfield Research Inc.

Employer Survey

Maxfield Research Inc. interviewed representatives from major employers in the Rushford Market Area during April 2015. Interview questions covered topics such as recent trends in job growth, employee turnover, and projected job growth. In addition, representatives were asked their opinion about issues related to housing in the area. Interviews with these employer representatives will not only provide useful job growth data, but also unveil opinions regarding housing demand in the Market Area. The following summarizes key points derived from the interviews.

- Employers identified that most employees either lived in or within twenty miles of Rushford.
- Most employers believe that having extended family in the Rushford area help to retain their workers in Rushford. If their workers do not have family in the Rushford area, it is harder to keep those employees.
- Hiring is expected to remain steady with most new staff positions replacing those that are entering retirement. Some employers are expecting moderate growth such as one to two full time positions per year.
- There was a general consensus that most full time employees in the area currently own their homes, but many new, young and seasonal employees are looking to rent. Some employees also mentioned that there was a lack of newer rental options.

EMPLOYMENT

- Many employers felt that there wasn't a lack of housing in Rushford, but that there was a lack of rentals available. These employers mentioned that their employees are looking for quality housing, affordable pricing, and flexibility in rental options.
- Even though the Rushford Peterson ISD 239 did not indicate any major upcoming hiring, a new K-12 school east of the athletic complex on Eiken Drive in Rushford is currently expected to break ground in August 2015 and is expected to be open in September 2017. New schools often assist in neighborhood stability which identifies in improving property values and increases demand for housing in an area.

Introduction

The variety and condition of the housing stock in a community provides the basis for an attractive living environment. Housing functions as a building block for neighborhoods and goods and services. We examined the housing market in Rushford and the Market Area by reviewing data on the age of the existing housing supply; examining residential building trends since 2000; and reviewing housing data from the American Community Survey that relates to the Rushford area.

Residential Construction Trends 2000 to Present

Maxfield Research obtained data from the U.S. Census and the City of Rushford on the number of building permits issued for new housing units in Rushford from 2000 to 2014. Table HC-1 displays permits issued for single-family and multifamily dwellings. Multifamily units usually include both for-sale (condominium, twin homes, and townhomes) and rental projects. The following are key points about housing development since 2000.

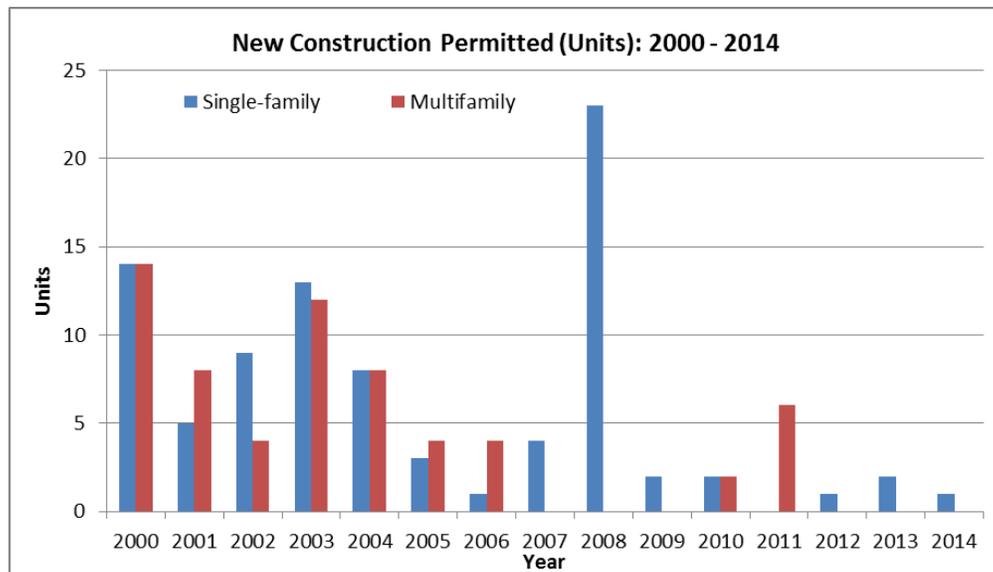
- The City of Rushford issued 123 permits for the construction of 150 new residential units from 2000 to 2014. That equates to about 10 units annually since 2000.
- In 2007, most U.S. communities housing permits declined. In August 2007 Rushford experienced a flood of Rush Creek that damaged more than 50% of the homes and businesses in Rushford. The flood happened as the housing market was coming off the peak of pricing. Recessionary effects on Rushford's building permit activity can be identified in 2009. Beginning in 2009, building permits declined rapidly, and from 2009 to 2014 the City has averaged only 2.6 units per year.
- Multifamily building permit averaged 4 permits per year between 2000 and 2006. After 2006 there have only been a total of 2 multifamily building permits issued.

HOUSING CHARACTERISTICS

HC-1 RESIDENTIAL CONSTRUCTION BUILDING PERMITS ISSUED City of Rushford 2000 to 2014				
Year	Units Permitted			Total New Residential Building Permits
	Single-Family	Multifamily	Total Units	
2000	14	14	28	18
2001	5	8	13	8
2002	9	4	13	10
2003	13	12	25	22
2004	8	8	16	16
2005	3	4	7	7
2006	1	4	5	5
2007 ¹	4	0	4	4
2008 ¹	23	0	23	23
2009	2	0	2	2
2010	2	2	4	3
2011	0	6	6	1
2012	1	0	1	1
2013	2	0	2	2
2014	1	0	1	1
Total	88	62	150	123

¹ Majority of Building Permits are Flood Related Permits After August 2007

Sources: City of Rushford; U.S. Census; Maxfield Research Inc.



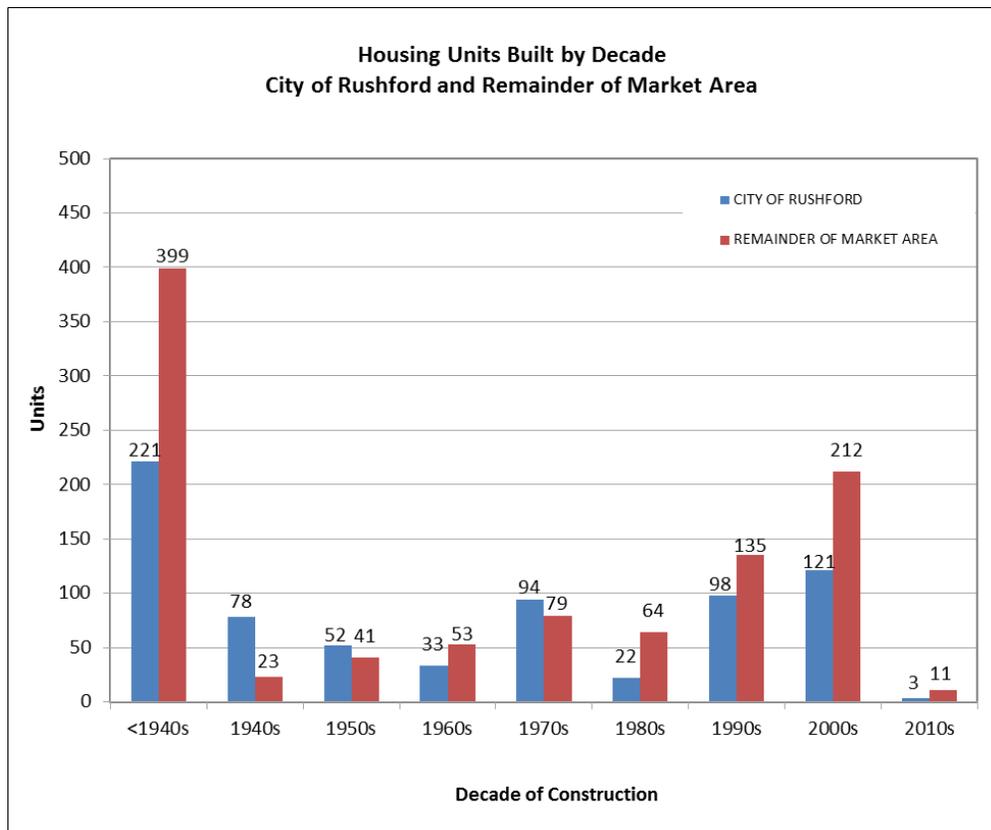
American Community Survey

The American Community Survey (“ACS”) is an ongoing statistical survey administered by the U.S. Census Bureau that is sent to approximately 3 million addresses annually. The survey gathers data previously contained only in the long form of the decennial census. As a result, the survey is ongoing and provides a more “up-to-date” portrait of demographic, economic, social, and household characteristics every year, not just every ten years. The most recent ACS highlights data collected between 2009 and 2013. Tables HC-2 to HC-6 show key data for Rushford and the Market Area.

Age of Housing Stock

The following graph shows the age distribution of the housing stock in 2013 based on data from the U.S. Census Bureau and 2013 from the American Community Survey (5-Year). Table HC-2 includes the number of housing units built in the Market Area, prior to 1940 and during each decade since.

- In total, the Market Area is estimated to have 1,739 housing units, of which roughly 80% are owner-occupied and 20% are renter-occupied.



HOUSING CHARACTERISTICS

TABLE HC-2
AGE OF HOUSING STOCK
RUSHFORD MARKET AREA
2013

	Total Units	Med. Yr. Built	Year Unit Built																	
			<1940		1940s		1950s		1960s		1970s		1980s		1990s		2000s		2010 - 2013	
			No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
CITY OF RUSHFORD																				
Owner-Occupied	486	1959	170	35.0	56	11.5	18	3.7	17	3.5	61	12.6	10	2.1	63	13.0	88	18.1	3	0.6
Renter-Occupied	236	1967	51	21.6	22	9.3	34	14.4	16	6.8	33	14.0	12	5.1	35	14.8	33	14.0	0	0.0
Total	722	1963	221	30.6	78	10.8	52	7.2	33	4.6	94	13.0	22	3.0	98	13.6	121	16.8	3	0.4
REMAINDER OF MARKET AREA																				
Owner-Occupied	908	1971	341	37.6	22	2.4	26	2.9	51	5.6	75	8.3	64	7.0	129	14.2	189	20.8	11	1.2
Renter-Occupied	109	1958	58	53.2	1	0.9	15	13.8	2	1.8	4	3.7	0	0.0	6	5.5	23	21.1	0	0.0
Total	1,017	1969	399	39.2	23	2.3	41	4.0	53	5.2	79	7.8	64	6.3	135	13.3	212	20.8	11	1.1
MARKET AREA TOTAL																				
Owner-Occupied	1,394	1967	511	36.7	78	5.6	44	3.2	68	4.9	136	9.8	74	5.3	192	13.8	277	19.9	14	1.0
Renter-Occupied	345	1964	109	31.6	23	6.7	49	14.2	18	5.2	37	10.7	12	3.5	41	11.9	56	16.2	0	0.0
Total	1,739	1966	620	35.7	101	5.8	93	5.3	86	4.9	173	9.9	86	4.9	233	13.4	333	19.1	14	0.8
Fillmore County																				
Owner-Occupied	6,617	1953	2,727	41.2	425	6.4	514	7.8	403	6.1	664	10.0	340	5.1	614	9.3	898	13.6	32	0.5
Renter-Occupied	1,805	1963	552	30.6	116	6.4	205	11.4	108	6.0	244	13.5	155	8.6	175	9.7	250	13.9	0	0.0
Total	8,422	1955	3,279	38.9	541	6.4	719	8.5	511	6.1	908	10.8	495	5.9	789	9.4	1,148	13.6	32	0.4
Minnesota																				
Owner-Occupied	1,528,272	1975	261,308	17.1	75,727	5.0	173,762	11.4	137,853	9.0	217,280	14.2	193,645	12.7	227,698	14.9	234,029	15.3	6,970	0.5
Renter-Occupied	578,960	1974	100,820	17.4	25,572	4.4	48,162	8.3	66,949	11.6	115,415	19.9	83,995	14.5	63,242	10.9	71,806	12.4	2,999	0.5
Total	2,107,232	1975	362,128	17.2	101,299	4.8	221,924	10.5	204,802	9.7	332,695	15.8	277,640	13.2	290,940	13.8	305,835	14.5	9,969	0.5

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

HOUSING CHARACTERISTICS

- Homes in Rushford are slightly older than homes in the Market Area. The highest numbers of homes in Rushford were constructed prior to 1940. Overall, roughly 31% of housing units were built during this period. As a comparison, the highest numbers of homes in the Remainder of the Market Area were also built prior to 1940 (39.2%). About 60% of the Market Area's housing stock was built before 1970. Some of these housing units may need to be updated, need replacement or need repairs.

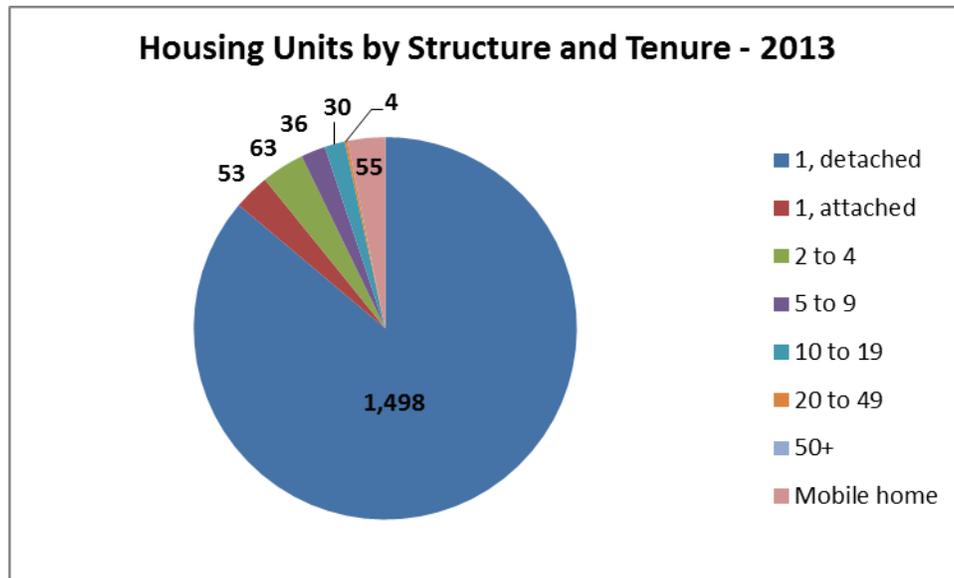
Housing Units by Structure and Occupancy or (Housing Stock by Structure Type)

Table HC-3 shows the housing stock in the Market Area by type of structure and tenure as of 2013.

- The dominant housing type in the Market area is the single-family detached home, representing an estimated 94.4% of all owner-occupied housing units and 52.8% of renter-occupied housing units as of 2013.
- Most of the housing units with three or more units are renter-occupied. Most renter-occupied housing units in the Market Area with three or more units are located in the City of Rushford.
- As of 2013, the U.S. Census identified that mobile homes account for about 3.8% of all housing units in the Market Area. The mobile homes identified by the U.S. Census are all located outside of the City of Rushford.
- As of April 2015, the City of Rushford has one mobile home park with four pads currently filled.

Units in Structure	RUSHFORD				REMAINDER				MARKET AREA TOTAL			
	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.	Owner-Occupied	Pct.	Renter-Occupied	Pct.
1, detached	463	95.3%	76	32.2%	853	93.9%	106	97%	1,316	94.4%	182	52.8%
1, attached	21	4.3%	32	13.6%	0	0.0%	0	0%	21	1.5%	32	9.3%
2	2	0.4%	29	12.3%	2	0.2%	0	0%	4	0.3%	29	8.4%
3 to 4	0	0.0%	30	12.7%	0	0.0%	0	0%	0	0.0%	30	8.7%
5 to 9	0	0.0%	36	15.3%	0	0.0%	0	0%	0	0.0%	36	10.4%
10 to 19	0	0.0%	30	12.7%	0	0.0%	0	0%	0	0.0%	30	8.7%
20 to 49	0	0.0%	3	1.3%	0	0.0%	1	1%	0	0.0%	4	1.2%
50 or more	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
Mobile home	0	0.0%	0	0.0%	53	5.8%	2	2%	53	3.8%	2	0.6%
Boat, RV, van, etc.	0	0.0%	0	0.0%	0	0.0%	0	0%	0	0.0%	0	0.0%
Total	486	100%	236	100%	908	100%	109	100%	1,394	100%	345	100%

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.



Owner-Occupied Housing Units by Mortgage Status

Table HC-4 shows mortgage status and average values from the American Community Survey for 2013 (5-Year). Mortgage status provides information on the cost of homeownership when analyzed in conjunction with mortgage payment data. A mortgage refers to all forms of debt where the property is pledged as security for repayment of debt. A first mortgage has priority claim over any other mortgage or if it's the only mortgage. A second (and sometimes third) mortgage is called a "junior mortgage," a home equity line of credit (HELOC) would also fall into this category. Finally, a housing unit without a mortgage is owned free and clear and is debt free.

- Approximately 66% of Rushford homeowners and 61% of homeowners in the Remainder of the Market Area have a mortgage. About 24% of homeowners with mortgages in Rushford also have a second mortgage and/or home equity loan. These numbers are low as compared to the State where approximately 70% of homeowners have a mortgage.
- The median value for homes with a mortgage for the City of Rushford homeowners is approximately \$142,300. By comparison, the Remainder of the Market Area is about \$196,000.

TABLE HC-4 OWNER-OCCUPIED HOUSING UNITS BY MORTGAGE STATUS RUSHFORD MARKET AREA 2013						
Mortgage Status	RUSHFORD		REMAINDER		MARKET AREA	
	No.	Pct.	No.	Pct.	Pct.	Pct.
Housing units without a mortgage	167	34.4	354	39.0	521	37.4
Housing units with a mortgage/debt	319	65.6	554	61.0	873	62.6
<i>Second mortgage only</i>	33	6.8	31	3.4	64	4.6
<i>Home equity loan only</i>	83	17.1	97	10.7	180	12.9
<i>Both second mortgage and equity loan</i>	0	0.0	8	0.9	8	0.6
<i>No second mortgage or equity loan</i>	203	41.8	418	46.0	621	44.5
Total	486	100.0	908	100.0	1,394	100.0
Median Value by Mortgage Status						
Housing units with a mortgage	\$142,300		\$195,916		\$169,108	
Housing units without a mortgage	\$123,400		\$167,184		\$145,292	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

Owner-Occupied Housing Units by Value

Table HC-5 presents data on housing values summarized by nine price ranges. Housing value refers to the estimated price point the property would sell if the property were for sale. For single-family and townhome properties, value includes both the land and the structure. For condominium units, value refers to only the unit.

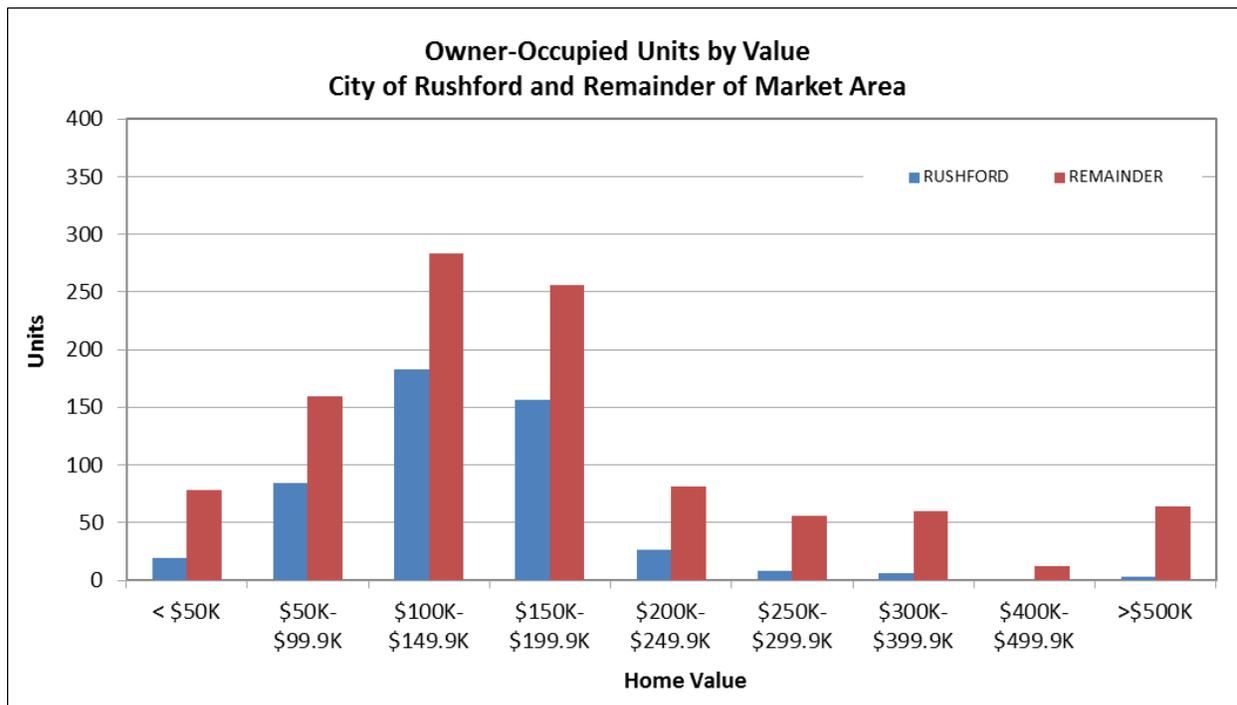
- The majority of the owner-occupied housing stock in the City of Rushford is estimated to be valued between \$100,000 and \$199,999 (69.9%) and of that approximately 38% is valued between \$100,000 and \$149,999.
- The median owner-occupied home in Rushford is \$139,000, or \$53,319 less than the Remainder of the Market Area median home value (\$192,319). There is a greater percentage of higher valued homes in the Remainder of the Market Area (\$200,000 or greater) than the City of Rushford. Approximately 8.7% of homes in Rushford are valued at \$200,000 or greater compared to 25.9% in the Remainder of the Market Area. A percentage of these in the Remainder of the Market Area are located on lakes or farmsteads.
- According to Fillmore County Tax records, there are 603 residential parcels with a taxable structure on the property with 523 of those being fully homesteaded and 66 non-homesteads. These counts do not include residential properties within the city boundary that are residential with more than one unit or residential agricultural parcels. The Fillmore County Tax records identify that the residential parcels with a taxable structure have an average market value of \$111,131 with a minimum market value of \$4,200 and the maximum of \$432,000.

HOUSING CHARACTERISTICS

**TABLE HC-5
OWNER-OCCUPIED UNITS BY VALUE
RUSHFORD MARKET AREA
2013**

Home Value	RUSHFORD		REMAINDER		MARKET AREA		FILLMORE COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Less than \$50,000	19	3.9	78	7.4	97	6.3	431	6.5
\$50,000-\$99,999	84	17.3	160	15.2	244	15.9	1659	25.1
\$100,000-\$149,999	183	37.7	283	27.0	466	30.3	1601	24.2
\$150,000-\$199,999	157	32.3	256	24.4	413	26.9	982	14.8
\$200,000-\$249,999	26	5.3	81	7.7	107	7.0	627	9.5
\$250,000-\$299,999	8	1.6	56	5.3	64	4.2	419	6.3
\$300,000-\$399,999	6	1.2	60	5.7	66	4.3	456	6.9
\$400,000-\$499,999	0	0.0	12	1.1	12	0.8	137	2.1
Greater than \$500,000	3	0.6	64	6.1	67	4.4	305	4.6
Total	486	100.0	1,050	100.0	1,536	100.0	6,617	100.0
Median Home Value	\$139,000		\$192,319		\$175,448		\$135,200	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.



Renter-Occupied Units by Contract Rent

Table HC-6 presents information on the monthly housing costs for renters called contract rent (also known as asking rent). Contract rent is the monthly rent agreed to regardless of any utilities, furnishings, fees, or services that may be included.

- The median contract rent in Rushford and the Remainder of the Market Area was \$510 and \$511, respectively. Based on a 30% allocation of income to housing, a household in Rushford would need an income of about \$20,400 to afford an average monthly rent of \$510.
- Approximately 43% of Rushford renters paying cash have monthly rents ranging from \$500 to \$749. Only 8.5% of renters have monthly rents of \$750 or greater in Rushford. Due to the limited number of units with rents over \$1,000, we can assume the majority of these renters are renting single-family homes.
- Housing units without payment of rent (“no cash rent”) make up only 6.8% of Rushford renters. Typically units may be owned by a relative or friend who lives elsewhere whom allow occupancy without charge. Other sources may include caretakers or ministers who may occupy a residence without charge.

Contract Rent	RUSHFORD		REMAINDER		MARKET AREA		FILLMORE COUNTY	
	No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
No Cash Rent	16	6.8	35	32.1	51	14.8	241	13.4
Cash Rent	220	93.2	74	67.9	294	85.2	1,564	86.6
\$0 to \$249	17	7.2	2	1.8	19	5.5	182	10.1
\$250-\$499	82	34.7	45	41.3	127	36.8	791	43.8
\$500-\$749	101	42.8	16	14.7	117	33.9	406	22.5
\$750-\$999	13	5.5	11	10.1	24	7.0	110	6.1
\$1,000+	7	3.0	0	0.0	7	2.0	75	4.2
Total	236	100.0	109	100.0	345	100.0	1,805	100.0
Median Contract Rent	\$510		\$511		\$511		\$444	

Sources: U.S. Census Bureau - American Community Survey; Maxfield Research Inc.

Planned and Proposed Housing Projects

Maxfield Research reviewed building permits and interviewed community staff members in the Rushford Market Area in order to identify housing developments under construction, planned, or pending. There are no housing projects being planned or under construction at this time.

Introduction

Maxfield Research Inc. identified and surveyed larger rental properties of eight or more units in the Rushford Market Area. In addition, interviews were conducted with real estate agents, developers, rental housing management firms, and others in the community familiar with Rushford's rental housing stock.

For purposes of our analysis, we have classified rental projects into two groups, general occupancy and senior (age restricted). All senior projects are included in the *Senior Rental Analysis* section of this report. The general occupancy rental projects are divided into two groups, market rate (those without income restrictions), and subsidized (those with income restrictions based on 30% allocation of income to housing). There were no identified affordable rental projects, (those receiving tax credits in order to keep rents affordable).

Overview of Rental Market Conditions

Maxfield Research utilized data from the American Community Survey (ACS) to summarize rental market conditions in the Rushford Market Area. The ACS is an ongoing survey conducted by the United States Census Bureau that provides data every year rather than every ten years as presented by the decennial census. We use this data because these figures are not available from the decennial census. Please note that the ACS data includes all rental units, regardless of household type.

Table R-1 on the following page presents a breakdown of median gross rent and monthly gross rent ranges by number of bedrooms in renter-occupied housing units from the 2009-2013 ACS in the Rushford Market Area, in comparison to Minnesota. Gross rent is defined as the amount of the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, wood, etc.) if these are paid by the renter.

- The Rushford Market Area has lower affordable rents when compared to Minnesota. The median gross rent in the area is at \$716 which is 13% lower than the median rent of \$819 in Minnesota. Rural communities often have lower rents than metropolitan areas due to wage rates and the age of rental properties.

RENTAL MARKET ANALYSIS

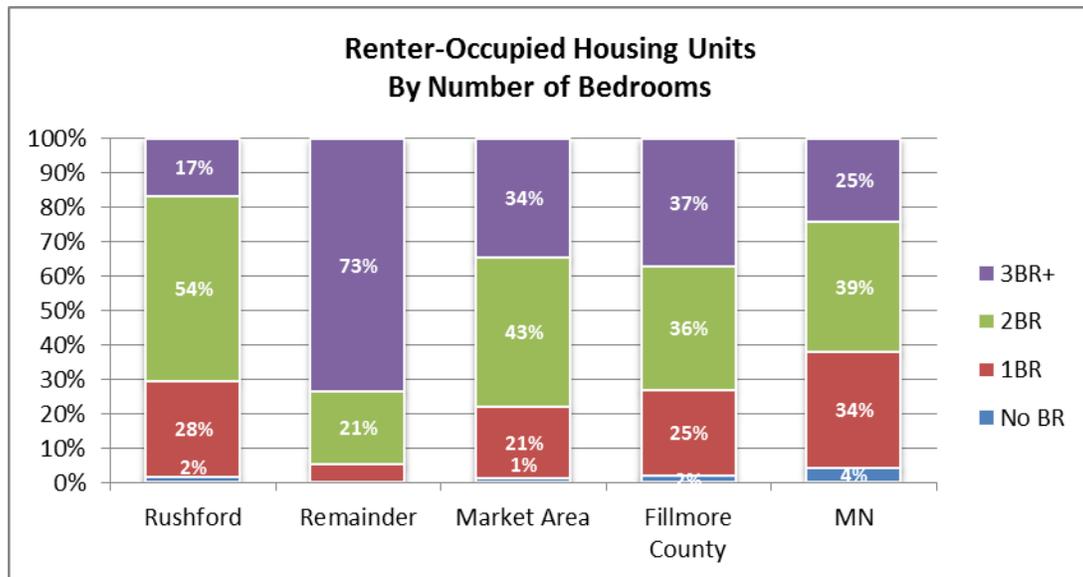
**TABLE R-1
BEDROOMS BY GROSS RENT, RENTER-OCCUPIED HOUSING UNITS
RUSHFORD MARKET AREA
2013**

	Rushford		Remainder		Market Area		Fillmore County		MN
	#	% of Total	#	% of Total	#	% of Total	#	% of Total	% of Total
Total:	236	100%	109	100%	345	100%	1,805	100%	100%
Median Gross Rent	\$616		\$741		\$716		\$589		\$819
No Bedroom	4	2%	0	0%	4	1%	35	2%	4%
Less than \$200	0	0%	0	0%	0	0%	0	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	5	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	0	0%	1%
\$500 to \$749	0	0%	0	0%	0	0%	4	0%	2%
\$750 to \$999	0	0%	0	0%	0	0%	15	1%	1%
\$1,000 or more	4	2%	0	0%	4	1%	11	1%	0%
No cash rent	0	0%	0	0%	0	0%	0	0%	0%
1 Bedroom	66	28%	6	6%	72	21%	450	25%	34%
Less than \$200	3	1%	0	0%	3	1%	62	3%	1%
\$200 to \$299	3	1%	0	0%	3	1%	57	3%	3%
\$300 to \$499	27	11%	4	4%	31	9%	189	10%	5%
\$500 to \$749	33	14%	1	1%	34	10%	76	4%	11%
\$750 to \$999	0	0%	1	1%	1	0%	18	1%	9%
\$1,000 or more	0	0%	0	0%	0	0%	28	2%	5%
No cash rent	0	0%	0	0%	0	0%	20	1%	0%
2 Bedrooms	127	54%	23	21%	150	43%	649	36%	39%
Less than \$200	8	3%	0	0%	8	2%	27	1%	1%
\$200 to \$299	3	1%	0	0%	3	1%	21	1%	1%
\$300 to \$499	21	9%	0	0%	21	6%	121	7%	2%
\$500 to \$749	48	20%	15	14%	63	18%	287	16%	8%
\$750 to \$999	28	12%	5	5%	33	10%	99	5%	13%
\$1,000 or more	7	3%	0	0%	7	2%	36	2%	13%
No cash rent	12	5%	3	3%	15	4%	58	3%	1%
3 or More Bedrooms	39	17%	80	73%	119	34%	671	37%	25%
Less than \$200	0	0%	0	0%	0	0%	2	0%	0%
\$200 to \$299	0	0%	0	0%	0	0%	7	0%	0%
\$300 to \$499	0	0%	0	0%	0	0%	66	4%	1%
\$500 to \$749	20	8%	29	27%	49	14%	183	10%	3%
\$750 to \$999	9	4%	8	7%	17	5%	150	8%	4%
\$1,000 or more	6	3%	11	10%	17	5%	100	6%	13%
No cash rent	4	2%	32	29%	36	10%	163	9%	3%
	Lanesboro		Houston		Lewiston		Spring Valley		Chatfield
Total:	101		121		138		324		303
Median Gross Rent	\$474		\$719		\$579		\$509		\$708

Sources: 2009-2013 American Community Survey; Maxfield Research, Inc.

RENTAL MARKET ANALYSIS

- Two- bedroom or more units are the most common rental unit type in Market Area, representing 77% of all occupied rental units in the Market Area. In Minnesota, two or more bedroom units are also the most common rental unit type (64%).



- One-bedroom units comprise 21% of Market Area's renter-occupied housing supply and only 1% of the renter-occupied units have no bedrooms (i.e. studio units). By comparison, roughly 34% of Minnesota's renter-occupied housing units are one-bedroom and 4% have no bedrooms. Most one-bedroom units (19%) have a rental range between \$300 and \$749.
- Most of the two-bedroom units (28%) in Market Area have gross monthly rents ranging from \$500 to \$999 and most units with three or more bedrooms (19%) rent between \$500 and \$999.
- Roughly 8% of the units in the Market Area have rents over \$1,000.

General-Occupancy Rental Projects

Our research of Rushford' general occupancy rental market included a survey of six market rate and affordable/subsidized apartment properties (eight units and larger) in April 2015. These projects represent a combined total of 83 units, including 41 market rate units and 42 subsidized units.

Although we were able to contact and obtain up-to-date information on the majority of rental properties, there are projects in the Rushford Market Area that are less than eight units. In these circumstances, those properties are not included in our average rent or vacancy rate calculations. Many of those properties are single family or duplex units that have had less than

RENTAL MARKET ANALYSIS

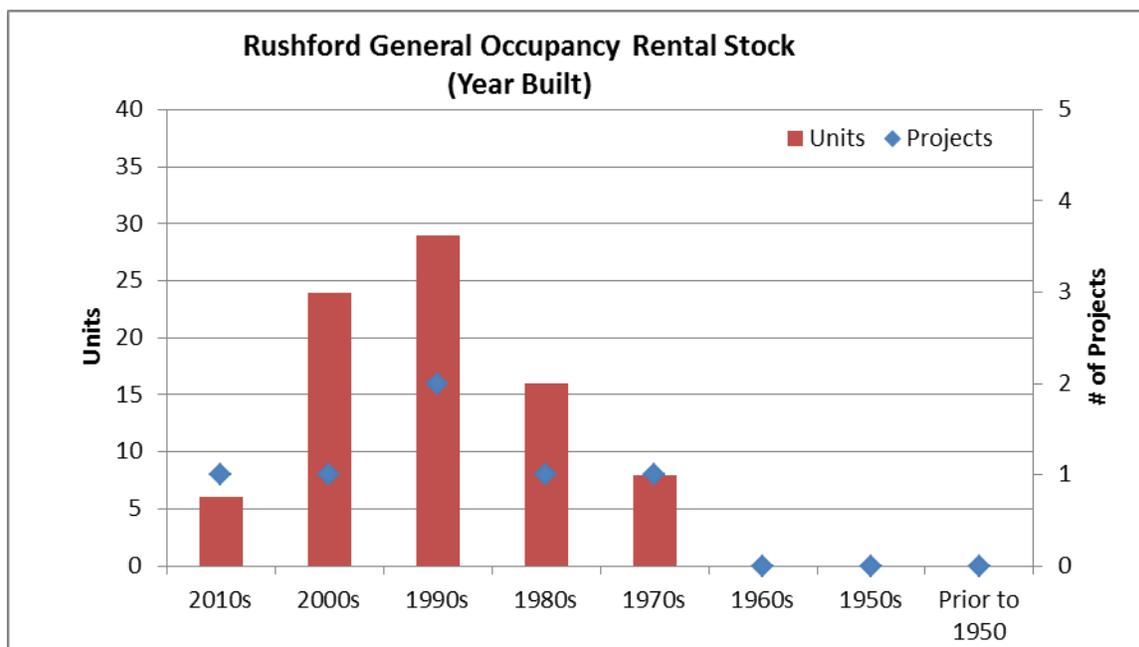
eight rooms converted into apartments. There are approximately 104 rental units in Rushford within 74 houses, duplexes, or multi-use structures in Rushford with less than eight units.

At the time of our survey, two market rate units and one subsidized unit were vacant, resulting in an overall vacancy rates of 4.9% for market rate units and 3.1% for subsidized. The combined overall vacancy rate of 3.6% is slightly lower than the industry standard of 5% vacancy for a stabilized rental market. This rate promotes competitive rates, ensures adequate choice, and allows for unit turnover.

Table R-2 summarizes information on market rate and subsidized general occupancy projects. Table R-3 summarizes unit features and common area amenities among all general-occupancy housing developments.

Market Rate

- Overall, Rushford' market rate general occupancy rental housing has a median year built of 1995.
- The newest general occupancy rental housing project over six units is the Rush Creek Townhomes, which was built in 2011 and is subsidized.
- The newest non-subsidized general occupancy rental housing project over six units is the Pine Meadows North Townhomes built in 2004.



RENTAL MARKET ANALYSIS

R-2 GENERAL OCCUPANCY RENTAL HOUSING RUSHFORD MARKET AREA April 2015											
Project Name/Location	Occp. Date	No. of Units	Total Vacant	Unit Description			Monthly Rent		Rent/sq. ft.		
				Type	No.	Vac.	Size (Sq. Ft.)	Min	Max	Min	Max
MARKET RATE											
Carriage House Apartments 264 W Park Street Rushford	1991	9	1	1BR	4	0	580	\$450	\$0.78		
			vacancy rate: 11.1%	2BR	5	1	980	\$550	\$0.56		
<i>Notes: Both levels have coin-op laundry, garbage disposals, all utilities except electricity and gas paid, off-street parking w/plug-ins. Profile: general mix between 22 year old to mid 70 year old. Original building 1910. Currently remodeling the available unit.</i>											
Northside Apartments 608 N. First Street Rushford	1977	8	1	1BR	2	0	-	\$345	na		
			vacancy rate: 12.5%	2BR	6	1	-	\$410	na		
<i>Notes: Two-story building; resident pays electric, water, sewer. Off-street parking w/plug-ins. Mostly younger singles and families. Coin-op laundry room.</i>											
Pine Meadows North (Bluff Country LLC) 800 - 830 Pine Meadows N Rushford	2004	24	0	2BR	24	0	1,250	\$700 - \$825	\$0.56 - \$0.66		
			vacancy rate: 0.0%								
<i>Notes: Located north of Pine Meadows PUD; All appliances included, all maintenance covered, no maintenance fee. 2.5 car garage, central air, wheelchair accessible. Project consists of 6 bldgs, four-unit per bldg. have room for 7th bldg, but no plans for const. Resident is responsible for all utilities, except sewer and water. Many residents are retired, about 1/2 local area.</i>											
SUBSIDIZED											
Rushford Manor Apartments 301 River Street Rushford	1985	16	0	1BR	8	0	600	30% AGI			
			vacancy rate: 0.0%	2BR	8	0	720	30% AGI			
<i>Notes: USDA Rural Development subsidy. Off-street parking w/plug-ins; coin-op laundry, playground. Heat, water, sewer, garbage included in rent. Wide mix of residents from families to seniors. There is a wait list for one bedrooms.</i>											
Paramark Apartments (Scenic View Townhomes) 1108 - 1137 Scenic View Court Rushford	1999	20	1	2BR	10	1	1,157	30% AGI			
			vacancy rate: 5.0%	3BR	10	0	1,254	30% AGI			
<i>Notes: HRA Subsidy, also Section 8. Two-story building. Attached garages. Resident pays all utilities, except garbage and water. Coin-op laundry. The grounds have a basketball court and playground.</i>											
Rush Creek Townhomes 210 S. Prairie Street Rushford	2011	6	0	1BR	1	0	990	30% AGI			
				2BR	5	0	1,344	30% AGI			
<i>Notes: USDA Rural Development subsidy, townhomes. Attached garages. Resident pays electricity and there is a utility allowance for that. In unit washer and dryer. There is a wait list.</i>											
Total		83	3	3.6% vacant							

Source: Maxfield Research Inc.

RENTAL MARKET ANALYSIS

R-3 UNIT FEATURES AND COMMON AREA AMENITIES EXISTING MARKET RATE AND SUBSIDIZED RENTAL PROJECTS April 2015																	
Projects	In Unit/Common Area Amenities										Utilities and Parking						
	Air Conditioning	Dishwasher	Patio/Balcony	Walk-in Closet	Laundry	Elevator	Community Room	Fitness Center	Playground	Pool	Extra Storage Space	Heat/Gas	Electricity	Water/Sewer	Trash	Cable	Parking
Carriage House Apartments					C								X	X			O
Northside Apartments					C									X			O
Pine Meadows North	X	X			IU								X				AG
Rushford Manor Apartments	X				C				X			X		X			O
Scenic View Townhomes	X	X	X	X	C				X				X	X			AG
Rush Creek Townhomes	X	X	X	X	IU				X				X	X			AG

Note: X=Available/Included
 DG=Detached Garage; UG=Underground; AG=Attached Garage; O=Offstreet; IU=In-unit; HU=Hook-ups; C=Common

Source: Maxfield Research, Inc.

- A total of two unit vacancies were found in market rate rental projects, resulting in a vacancy rate of 4.9% as of April 2015.
- Over half of the market rate units in Rushford are two-bedroom units. The breakout by unit type is summarized below.
 - Efficiency units: 0%
 - One-bedroom units: 14.6%
 - Two-bedroom units: 85.4%
 - Three-bedroom units: 0%
 - Four-bedroom units: 0%
- The following is the monthly rent ranges and average rent for each market rate unit type:
 - One-bedroom units: \$345 to \$450, \$398 average
 - Two-bedroom units: \$410 to \$825, \$610 average

Affordable/Subsidized

- There are a total of three income-restricted projects in Rushford with 42 total units. Combined, one unit was vacant as of April 2015, posting a vacancy rate of 2.4%. Typically, subsidized and affordable rental properties should be able to maintain vacancy rates of 3% or less in most housing markets. The vacancy rates for affordable and subsidized housing in Rushford indicate that there is a slight demand for affordable and subsidized units in the area.

RENTAL MARKET ANALYSIS

- Rush Creek Townhomes is the newest subsidized development in the Rushford Market Area. Project amenities include air conditioning, dishwasher, in unit laundry, playground, and attached garages.
- Scenic View Townhomes, which was built in 1999, is the largest subsidized development in the Rushford Market Area. With a total of 20 units, Scenic View Townhomes offers amenities such as: common laundry room, air conditioning, playground, and attached garages.

Select Market-Rate General Occupancy Rental Housing Properties



Carriage House Apartments



Northside Apartments



Pine Meadows North

Select Subsidized Rental Housing Properties



Rushford Manor Apartments

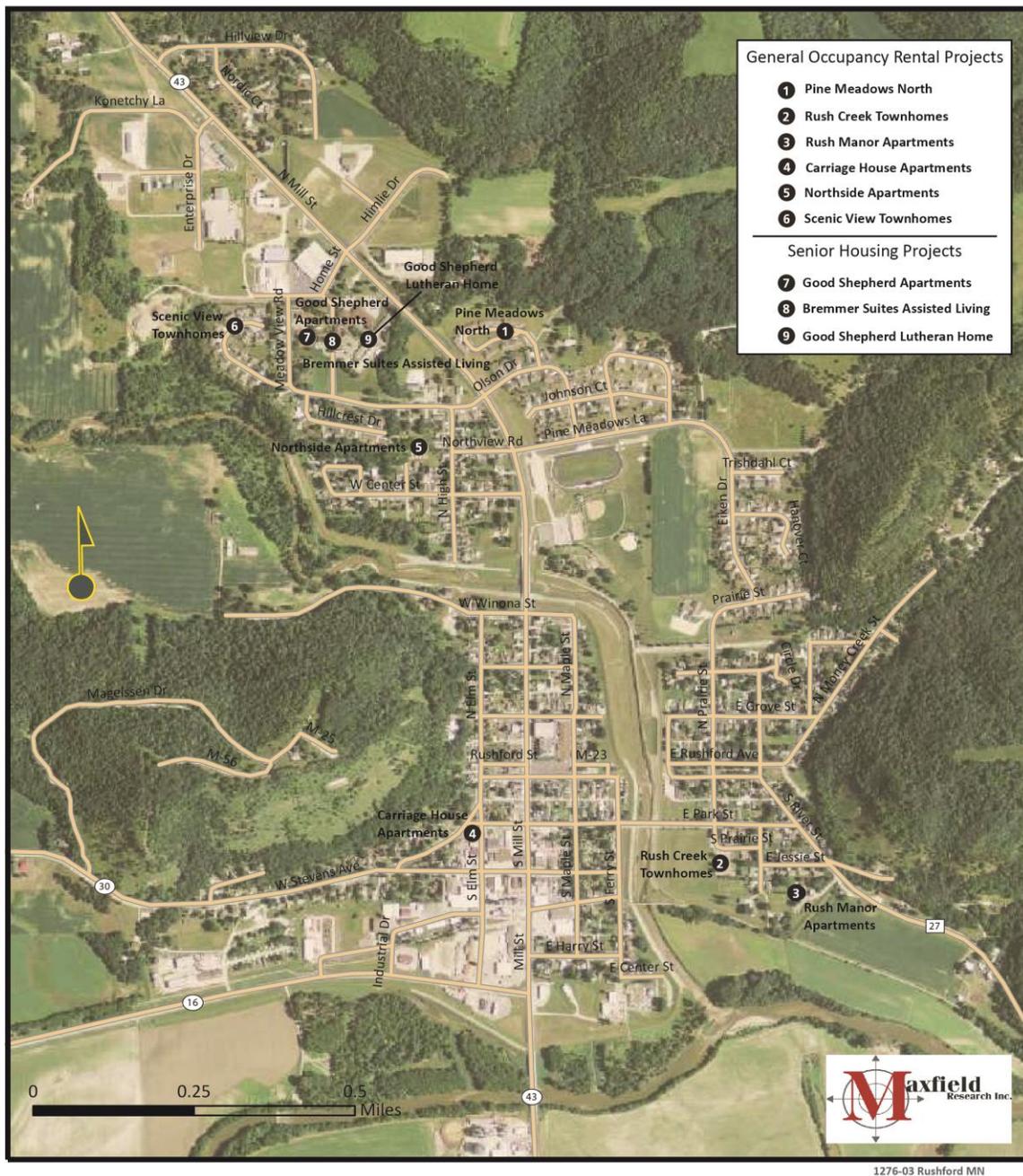


Paramark Apartments Scenic View Townhomes



Rush Creek Townhomes

Rushford General Occupancy and Senior Projects



Senior Housing Defined

The term “senior housing” refers to any housing development that is restricted to people age 55 or older. Today, senior housing includes an entire spectrum of housing alternatives, which occasionally overlap, thus making the differences somewhat ambiguous. However, the level of support services offered best distinguishes them. Maxfield Research Inc. classifies senior housing projects into five categories based on the level of support services offered:

Adult/Few Services; where few, if any, support services are provided, and rents tend to be modest as a result;

Congregate/Optional-Services; where support services such as meals and light housekeeping are available for an additional fee;

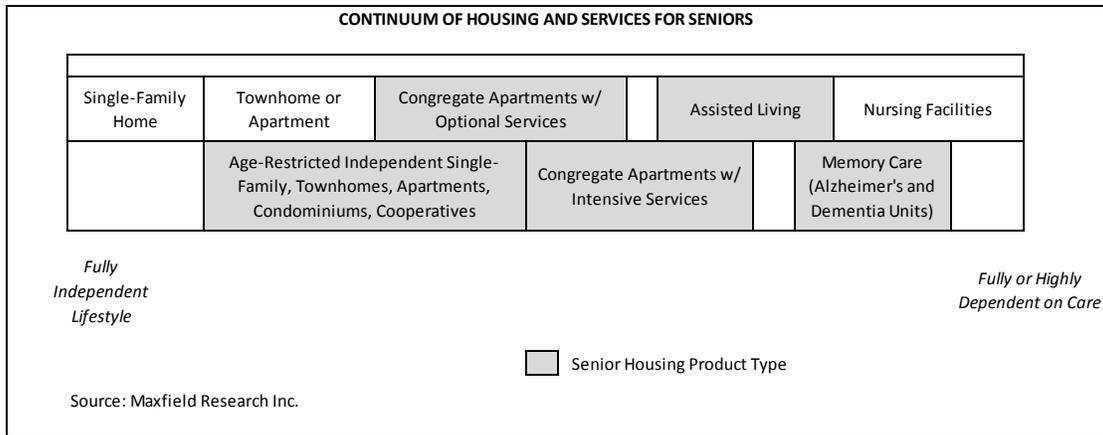
Congregate/Service-Intensive; where support services such as meals and light housekeeping are included in the monthly rents;

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 fees or is available either for an additional fee or included in the rents.

Memory Care; where more rigorous and 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 five 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 to promote security. 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 projects sometimes serve non-elderly people with special health considerations.

The five senior housing products offered today form a continuum of care (see Figure 2 on the following page), 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/few services projects tend to attract younger, more independent seniors, while assisted living and memory care projects tend to attract older, frailer seniors.



Senior Housing in Rushford and the Market Area

As of April 2015, Maxfield Research identified the Good Shepherd Lutheran Services campus to be the only senior housing development in the Rushford Market Area. This campus contains three levels of care consisting of independent living, assisted living, and skilled nursing care. The campus contains a total of 47 independent living and assisted living units. The skilled nursing home contains 68 rooms. Rushford does not have any active adult ownership, rental, or memory care senior housing options.

Table S-1 provides information on the market rate and subsidized projects. Information in the table includes year built, number of units, unit mix, number of vacant units, rents, and general comments about each project.

Overall there are 115 senior housing units with a 6.1% vacancy rate of senior continuum of care housing and services.

The following are key points from our survey of the senior housing supply.

Subsidized Independent Living

- Subsidized senior housing offers affordable rents to qualified lower income seniors and handicapped/disabled persons. Typically, rents are tied to residents’ incomes and based on 30 percent of adjusted gross income (AGI), or a rent that is below the fair market rent. For those households meeting the age and income qualifications, subsidized senior housing is usually the most affordable rental option available. Affordable projects are typically tax-credit projects that are limited to households earning less than 80% of Fillmore County’s area median income.
- As of April 2015, there were no vacancies in senior subsidized projects, which indicate pent-up demand for senior rental units. Equilibrium for senior subsidized housing projects is

SENIOR HOUSING ANALYSIS

usually around 3%, allowing for optimal subsidized housing availability for potential residents. Typically units sizes at subsidize senior projects are smaller than many of the market rate senior rental projects.

- Typically subsidized senior housing offers limited to no amenities. However, the Good Shepherd Lutheran Apartments offers a community room and activities are available.

Market Rate Assisted Living

- Bremmer Suites Assisted Living is the only facility in the Market Area that offers assisted living units. As of April 2015 there are no vacancies.
- Rents start at \$876 per month and include all utilities except phone and cable. This is rent only and does not include assisted living services that are provided to the tenant for their individual needs. Typical features include an emergency call system, kitchenette, walk in shower, and large closet storage.
- Bremmer Suites include scheduled activities, housekeeping, 24-hour staff, and a resident choice meal program is available.

S-1 SENIOR OCCUPANCY RENTAL HOUSING RUSHFORD MARKET AREA April 2015										
Project Name/Location	Year Built	No. of Units	Total Vacant	Unit Description			Monthly Rent		Resident Profile	
				Type	No.	Vac.	Size (Sq. Ft.)	Min		Max
MARKET RATE ASSISTED LIVING										
Bremmer Suites Assisted Living 803 Home Street Rushford	1998	15	0	1BR	15	0	420	\$876	Average age 88.6, will accept younger than 55 if they are able to meet someone's needs.	
vacancy rate: 0.0%										
<i>Notes: Assisted Living units are connected to nursing home; off-street parking; 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 88.6, but tenants are typically over 55, all from the Rushford / Peterson area or grew up in the area and returned; waiting list for A.L.</i>										
SUBSIDIZED INDEPENDENT LIVING										
Good Shepherd Apartments 110 - 1054 Meadowview Drive Rushford	1980	32	0	1BR	32	0	520	\$612 (Market Rate)	Seniors 62+ or have a documented disability to qualify.	
vacancy rate: 0.0%										
<i>Notes: Most units are HUD subsidy; residents pay 30% of AGI toward rent. Up to 3 units can be used as market rate. This development is currently the local senior dining site; additional services are available to residents at additional cost. Meal Delivery fee \$4 per meal brunch and supper.</i>										
Total		47	0	0.0% vacant						
SKILLED NURSING										
Good Shepherd Lutheran Home 800 Home Street Rushford	1965	68	7	1BR	61			\$3,488	\$9,577	Seniors 55+
Dbl Rm 7										
vacancy rate: 10.3%										
<i>Notes: Rates are higher the first 30 days. The rates listed are after the first 30 days. Most residents are 55+ and from the Rushford area, or are there because family is near. Many individuals utilize medical assistance to help fund their stay.</i>										

Senior Rental Housing Properties



Good Shepherd Apartments



Bremmer Suites Assisted Living



Good Shepherd Lutheran Home

Nursing Homes

- The Good Shepherd Lutheran Home has 68 rooms available at its facility and many individuals utilize medical assistance to assist in funding their stay. As of April 2015, there were seven available rooms.
- Rents depend on the level of skilled nursing care needed. Rents are between \$116.27 and \$319.22 per day.

Introduction

Maxfield Research Inc. analyzed the for-sale housing market in Rushford by analyzing data on single-family and multifamily home sales and active listings, identifying active subdivisions and pending for-sale developments; and conducting interviews with local real estate professionals, builders, and developers.

Overview of For-Sale Housing Market Conditions

Table FS-1 presents home resale data on single-family housing in the Rushford Market Area from 2010 through March 2015. The data was obtained from the Southeast Minnesota Association of Realtors and shows annual number of sales and median and average pricing. The following are key points observed from our analysis of this data.

- Over the past four years, the average and median sales price in the City of Rushford and the PMA has remained fairly flat. The median and average sales price peaked in 2011. The average sales price was highest in 2011 at \$151,069 within the City of Rushford and \$161,010 within the PMA.
- The median and average sales prices bottomed-out in 2013. In 2013, the average sales price was \$115,943 within the City of Rushford and \$121,401 within the PMA.

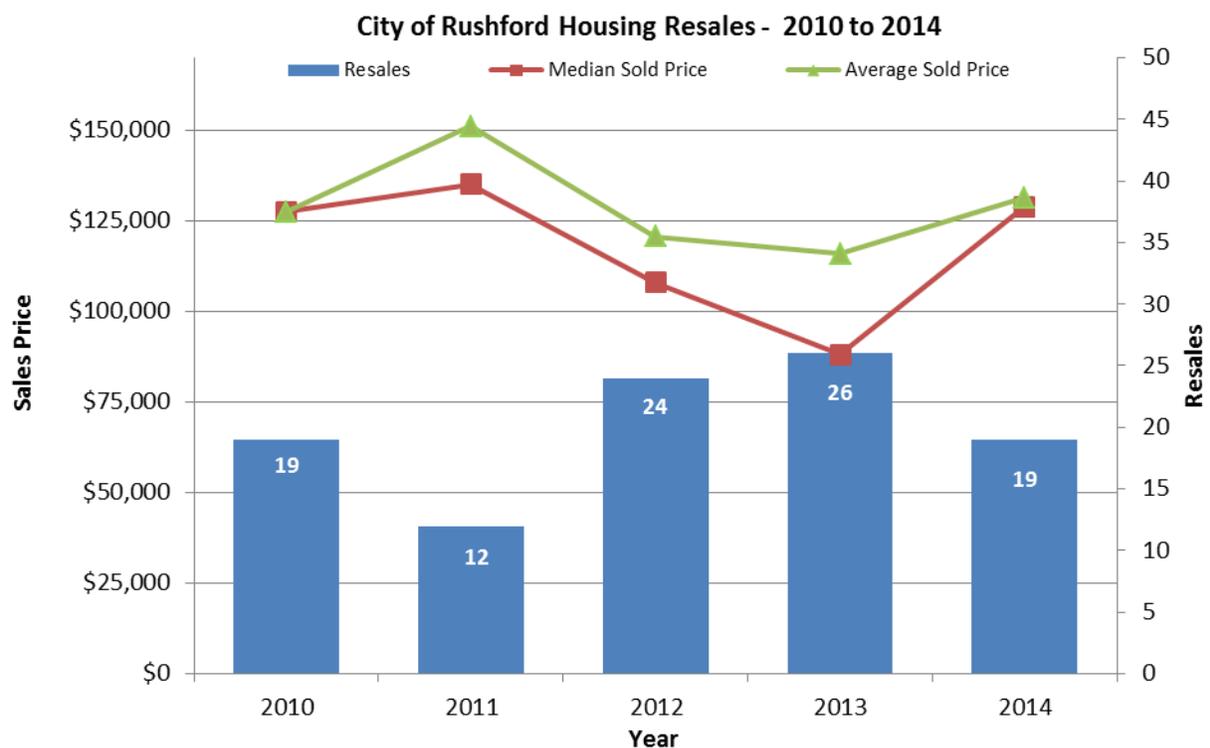


TABLE FS-1 SINGLE AND MULTI FAMILY RESIDENTIAL REALES CITY OF RUSHFORD AND MARKET AREA 2010 through 2015 ¹					
Year	Number of Sales	Median Sales Price	% Chg.	Average Sales Price	% Chg.
City of Rushford					
Single Family					
2005	18	\$130,750	-12.4%	\$133,866	-2.3%
2006	7	\$165,000	26.2%	\$217,543	62.5%
2007	29	\$120,950	-26.7%	\$122,623	-43.6%
2008	17	\$100,000	-17.3%	\$133,929	9.2%
2009	14	\$85,000	-15.0%	\$102,336	-23.6%
2010	19	\$127,500	50.0%	\$127,424	24.5%
2011	12	\$135,000	5.9%	\$151,069	18.6%
2012	24	\$108,000	-20.0%	\$120,708	-20.1%
2013	26	\$88,000	-18.5%	\$115,943	-3.9%
2014	19	\$129,000	46.6%	\$131,423	13.4%
2015 ¹	4	\$101,950	-21.0%	\$87,350	-33.5%
Pct. Change					
10' - 14'		1.2%		3.1%	
Average	20	\$117,500		\$129,313	
Market Area Total					
Single Family					
2010	21	\$118,250	-1.7%	\$118,212	-48.7%
2011	14	\$152,975	29.4%	\$161,010	36.2%
2012	24	\$108,000	-29.4%	\$137,595	-14.5%
2013	31	\$90,000	-16.7%	\$121,401	-11.8%
2014	28	\$129,000	43.3%	\$141,724	16.7%
2015 ¹	26	\$117,000	-9.3%	\$134,038	-5.4%
Pct. Change					
10' - 14'	23.8%	-1.1%		13.4%	
¹ March 2014 to March 2015					
Source: RMLS; Maxfield Research Inc.					
** Multifamily includes twinhomes, townhomes, and condominiums (cooperatives are typically not listed in the MLS)					
Source: RMLS; Maxfield Research Inc.					

- Between 2010 and 2014 the number of Rushford resales has averaged 20 transactions per year. Resales were lowest in 2011 (12) and highest in 2013 (26).
- Approximately 84% of all Market Area resales have occurred in Rushford since 2010. Resale pricing in the City of Rushford is consistent with resale pricing in the rest of the Remainder of the Market Area.

FOR SALE MARKET ANALYSIS

- Single-family housing types accounted for all resales in the Market Area between 2010 and March 2015. No multifamily resales were identified during this time period.

Current Supply of Homes on the Market

To more closely examine the current market for available owner-occupied housing in the Rushford Market Area, we reviewed the current supply of homes on the market (listed for sale). Table FS-2 shows homes currently listed for sale in the Rushford PMA in eight price ranges. The data was provided by the Regional Multiple Listing Services of Minnesota and is based on active listings in April 2015. MLS listings generally account for the vast majority of all residential sale listings in a given area. Table FS-2 shows listings by property type and pricing.

- As of April 2015, there were 13 homes listed for sale in Rushford and five homes listed in the Remainder of the Market Area. There were not any listings for multifamily properties in the PMA.
- The median list price in Rushford for a single-family home is \$133,700 and \$154,950 in the PMA. The median sale price is generally a more accurate indicator of housing values in a community than the average sale price. Average sale prices can be easily skewed by a few very high-priced or low-priced home sales in any given year, whereas the median sale price better represents the pricing of a majority of homes in a given market.

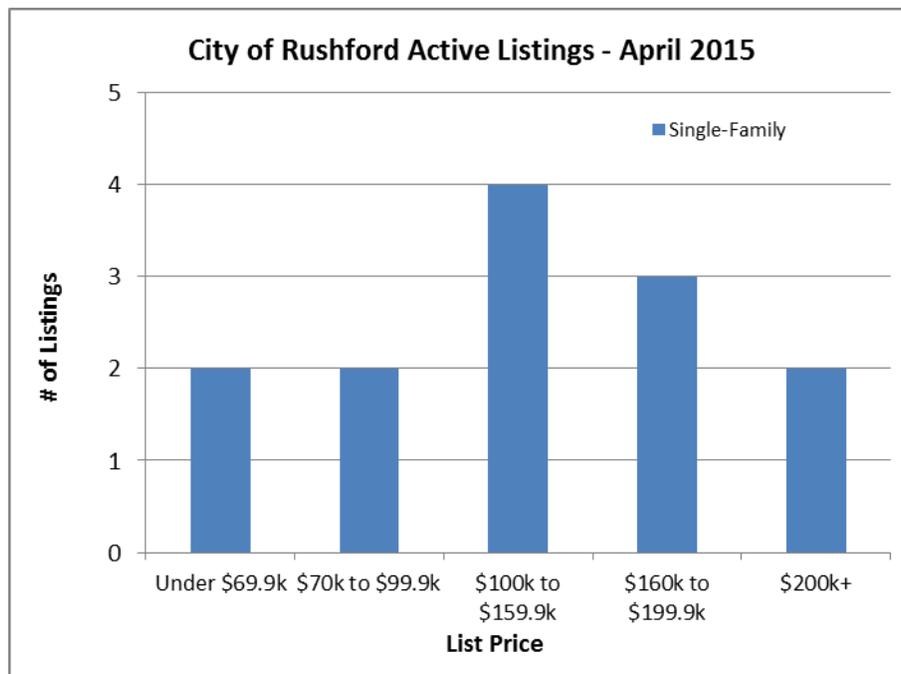
Price Range	City of Rushford		Remainder of PMA		Market Area Total	
	Single-Family		Single-Family		Single-Family	
	No.	Pct.	No.	Pct.	No.	Pct.
< \$69,999	2	15.4%	0	0.0%	2	11.1%
\$70,000 to \$99,999	2	15.4%	1	20.0%	3	16.7%
\$100,000 to \$139,999	2	15.4%	1	20.0%	3	16.7%
\$140,000 to \$159,999	2	15.4%	0	0.0%	2	11.1%
\$160,000 to \$179,999	2	15.4%	0	0.0%	2	11.1%
\$180,000 to \$199,999	1	7.7%	0	0.0%	1	5.6%
\$200,000 to \$249,999	2	15.4%	0	0.0%	2	11.1%
\$250,000 and Over	0	0.0%	3	60.0%	3	16.7%
Subtotal	13	100%	5	100%	18	100%
Median	\$133,700		\$255,000		\$154,950	
Average	\$133,331		\$218,700		\$164,550	

Sources: Regional Multiple Listing Service of Minnesota; Maxfield Research Inc.

FOR SALE MARKET ANALYSIS

Based on a median list price of \$133,700, the income required to afford a home at this price would be about \$38,200 to \$44,600, based on the standard of 3.0 to 3.5 times the median income (and assuming these households do not have a high level of debt). A household with significantly more equity (in an existing home and/or savings) could afford a higher priced home. About 71% of Rushford households have annual incomes at or above \$35,000.

- About 46% of homes for sale in the City of Rushford are priced under \$140,000; and 31% are priced under \$100,000.



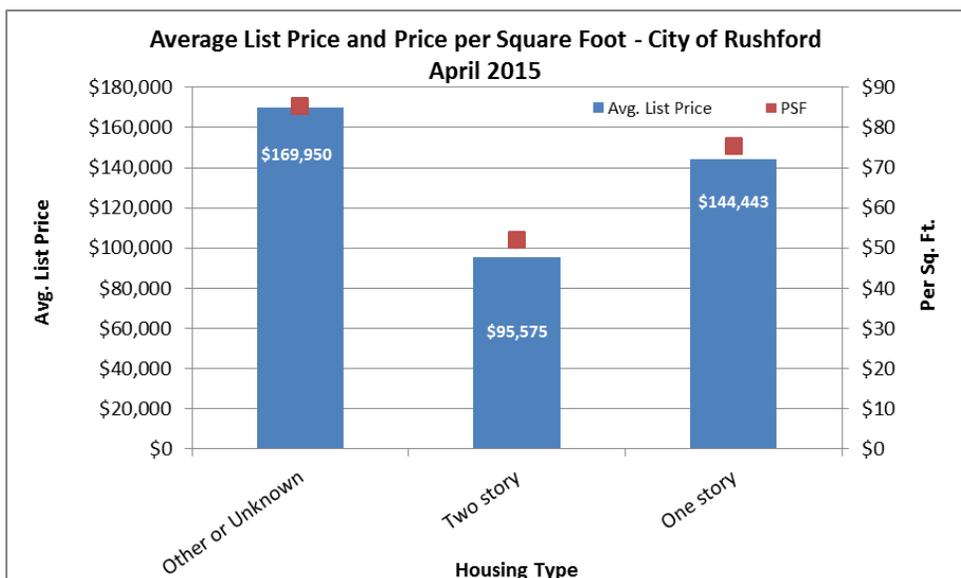
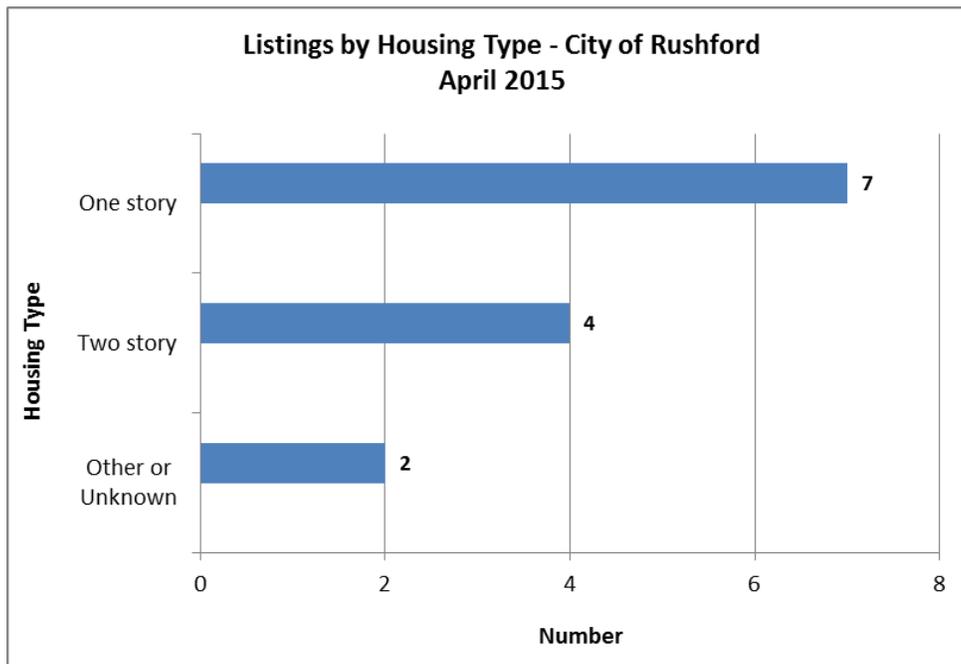
- Homes prices between \$100,000 and \$159,900 account for 30.8% of the listings. Homes priced over \$160,000 account for about 38.5% of the listings.
- One story homes have the highest percentage of active single-family listings in the City of Rushford (53.8%), an average list price of around \$144,000, and a median age of 1971. One story homes are often categorized as ramblers or ranch style housing.
- Two story homes have the second most listings and account for 30.8% of the active listings while “Other” account for 15.4% of the active listings. The homes classified in the “Other” category are mobile or manufactured homes, cabins, or property types that are not listed as a one or two story home.
- Overall, the average list price per square foot (“PSF”) among all active single-family listings is \$70/foot. The Other property type has the highest PSF costs at \$85/foot. Two story homes have the lowest PSF costs at \$52/foot.

FOR SALE MARKET ANALYSIS

**TABLE FS-3
ACTIVE LISTINGS BY HOUSING TYPE
CITY OF RUSHFORD
April 2015**

Property Type	Listings	Pct.	Avg. List Price	Avg. Size (Sq. Ft.)	Avg. List Price Per Sq. Ft.	Avg. Bedrooms	Avg. Bathrooms	Median Age of Home
Single-Family								
One story	7	53.8%	\$144,443	1,919	\$75	3.4	2.1	1971
Two story	4	30.8%	\$95,575	1,835	\$52	3.5	2.0	1917
Other or Unknown	2	15.4%	\$169,950	1,988	\$85	3.5	2.0	1991
Total	13	100.0%	\$133,331	1,904	\$70	3.5	2.1	1971

Source: Regional Multiple Listing Service of MN; Maxfield Research Inc.



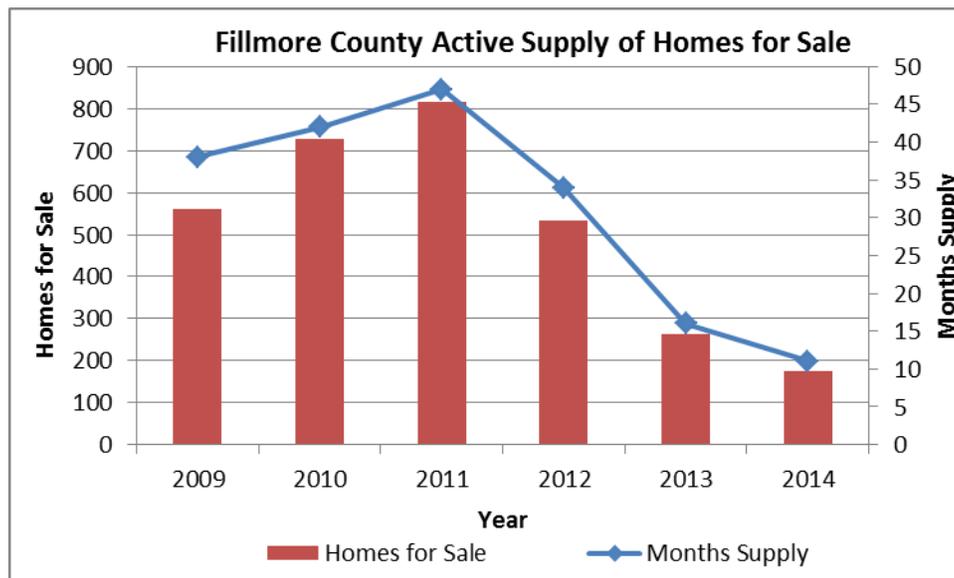
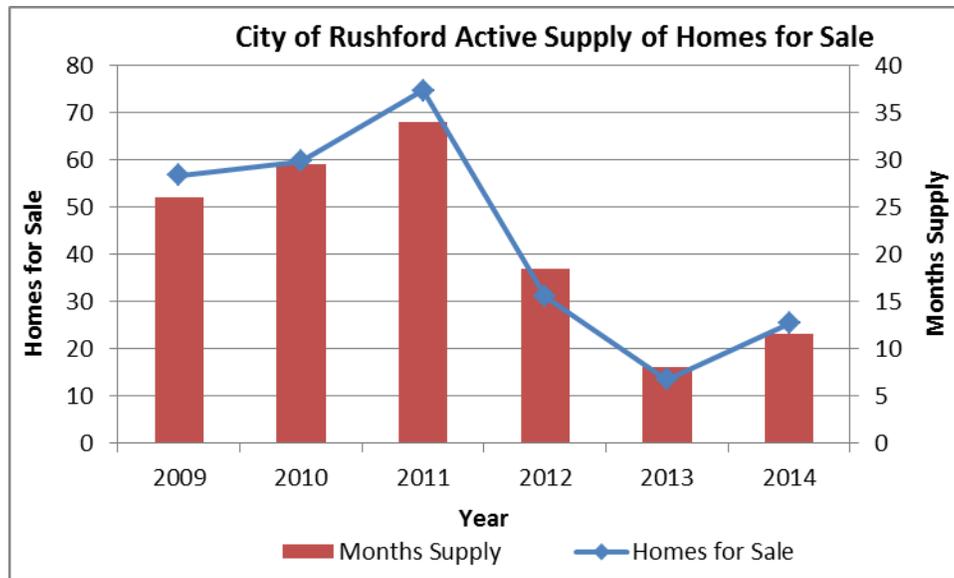
Months of Active Supply

Table FS-4 illustrates the historic supply of actively marketing properties in the City of Rushford and Fillmore County from 2009 to 2014. The table depicts the number of homes for sale over the course of the year and the months of supply. The months of supply metric calculates the number of months it would take for all the current homes for sale to sell given the monthly sales absorption. Generally a balanced supply is considered four to six months. The higher the months of supply indicates there are more sellers than buyers; and the lower the months of supply indicates there are more buyers than sellers. Key findings from Table FS-4 follow.

- The number of homes for-sale in Rushford peaked in 2011 at around 68 homes. The month’s supply dropped from 2011 (from 37.3 to 12.7) with a slight increase between 2013 and 2014 (6.7 to 12.7). Overall since 2011, this indicates more buyers were purchasing homes yet there is still more homes for sales than buyers looking for homes. The supply was also highest in Fillmore County in 2011.
- Since 2009, Rushford has accounted for about 9% of all homes for sale in Fillmore County.

TABLE FS-4 ACTIVE SUPPLY OF HOMES FOR SALE CITY OF RUSHFORD AND FILLMORE COUNTY 2009 to 2014				
	Months Supply		Homes for Sale	
Year	Rushford	Fillmore County	Rushford	Fillmore County
2009	28.3	38.0	52	560
2010	29.8	42.0	59	727
2011	37.3	47.0	68	817
2012	15.5	34.0	37	532
2013	6.7	16.0	16	264
2014	12.7	11.0	23	176

Source: 10K Research & Marketing, Maxfield Research Inc.



Price per Square Foot

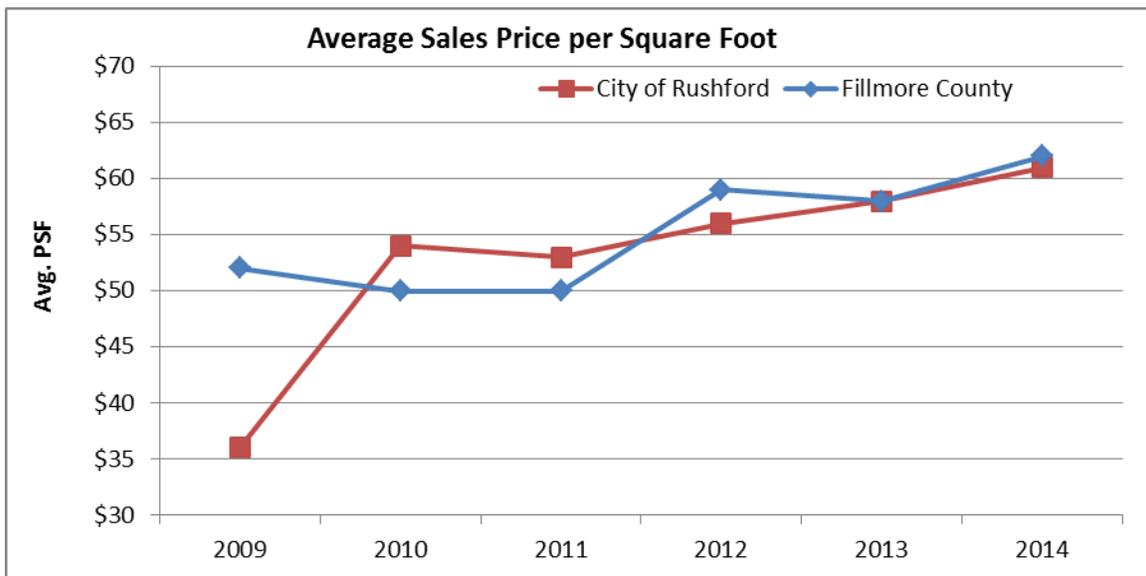
Table FS-5 compares the price per square foot (PSF) of home resales between 2009 and 2014 in the City of Rushford and Fillmore County. Price per square foot is the sales price divided by the total finished square footage. This metric is beneficial when analyzing macro-level real estate trends in an area, but is not good when comparing individual home sales as numerous variables play into the sales price of a home (i.e. lot, style, improvements, features and amenities, etc.). Takeaways from Table FS-5 area as follows:

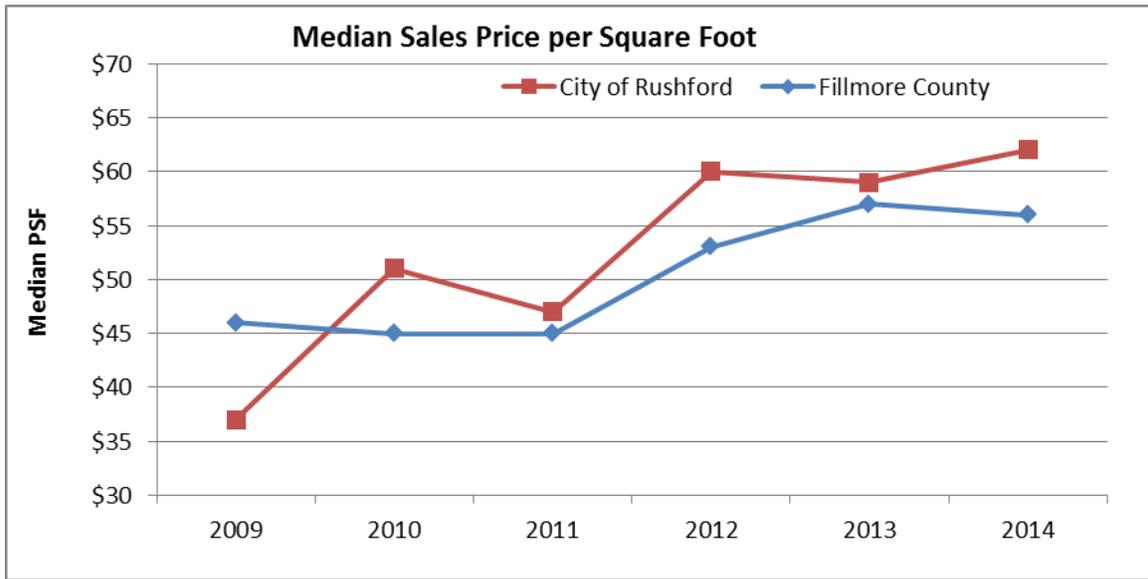
**TABLE FS-5
MEDIAN SALES PRICE PER SQUARE FOOT (PSF)
CITY OF RUSHFORD AND FILLMORE COUNTY
2009 to 2014**

Year	City of Rushford		Fillmore County	
	Avg.	Median	Avg.	Median
2009	\$36	\$37	\$52	\$46
2010	\$54	\$51	\$50	\$45
2011	\$53	\$47	\$50	\$45
2012	\$56	\$60	\$59	\$53
2013	\$58	\$59	\$58	\$57
2014	\$61	\$62	\$62	\$56

Source: 10K Research & Marketing, Maxfield Research Inc.

- The average and median sales price per square foot was highest in 2014 at \$61 and \$62 respectively.
- The average sales price per square foot increased by about 69% since 2009 in the City of Rushford. The greatest increase occurred between 2009 and 2010. Generally, 2009 was the worst year in the real estate market after the recession.
- The median sales price per square foot is higher in the City of Rushford than in Fillmore County for each year except in 2009.





Lender-Mediated Properties

Table FS-6 identifies lender-mediated real estate sales activity in Rushford and Fillmore County as listed on the Regional Multiple listing Service of Minnesota (RMLS). Lender-mediated transactions (foreclosures and short sales) are different from traditional sales because a third party (often the lender) is involved in the transaction; either acting as the seller in the case of foreclosures, or as an intermediary with approval powers in the case of a short sale. Table FS-8 identifies foreclosure counts in Rushford, Fillmore County, and Minnesota.

Foreclosures are properties in which the financial institutions or lender has taken possession of the home from the owner due to non-payment of mortgage obligations/default by the borrower. In a short sale, the lender(s) and the home owner work together and attempt to sell the home prior to foreclosure. Because the net proceeds from the sale are not enough to cover the sellers’ mortgage obligations, the difference is forgiven by the lender, or other arrangements are made with the lender to settle the remainder of the debt. In either circumstance, lenders want to move the debt off their books and will hence discount the asking price.

Lender-mediated property information is an important metric when reviewing the health of real estate markets. After the real estate bust and the ensuing recession, lender-mediated homes increased substantially as an overall market share of the for-sale inventory. The higher market share resulted in downward pricing on aggregate sales price figures, giving the impression that the entire housing market was losing considerable value. However, real estate sales data shows stark differences between traditional and lender-mediated transactions. Key points from the table follow.

FOR SALE MARKET ANALYSIS

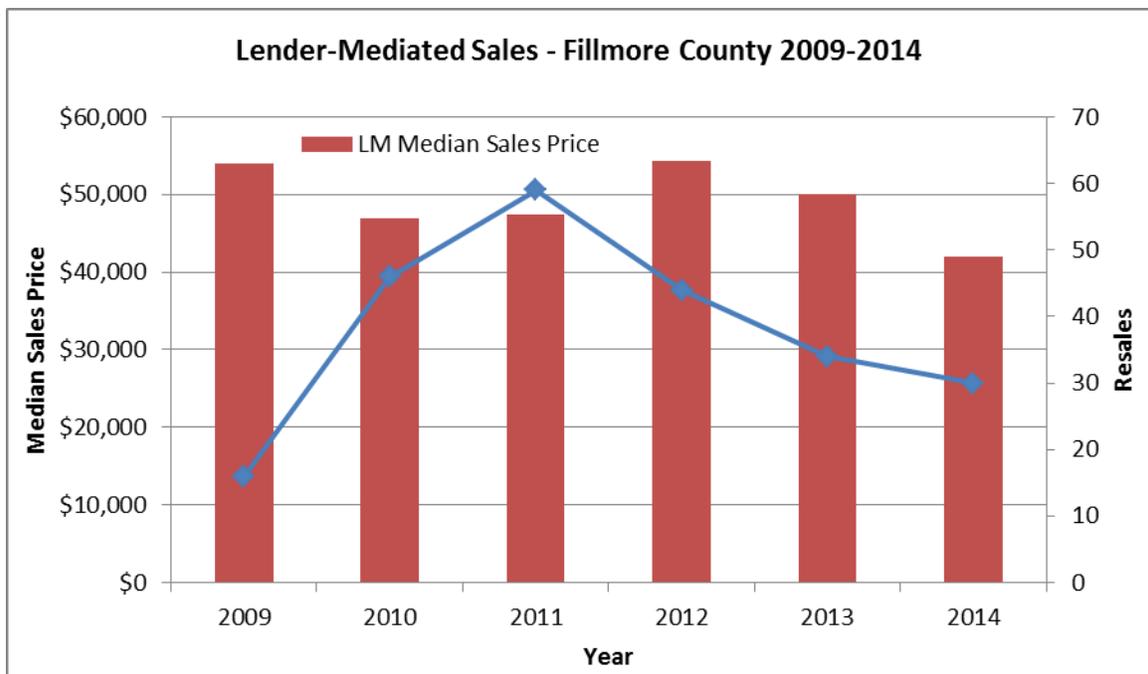
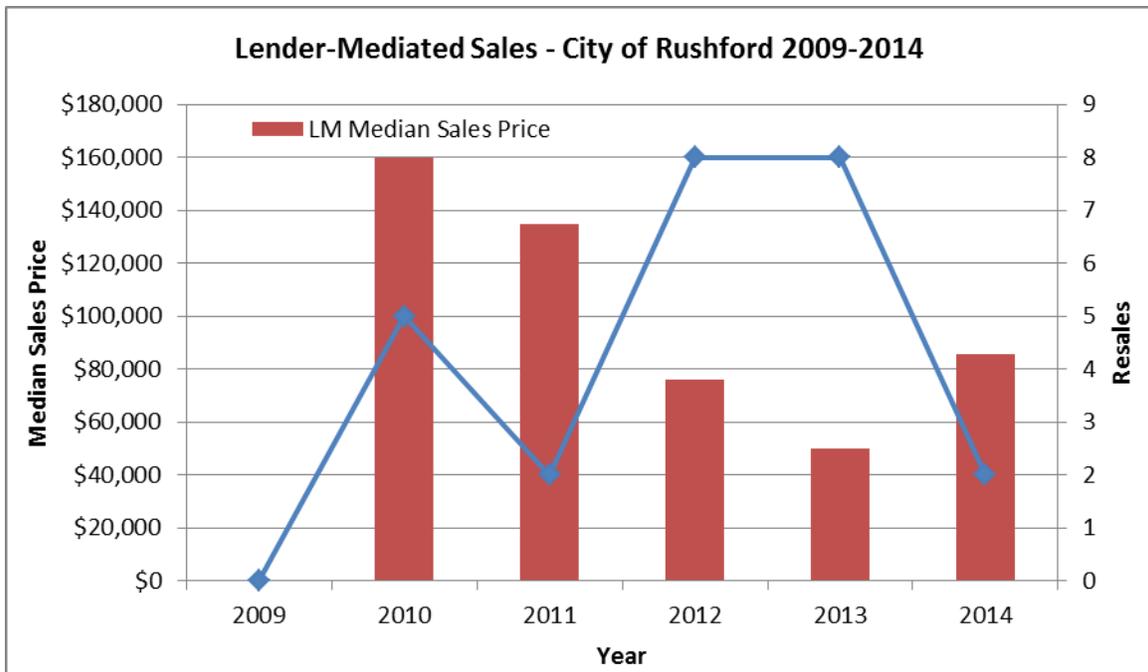
- Less than 22% of Rushford resales between 2009 and 2014 have been lender-mediated. The percentage of lender-mediated sales in Rushford ranged from no sales in 2009 to 33.3% of sales in 2012.
- Pricing for lender-mediated properties is substantially discounted versus traditional sales. In 2014, lender mediated properties sold for a median price of \$85,500 compared to \$139,900 for traditional sales.
- About 10.9% of all lender-mediated transactions in Fillmore County have been located in the City of Rushford since 2009.
- According to the City of Rushford there have been three forfeiture sales in the past two years in the City of Rushford and all of these sales were flood impacted properties.

**TABLE FS-6
LENDER-MEDIATED SALES
CITY OF RUSHFORD AND FILLMORE COUNTY
2009 to 2014**

Year	CITY OF RUSHFORD			FILLMORE COUNTY		
	Resales	Average	Median	Resales	Average	Median
2009	0	\$0	\$0	16	\$64,694	\$54,000
2010	5	\$119,108	\$159,900	46	\$68,844	\$47,000
2011	2	\$134,640	\$134,640	59	\$69,712	\$47,500
2012	8	\$72,574	\$76,142	44	\$61,087	\$54,250
2013	8	\$69,638	\$50,000	34	\$59,592	\$50,000
2014	2	\$85,500	\$85,500	30	\$54,190	\$42,000

Note: Lender-mediated includes short sales and foreclosures

Source: 10kResearch, Maxfield Research Inc.



- According to Table FS-8 and Table FS-9, foreclosures in Fillmore County have dropped since 2012. Foreclosures peaked in 2010 in the State of Minnesota and in Fillmore County. The foreclosure rate is consistently lower in Fillmore County compared to the rest of Minnesota.

**TABLE FS-7
FORECLOSURE COUNTS
2009 to 2014**

Year	City of Rushford		Fillmore County		Minnesota	
	No.	Pct. Chg.	No.	Pct. Chg.	No.	Pct. Chg.
2009	0	-100.0%	10	66.7%	23,092	-12.0%
2010	4	--	35	250.0%	25,673	11.2%
2011	1	-75.0%	50	42.9%	21,298	-17.0%
2012	8	700.0%	40	-20.0%	17,895	-16.0%
2013	7	-12.5%	26	-35.0%	11,834	-33.9%
2014	1	-85.7%	29	11.5%	8,313	-29.8%

Source: 10kResearch, Maxfield Research Inc.

**TABLE FS-8
SHERIFF'S SALE FORECLOSURES
2005 - 2014**

Foreclosures	Greater MN*		Fillmore County		Minnesota	
	Count	% Change	Count	% Change	Count	% Change
2005	2,707	--	29	--	6,466	--
2006	4,777	76.5%	36	24.1%	11,816	82.7%
2007	7,430	55.5%	43	19.4%	20,404	72.7%
2008	9,000	21.1%	37	-14.0%	26,268	28.7%
2009	8,560	-4.9%	39	5.4%	23,092	-12.1%
2010	9,894	15.6%	63	61.5%	25,673	11.2%
2011	8,117	-18.0%	42	-33.3%	21,298	-17.0%
2012	7,209	-11.2%	51	21.4%	17,895	-16.0%
2013	5,080	-29.5%	27	-47.1%	11,834	-33.9%
2014	3,624	-28.7%	26	-3.7%	8,313	-29.8%

Foreclosure Rate	Greater MN*		Fillmore County		Minnesota	
	Rate	% Change	Rate	% Change	Rate	% Change
2005	0.34	--	0.34	--	0.34	--
2006	0.64	88.2%	0.42	23.5%	0.59	73.5%
2007	1.18	84.4%	0.50	19.0%	1.00	69.5%
2008	1.54	30.5%	0.43	-14.0%	1.26	26.0%
2009	0.97	-37.0%	0.45	4.7%	1.29	2.4%
2010	1.11	14.4%	0.72	60.0%	1.42	10.1%
2011	0.91	-18.0%	0.48	-33.3%	1.18	-16.9%
2012	0.81	-11.0%	0.58	20.8%	0.99	-16.1%
2013	0.57	-29.6%	0.30	-48.3%	0.65	-34.3%
2014	0.41	-28.1%	0.29	-3.3%	0.46	-29.2%

* Greater MN does not include the Twin Cities Metro

Foreclosure rate = the number of foreclosed mortgages as a percent of total residential parcels

Sources: HousingLink; Maxfield Research, Inc.

Lot Supply

The City of Rushford informed Maxfield Research Inc. of one available subdivision in the Brooklyn area of Rushford with lots available. Please note; this does not include scattered, infill lots.

- There are five lots in the Becker subdivision and all of the lots are available for new construction. All utilities have been established and all assessments have been paid for these lots.
- The Becker subdivision was established in 2006. The owner stated that in 2007 none of these lots experienced flooding that severely damaged other real estate property in the area.
- Lot sizes vary, with the average lot size being 0.38 acres; the smallest lot is approximately 0.25 acres and the largest 0.47 acres.
- The City of Rushford identified that there are approximately 28 lots within Rushford that consist of flood demo properties, some available lots, and others are designated for other city identified uses.
- New for-sale construction activity in Rushford averaged 10 homes built per year from 2000 to 2007. In 2008 there were approximately 23 single-family building permits issued for new construction with the high number due to the flooding of Rush Creek that happened in August 2007. New for-sale construction activity was on average one home built per year from 2009 to 2013. We would expect this activity to increase due to the higher average of new construction activity experienced in Rushford prior to 2008. Because the new home market is still recovering, there are no builders actively pursuing spec housing today.
- The City of Rushford identified that the Himlie Business Park has an R-3 zoned space available for multi-family housing.

Mobile Home Parks

The City of Rushford informed Maxfield Research Inc. of one mobile home park by the city; Bluffview Trailer Court at 500 Bluffview Road. Permission has been granted for campground facilities to be operating there as well as mobile home pads.

- There are 36 total pads with nine that are mobile home pads (non-camping). Four of these pads are currently filled.
- The Bluffview Trailer Court remained fully-occupied most of the time prior to the 2007 flood according to the owner. All mobile homes in the Park were removed after the flood.

- The Bluffview Trailer Court charges \$170 per month to rent a mobile home pad and experiences a good mix of tenants of varying ages.

Real Estate Agent/Builder Interviews

Maxfield Research Inc. interviewed real estate agents, home builders, and other professionals familiar with Rushford's owner-occupied market to solicit their impressions of the for-sale housing market in the community. Key points are summarized by topic as follows.

Market Overview

- The real estate agents and builder sentiment is that most buyers are move-up buyers or are seeking homes that are reasonable priced.
- Real estate professionals also feel that there is demand for more housing in the area and that the new K-12 school will assist in adding more housing demand to the area.
- If the property in the area is turn-key, it sells quickly and if it is priced over \$200,000 it is hard to sell.
- Buyers are seeking townhouses in Rushford, and out of town properties that have two acres.
- Realtors mentioned that they are experiencing families seeking rental homes, but are not finding many options in Rushford.
- Although many of today's sellers can sell their home much easier today, many of the sellers have few options to buy when purchasing the next home. Many sellers are seeking one-level living and maintenance free options and there are not a lot of for-sale products available with these preferences. Furthermore, many sellers downsizing will not spend more than what the previous home sold for.
- Buyer confidence continues to improve as buyers have been able to take advantage of historically low mortgage rates and relatively affordable homes compared to the peak of the market in the mid-2000s.
- Lender-mediated property sales have remained low over the past couple of years and most real estate agents expect that trend to continue. As long as these properties remain low, this should assist in maintaining a stable housing market with positive appreciation.
- Rushford housing costs are generally defined as follows:

FOR SALE MARKET ANALYSIS

- Entry-level: less than \$125,000
 - Move-up: \$125,000 to \$200,000
 - Executive: \$200k+
- Single-family housing has historically been the preferred housing type in Rushford. Real estate agents commented that additional maintenance-free products (new, rambler, or new rental homes, and townhomes) would be desirable.

New Construction

- The new construction market in Rushford has been slow since 2008. Although construction activity has been up over the past year, builders do not experience the highs and lows like other construction markets. Most builders are busy and have a lot of work.
- In Rushford there are not many lots to build on. Within the Rushford area, builders and real estate agents identified that lot costs can vary between \$19,000 to \$40,000. Rural building lots cost between \$8,000 to \$9,000 and can be upwards to \$10,000 per acre if the lot is wooded.
- Builders commented that there was more demand for new housing construction prior to 2008, but there is not as much now. The building that is happening today is for primarily for 55+ who have the money to build.
- Many buyers in the Rushford area desire slab on grade construction, two to three car garages, larger sized bedrooms, ceramic tiles, no fireplaces, and a nice yard.
- Nearly all new construction is built-to-suit for the homebuyer as builders/developers are not building spec housing.
- New construction is priced significantly higher than the existing home stock in Rushford. The price per square foot of building a home is over \$150 while the price per square foot of existing resales is on average \$61.
- Lot activity has been slow in Rushford since the housing market downturn. One of the biggest challenges for builders has been that not as many people have been seeking to build new homes. The lack of interest in building a new home is most likely due to the cost of construction.

Introduction

Previous sections of this study analyzed the existing housing supply and the growth and demographic characteristics of the population and household base in Rushford and the Rushford Market Area. This section of the report presents our estimates of housing demand in Rushford and the Market Area from 2015 through 2025.

Demographic Profile and Housing Demand

The demographic profile of a community affects housing demand and the types of housing that are needed. The housing life-cycle stages 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 or rent more upscale apartments
 - Usually married or cohabiting couples, in their mid-20's or 30's, some with children, but most are without children
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 but will consider renting their housing
 - 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
 - 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 households. 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 need is required, even in the absence of household growth, when existing units no longer meet the needs of the population and when renovation is not feasible because the structure is physically or functionally obsolete.

Outstate communities and rural areas tend to have higher proportions of younger households that own their housing than in the larger growth centers or metropolitan areas. In addition, senior households tend to move to alternative housing at an older age. These conditions are a result of housing market dynamics, which typically provide more affordable single-family housing for young households and a scarcity of senior housing alternatives for older households. Therefore, the age categories for housing life cycles will be somewhat different in Rushford than in communities located closer to the Twin Cities Metro Area.

The graphic on the following page provides greater detail of various housing types supported within each housing life cycle. Information on square footage, average bedrooms/bathrooms, and lot size is provided on the subsequent graphic.

Housing Demand Overview

The previous sections of this assessment focused on demographic and economic factors driving demand for housing in the Rushford Market Area. In this section, we utilize findings from the economic and demographic analysis to calculate demand for new general occupancy housing units in Rushford.

Housing markets are driven by a range of supply and demand factors that vary by location and submarket. The following points outline several of the key variables driving housing demand.

HOUSING DEMAND ANALYSIS

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

Source: Maxfield Research Inc.

HOUSING DEMAND ANALYSIS

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

Source: Maxfield Research Inc.

Demographics

Demographics are major influences that drive housing demand. Household growth and formations are critical (natural growth, immigration, etc.), as well as household types, size, age of householders, incomes, etc.

Economy and Job Growth

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

HOUSING DEMAND ANALYSIS

income growth results in fewer move-up buyers which results in diminished housing turnover across all income brackets.

Consumer Choice/Preferences

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

Supply (Existing Housing Stock)

The stock of existing housing plays a crucial component in the demand for new housing. There are a variety of unique household types and styles, not all of which are desirable to today's consumers. The age of the housing stock is an important component for housing demand, as communities with aging housing stocks have higher demand for remodeling services, replacement new construction, or new home construction as the current inventory does not provide the supply that consumers seek.

Pent-up demand may also exist if supply is unavailable as householders postpone a move until new housing product becomes available.

Housing Finance

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

The ability of buyers to obtain mortgage financing has been increasingly challenging over the past few years as lenders have overcorrected from the subprime mortgage crisis. As a result, many borrowers have remained on the sidelines as lenders have enforced tight lending requirements, thereby increasing the demand for rental housing.

Mobility

It is important to note that demand is somewhat fluid between other southern Minnesota communities and will be impacted by development activity in nearby areas, including other communities outside Fillmore County.

Estimated Demand for For-Sale Housing

Table HD-1 presents our demand calculations for general occupancy for-sale housing in the Rushford Market Area between 2015 and 2025.

Between 2015 and 2025, the Rushford Market Area is projected to add 84 new households. Because the 65 and older cohort is typically not a target market for new general occupancy for-sale housing, we limit demand from household growth to only those households under the age of 65. Based on our analysis of household growth forecast in specific age cohorts, we estimate that 48 new households will be added from non-senior households.

Demand for housing is apportioned between ownership and rental housing products. According to historic U.S. Census data, approximately 83% of households under age 65 owned their housing in 2010 in the Rushford Market Area.

Demand is forecasted to emerge from existing Market Area householders through turnover. An estimated 1,045 owner-occupied households are located in the Rushford Market Area in 2015. Based on mobility data from the Census Bureau, an estimated 37% of owner households will turnover in a ten-year period, resulting in 387 existing households projected to turnover. Finally, we estimate 7% of the existing owner households will seek new for-sale housing, resulting in demand for 67 for-sale units through 2025.

Next, we estimate that 30% of the total demand for new for-sale units in the Rushford Market Area will come from people currently living outside of the Market Area. A portion of this market will be former residents of the area, such as “snow-birds” heading south for the winters, or people looking for affordable housing options that are competitive with housing stock outside the Rushford Market Area. Adding demand from outside the Rushford Market Area to the existing demand potential, results in a total estimated demand for 96 for-sale housing units by 2025.

Based on land available, building trends, and demographic shifts (increasing older adult population), we project 75% of the for-sale owners will prefer traditional single-family product types while the remaining 25% will prefer a maintenance-free multi-family product (i.e. twin homes, townhomes, or condominiums).

Since there are five available platted lots undeveloped, we find that the total demand for 67 new single family general occupancy housing through 2025. At this time there are not any under construction or approved platted lots for multi-family, resulting in a demand through 2025 of 24 multifamily lots.

Finally, we estimate that 50% of the excess single family demand and 85% of the excess multifamily demand from the Rushford Market Area demand could be captured in the City of Rushford. **Therefore, there is a demand in the City of Rushford through 2025 for 33 new for-sale single-family units. There is a demand for 20 multifamily for-sale units.**

HOUSING DEMAND ANALYSIS

TABLE HD-1 FOR-SALE HOUSING DEMAND RUSHFORD MARKET AREA 2015 to 2025																	
Demand from Projected Household Growth																	
Projected HH growth under age 65 in the Market Area 2015 to 2025 ¹			48														
(times) % propensity to own ²	x	83%															
(equals) Projected demand from new HH growth	=		40														
Demand from Existing Owner Households																	
Number of owner households (age 64 and younger) in the Market Area (2015) ³			1,045														
(times) Estimated percent of owner turnover ⁴	x	37%															
(equals) Total existing households projected to turnover	=		387														
(times) Estimated percent desiring new housing	x	7%															
(equals) Demand from existing households			27														
(equals) Total demand from HH growth and existing HHs 2015 to 2025	=		67														
(times) Demand from outside the Market Area			30%														
(equals) Total demand potential for ownership housing, 2015 to 2025			96														
		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="padding: 2px;">Single Family</th> <th style="padding: 2px;">Multi- Family*</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">75%</td> <td style="text-align: center;">25%</td> </tr> <tr> <td style="text-align: center;">72</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">67</td> <td style="text-align: center;">24</td> </tr> <tr> <td style="text-align: center;">50%</td> <td style="text-align: center;">85%</td> </tr> <tr> <td style="text-align: center;">33</td> <td style="text-align: center;">20</td> </tr> </tbody> </table>	Single Family	Multi- Family*	75%	25%	72	24	5	0	67	24	50%	85%	33	20	
Single Family	Multi- Family*																
75%	25%																
72	24																
5	0																
67	24																
50%	85%																
33	20																
(times) Percent desiring for-sale single-family vs. multifamily ⁵	x																
(equals) Total demand potential for new single-family & multifamily for-sale housing	=																
(minus) Units under construction or approved platted lots (undeveloped and developed lots) ⁶	-																
(equals) Excess demand for new general occupancy for-sale housing	=																
(times) Percent of Market Area demand capturable by Rushford	x																
(equals) number of units supportable by the City of Rushford																	
¹ Estimated household growth based on projections as adjusted by Maxfield Research Inc. ² Pct. of owner households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.). ³ Estimate based on 2010 owner households and new owner household growth 2010 to 2015 (under age 65) ⁴ Based on on turnover from 2010 American Community Survey for households moving over a 10-year period. ⁵ Based on preference for housing type and land availability ⁶ Approved platted lot data does not account for the scattered lot supply which includes individual lots and lots in older non-marketing subdivisions. * Multi-family demand includes demand for townhomes, twinhomes, and condominium units.																	
Source: Maxfield Research Inc.																	

Estimated Demand for General-Occupancy Rental Housing

Table HD-2 presents our calculation of general-occupancy rental housing demand in the Rushford Market Area. This analysis identifies potential demand for rental housing that is generated from both new households and turnover households. A portion of the demand will be drawn from existing households in Rushford that want to upgrade their housing situations. Between 2015 and 2025, the Rushford Market Area is projected to add 84 new households. Because the 65 and older cohort is typically not a target market for new general occupancy

HOUSING DEMAND ANALYSIS

rental housing, we limit demand from household growth to only those households under the age of 65. Based on our analysis of household growth forecast in specific age cohorts, we estimate that 48 new households will be added from non-senior households.

Demand for housing is apportioned between ownership and rental housing products. According to historic U.S. Census data, approximately 17% of households under age 65 rented their housing in 2010 in the Rushford Market Area.

Demand is also forecast to emerge from existing Market Area householders through turnover. An estimated 211 renter-occupied households are located in the Rushford Market Area in 2015. Based on mobility data from the Census Bureau, an estimated 68% of renter households will turnover in a ten-year period, resulting in 143 existing households projected to turnover. Finally, we estimate 25% of the existing renter households will seek new rental housing, due to older housing and lack of new rental housing products. The resulting demand from household growth and existing households is for 36 rental units through 2025.

Next, we estimate that 30% of the total demand for new rental units in the Rushford Market Area will come from people currently living outside of the Market Area. Adding demand from outside the Rushford Market Area to the existing demand potential, results in a total estimated demand for 58 rental housing units by 2025.

Based on a review of rental household incomes and sizes and monthly rents at existing projects, we estimate that approximately 30% of the total demand will be for subsidized housing (30% AMI), 10% will be for affordable housing (40% to 60% AMI), and 60% will be for market rate housing (non-income restricted).

Since there are no housing projects that are under construction or pending at this time, there is demand in the Rushford Market Area for 18 subsidized units, six affordable units, and 35 market rate units through 2025.

Finally, we estimate that a site in Rushford can capture from 80% to 95% of the total Market Area demand, resulting in demand for 17 subsidized units, six affordable units, and 28 market rate units in the City of Rushford.

HOUSING DEMAND ANALYSIS

TABLE HD-2 RENTAL HOUSING DEMAND RUSHFORD MARKET AREA 2015 to 2025																		
Demand from Projected Household Growth																		
Projected HH growth under age 65 in the Market Area 2015 to 2025 ¹			48															
(times) Estimated % to be renting their housing ²	x	17%																
(equals) Projected demand from new HH growth	=		8															
Demand from Existing Renter Households																		
Number of renter HHs (age 64 and younger) in the Market Area (2015) ³			211															
(times) Estimated percent of renter turnover ⁴	x	68%																
(equals) Total existing households projected to turnover	=		143															
(times) Estimated percent desiring new rental housing	x	25%																
(equals) Demand from existing households			36															
(equals) Total demand from HH growth and existing HHs 2015 to 2025	=		44															
(times) Demand from outside the Market Area			30%															
(equals) Total demand potential for rental housing, 2015 to 2025			58															
		<table border="1" style="display: inline-table;"> <thead> <tr> <th>Subsidized</th> <th>Affordable</th> <th>Market Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">30%</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">60%</td> </tr> <tr> <td style="text-align: center;">18</td> <td style="text-align: center;">6</td> <td style="text-align: center;">35</td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td style="text-align: center;">18</td> <td style="text-align: center;">6</td> <td style="text-align: center;">35</td> </tr> </tbody> </table>	Subsidized	Affordable	Market Rate	30%	10%	60%	18	6	35	0	0	0	18	6	35	
Subsidized	Affordable	Market Rate																
30%	10%	60%																
18	6	35																
0	0	0																
18	6	35																
(times) Percent of rental demand by product type ⁵	x																	
(equals) Total demand potential for general-occupancy rental housing units	=																	
(minus) Units under construction or pending ⁶	-																	
(equals) Excess demand for new general occupancy rental housing	=																	
(times) Percent of Market Area demand capturable by the City of Rushford	x	95%	95%															
(equals) number of units supportable by the City of Rushford		17	6															
			28															
¹ Estimated household growth based on projections as adjusted by Maxfield Research Inc.																		
² Pct. of renter households under the age of 65 (U.S. Census - 2010, ESRI, Maxfield Research Inc.).																		
³ Estimate based on 2010 renter households and new renter household growth 2010 to 2015 (under age 65)																		
⁴ Based on on turnover from 2010 American Community Survey for households moving over 10-year period.																		
⁵ Based on the combination of current rental product and household incomes of area renters (non-senior households)																		
⁶ Pending/proposed/under construction at 95% occupancy.																		
Source: Maxfield Research Inc.																		

It should be noted demand could be higher to account for pent-up housing demand. With pent-up demand (a shortage of units), people who would normally form their own rental households instead room with other persons in a housing unit, live with their parents, live in single-family rentals, or live in housing outside of the area and commute to jobs. A healthy rental market is expected to have a vacancy rate of about 5% to allow for sufficient consumer choice and unit turnover. The current general-occupancy rental market has a vacancy rate of approximately 3.6%, indicating pent-up demand for rental housing units.

Estimated Demand for Independent Adult/Few Service Senior Housing

Table HD-3 presents our demand calculations for market rate independent senior housing in Rushford in 2015 and 2025.

In order to determine demand for independent senior housing, the potential market is reduced to those households that are both age and income qualified. The age-qualified market is defined as seniors age 55 and older, although independent living projects will primarily attract seniors age 65 and older.

We calculate that the minimum income needed to afford monthly rents is \$35,000 or more plus homeowner households with incomes between \$25,000 and \$34,999 who would be able to supplement their incomes with the proceeds from a home sale. We estimate the number of age/income-qualified senior households in the Rushford Market Area in 2015 to be 626 households.

Adjusting to include appropriate long-term capture rates for each age cohort (0.5% of households age 55 to 64, about 5.5% of households age 65 to 74, and 16.5% of households age 75 and over) results in a market rate demand potential for 35 independent senior rental units in 2015.

Some additional demand will come from outside the Rushford Market Area. We estimate that 30% of the long-term demand for independent senior housing will be generated by seniors currently residing outside the Rushford Market Area. This demand will consist primarily of parents of adult children living in the Rushford area, individuals who live just outside of the Rushford Market Area and have an orientation to the area, as well as former residents who desire to return. Together, the demand from Rushford Market Area seniors and demand from seniors who would relocate to Rushford results in a demand for 50 active adult units in 2015.

Independent demand in Rushford is apportioned between ownership and rental housing. Based on the age distribution, high homeownership rates of 55+ householders, and current product available in Rushford, we project that 50% of Rushford' demand will be for adult ownership housing (25 units) and 50% will be for rental housing (25 units).

HOUSING DEMAND ANALYSIS

TABLE HD-3 MARKET RATE ACTIVE ADULT HOUSING DEMAND RUSHFORD MARKET AREA 2015 and 2025						
	2015			2025		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	274	161	94	297	196	121
# of Households w/ Incomes of \$25,000 to \$34,999 ¹	+ 24	34	59	+ 23	39	38
(times) Homeownership Rate	x 92%	89%	77%	x 92%	89%	77%
(equals) Total Potential Market Base	= 296	191	139	= 318	230	150
(times) Potential Capture Rate	x 0.5%	5.5%	16.5%	x 0.5%	5.5%	16.5%
(equals) Demand Potential	= 1	11	23	= 2	13	25
Potential Demand from Residents	= 35			= 39		
(plus) Demand from Outside the Market Area (30%)	+ 15			+ 13		
(equals) Total Demand Potential	= 50			= 52		
	Owner-Occupied		Renter-Occupied	Owner-Occupied		Renter-Occupied
(times) % by Product Type	x 50%		x 50%	x 50%		x 50%
(equals) Demand Potential by Product Type	= 25		= 25	= 26		= 26
(minus) Existing and Pending MR Active Adult Units ²	- 0		- 0	- 0		- 0
(equals) Excess Demand for MR Active Adult Units	= 25		= 25	= 26		= 26
(times) Percent that could be captured in the City of Rushford	x 80%			x 80%		
(equals) Excess market rate active adult demand in Rushford	= 20			= 21		

¹ 2025 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$30,000 and \$39,999.

² Existing and pending are deducted at market equilibrium (95% occupancy).

Source: Maxfield Research Inc.

Next, we subtract existing competitive market rate units (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover) from the owner and rental demand. There is currently no market rate active adult housing in the Rushford Market Area resulting in a total demand potential for 25 adult owner-occupied units and 25 adult rental units in 2015.

No one community, including Rushford, would be able to capture 100% of the demand. Since Rushford is the primary service center in the Market Area, containing health care and shopping in addition to other services, we believe that it can capture 80% of the demand for ownership projects and rental projects. This results in total demand for 20 adult owner-occupied units and 20 adult rental units in Rushford in 2015.

Adjusting for inflation, we have estimated that households with incomes of \$40,000 or more and homeowners with incomes of \$30,000 to \$39,999 would income qualify for market rate independent senior housing in 2025. Considering the growth in the older adult base and the income distribution of the older adult population in 2025, the methodology projected that demand will be the same as 2015 with 21 adult owner-occupied units and 21 adult rental units in the City of Rushford by 2025.

Estimated Demand for Subsidized/ Affordable Independent Senior Housing

Table HD-4 presents our demand calculations for subsidized/affordable independent senior housing in the City of Rushford in 2015 and 2025.

While the methodology used to calculate demand for subsidized/affordable housing closely mirrors the methodology used to calculate demand for market rate housing, we make several adjustments to more precisely quantify demand among this market segment. The following points summarize these adjustments:

- **Income-Qualifications:** Seniors who earn up to 60% of the Area Median Income (AMI) would be qualified for income-restricted housing products. Based on Minnesota Housing Finance Agency data, current income-restrictions in Fillmore County for the upper end of the range for affordable housing (60% AMI) are \$27,240 for a one-person households and \$31,140 for a two-person household. It is important to note that individual affordable developments may have unique income-guidelines that are more precise than these income-restrictions due to subsidy type or other factors.

We exclude homeowner households with incomes between \$30,000 and \$39,999, as these households would have additional equity that could be converted to monthly income following the sales of their single-family homes.

- **Capture Rates:** Households in a need-based situation (either requiring services or financial assistance) more readily move to housing alternatives than those in non-need based situations. Hence, the capture rate among each age group is higher than for market rate housing. Capture rates are employed at 2.0% for households age 55 to 64, 10.0% for households age 65 to 74 and 20.0% for households age 75 and older.
- **Potential Demand Capture:** Seniors in need-based situations are less selective when securing housing than those in non-need based situations. We estimate that a high-quality site would capture a greater proportion of total demand for financially-assisted housing than for market rate housing.

Using the methodology described above results in a demand potential for 33 subsidized units and 22 affordable units in 2015.

The Rushford subsidized housing that seniors are living in also can house disabled and younger households that qualify for the subsidized housing. There are 30 existing subsidized independent units in the Market Area (at 97% occupancy), and no existing affordable units that were subtracted from the overall demand. There is demand for three subsidized and 22 affordable independent senior units.

HOUSING DEMAND ANALYSIS

No single site can capture all of the demand in the Rushford Market Area. We estimate that a Site in Rushford could capture approximately 90% of the Market Area excess demand for a total of two subsidized units and 20 affordable units through 2015.

Adjusting for inflation, we estimate that households with incomes up to \$45,000 would be candidates for financially-assisted independent housing in 2025. We reduce the potential market by homeowner households earning between \$35,000 and \$44,999 that would exceed income-restrictions once equity from their home sales is converted to monthly income. Following the same methodology, we project demand in Rushford for 10 subsidized units and 25 affordable units through 2025.

TABLE HD-4 SUBSIDIZED/AFFORDABLE INDEPENDENT HOUSING DEMAND RUSHFORD MARKET AREA 2015 and 2025						
	2015			2025		
	Age of Householder			Age of Householder		
	55-64	65-74	75+	55-64	65-74	75+
# of Households w/ Incomes of <\$40,000 ¹	117	133	186	110	145	207
Less Households w/ Incomes of \$30,000 to \$39,999 ¹	- 41	54	59	- 23	39	38
(times) Homeownership Rate	x 92%	89%	77%	x 92%	89%	77%
(equals) Total Potential Market Base	= 79	85	141	= 89	111	178
(times) Potential Capture Rate	x 2.0%	10.0%	20.0%	x 2.0%	10.0%	20.0%
(equals) Demand Potential	= 2	8	28	= 2	11	36
(equals) Potential Demand from Residents	=	38			48	
(plus) Demand from the Market Area (30%)		+ 16			+ 21	
(equals) Total Demand Potential		= 55			= 69	
		<u>Subsidized</u>	<u>Affordable</u>	<u>Subsidized</u>	<u>Affordable</u>	
(times) % by Product Type	x 60%		x 40%	x 60%		x 40%
(equals) Demand Potential by Product Type	= 33		= 22	= 41		= 28
(minus) Existing and Pending Independent Units ²	- 30		- 0	- 30		- 0
(equals) Excess Demand for Aff/Sub Units	= 3		= 22	= 11		= 28
(times) Percent that could be captured in the City of Rushford	x	90%		x	90%	
(equals) Excess sub/aff independent demand in Rushford	= 2		20	= 10		25
¹ 2025 calculations define income-qualified households as all households with incomes less than \$45,000. Homeowner households with incomes between \$35,000 and \$44,999 are excluded from the market potential for financially-assisted housing.						
² Existing units are deducted at market equilibrium, or 97% occupancy.						
Source: Maxfield Research Inc.						

Estimated Demand for Congregate Senior Housing

Table HD-5 presents our demand calculations for congregate housing in Rushford in 2015 and 2025.

The potential age- and income-qualified base for congregate senior housing includes all senior (65+) households with incomes of \$35,000 as well as homeowner households with incomes between \$30,000 and \$34,999 who would qualify with the proceeds from the sales of their homes. The proportion of eligible homeowners is based on the 2010 Census homeownership rates of the Rushford Market Area seniors. The number of age, income, and asset-qualified households in Rushford is estimated to be 293 households in 2015.

Demand for congregate housing is need-driven, which reduces the qualified market to only the portion of seniors who need some assistance. Adjusting to include appropriate capture rates for each age cohort (1.5% of households age 65 to 74 and 13.0% of households age 75 and older) results in a local demand potential for 18 congregate units in 2015.

We estimate that seniors currently residing outside of the Rushford area will generate 30% of the demand for congregate senior housing. Together, the demand from Rushford Market Area seniors and demand from seniors who are willing to locate to the Rushford Market Area totals 26 congregate units in 2015.

Next we subtract existing competitive units from the overall demand (minus a vacancy factor of 5% to allow for sufficient consumer choice and turnover). There are no existing congregate units offered in the Market Area.

No single site can capture all of the demand in the Rushford Market Area. We estimate that a Site in Rushford could capture approximately 80% of the Market Area excess demand for a total of 20 congregate units in 2015.

Adjusting for inflation, we estimate that households with incomes of \$40,000 or more and senior homeowners with incomes between \$35,000 and \$39,999 would qualify for congregate housing in 2025. Following the same methodology, there is demand for 24 congregate rental units calculated through 2025.

HOUSING DEMAND ANALYSIS

TABLE HD-5 MARKET RATE CONGREGATE RENTAL HOUSING DEMAND RUSHFORD MARKET AREA 2015 and 2025				
	2015		2025	
	Age of Householder		Age of Householder	
	65-74	75+	65-74	75+
# of Households w/ Incomes of >\$35,000 ¹	161	94	196	121
# of Households w/ Incomes of \$30,000 to \$34,999 ¹	+	17	+	29
(times) Homeownership Rate	x	89%	x	89%
(equals) Total Potential Market Base	=	176	=	221
(times) Potential Capture Rate ²	x	1.5%	x	1.5%
(equals) Potential Demand	=	3	+	15
Potential Demand from PMA Residents	=	18	=	21
(plus) Demand from Outside Market Area (30%)	+	8	+	9
(equals) Total Demand Potential	=	26	=	31
(minus) Existing and Pending Congregate Units ³	-	0	-	0
(equals) Total Congregate Demand Potential	=	26	=	31
(times) Percent that could be captured in the City of Rushford	x	80%	x	80%
(equals) Excess market rate congregate demand in Rushford	=	20	=	24

¹ 2025 calculations define income-qualified households as all households with incomes greater than \$40,000 and homeowner households with incomes between \$35,000 and \$39,999.

² The potential capture rate is derived from data from the Summary Health Statistics for the U.S. Population: National Health Interview Survey, 2008 by the U.S. Department of Health and Human Services. The capture rate used is the percentage of seniors needing assistance with IADLs, but not ADLs (seniors needing assistance with ADLs typically need assistance with multiple IADLs and are primary candidates for service-intensive assisted living).

³ Competitive units include congregare units at 95% occupancy (market equilibrium).

Source: Maxfield Research Inc.

Demand Estimate for Assisted Living Housing

Table HD-6 presents our demand calculations for assisted living senior housing in Rushford in 2015 and 2025. This analysis focuses on the potential *private pay/market rate* demand for assisted living units.

The availability of more intensive support services such as meals, housekeeping and personal care at assisted living facilities usually attracts older, frailer seniors. According to the 2009 Overview of Assisted Living (which is a collaborative research project by the American Association of Homes and Services for the Aging, the American Seniors Housing Association, National Center for Assisted Living, and National Investment Center for the Seniors Housing and Care Industry), the average age of residents in freestanding assisted living facilities was 87 years in 2008. Hence, the age-qualified market for assisted living is defined as seniors ages 75 and

HOUSING DEMAND ANALYSIS

over, as we estimate that of the half of demand from seniors under age 87, almost all would be from seniors over age 75. In 2015, there were 423 seniors age 75 and older in the Rushford Market Area.

Demand for assisted living housing is need-driven, which reduces the qualified market to only the portion of seniors who need assistance. According to a study completed by the U.S. Census Bureau (1999 panels of the Survey of Income and Program Participation (SIPP) files), 30% of seniors needed assistance with everyday activities (from 25.5% of 75-to-79-year-olds, to 33.6% of 80-to-84-year-olds and 51.6% of 85+ year olds). Applying these percentages to the senior population yields a potential assisted living market of 154 seniors in the Rushford Market Area.

Due to the supportive nature of assisted living housing, most daily essentials are included in monthly rental fees, which allow seniors to spend a higher proportion of their incomes on housing with basic services. Therefore, the second step in determining the potential demand for assisted living housing in the Rushford Market Area is to identify the income-qualified market based on a senior's ability to pay the monthly rent. We consider seniors in households with incomes of \$40,000 or greater to be income-qualified for assisted living senior housing in the Rushford Market Area. Households with incomes of \$40,000 could afford monthly assisted living fees of \$3,000 by allocating 90% of their income toward the fees.

According to the 2009 Overview of Assisted Living, the average arrival income of assisted living residents in 2008 was \$27,260, while the average annual assisted living fee was \$37,281 (\$3,107/month). This data highlights that seniors are spending down assets to live in assisted living and avoid institutional care. Thus, in addition to households with incomes of \$30,000 or greater, there is a substantial base of senior households with lower incomes who income-qualify based on assets – their homes, in particular.

Seventy seven percent of the age 75+ households in the Rushford Market Area are homeowners, and the median resale price of homes in 2014 in Rushford was \$129,000. Seniors selling their homes for the median resale price would generate about \$116,100 in proceeds after selling costs. With an estimated assisted living monthly fee of \$2,500, these proceeds would last almost 4 years (46.4 months) in an assisted living facility. The average length of stay in assisted living is 27 months according to the 2009 Overview of Assisted Living). For each age group in Table HD-6, we estimate the income-qualified percentage to be all seniors in households with incomes above \$40,000 (who could afford monthly rents of \$3,000+ per month) plus 40% of the estimated seniors in homeowner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living housing). This results in a total potential market of 89 units from the Rushford Market Area in 2015.

HOUSING DEMAND ANALYSIS

TABLE HD-6 MARKET RATE ASSISTED LIVING DEMAND RUSHFORD MARKET AREA 2015 and 2025						
	2015			2025		
	People	Percent Needing Assistance ¹	Number Needing Assistance ¹	People	Percent Needing Assistance ¹	Number Needing Assistance ¹
Age group						
75 - 79	161	25.5%	41	206	25.5%	53
80 - 84	121	33.6%	41	128	33.6%	43
85+	141	51.6%	73	155	51.6%	80
Total	423		154	489		176
Percent Income-Qualified²			58%			64%
Total potential market			89			111
(times) Percent living alone			x 53%			53%
(equals) Age/income-qualified singles needing assistance			= 47			59
(plus) Proportion of demand from couples (12%) ³			+ 6			8
(equals) Total age/income-qualified market needing assistance			= 53			67
(times) Potential penetration rate ⁴			x 40%			40%
(equals) Potential demand from PMA residents			= 21			27
(plus) Proportion from outside the PMA (30%)			+ 9			11
(equals) Total potential assisted living demand			= 30			38
(minus) Existing market rate assisted living units ⁵			- 12			12
(equals) Total excess market rate assisted living demand			= 18			26
(times) Percent that could be captured in the City of Rushford			x 80%			80%
(equals) Excess market rate assisted living demand in Rushford			= 15			21
¹ The percentage of seniors unable to perform or having difficulty with ADLs, based on the publication Health, United States, 1999 Health and Aging Chartbook, conducted by the Centers for Disease Control and Prevention and the National Center for Health Statistics.						
² Includes households with incomes of \$40,000 or more (who could afford monthly rents of \$3,000+ per month) plus 40% of estimated owner households with incomes below \$40,000 (who will spend down assets, including home-equity, in order to live in assisted living)						
³ The 2009 Overview of Assisted Living (a collaborative project of AAHSA, ASHA, ALFA, NCAL & NIC) found that 12% of assisted living residents are couples.						
⁴ We estimate that 60% of the qualified market needing assistance with ADLs could either remain in their homes or reside at less advanced senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility.						
⁵ Existing and pending units at 93% occupancy. We exclude 15% of units to account for seniors utilizing public subsidy.						
Source: Maxfield Research Inc.						

Because the vast majority of assisted living residents are single (88% according to the 2009 Overview of Assisted Living), our demand methodology multiplies the total potential market by the percentage of seniors age 75+ in the Rushford Market Area living alone. Based on 2010 Census data, 53% of age 75+ households in the Rushford Market Area lived alone. By applying this percentage results in a total base of 47 age/income-qualified singles. The 2009 Overview of Assisted Living found that 12% of residents in assisted living were couples. There are a total of 53 age/income-qualified seniors needing assistance in the Rushford Market Area including both couples and singles.

We estimate that roughly 60% of the qualified market needing significant assistance with Activities of Daily Living (“ADLs”) would either remain in their homes or less service-intensive

senior housing with the assistance of a family member or home health care, or would need greater care provided in a skilled care facility. The remaining 40% could be served by assisted living housing. By applying this potential market penetration rate of 40% results in demand for 21 assisted living units in 2015.

We estimate that a portion of demand for assisted living units (30%) will come from outside of the Rushford Market Area. Applying this figure results in total potential demand for 30 market rate assisted living units in the Rushford Market Area.

There are 15 assisted living units in the Rushford Market Area. However, a portion of these units are occupied by residents with financial assistance, estimated to account for 15% of the total units in the Market Area. After deducting these competitive units (minus a 93% occupancy rate) from the total demand potential, we estimate that a Site in Rushford could capture approximately 80% of the Market Area demand for a total of 15 assisted living units in 2015. The same calculations are applied to the age/income-qualified base in 2025 for a demand of 21 assisted living units.

Additional demand could come from seniors that will need to receive supplemental income in order to afford assisted living or memory care housing. While some of these seniors will receive income from the sales of their homes, others will need to rely on other sources of public aid. The Elderly Waiver program in Minnesota has provided public funding for seniors who wish to receive “alternative” care that allows them to stay in the community as opposed to receiving similar care at a nursing home.

Most assisted living developments require residents to have lived in their facility for a certain amount of time before they can use a waiver, and many try to limit the amount of waivers accepted within the community to around roughly 10% to 15%. Some facilities accept higher amounts of residents on waivers and many newer facilities do not accept any waivers.

Estimated Demand for Memory Care Housing

Table HD-7 presents our demand calculations for market rate memory care senior housing in Rushford in 2015 and 2025.

Demand is calculated by starting with the estimated Rushford Market Area senior (age 65+) population in 2015 and multiplying by the incidence rate of Alzheimer’s/dementia among this population’s age cohorts. According to the Alzheimer’s Association (Alzheimer’s Disease Facts and Figures, 2007), 2% of seniors ages 65 to 74, 19% of seniors ages 75 to 84, and 42% of seniors ages 85+ are afflicted with Alzheimer’s Disease. This yields a potential market of 123 seniors in the Rushford Market Area in 2015.

Because of the staff-intensive nature of dementia care, typical monthly fees for this type of housing are at least \$4,000 and range upwards of \$5,000 when including service packages.

HOUSING DEMAND ANALYSIS

Based on our review of senior household incomes in the Rushford Market Area, homeownership rates and home sale data, we estimate that 39% of seniors in the Rushford Market Area would have incomes and/or assets to sufficiently cover the costs of memory care housing. This figure takes into account married couple households where one spouse may have memory care needs and allows for a sufficient income for the other spouse to live independently. Multiplying the number of seniors with Alzheimer's/dementia (123 seniors) by the income-qualified percentage results in a total of 48 age/income-qualified seniors in the Rushford Market Area in 2015.

TABLE HD-7 MARKET RATE MEMORY CARE DEMAND RUSHFORD MARKET AREA 2015 and 2025		
	2015	2025
65 to 74 Population	456	534
(times) Dementia Incidence Rate ¹	x <u>2%</u>	x <u>2%</u>
(equals) Estimated Age 65 to 74 Pop. with Dementia	= 9	= 11
75 to 84 Population	283	334
(times) Dementia Incidence Rate ¹	x <u>19%</u>	x <u>19%</u>
(equals) Estimated Age 75 to 84 Pop. with Dementia	= 54	= 63
85+ Population	142	154
(times) Dementia Incidence Rate ¹	x <u>42%</u>	x <u>42%</u>
(equals) Estimated Age 85+ Pop. with Dementia	= 60	= 65
(equals) Total Senior Population with Dementia	= 123	= 139
(times) Percent Income/Asset-Qualified ²	x <u>39%</u>	x <u>34%</u>
(equals) Total Income-Qualified Market Base	= 48	= 47
(times) Percent Needing Specialized Memory Care Assistance	x <u>25%</u>	x <u>25%</u>
(equals) Total Need for Dementia Care	= 12	= 12
(plus) Demand from Outside the PMA (30%)	+ <u>5</u>	+ <u>5</u>
Total Demand for Memory Care Units	= 17	= 17
(minus) Existing and Pending Memory Care Units ³	- 0	- 0
(equals) Excess PMA Demand Potential	= <u>17</u>	= <u>17</u>
(times) Estimated Percent Capturable in the City of Rushford	x 80%	80%
(equals) Memory Care Demand Capturable in Rushford	= 14	= 13
¹ Alzheimer's Association: Alzheimer's Disease Facts & Figures (2007)		
² Includes seniors with income at \$60,000 or above (\$65,000 in 2025) plus 40% of homeowners with incomes below this threshold (who will spend down assets, including home-equity, in order to live in memory care housing).		
³ Existing memory care units at 7% vacancy rate. We exclude 20% of units to account for seniors utilizing public subsidy.		
Source: Maxfield Research Inc.		

According to data from the National Institute of Aging, about 25% of all individuals with memory care impairments comprise the market for memory care housing units. This figure considers that seniors in the early stages of dementia will be able to live independently with the care of a spouse or other family member, while those in the later stages of dementia will

HOUSING DEMAND ANALYSIS

require intensive medical care that would only be available in skilled care facilities. Applying this figure to the estimated population with memory impairments yields a potential market of about 12 seniors in the Rushford Market Area.

We estimate that 30% of the overall demand for memory care housing would come from outside of the Rushford Market Area. Together, demand totals 17 memory care units in 2015.

There are no existing memory care units in Rushford to reduce the memory care demand potential in the Rushford Market Area.

No single site can capture all of the demand in the Rushford Market Area. We estimate that a Site in Rushford could capture approximately 80% of the Rushford Market Area excess demand for a total of 14 memory care units in 2015.

The same calculations are applied to the age/income-qualified base in 2025. Following the same methodology, potential demand for market rate memory care units is expected to decrease to 13 units in Rushford through 2025. This decrease is due to less age 65+ being income asset qualified for the cost of memory care units.

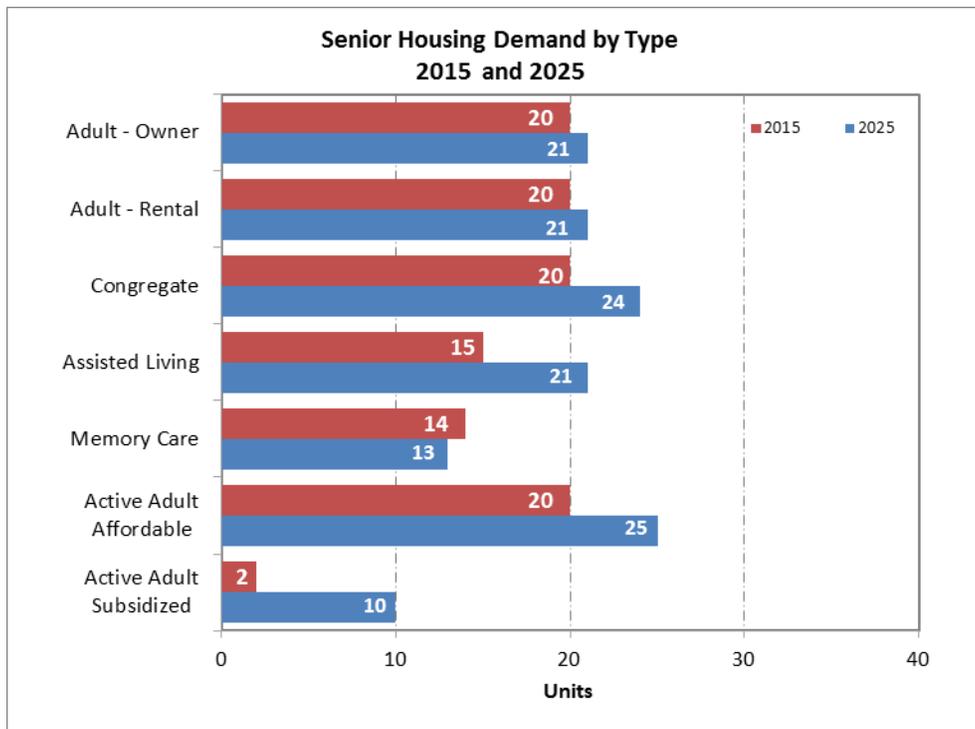
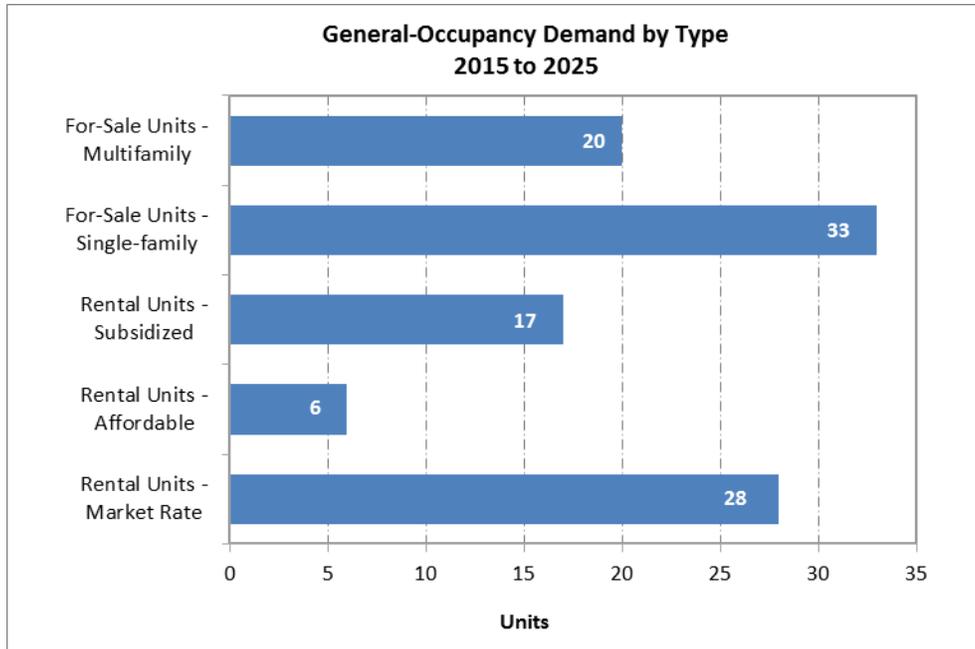
Introduction/Overall Housing Recommendations

This section summarizes demand calculated for specific housing products in Rushford and recommends development concepts to meet the housing needs forecast for the City. All recommendations are based on findings of the *Comprehensive Housing Market Analysis*. The following table and charts illustrate calculated demand by product type.

TABLE CR-1 SUMMARY OF HOUSING DEMAND CITY OF RUSHFORD May 2015		
Type of Use	2015-2025	
General-Occupancy		
Rental Units - Market Rate	28	
Rental Units - Affordable	6	
Rental Units - Subsidized	17	
For-Sale Units - Single-family	33	
For-Sale Units - Multifamily	20	
Total General Occupancy Supportable	104	
	2015	2025
Age-Restricted (Senior)		
Market Rate		
Adult Few Services (Active Adult)	40	42
<i>Ownership</i>	20	21
<i>Rental</i>	20	21
Congregate	20	24
Assisted Living	15	21
Memory Care	14	13
Total Market Rate Senior Supportable	89	100
Affordable/Subsidized		
Active Adult - Subsidized	2	10
Active Adult - Affordable	20	25
Total Affordable Senior Supportable	22	35
Source: Maxfield Research Inc.		

Based on the finding of our analysis and demand calculations, Table CR-2 provides a summary of the recommended development concepts by product type for the City of Rushford. It is important to note that these proposed concepts are intended to act as a development guide to most effectively meet the housing needs of existing and future households in Rushford. The recommended development types do not directly coincide with total demand as illustrated in Table CR-1.

RECOMMENDATIONS AND CONCLUSIONS



RECOMMENDATIONS AND CONCLUSIONS

TABLE CR-2 RECOMMENDED HOUSING DEVELOPMENT CITY OF RUSHFORD 2015 to 2025				
		Purchase Price/ Monthly Rent Range¹	No. of Units	Development Timing
Owner-Occupied Homes				
Single Family²				
	Move-up	\$150,000 - \$200,000	14 - 20	2018+
	Executive	\$200,000+	6 - 8	2019+
	Total		20 - 28	
Townhomes/Twinhomes²				
	Move-up	\$120,000+	6 - 10	2017+
	Total		6 - 10	
Total Owner-Occupied			26 - 38	
General Occupancy Rental Housing				
Market Rate Rental Housing				
	Apartment-style	\$700/1BR - \$1,000/3BR	18 - 24	2019+
	Townhomes	\$850/2BR - \$1,250/3BR	8 - 10	2018+
	Total		26 - 34	
Affordable Rental Housing				
	Subsidized	30% of Income ⁴	12 - 20	2018+
	Total		12 - 20	
Total Renter-Occupied			38 - 54	
Senior Housing (i.e. Age Restricted)				
	Active Adult Ownership	\$120,000+	20 - 22	2017+
	Active Adult Rental	\$700/1BR - \$1,000/3BR	20 - 22	2017+
	Active Adult Affordable Rental	Moderate Income ³	20 - 30	2018+
	Assisted Living	\$3,000+ per month	12 - 24	2018+
	Congregate	\$3,000+ per month	18 - 26	2017+
	Total		90 - 124	
Total - All Units			154 - 216	
¹ Pricing in 2015 dollars. Pricing can be adjusted to account for inflation.				
² Recommendations include the absorption of some existing previously platted lots. Most entry-level demand will be accommodated through the resale market				
³ Affordability subject to income guidelines per Minnesota Housing Finance Agency (MHFA).				
⁴ Subsidized housing will be difficult to develop financially due to lack of federal funding from HUD				
Note - Recommended development does not coincide with total demand. The City of Rushford may not be able to accommodate all recommended housing types based on a variety of factors (i.e. development constraints, land availability, etc.)				
Source: Maxfield Research Inc.				

Recommended Housing Product Types

Owner Occupied

Single-Family Housing

Table CR-1 identified demand for approximately 33 single-family housing units in Rushford through 2025. Although we find demand for this product type; the timing will be prolonged given the slow recovery of the housing market and the lack of availability of housing types that are in demand such as rambler and turn-key ready properties. During the peak of the housing market last decade (not including the flood related permits in 2008), Rushford was producing seven new single-family properties annually on average. Since 2009, Rushford has been averaging about one new single-family property per year. We expect that the single-family housing market will improve within Rushford and that more platted lots will be needed to meet the single-family demand through 2025.

Due to the age and price of the existing housing stock in Rushford, most of the existing housing stock appeals to entry-level buyers. Although there would be demand for a new single-family housing product under \$150,000, financially it will be very difficult to develop even with public assistance due to the infrastructure costs and rising labor and material costs.

The majority of single-family demand will be from move-up buyers, or those seeking homes generally priced from \$150,000 to \$200,000. Interviewees suggest Rushford could use, “step-up” or “move-up” homes, but at a reasonable price. A move-up buyer is typically one who is selling one house and purchasing another one, usually a larger and more expensive home. Usually the move is desired because of a lifestyle change, such as a new job or a growing family. Executive-level homes are loosely defined as those homes priced above \$200,000. Most of these homes would be build-to-suit new construction; some of which would be attracted to larger acreages.

For-Sale Multifamily Housing

A growing number of households desire alternative housing types such as townhouses, twinhomes and condominiums. Typically, the target market for for-sale multifamily housing is empty-nesters and retirees seeking to downsize from their single-family homes. In addition, professionals, particularly singles and couples without children, also will seek townhomes if they prefer not to have the maintenance responsibilities of a single-family home. In some housing markets, younger households also find purchasing multifamily units to be generally more affordable than purchasing new single-family homes.

About 20 units of new for-sale multifamily housing is in demand in Rushford through 2025. These attached units could be developed as townhomes/row homes, twin homes, detached townhomes, or any combination. Condominiums would be very difficult to develop given today’s financing and underwriting criteria. Move-up for-multifamily product would likely cater

RECOMMENDATIONS AND CONCLUSIONS

to older adults seeking one-level living housing in the form of twin home or cottage-style/patio homes. Entry-level townhomes typically are back-to-back and side-by-side townhomes that allow for increased density in a two-story design. This type of configuration has the greatest appeal among entry-level households without children, young families and singles and/or roommates across the age span. However, they can also be popular with older adults and retirees seeking a maintenance-free product. Two-story units can be designed with a master suite on the main-level to appeal to older adults.

General Occupancy Rental Housing

Maxfield Research Inc. calculated demand for approximately 51 general-occupancy rental units in Rushford through 2025 (28 market rate, six affordable, and 17 subsidized units). Because of this demand, we recommend a variety of rental housing product types to meet this demand.

Our competitive inventory identified that the vacancy rates for all types of general occupancy rental product is only 3.6% as of April 2015. Due to the age and positioning of most of the existing rental supply, a significant portion of units are priced at or below guidelines for affordable housing, which indirectly satisfies demand from households that income-qualify for financially assisted housing. However, the renter base is seeking newer rental properties with additional and updated amenities that are not offered in older developments.

- ***Market Rate Rental*** – There are three market rate rental projects in Rushford. The Northside Apartments was first occupied in 1977, the Carriage House Apartments had an addition/conversion in 1991, but is otherwise 1910, and the Pine Meadows North townhomes occupied in 2004. We recommend a new market rental project(s) with roughly 18 to 24 units that will attract a diverse resident profile; including young to mid-age professionals as well as singles and couples across all ages. To appeal to a wide target market, we suggest a market rate apartment project with a unit mix consisting of one-bedroom units, or two-bedroom units, and two-bedroom plus den or three-bedroom units. Larger three-bedroom units would be attractive to households with children.

Monthly rents (in 2015 dollars) should range from \$700 for a one-bedroom unit to \$1,000 for a three-bedroom unit. Average rents in Rushford are approximately \$0.60 per square foot, however monthly rents should range from about \$1.00 to \$1.15 per square foot to be financially feasible. Monthly rents can be trended up by 2.0% annually prior to occupancy to account for inflation depending on overall market conditions. Because of construction and development costs, it may be difficult for a market rate apartment to be financially feasible with rents lower than the suggested per square foot price. Thus, for this type of project to become a reality, there may need to be a public – private partnership to reduce development costs and bring down the rents or the developer will need to provide smaller unit sizes.

RECOMMENDATIONS AND CONCLUSIONS

New market rate rental units should be designed with contemporary amenities that include open floor plans, higher ceilings, in-unit washer and dryer, full appliance package, central air-conditioning, and garage parking.

- *Market Rate General Occupancy Rental Townhomes* – In addition to the recommended apartment project, we find that demand exists for some larger townhome units for families – including those who are new to the community and want to rent until they find a home for purchase. An additional eight to 10 rental townhome units could be supported in Rushford, which is not enough to justify new construction on their own. If a market rate general occupancy rental townhome project was developed, we recommend rents of approximately \$900 for two-bedroom units to \$1,250 for three-bedroom units. Units should feature contemporary amenities (i.e. in-unit washer/dryer, high ceilings, etc.) and an attached two car garage.
- *Affordable General Occupancy Rental Townhomes* – We find demand exists for six units through 2025, which is not enough to justify new construction in a development. If moderate-income affordable rental townhomes were developed in Rushford, these projects would have income-restrictions established by HUD and the Minnesota Housing Finance Agency. Affordable rental townhomes have been found to be very popular throughout many Minnesota rural communities.
- *Subsidized Rental Housing*– Subsidized housing receives financial assistance (i.e. operating subsidies, tax credits, rent payments, etc.) from governmental agencies in order to make the rent affordable to low-to-moderate income households. Although we find demand for about 17 subsidized rental housing units through 2025, this housing is very difficult to develop financially. A new subsidized or public housing development would have pent-up demand.

Senior Housing

As illustrated in Table CR-1, demand exists for most types of senior housing product types in Rushford. Development of additional senior housing is recommended in order to provide housing opportunity to these aging residents in their stages of later life. The development of additional senior housing serves a two-fold purpose in meeting the housing needs in Rushford: older adult and senior residents are able to relocate to new age-restricted housing in Rushford, and existing homes and rental units that were occupied by seniors become available to other new households. Hence, development of additional senior housing does not mean the housing needs of younger households are neglected; it simply means that a greater percentage of housing need is satisfied by housing unit turnover. The types of housing products needed to accommodate the aging population base are discussed individually in the following section.

RECOMMENDATIONS AND CONCLUSIONS

- Active Adult – Demand was calculated for 21 ownership and 21 rental units that support active adult few services through 2025. Due to economics of scale and density needed, it would be difficult to develop senior cooperative or an active adult rental project. Development of additional senior housing such as cottage style patio homes, twin-homes, or quads is recommended in order to provide housing opportunity to these aging residents in their stages of later life.
- Affordable and Subsidized Senior Rental – Rushford demand for affordable and subsidized senior housing is approximately 28 and 11 units respectively in 2025. Affordable and subsidized senior housing products can also be incorporated into a mixed-income building which may increase the projects financial feasibility. Affordable senior housing will likely be a low-income tax credit project through the Minnesota Housing Finance Agency. Financing subsidized senior housing is difficult as federal funds have been shrinking. Therefore, a new subsidized development would likely rely on a number of funding sources; from low-income tax credits (LIHTC, tax-exempt bonds, Section 202 program, USDA 514 program, among others.
- Assisted Living –Demand was calculated for about 21 assisted living units over the next ten years. Based on the light demand for this product, there is not enough demand to develop a housing project that only serviced adult seniors needing assisted living. Therefore, if an assisted living project would be developed, it would be recommended that it be associated with a continuum of care campus. The monthly fees should include all utilities (except telephone and basic cable/satellite television) and the following services:
 - I'm OK program;
 - Three meals per day plus snacks;
 - Weekly housekeeping
 - Medication oversight;
 - Laundering of linens;
 - Regularly scheduled van transportation;
 - Social, health, wellness and educational programs;
 - 24-hour emergency call system; and
 - Complimentary use of laundry facilities

In addition, other support and personal care services will be available to assisted living residents on a fee-for-service basis such as personal laundry, and other personal cares.

- Memory Care –Demand was calculated for about 13 memory care units over the next ten years. Similar to the assisted living demand, there is not enough demand to develop a housing project that only serviced adult seniors needing memory care living. Therefore, if a memory care living project would be developed, it would be recommended that it be associated with a continuum of care campus. Monthly fees should include all utilities and the following services:

- Daily check program;
- Three meals per day plus snacks;
- Daily housekeeping;
- Transportation to doctor’s appointments;
- Social, health, wellness and educational programs;
- Linens and personal laundry;
- Medication administration and oversight
- Personal grooming, bathing, dressing as needed; and
- 24-hour emergency call system

In addition, other care services would be available to residents on a fee-for-service basis.

Challenges and Opportunities

Table CR-2 identified and recommended housing types that would satisfy the housing needs in Rushford through 2025. The following were identified as the greatest challenges and opportunities for developing the recommended housing types (in no particular order – sorted alphabetically).

- **Affordable Housing.** The area median income (AMI) for a four person household in Fillmore County is \$67,000. Fair market rents for affordable housing (see Fair Market Rents in the appendix) are higher than most existing market rate rental developments in Rushford. For example, the average market rate two-bedroom unit in Rushford is approximately \$610 per month while the fair market rent is \$643. Although most of the existing market rate rental buildings are older and lack contemporary amenities, the market rate product has rents that are considered “affordable.” Housing developers looking to capitalize on affordable housing programs would likely have rents above those found in market rate rental properties in Rushford. As a result, it may be difficult to develop affordable housing that would be financially viable without public-private partnerships.

RECOMMENDATIONS AND CONCLUSIONS

For-Sale (Assumes 10% down payment and good credit)						
	Single-Family			New Townhome/Twinhome		
	Entry-Level	Move-Up	Executive	Entry-Level	Move-Up	Executive
Price of House	\$100,000	\$125,000	\$200,000	\$100,000	\$120,000	\$180,000
Pct. Down Payment	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Down Payment Amt.	\$10,000	\$12,500	\$20,000	\$10,000	\$12,000	\$18,000
Estimated Closing Costs (rolled into mortgage)	\$3,000	\$3,750	\$6,000	\$3,000	\$3,600	\$5,400
Cost of Loan	\$93,000	\$116,250	\$186,000	\$93,000	\$111,600	\$167,400
Interest Rate	3.760%	3.760%	3.760%	3.760%	3.760%	3.760%
Number of Pmts.	360	360	360	360	360	360
Monthly Payment (P & I)	-\$431	-\$539	-\$862	-\$431	-\$517	-\$776
(plus) Prop. Tax	-\$125	-\$156	-\$250	-\$125	-\$150	-\$225
(plus) HO Insurance/Assoc. Fee for TH	-\$33	-\$42	-\$67	-\$100	-\$100	-\$100
(plus) PMI/MIP (less than 20%)	-\$40	-\$50	-\$81	-\$40	-\$48	-\$73
Subtotal monthly costs	-\$630	-\$787	-\$1,260	-\$697	-\$816	-\$1,174
Housing Costs as % of Income	30%	30%	30%	30%	30%	30%
Minimum Income Required	\$25,194	\$31,493	\$50,389	\$27,861	\$32,633	\$46,950
Pct. of ALL MA HHDS who can afford ¹	77.4%	70.9%	53.4%	74.6%	57.1%	56.6%
No. of MA HHDS who can afford ¹	1,347	1,233	928	1,298	993	984
Pct. of MA owner HHDS who can afford ²	86.4%	79.2%	63.7%	83.3%	66.9%	66.4%
No. of MA owner HHDS who can afford ²	1,205	1,105	888	1,162	932	926
No. of MA owner HHDS who cannot afford ²	189	289	507	232	462	468
Rental (Market Rate)						
	Existing Rental			New Rental		
	1BR	2BR	3BR	1BR	2BR	3BR
Monthly Rent	\$398	\$610	n/a	\$700	\$850	\$1,000
Annual Rent	\$4,776	\$7,320	n/a	\$8,400	\$10,200	\$12,000
Housing Costs as % of Income	30%	30%	n/a	30%	30%	30%
Minimum Income Required	\$15,920	\$24,400	n/a	\$28,000	\$34,000	\$40,000
Pct. of ALL MA HHDS who can afford ¹	88.4%	78.3%	n/a	74.5%	67.8%	62.9%
No. of MA HHDS who can afford ¹	1,537	1,362	n/a	1,296	1,180	1,094
Pct. of MA renter HHDS who can afford ²	82.8%	68.3%	n/a	64.1%	57.3%	49.9%
No. of MA renter HHDS who can afford ²	286	236	n/a	221	198	172
No. of MA renter HHDS who cannot afford ²	59	109	n/a	124	147	173

¹ Based on 2015 household income for ALL households
² Based on 2013 ACS household income by tenure (i.e. owner and renter incomes. Median HH Owner incomes = \$56,667 vs. Renter HH incomes = \$42,188)
Source: Maxfield Research Inc.

- Age of Rental Housing Stock.** As illustrated in the *Rental Market Analysis* section of the report, the newest general occupancy housing product is the Pine Meadows North that was built in 2004. The two other market rate general occupancy rental housing stock are 1991 and 1977. Most of the rental housing stock lacks the contemporary amenities many of today's renters seek. Many renters today seek the following unit amenities: in-unit laundry, walk-in closets, balconies/patios, oversized windows, and individually controlled heating and air-conditioning. Community Amenities include community rooms with kitchens and big screen TVs, fitness centers, Wi-Fi, extra storage, and the inclusion of environmentally-responsible design and features. Most of these features and amenities are not offered in current rental housing products in Rushford.
- Aging Population.** As illustrated in the Population Age Distribution table, there is significant growth in the Rushford Market Area older adult and senior population, especially among seniors ages 55 to 84. Senior cohorts between 55 to 64 are projected to grow by +19.4% over the next 15 years while seniors 65 to 74 are projecting +53.5% growth. In addition, the market area homeownership rate among seniors 65+ is approximately 83%. High home-

RECOMMENDATIONS AND CONCLUSIONS

ownership rates among seniors indicate there could be lack of senior housing options, or simply that many seniors prefer to live in their home and age in place. Aging in place tends to be higher in rural vs. urban settings as many rural seniors do not view senior housing as an alternative retirement destination but a supportive living option only when they can no longer live independently. Rural areas also tend to have healthier seniors and are also more resistant to change. Because of the rising population of older adults, demand for alternative maintenance-free housing products should be rising. In addition, demand for home health care services and home remodeling programs to assist seniors with retrofitting their existing homes should also increase.

- **Housing Programs.** Many communities and local Housing and Redevelopment Authorities (HRAs) offer programs to promote and preserve the existing housing stock. In addition, there are various regional and state organizations that assist local communities enhance their housing stock.

State Resources:

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

<http://www.gmhf.com/>

Minnesota Housing Finance Agency (“Minnesota Housing”) – Minnesota Housing is a housing finance agency whose mission is to finance affordable housing for low- and moderate-income households across Minnesota. Minnesota Housing partners with for-profit, non-profit, and governmental sectors to help develop and preserve affordable housing. The organization provides numerous products and services for both the single-family and multi-family housing sectors. The organization’s five strategic priorities are as follows:

- Preserve federally-subsidized rental housing;
- Promote and support successful homeownership;
- Address specific and critical needs in rental housing markets;
- Prevent and end homelessness, and;
- Prevent foreclosure and support community recover.

<http://www.mnhousing.gov/>

Local/Regional Resources:

South East Minnesota Community Action Council (Semcac) – Semcac is a community action agency that assists people to identify resources, and opportunities to secure affordable

RECOMMENDATIONS AND CONCLUSIONS

housing in southeastern Minnesota. Semcac provides the administration for the Bluff County Housing and Redevelopment Authority.

<http://www.semcac.org/>

In addition to the resources available at the state and regional-level, the City of Rushford and/or HRA can explore a toolbox of housing programs that would aid in the enhancement of Rushford housing stock. The following is a sampling of potential programs that could be explored:

- Housing Fair - Free seminars and advice for homeowners related to remodeling and home improvements. Most housing fairs offer educational seminars and "ask the expert" consulting services. Exhibitors include architects, landscapers, building contractors, home products, city inspectors, financial services, community agencies, among others.
- Home Energy Loans – Offer low interest home energy loans to make energy improvements in their homes.
- Household and Outside Maintenance for the Elderly (H.O.M.E.) Program – Persons 60 and over receive homemaker and maintenance services. Typical services include house cleaning, grocery shopping, yard work/lawn care, and other miscellaneous maintenance requests.
- Infill Lots – The City or HRA purchase blighted or substandard housing units from willing sellers. After the home has been removed, the vacant land is placed into the program for future housing redevelopment. Future purchasers can be builders or the future owner-occupant who has a contract with a builder. Typically all construction must be completed within an allocated time-frame (one year in most cases).
- Land Banking – Land Banking is a program of acquiring land with the purpose of developing at a later date. After a holding period, the land can be sold to a developer (often at a price lower than market) with the purpose of developing affordable housing.
- Land Trust - Utilizing a long-term 99-year ground lease, housing is affordable as the land is owned by a non-profit organization. Subject to income limits and targeted to workforce families with low-to-moderate incomes. If the family chooses to sell their home, the selling price is lower as land is excluded.
- Realtor Forum - Typically administered by City with partnership by local school board. Inform local Realtors about school district news, current development projects, and other marketing factors related to real estate in the community. In addition, Realtors usually receive CE credits.
- Remodeling Advisor - Typically a City partners with 3rd party to provide expert advice to homeowners. Remodeling advisors can help evaluate home improvement projects, review bids, building codes, zoning, etc.
- Rental License – Licensing rental properties in the communities. Designed to ensure all rental properties meet local building and safety codes. Typically enforced by the fire marshal or building inspection department. Should require annual license renewal.

RECOMMENDATIONS AND CONCLUSIONS

- Senior Housing Regeneration Program - Partnership between multiple organizations that assists seniors transitioning to alternative housing options such as senior housing, condominiums, townhomes, etc.
 - Tax Increment Financing (TIF): Program that offers communities a flexible financing tool to assist housing projects and related infrastructure. TIF enables communities to dedicate the incremental tax revenues from new housing development to help make the housing more affordable or pay for related costs. TIF funds can be used to provide a direct subsidy to a particular housing project or they can also be used to promote affordable housing by setting aside a portion of TIF proceeds into a dedicated fund from other developments receiving TIF.
 - Waiver or Reduction of Development Fees – There are several fees developers must pay including impact fees, utility and connection fees, park land dedication fees, etc. To help facilitate affordable housing, some fees could be waived or reduced to pass the cost savings onto the housing consumer.
-
- **Job Growth/Employment.** Historically, low unemployment rates have driven both existing home purchases and new-home purchases. Lack of job growth leads to slow or diminishing household growth, which in-turn relates to reduced housing demand. The Annual Average Resident Employment table showed Fillmore County has a slightly higher unemployment rate than the State of Minnesota. Today’s unemployment rate of around 5.8% has come down from the high of 8.1% during the recession. Full employment is generally considered to be in the 4% to 5% range. Additional job creation in Rushford and Fillmore County will result in household growth that could exceed projections identified in the Population and Household Growth Trends and Projection table.
 - **Lender-Mediated Properties.** Foreclosure counts and Sheriff Sales illustrated the number lender-mediated sales and foreclosures in Rushford and Fillmore County. Both tables showed a decrease in lender-mediated properties over the past few years. Lower lender-mediated properties decreases overall inventory which results in more multiple offers on available housing and rising housing prices.
 - **Lot Supply.** Based on our research there within the City of Rushford there are 5 platted lots and approximately 28 lots that consist of flood demo properties, some available lots, and others are designated for other city identified uses. The limited platted lot supply restricts spec home building activity primarily due to the cost of adding infrastructure for new lots.
 - **Multifamily Development Costs.** It will be challenging to construct new market rate multifamily product given achievable rents and development costs. According to RS Means construction costs data, construction costs in Rushford (utilizing construction averages in the Rochester area) will likely average about \$146 per square foot (gross), or upwards to \$158,000 per unit to develop based on a 40-unit three-story concept. Development costs of this scale will likely require rents per square foot significantly higher than the existing product in Rushford. Based on these costs, it will be difficult to develop stand-alone multifamily

RECOMMENDATIONS AND CONCLUSIONS

housing structures by the private sector based on achievable rents. As a result, a private-public partnership or other financing programs will likely be required to spur development.

- **Shadow Rental Inventory.** Shadow rentals are generally considered nontraditional rentals that were previously owner-occupied single-family homes, townhomes, etc. According to our research, interviews with area realtors and housing professionals, the shadow market is virtually non-existent in Rushford.

According to our Realtor interviews, there is a demand for rental homes and townhouses. Realtors in the area know of people who would like to rent homes, but that the homes that are available are not of a quality that most house renters are looking for. Rushford may want to consider a Rental Ordinance that would require all rental properties to be licensed and inspected on a multi-year cycle in order to improve quality for house renters.

APPENDIX

Definitions

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

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

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

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

Affordable housing – The general definition of affordability is for a household to pay no more than 30% of their income for housing. For purposes of this study we define affordable housing that is income-restricted to households earning at or below 80% AMI, though individual properties can have income-restrictions set at 40%, 50%, 60% or 80% AMI. Rent is not based on income but instead is a contract amount that is affordable to households within the specific income restriction segment. It is essentially housing affordable to low or very low-income tenants.

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

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

Assisted Living – Assisted Living properties come in a variety of forms, but the target market for most is generally the same: very frail seniors, typically age 80 or older (but can be much younger, depending on their particular health situation), who are in need of extensive support ser-

vices and personal care assistance. Absent an assisted living option, these seniors would otherwise need to move to a nursing facility. At a minimum, assisted living properties include two meals per day and weekly housekeeping in the monthly fee, with the availability of a third meal and personal care (either included in the monthly fee or for an additional cost). Assisted living properties also have either staff on duty 24 hours per day or at least 24-hour emergency response.

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

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

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

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

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

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

Demand – The total number of households that would potentially move into a proposed new or renovated housing project. These households must be of appropriate age, income, tenure and size for a specific proposed development. Components vary and can include, but are not

limited to: turnover, people living in substandard conditions, rent over-burdened households, income-qualified households and age of householder. Demand is project specific.

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

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

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

Effective Rents – Contract rent less applicable concessions.

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

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

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

**Fair Market Rent
Fillmore County – 2015**

	Fair Market Rent				
	EFF	1BR	2BR	3BR	4BR
Fair Market Rent	\$519	\$540	\$643	\$923	\$991

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

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

Gross Rent – The monthly housing cost to a tenant which equals the Contract Rent provided for in the lease, plus the estimated cost of all utilities paid by tenants.

**Gross Rent
Fillmore County – 2015**

	Maximum Gross Rent				
	EFF	1BR	2BR	3BR	4BR
30% of median	\$351	\$402	\$452	\$502	\$543
50% of median	\$586	\$670	\$753	\$837	\$905
60% of median	\$703	\$804	\$904	\$1,005	\$1,086
80% of median	\$938	\$1,072	\$1,206	\$1,340	\$1,448
100% of median	\$1,172	\$1,340	\$1,507	\$1,675	\$1,810
120% of median	\$1,407	\$1,608	\$1,809	\$2,010	\$2,172

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Naturally Occurring Affordable Housing – Although affordable housing is typically associated with an income-restricted property, there are other housing units in communities that indirectly provide affordable housing. Housing units that were not developed or designated with income guidelines (i.e. assisted) yet are more affordable than other units in a community are considered “naturally-occurring” or “unsubsidized affordable” units. This rental supply is

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

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

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

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

Population – All people living in a geographic area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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